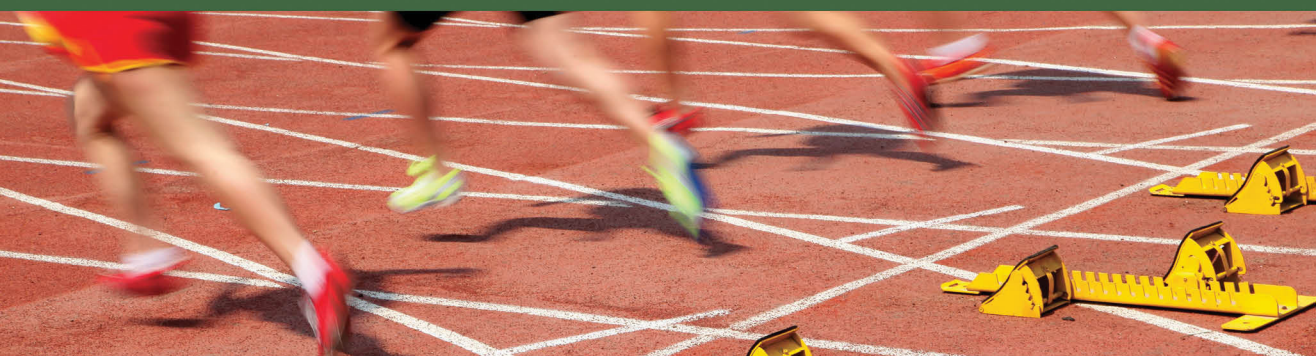


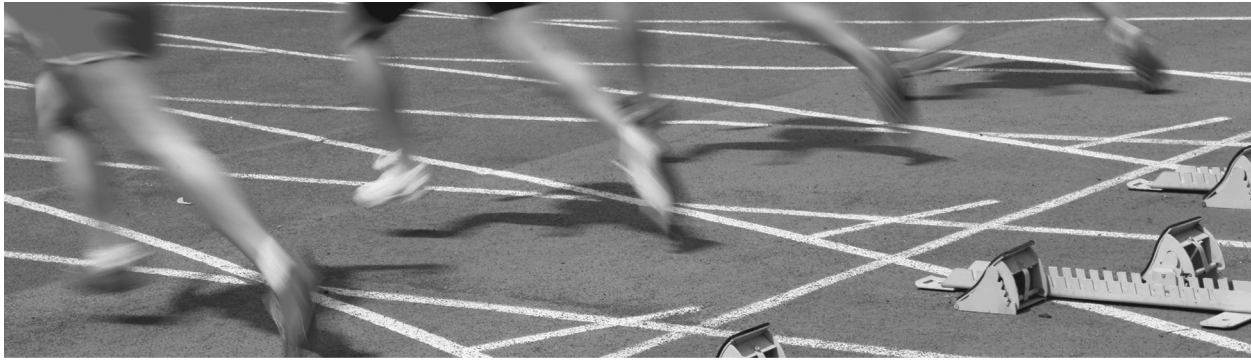
The SAGE Handbook of Sport Management



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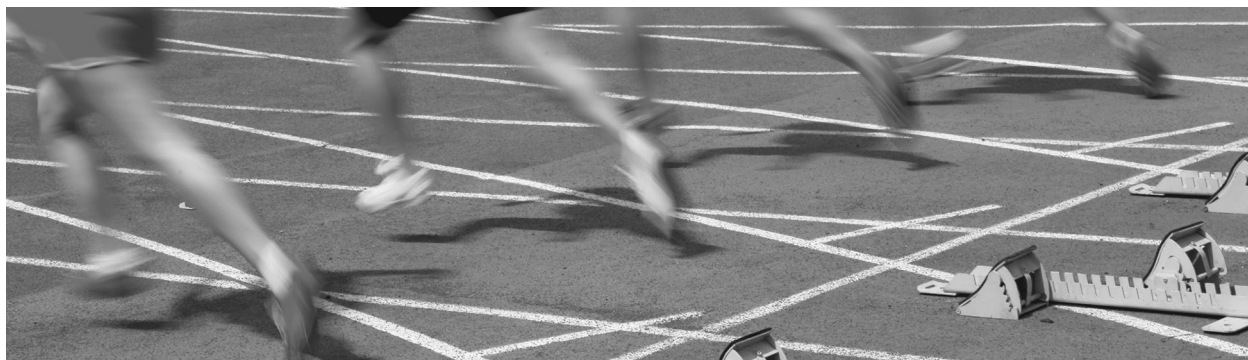
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Preface

This *Handbook of Sport Management* draws together into one volume the current research on the major topics relevant to the field of sport management and is written by the world's leading sport management academics from Asia-Pacific, Canada, New Zealand, USA, the UK and Europe. The book is primarily written for undergraduate university students studying sport management courses and postgraduate students who wish to research the non-profit, government and commercial dimensions of sport. It is especially suitable for students studying sport management within business-focused courses, as well as students seeking an overview of sport management principles within human movement, sport science or physical education courses. The book is divided into two parts. Part I covers the core aspects of sport management, the fundamental building blocks of how sport organizations, events and programs are governed and managed. Part II covers the main challenges facing sport managers, the generic challenges facing sport organizations, events and programs at all levels of the global sport industry, from community or grassroots sports to international federation and governing bodies.

We would like to thank the team of international authors who accepted our invitation to contribute to this book; we aimed to recruit the best from across the globe and we succeeded, as shown by the list of contributors. We acknowledge and thank our respective partners and families for understanding our need to devote our time and energy toward this book.

Russell Hoye and Milena M. Parent

PART I

Sport Management Fundamentals





Sport Management

Russell Hoye and Milena M. Parent

Sport in the twenty-first century is a truly global phenomenon employing millions of people around the world in events, stadia, media, manufacturing, retail, education, and within sport organizations from community to professional levels. The growth and professionalization of sport over the last fifty years has driven changes in the consumption, production and management of sporting events and organizations at all levels of sport. National governments increasingly turn to sport as a driver for economic renewal of urban areas, to host major events, such as the football World Cup or Olympic Games, to drive investment in infrastructure, trade and tourism, and for political purposes, as well as to stimulate national pride amongst their citizens.

The ever-increasing integration of the world's leading economies has enabled faster and more varied communication to occur between sport producers and consumers. Consumers of professional and other elite sport events and competitions, such as the Olympic Games, World Cups for many

sporting codes, leading football competitions such as the English Premier League Football, the National Basketball Association (NBA), and Grand Slam tournaments for tennis and golf, enjoy exceptional access through mainstream and social media. In addition to attending the events live at increasingly comfortable, service-oriented stadia and other venues, fans can view these events through traditional free-to-air television broadcasts, television subscription services, their telecommunications provider beaming the vision to the their smart-phone or other mobile device, as well as listen to them on radio and the Internet, read about game analyses and player stories in newspapers and magazines in both print and digital editions, receive progress scores and updates on mobile device through apps or social media platforms such as Twitter, and interact with sport organizations, athletes and content providers via a variety of social media platforms. These innovations for how we engage with sport are not restricted to the professional or elite levels. Increasingly, community-level

sport uses social media to connect with its participants, members and supporters, offers live streaming of events, uses Apps and new technology to manage competitions, scoring and results reporting, and has, in many ways, been forced to “keep up” with how professional sport is presented in order to maintain relevance for an audience with many options for the use of their discretionary time and funds.

Despite the many innovations and changes, we have generally welcomed in regards to how we experience and consume sport as participants, spectators or committed fans, sport has also been the subject of scandals and skepticism for its ability to self-govern, to maintain an even playing field by controlling drug cheating, and for its endorsement of products and services such as sugar-rich foods, alcohol, tobacco, and sports betting. The litany of cases of sport organizations being unable to govern effectively over the past decades is extensive and includes the International Olympic Committee (IOC), Olympic Games organising committees, Fédération Internationale de Football Association (FIFA), World Cup bidding organizations, International Cycling Union (ICU), and national governing bodies for sport, and professional sport leagues and clubs. A number of sports have been embroiled in controversy over some of their athletes taking performance-enhancing drugs (e.g. athletics, cycling, weightlifting, swimming, road walking, Australian rules football, baseball, and American football) and at times the inability of these sports to provide an adequate system for athlete education, drug testing of athletes, investigative powers and enforcement of penalties for transgressions with performance enhancing drugs. Sports have also been criticized for accepting financial support in the form of sponsorship or licence fees from corporations who manufacture confectionary or high sugar foods and beverages, produce and distribute alcohol, or provide sports betting services – all of which are somewhat at odds with the positive contribution sport makes to the physical and mental health of individuals and communities.

As sport has evolved over the last fifty years, sport management has evolved over this same period as a discrete field of study within tertiary education institutions, as a vocational profession with broad appeal, and as a concomitant collection of specialist expertise, knowledge and management practices. To be an effective manager within sport across its many contexts (governing bodies, leagues, clubs, stadia, events, government funding agencies, media, manufacturing and retail, etc.) requires the possession of both generic skills and knowledge germane to any management role as well as specialist skills and understanding of how sport is delivered and consumed. As Hoye Smith, Stewart, and Nicholson (2015, p. 4) stated:

Sport managers engage in strategic planning, manage large numbers of paid and voluntary human resources, deal with broadcasting contracts worth billions of dollars, manage the welfare of elite athletes who sometimes earn 100 times the average working wage, and work within highly integrated global networks of international sports federations, national sport organizations, government agencies, media corporations, sponsors and community organizations.

Students and aspiring practitioners seeking to have a career in the diverse world of sport management need to develop an understanding of a wide range of management topics and issues. This book is an attempt to capture the most important of those topics and provide an analysis of each, the current state of research and what might be the future research questions or knowledge developments for each of those respective topics. The book includes contributions from the world's leading sport management academics from Asia, Australia, Canada, New Zealand, USA, the UK and Europe in order to provide a variety of perspectives on these important sport management topics. As we said in the Preface, the book is divided into two parts. Part I covers the core aspects of sport management, the fundamental building blocks of how sport organizations, events and programs are governed and managed. Part II covers the

main challenges facing sport managers, the generic challenges facing sport organizations, events and programs at all levels of the global sport industry, from community or grassroots sports to international federation and national governing bodies.

Part I consists of ten chapters, including this one, that cover the fundamentals of sport management: sport governance, strategic management, organizational structures, human resource management, leadership, culture, financial management, sport marketing and performance management. Russell Hoye's chapter on sport governance highlighting the governance of sport organizations has increasingly attracted the attention of participants, supporters, sponsors, government agencies and researchers since the late 1990s. This attention has been the result of concerns to develop appropriate standards of corporate behavior amongst those persons leading sport organizations, a push by government that better governance will deliver better returns for sport policy objectives, and the rise of regulatory efforts across all sectors of the economy to improve corporate governance practices.

Chapter 3 on strategic management by Mike Szymanski and Richard Wolfe provides a concise description of the history and development of strategic management and an examination of strategic management research concerning sport organizations. They differentiate research which utilizes sport-as-context to further our understanding of strategic management from studies of the strategy of sport organizations. Chapter 4, on organizational structures in sport by Danny O'Brien and Lisa Gowthorp, reviews the key concepts related to organizational structures, provides examples of the unique features of the design of sport organizations, and summarizes the research findings on organizational structure in sport.

Tracy Taylor, in Chapter 5, presents the key dimensions and concepts associated with the effective management of people who work and volunteer for a sport organization. The processes and systems used to structure work, and to manage the people performing

that work to meet the organization's strategic goals, are encapsulated under the general framework of human resource management, and this chapter focuses on some of the human resource management areas distinctive to sport or which have a specific application in a sporting context. Chapter 6, Packianathan Chelladurai and John Miller's on leadership highlights that, while the study of leadership of sport teams has been relatively more intensive and extensive in the academic field of sport psychology, such efforts have been lacking in the field of sport management. They review and synthesize the literature on leadership at both the organizational and group level related to sport. Chapter 7 on organizational culture by Eric MacIntosh discusses the ways in which a manager can come to know both the tangible and intangible components of organizational culture. The chapter considers how the concept of leadership in different sport contexts relates to organizational culture and how it both shapes and reinforces the cultural values and beliefs.

In Chapter 8 on financial management, Dennis Coates and Pamela Wicker outline how financial management differs between non-profit and for-profit sport organizations and provide a systematic overview of financial concepts and theories. They also discuss financial management in the specific context of sport stadia and present some challenges of financial management for sport events. In the same vein, in Chapter 9, Aaron Smith examines the marketing of sport organizations, leagues and clubs, players and athletes, sport equipment and merchandise, and sports events. He presents an overview of the key concepts of sport marketing, critically examines key contemporary issues in sport marketing and interrogates the trends and technologies shaping the future of sport marketing.

The final chapter in Part I focuses on performance management. In Chapter 10, Joanne MacLean discusses the interdependency among elements of performance management and other core managerial aspects of sport organizations (e.g. structure, culture, human

resources, and strategy) covered in Chapters 2 to 9. She also discusses the fundamentals of measuring performance, performance management system design, and components of operationalized approaches to performance management for sport organizations.

Part II consists of 20 chapters covering a wide variety of topics. In Chapter 11, Barrie Houlihan highlights that the state is often heavily involved in supporting the preparations of elite Olympic athletes through the funding of specialist training centers, subsidizing the cost of living of athletes, and providing specialist support services, such as coaching, medical care and sports science research, as well as indirectly supporting the operations of professional sport leagues and clubs via the provision of funds for stadia development and tax concessions. His chapter illustrates the extent of state involvement in sport and examines the types of state policy affecting sport, the ways in which sport policy is made, how policies are implemented and how their impact can be evaluated. In Chapter 12, Bob Stewart provides an analysis of regulation in sport, including explanatory case studies covering drug-use controls in global sport, external controls over boxing, management of crowd behavior at professional football games, self-regulation in elite-level team-sports, and government regulation of horse racing. The chapter discusses the benefits regulation brings to sport, the regulatory problems currently faced by global sport, and the consequent need for research to provide policy options for additional regulations in the future.

Chapter 13 from Mike Sam addresses one of the fastest growing areas of sport management scholarship – sports development – how we get more people participating in sport. He highlights that, despite rising government interest and investment in this area internationally, sport participation rates have either increased slightly, declined or become stagnant; his chapter provides an overview of the sport development field and its inherent challenges. The allied area of sport for

development is explored by Simon Darnell and David Marchesseault in Chapter 14. Their chapter offers an overview and analysis of the sport for development sector and argues that, for initiatives in this area to be conducted ethically and effectively, sport managers need to be aware of historical, social, political and institutional factors that shape the field. Chapter 15 from Katie Misener provides the third of this trio of chapters with a focus on program evaluation. Her chapter reminds us that, in an era of increased accountability and fiscal restraint, program evaluations are becoming the norm in order to increase effectiveness and efficiency for service delivery. Her chapter reviews the range of evaluation methods available for sport managers and the foundations, designs, tools, and considerations for effective program evaluation in sport management.

In Chapter 16, Kathy Babiak and Annick Willem provide an overview of the role, type, and function of interorganizational relationships in the sport industry. Their chapter highlights the potential array of partners and the dynamics of collaboration, situating their role and importance, describing their key characteristics and forms, discussing their governance and management challenges, and understanding the criteria of effectiveness by which they are measured.

In Chapter 17, the first of two related chapters, Sally Shaw provides a brief history of gender relations and research in sport management and examines how various gender nuances have, or have not, been examined in our field, for example motherhood, ethnicity, sexuality, and men's perspectives. George Cunningham, in Chapter 18, provides an overview of diversity and inclusion in sport, including defining key terms and summarizing the many reasons diversity and inclusion are important in sport. His chapter reviews the theoretical models used to understand diversity's influence in the work environment, research focusing on diversity change efforts among sport organizations, and finally the importance of organizational activities

and structures that can facilitate greater inclusiveness.

Chapters 19 to 21 form a group of chapters that explore the role of media, brands and consumers, and sponsorships and endorsements in relation to sport. In Chapter 19, Matthew Nicholson and Merryn Sherwood present a discussion of the various definitions of media, examine the sport media economy, and explore sport media access and in particular the respective challenges of media policy and regulation, digital and social media platforms, and managing talent in a new media landscape. Their chapter also provides a summary of the key research themes in the field and some discussion of the future management of the sport media nexus. In Chapter 20, Dana Ellis reviews the definition, creation, management and measurement of sport brands. Her chapter examines the foundations of sport brand identity and various elements of the branding process, and explores the synergy between brands and consumers, focusing on how and why consumer behaviors impact on, or are effected by, brands. The final of these three related chapters, Chapter 21, is provided by Bettina Cornwell, who explores sport sponsorship and endorsements, specifically the relationships between sponsors, sport teams, leagues and athletes, sport media organizations, event governing bodies and sport stadia. Her chapter highlights that the sport sponsorship landscape is very competitive, and the more sport managers know about their partners and potential partners, the better they are able to build meaningful relationships and attract new sponsors.

Chapter 22, from Mike Weed, is focused on sports tourism, and he illustrates that an understanding of sports tourism experiences and participation behaviors is fundamental to any attempts to consider how positive impacts might be generated and potential negative impacts addressed through strategy, policy and management approaches for sports tourism. His chapter explicitly focuses on reviewing what we know thus far about

sports tourism behaviors and sports tourism impacts, and provides insights into managing sports tourism.

Chapters 23 and 24 are focused on sport events, a now-popular phenomenon worldwide. Chapter 23, from Laurence Chalip, is focused on event bidding, legacies and leveraging events. His chapter reviews the debate around the costs of bidding for major events that have caused contentious anxiety in many communities, based on potential burdens on taxpayers, and the opportunity costs associated with bidding versus funding other forms of infrastructure investment or service improvements. Chapter 24, from Milena Parent, is focused on the core issues associated with sport event management, namely the governance of the organizing committee and its stakeholders, human resource management, marketing, sponsorship and branding; consumer and spectator behavior, and risk management and security.

Chapter 25 is provided by Graham Cuskelly, who discusses the field of sport volunteer management, including sport volunteer recruitment, motivation, satisfaction, performance, commitment and retention. He reviews the sport management research literature on these topics including the challenges of ill-defined concepts associated with sport volunteering, inconsistencies in the measurement of volunteer effort, engagement or outcomes. Robin Ammon explores a range of issues with stadia management in Chapter 26, including elements such as facility location, management philosophy, employee concerns, sources of revenue and providing a safe environment for patrons. His chapter highlights that the ability to manage these critical fundamentals is the foundation for a professionally managed sport stadium.

Stephanie Gerretsen and Mark Rosentraub review the field of sport economics in Chapter 27. Their chapter explores issues such as competitive balance, the paradox of sport organizations needing rival organizations to be successful in order to form a competitive market to showcase their product,

the fact the profitability of any one producer (i.e. club) is dependent on the *number* and *quality* of other producers that exist, and the need for revenue sharing amongst league participants to ensure a sustainable business model is maintained.

Dan Mason, in Chapter 28, explores the unique relationship between management and labour in professional sport. He highlights that, even with collective bargaining practices in place since the 1970s, sports leagues have seen work stoppages – strikes and lockouts –profoundly impacting the sport industry. His chapter provides an overview of the process of collective bargaining and the various issues associated with it, especially in relation to North American professional sport leagues.

In Chapter 29, Aubrey Kent provides a broad overview of corporate social responsibility (CSR) and assesses the current state of CSR in the sport management field. His chapter explores various mainstream CSR perspectives and research paradigms, and presents examples of CSR initiatives from different sectors across the sport industry. He concludes by summarizing the research conducted on sport industry CSR, along with some suggested guidance on moving this forward.

In the final chapter of the book, Greg Dingle explores sport's relationship with the natural environment and the key issue of sustainability. Chapter 30 highlights a number of environmental issues associated with sport, including the multi-dimensional problem of anthropogenic climate change, which has led to a complex global web of policy, legislative, commercial and organizational responses but also reinforces the fact that in the field of

sport, relatively few studies have examined the impact of sport on the natural environment, or the environmental sustainability of current sport management practices.

Together, these thirty chapters highlight the fundamental management functions in sport as well as the core management contexts and challenges facing sport managers. Each chapter provides a review of the current, more significant pieces of research undertaken to date in respective topic areas and points the way forward for future research endeavors. As the United States Olympic Committee's chief executive, Scott Blackmun, stated, we have reached a “defining moment” in sport, which requires “strong leadership and decisive action” (Butler, 2016). We hope these chapters collectively provide readers with a sense of the complexity and uniqueness of the field of sport management and the ongoing challenges for governments and the many stakeholders associated with sport needing to be effectively managed in order to maintain sport's relevance and value to society.

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Sport Governance

Russell Hoyer

The governance of sport organisations has increasingly attracted the attention of participants, supporters, sponsors, government agencies and researchers since the late 1990s. This has been the result of concerns to develop appropriate standards of corporate behaviour amongst those people leading sport organisations, particularly at international and national levels, a recognition by government agencies making investments in respective national sport systems that better governance will deliver better returns for sport policy objectives, and the rise of regulatory efforts across all sectors of the economy to improve corporate governance practices to protect the interests of stakeholders. The purpose of this chapter is to briefly define sport governance, note an ongoing debate over the legitimacy of sport to self-govern, to provide a summary of the main themes of research to date across the broad field of sport governance, to review the responses by various governments to address shortcomings in governance practices, to highlight the emerging efforts by independent

groups that monitor governance issues within sport, and finally to identify what might be the future foci of research efforts to improve the governance of sport.

DEFINING SPORT GOVERNANCE

Corporate governance at the organisational, or micro, level is the system by which the elements of an organisation are directed, controlled and regulated. Bob Tricker, one of the leading scholars in the field of corporate governance studies, highlighted the distinction between management and governance when he wrote 'if management is about running a business, governance is about seeing that it is run properly' (Tricker, 1984, p. 7). He later stated that corporate governance 'covers the activities of the board and its relationships with the shareholders or members, and with those managing the enterprise, as well as with the external auditors, regulators,

and other legitimate stakeholders' (Tricker, 2012, p. 4). At the organisational level, governance deals with issues of policy and direction for improving organisational performance, as well as ensuring statutory and fiduciary compliance by organisational members. As Hoye and Cuskelly (2007, p. 1) stated, having an effective governance system in place

assures stakeholders that the organization in which they have invested money, time, effort or their reputations, is subject to adequate internal checks and balances and that the people empowered to make decisions on behalf of the organization (the board) act in the best interests of the organization and its stakeholders.

The micro-level aspects of governance in sport have certainly attracted a great deal of attention from researchers, who have examined issues such as the role of the board, board performance, the boards' role in strategy development, board processes and structure, and links to organisational performance (Hoye and Doherty, 2011).

Governance can also be conceptualised as applying to the inter-organisational, or macro level for sport, the overall system by which all the actors associated with delivering sport are controlled, coordinated and held accountable. The complexity of how sport is governed is evidenced by the many different organisational types that make up the sport sector: international sport federations and event associations, national and state/provincial governing bodies, professional sport leagues and franchises, and government-owned sport stadia. Forster (2006) used the term global sports organisations (GSOs) to identify four major sport governing bodies: the International Federation of Football Associations (FIFA), the International Olympic Committee (IOC), the International Association of Athletics Federations (IAAF) and the World Anti-Doping Agency (WADA) respectively responsible for football, the Olympic Movement, athletics and anti-doping regulations. Forster and Pope (2004) and Geeraert, Alm and Groll (2014) identified four categories of International Non-Governmental

Sport Organisations (INGSOs): team sports governing bodies, solo sports governing bodies, sport event governing bodies and specialist bodies such as WADA. Forster highlights these GSOs serve one of three main governance functions: governance of a sport, governance of a sporting event, or governance of a specialist function such as anti-doping regulation and enforcement or arbitration. By far the most common are those GSOs that govern a sport. Forster (2006, p. 73) provides a useful list of their typical functions:

- The creation and maintenance of the laws and rules of a sport and its competitions.
- The global development of a sport at all levels.
- The development and governance of the athletes within a sport.
- Arbitration and/or resolution of disputes within a sport.
- Holding of global events, such as world championships, within the sport.
- Maintenance of relationships within sporting bodies within a sport especially affiliated national associations within the sport.
- Maintenance of relationships with government, regulatory authorities and those sporting bodies outside the sport.
- Maintenance of relationships with commercial entities such as sponsors.

DEBATE OVER THE LEGITIMACY OF SPORT TO SELF-GOVERN

There has been an emerging debate over the legitimacy of sport to self-govern that is worth noting very early in this chapter. Morgan (2002, p. 49) noted that sport NGBs have traditionally controlled national competitions via their authority that is 'based on its legitimacy as the elected governing body, its control of key assets such as the national team brand and the national stadium, and its ability to reward members by distributing revenue'. If the sports NGB maintains the ability to select teams for international competition and is responsible for the distribution of associated media rights and match-day

revenues, their legitimacy will be largely unchallenged. He did note that other models do exist where the sport NGB is not central to decision-making power: the cartel model of the National Football League (NFL), the promoter-led model in boxing, and the oligarchy, 'an alternative form of non-market bi-lateral governance' (Morgan, 2002, p. 50) that operates within English football. Morgan concluded that challenges to sport NGBs' legitimacy tend to emerge over who controls domestic elite competitions; thus, sport NGBs need to decide if their role is to be:

solely regulatory, i.e. concerned with the rules of the game, the welfare of players, standards of refereeing and coaching and the running of the national team ... [or should they] ... exert a commercial control over negotiations with sponsors and broadcasters, and the design and marketing of the competition (Morgan, 2002, p. 54).

The independence of sport federations and other governing bodies of sport was legitimised in the 1999 Nice Declaration by the European Council: 'it is the task of sporting organisations to organise and promote their particular sports, particularly as regards the specifically sporting rules applicable and the make-up of national teams' (Arnaut, 2006, p. 132). The basis for this 'self-organisation and self-regulation is an important expression and legacy of European civil society from the end of the 19th to the beginning of the 21st century' (Arnaut, 2006, p. 23). The European Council also noted that governing bodies for sport 'must continue to be the key feature of a form of organisation providing a guarantee of sporting cohesion and participatory democracy' (Arnaut, 2006, p. 133). However, sport governing bodies should not be complacent as highlighted by the Governance in Sport Working Group (2001, p. 3) when it stated that governing bodies for sport must earn the right to keep their 'specificity recognized' otherwise 'legislators at both national and international level will come under increasing pressure to legislate and courts will apply laws treating sports bodies like any other commercial organization'.

A paper by Hill (2009, p. 254), couched the White Paper on Sport released by the European Union (EU) in July 2007 as a backward step for sport's specificity – 'the unique characteristics that distinguish it from normal economic activity'. Hill charted the course of a number of substantive decisions by the EU in relation to the specificity of sport and the ability of individuals, clubs and associations affiliated to a sport governing body to be beholden to its own set of sporting rules and to be seen as somewhat outside the application of competition policy and community laws. Hill (2009, p. 260) highlighted the balancing act the White Paper attempts to walk between reaffirming 'the features that distinguish sport from classic commercial activity ... [versus] ... a clear statement that community law must apply to the economic aspects of sport'. He argued that court rulings in the 2000s on the ability of sport to self-regulate had 'adopted the following reasoning: there is a commercial component to what sports governing bodies do; therefore, the entirety of their activities, including the regulatory function, must respect all provisions of EU law including competition policy' (Hill, 2009, pp. 262–3). This view, he argued, suggests that the courts have ignored or misunderstood the fact that sport governing bodies create certain rules and regulations to actually increase competition between their member organisations. The implication is that sport governing bodies may not be in total control over such matters as the promotion and relegation of teams between divisions, or the number of teams that may compete in a league. Hill concluded that the ambiguity inherent in the White Paper fails to fully address these issues, leaving a question mark over sports' ability to self-govern.

More recently, Geeraert, Scheerder and Bruyninckx (2013) and Geeraert (2014) have documented the emergence of a new phenomenon in sport governance: the emergence of the governance network. Geeraert et al. (2013) argue that a governance network has emerged for European football that has

shifted from self-governance involving clubs and leagues to a multi-level, multi-actor governance network involving complex interactions between the EU Member States, football leagues, player unions (e.g. the International Federation of Professional Footballers' Associations), networks of clubs (e.g. European Club Association), and networks of leagues (e.g. Association of European Professional Football Leagues). While this network is in its infancy and is beset with complexity and hostility between some of the actors, and there is a dearth of research about the impact and operations of the network (Geeraert et al., 2013), these papers do point to the ongoing challenges within sport to be self-governed and the potential utility of governance networks to improve sport governance practices. Irrespective of this ongoing debate on the ability of sport to self-govern, the bulk of research into sport governance has focused on either micro- or macro-level sport governance research; the following sections summarise the key pieces of research in each of these broad areas.

BOARD-FOCUSED SPORT GOVERNANCE RESEARCH

At the board, or micro level, the failings of many governance systems used by sport organisations have been well documented (Australian Sports Commission (ASC), 2005; ASC, 2015b; Ferkins and Shilbury, 2012; Hoye and Cuskelly, 2007; Hoye and Doherty, 2011; Sport and Recreation New Zealand (SPARC) 2004, 2006; UK Sport, 2004). The majority of the research efforts have focused on the efficacy of the governing bodies for sport at the global, national or state (provincial) levels and within professional sport leagues and clubs. These research efforts have highlighted the shortcomings of representative voting systems that often do not result in the best people being elected to governance roles; that people are not appointed or

selected for board service on the basis of specific skills or competencies; that sport boards are often poor at transparent reporting to stakeholders; the lack of accountability for those individuals serving on boards; challenges in regulating volunteer director behaviour; the need for boards to be more strategic in their decision making; and the lack of robust mechanisms to ensure high ethical standards among board members. One of the earliest studies of governance of football in England highlighted many of the deficiencies that exist in the governance of professional sport clubs:

One area of corporate governance where football clubs are particularly weak is regarding the need to have clear and transparent procedures for the appointment of directors and non-executive directors, including independent non-executive directors. Clubs are especially weak on the provision of induction and training for new and existing directors. Results from our survey also reveal that clubs need to improve their internal risk control and business planning systems. A set of guidelines – or code of corporate governance – for football that set out clear and manageable standards in these regards would do much to improve the state of the game (Michie and Oughton, 2005, p. 529).

A review by Hoye and Doherty (2011) focused attention on the drivers of board level performance within non-profit sport organisations, specifically environmental, individual and organisational factors and their interactions with board structure and processes and ultimately board performance. Their motive to undertake this review was the increasing number of studies being published since the late 1990s (e.g. Bayle and Robinson, 2007; Cuskelly, 1995; Cuskelly and Boag, 2001; Doherty and Carron, 2003; Doherty, Patterson and Van Bussel, 2004; Hoye, 2004, 2006, 2007; Hoye and Auld, 2001; Hoye and Cuskelly, 2003a, 2003b, 2004; Papadimitriou, 1999, 2007; Papadimitriou and Taylor, 2000; Schulz and Auld, 2006) but the lack of an integrated approach 'to draw this research together in order to highlight known and prospective factors associated with nonprofit

sport board performance' (Hoye and Doherty, 2011, p. 272). Their review indicated that board performance varied:

according to the distribution of power within a board, the quality of the working relationship between the board and executive staff, the quality of leader-member exchange relationships among board members, board chairs and executive staff, the use of appropriate board member recruitment, selection and evaluation processes, and that greater task and social cohesion leads to higher perceived committee effectiveness (Hoye and Doherty, 2011, p. 280).

Their review also illustrated the complexity of issues that influence board processes and their efficacy for board performance: in particular decision-making power distribution between volunteers and paid staff, task and role clarity, social cohesion and group norms. Unsurprisingly, individual board member role ambiguity is reduced with better communication and having served for longer on the board. Board member commitment is impacted by perceived committee functioning while board member satisfaction is a function of group cohesion. One of the emerging challenges for sport boards is retention of competent board members. Hoye and Doherty (2011, p. 280) found that:

board member turnover is influenced by perceived committee functioning, group cohesion, and individual commitment, while board member performance, effort and attendance varies with group cohesion and norms, as well as individual commitment.

Since 2011, a stream of work led by Lesley Ferkins and David Shilbury has focused on one of the major criticisms often directed toward the boards of non-profit sport organisations – their inability to be strategic (Shilbury and Ferkins, 2011; Ferkins and Shilbury, 2012; 2015). Using three case studies of New Zealand NSOs, Shilbury and Ferkins (2011, p. 110) illustrated the ongoing challenges of largely volunteer-led boards dealing with the increasingly complex commercialisation of the operations of NSOs, specifically the

'delicate balance between volunteer involvement and professional management by paid staff'. This first paper reaffirmed the increasing centrality of the paid CEO and staff in shaping the strategic direction of NSOs but importantly, 'demonstrated that the traditional expectations of volunteers might be at risk' (Shilbury and Ferkins, 2011, p. 124). The increasing requirements for non-profit boards to be strategic increases the time commitment and competency required of volunteer board members, an issue that Shilbury and Ferkins (2011, p. 124) suggests 'that the traditional volunteer sport board director might be at risk, which may serve to undermine the role that sport has traditionally played in the community for the community'.

Ferkins and Shilbury (2012), again using two New Zealand NSOs as case studies, articulated the meaning of a strategically capable non-profit sport board, identifying four key elements. First, the need to have capable people who can think longer term or 'big picture', that can make decisions impartially, and collectively have a mix of complementary skills and knowledge of the sport. Second, a frame of reference or being able to set a very clear vision and mission for the organisation and the requisite skills to monitor progress toward a strategic direction or set of goals. Third, facilitative board processes such as a board agenda focused on strategy, genuine shared leadership between CEO and board members and an annual work plan for the board. Fourth and finally, the existence of facilitative regional relationships, where regional affiliate organisations worked cooperatively with the NSO, with genuine board-to-board relationships. While specific to the New Zealand context, this paper is instructive in articulating the building blocks for effective board engagement with strategy and what underlying conditions might enable a board to be strategic.

In their third paper on this topic, Ferkins and Shilbury (2015) articulated the factors and their relationships in influencing the strategic capability of sport boards. They identified six factors that influence the ability of the

board to be strategic: meaningful contributions of volunteer board members; the extent of a board's operational knowledge; boards integrating affiliated bodies into the governance of an overall sport organisation; boards maintaining the monitoring and control function; and boards co-leading in strategy development and integration of that strategy into its processes. Their central premise was that these six factors all need to be present for boards to be strategic and that these factors were interdependent. While untested to date, this emerging theory provides a useful framework in which to examine governance practices, relationships and impacts on sport organisation outcomes.

A different approach to the study of board level governance was undertaken by Numerato and Baglioni (2011) who highlighted many of the problems inherent in the governance of national sport federations. Their study focused on the dark dimensions of social capital (i.e. the negative consequences of interacting with others in groups or via networks) and if these were evident in the governance practices of national sport federations in three sports (football, handball and sailing) in the Czech Republic and Italy. In the first study of its kind, they established that three types of the dark side of social capital were evident in the behaviours of individuals involved in governing sport. First, groups of individuals from some of these sports deliberately sought to 'build strategically exclusive coalitions' (Numerato and Baglioni, 2011, p. 8) within their respective sports federation so that they could exclude teams from securing access to resources, while others sought to manipulate the composition of others' networks in order to secure resources during official voting or decision-making processes such as the allocation of hosting rights for sport events. Second, they established that the social ties of some people in governance roles can be misused to the detriment of sport organisations, specifically that 'the interconnectedness between the sport and non-sport sectors is sometimes

misused for economic or political interests' (Numerato and Baglioni, 2011, p. 9). Third, they found that 'sports volunteers and officials active in sport governance can construct the appearance of prosperous civic engagement' (Numerato and Baglioni, 2011, p. 12) and merely portray the appearance of democratic and transparent governance processes.

These research efforts to date have highlighted the limitations of governance at the micro level and the variable nature of capability of individual board members and amongst boards, such that the governance of sport organisations is subject to the vagaries of human nature, deficiencies in skills and abilities such as being able to think and act strategically, and the motives of those who may deliberately seek to abuse their privileged position. Efforts by governments and sport organisations to develop standards of behaviour and codes of conduct for board members, as well as imposing governance models to improve the governance of sport to address these issues are discussed later in this chapter.

INTER-ORGANISATIONAL-FOCUSED SPORT GOVERNANCE RESEARCH

Four main themes are evident in research efforts focused on the macro or inter-organisational level of sport governance: (1) challenges inherent in the federated model of non-profit sport governance structures; (2) failings in governance practices within professional leagues; (3) pressures to engage supporter groups in the governance of clubs within professional sport; and (4) deficiencies in the governance of major international sport federations. Two papers on the first of these themes (Shilbury, Ferkins and Smythe, 2013; Shilbury and Ferkins, 2015) illustrate the relatively unique challenges that the traditional federated model which has evolved in most sports presents for achieving better outcomes across the variety of independent organisations that comprise a sports federation.

Collectively, these three papers ask whether the federated model itself creates an adversarial or collaborative approach to governance, with Shilbury, Ferkins and Smythe (2013) articulating a dozen future research questions to explore this question and the factors that might contribute to such adversity or collaboration, including what might be the mechanisms to control behaviour within federations, what is the role of key actors such as board chairs and CEOs, and what board member skills and capabilities are required facilitate effective governance outcomes within a federated model. Shilbury and Ferkins (2015) provide a case study analysis of an action research project that enhanced governance capability within an NSO with a federated governance structure through the use of a collaborative strategic planning exercise. Their research illustrated that new approaches to creating the environment for collaboration amongst members of a federation can facilitate enhanced governance capability and effective cooperation between national and state (provincial) levels of the network of organisations that comprise an NSO.

The failings in the governance of football (also known as soccer), the world's largest sport, at the international, trans-national, national and league level have been well documented and continue to make headlines around the world. Scholars such as Amara, Henry, Liang and Uchiumi (2005), and Hamil, Morrow, Idle, Rossi and Faccendini (2010) have explored a number of issues associated with the governance of football in a comparative study of five nations and Italy, respectively, and both studies highlight the deficiencies in governance that exist within sport leagues, especially in terms of the governance relationships between leagues and clubs. Amara et al. (2005, p. 190), in their comparative study of the governance systems for football in England, France, Algeria, China and Japan, sought to highlight the 'variety of models of sport-business whose characteristics are the product of local histories, political and sporting cultures, economic

conditions, and [other factors]'. They identified fundamental differences in the relationships between principal stakeholders, or as they termed it, 'different configurations of power' (Amara et al., 2005, p. 204) between the governance systems of England (neo-Liberal), China (state-sponsored restrictive capitalism), Algeria (state-designed model of non-amateurism), Japan (corporate capitalism-public partnership model), and France (Dirigiste state model). The common thread between these systems was the continual struggle for scarce resources between leagues and clubs and the sense that in every case, each of these systems was seen as creating a somewhat adversarial environment between leagues and their affiliated clubs.

Hamil et al. (2010, p. 379) document the many failings in governance that have plagued Italian football through the 2000s, noting that while 'there is a clear and transparent system of regulatory oversight for the Italian football industry ... [and a licensing system that] ... suggests a high standard of club governance should exist ... there is a very serious gap between theory and practice'. Their paper identifies an exhaustive list of problems that have plagued Italian soccer between 1980 and 2010, including betting scandals, doping, falsification of passports, bribery and match-fixing, and violence – all of which they concluded is largely a result of inappropriate ownership and governance structures among football clubs. Hamil et al. (2010, p. 388) highlight the obvious problems of clubs being controlled by familial networks with little separation of ownership and control, concluding that 'what emerges in [Italian] football are networks consisting of powerful individuals connected with clubs, governing bodies, political parties and the media, which are in prominent positions to influence decision making within football and the business of football'.

The failure of football (soccer) leagues and clubs to govern themselves appropriately and for international sport federations to adhere to accepted standards of behaviour for board

members and to govern on behalf of key stakeholders has led supporters groups and social commentators to argue for greater involvement and engagement in governance processes and structures. Garcia and Welford (2015) documented the growth of supporter activism since the mid-1980s in response to the growing commercialisation of leagues such as professional football in England, the intervention of the Labour Government in 2000 to force leagues to consider how fans could become stakeholders in clubs, and the subsequent criticism of the English Premier League and the Football Association in 2014 by the British Parliament for failing to deliver meaningful mechanisms to enable supporters and fans to be more engaged in the governance and ownership of football clubs. Their analysis points to 'significant gaps in terms of academic knowledge and debate around football supporters and their involvement in governance structures' (Garcia and Welford, 2015, p. 525).

Geeraert, Alm and Groll (2014) provide a damning analysis of the quality of governance within the 35 Olympic sport governing bodies, citing a lack of accountability arrangements and transparency in the distribution of funding to members, a lack of independent ethics committees overseeing the conduct of these organisations, a lack of athlete participation in governance, inequitable gender representation on governing boards, and a lack of term limits for board members that concentrates power with incumbents. They use their analysis to call for improved governance in sport, that they believe is more likely to come from outside of these organisations than from within, and conclude that 'only then will the self-governance of sport be credible and the privileged autonomy of these organizations justifiable' (Geeraert, Alm and Groll, 2014, p. 301). Donnelly (2015, p. 24) also concluded that 'the most significant traditional route to changes in sport governance may be to support and provide evidence for government intervention – intervention to moderate the autonomy of sport, especially where that autonomy has been abused'.

These analyses and call for sport governance reform set the context for the next section of this chapter, a review of government attempts to improve the quality of governance practices within sport organisations.

GOVERNMENT ATTEMPTS TO IMPROVE SPORT GOVERNANCE

National governments have adopted increasingly interventionist methods to improve governance practices within sport since the 1990s, but somewhat surprisingly, these have not been the focus of researchers until relatively recently. One of the first studies was conducted by Grix (2009) (and also reported in part in Goodwin and Grix (2011)) who investigated the impact of UK sport policy on the governance of athletics, specifically the impact of the Labour Government's modernisation programme on UK Athletics (UKA) whereby UKA modernised its values, techniques and practices in response to UK sport policy and adopted what he termed was a 'narrow, short-term target-centred approach to athletics' (Grix, 2009, p. 31). The modernisation programme run by UK Sport required national sport governing bodies to professionalise their management systems; a process previously described by Green and Houlihan (2006) as one of the ways government has sought to directly influence the management and administration of NGBs. In the case of UKA, Grix (2009) argued this influence is clear: (1) the Department for Culture, Media and Sport (DCMS) set targets for UK Sport funding outcomes; (2) in turn, UK Sport sets targets for UKA; and (3) UKA, in turn, sets targets for national associations such as England Athletics, who then sets targets for its Regional Divisions. This, argued Grix, is evidence of the DCMS 'governing' all the way down the system to community level sport. Grix (2009, p. 46) concluded that the overt intervention in the governance of UKA by the government

(mainly via UK Sport) contributed to eight key problems:

- 1 Lines of communication and accountability that are upwards toward UK Sport, Sport England and the DCMS and not downwards to the grass-roots of the sport (most other NGBs appear more democratic and much closer to the grass-roots of their sport, including, in part, democratically elected boards).
- 2 The 'professionalisation' (i.e., introduction of business values and practices) of the management of athletics in the UK has, arguably, been taken too far in the direction of for-profit organisations.
- 3 A lack of actors (in management) with intimate knowledge of the sport discipline who would be in a position to temper the impact of New Managerialism, in particular.
- 4 A focus on short-term targets, as opposed to long-term sport development. There is little evidence of a structured development system for bringing through young talent (most of the successful NGBs have tried and tested talent identification systems).
- 5 A narrow focus on athletes who are already good (i.e. not enough emphasis on upcoming athletes).
- 6 UKA has no time or resources to investigate the wider issues behind the demise of athletics.
- 7 Volunteers, athletes and officials are being bypassed in the process of the governance of athletics in the UK; potential know-how and knowledge is not being drawn upon to assist in the successful governing of the sport.
- 8 This can lead to a lack of trust between the NGB and the grassroots of the sport.

The example of UKA highlights how government policy can lead to a shift in governance from being accountable to organisational members toward being more accountable to a major government funding agency. This examination of government policy impacts was extended across other sports by Green (2009) who argued that the UK Labour Government introduced a new level of accountability for sport organisations to adopt good governance practices, along with a promise to redirect funding away from those sports that failed to adopt such measures. This was tagged as a *No Compromise* approach

by UK Sport, aimed at ensuring the sport governing bodies were well placed to deliver elite sport success on the world stage. Green (2009, p. 140) highlighted the overt interventionist nature of the government's approach to sport governance:

The shaping and guiding of the conduct of NGBs, and especially the threat of funding reappraisals if NGBs fall short of the high standards now required under the *No Compromise* approach, draws attention to a key insight from the writings on changing modes of governance. That is, as a government agency, UK Sport's power does not rely 'upon the traditional Hobbesian means of sovereignty plus coercion' (Davies 2006, p. 254), but draws increasingly on a range of disciplinary techniques of manipulation of the ways in which organisations such as NGBs will operate in the future.

UK Sport employed performance-focused strategies such as 'performance management, target-setting, KPIs, evidence-based policy, and sanctions' (Green 2009, p. 140) to operationalise their approach to ensuring better standards of governance within sport organisations. Green (2009, pp. 140–41) concluded that:

all sport organisations in receipt of public money for policy interventions are facing up to working under realigned modes of governance where current rules of the game privilege rationalist processes and scientific ways of knowing, reinforcing the dominance of highly resourced, managerial and technical forms of knowledge.

Green (2009, p. 141) also concluded that 'under current and emerging governance arrangements in the UK, an illusory screen of plural, autonomous and empowered delivery networks for sport obscures the very close ties to, and regulation from, the centre'. In other words, the key government agencies directly influence the way in which national level sport governing bodies are governed and managed in order to facilitate the delivery of sport policy outcomes.

The Australian Sports Commission has been actively trying to influence the governance structures and practices of NSOs since 2002 when it first released a set of governance principles. These were later revised in 2007

and 2012 and ‘are part of a suite of information, including a template constitution, board evaluations and an organisational development framework’ (ASC, 2015b, p. 1). The governance principles released by the ASC (2012b, p.1) are designed to:

assist members of boards, chief executive officers and managers of sporting organisations to develop, implement and maintain a robust system of governance that fits the particular circumstances of their sport;

provide the mechanisms for an entity to establish and maintain an ethical culture through a committed self-regulatory approach;

provide members and stakeholders with benchmarks against which to gauge the entity's performance.

The 2012 version of the ASC's six governance principles ‘advocate strengthening structures that support good leadership and decision making, and ensure sound and effective governance’ (ASC, 2012b, p. 2) and cover: board composition, roles and powers; board processes; governance systems; board reporting and performance; stakeholder relationship and reporting; and ethical and responsible decision making.

The development of a new national sport policy, *Australia's Winning Edge 2012–2022*, made a clear link between the ability of sports to govern themselves effectively and their ability to deliver a successful elite sports programme. Indeed, the policy states that one of five priorities is to ensure that ‘high performance sports and sector partners have the structure, workforce and leadership capacity to develop successful programs to achieve competitive results and to spend taxpayer funding effectively’ (ASC, 2012a, p. 5). The policy also made it clear that in order to continue to receive government funding for elite programs, NSOs will need to demonstrate progress toward better governance practices:

Confidence in the leadership capacity and capability of sports — particularly in relation to management, governance, internal controls and

business systems — is acknowledged as being critical. Sports will be required to demonstrate good leadership, governance and administration as part of the annual investment and review process (ASC, 2012a, p. 6).

The year after the release of the 2012 governance principles, the seven sports receiving the highest level of funding from the ASC were required to meet a subset of mandatory sports governance principles covering three areas: (1) structure, (2) board composition and operation and (3) transparency, reporting and integrity (ASC, 2015b). The number of sports subject to mandatory compliance to these principles has increased in subsequent years and forms part of their annual reporting cycle to the ASC.

At the time of writing this chapter, the ASC had also released a discussion paper on governance reform (ASC, 2015a, p. 1) that presented ‘statements of better practice which may in the future become a part of the ASC's sports governance principles’. The paper was narrowly focused on the topic of voting systems within NSOs and the member rights attributed to those votes. The ASC's rationale for this was that NSOs had used two fundamentally different voting systems — a ‘one member, one vote’ system and a proportional voting system within federated governance structures — that created challenges for sports wanting to move beyond a dependence on membership capitation fees and operate more commercially. The paper aimed to:

introduce an alternative voting structure, whereby a “double majority” is required to pass a motion, as a means to address the inequality that is perceived in alternative voting systems; articulate where voting members should have rights in decision making within these models; and discuss treatments for funding distribution as a way of reorienting the value proposition in traditional governance structures (ASC, 2015a, p. 1).

The paper certainly sparked the intended debate within the sports system but no resolution or changes to the governance principles, mandatory or otherwise, have yet been

announced. Similar attempts to shape the governance performance of New Zealand NSOs had been undertaken by Sport and Recreation New Zealand (2004; 2006), and a recent benchmarking review of ten years of their efforts was undertaken by Sport New Zealand (the renamed national sport agency) that concluded:

This review indicates that while the standard of governance of sport and recreation organisations is, in many respects, much improved on that documented in 2004, it is still falling short of what is both desirable and possible in some key areas. Therefore, prevailing governance processes are not making the best use of the valuable time and capabilities of volunteer directors or the staff who support them. Consequently, good, well-motivated people cannot perform to their capacity, nor can their organisation benefit from the potential of focused and proactive governance leadership (Sport New Zealand, 2015, p. 4).

These examples from the UK, Australia and New Zealand highlight how their respective governments have sought to overtly influence the governance of sport organisations via the imposition of performance targets as part of funding agreements between elite sport agencies and national governing bodies, direct interventions to reshape and professionalise governance systems in sport, and indirectly influencing strategy and governance priorities through funding support. Those Olympic and Commonwealth Games sports largely dependent on government funding for their high-performance programmes seemed to have acquiesced to these influences, perhaps in the absence of other funding sources required to maintain their services or to become competitive in an increasingly difficult elite sport performance environment, whereas the professional sport codes (i.e. cricket, football codes, golf and tennis) have been less compliant. What is clear is that very little research has focused on the effectiveness of these interventions and how might national sport agencies best influence future improvements in the governance of sport organisations.

INDEPENDENT MONITORING OF SPORT GOVERNANCE

The Danish Institute for Sports Studies, via their funding and support of the “Play the Game” forum, has been the leader in providing independent review and monitoring of sport governance issues. Their most recent publication ominously titled *Sports Governance Observer 2015. The legitimacy crisis in international sports governance*, is a report on the use of a ‘benchmarking tool for good governance in international sports federations based on basic good governance criteria, and its application to the 35 Olympic international sports federations’ (Play the Game, 2015, p. 7).

The benchmarking tool was developed by the Action for Good Governance in International Sports Organisations (AGGIS) project, which received financial support in 2012–2013 from the European Commission’s Preparatory Actions in the field of sport. Using this tool, the report documents the findings of a study of the governance of 35 Olympic sports federations. The report concludes:

The study explores how corruption, unsatisfied internal stakeholders, and a (perceived) lack of effectiveness have led to a crisis in the legitimacy of international sports federation, which may lead to instability and disorder in international sports governance. The study demonstrates that legitimacy crises are caused, first and foremost, by flawed institutional design; in particular, by a lack of robust control mechanisms that allow both member federations and external actors to control international sports federations (Play the Game, 2015, p. 7).

The report argues that it shows that ‘the majority of the 35 Olympic international sports federations do not have an institutional design implemented that allows their constituents to monitor and sanction decision-making body members’ (Play the Game, 2015, p. 8) and that subsequently directors of sports federations are not sufficiently incentivised to act in accordance with their constituents’ interests. The work of this group highlights a

growing concern by the consumers, supporters, funders and other stakeholders in sport for the quality of governance practices within sport organisations and subsequent ability of sport to ensure the integrity of its competitions, its ability to operate legitimately and to cope with issues such as controlling drug use in sport and corruption.

CONCLUSION

This chapter has defined sport governance, noted an ongoing debate over the legitimacy of sport to self-govern, provided a summary of the main themes of research to date across the broad field of sport governance, reviewed the responses by various governments to address shortcomings in governance practices, and briefly highlighted the emerging efforts by independent groups that monitor governance issues within sport. It has discussed the limitations of formal governance systems in sport at the micro level and highlighted that the majority of the research efforts in this area has focused on the efficacy of the governing bodies for sport at the global, national or state (provincial) levels and within professional sport leagues and clubs. Research efforts to date have highlighted the shortcomings of representative voting systems that often do not result in the best people being elected to governance roles; that people are not appointed or selected for board service on the basis of specific skills or competencies; that sport boards are often poor at transparent reporting to stakeholders; the lack of accountability for those individuals serving on boards; challenges in regulating volunteer director behaviour; the need for boards to be more strategic in their decision-making; and the lack of robust mechanisms to ensure high ethical standards among board members. This chapter has highlighted that four main themes are evident in research efforts focused on the macro or inter-organisational level of sport governance: challenges inherent

in the federated model of non-profit sport governance structures; failings in governance practices within professional leagues; pressures to engage supporter groups in the governance of clubs within professional sport; and deficiencies in the governance of major international sport federations.

There remains a need to know more about how the factors and their relationships impact on governance at the micro and macro levels. The development of models for board performance (Hoye and Doherty, 2011) and the increasing focus on how boards, board members and governance systems can facilitate greater strategic impact on organisational outcomes (Ferkins and Shilbury, 2015) offer useful frameworks for future research efforts at the micro or board level. Research to date has almost exclusively focused on non-profit sport boards, with very little attention paid to the governance of commercial sport organisations, sports other than football, stadia, professional sport clubs or franchises – the application of these frameworks in these contexts offer a myriad of research possibilities.

While there have been some research efforts directed to exploring the impact of government attempts to improve the governance of sport, it is still not clear whether this increased influence of government on sport governance is positive for sport. We need to know more about the effects this government intervention has on the experience of individuals engaged in sport and whether sport would still govern itself effectively if government withdrew from its interventionist treatment of sport. Future research efforts designed to review the effect of previous government interventions through in depth case study analyses and comparisons between national sport systems could provide useful information for the design of new interventions or transfer of practice between sport systems.

In conclusion, as stated at the start of this chapter, sport governance has grown in importance and prominence over the last two decades, attracting increased attention from participants, supporters, sponsors, government

agencies and researchers. Research in sport governance will continue to focus on concerns to develop appropriate standards of governance behaviour amongst those people leading sport organisations, to ensure better governance practices evolve to protect investment of taxpayer funds in NSOs charged with implementing government policies for elite sport success and increasing participation in organised sport, and to help shape appropriate responses from sport organisations of all types to calls to improve corporate governance practices to protect the interests of stakeholders.

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Strategic Management

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In this chapter we present a brief introduction to strategic management, including a concise description of its history and development; we then discuss its definitions and the perspectives that have had the most influence on the field. Having established this historical/definitional basis, we examine strategic management research concerning sports organizations. In doing so, we differentiate research which utilizes sport-as-context to further our understanding of strategic management from studies of the strategy of sports organizations. After examining the elements, which make sport a unique industry, we provide examples of studies of the strategy of sports organizations. We then suggest some avenues for future research. Finally, we discuss the implications of the research for practitioners.

WHAT IS STRATEGY? THE STRATEGIC MANAGEMENT LITERATURE

In his review of the strategy-related sport management literature, Shilbury (2012)

conceptualizes strategy as *a pattern of actions employed by managers to position an organization for competitive advantage* (p. 4) and strategic management as *the managerial process of formulating the pattern of actions and implementing them* (p. 4). Although these conceptualizations might both seem paradoxically too general and too narrow, we share Shilbury's view and will use these two definitions for the purposes of this chapter. In the following paragraphs, we present a brief history of strategic management theory and research.

An academic field is a socially constructed entity (Kuhn, 1962), hence it exists only when a critical mass of scholars believe in its existence and share essential meanings and premises of the field (Cole, 1983; Nag, Hambrick, and Chen, 2007). Given that strategic management is relatively young, its consensual meaning and shared assumptions remain fragile (Nag et al., 2007; Hambrick and Chen, 2008). While the field has been reconceptualized, and re-labelled (from "business policy"), its main premises and focus have

remained relatively consistent. The seminal question in strategic management research is relatively straightforward: “Why do some organizations outperform the rest?” (Rumelt, 1991; Rumelt, Schendel, and Teece 1991). Determining the organizations that perform significantly better than their competitors, and the analysis of the determinants that result in the achievement of sustainable competitive advantage, is the essence of strategy research (Grant, 1991; Oliver, 1997).

Rumelt, Schendel, and Teece (1994) trace the birth of the field of strategic management to three seminal works: Alfred Chandler’s *Strategy and Structure* (1962), Igor Ansoff’s *Corporate Strategy* (1965), and Kenneth Andrews’ *The Concept of Corporate Strategy* (1971). These three key pieces are milestones in the development of strategic thought and have been described as foundational for strategic management (Shilbury, 2012). Before the 1960s, strategy was, by and large, used only in a military context (Mintzberg, Ahlstrand, and Lampel, 1998). The post-World War II period was characterized by relatively stable economic growth; managerial decision making and strategic change were not seen as significant factors in shaping a firm’s performance. However, with technological changes and the increasingly more complex business environment of the 1960s and 1970s, managers and management scholars began to look for more dynamic models to explain sources of competitive advantage (Shilbury, 2012).

Furrer, Thomas, and Goussevskaia (2008) distinguish two separate, yet mutually complementary, streams of strategic management research. The first takes a *process* approach to strategy (i.e. it is focused on how strategies are formed and implemented). Detailed case studies, typically used in early business policy/strategic management MBA courses, helped researchers and students to achieve a strong grasp of the process of how strategies are formulated and then executed. The sometimes-evident dichotomy between desired strategies and those actually introduced led to Mintzberg’s (1978) research on deliberate and emergent strategies.

The second important stream of research (Furrer, Thomas, and Goussevskaia, 2008), stemmed from the desire to understand the *determinants* of firms’ performance (i.e. the relationship between strategic decisions and performance). In his two most famous works: *Competitive Strategy* (1980) and *Competitive Advantage* (1985), Michael Porter examined the effect of the external industry environment and internal firm behavior on firm and societal outcomes. This industrial economics-based approach became mainstream in strategic management research, thus temporarily settling a debate between a strategic choice perspective (i.e. strategy matters) and an environmental determinism perspective (i.e. strategy does not matter; performance is determined by an external environment). (For an in-depth analysis of the arguments made by both sides and a comprehensive recollection of the debate, see Gopalakrishnan and Dugal (1998).)

Hrebiniak and Joyce (1985) confronted these two views, effectively arguing that choice and determinism are not at opposite ends of a single continuum but, in reality, represent two independent continua. It is the interaction between strategic choices and a given environment that must be addressed in determining organizational performance. Porter’s “five forces analysis” approach was widely taught and was used to assess external industry determinants of performance. Empirical tests of the effect of corporate strategy were also conducted. A number of studies were helpful in assessing the internal vs external determinants of firm performance (e.g. Schmalensee (1985), Rumelt (1991), McGahan and Porter (1997), Bowman and Helfat (2001), and Hawanini, Subramanian, and Verdin (2003)). In addition to providing a good overview of such research, the latter found that while industry factors may have a large impact on the performance of the ‘also-ran’ firms, for industry leaders and losers, firm factors dominate.

In the late 1980s and early 1990s a new, impactful, paradigm emerged in strategic management: the resource-based view of the organization (RBV). The essence of this perspective is presented in Barney’s (1991)

seminal piece, where he argues that only the firms who control valuable, rare, imperfectly imitable and not substitutable resources are able to achieve sustained competitive advantage. Later on, a branch of the RBV emerged, when Teece, Pisano, and Shuen (1997) addressed the dynamic capabilities of the firm (i.e. the ability of the firm to bundle certain resources particularly well). This extended version of RBV/Dynamic-Capability theory has gained significant traction in strategic management research and has led to increased research on the human and intellectual capital of the firm as key strategic resources. As knowledge and human capital have become essential strategic resources in the modern global economy, the process of fostering their creation and deployment has emerged as one of the most important areas of strategic management.

This is by no means a comprehensive review of important contributions to the development of the field of strategic management: this has been a dynamic field driven by the contributions of numerous scholars. Nevertheless, the works cited above constitute a shortlist of seminal pieces and will hopefully help the reader to map the development of the field. We refer readers interested in a deeper analysis of the history of the field to the works by Mintzberg et al. (1998); Nag et al. (2007), and Shilbury (2012).

SPORT AS A CONTEXT FOR ORGANIZATIONAL RESEARCH

As has been argued elsewhere, sport is a rich context within which to study strategic, and other organizational phenomena because it provides researchers with advantages that are infrequently found in non-sport domains (e.g. the frequency and regularity of athletic events, the transparency of changes in strategies and human resources, and clarity of outcomes). These give us the opportunity to observe, measure, and compare variables and relationships

of interest over time. The availability of many relevant variables which are measured with great accuracy minimizes the need to test hypotheses using proxies; the relatively controlled field environments within sport mimics laboratory research without the challenge of motivating subjects found in laboratory research (Wolfe et al., 2005).

For the reasons presented above, sport has been an effective setting within which to conduct organizational research (Wolfe et al., 2005). Indeed, organizational scholars have studied a range of phenomena in the context of sport (e.g. the pay distribution–performance relationship (Bloom, 1999); escalating commitment (Staw and Hoang, 1995); the effects of executive succession (Pfeffer and Davis-Blake, 1986); interpersonal networks that lead to extraordinary performance (Cotton, Shen, and Livne-Tarandach, 2011); and the determinants of perceptions of rivalry (Kilduff, Elfenbein, and Staw, 2010)). Sport has thus been used to study a variety of organizational research questions, including those, as we note below, related to strategic management.

SPORT AS A CONTEXT FOR STRATEGY RESEARCH

In what follows, we describe strategy research, which has used *sport-as-context* to further our understanding of strategic management. Following this, we address studies of the *strategy of sports organizations*. A number of strategic management scholars have used *sport-as-context* in their work. As discussed earlier, an important trend among strategic management scholars has been to leverage the resource-based and dynamic capabilities view of the organization (Wernerfelt, 1984; Barney, 1991; Teece et al., 1997). Consistent with this, Sirmon, Gove, and Hitt (2008) and Sirmon, Hitt, and Ireland (2007) applied the RBV of the firm to studies of the performance of Major League Baseball (MLB) teams. Moliterno and Wiersema (2007) used a sample of professional

baseball franchises to shed light on how firms generate competitive advantage through resource divestment and dynamic capability building. Holcomb, Holmes, and Connelly (2009) compared professional football (National Football League (NFL)) teams and their head coaches to investigate the importance of managerial ability for resource value creation. Taylor and McGraw (2006) examined strategic human resource management practices in non-profit sports organizations, while Aime, Johnson, Ridge, and Hill (2010) compared the San Francisco 49ers' performance to that of other professional football teams to determine the effect of key employee mobility on organizational performance. The influence of tacit knowledge on sustainable competitive advantage in the National Basketball Association (NBA) was studied by Berman, Down and Hill (2002). Wright, Smart and McMahan (1995) examined the effect of congruence among strategy, human resources, and performance in National Collegiate Athletic Association (NCAA) basketball. Wolfe, Hoerber and Babiak (2002) used the context of intercollegiate athletics to address perceptions of organizational effectiveness among different groups of stakeholders. Wolfe and Putler (2002) analyzed six stakeholder groups to determine the extent to which stakeholder groups' priorities related to intercollegiate athletics are homogeneous, and the variability of homogeneity among stakeholder groups. These demonstrate the effective use of *sport-as-context* in mainstream strategic management research.

THE SPORTS INDUSTRY: IS IT "DIFFERENT"?

The studies listed above are examples of sport being an effective setting within which to study a number of strategic management research questions: they are examples of using *sport-as-context*. They are not, however, examples of studies of the *strategy of sports organizations*, a concept that the remainder of this chapter will

address. Before doing so, however, we look at the extent to which the sports industry is unique – unless it has these elements, there would be limited benefit in studying “sport” – as research results from other industries would apply directly to it. Undoubtedly, sport is a unique institution as it is deeply embedded in cultural and social contexts, while also having to operate in a commercial environment (e.g. Hess and Stewart, 1998; Mangan and Nauright, 2000; Hess, Nicholson, Stewart, and De Moore, 2008). Hence, it comes as no surprise that scholars have been trying to identify both shared and unique features of sport management in contrast to general management. Mullin (1980; 1985) proposed three areas in which sport management is unique: sports marketing, financial structures, and industry careers. Slack (1998) argued that one unique feature is a common belief in the social value of sport, which is less prevalent in other management contexts. Foster, Greyser, and Walsh (2006) indicated that sport and “traditional” business share a number of features, including concern for value creation, branding, finding new sources of revenue and avenues for market expansion. However, they also concluded that the passion of both players and fans and their desire to beat their rivals and win trophies are unique features. We refer readers interested in a deeper analysis of the unique features of sport management to the works by Smith and Stewart (e.g. Stewart and Smith, 1999; Smith and Stewart, 2010).

The features that make sport somewhat unique in the context of strategic management involve: Passion, Product, Economics, Technology, Transparency, and Stakeholders (P²ET²S). We now address each of these elements, noting that we draw extensively from the work of Babiak and Wolfe (2009).

Passion

While each industry sector has its own distinguishing characteristics, we suggest that the attribute which truly differentiates sport is passion – the passion exhibited by the intense

loyalty and emotions the product (the team, the game) generates among participants and fans. Consider two traditional products for which consumers are said to have had considerable passion – Harley Davidson and ‘Old Coke’ (Fournier, 2001). Can we imagine the type of passion one sees at a World Cup soccer game, or a Yankees–Red Sox playoff game, exhibited by devotees of Harley Davidson or Coke? More to the point, it is hard to believe that any “traditional” product (e.g. laundry detergent, toothpaste, shampoo) could generate such passion. We therefore suggest that passion is sports differentiating feature.

Product

A second feature which differentiates the sports industry is its product. While in other industries, organizations offer diversified lines of products designed to meet the needs and preferences of different customer segments, the seminal product of sport organizations is the game itself; when one attends a sporting event – there is one event for all consumers, irrespective of their preferences. We appreciate that there are revenue streams other than ticket sales such as television and radio contracts, concessions, and memorabilia. However, these depend upon the essence of the sporting product – the games themselves.

The strategic challenge of the sports organization is to satisfy various needs, as consumers may be interested in different aspects of the seminal product – the sporting event. Traditional sports fans may just want to enjoy the game itself, but others may be attracted to the many non-sporting elements at a game (e.g. cheerleaders, contests on the scoreboard, t-shirts thrown into the audience). The consumer is presented with a “cocktail” of sport and non-sport “attractions” (Foster et al., 2006). We refer to this trend, which has resulted in the “cocktail” having increasing non-sport elements as the *NBAization* of sport (since it is the NBA, under the leadership of

long-time commissioner David Stern, which started the attractions/distractions trend).

Economics

There are some unique economic elements in the sports industry that result in different expectations of sport than those in other industries. Many perceive sports leagues as being cartels with close to monopoly power having been granted special protection from the government via antitrust laws (Noll, 2003). Sports teams often receive public funds for stadia and related infrastructure (Swindell and Rosentraub, 1998). Such perceived and actual unique protections and support from public coffers lead As a result, some stakeholders have higher (or different) perceptions of the role and responsibility of professional sports teams and leagues to provide social benefit and to give back to the community (Swindell and Rosentraub, 1998).

A further difference between sport and other industries involves the unique interdependency among competitors. In contrast to other industries, competition and competitors are necessary as they co-create the product which generates revenue. While creating a monopoly position via achieving a sustainable competitive advantage is desirable in other industries, sport organizations need to play competitive teams to generate interest. Uncertainty about the outcome (Jennett, 1984; Peel, and Thomas, 1988) is one of the determinants of interest in the game. Therefore, the economics of the sports industry differs considerably from other areas of business as both competition and co-operation among teams are necessary. The unique complexity of the internal economics of the industry needs particular stakeholder management skills.

Information technology

While advances in information technology are important to all industries, they are vital in the

sports industry. Due to the passion and the amount of interest generated among consumers, the sports industry is both “media-centric” and “media-dependent.” It is media-centric as it attracts media attention, motivated by consumer/public interest. Everything the team does is under close scrutiny and, via the media, can influence brand image and consumer affect. It is media dependent as the media provides the means by which consumer/public interest is generated and satisfied.

In addition, dramatic developments in information technology have resulted in an onslaught of sports-related entertainment options (video games, fantasy sports, websites which allow the consumer to experience a sport as and when s/he wishes). These can be perceived as competition and/or opportunities for extant sport organizations (Evans and Smith, 2004). How to manage this threat/opportunity is an issue for the scholars and managers of sports strategy.

Finally, the rapid growth of social media brings with it strategic opportunities as well as serious challenges for the sports strategist. Such matters are addressed in depth in Chapter 19.

Transparency

The rationale behind, and the details of, almost everything done by the administration of a sports team, be they strategic (e.g. coach signings, sponsor relationships, team salaries) or tactical (e.g. who plays, who sits, trades, game strategies), as well as team outcomes (i.e. wins/losses), and contributions to good causes is common knowledge. In addition, the off-the-court/field behavior of a team’s employees (e.g. coaches, players) is invariably open to scrutiny (Armey, 2004). Organizations in other industries typically do not face the same type of scrutiny of their business practices or of their employees’ behaviors. For instance, if an employee of a manufacturing firm engages in immoral or illegal behavior, few will ever hear of it. However, if there is a similar situation with

an athlete or a coach, it leads to extensive media coverage (e.g. Michael Vick’s involvement in dog fighting (Schmidt and Battista, 2007), Pacman Jones’s off-field issues (Saraceno, 2007), Aaron Hernandez’s double homicide charges (Smith, 2013) and Ray Rice’s spousal abuse charges (Belson, 2014)).

Stakeholders

Managing stakeholder relationships is a substantial challenge. In reality, for all sports organizations, success in the industry necessitates the ability to work within a complex set of stakeholder relationships: teams cannot operate without the cooperation of many organizations. We suggest that of the attributes of passion, economics, electronics, and transparency addressed above contribute to a complex set of relationships with stakeholders such as the media, players, and various levels of government, sponsors, fans, and local communities. Therefore, it comes as no surprise that the stakeholder relationships of sports organizations have been a research focus for a number of sport management scholars (e.g. Putler and Wolfe 1999; Wolfe and Putler, 2002; Parent, 2008).

STUDIES OF THE STRATEGY OF SPORTS ORGANIZATIONS

We find that studies of the *strategy of sports organizations* follow the development of strategy as a theoretical field. Sutton (1987) was one of the first to examine planning, in this case marketing plans, in intercollegiate athletics. Thibault, Slack, and Hinings (1993; 1994) took a broader view in studying strategic planning in the non-profit sports sector. Rail (1988) and Sack and Nadim (2002) examined the complementary processes of strategic analysis and strategic decision making.

As discussed earlier, in the late 1980s and early 1990s, a new paradigm in

strategic management emerged – the RBV of the organization. This gained traction in research carried out by the management of sports organizations. Amis, Pant and Slack (1997) applied RBV to sports sponsorship, and looked at the relationships between a number of athletes, teams and leagues and two large international companies. Smart and Wolfe (2000) used RBV to examine sustainable competitive advantage in intercollegiate athletics. The same authors utilized RBV to assess the leadership effect on organizational performance of Major League Baseball teams (Smart and Wolfe, 2003). Gerrard (2003) built on RBV in providing a resource-utilization model of organizational efficiency as applied to professional sport teams. Mauws, Mason, and Foster (2003) examined the sustainable competitive advantage of professional sports franchises by juxtaposing the RBV and Porter's (1980) "five-forces" model. Amis (2003) addressed the importance of image and reputation as sources of sustainable competitive advantage within the international brewery industry. Shilbury et al. have published a series of papers on the role of the board in building strategic capability, using New Zealand sports organizations as a rich source of empirical and theoretical insight (Ferkins, Shilbury, and McDonald, 2005; 2009; Ferkins, McDonald, and Shilbury, 2010; Ferkins and Shilbury, 2012).

While we are unaware of empirical research on the topic, it is our sense that sports industry practitioners have evolved professionally; their background is no longer based on experience from the "locker room," and is currently a better fit with the "board room" as argued for by Slack (1996). This "professionalization" is, however, uneven. While sports teams are quite sophisticated as regards analytics, marketing, and information technology, we see little evidence that industry leaders leverage advances in areas that are the foci of study in the field of management. We provide only three, from a number of possible examples here. International

business scholars could contribute to understanding how to leverage the skills of players from different countries while minimizing the effects of cultural and language differences; Leadership and communication scholars could help to understand the effectiveness of coaches' half-time speeches – should they be, or when should they be "fire and brimstone" and/or "Xs and Os"; Organization behavior/theory scholars could help to develop a positive locker room culture. We see little evidence that practitioners in sport leverage such bases of knowledge extant in the academy.

FUTURE RESEARCH: POTENTIAL DIRECTIONS

In his analysis, Shilbury (2012) found that strategic management articles represent only a fraction (i.e. 2.5 percent) of articles published in leading sport management journals (i.e. *Journal of Sport Management*, *Sport Management Review*, *European Sport Management Quarterly*). In what follows, we present what we believe are promising *strategies for sports organizations*: research directions that build on the unique elements of the sports industry addressed above (Passion, Product, Economics, Technology, Transparency, and Stakeholders). We will not address potential directions related to economics or electronics here, as sport economics is an established field of research, as evidenced in Chapter 27, while, similarly, information technology, as we address it, is covered in Chapter 19.

Research questions

In what follows, we point to some research questions that emerge when considering the differences in sport related to product, passion, transparency, and stakeholders. Subsequent to identifying the questions, we suggest research approaches to investigate the questions.

Product

As argued above, while in other industries, organizations offer diversified products designed to the preferences of different customer segments, the seminal product of sport is the game itself. Given the advent of *NBAization*, the consumer is now presented with a “cocktail” of sport and non-sport “attractions” (Foster et al., 2006). Seminal questions related to the *NBAization* of sport, include: determining the effect of “consumer preference–product offering” misalignment which occurs for the traditional sports fan who just wants to focus on the game itself, while surrounded by many non-sports elements which this sports consumer considers while ignoring distractions (e.g. cheerleaders, contests on the score-board, t-shirts flung into the stands, etc.). There is also the equally important question of the potential misalignment when events just focus on the sports, thus alienating those consumers who enjoy the “attractions.” An extension of these questions related to “consumer preference–product offering” alignment/misalignment presents itself as we consider the trend toward modifying the sports product, often for TV audiences. An example is the growth of the Cricket T20 IPL competition in India which has sparked copycat cricket leagues in Australia, New Zealand, South Africa, and the Caribbean.

Passion

Research questions related to passion are related to the above discussion on “product”; that is, to what extent, and how, would the effect/passion of sport consumers be affected by different elements of a sporting event (i.e. by seminal elements of the sport and by non-sport elements). Studying passion within sport provides the researcher with *natural experiments* that occur with frequency and regularity. There are various emotions which occur with transparency and clarity within sport. Specifically, we can address the extent to which planned, orchestrated, “attractions” (e.g. music, cheerleaders; contests on the score-board) – often

referred to as the sports production function (Rottenberg, 1956; Scully, 1974) – and core elements of the sport itself (e.g. goals/scores, hard checks, good saves/defensive plays) influence emotions. We propose how we might study such questions below.

Transparency

As argued earlier, organizations in other industries typically do not face the same scrutiny concerning the rationale behind, and the details of almost everything done by the administration of a sports team, as well as team performance, and contributions to good causes. In addition, the off-the-field behavior of a team’s employees (e.g. coaches, players) invariably becomes common knowledge (Armey, 2004). Related research questions involve the effect of such transparency on organizational behaviour, how a sports organization can best “manage” it, and its effect on the consumer.

Stakeholders

As presented earlier, the importance of stakeholder theory within a sporting context has been addressed in a number of studies (e.g. Putler and Wolfe, 1999; Wolfe and Putler, 2002; Parent, 2008). An important and relevant finding of this research is that it is a mistake to assume homogeneous preferences within stakeholder groups, as these can vary widely within these groups. In intercollegiate athletics, for example, there is considerable variability between athletes, faculty, current students, and potential student stakeholder groups (Wolfe and Putler, 2002). Research questions concerning stakeholders related to this matter of internal priority variability, staying within intercollegiate athletics, involve investigating what the determinants of stakeholder priorities are, and how these might be “managed.”

Research approaches

In what follows we suggest research approaches that might be adopted to investigate questions

that emerge in considering the unique elements of the sport industry related to product and passion and the transparency of stakeholders.

Product and passion

We propose that research questions related to *passion* and to the sports *product* can be studied concurrently (i.e. how and to what extent the passion of sports consumers are affected by different elements of a sporting event (e.g. by seminal elements of a sport and by non-sport elements)). As suggested above, this provides the researcher with natural experiments that occur with frequency and regularity.

The Vallerand et al. (2003) passion scale can be used to determine intensity and type in addressing the questions posed above. In addition, we recommend the use of experience sampling methodology (ESM) to address the questions. ESM is a repeated data collection method that requires participants to provide reports of their experiences at multiple times over the course of the study period (Beal and Weiss, 2003). ESM allows any fluctuations in variables to be captured on a moment-to-moment basis (Feldman, 1995). ESM has high ecological validity, minimizes recall biases, and accounts for within-person variation over time (Scollon, Kim-Prieto, and Diener, 2003).

The use of ESM will, for example, allow the researcher to gather data on the extent to which naturally occurring events at a game (e.g. wins/losses, scores, fights, penalties) and “planned attractions” (e.g. cheers, music) influence passion intensity and type. One could potentially extend the study to stakeholders; that is, how core vs planned events influence affect (e.g. the motivation, commitment, loyalty) of various stakeholder groups.

Transparency and stakeholders

As discussed above, research questions concerning *transparency* involve investigating its effect on organizational behavior and how this can best be managed – be it positive or negative. Research questions concerning *stakeholders*, could involve investigating the

determinants of stakeholder priorities and how these might be “managed.”

Staying within intercollegiate athletics, we find important effects of transparency and stakeholders. While there has been a consistent stream of media reports detailing disconcerting aspects of big-time college athletics (BTCA) (e.g. improper financial inducements to recruits (Roberts, 2003); athletes receiving unearned academic credit (Lyall, 2014; Solomon, 2014); coaches being the highest-paid university employees (Wright and Wefald, 2012), BTCA has shown “remarkable staying power ... (as) otherwise reputable and rational universities have continued to operate their programs” (Clotfelter, 2011, xii).

It is the *transparency* of sport, of BTCA in this case, that brings these concerns to public attention. The transparency of sport, could also contribute important, publicly available, data to investigate its effect on organizational behavior – be it specific universities or governance organizations such as the NCAA. More specifically, one could address relationships among organizational actions and data on such relevant information as winning percent, attendance, sponsorship deals, NCAA rule violations, game attendance, and student athlete graduation rates as compared to other students.

Such transparency challenges and controversies are not unique to North America or to collegiate athletics. The recent wave of scandals surrounding the International Federation of Association Football (FIFA) have shown that lack of transparency can affect one of the world’s most powerful sport organizations. Although related investigations remain ongoing, the organization has faced extreme criticism and repercussions due to accusations of corruption. The threat to FIFA is not only reputational, but also financial as three key sponsors, Castrol, Continental, and Johnson & Johnson, have severed ties with the organization (Rumsby, 2015) with Visa, Adidas, and Coca-Cola threatening to follow suit (Withnall, 2015). We refer readers interested in strategic transparency issues in association

football to the works by Jennings (2007; 2011) and Pielke (2013).

Turning to *stakeholder management*, as argued by Wolfe and Putler (2002), the desired result of the stakeholder process is to create compatibility between organizational outcomes and the priorities of salient stakeholders (Mitchell, Agle, and Wood, 1997) to increase the likelihood that the organization will be successful. It appears as though, to date, stakeholders who do not want change in BTCA have been perceived by university decision makers as more salient than those who want change. Research, as per that of Wolfe and Putler (2002), could determine the priorities of individuals within various stakeholder groups. Without such research, one might assume that stakeholders who don't want change would be those in Athletics and Development departments of universities, alumni, and the local business community, while those who desire change would be university faculty, national organizations such as the Drake Group which lobbies for BTCA reform, and university administrators responsible for scholarships. Research, as described here, would assess that assumption as well as whether one can assume homogeneous preferences within a stakeholder group (Wolfe and Putler, 2002).

IMPLICATIONS FOR PRACTITIONERS

Undoubtedly, strategic thinking and strategic management are key success factors for various types of organizations; sports teams are no exception. Careful and thorough analysis of the environment is the foundation for a solid understanding of any industry, but for sports organizations it is of vital importance. The general business and industry environment of sports organizations are extremely complex, driven by mutual and multilateral dependencies between numerous players, governments, institutions, business partners and other stakeholders. We believe that strategy-related literature can offer particularly valuable

insights for practitioners in the sports industry. In what follows we outline some key takeaways for sport management practitioners related to Product and Passion, Technology, Transparency and Stakeholder Management.

As explained in previous sections of this chapter, the *product* delivered by a sports organization is a complex bundle of both on- and off-the-field elements: the game itself and its result, the passion it generates, the team, the athletes, and non-sport related experiences (i.e. the *NBAization* of sport). When it comes to successful on-the-field outcomes, strategy-related sport management literature can offer some guidance for practitioners. Strategic management scholars and practitioners have looked at various factors that contribute to superior performance. However, arguably the most popular theory of how and why some organizations repeatedly outperform their competitors is the RBV of the firm. The ability of an organization to acquire and manage resources is as both key to the growth of the firm (Penrose, 1959) and a crucial source of competitive advantage (Barney, 1986). Teece et al. (1997) looked at the dynamic capabilities of the firm (i.e. its ability to bundle certain resources particularly well). The RBV and core competencies literature motivated a number of studies in sport (e.g. Amis et al., 1997; Sirmon et al., 2008; Sirmon et al., 2007; Smart and Wolfe, 2000; Smart and Wolfe, 2003; Wolfe, Wright, and Smart, 2006). Sports organizations are clearly dependant on their human resources (both managerial and athletic) and could benefit significantly from this stream of literature.

We have introduced the concept of *NBAization* in this chapter; this is, of course, very much related to the sports product being a “cocktail” of sport and non-sport “attractions” (Foster et al., 2006). While we suggest some approaches to study *NBAization*, and argue that this phenomenon is very much related to the *passion* generated at a sporting event – such research has yet to be conducted. It is difficult, to offer pragmatic suggestions for the sports manager – other than

to suggest, very strongly, that sensitivity to the priorities of their fan base is something that is easily overlooked when one jumps on the *NBAization* bandwagon.

The digital media revolution and resultant omnipresence of *information connectivity* presents another set of challenges and opportunities for sports organization managers and decision makers. The growing popularity of digital sport-related entertainment (video games, “fantasy football,” a variety of websites and services devoted to professional and college sports, etc.) is a new and fascinating avenue (Evans and Smith, 2004), but it is not without risk. The digital revolution opens up new marketing channels and product lines. The identification generated by a sport or a team can be commercialized via new products (websites, smartphone applications, computer games, etc.) or licenses for other organizations to use the team’s tangible and intangible assets (brand, logo, mascots, player images, etc.). However, it adds to the complexity of *stakeholder management* as there may be customers (fans) who are interested in the digital product, but may become less interested in the core product: the game or sport (Curtis, 2007). How to manage the tension between potentially competing products/services is likely to become a key issue for both managers and management scholars in the near future. Furthermore, while sports-betting is illegal in some jurisdictions, it presents important revenue opportunities and philosophical challenges in all jurisdictions. The ease with which bookmakers can form markets on all aspects of sport and reach consumers using web and smart phone technology only adds to the opportunities and challenges.

The growing popularity of electronic media is not only a potential source for revenue growth, but also poses a serious challenge when it comes to *transparency* and *stakeholder management*. Electronic media has the power both to improve and to tarnish an organization’s image and brand. In the world of ESPN, Twitter, Facebook and countless websites devoted to sport, every decision comes under close scrutiny, from almost the very minute

the decision is made. Therefore, transparency and careful stakeholder management have become crucial elements of sports organizations’ strategic management. Both the *sport-as-context* strategy and *strategy of sports organizations* literature may offer valuable insights, as considerable research has been devoted to stakeholder analysis and management (Mitchell, Agle, and Wood, 1997; Wolfe et al., 2002; Wolfe and Putler, 2002). Given the transparency of sport, and its complex set of stakeholder relationships, corporate social responsibility (CSR) approaches, which are effective in other domains, must be applied with a sensitivity to assumed motives, and perhaps, be augmented by a new set of CSR initiatives (Babiak and Wolfe, 2006; 2009) to strengthen the bond between the organization and its key stakeholders (Wallace, 2004).

CONCLUSION

Strategy formulation and implementation are seminal to organizational success regardless of the industry. Sports organizations are no exception and it should come as no surprise that sport management scholars have been involved in strategy-related research. In turn, strategic management scholars have used sport as the basis for organizational research, taking advantage of the research benefits of using sport as a research context. There is considerable potential for collaboration between these two groups; some of its exemplary results were described in this chapter. However, as pointed out by Shilbury (2012), strategy-related issues have yet to be treated with the centrality and deference they deserve in the sport management literature. Competition is the driving force in all industries, but sport is at the heart of organizational management. We believe, in sum, that strategy research can be a pivotal stream of the sport management literature, one with considerable potential for further development. We trust that the ideas presented in this chapter will contribute to this development.

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Organizational Structure

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This chapter reviews the concept of organizational structure, identifies its basic tenets, provides examples of the unique features of the design of sport organizations, and summarizes the research findings on organizational structure in sport. The chapter presents a summary of principles for managing organizational structure within various types and levels of sport organizations and articulates current developments in the use of contemporary organizational structures to drive performance in sport organizations.

THE CONCEPT OF ORGANIZATIONAL STRUCTURE

The structure of an organization is a primary aspect of the implementation of strategy and how the organization ultimately functions in terms of information flows, decision-making and power distribution. Due to its centrality to

senior management's ability to implement strategy and achieve change, Carpenter and Sanders (2009) refer to organizational structure, along with systems, processes, people and rewards, as the major "implementation levers" of organizations. Carpenter and Sanders go on to define organizational structure as, "the relatively stable arrangement and division of responsibilities, tasks and people within an organization" (p. 367). The structure of an organization, therefore, is the means by which information flows efficiently from the people and departments that create it to those who are required to act on it. Essentially, organizational structure performs two key functions: (i) it facilitates control; and (ii) it enables the coordination of information, decisions and activities of organizational members at all hierarchical levels. In achieving these two key functions, Slack and Parent (2006) suggest that organizational structure is founded upon three basic tenets: complexity, formalization, and centralization.

THE BASIC TENETS OF ORGANIZATIONAL STRUCTURE

The three structural dimensions of complexity, formalization, and centralization have been empirically established as measures of organizational structure; each one is explored separately in the following subsections.

Complexity

Complexity refers to the differentiation of the organization, or the degree to which the organization is broken down into various subunits. Differentiation can be examined in three main ways: horizontal, vertical, and spatial differentiation.

Horizontal differentiation may be undertaken through departmentalization, or the creation of separate functional and/or geographic departments. Departmentalization is the formation of discrete departments according to the various products, services, functions, or geographic locations that the organization operates in. The process of departmentalization will typically feature elements of specialization – the employment of individuals with very specific skills and training. For example, as a sporting event grows increasingly large, it becomes necessary to employ individuals with formal training and experience in areas such as marketing, sponsorship, volunteer management, or risk management. Obviously, increasing specialization and departmentalization leads to correspondingly higher levels of complexity because communication and the coordination of activities across subunits tends to become increasingly challenging.

Vertical differentiation refers to the number of tiered levels in a sport organization. So where an organization has high vertical differentiation with many layers of management, we would describe it as “tall;” while organizations with fewer vertical layers of management are referred to as “flat.” Horizontal differentiation and vertical differentiation

tend to be interrelated, so as the organization increases in size, so it becomes more horizontally and vertically differentiated (Blau and Schoenherr, 1971). The increase in vertical differentiation primarily results from what is known as “span of control” – the number of individuals that any one manager can directly monitor. A sport organization that employs highly trained professionals will tend to be flatter in structure and have a wider span of control with one manager able to effectively coordinate a large number of skilled workers. Conversely, where there is a requirement for the employment of lower-skilled workers, the structure becomes taller as the span of control must necessarily decrease with an increased need for more direct management supervision. To illustrate, trained clinicians working for a sport medicine clinic will not need direct management supervision for the clinic to run efficiently because their extensive personal training and experience acts as a proxy for control and coordination. Meanwhile, volunteers working at a large event will often come to it with little or no experience, so they will need comparatively more direct supervision as a method of control.

Spatial differentiation refers to the geographic separation of the various divisions of the same organization. For example, an organization such as the Brisbane Lions professional Australian Football League (AFL) club is based almost entirely on one site in Brisbane and thus, has a comparatively low level of spatial differentiation. By comparison, a larger organization such as the Australian Football League (AFL) is highly spatially differentiated because its franchise clubs, including the Brisbane Lions, are distributed throughout Australia. The AFL also has development initiatives and nodal offices in Europe and other countries. This makes the AFL’s operation more difficult to coordinate and much more complex than a standalone club such as the Brisbane Lions.

In discussing organizational structure and complexity, the impact of technological advances has been profound. Advances in

information communication technologies (ICT) have collapsed the time and space in which sport organizations now operate. While there is yet to be empirical research in sport contexts, anecdotally we can identify a shift to flatter, more flexible work arrangements precipitated by changes in ICT. This shift has perhaps acted to decrease vertical differentiation, but in many ways, has simultaneously created an emergent need for specialist knowledge in areas such as new broadcast platforms, social media and marketing, and virtual communities, thus increasing specialization and spatial differentiation. Combined with advances in digital television, the Internet and cheaper travel, technological advances have fundamentally changed the nature of business for many sport organizations, and reinforced globalization as a dominant managerial consideration.

With increasing globalization, managers of international organizations are forced to seek out increasingly imaginative ways to cater for multiple international markets simultaneously. While it is incumbent upon managers to derive the efficiencies that a global operation can provide, it is also necessary to find ways to resonate with local populations by way of customization of products, services and/or marketing (Bartlett and Ghoshal, 1989; Robins, 1997). Both Silk and Andrews (2001), and Amis (2003) demonstrated how managers of transnational companies sought traction in local markets through customized advertising messages and sponsorship activities that involved the use of sport to create these locally resonant messages. Of course, such considerations add significantly to the spatial complexity of the focal sport organizations.

The preceding discussion demonstrates that with increasing horizontal, vertical, and spatial differentiation, the more complex a sport organization becomes. With increased complexity, coordination and communication becomes a more challenging proposition for management. One of the ways in which this challenge can be managed is through the next basic tent of organizational structure: formalization.

Formalization

One way of managing the challenges presented by increasing complexity is through formalization, or the use of policies, rules, regulations, and other forms of documentation. In organizations where individuals have very little or no decision-making power with regard to how they complete tasks, a highly formalized workplace is required. This would be typical of an environment where the nature of the work necessitates high levels of interdependence and uniformity, and where functions and responsibilities must be well defined. Meanwhile, organizational settings where members routinely address unique circumstances necessitates that these members have more discretion to exercise individual judgement – this requires a less-constrained, less-formalized approach. Thus, a player on the Gold Coast Titans National Rugby League (NRL) team will have a playbook to learn, training and dietary regimes to follow, and will find that his on- and off-season professional activities are highly prescribed. By contrast, the job of the Titans' Head Coach will be far less formalized, with much more discretion regarding his own, and others' day-to-day activities. Similarly, senior managers are typically subject to less formalization than lower level managers because of their need to operate quickly and in the best interests of the entire organization.

As is clear in the Gold Coast Titans scenario, formalization may vary not only among organizations, but also among departments and hierarchical levels within that same organization. For example, Surftech, the world's largest manufacturer of surfboards and stand-up paddleboards, has a research and development department in California that operates under less-formalized conditions than do its manufacturing facilities in Thailand or its regional distribution plants in cities such as Wollongong, Australia (personal communication, Dave Byrne, Surftech Head of Australian Distribution, 16th November, 2012). Research and development requires