

Session: **Workshop: Sport management and stakeholders - Panel session 2.**
Abstract nr: **EASM-0034**

The changing stakeholder map of Formula One Shanghai

H. Xue¹, D. Manson²

¹*University of Ottawa, School of Human Kinetics, Ottawa Ontario, Canada*

²*University of Ottawa, School of Political Studies, Ottawa Ontario, Canada*

hanhan@ualberta.ca

In recent years, Formula One Auto Racing Grand Prix (F1) in Shanghai has been dramatically impacted by changes to the broader economy and political climate. In 2008 and 2009, the global recession forced several major stakeholders, including Honda and Toyota, to withdraw from all F1 motorsport activities (BBC, 2008). Meanwhile, Shanghai F1 lost its naming sponsor, China Petroleum & Chemical Corporation (Sinopec Corp). The local and national political-economic landscape changed significantly from 2006 to 2008; Chen Liangyu, the Mayor of Shanghai, and Yu Zhifei, (considered Chinese F1's "Godfather" and the general manager of Shanghai International Circuit Co. Ltd.), were arrested for misappropriating public funds. In addition, the President of Sinopec, Chen Tonghai – a close associate – was sentenced to death for accepting bribes totaling 200 million RMB (about EUR 21 million). Other major business were also unwilling to continue sponsoring the event in 2009; as a result, F1 Shanghai has faced substantial financial difficulties. In 2009, the Shanghai government entrusted a third party to evaluate the event and then will decide whether or not to renew the event contract with Formula One Management Ltd. (FOM) after 2010. These recent changes and scrutiny are in stark contrast to how the event was seen in 2004, when the city government and the media provided full support and framed the issue positively (see Eastday, 2004; China Daily, 2006; NetEase, 2004; Shanghai Jiading District Annual Government Report, 2004; CCTV, 2008).

F1 Shanghai provides a unique case to examine the manner through which stakeholder relationships in a sport event environment change. In order to understand how these relationships changed from the perspective of F1 Shanghai as a focal organization, this research employs Mitchell, Agle, and Wood's (1997) stakeholder model. They proposed that stakeholders can be identified based on their possession of three attributes (power, legitimacy and urgency). By assessing the attributes, the relative importance of stakeholders can be determined. There are three general stakeholder categories – definitive stakeholders (possessing all three attributes), expectant stakeholders (possessing two attributes), and latent stakeholder (possessing one attribute). In turn, stakeholder salience can be identified by the combinations of specific attributes. Moreover, Mitchell et al. (1997) argued that stakeholders' salience is dynamic. Thus, we can determine how stakeholders and their relationships with a focal organization have changed by assessing changes to their possession of these same attributes over time. Some scholars have already addressed the issue of stakeholders' transitory status theoretically and empirically (Winn & Keller, 2001; Jeurissen, 2004; Friedman & Mason, 2005; Parent & Deephouse, 2007). Friedman and Mason (2005) and Parent and Deephouse (2007) examined the issue in the sport management field; however, their work is limited within a Western context. In our case, we investigate the dynamic stakeholder relationships in F1 Shanghai during the period between 2004 till 2010. To facilitate the analysis, we intend to develop two different stakeholder

maps of F1 Shanghai before and after 2008 and 2009 seasons, where there appears to be the most dramatic changes to the stakeholder landscape.

The research uses qualitative document analysis. Archival materials include F1 Shanghai organizing committee documents, news articles and internet information were collected to assess the attributes possessed by stakeholders in F1 Shanghai. For data analysis, we borrow definitions of each attribute and developed new themes which fit into the F1 Shanghai context. The attributes were coded and operationalized as high, medium, low, and absent (Friedman & Mason, 2004). The research is still working in progress; thus, we do not discuss our findings here. We anticipate that the current research will have both theoretical and practical implications, by making a unique theoretical contribution in extending stakeholder analysis of sports events to a Chinese context, and providing insight into how stakeholder relationships in the Chinese sport system can change and be managed.

Friedman, M., & Mason, D. (2004). A stakeholder approach to understanding economic development decision making: Public subsidies for professional sport Facilities. *Economic Development Quarterly*, 18, 236-254.

Friedman, M. T., & Mason, D. S. (2005). Stakeholder management and the public subsidization of nashville's coliseum. *Journal of Urban Affairs*, 27(1), 93-118.

Jeurissen, R. (2004). Institutional conditions of corporate citizenship. *Journal of Business Ethics*, 53(1), 87-96.

Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22(4), 853-886.

Parent, M., & Deephouse, D. (2007). A case study of stakeholder identification and prioritization by managers. *Journal of Business Ethics*, 75(1), 1-23.

Winn, M. I., & Keller, L. R. (2001). A modeling methodology for multiobjective multistakeholder decisions: Implications for research. *Journal of Management Inquiry*, 10(2), 166.