

RESCUE THE COMPETITOR? – ACCEPTANCE OF SPORTS CLUBS' EXPENDITURES TO AVOID A SPORTS CLUB'S CLOSURE

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Keywords

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Background & research objectives

Faced with an increasingly challenging environment, including cutbacks in subsidies as well as growing competition for customers and resources, nonprofit sports clubs are seeking ways to survive, to remain viable, and to grow. As early as in 1998, Weisbrod brought up the subject that “competition, the pursuit of the same objective by two or more firms, creates rivalry among nonprofits for capital, labor, customers, and/or revenues.” In line with this idea, professional management has received growing attention in organizations operating in a competitive environment. In contrast to the view of nonprofit sports clubs as harsh competitors, the importance of collaborations has also been stressed. There is empirical evidence that organizations, in particular nonprofit sports clubs, which act in the same sector and pursue the same mission, collaborate and have an interest that their competitor survives (e.g., to secure league operations). Therefore it might seem reasonable for them to rescue their competitor. However, rescuing another organization might counteract the interests of an organization's members, especially if the main (sport) competitor is saved. Against this backdrop, this paper seeks to explore the following research question:

How does the rescue of a competitive nonprofit sports club influence the commitment and the identification of the members toward their respective nonprofit sports clubs?

Theoretical background

According to the stakeholder approach by Freeman (1984), an organisation can only be successful if it fulfils the needs and wishes of its stakeholders. Stakeholders contain all groups of persons with any interest in the course or the result of an organization. Only organisations that consider their stakeholders' needs remain in the market successfully. An organisation's entire process of value creation has to be oriented towards its stakeholders. Especially supporters, donors, members, and other investors are considered to be a nonprofit sports club's primary stakeholders (Movsessian, 1993). If the sports club counteracts their interests by performing off-mission activities or by jeopardizing sports success by mismanagement, the supporter's trust is weakened and the relation towards the organisation is questioned. The rescue of another sports club might be such an off mission decision because financial resources are spent for another organisation instead of its own, which might provoke negative reactions by its own members.

The risk of a negative stakeholder reaction might also depend on the characteristics of the rescuer-rescued relationship, namely whether a direct competitor is involved in the rescuing activity. Following social identity theory, individuals perceive themselves as part of a social group and perceive their own opinion and the group's opinion to be the same. The effects of denegation by the supporters of the strategic decision might be even stronger if a direct competitor is involved.

Methodology

Differentiating four scenarios (attitude change of members and supporters of rescuing/rescued organization of two competing/non-competing nonprofit sports clubs), we assess the identification and commitment of members and supporters of German nonprofit sports clubs before and after a rescuing activity scenario via an online experiment and survey. Validated scales for commitment and identification are adopted from former studies (Allen & Meyer, 1990; Mael & Ashforth, 1992). The data collection process yielded 778 respondents. Data is analysed by using analysis of variance.

Results

Collected data support the hypotheses. Actions against the beliefs and attitudes of members of sports clubs change their attitudes negatively. In particular, a management action against the attitudes and beliefs of the stakeholders leads to a commitment and identification change. This result supports the theoretical considerations. Our data also shows that the involvement of a competitor increases the negative effect of management behavior on the attitudes of the supporters and members.

Our research gives very important insights on the attitude towards collaboration and competition between nonprofit sports clubs. Findings show that members and supporters change their commitment and identification to the nonprofit sports clubs, which evokes important management implications. For instance, management should consider their members' and supporters' attitudes toward such rescue activity carefully before acting.

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