

Managing Sports Events: A Multiple Case Study Investigating The Influence Of Institutional Complexity On Management Accounting

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Aim of the research

It is well documented that major sports events often become more expensive than planned, and one of the challenges for organizers are unexpected increases in costs or reductions of revenues. This is a pattern that has been found in mega events (see e.g. Solberg & Preuss, 2015). This paper, however concentrates on events of a medium size, and special attention is paid on the event organizer's challenges of budgeting and keeping financial control. We explore how accounting systems are designed and used in following events, which all are of a medium size:

- The 2014 FIDE Chess Olympics in Tromsø,
- The 2014 FIS World Cup in skiing Trondheim
- The 2015 IAAF Diamond event at Bislett in Oslo.

We first describe the financial risks and the accounting systems applied. All events use budgets as main control tools, but we have also taken a broader approach to accounting. According to Malmi and Brown (2008) accounting systems do not operate in isolation. The control package approach provides a wider perspective on the relation between budgets and other control mechanisms, for example related to cultural or administrative controls.

We also analyze how the accounting is influenced by external forces. All events are under influence by a number of stakeholders, of which the international federations as the owner were central. This involves the World Chess Federation (FIDE), the International Ski Federation (FIS) and the International Association of Athletics Federations (IAAF).

Theoretical background

The theoretical motivation comes from a stream of literature concerned with the role of accounting systems under conditions of institutional complexity, which are environments where organizations face several institutional logics that informs the objectives or actions of the organization (Lounsbury, 2008). The institutional logics perspective hence provides the opportunity to analyze the influence of the logics represented by the multitude of stakeholders on the accounting systems in the events.

A foundation of the institutional logics perspective is that organizations are inter-institutional systems. Hence, the understanding of the behavior in a specific context requires the recognition of an inter-institutional system of sectors at different levels in which each sector represents a different set of expectations.

Another important foundation is that institutions are not universal over time and space. This means that institutions are particular to historical time and their cultural environments. This is a perspective that enables a more complex discussion of the heterogeneity of the influence of institutional logics.

Last, the institutional logic approach assumes that decisions and outcomes are a result of the interplay between individual agency and institutional structure. Hence, the means and ends of actor's interests and agency are both enabled and constrained by prevailing institutional logics. However, the relative power of the stakeholders involved in the events will influence the different logics (Carlsson-Wall, Krau & Messner, 2016). Greenwood, Raynard, Kodeih, Micelotta and Lounsbury (2011) claim that structural position and power and its implications for institutional complexity has been little addressed in the literature.

Methodology, research design, and data analysis

This research is based on a multiple case study with empirical data from three sports events. The data comprises central documents, but most importantly interviews at multiple levels in all the events. The main focus is on the management level.

Results, discussion, and implications/conclusions

The paper analyses some of the uncertainty and unpredictability that that organizers of medium size events have to manage. This involves various forms of financial risks, which in turn illustrates the challenges of budgeting the events.

The organizers of the Chess Olympics met new demands from FIDE that not were included in the original budget. The organiser of Bislett Games experienced that important sponsorship deals relied on personal

relationships, while fluctuations in exchange rates significantly affected the costs. In athletics, the agents of athletes orchestrated auctions to push up the price money. Organisers of Diamond League events also had to pay additional bonuses for world records. The organiser of the FIS World Cup was sheltered from such risk, while their ability to manage their income was limited.

At a more general level, this paper contributes to the literature and the influence of institutional logics by more specifically aiming to understand how accounting practices are shaped in highly institutionalized settings. The findings suggests that the accounting systems in all three events were influenced by the logics of their stakeholders; perhaps most importantly their international sports federations. However, the power of the event organizers to manage was differing, and the paper hence answers to calls for research on power within an institutional complex setting.

References

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