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# Controlling the journey from amateur to pro - Institutional work in sport organizations

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**Abstract**

In light of the professionalization of elite sports, the field has become divided into two parts, the amateur and the professional level, with differing conditions and logics that affect the design and use of management control systems (MCS). Taking a holistic view on how MCS develop in sport organizations that move from amateur to professional, we add to previous research on management control and sports that mainly has explored narrow topics of control. This multiple case study examines three Swedish football clubs that made the journey to tier 1 in a similar time-period, although in separate ways, as the clubs engaged in different types of institutional work: maintaining, creating and disrupting. We make three main contributions: First, regardless of MCS professionalization, *soft controls* are the dominant form of control when moving from amateur to professional, in which culture, values and beliefs are used as the main controls. Second, despite the isomorphism in sports, strong institutional actors are able to challenge norms and practices, as the three clubs, through the design of their MCS, engaged in different institutional work. Third, we argue that the absence of a distinct institutional actor should be understood as the main reason for conformity among sport organizations, rather than solely strong institutional pressures.

**Keywords**: Management Control, Sports, Professionalization, Institutional Work, Isomorphism

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**RIKARD EDVARDSSON & MICHAEL KESTAD**
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# 1 Introduction

> You train in the same way, you are the same, in the whole world. That is football today, it is, and that is why the number's game applies, the 93% correlation between turnover and league position when you measure the top two tiers in all European leagues over 10 years. And the number's game applies because everyone does the same and the power structure is the way it is, which retains the uniformity and the conventional way of working. I do not believe in it. (Chairman, Culture F.C.)

Professional sport organizations differ from traditional businesses as their main objective is to achieve sport success by winning matches and finishing as high as possible in the league table, rather than maximizing profits (Hamil & Walters, 2010). The *"number's game"* described in the quote refers to the empirically established correlation between player salaries and sport performance, where the team that spends the most money on attracting the best players tend to win on the pitch in the long run (Deloitte, 2015). To achieve sport success, professional sport organizations thus spend much energy on generating revenues by selling their "product" and attracting supporters and sponsors. The world of sports has in turn experienced a vast commercialization. Between 1993 and 2007, the cumulative revenue for teams in Premier League, the first tier of English football, increased by 800% (Hamil & Walters, 2010).

In this new environment, sport organizations are forced to adapt and professionalize in order to compete, defined as "*the process by which sport organizations, systems, and the occupation of sport, transforms from a volunteer driven to an increasingly business-like phenomenon*" (Dowling et al., 2014). Summing up the literature, Dowling et al. (2014) conclude that "*much is now known about the professionalization of sport*". Professionalization can be organizational as new people are brought into the organizations, systemic field-level change driven by external factors, or occupational as internal processes transform occupations into professions.

Another important aspect of professionalization is the establishment of management control systems (MCS), defined broadly by Merchant and Van der Stede (2003) as "*all devices or systems managers use to ensure that the behavior and decisions of their employees are consistent with the organization's objectives and strategies*". More professional sport organizations are found higher up in the league system, and these organizations have established a larger variety of control systems that are more formal and forward-looking compared to organizations at lower levels (Ahlenius & Nyman, 2015).

Prior research has mostly taken a narrow view on management control in sports, exploring sports and accounting through topics such as player performance (Schmidt & Torgler, 2007), valuation of athletes (Kedar-Levy & Bar-Eli, 2008), insolvency practices (Cooper & Joyce, 2013), player contracts (Amir & Livne, 2005), hostile takeovers (Cooper & Johnston, 2012), as well as legitimizing through annual reports (Fortune & Irvine, 2016). However, a more holistic view on MCS in sport organizations has received far less attention. Two examples are the studies by Carlsson-Wall et al. (2017) examining pulsating event organizations that organize one sporting event per year, and Byers et al. (2007) who discussed control in voluntary sport organizations. Considering what forms of control that guide sport organizations, social control and self-control have been found to be important for voluntary organizations (Byers et al., 2007), while little is known about the development of control over time and across different stages. For a discussion on the development of MCS we are instead directed to research on the traditional company lifecycle (Moores & Yuen, 2001) or early-stage companies (Davila & Foster, 2007).

The field of sports consists of both the professional clubs in top leagues and more traditional voluntary-based organizations in the lower leagues, relying on idealistic forces to survive (Byers et al., 2007). At the same time, sports are often characterized by an open league system in which teams are promoted or relegated based on last year's sport performance (Ross & Szymanski, 2007). Promotion lead to increased requirements on financial, infrastructural and organizational capabilities, while relegation in turn might imply a potential downscaling of the organization (Peeters & Szymanski, 2014). Thus, sport organizations face a different, less gradual lifecycle and can move from an environment of voluntarism to professionalism within a short period of time (Byers et al., 2007).

The role of the MCS is to ensure that the organization acts in a manner consistent with strategies and objectives (Merchant & Van der Stede, 2003). However, the initial quote indicates that most professional football organizations tend to behave similarly, an isomorphism shown in several previous studies on sport organizations (O'Brien & Slack, 2004; Skille, 2011). In the traditional context of sports, organizations are subject to strong institutional pressures (DiMaggio & Powell, 2000) that can make it more difficult for individual clubs to adopt new practices that are not yet considered legitimate by the institutional field (Patterson & Washington, 2011). As sport clubs enter the professional setting, the MCS is likely affected by pressures to conform.

This study examines the MCS in three Swedish football clubs: Tradition F.C., Family F.C., and Culture F.C. Between 2012 and 2016, all teams progressed from the volunteer-based environment in the third tier of Swedish football to a professional setting in the first tier,

*Allsvenskan*. The difference between the tiers is evident as the clubs in the third tier have few full-time employees and rely on voluntarism to survive, since few corporate sponsors are interested in supporting clubs that attract little interest from media and supporters. In 2016, the average turnover per club in the third tier was SEK 8.6 million with an average attendance of 379 people per game (SvFF, 2016a; Svensk fotboll, 2016a-b). The first tier, on the other hand, had an average turnover per team of SEK 100 million and the average game was visited by 9,127 people, making it the most popular sport event in Sweden (SvFF, 2016b; Svensk fotboll, 2016c). The interest also results in significant media attention where every game receives high coverage.

As most prior research on management control in sports has covered narrow topics, this study aims to provide a holistic view on management control in sport organizations and the development of MCS in the transition from amateur to professional. Given the isomorphism of professional sports in which clubs act and behave similarly, we will also examine the reasons behind the design and development of the MCS. This study therefore attempts to answer the following research question: *How do sport organizations develop their management control systems to steer behavior and decisions, as they move from the amateur environment to the professional setting?* As the three clubs acted and behaved differently, and in turn received dissimilar responses from the institutional field, we will analyze the development of the MCS using the theory of institutional work, defined as purposive actions taken by individuals or organizations to influence the overall institution (Lawrence & Suddaby, 2006).

Through our study, we contribute to the fairly nascent research field of management control in sport organizations. Previous research has shown that clubs higher up the league system come to establish more formal and professionalized MCS (Ahlenius & Nyman, 2015). However, we find that the dominant form of control in all clubs, across both stages and regardless of professionalization of the MCS, is a similar type of *soft control* (Merchant & Van der Stede, 2003) in which behavior and decisions are guided by ideals and norms. Furthermore, using the theory of institutional work, we argue that the main differences between the MCS are explained through the tension between institutional pressures and institutional actors. While strong institutional actors in Family F.C. and Culture F.C. enabled them to challenge institutional ideals and norms, the lack of a distinct institutional actor in Tradition F.C. resulted in a type of personnel control that lead the club to maintain institutional norms. Thereby, we also contribute to the discussion on isomorphism in sport organizations as the passivity of institutional actors, rather than strong institutional pressures, explain why the organization come to conform to the institutional norms and behavior.

# 2 Theoretical development

## 2.1 Sport organizations and management control

The field of sports has tended to be overlooked in accounting research (Jeacle, 2012), but the ongoing professionalization and commercialization has started to attract more academic interest. As shown in the introduction, previous research on management control in sport organizations has mainly covered narrows topics of control rather than taking a holistic approach.

### 2.1.1 Dynamics of sport organizations

A starting point for discussing management control in sports is to map out the special dynamics of sport organizations. A clear distinction between sports and traditional business is the view on profits, where sport clubs are "utility maximizing", when they use profits as a mean to achieve the key objective of sport success, rather than a goal in itself (Stewart & Smith, 1999; Hassan & Hamil, 2010). However, the distinction has blurred with commercialization, as organizations become more business-like and revenues are highlighted as increasingly necessary for sport success (Dowling et. al., 2014; Stewart & Smith, 2010). Other characteristics of sports are the unpredictability in results that ensures an attractive product, the fixed number of games, and the loyalty of fans as teams can perform poorly without losing customers (Stewart & Smith, 2010).

Sport organizations respond to a larger body of stakeholder than most other industries (Hoye et al., 2006) and are considered to be hybrid organizations, since they are guided by more than one institutional logic (Battilana & Dorado, 2010). Carlsson-Wall et al. (2016) discuss a *sports logic* of winning matches and a *business logic* of financial performance, and Fahlén and Stenling (2016) describe three main logics for the Swedish setting, *the sport-for-all logic* of fostering democratic and moral values, *the result-oriented logic* of competitive sport and *the commercialization logic* resembling private enterprises. The logics can differ between countries, as reflected in the well-researched area of governance structures in sports (Gammelsater & Senaux, 2011; Hassan & Hamil, 2010).

Different countries apply one of the two main models of ownership in professional sports: the membership model, in which the majority of the votes must remain with the members, or the private model, where private individuals are allowed to own and manage clubs (Gammelsater & Senaux, 2011). Both models contain dysfunctional incentives preventing sustainable financial performance (Dietl & Franck, 2007). The membership model risks a "governance vacuum" since members, usually fans supporting the club, are rarely organized in any meaningful way, leaving the organization without anyone personally liable for the results (Dietl & Franck, 2007). As

managers are judged upon the sport performance, they are instead incentivized to overspend in the hopes of sport success, rather than maintaining a financial surplus (Dietl & Franck, 2007). For the privately-owned clubs, overspending tend instead to be supported by benevolent individual owners willing to swallow financial losses to own "trophy assets", either because they are supporters or have other interests including business, social gains and indulgence of their passion (Hamil & Walters, 2010; Janin 2017). Clubs trigger each other to overinvest to not fall behind the competition, creating a type of "prisoner's dilemma" scenario (Dietl et al., 2012).

### 2.1.2 Isomorphism in sports

Sports are also characterized by a strong sense of isomorphism, described by Patterson and Washington (2011) as "*the basic idea behind isomorphism is that organizations look to the environment for clues to understand appropriate courses of actions*". Skille (2011) describes this tendency in the study of the introduction of a player development model in a Norwegian football club. The club copied other regional clubs and implemented a model without analyzing the fit with its own context, afraid that competing clubs would implement similar models successfully, resulting in what Skille describe as "*the blind leading the blind*". The same tendency was found by a study on innovation in Swedish elite football clubs by Forslund (2017), who argued that the clubs offered few examples of innovation and that the innovative cases were largely driven by "creative imitation".

Slack and Hinings (1994) showed that the degree of isomorphism differs depending on the type of institutional pressure. They analyzed 36 Canadian national sport organizations and noted conformity in structures and systems as well as resistance to change in areas where core values were more important, such as the tradition of volunteer involvement and membership democracy in decision-making. Isomorphism is also evident as clubs move from a voluntarism to a professional setting, described through O'Brien and Slack's (2004) article on English rugby. As some clubs came to professionalize first, others tried to catch up by imitating the professional teams. At first, they "blindly" imitated without communicating, but after a few years they started developing a collective vision in which *"isomorphic processes resulted in shared expectations of appropriate behavior, and became institutionalized throughout the field"*.

### 2.1.3 Management control in sport organizations

Sport organizations tend to be centralized with traditional structures that focus strategy and decision-making to the board level (Hoye et al., 2006). The small organizations also result in low formalization of processes and low levels of work specialization (Hoye et al., 2006). Whereas traditional companies often decentralize as the organization grows (Moores & Yuen, 2001), research has shown that boards in sport clubs are reluctant to give up control even as they grow

(Amis & Slack, 1996). This results in an important role for the board and chairman, although the board tends to be voluntary while the operational management are carried out by paid staff (Ferkins & Shilbury, 2015; Hoye et al., 2006). Sport organizations can function with a few overhead staff and grow in terms of revenues without a subsequent growth in number of employees, which further enables the centralized control (Hoye et al., 2006).

Facilitating control for the voluntary board of directors, the budget process plays an important role (Carlsson-Wall et al., 2016). As costs often are fixed and known at the beginning of the year while revenue streams tend to be more uncertain, the budget come to set the organizational agenda and targets, while continuous follow-ups on budget deviations ensure control. A study by Carlsson-Wall et al. (2016) showed how a professional Swedish football club in response to its institutional logics divide the organization into a sport unit and a business unit, a departmentalization underlined by different budget allocations, clothing styles and physical separation (Carlsson-Wall et al., 2016). A similar result was also found in a case study on another professional Swedish football club by Ekholm and Stengård (2014). The club had both sport and business-related performance metrics, while constant managerial discussion enabled organizational decision-making whenever the logics where in conflict (Carlsson-Wall et al., 2016).

Few researchers have taken a holistic view on management control in sport organizations. Carlsson-Wall et al. (2017) described the MCS in sport event organizations, highlighting the importance of detailed action planning for pulsating organizations that set up and manage sport events in a short period of time. In less professionalized environments, Byers et al. (2007) found that social control and self-control were the main mechanisms of control that guided organizational behavior in three voluntary English sport clubs.

A survey of professional Swedish sport clubs showed a higher adoption of management control systems for larger and more professional organizations higher up in the league system (Ahlenius & Nyman, 2015). The survey presented three levels of MCS professionalization. The first level built control around sport performance and sales management, comparable to the "basic MCS" presented by Sandino (2007). The second group had implemented a bit more advanced control systems, with an established budget and higher levels of planning and evaluation systems, similar to the control system of start-up companies presented by Davila and Foster (2005; 2007). The final group had high levels of MCS professionalization, to a large degree adopting forward-looking systems, fan strategies and plans. The results are in line with the general argument for more traditional businesses that control systems get more formalized as the organization grow (Davila & Foster, 2007).

## 2.2 Institutional work

Given that sport organizations are embedded in a strong institutional field characterized by isomorphism shaping organizational behavior, we will analyze the development of the control system in relation to the institution and the theory of institutional work.

### 2.2.1 Definition of an institution

While the definition of an institution can differ, neo-institutionalism refers to it as "*rules, norms, and beliefs that describe the reality for the organization, explaining what is and is not, what can be acted upon and what cannot*" (Garud et al., 2007). Thus, organizational practices and structures are often reflections or responses to these rules, norms and beliefs (Powell, 2007). All organizations are embedded in an environment of institutions to various degrees, and if organizations conform with institutions, they receive support, increased legitimacy, reduced uncertainty and minimized transaction costs (Garud et al., 2007). Non-conformity on the other hand results in some type of costs (DiMaggio & Powell, 2000). According to DiMaggio and Powell (2000), there are three types of institutional pressures that affect organizations: (1) coercive pressures such as regulation and control; (2) normative pressures such as influence of professions and education; and (3) mimetic pressures such as habitual, taken-for granted responses to uncertainties. This creates an institutional order where actors are embedded in legally sanctioned, morally authorized and culturally supported environments (Powell, 2007).

### 2.2.2 Institutional work

Sprung from neo-institutionalism (Powell, 2007), institutional work is a theory that adds to our understanding of institutions by analyzing purposive actions of individuals and organizations for influencing institutions (Lawrence & Suddaby, 2006). Institutional work focuses on intelligent, creative and situated action, where actors both succeed and fail to achieve their desired ends. Thus, actors are not viewed as independent and autonomous strategists, since their work depends on unpredictable institutional settings of social, cultural and material structures (Lawrence et al., 2011). This also create a paradox of embedded agency, since actors are embedded in institutional fields and their actions are thus affected by the coercive, normative and mimetic pressures of the institution itself (Garud & Karnoe, 2003; Battilana, 2006). Lawrence and Suddaby (2006) discuss three types of institutional work: (1) maintaining; (2) disrupting; and (3) creating institutions.

#### *2.2.2.1 Maintaining institutional work*

Maintaining institutions is the ongoing work by actors to uphold institutions, which is necessary since very few institutions are powerful enough to be completely self-reproducing (Lawrence & Suddaby, 2006). One example is elections, where voting campaigns and door-knocking are purposive actions to maintain democracy, by ensuring a high voter turn-out. In general, maintaining institutional work could be enforcing rules to uphold and support the institution, providing examples to illustrate the institution's normative foundation, preserving the normative foundation by creating and sustaining myths, and infusing the institution's foundation in the actor's routines (Lawrence & Suddaby, 2006).

#### *2.2.2.2 Disruptive institutional work*

Disrupting institutions is done by actors who are not served by the existing institutional arrangement and attack or undermine the mechanisms that constrain them (Lawrence & Suddaby, 2006). Examples of disruptive institutional work include working to disconnecting rewards and sanctions from practices, disassociating the practice from its moral foundation, and undermining the assumptions and beliefs of the institution (Lawrence & Suddaby, 2006).

#### *2.2.2.3 Creating institutional work*

Creating institutional work has received the most attention in academic research, and involves actors engaged in creating new institutions (Lawrence & Suddaby, 2006). Creating is closely related to institutional entrepreneurship, where actors break existing rules, practices or logics and institutionalize the alternatives they are advocating (Garud et al., 2007). One example is the study by Gilmore and Sillince (2013), where an English football club created a unique sport science division, that received wide attention by the institutional field and became institutionalized, as other clubs started to implement similar divisions. Creating institutional work include work focused on changing rules, mobilizing and advocating for a new institution, as well as defining a rule system with boundaries of membership and hierarchies. It also includes work in changing norms and belief system, constructing identities and changing associations between practices and its moral and cultural foundation (Lawrence & Suddaby, 2006).

According to Lawrence and Zietsma (2010), disrupting and creating institutional work must receive some type of response from the institution; otherwise it would not be possible to break down practices or legitimize new practices. While the strong isomorphism makes creating and disrupting institutional work unusual in sport organizations (Patterson & Washington, 2011), sports do not represent a passive structure but a dynamic environment under pressure from within. This is for example shown through Janin's (2017) study on the role of management

accountants in French football, as the accountants came to challenge the rules and practices of the regulatory body. The management accountants extended the business partner role to play an active role externally to challenge the institutional domination.

## 2.3 Theoretical framework

### 2.3.1 Management control in sport organizations

Prior research on management control systems (MCS) in sport organizations have focused on narrow aspects. While Ahlenius and Nyman (2015) show increased adoption of formal MCS higher up the league system, it does not indicate the strength of different aspects or what mechanisms that dominate the control system. This study takes a holistic approach to design and use of the control system, and we aim to describe what form of control the clubs use to steer behavior and decisions and how it develops as the organization go from amateur to professional.

Sport organizations often consist of voluntary boards, few staff and low work specialization, why more informal control mechanisms are likely to play an important part of the control system (Byers et al., 2006). Discussing management control in this broad sense, Merchant and Van der Stede's (2003) object-of-control framework allows for a wide spectrum when analyzing management control, while still focusing on control mechanisms initiated by management. The framework describes four categories of control: (1) *result control*, (2) *action control*, (3) *personnel control* and (4) *cultural control*. Result controls imply rewarding and punishing employees based on results, focusing on outcomes while empowering people to take actions they deem necessary to reach the results. Action controls is considered the most direct form of management control, trying to ensure that employees act in a certain way by for example setting up behavioral constraints or scrutinize action plans. Personnel controls build on peoples' own natural tendency for control, setting up structures that increase the likelihood for self-monitoring, as selection and placement, training and provision of resources. Finally, cultural controls are establishing shared norms, values and beliefs, through codes of conduct, group-based rewards or tone at the top, to encourage mutual monitoring in which the group make sure that its member act in accordance with its norms and values.

### 2.3.2 The framework

Sport organizations are embedded in a complex institutional field with numerous stakeholders and strong institutional pressures (Patterson & Washington, 2011). Given the isomorphism of professional sport organizations, institutional pressures are likely to influence the design and use of the management control system (MCS) as organizations move into the professional setting. In

addition, the institutional actor inside the organization becomes a pressure from within. To answer our research question, we will therefore analyze the development of the MCS in three clubs in relation to two main elements: (1) institutional pressures and (2) institutional actor(s). As the organization subsequently design, use and develop its control system, it will in turn come to constitute maintaining, disrupting or creating institutional work (Lawrence & Suddaby, 2006). These elements of explanation are shown in figure 2.1.

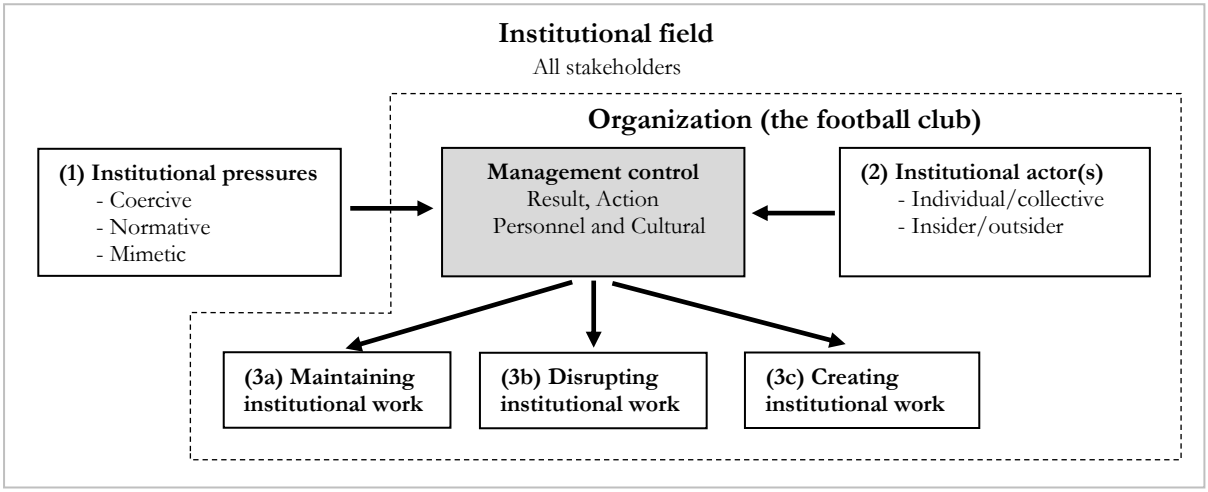


**Figure 2.1** Management control in relation to the institutional field – elements of explanation

#### *2.3.2.1 Institutional pressures*

Organizations in all institutional fields are subject to coercive, normative and mimetic pressures (DiMaggio & Powell, 2000). Given the isomorphism and traditionalism in sports, the institutional pressures are particularly strong for the professional sport organization, including established ideas and norms of how clubs should be managed and the reason for its existence (Skille, 2011). Therefore, the pressures will come to affect the design and use of management control systems in sport organizations, as clubs are deeply embedded in the institutional field.

#### *2.3.2.2 Institutional actor(s)*

While institutional pressures affect the organization from an external perspective, the institutional actor is a force from within (Garud & Karnoe, 2003). The actor could either be an individual actor or a collective of actors, but given the purpose of the MCS is it reasonable to assume that the main institutional actor(s) is situated at the top of the organization. The structure of sport organizations, with power and control located at the board of directors and chairman (Hoye et al., 2006), naturally make the board into an important actor within the organization.

The actor will influence the management control differently depending on whether he or she is an insider/outsider. An insider is someone fostered in the institutional field with rules, norms and culture deeply rooted in his or her cognitive schema, while an outsider has little or no previous insight in the institutional field.

#### *2.3.2.3 Management control and institutional work*

Subject to external institutional pressures and internal institutional actors, the organizations develop a management control system that will steer the employees' behavior and decisions. The strong value system in sports, shown through the isomorphism, contains clear guidelines for how organizations should behave, and what norms, practices and routines that are expected. Designing a control system that stick to established norms, would uphold institutional ideals in a way that can be described as maintaining institutional work. Implementing a control system that stands out from established practices, will in contrast constitute creating institutional work, if it gets institutionalized. While a control system that undermines institutional norms represents disruptive institutional work. Thus, through the design and use of the control system, the institutional actor can influence the institutional field.

# 3 Research design

We performed a qualitative multiple case study (Eisenhardt, 1989), based on 18 semi-structured interviews with three Swedish football clubs and with Swedish Elite Football (SEF). The selected clubs went from amateur to the highest elite level in a short time, and did this journey almost in parallel between 2011-2017 (see figure 3.1).

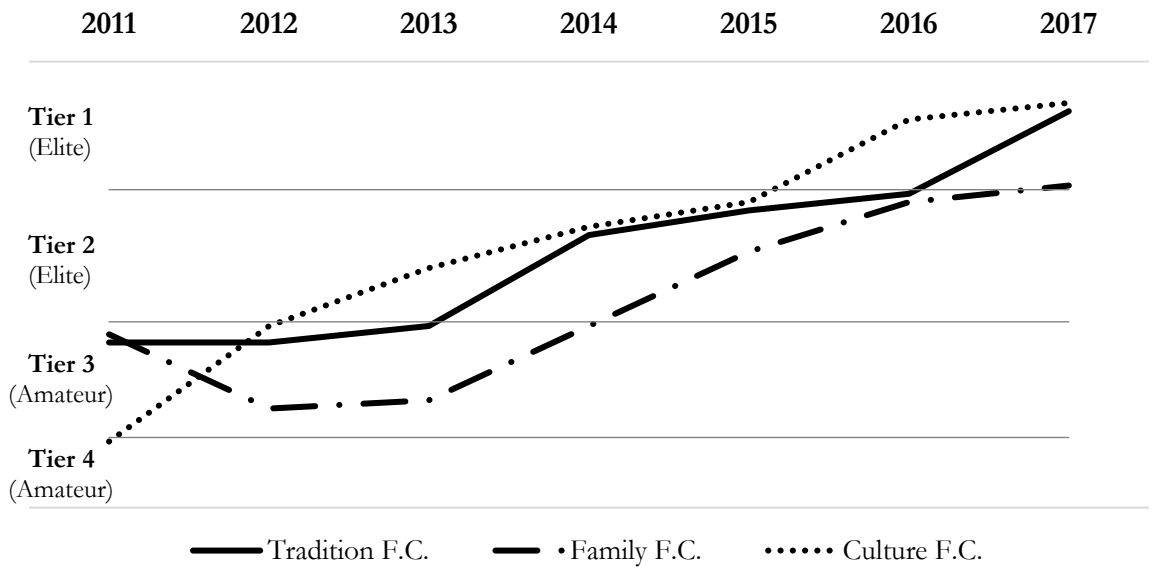


**Figure 3.1** The chart shows the league position between 2011-2017 for the three selected clubs.

## 3.1 Introduction to the three cases

Here follows a brief presentation of the history and journey for each of the three football clubs included in this study: Tradition F.C., Family F.C. and Culture F.C. The names of the three clubs and all interviewees have been disguised for anonymity purposes.

### 3.1.1 Tradition F.C.

Tradition F.C. is a multi-sport organization that was founded in 1907. The independent football section (the focus for this study) has mainly played in the mid tiers of the Swedish league system and had not played in the 1st tier since 1974. Tradition F.C. consists of the men's team, the academy and the large youth organization. The club comes from Uppsala, the fourth largest city in Sweden, which is most famous for its university.

Between 2009 and 2016, Tradition F.C. received financial support from a local entrepreneur and billionaire. The money helped the club strengthen the sports side and in 2012, the club hired two

Sport Managers who had experience from elite football. With their long-term perspective and clear football philosophy, they built a well-functioning sports organization, which enabled Tradition F.C. to advance from tier 3 to tier 1.

### 3.1.2 Family F.C.

Family F.C. was in founded 2007 as an academy team in Stockholm when the current Chairman and Club Director saved their sons' team from financial problems. The club started playing in the 9th and lowest tier, but soon took over a local club in tier 7, and played their way up to tier 5. In 2010, Family F.C. was approached by an insolvent club from northern Stockholm that needed help. As the club played in tier 3, Family F.C. considered it a stepping stone for elite football, and took over the club and settled all liabilities. In 2014, Family F.C. moved the club closer to Stockholm and changed its name. Then they recruited a well-connected Sports Director and a skilled Coach who enabled the team to take the final steps and advance from tier 3 to tier 1.

However, Family F.C.'s stadium did not meet the requirements for tier 1 football, and since there were no viable local alternatives, the club had to move again. They received an offer from a club in a city 100 km west of Stockholm that had a stadium but no elite team. Family F.C. accepted the offer, changed its name again and moved just before the 2017 season in tier 1. During the journey, Family F.C. received financial support from the Chairman who is a wealthy entrepreneur born in Russia.

### 3.1.3 Culture F.C.

Culture F.C. was founded in 1996 and comes from a small city with 50,000 inhabitants, 560 km north of Stockholm. The area is most known for its winter sports and before 2013, they had never had an elite football team.

In the beginning, Culture F.C. was managed like a traditional football club, but all changed after a power struggle following the relegation to tier 4 in 2010. The Sports Director responsible for the failure resigned, but was immediately asked by the player representatives to come back. He was willing to do so only if the entire board stepped down, he became Chairman and he could hand-pick a new board. This radical arrangement was accepted at the general meeting. In 2011, the new board introduced a philosophy of being different, and the Chairman proclaimed that Culture F.C. will play European top football in five years. The Chairman recruited an English Sports Manager who created a different football identity, and the Chairman introduced a culture academy. Between 2011-2016, Culture F.C. advanced from tier 4 to tier 1 and in 2017, they played in *Europa League* after winning the tournament *Svenska cupen*.

During the journey, the Chairman, who is a well-connected business man and former military officer, contributed with financial support. Both directly through his private money (Lundh, 2017) and indirectly through sponsorships from his involvement in different companies.

## 3.2 Research methodology

We chose a qualitative methodology because social phenomena such as human behaviour are best understood from the actor's own perspective, and cannot be adequately understood from outside observations (Atkinson & Shaffir, 1998). This was necessary because we adopted institutional work as a method theory, where it was important to understand how the actors own actions affected the institution (Lawrence & Suddaby, 2006).

We adopted a case study methodology (Yin, 1981; Baxter & Chua, 1998) which enabled us to understand the dynamics and complexities at a deep level (Eisenhardt, 1989; Atkinson & Shaffir, 1998). Since the research field of management control and sports is nascent, a case study methodology is particularly well-suited when existing theory is inadequate (Eisenhardt, 1989; Edmondson & McManus, 2007). Instead of selecting only one of the clubs, we chose to perform a multiple case study to get different perspectives and to compare the clubs' journeys (Baxter & Jack, 2008). This was important because based on our pre-study, we found that the three clubs came from different backgrounds and were portrayed in distinct ways by the media. From an external perspective, it was also clear that the clubs had different types of management and methods. Thus, it was relevant to include all three and perform a multiple case study to potentially generate stronger and more reliable conclusions (Baxter & Jack, 2008).

We applied an abductive approach to theory (Lukka, 2014), which means that we performed a literature review before we entered the field. We then added literature and adjusted the theoretical framework iteratively as the study progressed. This approach was beneficial since our research field is nascent (Eisenhardt, 1989).

## 3.3 Data collection and analysis

Our primary data is based on 18 semi-structured interviews with 19 people, performed between the 9th of October and 6th of November 2017 (see appendix for a detailed list). We did five to six interviews per club and one interview with two representatives from Swedish Elite Football (SEF). The interviews were between 34 to 80 minutes long with an average length of 60 minutes. We conducted 15 interviewees in person and one interview for each team over telephone. We

travelled to the clubs, which provided us with an opportunity to observe the offices and stadiums. Meeting the interviewees in person also resulted in interviews of higher quality.

For each club, we interviewed the chairman and employees from both the sports and business side, including sports directors, coaches, club directors, finance directors, sales & market directors, and sales people. We mainly selected interviewees that had played a large part in the journey from amateur to professional (2011-2017). Most interviewees had been with the club and held a similar position during the whole journey, but we also conducted interviews with people who had changed positions or left the organizations. For all clubs, we interviewed at least one new employee who could give us a more neutral view. To get an institutional perspective, we also interviewed the Secretary General and the Head of Club Development at SEF. This provided us with insights about their goals and work, as well as their view on the three clubs in our study.

Before the interviews, we performed a pre-study based on secondary data such as news articles, financial reports, information from the clubs' websites, and reports issued by the national governing body of football. This provided us with important background information prior to the interviews. We also used parts of the secondary data to support our findings.

Edmonson and McManus (2007) argue that interviews on a nascent research field should be conducted using an open-ended approach to establish the research question, rather than a proposed relationship beforehand. Thus, we conducted semi-structured interviews and followed an interview guide to ensure that the interviews roughly covered the same topics, but the loose structure allowed for differences between interviews, in order to capture the specifics of each interview (Bryman & Bell, 2013). We adapted the interview guide slightly depending on the club and the position of the interviewee.

All interviews were recorded and transcribed verbatim in accordance with Bailey's (2008) method with a high level of detail to fully capture the context of the answers. We analyzed the transcribed interviews both separately on their own and in relation to the others. Based on the structure of the interview guide, we split all the interviews into different categories and themes which we inserted in a spreadsheet matrix. This matrix enabled us to easily compare and analyze answers on different topics from interviewees within the same organization, and between clubs.

# 4 Findings

Before presenting the three cases of Tradition F.C., Family F.C. and Culture F.C., we start by describing the institutional field of Swedish football to set the context, and introduce the institutional pressures when moving from the amateur to the professional level.

## 4.1 The institutional field of Swedish football

Swedish football is deeply rooted in tradition, stemming from a grassroot movement of voluntarism, closely connected to the policies of the welfare state to enable citizens access to recreation and meaningful leisure (Gammelsater & Senaux, 2011; Andersson & Carlsson, 2009). Fahlén and Stenling (2016) describe the prevailing sport-for-all logic as fostering of democratic, social and moral values. The membership democracy tradition is a foundation of Swedish sports, and has very strong support among most stakeholders (Carlsson-Wall et al., 2016).

The institutional field of Swedish football can be divided into two main parts: the amateur level and the professional level. The amateur level is considered to be all but the two highest tiers. The official distinction between amateur and professional is based on the differences in rules, standards and requirements, set by the national governing body *Svenska Fotbollsförbundet* (SvFF) that administrates the nine-tier open league system. The 32 clubs in the two professional tiers of the Swedish league system are required to adhere to a special set of elite requirements. The clubs are not fixed as 2 to 3 clubs in each tier are promoted or relegated each season. The 32 clubs are members of *Swedish Elite Football* (SEF), an association with the mission of developing Swedish elite football on a sport, financial, commercial and administrative basis. The body of stakeholders at the professional level is much larger compared to the amateur level, and there is also a distinct increase between tier 1 and tier 2. In addition, clubs in tier 1 has 6 times higher average revenue and attendance. The increased public interest also draws more attention from media, citizens, municipalities and sponsors, and in tier 1 everything amplifies.

### 4.1.1 Institutional pressures of Swedish football

As for sports in general, organizations within the field of Swedish football are subject to coercive, normative and mimetic pressures. When clubs move from amateur to professional, the number of stakeholders, organizational complexity and institutional pressures increase but also transform. Moving from amateur to professional results in more coercive pressures, while the existing normative and mimetic pressures mainly come to intensify as the number and strength of stakeholders increase (see table 4.1 below).

**Table 4.1** Key elements of the institutional field of Swedish football. The categories are based on the categorization of institutional pressures by DiMaggio & Powell (2000).

| | **Amateur** | **Professional** |
|---|---|---|
| **Key stakeholders** | • SvFF<br>• Volunteers, members, youth players, few supporters and sponsors, municipalities, communities | • SvFF<br>• SEF<br>• Employees, members, players, supporters, sponsors, municipalities, communities, media, other clubs, agents |
| **Coercive pressures** | • Membership democracy<br>• Rules of the game and registration of players | • Membership democracy<br>• Rules and registration<br>• Elite license, positive equity<br>• Standards for facilities, security, organization and events |
| **Normative pressures** | • People fostered in institution | • People fostered in institution<br>• Players/coaches move between clubs<br>• Education and meetings |
| **Mimetic pressures** | • Traditionalism<br>• Mainly the sport-for-all logic<br>• Active role in the society | • Traditionalism<br>• Mainly the result-oriented logic<br>• Upholding a professional image |

#### *4.1.1.1 Coercive pressures*

At the amateur level, there are two main coercive pressures. The first is the membership-based ownership model, in which at least 51% of the votes must remain with the club's members who have the right to appoint the board of directors (Carlsson-Wall et al., 2016). The second coercive pressure is rules and standards set by SvFF, which at the amateur level mostly include rules for the game and registration of players (SvFF, 2017b). The professional clubs in turn also face financial, organizational and event requirements, as described by Club Director of Tradition F.C.:

> Well, organizationally it is much, much more that must be in place. Requirements set centrally from SvFF and SEF, requirements for the stadium, finance… in tier 3, it's not close to the same control as in tier 2 and tier 1, there you can wander along… But it's the financial, sporting, stadium and security requirements, that demand a lot more people and knowledge.

The event requirements include for example a certain amount of lux for the lighting at the stadium (SvFF, 2016c), while the organizational requirements include for example a mandatory security organization with at least one person educated by SvFF. While the difference is largest between tier 3 and tier 2, moving from the second to the first tier include additional requirements, for instance more seats under roof. Most requirements concern the sport side, but clubs are also obliged to have positive equity at the end of each fiscal year, and no outstanding debt at the end of August (SvFF, 2017a). Clubs can apply for exemption during a shorter period, but failure to meet requirements could result in fines or relegation.

#### *4.1.1.2 Normative pressures*

Normative pressures are influences inherent in professions, for example established through education (DiMaggio & Powell, 2000). For the field of football, the normative pressures are assumed to be strong as most participants have grown up and been fostered by the institution since early age and are thereby guided by deeply embedded norms for how the organization should behave. At the professional level, the pressures are strengthened as players and coaches move between clubs, which reinforce the homogenization of practices and norms. When new teams enter the professional tiers, representatives from SvFF and SEF visit the clubs to educate them on procedures and practices. As part of SEF, all clubs regularly meet to share experiences and to be educated on specific topics. These meetings are often tailored for specific roles such as club directors or market directors. All of these normative pressures lead to convergence of behavior and practices, and play an important role in guiding clubs towards professionalization.

#### *4.1.1.3 Mimetic pressures*

Mimetic pressures include the inherent culture ingrained within the institution that creates habitual responses from its actors (DiMaggio & Powell, 2000). A culture of traditionalism and conservatism is spread throughout the institutional field. This is evident in the membership democracy, as clubs are expected to adhere to democratic values in terms of governance structure and control system, but also include a macho culture and a fair play ideal.

While both the amateur and professional level deals with several institutional logics, the sport-for-all logic is especially important for the amateur-level, as clubs are expected to be an active part of its community and offer everyone an opportunity to play. In the professional environment, the result-based logic of winning matches and titles is dominant, as the clubs and their managers and directors are judged upon the sport performance (Fahlén & Stenling, 2014). The pressures result in a tendency to invest available resources into strengthening the sport side, with the consequence that the business side is neglected in terms of competence and professionalism: "*if you get more money, that money goes directly to player salaries"* (Secretary General, SEF). For the elite clubs, the image of football and the league get more important. If one club is mismanaged, it will indirectly affect the brand of other clubs and the image of football negatively, as argued by the Secretary General of SEF:

> Hundreds of millions are paid out to be… or when you are part of the elite, and then it is reasonable that we [SEF] as a representative for all 32 clubs starts to say that, yeah well. We cannot have a few clubs that give the whole elite group bad reputation by being mismanaged or having big problems or going bankrupt etc.

## 4.2 Presentation of cases

Next, we introduce the three football clubs included in this study. Each case is structured as follows: (1) *Governance*, since power and control lies at the board level in sport organizations, (2) *Objectives and strategy*, the starting point of the MCS according to the definition by Merchant and Van der Stede (2003), (3) *Dominant form of control*, to capture the holistic aspects of control based on Merchant and Van der Stede (2003), (4) *Development and professionalization of the MCS*, to show how the MCS has changed as the club go from amateur to professional, and (5) *Response by the institutional field*, to show indications of institutional work.

### 4.2.1 The case of Tradition F.C.

Tradition F.C. has all the ingredients of a classic Swedish football club. It has a history stretching back more than one hundred years and is built upon the sports-for-all ideal with a large youth organization.

#### *4.2.1.1 Governance*

Throughout the journey, the board of Tradition F.C. consisted of volunteers who all had external full-time occupations. Like many traditional sport organizations, the board tended to take an administrative approach to control, ensuring that things were running without implementing dramatic changes. The Chairman worked full-time as a lawyer, and joined in 2012 after being recruited directly from Tradition F.C.'s parent board (for all sports).

#### *4.2.1.2 Objectives and strategy*

In 2013, when Tradition F.C. played in tier 3, the board decided that the club's target should be to play in Europe, which could be achieved either by winning the tournament *Svenska Cupen* or by finishing top three in the 1st tier. However, this target was not communicated to the employees until 2017. An example of the more administrative approach was how strategies and business plans was supposed to be originated from the management rather than the board, and the club did not have any strategy or plan for how to achieve the target: "*that plan, the vision, is supposed to be accompanied by some type of business plan, a yearly plan, but we have simply not made any*" (Chairman). This lack of direction was mirrored by the Sports Director & Coach: "*we have not been so driven by… targets*". However, most interviewees stated that a goal of reaching the professional tiers was fairly well spread in the club.

#### *4.2.1.3 Dominant form of control*

The board consistently controlled Tradition F.C. through personnel control (Merchant & Van der Stede, 2003) when moving from amateur to professional, by recruiting key individuals and

giving them autonomy to take the actions they deemed necessary within certain guidelines. In turn, the behavior and decisions of Tradition F.C. were guided by the recruitments, leading to a focus on the sport logic (Carlsson-Wall et al., 2016) as all available resources were used to recruit coaches and players to boost the sport performance.

The club's journey from amateur to professional took off in 2012 with the recruitment of two skilled managers with experience from higher leagues, who shared the combined role of Sports Director & Coach. The board put extensive efforts and money into the recruitment, and in line with the personnel control, they gave the new managers autonomy to manage the sports side, as long as they kept within budget constraints.

Another key recruitment was the new CEO in 2013. The CEO had no typical CEO background, but he had experience from Swedish football as a former professional player (in Tradition F.C. and other clubs), sports director and TV personality. He had previously helped recruit the two managers and as CEO, the board wanted him to focus on raising sponsorship revenue. However, as all resources went to the sports side, it was difficult to find competent staff for the business side, since the club offered much lower salaries than other sectors. Hence, the club tried to recruit based on a passion for sports according to the Sales & Market Director:

> You have to kind of be like me who thinks 'no but I want to work with this because I am passionate about football and sports', so I take this job instead and move from biotech and accept a significantly lower salary, because it is so much fun. And you need to find those people who also have the right competence.

#### *4.2.1.4 Development and professionalization of the MCS*

Tradition F.C. had a relatively large organization for being a club in tier 3, but few systems and structures were in place at the beginning of the journey: *"[the other manager] and I were the club when we came, so to speak"* (Sports Director & Coach). All interviewees explained that the sport side was the driving force of the club, and the rest of the organization had to adapt to new conditions.

Since the board recruited the CEO based on his sport merits, the control of the business side suffered: *"my focus is not debit and credit, but my focus is to take the sport forward. So I would have needed that financial control"* (CEO). The club struggled with severe financial problems, and much of the CEO's work became reacting to and managing these problems: "*when you have ten suppliers who call every day to ask where their money is that we owed them, it is all about putting out fires*" (CEO). The board had hoped that increased sponsorship revenue would be enough to cover the deficits, and did

not deal with the lack of control and lavish spending. Neglecting the business side also stemmed from a history of using the billionaire's money to cover recurring budget deficits:

> When I joined the club (2012), he went in with SEK 10-12 million per year and covered because people just pushed on and, 'oh, we have the billionaire, he will cover for us', and at the end of each season, [Tradition F.C.] had to go to him and say 'we go bankrupt if you don't put in five million', a bit like that. (Sports Director & Coach)

As a consequence of the underdeveloped finance function, financial reports were rarely available at the board meetings according to the Chairman, and the organization was difficult to control.

In 2013, the bookkeeping was performed by a person on social benefits with the help of one board member during his spare time. The arrangement was acceptable in tier 3, but as the club advanced to tier 2 with increased costs and complexity, the solution was not sustainable. After the first season in tier 2, Tradition F.C. had negative equity and received a warning from SvFF. In response, after the CEO resigned 2015 the board recruited a Club Director responsible for the business side and a new finance person: "*The sports side worked really well so we could disconnect that from the new Club Director*" (Chairman). The new Club Director received an action plan focused on establishing routines, practices and forecasts: *"It barely existed anything when I started"* (Club Director). The finance side showed improvements as everything was booked more consistently on separate accounts, monthly reports were sent out that accurately compared actuals to budget, and the sales team implemented a new sales support system.

However, the Club Director still saw vast needs for improvement, as the control systems had not professionalized in line with the sport side development. He also argued that he would have liked even more support from SEF to easier adapt to the requirements and complexities in tier 1:

> Some sort of recommended organizational structure, tools, report templates and reporting processes to implement in order to make it in tier 1. Because I think there are many clubs like us who are newcomers and have to invent the wheel themselves when there are already so many other things to think about.

#### *4.2.1.5 Response by the institutional field*

Tradition F.C. moved from amateur to tier 1 without any controversy or criticism from external stakeholders. The feedback was mainly positive as the media and other club's supporters acknowledged the club's strong sports performance.

### 4.2.2 The case of Family F.C.

Family F.C. is the outsider club that has broken many of the norms and traditions in Swedish football during its short ten-year history, such as the membership democracy tradition.

#### *4.2.2.1 Governance*

Family F.C. had a simple governance structure where most of the power lied with the Chairman, an entrepreneur from Russia who had invested millions to build Family F.C. and spent about half his working time with the club. According to the Sport Liason Officer, "*[Family F.C.] is like a child to the Chairman, he makes everything possible (…) but it is tough to be so dependent on one person*". The board composition was intact throughout the journey to tier 1 and consisted of the Chairman (co-founder), Secretary (married to the chairman), Club Director (co-founder) and Sports Director (joined in 2012). The latter two worked full-time with the club, and none of the board members had been fostered in the Swedish football tradition. Only about ten people usually showed up to the annual general meeting and therefore, it was easy to make decisions, according to the Club Director.

#### *4.2.2.2 Objectives and strategy*

Family F.C. did not explicitly state any objectives, other than to become better: "*We have never discussed that this year we will be promoted. We were supposed to be better, better, that's it, then how far it would take us…*", according to the Chairman. Its origin as an academy club was also showed through an emphasis on developing young players. To ensure that the club became better, the Chairman adopted a strategy based on values of trust, loyalty and hard work that created a special atmosphere compared to most other clubs: *The strategy was to develop and… train hard … and professionally. And be like a family. That is our strategy"* (Club Director)

#### *4.2.2.3 Dominant form of control*

Throughout the journey, Family F.C. was tightly controlled by the Chairman through cultural control (Merchant & Van der Stede, 2003). All interviewees described a strong family culture: "*We are like a family, we are all very close. I am close to the players, they have very good contact with the management, with the Club Director, with the Chairman*" (Sports Director). The culture was based on working hard and helping each other with various tasks, as exemplified by the Sports Director:

> Everyone works extremely hard and, we talk, we have close contact with each other. I could for example call one of the boys, 'and you know what, I have forgot that a new player arrives, can you pick him up at Arlanda Airport at six in the morning'. Completely unexpected. But that's how we are. It can come up stuff from anywhere. There are always people who help. And people can sit to 2 am and talk to a colleague.

According to the Chairman, he built the organization on trust, respect and that you must love your job. It was okay to make mistakes, as long as you were honest and had good intentions. There was a strong belief in learning and development for both players and staff, and when the Chairman recruited, he did it based on honesty rather than competence: "*I trust people who are honest but without knowledge. You can train him, you make mistakes and you can correct mistakes. If he betrays you on purpose, that is disaster*" (Chairman).

#### *4.2.2.4 Development and professionalization of the MCS*

Family F.C. made very few changes on its way towards tier 1 and based its MCS almost entirely on cultural control throughout the journey. The club kept the same key individuals and was careful about recruiting new people, as it was difficult to find people that the Chairman considered loyal enough for Family F.C. According to the Chairman, nothing had changed in terms of organization and control during the last five years:

> Nothing has changed actually, more or less. I have built our organization on trust (bangs his fist on the table), respect (bangs his fist). There are two things, the most important actually, you must love your job and what you do; there are three actually.

The few personnel changes that were made, were either related to requirements from *SvFF* for certain roles, or related to sales, as the club after promotion to tier 1 and the relocation to a new city needed to increase revenue.

The control was informal and the Chairman preferred dialogue and not reports, targets or plans:

> We have a great dialogue. You can write as many fancy reports as you want but it does not help. The most important thing is that we sit and talk to each other, and then I take notes, 1, 2, 3, 4 issues that needs to be resolved. If they cannot fix them by themselves, then I will try to fix them. (Chairman)

The club never had a finance director and the book-keeping was made by the Club Director, while the financial reports was made by an external accounting firm. The budgeting process was described as benchmarking with its peers and tracking costs. The lack of formal control and low budget accuracy resulted in financials deficits, which the Chairman covered: "*I am the back-up so to say*". In August and December, the Chairman and Secretary checked all taxes and liabilities, and if the club could not pay, they tried to attract new sponsors, take a loan, or just resolve it (implying the Chairman's money), according to the Secretary. In 2016, Family F.C. had negative equity and risked relegation but managed to resolve the situation.

The membership democracy of Swedish football gives members the power to appoint as well as remove the Chairman and the board of directors. Since Family F.C. had few members and low attendance at the annual general meeting, this was viewed as a threat by the board. They in turn took controversial actions to protect the club. For instance, increasing the tenure for the Chairman to ten years (which was considered extreme), raising the membership fee to a substantially higher amount than other clubs and not allowing new members to vote during the first year. The Chairman opposes the membership democracy rule and was concerned that "e*veryone wants to come here and control the club with my resources*". This enabled Family F.C. to protect themselves from members with bad intentions and uphold the family culture and keep the power with the Chairman.

#### *4.2.2.5 Response by the institutional field*

During its way from amateur to professional, Family F.C. was a disrupting force that clashed with many norms and traditions of Swedish football. The centralized power, tight family control and protective actions by the Chairman were considered a way to circumvent the membership democracy tradition, and the short history of overtaking clubs higher up the league system stood in contrast to the fair play ideal.

However, when the club played in the lower tiers, few knew or cared about who they were, despite their disrupting actions:

> No one knew what it was, no one knew… 'what's this, [Family F.C.], who are they, where do they come from?'… When we came up to tier 2, that's right, then they said it when they called up our team, the day we had been promoted, they understood nothing… (Sports Director)

When the club was promoted to tier 1, the pressures intensified as stakeholders including supporters, sponsors, media and the general public started to form an opinion. Journalists responded with critical articles, fans from two opposing clubs boycotted the away game with Family F.C., and the Chairman received personal threats against his life.

### 4.2.3 The case of Culture F.C.

Culture F.C. is a young club that followed its own path and deliberately did things differently to achieve its strong sports performance.

#### *4.2.3.1 Governance*

Culture F.C.'s journey towards tier 1 started with the power struggle in 2010, when the new Chairman cleared out the old board of directors, hand-picked a new board and received full

control of the club. This provided him with a platform for creating something new: "*I did not believe in working in an old, conventional way but I think that you must clear out the old to get a new start, so it was not more difficult than that*" (Chairman). The Chairman, a business man and former military officer, continued to have a very active role in leading and controlling Culture F.C. throughout the journey.

#### *4.2.3.2 Objectives and strategy*

The main objective of Culture F.C. was to win, regardless if you were a player or worked in the office, as explained by one sales person: "*If we don't work in an organization because we want to win and improve, then there is no point*". The objective originated from the winning mentality of the Chairman, who in 2010 proclaimed that the target for Culture F.C. was to play in the European tournaments. This target was seen by many as absurd, since the club just had been relegated to tier 4 and had little financial resources. In order to win despite less financial resources, Culture F.C.'s strategy was to work differently: "*in order for us to be competitive and become champions, defend the championship, and develop what we want to develop, we must do it very very differently*" (Chairman). The board then created an elaborate plan for how to reach the target:

> We made an analysis of the situation here in [county] and we knew that well, we knew what we would become if we worked as everyone else, then we would be somewhere in tier 4 and tier 3, and we had, we agreed that we wanted to compete for the championship in Sweden and we wanted to go out in Europe. (…) We actually sat and discussed a whole lot from UN:s declaration of human rights, which may sound abstract, but, we have this idea that you should take care of everyone's opportunities regardless of where you come from, how you look. And that is a success factor that no one else uses. And all of this boils down to the word 'eljest' (old Swedish word meaning different). We wanted to find our own path to reach success. So we set these high targets, but we also made a plan for how to reach them. And that is the crucial and most important part in our success story. (Administration Director)

#### *4.2.3.3 Dominant form of control*

In line with the initial plan, the Chairman controlled Culture F.C. through cultural control (Merchant & Van der Stede, 2003), based on activities to encourage *"creativity, initiatives, and courage"* (Chairman). Most employees described that the organization had dropped the "blame culture" and instead fostered a culture in which all people, regardless of position, were allowed to take decisions. Among the initiated activities was the culture academy, in which all employees

participated together in activities such as ballet, painting and singing, and performed an annual show for the local citizens aimed at improving the employees' courage and self-esteem.

> We have different training methods. We established a culture academy to use the cultural expressions and methods to become better. To create a working environment that will encourage creativity, initiatives and courage. (…) This generates ideas for how we should develop and win our own match in the match. (Chairman)

The culture was also reinforced through formal documents, such as a code of conduct hanging on the wall. It also included a focus on winning, originating from the Chairman's own strong winning mentality, and reflected through ambitious but calculated targets and guidelines. Every employee, not only the players, emphasized the importance of winning their "*match in the match*" in order to help the organization progress. This could mean working hard to beat sales targets and generate money that in the end would contribute to the success of the team, explained with a metaphor by the Chairman as *"one wet shirt per day"*.

#### *4.2.3.4 Development and professionalization of the MCS*

Cultural control was constantly the dominant form of control in Culture F.C., and the club also continued to refine the culture academy throughout the journey. In general, the club worked proactively with changes to the MCS and, for instance, ensured already in tier 2 that they were ready to take the step to tier 1.

In 2011, Culture F.C. had a simple organization with only four full-time employees, but as the club advanced through the league system, revenues increased rapidly and the organization grew to about 60 employees (including players). To ensure control and speed up decision-making, the club introduced a flat non-traditional organizational structure: "*we have no [separate] sports director, no club director, no CEO, but we have five managers and I am the Chairman and that is enough"* (Chairman). The flat structure worked because of the cultural control that steered decision-making, but constituted a new way of organizing a Swedish football club that according to the Sports Director & Coach meant that "*you don't have to wait for 4, 3, 2 or 1 month for a board meeting, but we can have a discussion and it can happen daily*".

At first, the finance function was non-existent and the accounting was outsourced. The club experienced negative results all years between 2012 and 2014 and was critiqued by the auditor for inadequate accounting practices. When the club advanced to tier 2, Culture F.C. recruited a Finance Director who was an experienced controller (unusual in tier 2) to build a new control system in-house. During his first year, he mapped expenses and revenue to the right accounts,

and organized suppliers and customers to track invoices, after which the club could work more proactively with reports, planning and forecasts. The system had a higher level of detail than most Swedish clubs, according to the Finance Director. For example, the *Europa League* money had its own account and could easily be taken out to examine the normal operating income.

As evidence of the proactive approach, the club will also revisit the target and value system from 2011 and aimed to have a turnover of SEK 500m, which no other Swedish club had. Looking at the future, the Chairman saw room for additional improvement in Culture F.C.: "*All aspects must develop, everything needs to improve, every day, to achieve what we will achieve. Otherwise we are presumptuous and I don't think we should be that, and happy and then we die*".

#### *4.2.3.5 Response by the institutional field*

The culture academy in combination with the sports success created a major shift in the public opinion: *"When I said that I worked for Culture F.C. back in 2011, it felt like people wanted to throw darts at me, today they want to give me a hug"* (Sales Man). At first, both players and the media were skeptical about the culture academy but this changed:

> It's not that the lads are delighted for doing rehearsals for the swan lake in the afternoon. So 'wow, yeah that's great yeah'. But its more, initially it was more the media [who criticized], externally which is interesting now, sort of how positive they are. Once you have demonstrated that you can get results. (Sports Director & Coach)

The cultural control also resulted in a different audience at the games compared to other clubs as there was an unusually large share of women and people who had never watched football before. The media and other supporters accepted the norm-breaking culture academy, and even awarded the sports manager "best coach of the year" in tier 1 (2016). Culture F.C. achieved strong results and the Secretary General of Swedish Elite Football acknowledged some *"best practice"* aspects that could help similar small clubs improve:

> There is best practice stuff to collect from what [Culture F.C.] does too. Not to say that all other clubs should do the same, but to think and assess their own situation, the size of the city, the geographical 'off-ness' where they are located, so this worked.

## 4.3 Summary of findings

All three clubs have with their strong sport performance advanced through the league system and moved from amateur to the professional level. In table 4.2, we summarize the main findings for how the clubs have designed, used and developed their management control. In terms of

governance, Tradition F.C. had a more administrative approach by the board, while the other clubs were governed by a dominant Chairman. Culture F.C. was the only club that had clearly defined objectives and strategy. The dominant form of control based on Merchant and Van der Stede (2003) was personnel control in Tradition F.C. and cultural control in Family F.C. and Culture F.C., and none of the clubs changed this along the journey. In terms of development and professionalization of the control system, Tradition F.C. reactively changed and introduced more professionalized systems as the club entered tier 1 although work still remained, Family F.C. had not made any significant changes to its control system, while Culture F.C. worked proactively developing its control system and constituted a high level of MCS professionalization.

**Table 4.2** Summary and comparison of the management control for the three clubs.

| | **Tradition F.C.** | **Family F.C.** | **Culture F.C.** |
|---|---|---|---|
| **Contextual** | Founded 1907<br>From large university city | Founded 2007<br>Changed location a lot | Founded 1996<br>From winter sport city |
| **Governance** | **Administrative board**<br>Administrative approach by the Board. The Chairman worked full-time as lawyer, recruited directly from the club's parent Board. | **Dominant Chairman**<br>Chairman founded and controlled the club. Took an active role. Entrepreneur from Russia. Only 4 board members, all were very close to Chairman. Fast decisions. | **Dominant Chairman**<br>After power struggle, new Chairman appointed his own board and took control. Business man and former military officer. Took active role in the club. |
| **Objectives and strategy** | **Unclear**<br>No clear objective, strategy or business plan from the board. Informal objective and strategy of reaching tier 1 by focusing on sport side. | **"Become better"**<br>No explicit objective, only to "become better". No clear strategy but aimed to develop players, work hard and be family-like. | **Win by being different**<br>In tier 4, Chairman set objective to play in Europe. Made clear plan with strategy of "being different" to find own path to success. |
| **Dominant form of control** | **Personnel control**<br>Administrative board that recruited key employees with football background/passion for football and gave autonomy. Controlled with budgets. Focused resources on sports performance. | **Cultural control**<br>Tight group of individuals where loyalty, trust and family kept them together. High work ethic. Recruit on honesty before competence. Informal discussions. The Chairman "resolves". | **Cultural control**<br>Holistic cultural control for both players and employees of being different. Culture academy to encourage creativity, initiatives and courage. Winning mentality. Tough targets. |
| **Development and professionalization of the MCS** | **Reactive change**<br>Same personnel control. After CEO resigned, hired Club Director to only focus on business side. Introduced more professional control systems as the club entered the first tier. Action plan to strengthen business side. | **No change**<br>Same cultural control. "Nothing has changed". No development of finance function, no controlling, bookkeeping still done by Club Director. Lack of formal reports, control still based on discussions. | **Proactive change**<br>Same cultural control. Hired experienced controller early on to set up professional system. Introduced flat structure as the organization grew. Revisit of value system and objectives. |

# 5 Discussion

## 5.1 Professionalization and the dominant form of control

Previous research has shown that sport organizations higher up in the league system adopt more professional management control systems (MCS) (Ahlenius & Nyman, 2015). Although this may be true for most clubs already established at the different levels, it does not have to be the case for clubs that climb up the league system. In our study, the three football clubs were at a similarly low level of professionalization in the beginning of the journey. The only systems used for control were book-keeping (inhouse or outsourced), simple budgets, and informal discussions to steer the few employees. As the clubs advanced, they came to professionalize in three separate ways: Family F.C. did not change much; Tradition F.C. reacted to the increased complexity and poor financial performance by recruiting new personnel to strengthen the business side; while Culture F.C. proactively developed and professionalized their MCS to be prepared when advancing to a higher tier.

However, regardless of differences in terms of professionalization, all three clubs used personnel control and cultural control as their dominant form of control (Merchant & Van der Stede, 2003), and consistently kept the same throughout the journey from amateur to professional.

Both personnel control and cultural control are classified as *soft controls* (Merchant & Van der Stede, 2003). According to Merchant and Van der Stede (2003), cultural control is about establishing organizational ideals and norms to guide behavior and decisions, as well as encourage mutual monitoring of other group members. In personnel control, the organization relies on the employee's own ideals and moral through self-monitoring, while clarifying expectations and focusing on recruitment and training. Both types of *soft controls* could therefore be seen as based on a similar foundation of beliefs, norms and values to steer behavior, rather than measuring results or guiding actions.

Culture F.C. consciously steered behavior through explicit values of courage, openness and winning, reinforced through its code of conduct, management dialogue and in particular, its unconventional culture training that spread the values across the whole organization. Family F.C., on the other hand, controlled behavior based on values of loyalty and trust, rather than competence and results, which resulted in a family culture. Furthermore, the control of Family F.C., closely resembled clan control as defined by Ouchi (1979), due to its informal nature built on socialization. While both clubs based their control on culture, the type of culture as well as

the purposes of the control were different. Culture F.C. used culture to inspire decentralized decision-making in order to win, while Family F.C. used culture to centralize and retain control to keep the "family" together. As part of their personnel control, Tradition F.C also based their control system on culture, norms, and ideals, however, those ideals were already established within the institution and controlled for by recruiting experienced insiders. The culture and norms inherent in sports, reflected through the passion for football described by the Sales & Market Director, was considered enough to ensure motivation and self-control of the employees.

As we find that a similar type of *soft controls* were the dominant form of control regardless of professionalization level, more professionalized controls were apparently not determinants for achieving the journey to tier 1. The professionalization was mainly related to improving the financial control, as all clubs had financial issues, but this was not directly related to the club's holistic control system. The importance of *soft controls* may be explained by the small size of the organizations, the low work specialization and by employees that were mainly driven by emotions and passion for sports. Thus, it is logical that culture was an important device for steering behavior and decisions. This adds to the findings by Byers et al. (2007) who studied established amateur football clubs, and found that social and self-control were important, which are closely related to *soft controls*.

## 5.2 MCS and institutional work

Based on the consistent use of *soft controls* to motivate and steer the employees' behavior and decisions, all clubs based their management control systems (MCS) on a foundation of norms and ideals. Nevertheless, even though all three clubs used similar *soft controls*, we find that the clubs' MCS actually had different impact on the institutional field. This becomes clear when we apply the theoretical lens of institutional work by Lawrence and Suddaby (2006) to the clubs' management control system (Merchant & Van der Stede, 2003) and observing the response by the institutional field. Tradition F.C. used personnel control, which resulted in maintaining institutional work that received a neutral response. In contrast, both Family F.C. and Culture F.C. adopted cultural control but the outcome was rather different. Family F.C. performed disrupting institutional work which yielded a negative response, while Culture F.C. performed creating institutional work which received a positive response (see table 5.1).

**Table 5.1** Comparison of the dominant control, how it is institutional work and the response

| | Tradition F.C. | Family F.C. | Culture F.C. |
|---|---|---|---|
| **Dominant form of control** | **Personnel control** Administrative board that recruited key employees with football background/passion for football and gave autonomy. Controlled with budgets. Focused resources on sports performance. | **Cultural control** Tight group of individuals where loyalty, trust and family kept them together. High work ethic. Recruit on honesty before competence. Informal discussions. The Chairman "resolves". | **Cultural control** Holistic cultural control for both players and employees of being different. Culture academy to encourage creativity, initiatives and courage. Winning mentality. Tough targets. |
| **Type of institutional work** | **Maintaining** Personnel control actively maintained the norms for how a Swedish football club should be controlled by hiring the "right" people | **Disrupting** Cultural control and its protective governance decisions disrupted the membership democracy of Swedish football | **Creating** Cultural control created a new way to control a football club in a holistic and different way by e.g. introducing culture training |
| **Response by the institutional field** | **Neutral** No comments regarding control but media and people acknowledged the strong sports performance | **Indifferent → Negative** No one cared in lower tiers but in tier 1, they received criticism, hatred, boycotts and threats because of the disruptive control | **Skeptical → Positive** First skeptical about culture academy but after sports success, positive response and deemed "best practice", Attracted new audience. |

### 5.2.1 Maintaining institutional work: The case of Tradition F.C.

The personnel control used in Tradition F.C. meant that control stemmed from the employees themselves. Tradition F.C. did not develop their own culture, but by recruiting insiders that had been fostered in Swedish football, they instead relied on the key employees' own experiences and value systems shaped by the institutional field. Thus, actively controlling for employee motivation and behavior was not deemed necessary. By relying on the institution's values and norms, the control system ensured that behavior and decisions were kept within institutional boundaries, and as institutional norms were reinforced, the club came to engage in maintaining institutional work (Lawrence & Suddaby, 2006). This can be evidenced by the neutral response from the institutional field as people and media did not react to the management control in the club but only acknowledged the strong sports performance.

### 5.2.2 Disrupting institutional work: The case of Family F.C.

The cultural control based on values of loyalty and trust in Family F.C. resulted in a family feel: "*We are like a family, we are all very close"* (Club Director). However, the clan-like culture and emphasis on loyalty also conflicted with the elevated ideal of membership democracy in which clubs are expected to serve the interest of its members and not individuals. The Chairman strived to retain control and protect against people with bad intentions, but as the "clan" mentality of the MCS came to challenge the tradition of membership democracy in Swedish football, the club

disrupted the normative foundation of the institution. This was further reinforced by the protective actions to elect the Chairman for a 10-year tenure and raise the membership fees when the club advanced to tier 1. A clear indication of the disrupting institutional work was the aggressive response by the institutional field. The response primarily came from media and opposing teams after the club reached tier 1, and besides critical articles and boycotts, the Chairman even received personal threats against his life.

### 5.2.3 Creating institutional work: The case of Culture F.C.

The holistic control system in Culture F.C., shaped by the defined strategy of *"winning by being different*", was consistently used to motivate and steer employee behavior towards ambitious targets: "*We established a culture academy to use the cultural expressions and methods to become better. To create a working environment that will encourage creativity, initiatives and courage*". The cultural control, exemplified by the norm-breaking culture training, was unique in Swedish football and came to constitute creating institutional work. At first, local media was skeptical about the culture training, but when Culture F.C. advanced to tier 1, the club instead received positive responses from the institutional field. The Secretary General of SEF acknowledged that there are *"best practice"* aspects in the control system used in Culture F.C., which shows that the control method of "*being different*" is becoming institutionalized. Another indication of creating institutional work is that the club attracted a different audience than other clubs, as the club's actions stretched the institutional boundaries to also include people who had never watched football before.

### 5.2.4 Isomorphism and strong institutional pressures

In previous research, we have found several studies that showed that the institutional field of sports is characterized by a strong force of isomorphism, where practices and beliefs converge, so that the organizations imitate each other and eventually come to resemble one another (e.g. Forslund, 2017; Patterson & Washington, 2011; Skille, 2011; Slack & Hinings, 1994). We can also show that the field of Swedish football is characterized by strong institutional pressures that intensify when moving into the professional level (see section 4.1). Hence, based on the strong isomorphism and institutional pressures, we would have expected that the MCS for sport organizations that move from amateur to a professional level would develop similarly. However, as we showed by the analysis based on institutional work, the MCS were actually rather different, particularly in terms of their impact on the institutional field. This is surprising and begs the question for how two of the three clubs can deviate from institutional practices and norms, in a field characterized by strong isomorphism.

## 5.3 Importance of the institutional actor

That the three clubs, despite the isomorphism in sports, engaged in maintaining, creating, and disrupting institutional work, suggests that they dealt differently with the institutional pressures.

Isomorphism is described as coercive, normative and mimetic pressures on the organizations to adapt to institutionally approved practices and norms (DiMaggio & Powell, 2000). As we showed in the theoretical framework, the design and use of MCS can be understood in relation to the tension between institutional pressures and institutional actors. Previous research has mainly focused on institutional pressures in explaining why sport organizations tend to conform and behave similarly (Skille, 2011). In this study, all three clubs adhered to the coercive pressures, as breaking the rules and requirements risked resulting in fines or even relegation to a lower league. However, although all three clubs designed the MCS based on *soft controls* of cultures and values, they reacted differently to the normative and mimetic institutional pressures. Since the pressures are the same for all clubs, the institutional work should instead be understood through the role and actions of the institutional actors.

### 5.3.1 The role of the institutional actor in performing institutional work

An institutional actor is defined as the individual that performs the institutional work, in this study referring to the actor that design and use the MCS. By analyzing the cases, the three clubs represent two distinct types of institutional actors: individual outsiders in Family F.C. and Culture F.C., and a collective group of insiders in Tradition F.C.

The decision-making power in sport organizations is often located with the chairman (Hoye et al. 2006), why he or she often comes to constitute the institutional actor(s). However, due to the administrative approach in Tradition F.C., the institutional actors consisted of collective of key individuals. In contrast, through its active involvement and control of the clubs, the Chairmen in Family F.C. and Culture F.C. constituted individual institutional actors. Another key difference between the two types of institutional actors is the insider/outsider perspective. The collective in Tradition F.C. represented insiders fostered in the institutional field of Swedish football, as the Chairman came from the parent board, the Sports Directors & Coaches had experience from coaching in tier 1, and the CEO had worked with football his entire life. The Chairmen in Family F.C. and Culture F.C., on the other hand, were outsiders in terms of both background and ideals.

### 5.3.2 Lack of distinct institutional actors in traditional sport organizations

All clubs were subject to the exact same institutional pressures, but in Family F.C. and Culture F.C., the institutional actors challenged the normative and mimetic pressures as they

implemented their own ideals for how to manage and control a football club. By highlighting the role of the institutional actors in performing the institutional work (see section 5.2), we add to previous research on isomorphism among sport organizations (O'Brien & Slack, 2004; Patterson & Washington, 2011; Skille, 2011).

In general, Tradition F.C., represents the traditional way of governing a sport organization, in which a voluntary board takes a more administrative approach rather than a direct controlling responsibility. In line with the findings of Dietl and Frank (2007), Tradition F.C. exemplifies a type of "*governance vacuum*", while Family F.C and Culture F.C., despite being membership clubs, have more similarities to privately owned clubs that serve the interests of the owner(s). As distinct institutional actors, both Chairmen were able to design and implement a cultural control system in line their own objectives and strategies.

Hence, we argue that the lack of a distinct institutional actor can be used to explain why sport organizations come to conform to institutional practices, norms and behavior. As sport organizations come to rely on recruitment and employee self-control instead of initiating a more active control system, they will naturally adhere to the institutionalized behavior and practices. The lack of distinct institutional actors in sport organizations might also be related to the long traditions and history of many clubs, as boards and managers are forced to deal with ingrained structures as well as both internal and external stakeholders. In this study, both Family F.C and Culture F.C. were recently founded, and were thus able to establish its cultural control based on their own ideals without having to deal with other stakeholders. Therefore, we argue that the lack of distinct institutional actor, rather than strong institutional pressures, is the main reason for the isomorphism in sports, as membership sport organizations are more passive and imitate practices, and thereby maintaining norms and ideals.

# 6 Conclusion

This paper contributes to the literature on accounting and sport organizations by examining how three Swedish football clubs have developed their management control systems (MCS) as they moved from amateur to the professional level. Through a holistic perspective on control, we add to the previous literature that mainly has taken a narrow view on management control in sport organizations (e.g. Amis & Slack, 1996; Byers, 2007; Carlsson-Wall et al., 2016; Dietl & Frack, 2007). We make three main contributions:

First, we find that while sport organizations that move from amateur to the professional level can professionalize their MCS to varying degrees, we can conclude that the dominant form of control is *soft controls*, where beliefs, norms and values are used to steer the employees' behavior and decisions (Merchant & Van der Stede, 2003). Family F.C. and Culture F.C. used cultural control and created their own distinct cultures, while Tradition F.C. relied on the culture inherent in the institutional field by adopting personnel control, and actively recruited insiders fostered in the institution. The dominant form of control was consistently used by all clubs during the entire journey, and there was a tendency of further strengthening of the control as the organizations progressed to the first tier.

Second, despite that all three football clubs used *soft controls*, we find that the design of the management control system was still very different as each club performed either maintaining, disrupting or creating institutional work (Lawrence & Suddaby, 2006). Tradition F.C. followed the norms but Family F.C. disrupted the tradition of membership democracy, while Culture F.C. created a norm-breaking culture academy. These differences are surprising as we would have expected more convergence, since previous studies argue that the field of sports is characterized by isomorphism and strong institutional pressures (e.g. O'Brien & Slack, 2004; Patterson & Washington, 2011). The choice of control system resulted in extremely disparate responses from the institutional field with life threats on the one side and celebration on the other.

Finally, we argue that the tensions between institutional pressures and the institutional actor(s) indicate why sport organizations design management control systems differently, despite using similar *soft controls*. Previous research has mainly focused on institutional pressures as the explanatory factor for isomorphism in sport organizations (e.g. Skille, 2011; Slack & Hinings, 1994), but based on our findings, the pressures may actually not be as strong as expected. We argue that it is the absence of an active and distinct institutional actor, rather than strong institutional pressures, that explains why membership sport organizations tend to act in line with

the institution's beliefs, norms and values. In contrast, the chairmen of Family F.C. and Culture F.C. became strong institutional actors that were able to handle and overcome the tension from the institutional pressures and work differently.

Nevertheless, this research has limitations. First, we studied football clubs in a Swedish context, which may not be representative for other countries or sports in general. Furthermore, Sweden adopts membership democracy rules that limit private ownership of sport organizations. Hence, our third contribution regarding the institutional actor in relation to the institutional pressures, may only hold under the membership democracy constraint. It may for instance not apply in some countries such as the United States, which has privately-owned sport organizations, extreme pressures of commercialization and a closed league system. Finally, we interviewed the clubs at a single point in time after they had advanced to the first tier, while ideally, we would have liked to have followed the clubs over time. This may have affected the quality of the answers because it could have been difficult for the interviewees to remember all the details. However, it would have been impossible to know five years ago that these three clubs were going to achieve the difficult task of moving from amateur to the professional level.

In terms of further research, it would be interesting to learn if *soft controls* also dominate in established clubs, as the three clubs in this study are new at the professional level. In addition, the Swedish field of football is a fairly specific context, and it would be relevant with more studies on management control and institutional actors in countries that for example allow private ownership of sport organizations. We find that the theoretical lens of institutional work is suitable for the analysis of sports, and we welcome more research on management control and institutional work to better understand how accounting can be used to impact institutional fields.

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# Appendix - List of interviewees

| Interviewee | Employed | Interview date | Location | Length (min) |
|---|---|---|---|---|
| *Tradition F.C.* | | | | |
| Sports Director & Coach | 2011- | 09 Oct 2017 | Uppsala | 65 |
| Club Director | 2016- | 09 Oct 2017 | Uppsala | 63 |
| Chairman | 2012- | 12 Oct 2017 | Uppsala | 67 |
| Former CEO | 2013-2015 | 26 Oct 2017 | Uppsala | 74 |
| Marketing Director | 2015- | 26 Oct 2017 | Telephone | 49 |
| Board Member | 2010-2017 | 07 Nov 2017 | Uppsala | 70 |
| *Family F.C.* | | | | |
| Club Director | 2007- | 19 Oct 2017 | Stockholm | 79 |
| Chairman | 2007- | 19 Oct 2017 | Stockholm | 80 |
| Secretary | 2007- | 19 Oct 2017 | Stockholm | 52 |
| Sports Director | 2012- | 19 Oct 2017 | Stockholm | 52 |
| Sports Liaison Officer | 2017- | 24 Oct 2017 | Telephone | 34 |
| *Culture F.C.* | | | | |
| Chairman | 2005- | 16 Oct 2017 | On site* | 65 |
| Sport Director & Coach | 2011- | 16 Oct 2017 | On site* | 66 |
| Administrative Director | 1996- | 16 Oct 2017 | On site* | 58 |
| Finance Director | 2013- | 16 Oct 2017 | On site* | 60 |
| Sales Person | 2011- | 16 Oct 2017 | On site* | 45 |
| Sales Person | 2016- | 25 Oct 2017 | Telephone | 34 |
| *Swedish Elite Football (SEF)* | | | | |
| Secretary General, and<br>Head of Club Development | 2012-<br>2016- | 31 Oct 2017 | Solna | 78 |

* Anonymized because the location cannot be disclosed without revealing the club name