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Short-term external pressures and its consequences: A study of Nordic top football clubs

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SHORT-TERM EXTERNAL PRESSURES AND ITS CONSEQUENCES: A STUDY OF NORDIC TOP FOOTBALL CLUBS

Keywords

Short-term pressure, football (soccer), management of professional sports.

Research questions / aim of the paper

Professional sport is entertainment but also business, and to be successful careful managing of the sport clubs has to be in place. To manage is to prepare and take decisions, sometimes under

extreme pressure. The purpose of this paper is to compare the short-term pressure perceived by the Chair and the CEO (sometimes called sport director or office manager) and how they affect the club accommodation to this short-term pressure. With short-term pressure we refer to the external pressure for an immediate result, which may generate a conflict with the company's long-term goals. Short-term pressure may come from different parties, such as: media, members/owners, politicians, fans and sponsors. To accommodate short-term pressure, clubs have three major alternatives (identified through interviews with the Chair and CEO): major organizational changes; buy players and fire the trainer.

Theoretical Background / Literature Review

While the effects of short-term pressure on football clubs is an unexplored area (Michie and Oughton, 2005), the topic is well studied in the business community. A number of studies have reported evidence of different corporate actions that do not serve the long-term interest of the company (Klein, 2002; Graham et al. 2006). The main explanation offered for corporate short-termism, is the short-term focus of the management. This in turn depends on the compensation systems with a short-term focus along with weak corporate governance. This creates an unsolved agency problem between the presumably long-term shareholders and the more short-term management.

Methodology and Data Collection

The study is being performed with questionnaires to the Chairs and the CEOs of each football club in the two top divisions in the five Nordic countries. In the study the questionnaires are being sent out in emails with unique links. Of the total sample the Chair have an above 35 percent response rate (51 answers out of 145), while the CEOs have a response rate above 31 percent (42 out of 134).

The study asked three questions: 1) to what extent do you feel that short-term external pressures generate conflict with club's long-term goals? 2) to what extent do the following stakeholders generate such short-term pressure; and 3) what actions has your club taken in the past, if any, to

accommodate short-term pressure, and to what degree?. The respondent was to answer on a five graded scale, where 1 is very little and 5 means very much.

Discussion and Conclusion

On average the Chair feels a short-term pressure of 3.16. The largest pressure comes from “the media” with an average of 4.04. Also, “the fans” has a high result of 3.82. The pressure from “the member base” is in average just above 3.31.

The direct action taken by the clubs due to the “short-term external” expectations is in average just above 3 (3.29 and 3.20) for “organizational changes” and to “buy players”. To “fire the trainer” gets a 2.80 grade.

The most surprising conclusion in the study is that the CEO of the football clubs experience less “short-term external” pressure i.e. expectation compared to the Chair. For the CEO the short-term pressure is in average 3.00. This is also in contrary to the corporate studies, where the CEO felt much more pressure than the Chair as reported in Brunzell et al. (2009). When it comes to the different stakeholders, the CEOs feel most pressure from “media” (3.64) followed by “the fans” (3.52). Notably, the CEOs also feel a large amount of pressure from “the sponsors” (3.31) and “members” (3.48). According to the CEO, action the club has taken to the short-term pressures is to first “fire the trainer” (3.19) and then “buy new players” (3.17) before making “organizational changes” (3.00). Therefore, there seems to be considerable difference in views and perceived pressures, which might lead to less consensus in action plan between Chair and CEO of Nordic clubs.

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