

New Times in Swedish and Finnish Elite Ice Hockey: Business Groups Instead of Non-profit Sport Clubs

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Background

Swedish and Finnish sport and elite ice hockey is by origin and tradition built on the principles of amateurism, non-profit and sport for all. As a consequence of the increased commercialization in both Swedish and Finnish men's elite ice hockey corporation has since the 1990s become a part of the elite club's business operations (Backman, 2012). In Sweden the Swedish Sport Confederation is governing body (organization) for the Swedish sport movement (i.e. all organized sport). As a consequence of increased commercialization, the Swedish Sport Confederation allowed sport clubs to continue sporting operations as a (public) limited company (Ltd./Plc.) in 1999 with restriction that a non-profit sport club must have voting majority, so-called 51-percent rule. The reason for this decision, and regulation, was the difficulty of combining non-profit tradition with increased commercialization of Swedish sport (Malmsten and Pallin, 2005). In comparison there is no 51-percent rule in Finnish elite ice hockey, and the reason for this development is the historically fragmented Finnish sport movement (Backman, 2012; Halila, 1999).

Aim

The main problem and research task is to analyze how increased commercialization in Swedish and Finnish elite ice hockey creates new tensions, challenges, opportunities and solutions in ownership of sport Ltd:s/Plc:s, despite their origin in sport movements founded in amateurism, non-profit and sport for all. My cases from Swedish and Finnish elite ice hockey are the business group used in the premier league clubs Växjö Lakers, VLH (Sweden) and Rauman Lukko (Finland).

Literature Review

A primal source when it comes to understand the legal frame for business groups in Swedish and Finnish sport is legislation, preparatory work and case law from the Swedish and Finnish Supreme Administrative Court. However, these legal sources have not analyzed the practical use (i.e. organizational structure) of business groups in Swedish and Finnish elite ice hockey. The Swedish 51-percent rule has on the other hand been analyzed by various scholars and lawyers. Finnish law professor Heikki Halila is one of those (Halila, 1999), as well as the former head of legal department at the Swedish Football Federation Krister Malmsten and his colleague at the Swedish Sports Confederation Christer Pallin (Malmsten & Pallin, 2005). Hereto Bengt Ågren, a tax expert at the Swedish Tax Authority has pointed out some difficulties and tax challenges with business groups in Swedish sport (Ågren, 2011). Beside these Jyri Backman a researcher at Malmö University has highlighted some of the similarities and differences in increased use of Ltd.'s/Plc.'s (corporation) in Swedish and Finnish ice hockey and the challenges this modernization upraises (Backman, 2012). One researcher that studied the modernization process of Swedish ice hockey is historian Tobias Stark (Stark, 2010).

Theoretical Framework

Theory is not necessary for analyzing Swedish or Finnish jurisprudence concerning business groups. By using a comparative method (see research design/method below)) this creates an explanation value. However, but not used in my study, Americanization is a valuable theory to understand the commercialization of Swedish and Finnish elite ice hockey, i.e. American influence and culture is received/imported/forced to a country (Alm, 2002).

Method

The study is comparative. The sources consist of jurisprudence and document analysis, primarily of Swedish and Finnish legislation, case law and preparatory work. From a jurisprudence perspective, the Swedish and Finnish Company Act and Income Tax Act, preparatory work and judgements from the Swedish and Finnish Supreme Administrative Court has been analyzed. By analyzing these legal documents important knowledge is achieved for understanding the (business) complexity as well as legal and financial development in Swedish and Finnish elite ice hockey.

Conclusion

My study shows that the establishment of business groups in Swedish and Finnish elite ice hockey (Växjö Lakers, VLH and Rauman Lukko) are multifaceted from a company and tax law perspective. A development driven by increased commercialization. The representatives of Swedish and Finnish elite ice hockey have different leeway. Representatives of Swedish elite ice hockey is bound the rules from the Swedish Sport Confederation and especially the 51-percent rule. In Finland there is no similar governing body in Finnish sport even though the Finnish Olympic Committee function as sport confederation. Benefits with the implementation of business logics as establishing holding company's group contributions can be granted. Hereto ownership can be spread among owners, as well as share voting differences opens up for shareholder contributions and dividends. One implication is that business logics challenge the traditional organization of Swedish and Finnish elite ice hockey, and sport overall. The establishment of Ltd.'s and Plc.'s (corporation) and business groups in Swedish and Finnish elite ice hockey has opened up new paths for the future.

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