

# PERCEPTIONS ON SPORT MANAGER'S ROLE IN FINLAND

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| <p>Abstract</p> <p>The global market value of the sport industry has been growing enormously and it has become a major part of the entire entertainment industry. This has caused significant changes in revenue models, strategies and management practices of sport organizations but still too often sport organizations are suffering from poor financial performance. This has led to an increased international attention among scholars and universities and to the rise of new degree programmes in sport management.</p> <p>The Sport Business School Finland has commissioned this research. The research problem of the study was to find out whether there is a justified need for a special sport management education in Finland as well. In order to achieve the objective, the actual aim of the study was to explore the role of Finnish sport business managers and to clarify their perceptions and expectations.</p> <p>The research was implemented using qualitative research approach. 7 sport industry managers and professionals from private sector business were interviewed with in-depth interview method. Public and non-profit sector were excluded from this study. Afterwards the interviews were analysed using content analysis method.</p> <p>The findings showed that a sport business manager is defined as a person who must manage and enable all processes of a sport business organization in a highly competitive business environment. It can be also a person who is in charge of an individual athlete's career planning and business operations. All in all, this role is seen as a unique position where the manager must be able to lead profitable business taking into account the specific features of the sport industry and to maintain the competitive balance. This requires new type of management approaches, techniques and tools. As a conclusion of this study it can be stated that the entire Finnish sport industry would benefit from new type of sport business managers in order to increase the profitability of the sport business and that way to serve better the athletes, fans, sponsors, partners and other stakeholders.</p> |  |  |
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## CONTENTS

|          |  |           |
|----------|--|-----------|
| <b>1</b> | <b>INTRODUCTION .....</b>  | <b>2</b>  |
| <b>2</b> | <b>THEORETICAL FRAMEWORK .....</b>                                 | <b>5</b>  |
| 2.1      | Definition of terms.....   | 5         |
| 2.2      | Origins of the profession and education.....                       | 7         |
| 2.3      | The four special features of the sport industry.....               | 8         |
| 2.4      | Sport economics .....  | 11        |
| 2.5      | Implications on financial planning and strategic management .....  | 15        |
| 2.6      | The management and measurement of organizational performance ..... | 21        |
| <b>3</b> | <b>METHODOLOGY .....</b>   | <b>26</b> |
| 3.1      | Research design and research questions .....                       | 26        |
| 3.2      | Data collection process .....                                      | 28        |
| 3.3      | Analysing the data .....   | 30        |
| 3.4      | Limitations of the research .....                                  | 31        |
| <b>4</b> | <b>FINDINGS .....</b>  | <b>34</b> |
| 4.1      | Background experience of respondents .....                         | 34        |
| 4.2      | Sport business manager .....                                       | 35        |
| 4.3      | Perceptions on the role.....                                       | 37        |
| 4.4      | Areas of improvement .....   | 40        |
| 4.5      | Future challenges.....   | 42        |
| <b>5</b> | <b>DISCUSSION .....</b>  | <b>46</b> |
| 5.1      | Summary .....  | 46        |
| 5.2      | Conclusions and future suggestions .....                           | 50        |
|          | <b>REFERENCES .....</b>  | <b>52</b> |
|          | <b>APPENDICES .....</b>  | <b>56</b> |
|          | APPENDIX 1 – Interview Plan.....                                   | 56        |
|          | APPENDIX 2 – Interview Plan 2 .....                                | 57        |
|          | APPENDIX 3 – Written Consent .....                                 | 58        |

## 1 INTRODUCTION

Sport has evidently become part of global mass industry and therefore it involves a large part of the entire entertainment industry. Its enormous commercial potential has led to a growing interest of various stakeholders and shareholders. The economic growth of sport has been vast and the industry has been going through major changes in various ways. Already over a decade ago the entire market value of sport industry was estimated to be over 324 billion dollars (Slack 2004, 3). The revenue models, organizational structures and management practices are seeking new forms.

An increasing amount of international attention and interest among scholars has been generating a multitude of studies and research especially in Western Europe and North America. Sport business management is still to be considered as a relatively young academic discipline, it has been taught already for decades in especially in USA and UK.

It can be said that there has been a lack of similar type of academic research, literature and education in Finland but this field is gradually gaining an increasing amount of resonance. Puronaho & Matilainen (1994) started the discussion on the financial problems of Finnish sport associations and clubs in 90's. They pointed out how the problems were often caused by unrealistic budgeting manners, poor financial controlling or managerial problems in the organizations.

The definition of sport business management is a complex task. The combination of the terms sport and business can still cause uneasiness and confusion. This could be partly explained due to the sociological connotations and aspects of sport, and also due to people's expectations on sport. A strongly defended view is that sport should avoid all entrepreneurial and for-profit activity, so that it can be valued for its social dimensions.

However, this is not possible in the present global world. The business perspective is gaining all the time more emphasis and the listings on the stock exchange are part of daily news. This happens through an increased use of players, sport clubs and athletes in marketing and branding purposes on the global marketplace. Even the smallest sport clubs are familiar with creating business plans and budgets for funding

and public officials. So it is inevitable and natural that the common ground needs to be created also in terminology. Sport management is a combination of distinctive elements- sport and business administration (Parkhouse& Pitts 2001). According to them, the traditional management approach is too narrow, so it must be complemented by subjects as accounting, marketing, economics, financing and law. Jyväskylä University (Faculty of Sport and Health Sciences) and JAMK University of Applied Sciences (Sport Business School Finland) started a co-operation project in year 2013 in order to serve the needs of the national sport industry by commissioning the development of an educational profile and curriculum in higher education for future Finnish sport business managers. In order to create a justified and credible foundation for the educational offer and curriculum, the first task was to define the professional role. Due to a lack of previous studies in Finland as well a common ground in the definitions, the project team commissioned this development work and research to the author.

The aim of this study is to find out whether there is a justified need for a unique business management approach and tailored education for sport business management in Finland. The purpose of this research report is to explore the role of Finnish sport business managers and to clarify their perceptions and expectations. To be able to achieve the objectives two research questions are formulated:

1. How is the role of sport business manager seen and defined?
2. What are key challenges that sport managers are facing now and in future in Finland?

This research is divided into five chapters. The chapter 2 begins by introducing the definitions and explanations of the phenomenon, focus and scope of this research, previous studies, theories and models that form the theoretical foundation for this study. The theoretical model by Smith and Stewart (1999& 2010) elaborates the special features of the sport industry. After that the general impact of sport economics is discussed and essential issues and theories in financial planning, strategic management and organizational performance measurement are addressed.

Chapter 3 consists of more precise formulation of the research aim and the actual research questions. It includes the justification for the qualitative methodological approach and other choices that the author has made. The actual research design process is described in detail including the data collection and analysis. An evaluation of the reliability of the results and validity of the study is added into the end of the chapter.

The fourth chapter describes the outcomes of the interviews. First, the background information and experience of the interviewees is explained. After this, the perceptions of the role of sport managers and the current challenges are presented. Finally, the interviewees' perceptions on future challenges are described.

The last chapter of this report summarizes the findings and then attempts to answer the actual research problem. A reflection of the findings is connected to the theoretical framework and similarities and differences are elaborated. The author is able to answer the research questions and the aim of the study is met.

## 2 THEORETICAL FRAMEWORK

### 2.1 Definition of terms

In order to comprehend sport industry's general business environment and aspects, it is compulsory to first to try to define such terms as sport, sport business management and sport industry. What is then sport?

According to Trenberth and Collins (1999,13) it is important to understand that it is difficult if not impossible to define "pure essence of sport". Like Trenberth then later points out, *sport is a socially constructed phenomenon and shaped by the social processes creating that context. Furthermore*, the actual meaning of sport is in a constant change. She continues by arguing that sport has no fixed form or static state and this means that sport business managers must be constantly monitoring change, and also they must be flexible enough to adapt the needed structures and processes. (2012, 5.)

The term management has been defined already in management literature in various ways. In this research, management is used in the context of *managing things, issues and processes*. Management has been often defined according to Henry Fayol, who developed the four principles of general management functions of an organization: *planning, organizing, leading and controlling*. An emphasis was put on anticipation and foreseeing skills of managers, because according to him these are crucial part of management. The organization needs to set clear goals and pursuit constantly towards these goals with all efforts. (Takala, 1994.)

Trenberth outlines a definition for sport business management as: "*a broad concept including all the people, activities, businesses and organizations involved in producing, facilitating, promoting or organizing sports products*" (2012,4). Yet, it is also crucial to add another definition for sport management. DeSensi, Kelley& Blanton (1990, 3) advocate that "*any combination of skills related to planning, organizing, directing, controlling, budgeting and leading within the context of an organization or department whose primary product or service is related to sport or physical activity.*" These two definitions are used as a foundation and a starting point for defining the research problem in this study.

Commonly the sport industry is divided into three sport products producing categories: *sport performance*, *sport production* and *sport promotion*. Moreover, there are three different sectors that are involved in sport industry and sport management. Firstly, the public sector or the state is in charge e.g. of creating national policies, funding other sectors, developing special agencies and supporting elite sport. In addition, the state actively supports governmental organizations to bid in international competitions. The public sector is also involved in financing major sporting stadiums. Secondly, the huge nonprofit sector utilizes a massive amount of indispensable volunteers; regional and communal clubs that provide participation for all; management of international competitions; the necessary international regulations and ethical codes.

Finally, there is the commercial sector that includes all professional teams and clubs that form the leagues; the supporting organizations and companies providing apparel and equipment; venue owners; media houses and other related services. It is important to remember that none of these sectors are operating alone; moreover their operations tend to have simultaneous and overlapping features (in Hoey et al. 2006).

Yet, the definition of sport business management by Trenberth & Hassan seems somewhat broad as the entire sport industry tends to be rather extensive in scale. Accordingly, it is necessary to emphasize that the author in this particular research has narrowed the research scope to the private, commercial, entrepreneurial and professional sport organizations that are producing products of sport performance in Finland. In other words, this excludes the public sector, the non-profit sector and volunteer organizations.

In Finland, the interest of academic research has focused on the public and the nonprofit sector, and therefore this study concentrates on the private sector. However, there is no reason to doubt that this set of research couldn't be implemented or applied in other sectors as well.



## 2.2 Origins of the profession and education

The term “sport manager” is older than it is often thought. It has been said that the profession of first sport business managers was born in England in the mid of eighteenth century at horseracing. This work and profession, maintenance of horses, hauling, gambling and salaries of jockeys demanded *planning and systematic operations* already at then from those horse owners (patrons) arranging the race. The creation of financial awarding system, prizes, brought financial perspective and economics within. Gradually sport management terminology was established. (Masteralexis et al. 2005, 7.)

The first time the term **sport management** was introduced in systematic use, was by James G.Mason and Walter O’Malley as in early as 1957. Their work is considered to be pioneering and based on the foundation they developed. The first university level degree programme in sport management was launched in 1966 in University of Ohio. Since those days there are more than 200 different higher education degree programmes in sport management in United States.

The development work in sport management has been led by leisure and sport faculties. (Masteralexis et al. 2005.) What is remarkable is that with some exceptions, there has been quite a strong lack of interest amongst business scholars to research this field especially in Northern Europe and Finland. There are already many international journals in the field of sport business and management e.g. International journal of sport management, International journal of sport management and marketing, Journal of sport management, Journal of sport economics, Sport management review. On the contrary, in Finland publications have been emphasizing a marketing perspective. Sport management has been studied mainly at the master thesis level e.g. Pitkänen 2006, Mönkkönen, 2011, Roitto 2013.

However, there are some degree programmes in Finland, e.g. Haaga-Helia University of Applied Sciences and JAMK University of Applied Sciences offering sport business related bachelor-level studies. In their faculty of Sport and Health Research and Education, Jyväskylä University offers master-level education with a focus on sports management in public sector organizations and sport research. All three of them are also active in the field of research. Nevertheless, their research focus is not in sport

business management. University of Eastern Finland has started to offer some sport management studies as well. The planning of these studies was based on the quite extensive report written by Juha Nenonen (Urheilujohtamisen koulutustarveselvitys 2013). It is acknowledged in the report, how the use of terms and definitions are lacking of systematic common understanding and it is emphasized in the report, how the entire concept of sport business management and the role of managers should be defined and studied in the Finnish context.

### **2.3 The four special features of the sport industry**

It can be argued with a good reason that sport business management is much like general business management, taking into account the special features of sport. Another frequent argument advocated is the complexity of sport management due to the *idiosyncratic* nature of the product it delivers to fans and participants.

Based on their research, Stewart and Smith (1999) presented a model of originally ten features elaborating the distinction that justifies a different management approach for sport organizations. Later this framework is used in the book *Sport Management-principles and application* (Hoey et al.2006) to explain the principles of sport industry, and the business environment where sport organizations operate, and also what managers need to take into account.

For the purpose of this study the author has chosen to lean on the theoretical framework or elaboration of Smith and Stewart (1999) which was introduced in order to define the complex nature of the sport industry, the ten features of sport that influence the competition, the actual industry, and finally to define the actual research topic of this paper: sport management. However, they reviewed the model again ten years later and acknowledged some significant problems in their original arguments and therefore made some alterations by reducing the number of features to four that still distinguish sport business from other businesses.

In this later article Smith & Stewart (2010) argue how 1) *sport is not just a homogeneous experience* but as well an authentic combination of passion and a high level customer brand, and a loyalty full of irrational reactions triggering hope and optimism. It is an experience where the aim is not to participate oneself but watch

others. This experience is yet so intense that the fans (customers) are emotionally extremely loyal in sensing identification for their own favorite athlete, team or club. This emotionally unique and authentic product is not easily threatened by substitutes. However, it is necessary to mention that all cultural products like music, films, theatre or the entire experience economy (Pine & Gilmore, 1999) are based on the somewhat similar offerings and this could naturally diminish the value of sport product but not fully substitute.

Nevertheless, the irrational optimism that was originally thought to be distinctive only for the consumers of sport is nowadays to be found among all other consumers who have passion for e.g. tourism, luxury products or fashion. It can be easily stated that sport consumer acts like any other consumer when they are purchasing luxury or leisure products. They are using equally the product and its brand to build their personal and individual self-esteem to extend their self-identity. In this respect there is very little difference to other business products.

Further Smith and Stewart argue (1999) that it is no understatement to say that in sport 2) *on-field winning is favored over profit*. Blind loyalty to the team or club can cause a tension that may sometimes lead to commercially unfavorable decisions that prioritize winning on-field, and thus neglect profit-making or even a healthy financial outcome or a balance sheet. However, it must be remembered that the loyal fans are also in the core of the club value. The tradition over the financial success therefore is considered often to be more important and it might be quite a challenge to try to emphasize the financial and commercial outcome like in traditional companies.

Another significant difference to traditional business organization is the fact that more often the possible financial resources of a sport club are invested into new players instead of paying dividend to shareholders. Though, it must be noted that there are different tendencies dependent on continent in question. In comparison, in Europe there is hardly any club or team that wouldn't put winning as a first priority, whereas in The United States there is still hesitation on whether the teams are clearly *profit-maximizing* or, on the other hand, *emphasizing the utility* in order to achieve the best possible win-loss ratio.

Szymanski and Kyupers (1999) stated that in sport organization there is ultimately very little difference to any other commercial organization due to the fact the every team must invest to new and better players to be more competitive. This should be possible with a well-financed club that has a good and healthy balance sheet. A good example of this type of successful financial planning in Europe is Germany. In Germany, generally they are restricting the ratio of players' wages more than in any other European major league in order to maintain a better balance sheet (Frick & Prinz 2006).

Opposite examples are familiar from Premier League in England, like e.g. Robert Wilson (2011, 191) clearly points out in his book with the help of several not so successful cases. His argument can be viewed as rational when he says that it is a necessity for every successful organization to be able to operate in the long run within its own resources. He offers a demonstration of the sad consequences whether the club fails in doing so.

The nature of sport (Stewart & Smith 1999) includes the 3) *variable quality of product* which has some major implications when speaking of the management in the form of competitive balance and anti-competitive behavior. What they actually mean is that this is the major difference to other experience products like music or theatre. Both in culture and arts, hours after hours are spent to guarantee a sustainable level of product quality, so the end quality is not dependent from its competitors. Respectively, in sport the money and time is invested to guarantee the spectator with an unpredictable end product, of which quality is directly dependent on the level of performance of its competitor.

However, it is important to distinguish *the actual product* and *the augmented product*. When customers expect the unexpected *core product*, they will not be satisfied with the variable quality of the augmented sport product. This is typically experienced in other services or supplementary products like catering, other events and merchandising. According to Stewart and Smith these might be even more important for the sport organizations than to others and they should be handled with extreme care to meet the customers' expectations. (2010,7.)

One unique feature of sport leagues that must be mentioned here is also their *almost cartel-like cooperation* in many issues. This means in practice collective agreements on e.g. player recruitment, salary ceilings, game schedules, broadcasting rights and licensing. These are a form of cooperation that is prohibited by the law for most industries. This anti-competitive behavior is no doubt a distinctive feature of sport that is both an opportunity and a threat to the management of sport organization.

Finally, the last feature Stewart and Smith (2010, pp.3-4) are pointing out, is how there are not many businesses that 4) *have to manage a fixed supply schedule like sport*. This points to a somewhat inflexible or rigid production curve, that is already been decided in advance and there is no way for the clubs or organizations to increase the production at the later stage like in a normal manufacturing business of goods.

The amount of games during the season is more or less set in advance as is the seating capacity. There is no way to store unsold seats or to try to sell them later with a better price. On the other hand, the industry has also new opportunities and possibilities. Sport industry has been able to utilize technological development fairly well. Modern technology is without any doubt offering an additional product supply of distribution possibilities. But this has been happening also in other industries.

## **2.4 Sport economics**

The significant role of sport has been recognized also in EU. According to the Commission of European Communities' White Paper of Sport (2007), there are two main perspectives of sport to take into account at the national level decision-making. First, the *societal role of sport* includes activities like enhancing the public health by physical activity, joining forces in fight against doping, enhancing the role of sport in education and training, promoting volunteering and active citizenship through sport, using the potential of sport for social inclusion, integration, and equal opportunities, strengthening the prevention of and the fight against racism and violence.

(Commission of European Communities, 2007.)

Second, the *economic role of sport* is growing with enormous speed. According to the White Paper, sport generated value-added of 407 billion Euros and offered employment for 15 million people (2007, 11). The sport markets include both sport goods sector and sport services sector. Since the mid 80's the shift from voluntary sectors as major providers of sport to huge growth in public sector sport providers come to its end.

Since the end of 1990's, sport has become more and more commercialized. This change was driven and triggered by the rapid boom of television and satellite services and broadcasters. The collective selling of broadcasting rights in team sport led to vast earning possibilities for professional sport clubs especially in USA and UK. The value of worldwide sports TV rights increased by 993 per cent between 1991 and 2001. This has led to the fact that most professional sport organizations must operate under the general economic conditions similar to any commercial business. As Andreff and Szymanski state in the Handbook on the Economics of Sport that the principal driving force behind the expansion of sport economics has been the rapid growth in the economics significance. (2006,5.)

The enormous increase in players' salaries including the headhunting costs has had many effects. The attitude towards players in the eyes of manager and in the eyes of public has had its consequences. As the players earn much more than the executives of the club, it has led to the fact that *players are evaluated as financial assets of the organization*. However, as Stewart and Smith emphasize in their model, it is important to keep in mind that even though it is the payroll of a club that can often function as a predictor of the sportive success, this is not always the case. Some opposite evidence has been also found. (2010,9.)

Nevertheless, especially in leagues where trading players is based on the regulated transfer market, these transfer fees are included with players in the financial assets of the company or of the club. When players have been able to gain bargaining power over the managers, the natural reaction of the managers is to start protecting their assets by tightening the conditions and control over their players' contracts.

The expectations of sponsors, broadcasters, fans and team owners are focused on the behavior of an individual player, who therefore has very little, if any private space. There is no tolerance for poor performance or misbehavior.

It is somehow contradicting that at the same time the players are treated as treasures that need to be cherished and taken care of the best possible way to support their physical performance. Only to be traded off like piece of stock or furniture without any further thoughts. The sport players and athletes are put under supervision or scrutiny, which reminds of a gold fishbowl which is not seen in this scale anywhere else, and which would not be accepted in any other industry.

The influence of league structures is complicating the management operations at the international level in sport organizations. The different models differ from models of pyramidal hierarchy to cartel models like the “Big Four” in North America; from the oligarchy model familiar in British Premier League to promoter-led like in boxing. All of these having their own characteristic features and increasing the complexity of sport business. The end product is rather similar for the fan that is experiencing it, but for the business professionals and managers it sets completely different requirements. (Stewart & Smith 2010.)

All in all, The European Commission has been forced to recognize the uniqueness of the sport industry. The Bosman case was a crucial precedent that led to a European Court decision on future freedom for association of workers. In his article, Lee (1995) discussed the increasing tension in the relationship of management and labour, especially in the sport industry. Since then, sport organizations have been somewhat left in peace to the extent they might be in contradiction the legal principles of European Union Competitive Law, as long they are not actually infringing any laws, and that any regulations on anti-competitive actions are legitimate. This has led to a relative freedom in Europe to arrange sporting competitions according to their own regulations and rules, the structure of competitions, and also not forgetting the player transfer periods.

Another remarkable sign of importance of sport related issues is when the role of sport was defined and sport economic was set as an officially strategic objective of The European Union (White Paper on Sport 2007). Slowly this development has also

brought consequences to the legal position of sport organizations (Foreman 2003). According to her it is both the level of professionalism and the actual corporatisation of sport that are leading to the elaboration for performance of sport business governance. She demands for the use of corporate terminology in sport business context. She argues how the legal form of the corporate is not the only determining aspect, and thus it can refer to and have influence on the “structure, ownership, prime stakeholders, focus on sponsors, the process of management and treatment of employees” (Foreman, 2003,7).

According to the estimations by Caiger and Gardiner (2000), already 3 percentage of the world’s GNP is being accounted by sports. However, it is somehow paradoxical that there are no harmonized regulations or laws that would create a healthy framework for the sports clubs or businesses. Yet, the legal intervention is happening daily in various forms: to mention some obvious examples influencing this governance development like broadcasting rights, the transfer system after Bosman ruling, drugs and doping.

The European Commission commenced the development work on paper. The European Model of Sport (1998) for healthy sport clubs was formed. The problems are well known but in many cases the economic model is still clearly more to win-maximization than to the profit-maximization. Still many of the important questions remain unsolved e.g. the role of national federations, the emergence of closed competitions, the solidarity between top and grassroots sports or how the promotion should be divided between sports and commercial activities.

Hoey, Nicholson and Smith (2008) explained how this all has an impact on managers and how they work. According to them, these can be seen in the management of consumer behavior, the relationship between sport and government, regulatory regimes, strategy, organizational structure, human resource management, organizational culture and governance, and also performance management, to name a few examples. (in Wankle, 2008, 507.)

Among the vast amount of changes in the revenue models, structures and processes, the most significant change is no doubt the impact on commercialization. According to Szymanski and Kuypers (1999), there is a clear connection between sport success



and the amount of financial resources. They also describe the nature of cash generation by selling their global sport products to the global customers.

It all begins with the great and even unreasonable level of passion that people develop for sport products. The massive celebration when winning is not to be found in other areas of businesses or social activities. The sport business managers should take the advantage of this passion, fans' desire of purchasing tickets or merchandising products, not to mention the goodwill they show when volunteering in the sport events. Stewart and Smith continue by emphasizing how important is "the maintenance of traditions and connections to nostalgic aspects of sport consumption" (Hoey et al. 2006,5)

One of the most important features of the Smith's and Stewart's framework is the *competitive balance* that is required in order to maintain the demand and interest of sport fans. The *interdependent nature of relationships between sporting organizations* is evident when the sport clubs or teams need to compete against each other but off the field they need to cooperate instead in order to guarantee the viability of both clubs and their league. According to Stewart and Smith, the sport clubs need the equal competitors to remain in business, they need to cooperate, share revenues and playing talents in order to run their business successfully in long term. (Hoye et al. 2006).

Ultimately, the quality of a sport product is not even. The outcome of the game is always uncertain, even if expected. The dominance of a team might lead to decreasing interest amongst fans. So the changing quality of the sport products (end of a game) lead to difficulties in attempts of maintaining the relative market share to competitors from other consumer product providers.

## **2.5 Implications on financial planning and strategic management**

Sport and business share also common interest areas in value creation, branding, research and innovation, new business models and revenue sources, as well market growth. To outline what this all means to actual sport management can be summarized in the following way: management in sport is using the same management techniques like any other industry. It should take into consideration the

uniqueness especially in the field of strategic management, organizational structures, organizational governance and performance management (Hoey et al. 2006, 8).

Nobody operates in isolation, and in this regard sport organizations are like any other organizations. The same environmental factors influence their operations. Strategic management has been one of the core competencies of every business manager over several decades. The academic literature is full of different schools, models and definitions. Minzberg et al. refer nicely to a quote from William Starbuck: “if one would want to discuss all matters relevant to the topic, it would be perfectly justified to include everything that has ever been written about organization” (1998, 7).

The modern academic literature presents typically authors from different management eras starting usually from Igor Ansoff (1965), who can be claimed to be the father of modern strategic planning and who had a significant role in the development of strategic management discipline as it is known today. Peter Drucker, Gary Hamel, C.K. Prahalad and Jim Collins are also names worth mentioning when discussing the term.

The author of this research has chosen two significant models to be used in the building the theoretical framework for strategic planning in sport namely Five Forces by Michael E. Porter and 5 P's by Henry Mintzberg. All previously mentioned authors share the very similar aims and interests; to offer models and tools that will help business managers to respond adequately to market changes in the rapidly changing competitive business environment. These two models were chosen for this study, because based on the literature and previous studies, the assumption that those models should serve the research aim the best is justified.

Economic, social, political, legal and technological factors shape business framework and the competition. Strategy is then the explanation for how an organization is able to compete against its competitors and how it is able to achieve a profitable position and a competitive advantage in its own industry.

Michael Porter (1998, 33) explains how the basic unit of this analysis is the industry itself. He continues by stating that any industry is actually a group of competitors competing against each other by producing either the same goods or services. The

competitive strategy is then developed by the understanding of the general structure of the industry including all the changes taking place in it.

The general driving forces of business are supply, demand and competition. These are explored in depth in Porter's augmented strategic model called Five Forces. It was introduced in 1980 in his book *Competitive Strategy*, in which he defined the key relationships that occur in industry's evolution by naming them as industry boundaries - later known as five forces.

According to him, the competition is at the core of the success or the failure of firms (2004, 1). With this framework companies are able recognize the critical factors in its industry, and then to identify those strategic innovations that would improve its own profitability (2004,7). However, those forces are not equally strong in every industry and the competition itself is not limited to the national borders. What is crucial on the other hand is the nature of competition.

The nature of sport industry is having a great impact on the role of sport managers. 5 Forces model could help managers to evaluate more consistently the complexity of the strategic planning process and the environment they operate in order to gain financial profit to guarantee long-term success for their companies.

The model is universal and suitable for all industries, and it serves better this type of planning process than e.g. Boston Consulting Group Matrix would do. BCG is showing only the relative growth of the industry and the relative market share a company is holding against the market leader. Therefore, BCG offers only very little help when trying to comprehend the different forces influencing the entire nature of the industry; all changes taking place. Porter's 5 Forces is more useful especially in the sport industry, where so many special features have a direct impact on the role of managers, and on the decisions they can and must make.

The principles of the framework (2008,pp.8-21) are elaborated in the following figure.

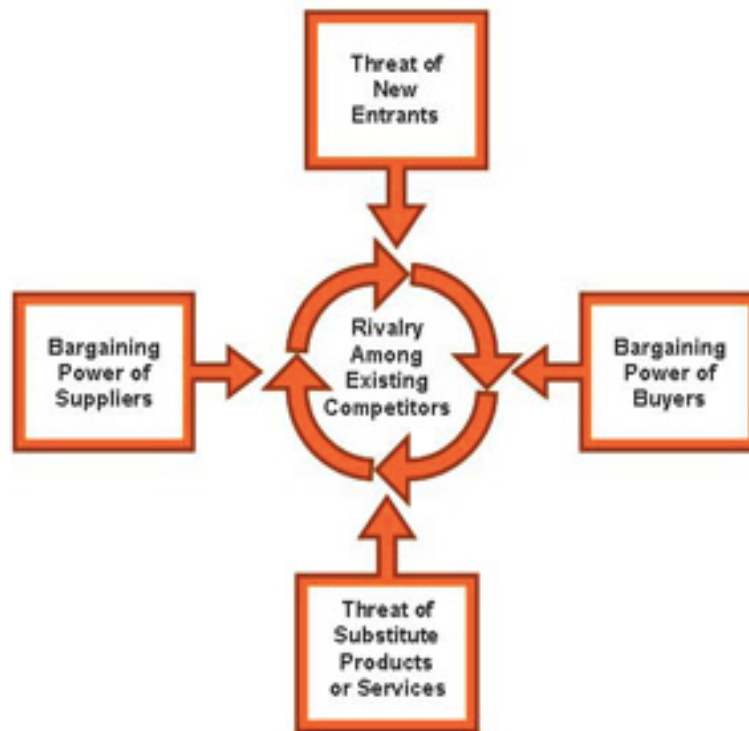


Figure 1.The Five Forces That Shape Industry Competition (Porter 2008, 4)

1. **The threat of entry** shapes the competition by the possibility of new entrants to enter into markets with the desire of gaining a large market share. This force is often setting a limit to profit sharing.
2. **The power of suppliers** is vested in the value for themselves e.g. by charging higher prices, limiting quality or services. Typical suppliers of labor have a large impact on the profitability especially when the industry is unable to pass these costs onwards in its prices.
3. **The power of buyers** captures the way that the customers are able to gain more value by forcing down the prices, with higher expectations for the service quality. The customer can also often play industry participant off against one another, thus leading to smaller industry profitability.

4. **The threat of substitutes** offers a similar function as the service or the product already existing in the industry. Sometimes it can be direct or indirect, since both are always present but can easily be overlooked. In the worst case-scenario, the power of substitute is so vast that the product or service becomes completely unnecessary.
5. **Rivalry among existing competitors** comes in many forms. It influences the pricing, the development of new products or services, the quality of improvement, the lowering of profitability. This share of profit is highly depending on the intensity with which the organizations are competing, and also on the basis they are doing so.

This model has been both praised and criticized. The model offers a good tool for deeper analysis for the position of the company and its strategy and it reminds the company managers of the complexity of its operational environment.

At the same time, this model is somehow rather rigid. Porter seems to perceive the strategy more as a deductive and a deliberate one, in which the environment is treated as stable and easily anticipated. He doesn't speak of emergent strategies that are typical for the many industries in the information era, and he seems to give very little value to e.g. the employees or to organizational arrangements. Somehow, this rather narrow view of the strategy process has an emphasis on positioning as the right strategic movement for the company. (Mintzberg et al.1998, 119.)

In the sport industry, competition is more so driven by the bargaining powers of suppliers and buyers, less by the threats of new entrants. For example a football club manager in a league is less worried of new clubs joining the league than he is worried of the player's wages or of fans reactions. The threat of the substitute products exist, but not more than would in any other more conventional industry.

The most challenging part is the rivalry among the existing competitors. This force is influenced strongly by the nature of the sport industry. The level of rivalry is directly influencing e.g. quality of the product in the spectators' eyes and the sport performance perceived as more important than the financial profit making. This fact

is creating some problems in the usage of 5 Forces model alone, therefore 5 P's model used to complement the theoretical framework in this research.

Henry Mintzberg, Bruce Ahlstrand and Joseph Lampel (1998) offer a different standing to the concept of strategy. Whereas Porter sees that managers need to be able to analyze both the internal and external forces influencing the position of organization in its industry and in the competition, Mintzberg et al. emphasize on how the strategy of the company and how the decisions made in the company always depend on the perceived perspective.

They elaborate on the definition and the features of the strategy from five different *perspectives* and argue that strategy cannot be defined with only one definition but altogether five. The starting point for them is that *strategy is a plan*. They define it as a course of future action. However, they continue by stating that strategy is at the same time not just what the organization is pursuing to do but what it actually has done. Therefore, to state that *strategy is a pattern*, actually denotes, strategy as the realized action looking at past behavior.

In other words, they are classifying strategies into intended and realized ones. The realized strategy is according to their opinion also a *deliberate* strategy and sometimes those that are not realized could be called as unrealized strategies.

On the contrary to Porter's relatively fixed model, they are strongly of the opinion that strategies can be also *emergent* when a pattern realized was not actually intended. Actions follow one another forming a sort of consistency. In their opinion, strategies are seldom purely either deliberate or emergent. So, the first strategy would eliminate any possibility of learning about the organization, and the latter one would eliminate any control over the organization. So, they come to the conclusion by saying that strategies have to form, as well as be formulated (1998, 11).

Mintzberg and his co-authors do not disagree with Porter about *strategy as position*. But they develop the idea further by stating the *strategy is also a perspective*. Changing position maintaining the perspective is not uncommon for businesses, but it is getting more difficult when organizations are trying to achieve a new perspective but hold the former position. Finally, *the strategy is defined as a ploy*. This means

that there are tactical actions and moves that outwit the competitors. (1998, pp:9-15.)

These aforementioned aspects of strategic planning are highly relevant in sport industry. A single sport club is not only competing against another club in the same league, but rather, it is competing against dropping from the league and losing the interest of shareholders and fans. It can be that the actual league loses the interest of fans. A sport club also competes against bad publicity, against the fixed amount supply, against the international regulations and laws that influence their operations, and furthermore, against the rising amount of player's wages, just to name a few examples.

The sport industry in general, is an extremely turbulent area of business, and this is why the planning process should be taken to account. All organizations need clear goals and direction but sport organizations especially should be able to quickly utilize the possibilities that emerge e.g. from the success on the field. The managers in this area should be able to manage agile decision-making and strategy planning.

## **2.6 The management and measurement of organizational performance**

Budgeting has been considered often to be a simplest expression of a strategy.

Mönkkönen (2011) discussed in his research the financial problems of Finnish professional football organizations in the national league and he pointed out how the biggest challenge for these sport clubs is the balancing between the sport performance and financial performance and how challenging it is for the managers to try to achieve both of these organizational goals. He also explained how many sport clubs are suffering from the weak strategic budgeting to support the implementation of the objectives and organizational aims of the managers.

Gómez et al. (2010) studied the correlation between the financial investments of a football club and sport performance. The research highlighted the outcome that for the long-term success, it is crucial for the sport managers to be able to include these both aspects equally to the strategy and set clear measures for them. The performance measurement system in sport organizations needs to serve the nature of the industry and help managers to follow up their management operations.

The aim for more traditional companies is usually to make profit and increase the financial wealth of shareholders. For sport organizations, the priority may be in winning or fulfilling the expectations of the supporting community, and also there may be a stronger emphasis on fans before financial outcome. Setting the organizational aims in a way that can be easily communicated, understood and controlled is an extremely complex task for sport business managers.

The best plans or beautiful strategies are nothing without proper implementation. In order to manage the sport organization, it is obvious that performance management is a crucial part of the entire management process, as well as the final evaluation.

The significance of budgeting should be fully acknowledged by the managers. They should include it as a foundation and an integral part of strategic, tactical and operational planning of the sport organization. (Trenberth&Hassan 2012, 186.) In other words, it should be acknowledged that budgeting is not an isolated process, but on the contrary, has a huge impact on all activities to overall business on strategy planning.

According to Robert Wilson (2011, 192) managers should also ask themselves what are their goals in monetary terms. As financial losses happen every day in business, it is unthinkable for any manager to have it happen deliberately. A significant problem in sport industry is, that for some reason, the actual budgeting process has been outsourced from the hands of managers to save their time and effort for strategic and operational decision-making. However, this should be the foundation for the entire performance management of the organization and it should never be separated from the strategic planning.

Performance management can be defined as “actively monitoring the organizations performance level to continuously improve” (Andersen, Henriksen and Aarset, 2006, 63). Commonly the process has been explained as a four-stage model starting by setting the objectives, developing the actual plans, putting the plans into action and finally then evaluating the performance.

As planning is an obvious and crucial part of the management process, so is also evaluation a fundamental part of it. Evaluation should rely on accurate performance indicators, and also be implemented by accurate performance indicators. In this



research paper, the model of Balanced Scorecard is used to discuss the importance of performance management tool for sport organizations as well to elaborate the challenges in the strategy creation for sport organizations.

The old managerial quote that “you will get what you measure” was acknowledged to be a problem in the measuring systems in the information era. The traditional financial accounting model had been focusing in the past on quarterly and annual financial reports. The old model neglected the evaluation of all the company capabilities and intangible assets, which have become far more important for modern information-era companies.

This collision between the tangible cost-accounting model and the force to build long-range innovative and competitive advantage for organization led to the development of new measurement model Balanced Scorecard (BSC) by Robert Kaplan and David Norton in the early 1990’s. Their key findings reveal that in order to be able to compete in the rapidly changing global business environments where the products are not only tangible, managers need a tool that complement both the financial measures of the past with the measures of the drivers of future performance (1998, 8).

The model offers more than just operational or tactical help to managers. Kaplan and Norton argued that with the help of this model, managers would be able to manage their entire strategy process. This process is implemented in four stages according to them by

1. Clarifying and translating vision and strategy
2. Communicating and linking strategic objectives
3. Planning, setting targets and aligning strategic initiatives and
4. Enhancing the strategic feedback and learning (1998, 10.)

In other words, this framework provides a model for any organization to link the budgeting process directly with the strategic planning by offering concrete measures for the organization from four different perspectives: *financial, customer, internal business process and learning and growth*. The two first perspectives are easy to understand in a sport club but the two latter could be replaced e.g. with stakeholder and sport performance perspectives.

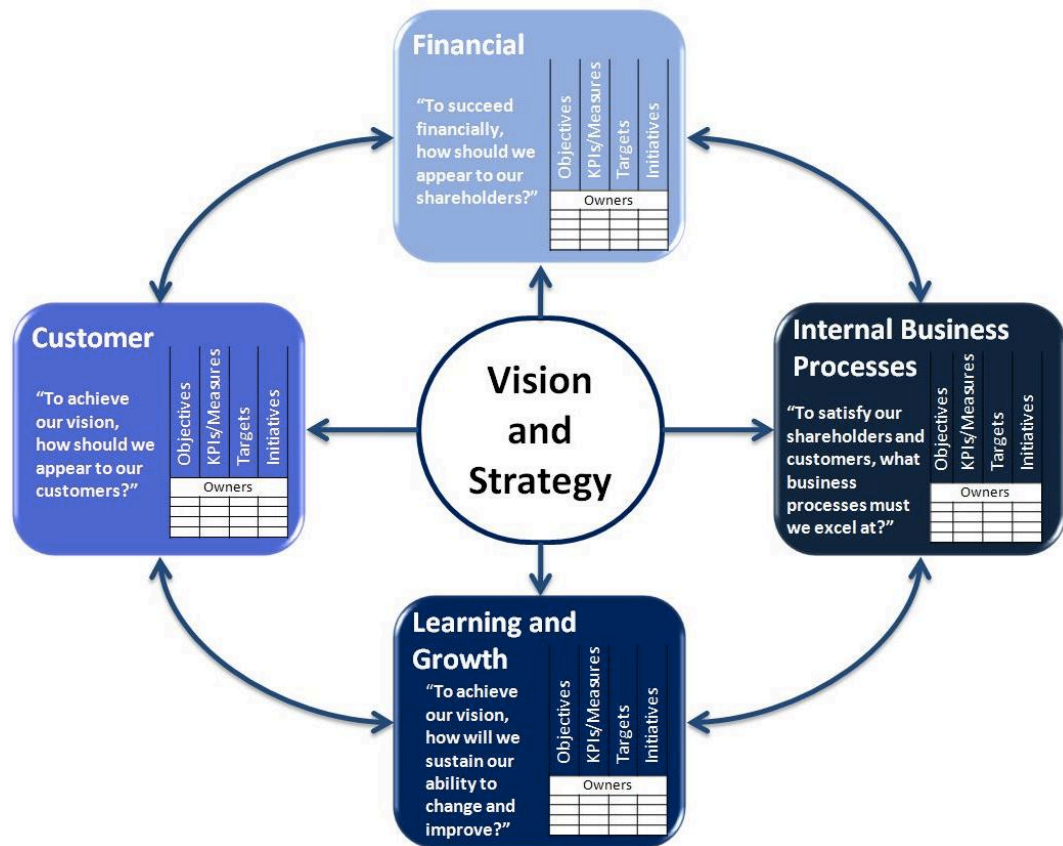


Figure 1. The Balanced Scorecard Provides a Framework to Translate a Strategy into Operational Terms (modification from Robert S. Kaplan and David P. Norton 1998, 9)

David Niven (2003) is an experienced consultant and the acknowledged author of performance management. He discusses the benefits of the framework in his book *Balanced Scorecard: Step-by Step for Government and Nonprofit Agencies*. He notes that most business managers trust their feeling that they know what is most critical for the success of their organization. However, this is not always the case. In fact, the assumptions can be deceptive and they can lead to e.g. huge financial losses.

Based on his years of experience with the framework he argues that BSC is combining the knowledge and the networks of the organization. He then continues to point out the way the measurement system actually should be deriving the indicators from the strategy of the organization. This is further translated and communicated from the mission and vision of the organization. In other words, according to him BSC is not just a measurement system, but strategic management

system and communication tool. (2003, 15.) Although, Niven was pointing out to the clear benefits of the model in his book, and how BSC has been adopted successfully by over more than half of the Fortune 500 companies, it has been criticized by both academics and practitioners.

Firstly, according to many scholars Kaplan and Norton have failed to build the model on the foundation of earlier theories, and in this way their model is somehow lacking proper academic citations and references. Secondly, because the model is not directly giving the answers to the questions it is pointing out, but instead being a type of metrics than gives clear instructions or recommendations for the managers. Thirdly, the problem and disadvantage of the model was acknowledged by Kaplan and Norton themselves. The implementation and creation of BSC for an organization can be extremely time consuming, the amount of perspectives should and could vary as well the amount of performance indicators which could be in the worst case in contradiction with one another and leading to wrong actions and decisions by the managers.

### **3 METHODOLOGY**

The focus of this chapter is on the implementation process of the research design. Both the data collection method and the data analysis method are elaborated in detail. The technical details and methods of the research process are described as accurately as possible and to such extent, so that the research process is comprehensible, and that the repetition of the original research of Hirsjärvi, Remes and Sajavaara (2004, 242) can be repeated on demand.

#### **3.1 Research design and research questions**

The aim of this research was to get a comprehensive understanding on the role of sport business managers in Finland and to explore their perceptions and views on the current and future challenges of the industry that influences their work. In order to achieve the aim two actual research questions were then formulated:

- 1. How is the role of a sport business manager viewed and defined?**
- 2. What are key challenges that sport managers are facing now and in the future in Finland?**

Due to the nature of the research problem, and due the lack of previous and systematic academic literature in this field in Finland, the nature of this research is explorative. Explorative studies (Hirsjärvi et al. 2005) are typically using qualitative methods.

Mason (2002) discusses the three important features for a qualitative research approach. According to her, it is from nature broader in the sense that it focuses on how actually the social world is seen, interpreted and experienced. Secondly, Mason defines how it is based on methods of data collection of which need to be both flexible and sensitive to the social context in question. The aim for the researcher should not be a rigid standard or structure that one follows when producing data.

The data collection should not be entirely separate from the real-life context for its own sake, either. Moreover, it should carefully consider the needs and nature of the research problem and phenomenon. Thirdly, she goes to discuss the methods of analysis. Explanations should be built on deeper understanding of complexity and detail in its context.

Holistic forms of analysis are those that matter more than just a simple patterns or certain trends or correlations. (2002, 4.) However, she recognizes that not all qualitative researchers want to produce one general explanation on how things work: compared to the approach of quantitative research, qualitative research can be better utilized for forming well-founded cross-contextual generalities.

The basis of qualitative research stems from rich and detailed data. A high level of commitment of the researcher is needed during the entire process and the researcher should be able to actively question the methodological decisions made during the process. The actual research questions should be made challenging enough and not to expect to get only one correct answer.

She states also how this type of research relies on systematic implementation. This means that it is important to notice a rigid approach, as it rarely enhances the nature of qualitative research design. It should be accountable for the quality of the research so that the reader can make his/her judgment on the research based on the evidence laid out. This is possible only if the material is in the form. Flexibility in both means and methods is important for the entire process, and the context should always be taken into consideration. This approach is also requiring a lot of critical self-scrutiny from the researcher. (Mason, 2002.)

It is important to remember that a researcher cannot ever be absolutely neutral, or objective, or detached, from the knowledge and evidence one is generating. Furthermore Mason believes that it is more important that an end result of is producing explanations or arguments, instead of plain rigid descriptions. These should be then generalizable at least in some way, or have some demonstrable wider resonance (2002, 7).

The author of this research report has tried to consider and take into account all aforementioned features of qualitative research when designing this research and choosing the research methods.

### **3.2 Data collection process**

In-depth interview was chosen to be the actual data collection method for this research. Liamputtong and Ezzy (2005, 58) elaborate the qualities of a good interview. They start by stating, that it is crucial for the researcher to keep quiet but also to be attentive to what the interviewee has to say and also how it is been said. They also divide the listening into two tasks. Thus, the interviewer should not only observe the content of what is being said but should also observe the actual interview process, this being an important part of the data collection.

As Liamputtong and Ezzy discuss further, in-depth interviews are often described as focused interviews, unstructured interviews, non-directive interviews, open-ended interviews, active interviews and semi-structured interviews. These terms can be used often to mean the same thing and they sometimes cause confusion.

The author of this paper chose to use the in-depth interview since she agrees with Liamputtong and Ezzy, that this is the art of interviewing: “ It can be seen as part of a continuum, with structured interviews characteristic of survey research methods at one end and completely unstructured, conversational interviews at the other end” (2005,56).

Sekaran and Bougie (2010) clarify the necessity of systematic design and approach no matter what strategy the researcher has chosen. According to them, everything should begin by trying to identify the critical issues in the set up of the research problem. The information and data gathering is crucial, although the actual amount is not as important as the relevance of it all. It must be organized, systematic, based purely on the data, and still critical and objective.

The data can be acquired from primary or secondary sources. The primary sources and the data obtained first-hand should be preferred. For the researcher, the interview is an interactive way for not only gaining the content, but also possibility to observe better the context of the answers. Interviews offer the possibility for

clearing out misunderstandings immediately and the interviewees' interest towards the research is more likely to be higher in interaction.

However, it is important to keep in mind, that the qualitatively collected data or the sample is a piece of the entire world or context that the research is trying to understand and explain. It must be distinguished that this empiric part or piece of phenomenon is only representative for a certain perspective or view (Alasuutari 2001, 88). The chosen research perspective is having a great impact on the analysis. In other words, the results are relative and the conclusion must be drawn carefully.

The in-depth or semi-structured interview plans were based on methodological literature. The interviewees were chosen together with the commissioners of the research, Ms. Aila Ahonen and Mr. Risto Rasku from JAMK University of Applied Sciences and Mr. Janne Mönkkönen from the University of Jyväskylä. They gave suggestions for possible interview candidates and helped in contacting them.

The chosen persons were sent a personal invitation with some pre-information on the purpose of the interview and the research. They also were given the interview plan with the themes chosen in advance.

First three themes were chosen, and then two other themes were added after the first interview session. The interview started with the personal introduction of the interviewer and the interviewee, and continued then by the education and professional background information of interviewees. With this first step and the current professional position background information, the author was able to gain a deeper understanding and a personal contact with the interviewees. All this supported the reflection of subtle nuances of the answers. The actual themes were focusing on definition and the role of sport managers, on perceptions on the competence profile needed in both the Finnish and the international context, and lastly, on the key challenges for future sport managers (Appendix 1 and 2).

The invitation was sent to 7 sport business professionals, of which 6 of them represent Finnish commercial sport organizations at executive positions, national leagues in ice hockey and football and a national sport TV. Finally, it was also decided that one international academic sport business researcher should be included to offer a wider perspective for the research. All invitations were accepted without any

hesitation and all interviews were conducted between 4<sup>th</sup> of September and 26<sup>th</sup> of November 2013.

All of the interviews were done face-to face, except one, which was a telephone interview. Interviews lasted from 57 minutes to 1 hour 54 minutes, and hand written notes were made alongside. The interviews were recorded with a digital recorder and transcribed for the later analysis.

### **3.3 Analysing the data**

The actual data analyzing process is a fundamental part of the entire data collection process. There are several ways of analyzing the content of an interview. However, for this research the method of content analysis was chosen.

It can be questioned, whether content analysis is a qualitative or a quantitative method. As Berg and Lune (2012, 354) explain, it can be either or even both at the same time. What is more relevant is the decision the researcher has made. This kind of interpretation and analysis of the content must be done according to certain content elements defined and created first, then the researcher must consider the literal wording in the text.

According to Berg and Lune the researcher must then develop the ideas based on the empiric information gained, with the help of emerging patterns or meanings. This should all be related and reflected in the literature, the wider context, and on the original research questions in order to serve the research aim.

Tuomi and Sarajärvi (2009) describe it as a theoretical frame or context, which can also be used together with other types of analysis if so decided (2009, 91). Content analysis is seen as an objective and systematic process that will help to categorize data, and to classify or analyze thematically.

This analysis was conducted by first transcribing the recorded interviews, and then followed by the data reduction of trivial or irrelevant material and text, in order to bring more focus and simplification to the material. The analysis was conducted both in Finnish and in English depending on the interviewee. Main themes of each interviewee's answers were notified. According to Tuomi and Sarajärvi this stage is



part of an abstraction, which is then the final stage of the analysis leading possibly to new explanation or definitions. The last stage was then to translate the main themes from the interviews into English and to check the correctness of translations.

Like any data collection method also an interview has its advantages and its disadvantages. Typically this method has been valued for its capability of creating rapport between the researcher and the participant and it is often experienced as a motivating method. It is informative because many questions can be clarified immediately and it is effective because new questions can be added straight away. This increases the richness of the data, as it provides an opportunity to interpret the gestures and nonverbal clues of the interviewee. The use of visual aids when necessary helps also the interview situation. However, this is rather time consuming for both the researcher and participant as the amount of interviews often increases. The intimate interview situation might cause concern about the confidentiality, and this might influence the objectivity and reliability of the answers given. This method requires some training, since the bias of the interviewer can emerge rather easily. The risks for the cancellation or even the interruption of the interview situation can exist.

### **3.4 Limitations of the research**

*Validity* of the research should be considered carefully. If the research is valid, it simply means that that person who is actually observing, identifying or measuring what the interviewee says he/she is. For practical purposes, it is required that the researcher should be able to generalize the issues on hand. (Mason, 2002).

Generalization should be involved to some extent, so that the researcher can make some form of a broader explanation, or so that he/she can reason on the basis of the research and analysis. *Reliability* verifies the accuracy of the research methods and techniques and the used measures. Questions on how well do the techniques serve the data producing process or whether the data is truly reliably and accurate are brought into light (2002, 39.)

Validity of a research should be evaluated from three perspectives: from the internal, the external and from the perspective of objectivity. Personal face-to face interview

in the semi-structured form was used and decided to be the most suitable primary data collection method for this research. However, the choice of this method was quite conventional but it was also a familiar method both for the interviewer and interviewee. This increases the validity of the results since the data is collected directly from the primary sources, and thus the researcher is able to clarify possible misunderstandings immediately. The interviewer was trying to speak as little as possible to avoid misleading the interviewees.

The internal validity can refer also to the data itself. This can be checked easily by listening the recorded interviews again. The questions made during the interviews were also transcribed and translated. The group of respondents was designed to be heterogeneous and this way to offer a reasonable validity despite the small quantity of the respondents. The saturation level in the comments and answers was surprisingly high and it was used to evaluate the external validity findings.

However, the objectivity of a limited sample can be questioned. The researcher of this study has no personal or professional experience from the sport industry, which should increase the level of objectivity. On the other hand, the researcher's professional experience in the field of artist management and music industry offers a solid basis to understand the research topic.

The aim was to achieve an informal situation with the interviewees, which is both active and open, in order to gain as much information and knowledge of their experiences as possible. Compared maybe to some quantitative methods the actual reliability of the interview method is more difficult to prove.

Sekaran and Bougie (2010, 189) emphasize the need for objectivity both during the interviews and the analysis. The collected data and information should be free from bias – which is rather easily caused by inaccuracies during the data collection or even actual errors. The researcher was trying to avoid these and not let her personality to dominate the interview situations.

Tiittula and Ruusuvuori discuss the ethical questions of the research that every author should take into careful consideration throughout the entire research process. It is important to create rapport for the interview between the interviewer and the interviewee. This can be achieved by describing the purpose of the research

to the participants honestly, and by protecting the anonymity of the interviewees in the report writing process, and lastly, by confidential protection of the data collected. (2005, 17.)

A research permit was made for the interviewees. It included the purpose of the study and the explanation of the rights of the interviewee as well the contact information of the author for further questions (Appendix 3. Written consent). It was discussed and signed by both parties before starting the actual interview.

## 4 FINDINGS

### 4.1 Background experience of respondents

From the respondents, four out of seven (respondents B, M, K and L) represented the management or executive position in larger sport business organizations. Two of them were individual athletes (respondents C and T) or had their own businesses. Two respondents (A and L) had an international background in business and an academic research experience.

None of the interviewees had actively planned their career in the sport industry. Typically, six out of seven had a higher education background either in general business or social sciences. All respondents were discussing the role of coincidence in their professional lives. But what they all had in common was a shared interest and passion towards sports. Four out of all the seven had had also an active sport career or sports as a hobby. Three of them did not do sports but had a keen interest in sport as a fan or as a spectator. Like Respondent C explains:

“so if I first talk about my career plan which actually didn’t really exist but it’s been more because of coincidence but if we begin from building the passion it all roots to my sportively active youth and from it gained experience and knowledge how to build athlete’s career and else<sup>1</sup>”.

Most of the respondents explained that at the beginning of their sport business career they had some other occupation or a job. They begun working on voluntary basis or financing their lives from other business:

“So I did quite a lot of this voluntary work as a student, but it wasn’t clear at all that I would choose or when we had graduated<sup>2</sup>” (Respondent C).

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<sup>1</sup> “jos ensin puhun urasuunnitelmasta niin sitä ei ole oikeastaan ollut vaan sattuma on varmaan johdatellut mutta jos lähetään intohimon rakentamisen alkupäästä- varmaan juontaa siitä, että oon harrastanut aktiivisesti urheilua ja liikuntaa nuorena ja sitä kautta jonkinlainen tietämys siitä miten rakennetaan urheilijan uraa ja muuta”

<sup>2</sup>“Eliikkä aika paljon tein opiskelujen ohella tällasta vapaaehtoistyötä, mutta ei se mitenkään ittestään selvää ollut että valitten sitten tai kun oltiin sitten valmistuttu”

What must be noticed is that all of them had experience as an entrepreneur, although in some cases in another business. As respondent C clarifies in his answer:

”so then I got a phone call and went to help and ended up being in an employment relationship for three years and since then I’ve been back and forth as an entrepreneur<sup>3</sup>”.

## 4.2 Sport business manager

All respondents defined the role of the sport manager in a similar way. It was argued that one should keep in mind the fact that the term has two distinctive connotations, and thus should be interpreted in two different contexts. First, a manager can be a person in charge of a sport club or sport business organization. Second, it can be a person who manages an athlete, a brand, a business or/and a career. In the international context, an agent or promoter can be used to refer to an individual athlete. Especially in Finnish language the use of the term can cause confusion.

According to respondent B:

”Should we say firstly in Finnish versus English, there is a different meaning, it could be like someone who takes care of the business of an athlete or then we can talk about team manager or general manager... well in practice it is the team manager, like in a small company a CEO and he actually does everything...<sup>4</sup>”.

The respondents B, C, E and F were on the other hand discussing the role of the manager of an individual athlete or a player. They saw it as a relationship of voluntary basis, starting from the athlete’s individual needs and expectations but also serving the interests of both parties. It was seen as a unique and tailored mutual agreement. The agreement is then anchored by a written contract, which serves as a contract of service.

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<sup>3</sup> ”niin mulle sitten soitettiin ja menin vähäks aikaa auttamaan ja päädyin sitten kolmeks vuodeks työsuhteeseen ja palannut vaihtelevasti sitten aina yrittäjäksi”.

<sup>4</sup> ”sanotaanko nyt ekaks tossa, että Suomessa toi manageri-sana versus englantti, nii siinä on eri merkitys, se voi olla niinku tollanen urheilijan asioidenhoitaja tai sit puhutaan niinku tollasesta urheilutoimenjohtajasta tai seurajohtajasta..no käytännössä toi seurajohtaja on niinku pienessä yrityksessä toimitusjohtaja eli se niinku käytännössä tekee kaikki työt...”

Interviewer: *“Did I understand you correctly, you mean that being a sport manager is a service occupation?”*

Respondent F: *“Yes, it is definitely a service occupation. It’s well said. Your job is an endless amount of separate services...”<sup>5</sup>*

All respondents agreed on how they saw their role in practice. If they considered their answer from the organizational perspective, they described it as a person who should be able to fuse sport and finance, and also one who works with passion and performance. Especially five of the respondents discussed how e.g. a sport club is a complex entity formed by the organization including its staff, the athletes (team) and the fans. Respondent A defines it as:

*“if you are a manager, you’ve got to think on of all three, how you integrate them when they are in conflict, oh so you’ve got if I say it quite simply; you’ve got to make profit at the end, at least not to make loss, that’s looking after the company.”*

However, some differences were also found. Respondent C said:

*“and if we are talking about managing, well, I don’t really use that term of my work and that is because I don’t do or act as a full-time manager and never have and don’t know if I ever will, but I ‘ve been practicing it in quite large scale<sup>6</sup>”.*

Respondent F gave a similar answer.

The manager was also described as a person who has to care for the entire sport organization. As respondent A said in his interview, managers must care for the construct of the club and for the cultural heritage. All of them also agreed that a manager must be the person who is in charge of the fan base.

The loyalty of fans was seen of high importance for all managers. According to respondent A: *“Very often managers tend to take the fans granted, it doesn’t matter*

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<sup>5</sup> Haastattelija: *“Jos tarkennan, että ymmärsin oikein sun kommentit, onko sinusta urheilumanageri palveluammatti?”*

Vastaaja F: *“Se on nimenomaan palveluammatti. Se on hyvin sanottu. Sun työ on mittaamaton määrä yksittäisiä palvelutuokioita...”*

<sup>6</sup>*“Ja jos sitten puhutaan manageroinnista, ni mä en itte oikein sitä omasta toiminnastani käytä johtuen siitä että mä en tee sitä tai siis toimi managerina päätoimisesti, mä en oo koskaan toiminu enkä tiedä tulenko koskaan toimimaan... mutta siis aika laajaa toimintaa mä oon harjoittanu”*

*what we do, we take their loyalty as granted, they will still come and pay their money for the tickets."*

This statement was further elaborated in how the relationship with the customers of a sport club or an organization is in reality a relationship of the fans. It can be said that the fans are psychologically the owners of a club: *"it is our club not your club, it is us the fans who own the club and fans think they know the best."*

### **4.3 Perceptions on the role**

According to respondent A, there are three distinct element of the sport organization or club that sets specific knowledge requirements for managers running a club as a business. Respondent A elaborated it in the following way:

*"First, there is the part of the club that its motivation is to make profit...Second there is the Club as the Crew, the players; who are constantly changing, their motivation and their focus is the performance at the pitch... Finally there is the construct, which I call the social construct...it is the history, the culture and heritage of the club what fans share, it is in their head; it is a shared vision of what that club is".*

The role of the manager was seen as person who should be able to balance between the passion and the reality of the club as a company. The manager stands in the middle of three competing forms of club, and thus should be able to get the right outcome of the three dimensions.

The same themes were discussed in other interviews as well. All respondents focused on the importance of achieving financial stability in organization in regard to sport performance, and how difficult it is for managers to balance between these two driving factors of the sport business. Respondent D elaborates this in the following excerpt:

*"So if you ask any average sport manager that what a brand means, he doesn't know how to answer. They think that the only thing that matters is the sport*

performance and winning. And if they lose a game, they speak of it as bad marketing...”<sup>7</sup>

According to all the respondents, the sport industry must be understood as a unique business where emotion and experience is the core product. According to respondent A: *“every industry has its own recipe, recipe like in cooking and you’ve got to learn how they do things there.”*

Respondent B: *“Sport is really a special industry... We are living in experience business, it is like a media house; selling emotions, experiences, images and you must show your commitment to your product ...”<sup>8</sup>.*

This same perception of comprehensiveness was repeated in the comment of respondent M: *“This experience and feeling is created in the game but we must be able to pass it on also everywhere else”<sup>9</sup>.*

The role of a manager was seen different from traditional businesses. All respondents shared the same perception that the manager is in the middle of the sport product, the fans, stakeholders and the passion they all share. Respondent B:

*“This is actually like selling air, if you sell something ordinary nobody expects that you have used it for 17 years yourself or that you are like your product and it means that you need to build the whole story”<sup>10</sup>.*

This unique business environment brings other requirements for the sport managers. All respondents discussed the significance of stakeholder role in sport business. Most of the interviewees had similar opinions how the continuous pressure of winning on the field is only on requirement, but also how this is gained matter in the eyes of

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<sup>7</sup> “Jos sä meet tämmöstä kysymään joltain tavalliselta seurajohtajalta, että mitä se brändi tarkoittaa niin eihän osaa edes siihen vastata. Kun ne luulee, että ainoa mikä on tärkeää niin on se voittaminen ja suorite ja jos on hävitty niin sanotaan, että viimeinen ottelu oli huonoo markkinointia...”

<sup>8</sup> “Urheilu on sillai ihan poikkeuksellinen toimiala. Me ollaan elämysbisneksessä, me ollaan niinku mediatalo, sä myyt elämystä, mielikuvaa ja tunnetta ja se näkyy, et oot sä sitoutunut siihen tuotteeseen vai et...”

<sup>9</sup> “Se elämys ja tunnehan syntyy siellä pelitapahtumassa, mutta meidän pitää osata välittää sitä myös kaikkialla muualla.”

<sup>10</sup> “Tää on käytännössä vähän sellasta niinku et sä myyt niinku ilmaa.. jos sä myyt jotain tavallista tuotetta nii ei se vaadi sitä et sä oot käyttäny sitä tuotetta 17 vuotta tai et sut rinnastetaan siihen ja kun se vaatii sulta sitä et käytännössä se koko tarina pitää tehdä.”



stakeholders and influences largely the corporate social responsibility. According to respondent M: *“This continuous fear of losing makes this different... we have very demanding stakeholders.”*<sup>11</sup>

Managers are under constant supervision. Shareholders are expecting results both in sport and financial performance, fans are following all action in the games expecting more service and stakeholders like business partners, sponsors, public sector easily commenting and trying to influence on the decisions made in the sport organization.

There is a lot of public pressure on sport business managers. The respondents A, B, M, K, L clearly point out, how sport manager’s professional qualities are often evaluated based on an extremely short range. Respondent A:

“After six games and you’ve got only four points and you’re out. This wouldn’t happen in any other business, but no, there is always this very short-term view because they are focusing on the motivation of sport performance and it must be immediately improved by a new manager. This is not realistic.”

Additionally, managing PR is a crucial part of manager’s duties, and this cannot be done without the active cooperation and control of the athlete’s or sport team’s public behavior. This theme was of great importance for all respondents. Respondent A described it illustratively:

“...Their relationship is fundamentally different to other business sectors. In the normal business sectors the customers do not always think that the owner or the manager of the business should only do what the customers want. E.g. if you go to a doctor, we do not expect the doctor to ask us what kind of an operation would you like to have? We expect the doctor to be a specialist who knows best what we need, but the situation is different in sport business.”

Respondent M put even more emphasis on the corporate social responsibility of the club:

“This social responsibility should be taken better care of by all, there’s a lack of healthy humbleness; all athletes do not get the same attention as ice-hockey

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<sup>11</sup> “Se jatkuva voittamisen ja häviämisen tunteen kanssa eläminen se tekee tästä erilaisen ... meillä on hyvin vaativat sidosryhmät”.

players. When some sort of public confusion or else does occur, we aren't always able to handle them too well and we must remember that this is not a separate part of society, although we are dealing with intangibles, but those are so important for us because they influence everything and we try to take these PR issues even into the strategy but we still can't get rid of it<sup>12</sup>."

#### 4.4 Areas of improvement

The product and the business of sport can be analyzed from two different perspectives. Four of the respondents consider the sport product as spectator driven, but at the same time, they regard it as an athlete driven activity. Respondent D uses terms *spectator sport (yleisöurheilu)* and *performance sport (suoriteurheilu)*. He elaborates it further:

"there is this sport management and then we have this sport business management (spectator sport) and the first is doing fine in Finland even the state is supporting it, but this other one is the more challenging and this is what they do not really even want to develop because it is out of their comfort zone. This is how it is at the umbrella level organizations and at the grass root level organizations.<sup>13</sup>"

The competitive balance between the sport performance and the financial performance of the organization is getting more difficult to achieve for individual managers. Most of the respondents were significantly concerned about the impact of international agent activity causing a huge increase in players' wages. According to their opinions this endangers not only a healthy competition between clubs - which

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<sup>12</sup> "Yhteiskuntasuhteet voisi kaikki hoitaa paremmin, semmoinen terveen nöyryyden puuttuminen, että ei kaikki urheilijat saa samaa huomiota kun esimerkiksi kiekkoilijat. Että kun tulee näitä kohuja ja muita niin ei me aina hirveen hyvin olla onnistuttu näitä kohuja hoitamaan, että on tärkeä muistaa, että ei tää voi olla irrallinen osa yhteiskuntaa, kyllä vaikka ne on tommosia aineettomia asioita mutta ne on ihan hirveen tärkeitä koska ne vaikuttaa kaikkeen toimintaan, kyllä me yritetään tää urheilijan julkisuudenhallinta ottaa ihan strategiassakin huomioon, että me ei vaan päästä siitä eroon."

<sup>13</sup> "No on se liikunnan johtaminen ja sitten on se yleisöurheilun johtaminen.. tuo liikunnan johtaminen on hyvissä kantimissa Suomessa sitähän valtiokin tukee, mutta se toinen puoli on paljon vaikeempaa. Ja se toinen puoli on niille tuntemattomampi eikä ne sitä oikein edes kehitä. Siellä mukavuusalueellahan ne viihtyy ja piehtaroi. Näin se on urheilun kattotasolla ja näin se on urheilun ruohonjuuritasolla."

is necessary to guarantee the unexpected result of game and thus to keep it interesting in the eyes of audience - but it has many severe financial consequences.

Respondent A clarifies it as:

”It maybe even more difficult there because of the power of agents, and agents are basically pushing up the price of players demand higher and higher, which means that more and more of this television money goes through the club which hinders financial stability, it is anti-equity. It is not equality but equity that I am searching and I think it has an important distinction, equity comes from equality in financial arrangements.”

Respondent M shares the same view:

”We are in same the situation in Finland where players wages are too high. We have only limited earning possibilities; we are not able to sell more than the limited amount of seats we have, so all revenue options must be optimized.<sup>14</sup>”

Respondents B, C, M and K are discussing the problem further. They use a term *benefactor model* meaning the way owners operate inside the sport organization.

According to A:

”A guy who is fairly rich, comes and says yes I am going to throw money into the club. Far too often they spend too much money on players and they don’t bother about profit, because you are always doing it as a hobby, very few owners of sport clubs do this as their first business, it is kind of hobby business once they’ve made their fortune somewhere else.”

This irrational attitude towards financial results doesn’t seem to be only problematic amongst the owners. Respondent A explains:

”In football you don’t know your next years income or position. A financial manager in football has to have a plan A for next year based on that we are still going to be in the same league and keep the same position. He needs to have a

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<sup>14</sup> ”Me ollaan Suomessa samassa tilanteessa kuin kansainvälisilläkin kentillä, eli pelaajapalkkiot on kasvaneet liian suuriksi. Meillä on kuitenkin Suomessa rajallinen tulonmuodostus kyky, me ei myydä halliin yhtään enempää paikkoja kuin mitä sinne mahtuu, kaikki ansaintalogiikat on viritettävä ihan äärimilleen.”

plan B in the case we get promoted and a plan C in case we are relegated. And I think where they've gone wrong is that they have only plan A."

Respondent B explains how the shareholders are not making decisions in sport business based on pure rationality. B: *"It is quite common that those board members are coming from major corporates but then they join the club and they get relaxed and get emotional and start making decisions they would never make during normal office hours."<sup>15</sup>*

According to respondent A, B, D, F, M, there are ways of improving the current financial situation. Respondent A's views the German model in the following way:

"I think what you are looking for here is the best practice; but no we don't have the best practice in Europe, we have only good practice. The answer is yes, the German model, the fifty plus one ownership, with strong youth academies, not going crazy on spending money."

However, respondent M had a different experience and held the opinion that the way shareholders operate and get involved is highly dependent on the size of the board and on the ownership shares in company.

#### **4.5 Future challenges**

All respondents see some major challengers for sport managers in future. According to respondents A, B, M and C there are only vague hints in the White Paper that the EU would be on its way to start any actual regulation in the sport industry, and thus they are somewhat skeptical that a regulation system of some sort is about to take shape.

On the other hand, within the league systems they see that there would be logics in such a model; e.g. a special competition law and special employment laws might be solution that leagues and clubs would welcome. One explanation for the rising

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<sup>15</sup> "Et sehän on tavallista, et noi jäsenet voi tulla isoistakin yrityskulttuureista, mut sit ne tulee seuraan ja ne heittää täysin vapaalle ja sit se tunne vie ja ne tekee sellasia päätöksiä mitä ne ei ikinä tekis kaheksan ja neljän välillä.."

players wages is the broadcasting money distributed unevenly both at the national and international level.

The respondents discuss and share similar views on the regulated American system of sports market so that the competitive balance is maintained. They advocate the American system in drafting, and are rather weary of the major problems the European model is currently facing.

Respondent L:

“The rich clubs get more when getting to Champions League and then they have again more money to buy more expensive players so at the moment we’ve got a system that more or less ensures that rich get richer and therefore good clubs get better and we’ll drift towards the concentration of sporting success and it is really bad for sport it is saying money buys success and it shouldn’t be the case, it is no more sport it is then entertainment.”

Most of the respondents are paying a lot of attention to the dysfunctional situation in the sport business. Respondent A:

“In Europe we have nothing and wouldn’t even think of regulating to maintain the competitive balance. In English premier leagues even the broadcasting income is not divided equally between the 20 clubs. Half of the money is divided equally, one forth is divided amongst the best teams and I would say it should be the opposite way around.”

Most of the respondents see a possibility that managers of governing bodies would introduce some regulation manners, and not just concerning the already existing financial fair-play protocol, but they see some problems also in this: *“It is not going to remove the power clubs already have, it is just going to stop them of getting even more powerful”*. (Respondent A)

Respondents A, C, D, E, F are having similar perceptions towards individual athletes and do not consider it any way different from the team sports. Two of the respondents are using the same example of the London 2012 Olympic Games where Usain Bolt was speculated refuse to run unless he gets a favorable tax deal with the authorities. This was seen as a fully dysfunctional development in the sport industry as it was thus interpreted to be more part of the entertainment and show industry.

All respondents agreed that the rapidly changing competition requires also excellent networks and understanding of legal issues. According to respondent F:

“You need to know what is going on in sport’s sector, you need to know what your competitors are doing, you need to be able to recognize the playing talent as a coach, but as a manager you need to be able to recognize the commercial talent of a player and if you can not make a deal out of that or you get fooled it is going to be expensive<sup>16</sup>”.

Interviewer: “So, you think that if there would be more knowledge in contract issues and law it should be enough<sup>17</sup>?”

Respondent F: “Yes, there is nothing so peculiar, but you’ve got to master those.<sup>18</sup>”

And this similar opinion has also respondent B: “There is no way to find out who is the best or the most competent, nobody is going to tell you that in Finland, so you’ve got to find out everything yourself...<sup>19</sup>”.

Respondent E comments:

“This is a small market so they need the help of other organizations, it would be better to have two field specialists to take care of several federations or sports than having e.g. seven sports that have their own managers to work for many sports instead, they should have a pool of things to utilize, the collaboration in Finnish sport is not good. They tend to be jealous of one sport, because there is one who is doing better than the others instead of saying yeah but you can learn from them or from their sources this is what Finns should do, to collaborate more...”

Respondent D:

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<sup>16</sup> “Sun täytyy tietää mitä tapahtuu, mitä sun kilpailijat tekee, jos sä oot valmentaja sun pitää tunnistaa lahjakkuus, mut managerina sun pitää tunnistaa se kaupallinen mahis ja jos sä et osaa tehdä siitä diiliä tai joudut huijatuks nii se tulee kalliiks”.

<sup>17</sup> Haastattelija: “Et sä oot sitä mieltä, että jos ymmärretään enemmän ihan sopimustekniikkaa ja perusjuridiikkaa niin sen pitäisi riittää?”

<sup>18</sup> Vastaja F: “Joo, ei se sit sen kummallisempaa ole, mut ne pitää hallita.”

<sup>19</sup> “Kun sä et saa mistään sitä tietoon, että kuka on se paras osaja, tai mitä kannattaa tehdä seurajohtajana, kun ei kukaan sitä Suomessa sulle kerro, vaan sun pitää ite ottaa selville..”

“This international competition is a challenge for Finnish sport business managers, otherwise we are going get crushed and it is definitely the spectator marketing that needs to be developed otherwise Finnish sport is going shrink to amateur level..”<sup>20</sup>

Interviewer: “Do you use any tools to measure the success of your strategy?”

M: “No, but we ought to have, and especially we ought to measure also other things than just finances, we have so many things and knowledge in people that we can not get visible and I think we are now going through some sort of transformation and we are going to get better tools and have people that are more prepared...”<sup>21</sup>

Respondent F:

“Internationalization and networks are really important this is what you need, this is global and you need to be able to compete. The need for it increases all the time. In this business education so important, if you are a bungler, you will never make it in this business..”<sup>22</sup>

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<sup>20</sup> Kyllä tämä kansainvälinen kilpailu on haaste suomalaisille urheilujohtajille, muuten on vaara, että jäädään jalkoihin ja kyllä se on toi yleisömarkkinointi jota pitää kehittää, muuten suomalainen urheilu kutistuu semmoseks tosi amatöörimaiseksi.”

<sup>21</sup> Haastattelija: “Onko teillä ollut käytössä strategian onnistumiseen mittaamiseen tarvittavia työkaluja?”

M:” Ei, mutta niitä pitäisi ehdottomasti olla, ja nimenomaan niin, että ei pelkästään sitä taloutta seurattaisi mutta täällähän on hirveästi osaamista ihmisissä ja tekemistä jota ei oikein saada näkyväksi, kyllä mä nään että tää jossain murroksessa on, että tähän tulee paremmat työkalut, että tähän tulee niinku ehkä paremmin valmistautuneitakin ihmisiä.”

<sup>22</sup> “Kansainvälinen osaaminen ja verkottuminen on tärkeää ilman muuta sitä osaamista pitää olla, tää on globaalia ja siinä pitää pärjätä mukana. Se on tarve joka kasvaa koko ajan. Näillä aloilla koulutus on niin tärkeää, jos sä oot tumpelo niin sä et tuu tällä alalla pärjää ikinä.”

## 5 DISCUSSION

### 5.1 Summary

To summarize the findings from the previous chapter and to formulate the answer for the first actual research question – on how the role of sport business manager is seen and defined in Finland – we begin by stating that according to the answers, the role depends significantly on the organization and the organizational position where the manager is operating. Based on the findings of this study the role is defined in the following way:

- 1) a manager of a sport business organization is a person whose role is to manage and enable all processes and actions needed for the successful and persistent operations in a competitive sport business environment or
- 2) as a person who manages personal matters of an individual athlete and is in charge of the career planning, business operations, and the brand development of his/hers client.

These two distinctive connotations can partly be explained by the common use of English business terms in Finland. At times this is misleading because there is inaccuracy in the use of the terms. However, the same definitions were used by the native English-speaking respondents and are also to be found also in international literature.

The answer to the question of how this role is seen is a more complex task.

*According to the findings, the role is a distinctive professional position in a unique business environment where the person must be able to manage successful business operations and have a full understanding of the nature of the sport industry.*

Although, the sport industry is a unique area of business, it has to be run as a profitable business according to traditional business management practices. This role is seen as a position where the managers are expected to lead a profitable business, in which they take into account the unique nature of the sport product, the athletes and the huge passion related to entire industry. The manager is expected to maintain



the competitive balance between sport and financial performance in a business environment where the driving forces impacting the competition cannot be fully analyzed, understood or estimated compared to most other industries.

The answers also elaborated another point of view: as how the position is not stable, although it should be seen as a perspective where the manager should be able to understand, manage and utilize the different strategic options or challenges that the organization and the complex international sport business industry is facing. This position is influenced by the nature of the business organization; the size and the volume of it, together with the strong influence of the stakeholders and the shareholders. It is seen as a wide range of different tasks, one has to be a personal assistant of an athlete and also a general manager, chief of the executive officer of a large international corporation. However, based on the answers, it can be generalized that no matter of the types of organizations discussed, the nature of the service business or the profession was strongly emphasized.

The business strategies need to be planned taking into consideration all driving forces of the industry and the competition but carefully considering the specific nature of the sport industry. According to answers it is justified to say that the role of the sport business manager is to a certain extent similar to any business manager; a sport business should be led in the same manner as other businesses, although the traditional business management approach and the processes that go with it function only partially.

The unique cultural dimensions of sport are having a high impact on the role and how it is seen. All respondents had similarities in their comments, and can be seen as agreeing with the arguments by Smith and Stewart (2010), in that the core of this particular business is to understand the value, and also cherish the social value, the culture and the emotional connections of the sport and the sport product.

Moreover, what is noteworthy is that the answers and the comments of the respondents correlate well with the findings of the special features of the sport industry presented by Smith and Stewart. However, any precise confirmation of the actual number of the features cannot be given based on this paper. There is no doubt on the fact that the sport business requires a specific management approach.

A justified claim is that the sport business management requires a tailor-made and well considered managerial strategy. Some similarities are to be found in other industries especially in the entertainment industry like music business, where at least some common ground can be found.

Slack (1998) stated earlier that special sport management approach is justified due to the social value of sport rather than its economic significance. Based on the findings of this research and the theoretical foundation there is also some evidence for an opposite point of view.

There are noticeable similarities to generic business; the subject to common business legislation, the regulation, the driving forces and the value chain, just to name a few examples. It is also evident, that all the techniques and the processes that serve the planning, the finance, the human resources and the marketing operations should be also a part of a sport business manager's toolbox. The economic impact of sport industry is enormous but the rationality of the decision making both on the financial and strategy questions should be improved by taking the entire management under serious self-scrutiny.

The answer to the second research question on what are the key challenges that sport managers are facing now and in future in Finland is multifaceted. Even so, the respondents brought up similar issues that can be traced in the literature,

- how competition is shaped by the special nature of the industry,
- how profitability is depending on the constantly unstable quality of the sport performance
- how the industry is struggling with anti-competitive practices that would not be tolerated in other industries and
- how the dysfunctionality creates unhealthy business practices.

The respondents speak of the necessity for deliberate and emergent strategies. The challenge is to manage and measure the intangible assets as the most valuable equity of the sport business organizations.

The respondents agree with the research literature, that business would be improved by deployment of proper management tools and techniques. The lack of rationality in the strategic and financial planning is caused by the emotional obsession of fans, stakeholders and shareholders, and thus often the lack of business skills and knowledge of the managers and even the board members is forgiven for the sake of winning in sport. This could be explained by the lack of systematic long-term measurement in other aspects than sport.

The increasing globalization is influencing the state of Finnish sport industry and the same international trends in sport economics, legislation, regulations and policies affecting the global business are affecting Finnish counterparts equally, yet in a smaller scale. This development sets clearly requirements for the professional qualifications for sport managers.

For all respondents their own professional development has been influenced by both pure coincidence and the passion for sport. Nevertheless, they all call for common professional standards, qualifications and tailored higher education for the future professionals. They all advocate for the development of managerial competences as well as for professional and personal skills and qualities. According to them it would be best way to serve the Finnish athletes, and simultaneously the way the entire Finnish sport industry and other sports organizations' work.

Keeping this in mind, the author of this research would like to say that the term *strategy* could be seen in sport industry as *an implementation of organization long-term plans into desired actions by balancing between organization's internal strengths, weaknesses, external opportunities and threats*. The impact of external factors is not always direct, but can quickly influence the entire industry. If sport business is not profitable, which is usually the consequence of poor management, managerial techniques or lack of professional managers, is the entire industry depending on the benefactors or financial doping. This will exile fans, sponsors, partners and other stakeholders.

The modern high performance sport in the global competition requires professional athletes with commitment. This applies similarly to managers and leaders of sport the organizations.

## 5.2 Conclusions and future suggestions

The reliability of this research report is relative, yet the objectivity of the researcher, the objective and critical way of reporting have been the primary goals of the author of this work. As Alasuutari has explained, this is often seen as a distinctive feature for qualitative research in general and especially when interviews have been used as a method of data collection. To clarify this statement and also the intentions of the author, it is important to acknowledge that the findings of this report are representing factually only the outcome of the seven interviews.

Although the semi-structured interviews were focusing on the themes that are very similar to actual research problem, it must be remembered that as such the findings cannot be interpreted as research results or answers (Alasuutari 2001, 81). It is also important to notice the limitations of this study in the regard of the amount of data, the used methods, or the objectivity of analysis and reporting of the author.

The focus of this research was limited to commercial Finnish sport business organizations. Public sector, non-profit and volunteer organizations were on purpose excluded. However, there is no reason to believe that all of the previously discussed findings on the role or on the key challenges of the managers would not be equal if not identical, to those professionals working in the public sector organizations. There is also no reason to doubt, that specific sport management approaches would be of great advantage for those professionals.

Based on this paper, it is justified to say that a more active academic research interest would be of great advantage for future development of Finnish sport industry. One recommendable research topic would be the current strategic state of the Finnish sport industry and the entire market value of Finnish sport industry. To continue the topic of this paper for further studies, it would be important to continue from the role of the managers and study deeper the competence profiles, skills and actual qualifications they will need in their profession. It would be also highly recommendable to study the expectation of various stakeholders towards Finnish sport business management. The growth of the industry and the success individual athletes as well the teams would benefit from knowledgeable managers at every

level and the development of tailored sport business management in higher education is highly welcomed by the current business professionals.

As a conclusion, there is every reason to believe that the entire Finnish sport sector would benefit from a new type of academic level business management education. This should be executed in close cooperation with the sport business professionals, athletes and academic professionals both from Finland and abroad.

However, it must be acknowledged that there are also many similarities with general business management and this industry requires financial planning and strategic management practices with certain adjustments that have been already seen e.g. in health care and arts organizations. It is also important to notice that there are certain limitations in the study; in this report, in the regard of the amount of data, in the used methods, in the objectivity of analysis and in the reporting of the author.

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### **List of interviews**

- Alaja, Erkki: 14 November 2013
- Beech, John: 4 October 2013
- Chaker, Andre: 6 November 2013
- Korhonen, Markku: 14 November 2013
- Laurila, Ilpo: 26 November 2013
- Tyni, Kari: 6 November 2013
- Vesalainen, Joni: 1 November 2013

## **APPENDICES**

### **APPENDIX 1 – Interview Plan**

#### **Interview plan for a semi-structured theme interview**

**The aim of this research is to explore, discuss and define competence profile of Sport Business Managers in Finland:**

**Please tell shortly about your career path and your current professional position**

- 1. How would you define the role and how do you see it?**
- 2. Key challenges facing sport managers now and in the future?**
- 3. A successful sport business manager: is traditional business education enough?**

## **APPENDIX 2 – Interview Plan 2**

### **Interview plan for a semi-structured theme interview**

**The aim of this research is to explore, discuss and define competence profile of Sport Business Managers in Finland:**

- 1) Please tell shortly about your career path and your current professional position**
  
- 2) How do you perceive and define the role of a sport manager?**
  
- 3) What kind of competence profile should one have?**
  
- 4) According to your experience and opinion, what competencies are most commonly lacking?**
  
- 5) What are according to your opinion the key challenges for future sport managers especially in Finland?**
  
- 6) Anything specific that you would like to add or comment to the topic?**

## APPENDIX 3 – Written Consent

Informed consent

KIRJALLINEN SUOSTUMUS OSALLISTUMISESTA TUTKIMUKSEEN

“COMPETENCE PROFILE OF FINNISH SPORT BUSINESS MANAGERS – Perceptions and experiences”

Olen tietoinen, että minut on pyydetty haastateltavaksi tutkimukseen, jonka nimi on yllämainittu ja suostun vapaaehtoisesti osallistumaan tutkimuksen aineiston keruuvaiheen haastatteluun. Olen myös tietoinen, että tutkimukseen osallistuminen on täysin vapaaehtoista ja minulla on lisäksi mahdollisuus keskeyttää osallistumiseni ja saada minua koskeva aineisto poistetuksi tutkimuksesta ennen sen julkaisua.

Annan hyväksynnän haastattelun nauhoittamiselle, mutta työ raportoidaan siten, että minua ei voida aineiston perusteella yksilöidä tai tekstistä tunnistaa. Olen myös tietoinen siitä, että haastatteluaineisto on ainoastaan tutkijan käytettävissä ja saatavilla. Muusta mahdollista käytöstä pitää pyytää minulta erikseen kirjallinen lupa.

Olen tietoinen siitä, että voin ottaa myöhemmin yhteyttä tutkijaan tutkimukseen liittyvissä kysymyksissä sekä saan työn nähtäväkseni ennen sen julkaisua.

Tätä suostumuslomaketta on tehty 2 samanlaista kappaletta, joista toinen jää minulle ja toinen tutkijalle.

Paikka Aika

Tutkimukseen osallistuja

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Allekirjoitus ja nimenselvennys

Tutkimuksen tekijä ja yhteystiedot

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