

From Sport Club To Stock Company: Does The Legal Form Matter To Professionalised Sport Management?

Lang, Grazia; Ströbel, Tim; Nagel, Siegfried

University of Bern, Institute of Sport Science, Switzerland

E-mail: grazia.lang@ispsw.unibe.ch

Aim of the research

In many sports, non-profit and for-profit sport organisations compete against each other. For example in tennis, fitness, and snow sports, (non-profit) clubs and (for-profit) centers often offer the same courses. Previous literature has set theoretical comparisons of non-profit sport organisations (NSOs) and for-profit sport organisations (FSOs) and identified the advantages and disadvantages of these institutional arrangements (e.g., Auld & Cuskelly, 2012). Such research defines NSOs as traditional, hindered by volunteer work, and little competitive. However, to date, empirical comparison between non-profit and for-profit sport organisations has rarely been conducted. The assumption is that NSOs in such highly competitive sports have become business-like, shifting their member-orientation towards a customer-orientation that requires increasingly diverse services. The question then arises as to whether, and to what extent, forms of professionalised management differ between business-like NSOs and FSOs.

Swiss Ski Schools (SSS) are characterised by their diversity of legal forms, from clubs (NSOs) to stock companies (FSOs). They are therefore suited to a comparison of legal forms and professionalised management. In this study, professionalised management includes the employment of paid staff as well as the strategic management and the implementation of formalised management instruments and documents. According to Nagel, Schlesinger, Bayle, & Giauque (2015), professionalised management leads to performance enhancement. To address this assumption, specific performance measures were examined and compared.

Literature review

Non-profit organisations have substantially changed since the 1980s, which has made them more akin, and in some cases very similar, to for-profit organisations (Maier, Meyer, & Steinbereithner, 2016; Rojas, 2000). It is assumed that this is also the case for sport organisations, however, to date the forms of professionalised management of NSOs and FSOs have not been empirically compared. Comparisons of ideal-typical NSOs and FSOs suggest that NSOs focus less on strategic management and formalisation, and that they are less efficient than FSOs (Auld & Cuskelly, 2012).

The only empirical study comparing the performance of NSOs and FSOs demonstrated that FSOs outperform NSOs with regard to overall financial performance, while NSOs excel in terms of price structure (Nowy, Wicker, Feiler, & Breuer, 2015). Research in general management reported inconsistent results in this regard. According to Nowy et al. (2015), further research comparing NSOs and FSOs is required to analyse performance not only in terms of efficiency, but also in terms of qualitative performance measures.

Methodology, research design, and data analysis

The data was collected using an online survey distributed by the umbrella federation of SSS to all member schools ($n = 151$). The sample consisted of 71 SSS (47%); 26 of them are sport clubs, 13 cooperatives, 7 sole proprietorships, 11 limited liability companies, 11 stock companies and three other legal forms. While clubs are clearly defined as NSOs, sole proprietorships, limited liability and stock companies are FSOs, and cooperatives may be categorised somewhere between.

For data analysis, the SSS were grouped using hierarchical cluster analysis to identify types of professionalised management ('management types'), considering strategic management, formalisation of instruments and documents, and the availability of paid staff. The allocation of legal forms to the management types was then analysed and finally, specific performance measures (e.g., earned surplus, goal attainment, qualification of employees) were compared between the types, as well as between legal forms.

Results, discussion, and implications

Our analyses reveal four management types. The first type is characterised by a high proportion of volunteer employees and average professionalised strategic management and formalisation. The second type contains SSS with a high number of paid staff and also average professionalised strategic management and formalisation. The third type is characterised by highly professionalised strategic management and formalisation, whereas the fourth type appears to be moderately professionalised regarding these aspects; both indicate an average number of paid staff.

The first type indicating a high proportion of volunteer employees consists mainly of sports clubs, whereas the third type with highly professionalised strategic management and formalisation contains nearly all stock companies. Apart from this, the differences regarding legal forms are small. Most notably, sport clubs (NSOs) appear to be able to manage their organisation as professionally as FSOs.

The four management types differ mainly in the perceived satisfaction with goal attainment, price of lessons, and earned surplus. The sport clubs (NSOs) do not appear to perform worse than other legal forms, as might be expected from previous literature. To conclude, legal form does not matter to professionalised management in SSS.

References

- Auld, C., & Cuskelly, G. (2012). Managing sport in the nonprofit sector. In L. Trenberth & D. Hassan (Ed.), *Managing sport business: an introduction* (pp. 79–96). London: Routledge.
- Maier, F., Meyer, M., & Steinbereithner, M. (2016). Nonprofit organizations becoming business-like: A systematic review. *Nonprofit and Voluntary Sector Quarterly*, *45*, 64–86. doi: 10.1177/0899764014561796
- Nagel, S., Schlesinger, T., Bayle, E., & Giauque, D. (2015). Professionalisation of sport federations — A multi-level framework for analysing forms, causes and consequences. *European Sport Management Quarterly*, *15*, 407–433. doi: 10.1080/16184742.2015.1062990
- Nowy, T., Wicker, P., Feiler, S., & Breuer, C. (2015). Organizational performance of nonprofit and for-profit sport organizations. *European Sport Management Quarterly*, *2*, 155–175. doi: 10.1080/16184742.2014.995691
- Rojas, R. (2000). A review of models for measuring organizational effectiveness among for-profit and non-profit organizations. *Nonprofit Management & Leadership*, *11*, 97–104.