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**The formalization of club organization
in Norwegian professional football**

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Abstract

Like professional football in other European countries Norwegian top football has experienced increased commercialization since the early 1990s. This development has been characterised by a growth in turn-over, and the development of larger and more complex organisations. New organizational structures have been introduced to ensure the supply of external resources and to obtain adequate internal resource allocation. In this empirical paper we analyse the recent transition period within Norwegian football. Our discussion illustrate what seems to be an ongoing development towards formalisation of practice and operational procedure, and a pre-definitions of roles within the organisation. Formalization involves clarification of the coordination system of the organization and more explicit principles and procedures for organizational practice. This is related to the development of a governance structure and systems for cost control, and it is also relevant according to the definition of values that are meant to permeate the practices of the organization. In sum, there is a pressure towards conformity. The dependency of clubs on resources from outside the organization, especially those provided by investors, implies that the clubs have to be aware of their reputation and develop an image of trustworthiness. However, the uniqueness of each club, which is related to the organic character of an organization, restricts this process of homogenisation. Clubs use their specific capabilities when they develop these new organizational forms.

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Introduction

Research question

Like professional football in other European countries Norwegian top football has experienced increased commercialization since the early 1990s, with a more prominent position for economic institutions and market transactions (Binns et al. 2002, Gammelsæter and Ohr 2002, Morrow 2003). This development has been characterised by a growth in turnover, and the development of larger and more complex organisations. New organizational structures have been introduced to ensure the supply of external resources and to obtain adequate internal resource allocation.

In this empirical paper we analyse the recent transition period within Norwegian football: *What characterizes the transformation of organizational structure within top Norwegian football clubs? Which new organizational forms are introduced?*

Among Norwegian football clubs there seem to be an ongoing development towards *formalisation* of practice and operational procedure, and a pre-definitions of roles within the organisation. This implies the evolution of organisations that act in more foreseeable ways. In addition, the clubs are getting more and more dependent on external resources, especially those provided by investors. A result is that the clubs are becoming more aware of constructing an image of being trustworthy business partners. In our discussion of this transformation of organisational structures, we will use empirical examples from selected Norwegian top clubs. We will demonstrate that historical developments within these clubs are of importance for understanding contemporary changes, but also highlight the importance of external factors. Organisational structure is related to internal divisions of tasks, systems for control and coordination, and rules and procedures for performance. In our empirical discussion we will investigate the type of organisations that are developing within Norwegian top football. After a brief presentation of the background for our study, important concepts for the discussion are defined (section 2), followed by a description of the data (section 3). In section 4 we outline the transformation of organisational structures within football club (section 4), while the final section gives a concluding discussion (section 5).

Background

In Scandinavia, professional football was legalized in Sweden in 1967, in Denmark in 1978 and in Norway as late as 1991. In retrospect, these dates possibly are of minor importance in terms of the emergence of professional football in the sense that the term is used today. Admittedly, many players were already contracted in the 1960s, and in many instances players were transferred for undisclosed fees, but the breakthrough to full professionalism was a later phenomenon (Billing et al. 1999, Thye-Petersen and Steenbach 2002, Gammelsæter and Ohr 2002).

In a historical context, the relatively late advent of professional football in Scandinavia can be partly explained by the limited potential for gate revenue. The total population of the three countries is about 20 million people (2004), and with three full national leagues the majority of the clubs were likely to represent cities with populations of less than 100,000. In Norway, in particular, the teams are also distributed over a large territory and even today few fans follow their side to away matches due to long travel distances and high costs.

During the 1990s, Scandinavian football succeeded in establishing a lasting economic basis for professional football. The basis for comprehensive professionalism was the increased commercialization of football, the influx of revenue from TV broadcasting and the increased numbers of investors that for different reasons wanted to support football teams. In all three countries, clubs established public limited companies (PLCs) to attract investors. Clubs in Denmark and Sweden started to be listed on the stock exchanges (AB, Brøndby, FC København, Aab, Silkeborg, Århus in Denmark and AIK in Sweden). In Norway, the National Football Association (NFF) has not yet allowed the licence to play in the league to be transferred from the club to the PLC, irrespective of the share interest of the club in the PLC. During the 1990s, however, most top clubs developed contracts that *de facto* gave their affiliated PLCs great influence in both commercial and sporting matters. This has been named the Norwegian dual model.

In Scandinavia in the 1990s, Norwegian football took the lead in terms of transfers to the big European leagues and also in terms of the wages the players were paid (Goksøyr and Olstad 2002). This was fuelled by the qualification of the Norwegian team, for the first time ever, for the World Cup in 1994. Simultaneously, Rosenborg of Trondheim established itself as the

leading Scandinavian club, qualifying for the Champions League every year from 1995, except for 2003. The national team succeeded again in qualifying for the World Cup in 1998, and also for the European Championship in 2000. The 1990s turned out to be the most successful period in the history of Norwegian football, and the development boosted interest in football in the popular media and among the public.

In 1995 the Norwegian top division was extended from 12 to 14 clubs. In 2004 the total turnover for these clubs was approximately NOK 550 million (EUR 70 million). Their budget for 2005 was close to NOK 600 million (EUR 77 million). The total number of employees in these clubs, including players, coaching staff and administration, was about 500.

Important concepts

Organisational structure

There are various definitions of the concept of *organizational structure*. Mintzberg (1979:2) states that “... *the structure of an organization can be defined simply as the total of ways in which it divides its labour into distinct tasks and achieves coordination among them*”. Thus, the emphasis of this approach is on how the tasks in an organization are coordinated. Slack (1997:6) is in line with this approach when he states that organizational structure is about how the tasks of an organization are divided and allocated among its members. He further refers to the reported relationship among the holders of these roles, and the coordinating and controlling mechanisms that are used. Both tasks and coordinating mechanisms can be more or less formalized within an organization. However, Scott (1995:53) emphasizes the informal nature of structure, and also how structures are constructed through human behaviour: “... *the structures constrain and empower the behaviour of actors at the same time as they are reproduced and transformed by this behaviour*”. Thus, organizations and their structures are dynamic phenomena that are constantly remade (Lundin and Steinthorsson et al. 2003:235). In our discussion of organizational structure within football clubs we will emphasize: (i) *the division of tasks and labour within the organization, and (ii) the systems for coordination of these tasks*. Such systems for coordination consist of rules (formal and informal) and

procedures that specify how decisions should be made and how tasks are to be performed (Hatch 1997).

Formalization and specialization

Organizational studies analysing *systems for coordination of tasks* within organizations, have emphasized a process of increasing *formalization* of rules and principles within modern organizations (Pugh et al. 1968, Cunningham and Rivera 2001). The concepts of formalization are highly interrelated with the concept of standardization. Formalization refers to the extent to which mechanisms such as rules, regulations, procedures and strategies govern the operations of an organization (Slack 1997). These rules can be either written or unwritten. Standardization refers to the development of procedures that are used repeatedly to handle selected tasks (Slack and Hinings 1987). However, the development of “uniform” procedures and the clarification of governance principles and making the rules and principle more explicit, implies a process of formalisation.

Formalization reduce the uncertainty of individuals by defining the task of a role and what a member of an organization is expected to do, but simultaneously they restrict an individual’s room to manoeuvre. The organization becomes more predictable, recurring problems are handled consistently and to a certain degree in a standardized way. Formalization clarifies the tasks of individuals and the organization becomes less dependent on key figures to maintain its operations. Of course, it is not possible to develop formalized rules and procedures for every situation that may arise. However, some principles can be introduced as guidelines for the practices of an organization (Slack 1997). Further, there is also the potential to make the organization more cost-efficient through formalization. Many sport organizations are characterized by a low level of formalization, providing individuals with a high degree of freedom to carry out their tasks. Increased formalization implies that the rules and procedures of the organization become more explicit, in some cases described in written documents.

The other dimension related to our definition of organizational structure is *the division of tasks and labour within the organization*. Studies within organizational theory have emphasized the increased role of specialization and the deepening division of labour within modern organization (Pugh et al. 1968). Specialization refers to the extent to which roles are

differentiated according to a particular task or purpose and is related to increased differentiation of the organization. Specialization also implies increased organizational complexity since the division of duties into narrow tasks means that there are more roles and positions to manage, and a more comprehensive system for coordinating between different tasks and roles must be introduced (Slack 1997). Specialization of roles also means that persons with diverse values and competencies occupy various positions within the organization. This can create different approaches to organizational practice, for instance between a person within a football club from a football background and a person trained in business administration and economics (Slack and Hinings 1992). Even if specialization means increased complexity within organization, there are several advantages. Specialization implies that people become more skilful in their operations, since the task is frequently repeated. The chance of developing more efficient ways of operating is also improved, and the specific skills of individuals are used in the most efficient way (Slack 1997). There is also an interconnection between formalization and role specialization. To define role and positions implies that rules and procedures are made explicitly, since the tasks of a role have to be codified. *Thus, specialization triggers formalization.*

Method

Data collection

The data presented in our analysis are drawn from an ongoing project on the organization of top football clubs in Norway. Four top clubs are currently being investigated by a research team: SK Brann, Lillestrøm Sportsklubb, Tromsø Idrettslag, and Aalesunds Fotballklubb. Each case study is based on several interviews with people who are or have been part of the club or connected to the club (for instance managing directors, marketing consultants, accountants, board members, investors, sponsors etc.). In addition, we use information from existing documents and literature. The data were collected during 2005, although data collection is ongoing in all the clubs. Consequently, the conclusions are preliminary. In the following section we give a brief presentation on each of these four clubs.

Selected clubs

SK Brann, of Bergen, enjoys an uncontested position in Norway's second largest city, and is known for its devoted supporters and fans. Its average home crowd has for several years been among the highest in the Norwegian top league (12–14,000 spectators). However, Brann has not won the Norwegian top league since 1963, and as late as 2002 the club was very close to being relegated. Throughout the country it is common to explain this gap between potential and merit by referring to the disorder that characterizes the internal relations of the club. In both local and national newspapers and on television the club is more renowned for its management crises than for its sporting successes. The club has been plagued by bitter resignations of coaches and directors in addition to severe financial problems.

Lillestrøm Sportsklubb, located close to the capital city of Oslo, reached the top in Norwegian football during the second part of the 1970s. In the period 1976–1989 the club won first place in the Norwegian top league four times and also brought home four Norwegian FA cup trophies. In 2005, the club celebrated its 31st consecutive season in the top flight, a record among Norwegian clubs. Historically, the club is known as an innovator in Norwegian top football since its management in the seventies and eighties introduced ideas about how to run a football club that were unprecedented in Norway. It was the first club to introduce semi-professional football (in 1985); it was innovative in terms of acquiring new sources of revenue and establishing modern procedures for managing a football organization. For these reasons, Lillestrøm has generally speaking been the leading club in the greater capital region for the last 30 years. The average crowd at home games is 7–8,000.

Tromsø IL is the northernmost club in the Norwegian top league. It reached the top division for the first time in 1985, and had the first real taste of success the following year when the club won the Norwegian FA cup. The population in Tromsø is close to 62,000 and the average crowd at Tromsø's home games is 5–6,000. Tromsø is the regional centre of Northern Norway, hosting the only university in the province. In 2001, Tromsø was relegated from the top league, but it returned to the top division in the following season.

Until 2002 Aalesund was known as the largest Norwegian city that never had hosted a team in the top division. Towards the end of 2002 it became clear that this situation would come to an end. *Aalesund FK* was about to be promoted, as it was again in 2004 after relegation in 2003.

The story behind what appears to be a great local sporting success is very much a story about the relations between the club and the community. As late as 2000 Aalesund was playing at the third level (2nd division) in the hierarchy of Norwegian leagues. More than once, the club also had severe financial problems and as late as 1994 it was very close to bankruptcy. Until the second half of 2002 the club management was satisfied if 7–800 people passed through the gates for league matches. However, in April 2005 the club inaugurated its new 11,000-seat stadium. In the preseason more than 7,500 season tickets were sold, and the average crowd during the 2005 season was 10,600.

The transformation of organisational structure

In our analyses of organizational transformation within Norwegian football clubs we can observe what seems to be a process of increased formalization of rules and procedures and a stronger role specialization. The observed pattern of changes in the organizational structures are linked to the development of the governance structure of the clubs, how the club organizations set up systems for cost control and how they attempt to predefine roles. All these changes are concerned with developing coordination mechanisms within the organization and making rules, work methods and procedures more explicit.

Developing the governance structure

The fact that football clubs are exposed to external pressure indicates that clubs at different periods undergo phases of transition. This involves changing the organizational set-up and introducing new organizational structures. Of our sample clubs, Lillestrøm SK can be used as an example of an ongoing process aimed at establishing a new governance structure. Lillestrøm has been the overall leading club in the greater capital region of Norway over the last 30 years. However, during the last couple of years the club had been marked by stagnation. For three successive seasons the club had finished seventh in the top flight (2002, 2003, 2004). It had also run into huge economic difficulties. Revenues had not kept up with expenditure, and its affiliated PLC had accumulated a significant debt. In the autumn of 2003 a local businessman took over the PLC and became the sole proprietor. With background as a

player at the club and with a reputation as a successful businessman, his takeover was seen as friendly. Just as importantly, the club was in desperate need of fresh capital to keep up with the other top clubs. The new owner believes that the organization has for too long been living on the reputation of earlier successes. He wants to restructure the club by establishing a more efficient and transparent mode of organizing.

This local businessman, who now acts as chairman of the affiliated PLC, describes the governance of the club when he became involved: *“When I started to look into the figures for the club there were a lot of errors in the budget, related to both expenditure and income. There was no system for cost control, and it was difficult to find out which people in the organization were to be held responsible for attaining the budgeted figures”*. He immediately started to reorganize the club. Key issues in this reorganization have been the appointment of a new sports director and a new chief financial officer. The first one has a longstanding reputation as a player, both at Lillestrøm and abroad, and is a well-known figure in Norwegian football. He has a reputation for being outspoken, and at times controversial. The chief financial officer is a “non-football” person, but has deep knowledge of managing and reorganizing businesses. He is a business partner of the chairman. Their mission was to “leave no stone unturned” to find ways in which the club could improve. They started with the financial state of the club. A new accounting system has been introduced, responsibility for income and expenditure in the budget has been delegated to selected departments and individuals, and there has been a reshuffling in the staff. Some staff members have also left the organization.

After establishing a new financial management structure at the club, they have moved on to look into the general governance structure of the club. *“It is always important to get control over the financial part of the club. If that is in balance, then you can change focus to the rest of the organization”*, says the sports director. The new organizational structure is still in the making, but so far the management has tried to make the responsibility and task of every department (for instance Finance, Marketing, Sport, Arrangement, Youth) more explicit, and selected roles have been defined. They have also tried to implement a sort of “team organization”, with tight relationships between teams and the individuals that are involved. A club representative states, *“We try to introduce a ‘pressure to achieve’ in every part of the organization. It is not only our strikers that should be measured and evaluated every week. This also goes for the marketing consultant”*. Even if it is acknowledged that football can never

be just like any other sort of business, the new management wants to make the organization more “business-minded”.

Nevertheless, the current main focus is to strengthen “sport”, or the football part of the organization. All other activities are dependent on how the team is performing. So the new management is now working on setting up a better structure around the team. This is, for instance, related to physiotherapy and medical issues (prevention and treatment), players’ diet and different types of systems for testing physical skills and endurance to measure progress. They believe that clubs often lack a systematic approach when it comes to establishing facilities that can ensure a maximum utilization of players. This is somehow strange, since players is the single largest expenditure item within a football club.

Football clubs actually spend substantial funds on recruitment and salaries of new players. Successful trading on the transfer market is believed to be an essential factor for making progress on the field. Lillestrøm has attempted to become more systematic when it comes to procedures for recruiting players. At the start of the 2005 season the club decided how many and the type of new players it needed. It wanted at least two players who would immediately strengthen the team, and the predicted expenditure for these purchases was included in the budget. The sports director describes how the recruitment of new players has been organized: *“When searching for new players, there is a tight communication between the ‘sports committee’ of the club, the head coach and me as the sports director. I am the one that is actually dealing with the new players. But it is important for me not to be on my own when I make ‘big’ decisions. Before finalizing the deal I always have a close chat with the chairman (of the PLC) and other key members of the sporting committee. It is vital for the organization that we have an inclusive process before we make a big decision”*. This is especially important when the club is buying a high-profile player where the total package—transfer and salary—in most cases entails huge expenditure for the club. The way the club has set up this process illustrates the type of “team organization” that is now being implemented in the club. Through this structure people with different capacities are involved in decision making, thus reducing the risk of making the wrong decisions.

Since changes involve movement into the unknown, organizational transformation is often met by a certain resistance from people in the organization (Hatch 1997). This is also the case in Lillestrøm. Some people fear losing their positions in the new organization. However, the

general view is that a transformation was needed, and the forces working towards reorganization have so far been stronger than those opposing it. The club finances today also look healthier than a couple of years ago, the attendances at home matches are increasing (from 7,100 in 2004 to 7,800 in 2005) and the club has enjoyed some success on the pitch. It ended the 2005 season in 4th position and qualified for the Royal League. It was also runner up in the FA Cup. However, the strength of the new governance structure will not be fully tested until the club runs into difficulties both on and off the field.

Setting up systems for cost control

To a certain degree football clubs are risk seekers. High expectations both within and around the club often result in high-risk strategies for obtaining success. Ultimately, only a minority of participating clubs end up as winners. This means that a majority of clubs will be disappointed at the end of the season. There are numerous examples of clubs having invested beyond their capacity. Spending on new players and salaries has accelerated, and these investments have been made in the fragile hope that success will bring a comprehensive increase in revenue. However, most clubs have ended up in debt. A well-known example from England is Leeds United, which opted to “live the dream” after an unexpected success in 2001 when the club reached the semi-finals of the Champions League. It invested heavily in new players, but the dream turned into a nightmare when lack of success on the field followed and the club failed to qualify for the Champions League for two consecutive seasons. The anticipated economic upturn never appeared. The club almost went bankrupt, had to sell all of its best players, and was relegated from the Premier League at the end of the 2003–2004 season.

Histories of a similar kind can be found in Norway, even if the amounts of money invested in clubs are of a different scale. In the last decade, a large number of Norwegian football clubs have run into economic difficulties, mainly because of investments beyond their capacity. Financial trouble has been followed by saviour operations, which often lead to new organizational set-ups, and eventually to new solvency problems (Gammelsæter and Ohr 2002). A representative for a top club expressed the problem in this way: “*The determination of clubs to succeed is much greater than their ability to be sensible in economic terms*”.

One of our surveyed clubs, SK Brann, has a history of economic difficulties. Annual deficits during the period 1998–2002 resulted in an accumulated loss of NOK 80 million. During this period the club was organized according to the Norwegian dual model, i.e. a contractual connection between the club and a PLC responsible for the running of the club. In the pre-season of 2003 the club withdrew from the agreement with its own indebted PLC, which resulted in the liquidation of the latter. The responsibility for running the club reverted to the club organization. Thanks to the Norwegian model that prohibits the PLC from being licensed to play in the league, Brann was not relegated as a result of the liquidation. Even though the cooperation between the club and the PLC had not been a success, it resulted in organizational learning within Brann.

In general, many top Norwegian clubs seemed to lack appropriate systems for budgeting and cost control. A key figure in the administration of Brann says the following: *“When I arrived at the club in 1999, there was no system for cost control. But the PLC got hold of a controller, and he introduced new models for cost control and economic planning. Even if the period of the PLC was characterized by huge economic difficulties, there was some learning for the organization. Particularly during the last couple of years they (the PLC) put a strong emphasis on budgeting, solvency and cost control”*. Partly as a consequence of success on the field, generating a rise in income, a restructuring of debts and new investors providing money for new players, the finances of Brann seem to be reasonably healthy at the time of writing.

A representative for the club says that it now has a well-adapted system for cost control. Each department within the club has its own budget, and a selected person is responsible for his department not exceeding its budget. Combined with systems for income control, it is now easier for the club to monitor its economic status and to predict the annual economic result. Thus, the financial room-for-manoevre can be estimated. A representative for the club says: *“We have learned to be level-headed when budgeting, and some of our business partners have even criticized us for not being expansive”*.

However, there are specific difficulties related to budgeting in a football club. One club representative states that: *“Something will always happen during the season that you did not foresee”*. Injury and loss of form for key players can result in a downward spiral for the team, and when, for instance, relegation is looming it is time for action in most clubs. The recruitment of new players and, in some cases, the firing of the head coach and hiring of a

new one are short-term solutions. Even successful clubs often decide to strengthen their team during the season to keep up with their competitors. In the Norwegian top division in the period 2000–2004 about one-third of all of the newcomers, i.e. players that were playing their first season for a club, were recruited during the season (www.vg.no). Of course, this policy has financial consequences. A downturn on the field can also affect the revenue of the club, for instance by causing a decrease in gate revenues and reducing the club's visibility on national television.

Predefining roles and positions

Another issue related to organizational structures is specialization and the definition of tasks and role expectations. Different positions have to be filled to run a football club. With the commercialization of Norwegian football, new executive positions have been introduced, resulting in increasing specialization within football clubs. One example is the 'General Manager' or 'Chief Executive' positions. Managers in this position have the overall responsibility for the daily running of the club. Several of the clubs have also introduced the position of 'sports director' with the responsibility for the sporting part of the club. In their hierarchical structure most clubs have defined this position at the level beneath the chief executive. Another executive position introduced during the last decade is that of marketing director, with responsibility for the marketing division and sponsorship arrangements.

An organizational role is a set of tasks and expected behaviour connected to a specific job. In theory, such work roles should be impersonal and apply to anyone who occupies a given position. In practice the picture is less clear. In football clubs, as in other small organizations, there has traditionally been a lack of predefined tasks and expected behaviour. The expectations towards officers in executive positions have been either vague or incoherent. This has resulted in a situation where the individuals in these positions have more or less constructed their own position within the organization. The most successful ones have also expanded their original position and become dominant leaders providing strong personal leadership. In the last two years there has been high turnover within these executive positions, and some of the leaders have found it difficult to fit in with the organization. When an administrative leader has left the club, the organization has more or less started anew when it came to defining the task and responsibilities of the position. Many of the clubs have also

changed their management structure several times. The consequence of this individualization and personalization of roles has been fluctuations in the organizational practice of football clubs.

All work roles are to a certain degree shaped by the competence and personality of individuals performing these roles. Still, there is a need for a more explicit definition of roles to make the practices of the organization more consistent and less dependent on single individuals. One of our selected clubs, SK Brann, introduced the position of 'Director of Sport' in 1999. The first director occupied the position until 2002 when the present director stepped into the position. A representative for the club told us about the tasks of this position: "*He is working in a tight relationship with the coaching staff. He is responsible for transfer of players, in cooperation with the head coach, and scouting activity both nationally and internationally. But he never interferes with team selection, which is the responsibility of the head coach. However, they do discuss the performance of players, tactical issues and how the team has been playing in a 'sporting meeting' the first working day after a game*". The Director of Sport is also known for being competent when it comes to communication, networking and building trust in external partners. The current Director of Sport has also been given the responsibility of working with investors, and he has been successful in getting local business people to invest in new players that the club has expressed an interest in. The example illustrates that the personality and competence of the person occupying the position is a decisive factor when the task of a position is defined.

Another of our sample clubs, Lillestrøm, appointed a new Director of Sport in the summer of 2004. Says a club representative: "*We did not want to be too specific about his tasks. It was the first time that we had recruited a Director of Sport in our organization. His tasks and responsibilities are something that we have discussed during the process since the appointment*". The role has been developed during the time since the appointment. The Director of Sport has experience as a player in several leagues (Austria, England and Germany). At one point the club discussed whether he should be more closely connected to the head coach and team matters, but decided against this. Nevertheless, he acts as a discussion partner for the head coach and has the responsibility for scouting and the recruitment of players. In addition, the club has also decided to entrust him with strategy matters, and with marketing and sponsorship arrangements. The club sees him as a good salesman and an important ambassador for the club. Similar to the case of Brann, the

competence and personality of the individual in the position are important when tasks are defined.

The third of our sampled clubs, Aalesund, used to have a sport director, but the club did not replace the one who left a couple of years ago, partly for economic reasons. During the last couple of seasons the head coach has also acted as the head of sport matters. This lack of specialization introduces an interesting point with respect to long-term vs. short-term planning. A general assumption is that the head of sports has the ability and the responsibility to focus on the long-term development of the club, while a trainer/coach focuses mainly on the next match. In addition, the combination of these two roles may lead to conflicts and seems to be very time consuming. It can, for instance, be difficult to both negotiate players' contracts and to coach the same players, especially if contract details are in dispute. The head coach left the club at the end of the 2005 season. The club directors have signalled that the sport director position will be re-established when the club employs a new head coach.

In general, the clubs we study emphasize the importance of formalized roles. Their representatives want to predefine important tasks, and are in favour of defining methods of work and the ways in which different tasks should be solved. This will make it easier for them to replace staff who leave. When club representatives are explicit about the tasks and expectations for a position it is also easier to find a replacement that will fit in with the existing structure. However, a position can never be 100% defined. As one club representative told us: *"We try to get more than one person involved in different tasks. That makes our working methods less dependent on certain individuals"*. He said that the club was, for instance, trying to introduce other people within the organization into the comprehensive network of the sports director. Otherwise, the network will disappear when the sports director eventually leaves his position.

Among the clubs there seems to be a move towards a stronger emphasis on defining the task and roles of both well known and new positions in the organisations. Clubs are also aware of the importance of transferring individual knowledge to the organizational level. Time is a vital factor in building these organizational structures. So far, short terms of employment for individuals in executive positions have made it difficult to develop these structures. A certain degree of stability is needed to develop and define tasks and roles of key positions. More than other organizations, football clubs are exposed to strong external pressures, such as investors'

expectations, media criticism and supporters' engagement. In periods with poor results on the field it is difficult for the organization to find time to build their organizational structure. Instead, it has to deal constantly with different ad hoc events, such as pressure for new players or a new coach.

It is, however, probably wrong to define the tasks and roles of positions too rigorously. In Norway at least, football clubs are still small businesses. As we have illustrated above, individuals have specific skills and strengths. Even if a new staff member has to fit into a predefined position, there is also a need for some flexibility when it comes to types of tasks and work methods. Otherwise, the organization would not be able to exploit the specific competences of individuals. Thus, the organization must balance the need for developing an organizational structure with a certain degree of *role flexibility*.

Defining organizational values

The development of a common organizational culture or values provides direction for organizational practice and reduces subjective uncertainty about behaviour within an organization (Hogg and Terry 2000). It is especially suitable for situations characterized by a high level of complexity and uncertainty. It moves the locus of coordination from the outside of the organizational member, i.e. written rules and procedures, to the inside, i.e. a consensual belief about how to behave (Kärreman and Alvesson 2004). Thus, organizations that are explicit about their values signal how they expect their members to behave.

In our selected football clubs there are recent or ongoing strategy processes that involve the definition of organizational values. Brann and Tromsø have carried out long and inclusive strategy processes, of discussing, disseminating and finally deciding on ideas and values. Both clubs have now defined selected key values that are intended to permeate the respective clubs in the future. This strategy process also involves the development of an explicit club image. In Lillestrøm the process of defining the strategy for the club is in its initial phase, while Aalesund also has emphasized strategy formulation and image building, but in a less formalized way. To illustrate the process of strategy formulation within football clubs, we take a closer look at Tromsø.

In 2001 Tromsø was relegated from the top league, but although it returned the next season, an understanding had emerged among its representatives that the club needed to strengthen its organization to retain that position. The club wanted to develop an efficient and professional organization, to attract more capital and knowledge, and to increase the supply of young talent. This spurred the development of a comprehensive strategy process, kicked off in 2002. Through a long and inclusive process in which the board, administration, players, coaching staff, sponsors and partners, volunteers and representatives of the local and regional authorities worked out the three key values that were intended to permeate the club in the future: “pride”, “team spirit” and “fair play”. Club representatives now claim that the process and the subsequent action plan are deeply rooted in the club.

This strategy process implies that the club seeks to develop a more coherent image of itself. One would expect that a club that is explicit about its values and image will be more predictable than an organization that has not undergone this process, and in which the decisions are more ad hoc and related to the individuals involved. Ideally, this strategy process would provide some indications of the club’s direction and how it will handle different challenges. It can also make the organization more resilient toward external pressure and less dependent on influential individuals. In Tromsø the club tries to use its defined key values in its organizational practice. For instance, in the most recent process of nominating new members to the board of the club, it was looking for people that “fit” the values of the club. Members of the organization claim that this will also be the case when they seek applicants for other roles, such as a new head coach. All new members of the organization should be recruited according to the values of the organization, and this also applies to the head coach.

A key member of the organization says that she hopes that a more coherent image will increase the organization’s capacity to handle difficult situations: “*So far it seems that we have to start from scratch every time something dramatic occurs, such as a change of head coach*”. Thus, it is important to develop an organizational structure that is robust enough to survive the arrival of a new head coach or a new director of sport. Organizations that more or less constantly change their values and strategies will probably be looked upon by external interest groups as less trustworthy than those with reliable continuity in their practices.

Concluding discussion

The empirical analysis in this paper has focused upon the construction and reconstruction of organizational structures in top Norwegian football clubs, emphasizing coordination mechanisms and procedures. We have discussed the development of the governance structures of the clubs, how they are setting up systems for cost control, how they are trying to predefine the tasks and roles of positions and their efforts to define organizational values. *What seems to be a common feature of these processes is a trend toward increased formalization.* Formalization involves clarification of the coordination system of the organization and more explicit principles and procedures for organizational practice. This is related to the development of a governance structure and systems for cost control, and it is also relevant according to the definition of roles. Defining roles and position entails rules and procedures being made explicit. Further, formalization is also a factor when defining organizational values and using them as a coordination mechanism. Our selected clubs have defined, or are about to define, selected (and written) key values that are meant to permeate the practices of the organization. Making the values more explicit for the members of the organization and external stakeholders, implies a certain degree of formalisation.

Figure 1 summarizes the measures adopted by our selected clubs to formalize coordination principles and procedures. However, our clubs employ different measures, and there is variance in terms of which people and positions play the key roles in organizational development.

	<i>SK Brann</i>	<i>Lillestrøm</i>	<i>Tromsø</i>	<i>Aalesund FK</i>
Measures to formalize coordination principles and procedures	-Defined values -System for cost control -Predefined roles	-Governance structure -System for cost control -Predefined roles	-Defined values -Predefined roles	-Image building -Sports academy
Power structure	-Balanced	-Concentrated	-Balanced	-Balanced
Organizational architect	-General manager -Sports director	-Business entrepreneur -Sports director	-Head coach -Board members	-Team of individuals

Figure 1. Characteristics of selected clubs

Institutional theory emphasizes internal processes within a system or field when explaining organizational development. As organizations grow and age they need to develop an appropriate organizational form to convince other actors within the institutional field of their worth (DiMaggio and Powell 1983, Scott 1995). The essence of the formalization of the organization is then the desire to assure stakeholders of its legitimacy. The organization must adapt and evolve in ways that convey appropriate messages to actors within the field (Baron et al. 1999). Thus, the success of the organization presupposes the existence of a confidence-inspiring and formalized organizational structure.

Our analysis of selected clubs confirms the importance of a pressure towards conformity. The dependency of clubs on resources from outside the organization, especially those provided by investors, implies that the clubs have to be aware of their reputation and develop an image of trustworthiness. An important part of this process seems to be the formalization of rules and procedures that make the organization more predictable. In Norway there are quite a few examples of investors, with their hearts in particular clubs, who have lost money on their investments; but it is not appropriate for the club to wait for a (new) rich uncle to appear. Those investors we have spoken too tell us that the club cannot interpret their financial support as a gift. Even if the benefactors are supporters of the club, they expect some return on their invested capital, if not necessarily a large profit. However, they want the club to use the money in a sensible way.

Trust and image are also important for relationships with sponsors, who expect a positive result from their sponsorship arrangements. This is mainly related to visibility in the media and to supporters, but companies also use sponsorship arrangements for internal teambuilding. If the club as a collective fails to perform, stakeholders may become sceptical about the value of future cooperation. In addition, there is an increased competition on the sponsor market, both from other sports and from cultural organizations and events. Thus, it is important that the football club has an image as a “professional” and trustworthy business partner.

However, formalization and a pressure towards conformity does not necessary mean that football clubs are becoming a homogeneous group. Traditionally the process of formalization has been related to the development of uniform or similar rules and procedures across branches or a collection of organizations within a field. This is related to the concept of isomorphism (DiMaggio and Powell 1983). Isomorphism implies that organizations that

operate within the same organizational field will over time become more or less similar. This is due to both the spreading of successful organizational principles, and a normative pressure toward imitating an established “ideal model” for organizing. There is of course a diffusion of methods and principles among football clubs, and in our empirical discussion we have also pointed to processes within selected clubs with a certain degree of similarity. However, the uniqueness of each club, which is related to the organic character of an organization, restricts the process of isomorphism. Clubs use their specific capabilities when they develop new organizational forms. Each club has a distinct history, a certain competence and a unique mix of individuals, relations and linkages. Thus, the agency of clubs implies that the heterogeneity of organizational forms is still an obvious characteristic within the institutional field of football.

Clubs we have spoken to point to the historical legacy as important when they are building an organization for the future. However, clubs can use their history in different ways. Lillestrøm told us that they wanted to mix their “winning culture”, developed during their heyday in the late 70s and the 80s, with modern principles for organizing football clubs. Brann, on the other hand, desires to make a break with the past. The club’s legacy of numerous personal conflicts has left the impression of a club with a tarnished reputation of not being able to realize its potential. Thus, the club wants to develop an organization less dependent on the egos of individuals. This implies an organization that acts like one unit with a coherent strategy. To this end, increased formalization of rules and procedures may play a central role.

It should be underlined that the recent structural transformation of football clubs is an ongoing process. Even if there seems to be a clear indication of a process towards increased formalization, the resilience of new organizational set-ups will not be tested until the organizations run into problems on and off the field.

In this paper we have indicated potential advantages associated with formalization of rules and procedures, such as making the organization more predictable, making it less dependent on key actors, establishing more efficient methods for selected tasks and, as a consequence of the latter, making it more cost-efficient. Still, formalization also has drawbacks. For starters, it *can* make the organization less adaptive. When there is a strong dependency upon established procedures and routines, new situations may be more difficult to cope with. This is the classic challenge for all organizations, since an organization per se includes structure and more or

less formalized rules and procedures. However, the capability to deal with the unknown is especially important for football clubs operating in an environment characterized by a high degree of complexity and frequent changes. Further, a uniform organization, where the individuals advocate similar values and follow the same way of thinking, can potentially be less innovative than a heterogeneous one (Slack 1997). There is also a potential danger that the organization may develop an attitude whereby following standardized rules and procedures becomes more important than the goals these were originally designed to achieve. Finally, there may be a basic contradiction between formalization and the value of autonomy, which is strong among professional and highly competent personnel: i.e. the type of individuals that occupy key positions within a top club. Strong individuals are vital for the dynamics of the organization. To handle them in a proper way is a major challenge for top clubs. Key personnel must be allowed to make their mark, but they also have to act within the existing structure.

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