

COMMERCIALIZATION AND THE DEVELOPMENT OF NEW MODES OF ORGANIZATION IN NORWEGIAN FOOTBALL

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Context

Like professional football in other European countries, Norwegian top football has experienced increased commercialization since the early 1990s, characterised by a growth in turnover and more prominence for economic institutions and market transactions. A new mode of organization has been developed to ensure external resources and efficient internal resource allocation, with three models dominating among Norwegian top clubs:

1. *The investor model* where providers of capital are engaged in selected projects in the club, like purchasing a player
2. *The dual-model* characterised by a contractual connection between the club and financial actors through a public limited company (PLC) involved in the operation of the club, and
3. *The network model* where the supply of critical resources is organized through joint projects between the club, public authorities and other profit- and non-profit organizations.

The development of these models presupposes efficient and confidence-inspiring organizational structures. There are an ongoing process towards formalizing practices, pre-defining roles and standardizing operational procedures, implying greater bureaucratization and more predictable organization (Baron, 1999). Using examples of 4 selected top clubs representing the 3 models, we will discuss these processes of formalization and standardization.

Methods & sample

Data are taken from an ongoing project on how top football clubs are organized. Each case study is based on several interviews with people who are/were part of the club (for instance, managing director, marketing consultant, accountant, board members, investors, sponsors). Thus our analysis is preliminary. A profile of the 4 clubs follows.

SK Brann of Bergen is the only top club in Norway's 2nd largest city, and is known for its devoted supporters, with one of the largest average crowds (12-14,000 spectators). Despite this, Brann has not won the Norwegian top league since 1963, and as late as 2002 was very close to being relegated. This gap between potential and merit was explained in gossip and the media by referring to its management crises, bitter resignations of coaches and directors and severe financial problems. In the pre-season of 2003 the club withdrew from its agreement with its own indebted PLC, leading to the latter's liquidation.

Lillestrøm Sportklubb, located close to the capital Oslo, made it to the top of Norwegian football in the late 1970s, having won the top league four times and also brought home four FA cup trophies during 1976-89. In 2005 the club celebrated its 31st consecutive season in the top-flight, a Norwegian record. The club has been known as an innovator in Norwegian football; it was the first club to introduce semi-professional football in 1985, was innovative in generating new sources of revenue; and establishing modern managing procedures, and so has been the leading club in greater Oslo for the last 30 years. But, for three successive seasons, it has stagnated, finishing seventh, and also running into economic difficulties.

Tromsø IL is the northernmost club in the Norwegian top league. It was promoted to the top division for the first time in 1985, and got its first real taste of success when it won the Norwegian FA Cup in 1986. Tromsø has nearly 62,000 inhabitants, and the average crowd at the home games is 5-6,000. It is the Northern regional centre, for instance hosting the only university in the province. In 2001 Tromsø was relegated from the top league, but although promoted in 2002, an understanding emerged among its representatives that the club needed to strengthen its position in the region to keep playing in the top league.

Until 2002 **Aalesund FK** was the largest Norwegian city without a team in the top division, a situation ended in 2002: **Aalesund** was promoted, as it was again in 2004 after relegation in 2003. The story behind an apparent local success is one about relations between a club and a community. As late as 2000, Aalesund was playing at the third level (2nd division). More than once, the club suffered severe financial problems, and as late as 1994 it was close to bankruptcy. Until late 2002, the management was happy if 7-800 people entered its gates for league matches, but in April 2005, the club opened its new 11,000-seater stadium. In the pre-season more than 7,500 season tickets were sold, and so far this season, every home match has been sold out.

Discussion

Football clubs operate in a complex field influenced by supporters' engagements, investors' expectations, the critical views of the media, and uncertainty regarding sport results and income. Our selected clubs have chosen different models of organisation in trying to cope with these expectations (see Table 1). At SK Brann the dual model was abandoned with the bankruptcy of its PLC, its supply of capital now being secured by tight relations with a selected investor, but whose long-term engagement is difficult to predict. A situation where different investors are engaged can also make the decision process hazier; who decides, for instance, on the transfer of a player? Lillestrøm and Aalesund still use this dual model. In Lillestrøm a local businessman (and former soccer player) took over the PLC as sole proprietor, a take-over seen as friendly. However, the dual model implies the simultaneous operation of two different systems in the organisation, the club as a member of the football federation, and the co-operating PLC. Our latter case, Tromsø, represents the network model, where a specific challenge is building trust in the community. Support from public authorities, inhabitants and local industry is essential when such a club has new projects, like stadium upgrading.

Table 1: Characteristics of selected clubs

	<i>SK Brann</i>	<i>Lillestrøm</i>	<i>Tromsø</i>	<i>Aalesund FK</i>
Modes of organisation	Investor model	Dual model	Network model	Dual model
Power structure	Balanced	Concentrated	Balanced	Balanced
Process of formalization	Strategy process	Image building	Strategy process	Image building
	Image building	Cost control	Image building	Marketing
	Cost control	Re-structuring	Marketing	Sports academy
	Marketing	Marketing		
Organizational architect	Managing director Sport manager	Business entrepreneur Sport manager	Head coach Board members	Team of individuals

Success for these models presupposes a confidence-inspiring organizational structure, and a process of formalizing practice and making the organisation more predictable and uniform, which has started. Both Brann and Tromsø have carried out long and inclusive consultative strategy processes, have now worked out selected deep key values, and are working on constructing club-images. Lillestrøm and Aalesund have also emphasised image building, but less formally, focusing on a need for a stronger community appeal, and selecting different strategies to achieve it. Several of our clubs have also stressed the need for formal systems of cost control, important for building trust by external partners. They also focus on upgrading their marketing divisions: sponsorships yield important revenues for the clubs, but they feel they are selling themselves 'too cheaply,' and could gain revenue by being more professional.

Preliminary conclusions

The essence of the formalization and professionalisation seems to be a desire to signal legitimacy to external stakeholders. As an organisation grows and ages, it needs to develop an appropriate organizational form to convince external actors of its worthiness (Scott, 1995). There are also some immediate advantages related to formalizing roles and practices: the organisation becomes more predictable, depends less on key figures, and potentially more cost-efficient, with increased revenue. Our cases have also illustrated that, though using different models, the formalization process is to some degree common, but with varying strategies and practices. But formalization can also make organisations less flexible or dynamic, and these clubs must balance the two forces.

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