From sport club to stock company: Does legal form matter to professionalised sport management?

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Introduction

> Choice of legal form is a key decision for sport managers.

> In many sports, non-profit sport organisations (NSOs) and for-profit sport organisations (FSOs) compete against each other.

> Is there any relation between...
   ...legal form and management practices?
   ...management practices and performance?

> Previous research focused on performance differences between NSOs and FSOs. (e.g., Nowy et al., 2015)

> To date, no research investigated the relation between legal forms and management practices.
Research questions

1) Which management practices can be identified in a mixed sport sector?

2) Do legal forms differ according to management practices?

3) Does performance differ according to management practices?
Research design

Sample

- Online survey of Swiss Ski Schools (SSS)
  - 151 SSS, n = 71 SSS; Response rate: 47%
    - 26 sport clubs
    - 13 cooperatives
    - 11 stock companies
    - 11 limited liability companies
    - 7 sole proprietorships
    - 3 other legal forms

Data analysis

- Hierarchical Cluster Analysis (Ward’s algorithm, SED) based on the concept of professionalisation (analysis of management practices)
- Analysis of legal forms and performance
Forms of professionalisation
Dimensions and factors

Dimension «Strategies and activities»
> Strategic orientation
> Quality orientation

Dimension «Structures and processes»
> Formalisation of strategy
> Formalisation of functions

Dimension «Persons and positions»
> Number of paid staff in school management and administration
> Proportion of voluntary staff

(Ruoranen et al., 2016)
Results RQ1: Characteristics of four management practices

Cluster 1 (n=20; 28%)
Little professionalised management

Cluster 2 (n=34; 48%)
Quality oriented, formalised management

Cluster 3 (n=9; 13%)
Formalised management lead by paid staff

Cluster 4 (n=8; 11%)
Moderately professionalised management lead by voluntary staff
Results RQ2: Legal forms

<table>
<thead>
<tr>
<th>Legal form</th>
<th>Cluster 1 n (%)</th>
<th>Cluster 2 n (%)</th>
<th>Cluster 3 n (%)</th>
<th>Cluster 4 n (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sport club</td>
<td>7 (27%)</td>
<td>13 (50%)</td>
<td>1 (4%)</td>
<td>5 (19%)</td>
</tr>
<tr>
<td>Cooperative</td>
<td>4 (31%)</td>
<td>4 (31%)</td>
<td>5 (38%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Stock company</td>
<td>1 (9%)</td>
<td>9 (82%)</td>
<td>1 (9%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Limited liability company</td>
<td>4 (36%)</td>
<td>6 (55%)</td>
<td>1 (9%)</td>
<td>0 (0%)</td>
</tr>
<tr>
<td>Sole proprietorship</td>
<td>4 (57%)</td>
<td>1 (14%)</td>
<td>0 (0%)</td>
<td>2 (29%)</td>
</tr>
</tbody>
</table>

Cluster 1 (n=20; 28%)
Little professionalised management

Cluster 2 (n=34; 48%)
Quality oriented, formalised management

Cluster 3 (n=9; 13%)
Formalised management lead by paid staff

Cluster 4 (n=8; 11%)
Moderately professionalised management lead by voluntary staff
Results RQ3: Performance

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Description</th>
<th>Turnover (1-5)</th>
<th>Price of half day lesson (CHF)</th>
<th>Change of structures last 5 years (1-5)</th>
<th>Satisfaction with goal attainment (1-5)</th>
<th>Change of demand last 5 years (1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cluster 1</td>
<td>Little professionalised management</td>
<td>2.25</td>
<td>41.-</td>
<td>2.95</td>
<td>3.47</td>
<td>2.85</td>
</tr>
<tr>
<td>Cluster 2</td>
<td>Quality oriented, formalised management</td>
<td>3.48</td>
<td>51.-</td>
<td>3.71</td>
<td>3.97</td>
<td>3.09</td>
</tr>
<tr>
<td>Cluster 3</td>
<td>Formalised management lead by paid staff</td>
<td>4.67</td>
<td>66.-</td>
<td>3.67</td>
<td>4.11</td>
<td>3.22</td>
</tr>
<tr>
<td>Cluster 4</td>
<td>Moderately professionalised management lead by voluntary staff</td>
<td>1.88</td>
<td>40.-</td>
<td>2.75</td>
<td>3.75</td>
<td>2.75</td>
</tr>
</tbody>
</table>
Discussion / Conclusion

- Some sport clubs proved to be more professional than expected by existing literature. (e.g., Auld & Cuskelley, 2012)
- Legal forms differ only partly according to management practices.
- Performance differs considerably according to management practices (external validation).

Limitations
- Selective adoption of components to measure management practices due to methodological design.

Future research
- Pairwise comparisons of legal forms with larger samples.
Thank you very much!

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