

Stockholm School of Economics

Master Thesis in Accounting and Financial Management

Management control systems in Swedish elite football associations

- A case study on Djurgårdens IF Fotboll

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The sports organization is, from an accounting perspective, a little researched area. This thesis adds accounting knowledge to the field through a single case study on Djurgårdens IF Fotboll (Djurgården), one of the top Swedish football clubs. The Swedish elite football industry has for well over a decade shifted towards an increasingly commercial environment, while the conditions for carrying out commercial activities fundamentally differ from the comparable business setting. The study is carried out with the aim to, using the Malmi & Brown (2008) management control system as a package framework, identify the current configuration of an elite sports association's management control systems. Moreover, such systems are, using the notion of institutional logics, put in relation to the Swedish elite sports association environment. The results suggest that an elite sports association, with some support of more formal control techniques, heavily rely on culturally oriented steering mechanisms in order to influence employee behavior. Furthermore, such management control system design can be traced to the organizational context, that to a large extent obstruct business-like rationalities to thrive.

Key words: Management control systems, institutional logics, sports organization, sports association, football.

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“The Swedish elite football clubs [...] have yet to realize (indicated by their poor financial performance) the consequences of the momentous shift in international football that took place in the late 90:s when the sports turned in to big business. And thereby not been able to assemble the right competencies and adjust accordingly.”

- Bo Lundquist (Former Chairman, Djurgårdens IF Fotboll) in Sport & Affärer, vol. 1, 2014.

1. Introduction

This section, containing two parts, will introduce and motivate the topic at hand. A background and purpose part will highlight gaps in previous research, introduce the theoretical approach, introduce the case organization and formulate the thesis' research questions; a delimitations part will clarify the scope of the thesis.

1.1 Background and purpose

“Traditionally regarded as trivial and unworthy of academic attention, research into the regular rituals that pervade the everyday is now a legitimate field of scholarly inquiry among social and cultural theorists. Accounting researchers, however, have remained relatively aloof from this general trend, preferring to seek solace in the sphere of the corporation rather than the coffee shop.” (Jeacle, 2012, p 580)

A significant and eye-catching cultural form is sports – not the least as elite sports organizations are becoming increasingly commercialized and professionalized (IF, 2009a; IF, 2003a; Ferkins et al., 2005). Never is this as evident as within the field of football – worlds' most popular sports (Matheson, 2003) – where since the early nineties the sports has gone through a significant shift towards economic-financial features and can now be considered to be a sound business (Baroncelli & Lago, 2004). Thus, creating a unique cultural form that operates in a commercial environment (Stewart & Smith, 1999).

From an accounting perspective, the field of football is a little researched area and room for further insights exist (Jeacle, 2012). However, the measurement dilemmas associated with the recognition of player contracts have been brought to light (Morrow, 1993; Amir & Livne, 2005; Forker, 2005). By analyzing the Melbourne storm salary scandal Andon & Free (2012) examine the role of the accountant during crises and Cooper & Joyce (2013) investigate the UK insolvency practice within the field of football. Furthermore, Cooper & Johnston (2012) adds a new dimension to the research field as the notion of accountability is examined, by analyzing a case study of the hostile takeover of Manchester United Football Club by the Glazer family.

Similarly, this thesis aims to add a new perspective to the field – namely, by attacking the football phenomena from a management control angle.

In terms of management resources, sports associations typically cannot compete with their corporate counterparts (Ferkins et al., 2005), assumingly making more sophisticated and rigorous formal management control systems uncommon. With that in mind this thesis will follow Malmi & Brown (2008) and define management control systems at its broadest level – incorporating formal as well as informal and structural control techniques. Furthermore this thesis agrees with Malmi & Brown (2008) and argues that such systems should be seen as a package as:

“There are a number of reasons why studying the MCS package phenomenon is important. Firstly, MCS do not operate in isolation. While much of the MCS research considers single themes or practices that are seemingly unconnected from each other and the context in which they operate, these invariably sit within a broader control system (Chenhall, 2003).” (Malmi & Brown, 2008, p 288)

Additionally, institutional logics are an interesting starting point for analysis of elite football organizations. Following Lounsbury (2008) institutional logics are:

“[...] broader cultural beliefs and rules that structure cognition and guide decision-making in a field (e.g., Friedland, 2002; Lounsbury, 2002; Scott, Martin, Peter, & Carol, 2000; Thornton, 2004).” (Lounsbury, 2008, p 351)

Institutional logics is of particular interest for sports associations as these organizations have, as above-mentioned, gone through an evident transition towards increased commercialization and thereby been forced to embrace concepts and mind-sets from the business world. This, as the same time as the set-up and context in which these organizations operate, has considerably different characteristics than the typical business setting (Fahlén, 2006; Stewart & Smith, 1999); making a totally different way of thinking a necessity in order to function properly. Consequently, otherwise prosperous business people have fundamentally failed in managing the financials in their football clubs (Carlsson, 2009). With that said, sports association logics and

commercial logics nowadays have to be able to coexist under the one elite football association umbrella.

In contemporary sports, it has been shown that good financials and sports performance go hand in hand and the clubs with the largest year-end surplus of income are also more likely to win on the football pitch (Foster et al., 2006; Gerrard, 2005; Syzmanski & Kuypers, 1999). With regards to Swedish elite football however, the new and more commercialized environment seem to be difficult to handle. Swedish elite football is currently struggling financially and 12 out of 14 clubs show a negative net result for 2013 (SVT, 2014a). Djurgården IF Fotboll (henceforth Djurgården), one of the top football clubs in Sweden (SEF, 2014a), is no exception and tops the loss ranking for 2013 with a net result of -12MSEK (SVT, 2014a) and has not been able to make a profit in the last five years averaging just shy of -15MSEK per annum (see Appendix 1).

This thesis aims to understand the management control systems in a sports association, put in relation to the Swedish elite football context – in particular with regards to the transition towards increased commercialization. This is done through an in-depth case study of Djurgården. In order to further illuminate the purpose of the thesis the following research questions have been formulated:

How is the MCS designed in an elite sports association? How does the elite sports association environment affect the MCS?

1.2 Delimitations

There is a huge stretch in size and money in- and outflow with regards to sports organizations. Some, generally smaller ones, rely heavily on voluntary engagements and the commercialization trend has yet to assert itself. These organizations are outside the scope of this thesis, which will focus on what henceforth is defined as elite sports associations; associations with elite sports aspirations and that clearly can be considered to be affected by the increased commercialization in sports. Correspondingly, within the case organization the focus of this thesis will lie on the elite sports activities and therefor disregard youth operations. Moreover, Djurgården has recently incorporated the women's team in their operations (although operating separately) – which constitutes a part of the club that also will lie outside the scope of

this thesis due to its relatively low level of commercialization. Another concern that needs to be addressed is the fact that sports organizations in Sweden by default are (or are owned by) sports associations. With regards to previous research, which includes research from countries other than Sweden, the more general sports organization is put emphasis on. However, upon carrying out the analysis of the empirical results, the more narrow Swedish sports association is what is taken into consideration. With that said, other forms of sports organizations are outside the scope of this thesis, but the findings may very well apply to such organizations as well.

2. Previous research

This section is structured around four sections and aim to map the relevant previous research landscape. A sports organization section will illuminate what has been written about sports organizations; an institutional logics section will, based on previous research, explicate main features and conditions of the sports association and commercial logics; a MCS section will introduce and explain the MCS framework used in the thesis; a theoretical framework section will bring the pieces together and integrate the two logics at hand and the MCS framework, forming the main tool for upcoming analysis.

2.1 Sports organizations

While, from an accounting perspective, being a limited research field – knowledge concerning sports organizations explicated in the more pure sports literature can be shone light upon.

Swedish sports associations have historically been close to exclusively non-profit and voluntary driven (Fahlén, 2006). Currently elite sports organizations are becoming increasingly commercialized and professionalized and nowadays have multiple sources of income, such as membership fees, ticket sales, sponsorships, player transfers and external funding (IF, 2009a; IF, 2003a; Ferkins et al., 2005). Hegborn & Olovzon (2001) state that the sports industry is one that, while trying to reach good financial performance, still significantly relies on non-profit elements. Correspondingly, these organizations typically cannot compete with their corporate counterparts in terms of management resources (Ferkins et al., 2005) or organizational structures (Fahlén, 2006). The shift towards increased commercial efforts has been described as one that potentially will have impact on the underlying values in and around the sports organization, and may lead to declining club loyalty and historical bonds (McGaughey & Liesch, 2002). Smith & Stewart (2010) adds:

“Finally, professional sports is embedded in a fundamental structural and operational paradox which complicates its management at every strategic turn. It arises out of the fact that sport’s commercial progress and subsequent corporatization is a two-edged sword. While on one hand it allows sport to tap into new markets by changing its shape and features, on the other hand it

fractures all those traditions that made it attractive to fans in the first place.”

(Smith & Stewart, 2010, p 11)

The combination of commercial and sports abilities are a key success factor in order to become a successful football club. Skills on the football pitch are what ultimately counts when it comes to such aspirations but economic power is essential as there is a correlation between investments (and corresponding wages) in players and coaches and winning games. With that in mind, traditional economic theory is insufficient with regards to the sports context and, as explicated above, otherwise strong business minds have fundamentally failed in managing the financials in their football clubs (Carlsson, 2009). (Cooper & Joyce, 2013)

Additionally, surrounding the football clubs one finds large amounts of passionate fans with a massive desire for information (Cooper & Johnston, 2012; Cooper & Joyce, 2013). Correspondingly, football gets huge amount of media attention all around the world (Cooper & Joyce, 2013). According to Stewart & Smith (1999) such passion produces a blind loyalty amongst the supporters and clubs, that at times lead to a disregard of financial performance as performance on the football pitch are what is held at eye-level. Correspondently, Colyer (2000) adds that competing values can create a tension between sports and business aspirations within a sports organization.

Management control systems in Swedish elite sports associations have been examined by Jensen & Helber (2004; Master thesis) and Flinkberg & Rönblom (2009; Bachelor thesis). Their findings strengthen the notion of an increased business mind-set in sports organizations as the use of balanced scorecards, objectives, planning and budgeting similar to the way it is used in traditional businesses becomes evident in three Swedish elite sports organizations.

2.2 Institutional logics

Within institutional theory research, logics have been analyzed from the perspective of various social constellations, such as the family, the state, corporations, the market, professions and religions (Dunn & Jones, 2010). With regards to settings where more than one logic are present, research has focused on the *change* of institutional logics – when one logic becomes more dominant than the other (Reay & Hinings, 2009).

However, contemporary studies (e.g. Marquis & Lounsbury, 2007; Lounsbury, 2007; Reay & Hinings, 2005; Dunn & Jones, 2010; Pache & Santos, 2013; Jay, 2013; Reay & Hinings, 2009) have shown that contrasting logics indeed can exist side by side.

In order to concretize and box-in the commercial and sports association logics, we follow Pache & Santos (2013) and try to determine four main characteristics of such logics. Pache & Santos (2013) carried out a study on social enterprises trapped between two contrasting logics: social welfare and commercial logics.

The commercial logic is centered around one overarching goal: carrying out commercial activity (i.e. in a cost-efficient manner sell products and services) in order to create maximal value for its owners (Pache & Santos, 2013). Sprung out of such goal, concepts as cost-efficiency, customer satisfaction and control constitute the backbone of the commercial logic (Reay & Hinings, 2009). For-profit organizational forms are best suited for commercial activity as it enables the owners to control in what way their investments are used (Pache & Santos, 2013). Similarly, hierarchal control is suggested as a suitable governance mechanism as it enables top-down control; and managers' ability to carry out commercial activity is what legitimizes their existence in the organization (Pache & Santos, 2013).

The *sports association logic* on the other hand promotes sports achievements rather than financial goals (Cooper & Joyce, 2013; Fahlén, 2006). Correspondingly Anthony & Young (1999) suggest that the sound financial performance is of subordinate importance but is necessary for ensuring the survival of a non-profit organization. In Sweden the elite sports association is, enforced by law, carried out in the form of an association (non-profit form) – or through a sports modified limited company majority owned by a sports association (RF, 2013a). In such organizations, potential economic surplus is retained and reinvested in the operations, ensuring that all resources serve the higher cause of the organization (Sargeant, 1999). Furthermore, an association is member-owned and every member has an equal right to vote and appoint the Board of Directors and through such election control the governance of the association (RF, 2013a). Correspondingly, the association relies heavily on democratic principles (Pache & Santos, 2013), something that is further levered by a dependency on voluntary commitments (Fahlén, 2006). Accordingly, contribution and commitment to the sports mission is the main driver of legitimacy of the employees.

Characteristics	Sports association logics	Commercial logics
Goal	Sports-oriented success and long-term survival (Cooper & Joyce, 2013; Fahlén, 2006; Anthony & Young, 1999, Foster et al., 2006)	Sell goods and/or services on the market to generate economic surplus that can be legitimately appropriated by owners (Pache & Santos, 2013, p 980)
Organizational form	The by law enforced association (non-profit) form is legitimate as it ensures that resources are retained and reinvested in activities that benefits the goal (Sargeant, 1999)	The for-profit form is legitimate because its ownership structure allows it to channel human resources and capital to areas of higher economic return (Pache & Santos, 2013, p 980)
Governance mechanism	Democratic control (i.e. one vote per member), which is built-in in the association model, is the appropriate way of electing the Board of Directors and thereby enabling and monitoring member interests and goal achievement (Pache & Santos, 2013)	Hierarchical control is the appropriate way to monitor strategy and operations in a way that ensures consistency of products and services and efficient allocation of resources (Pache & Santos, 2013, p 980)
Professional legitimacy	Highly dependent on club commitment, the main professional currency is assessed in terms of contribution to the sports mission (Fahlén, 2005)	Professional legitimacy is driven by technical and managerial expertise (Pache & Santos, 2013, p 980)

Figure 2.2

Characteristics of the Sports association and Commercial logics (Framework: Pache & Santos, 2013, p 980)

2.3 Management control systems

Within the management control research field there is a wide array of definitions of what a management control system (hereinafter MCS) actually is. A few popular definitions are given below.

“Management control consists of all systems that a manager use to ensure that the employees are acting in the organization’s best interest.” (Merchant & Van der Stede, 2012, p 6)

”Management control is the process by which managers influence other members of the organization to implement the organization’s strategies.” (Anthony & Govindarajan, 2004, p 7)

“MCSs are the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities.” (Simons, 1995, p 5)

Generally, the literature has put a lot of emphasis on formal control systems (Chenhall, 2003). With regards to sports associations, which (as highlighted above) typically lack rigorous management resources, examining only formal control techniques may very well be insufficient in order to understand why employees actually act the way they

do. On the same note, traditional approaches to management control is normally not suitable for non-profit organizations as highly formalized models assume rationality and do not take psychological factors into consideration (Hofstede, 1981).

With that said, this thesis will follow Malmi & Brown (2008) – who have synthesized nearly four decades of MCS research and explicitly developed a framework suitable for empirical studies – and explore MCS:s in its broadest form, incorporating five different types of controls. Namely *planning, reward and compensation, administrative-, cybernetic- and cultural controls*. As there is no uniform definition of the MCS it is of importance to illuminate the authors’ one, which moreover will constitute the definition in this thesis:

“As such, management controls include all the devices and systems managers use to ensure that the behaviors and decisions of their employees are consistent with the organization’s objectives and strategies, but exclude pure decision-support systems.” (Malmi & Brown, 2008, p 291)

Cultural controls						
Clans		Values			Symbols	
Planning		Cybernetic controls				Reward and compensation
Long range planning	Action planning	Budgets	Financial measurement systems	Non financial measurement systems	Hybrid measurement systems	
Administrative controls						
Governance structure		Organization structure			Policies and procedures	

Figure 2.3

Management control systems package (Malmi & Brown, 2008, p 291)

As earlier mentioned, this thesis, argue that MCS:s should be analyzed as a package. This as any given management control tool does not operate in isolation but rather interact with other ditto and is affected by the context in which it is embedded. The package way of thinking adds to the appropriateness of this framework for the elite sports association context. This, as sports associations from an accounting perspective is a rather unexplored area and the sports context significantly differ from the comparable business setting, stressing the need to understand the connections between and drivers behind observed management control techniques.

Planning controls are carried out ex ante (Flamholtz et al., 1985) and primarily have three objectives: 1) set goals for the different sub-units of the organizations, 2) set the bar for expected performance of such sub-units and 3) create goal-alignment of the sub-units with regards to the organization's overall strategy. Planning can be split in two types of control tools: *action planning* and *long-range planning*. Action planning relates to short-term goals and actions that should be dealt with within twelve months and has a tactical focus. Long-range planning is more strategy-focused and covers plans that exceed the twelve-month mark. (Malmi & Brown, 2008)

Cybernetic controls can best be explained as procedures where an organization compares actual outcomes with pre-determined standards and thereby give managers performance-related information and give them the opportunity to change system components. Four cybernetic control tools can be brought to light: *budgets, financial measures, non-financial measures and hybrids*. Budgeting, while having multiple uses (i.e. planning), can work as a benchmark for actual performance and thereby take the form of an evaluation tool (Hansen et al., 2003). While being more narrow tools for evaluation, financial measures (i.e. return on investment and economic value added) serve a similar purpose and are often connected to the budget. Non-financial measures (i.e. Total Quality Management) are similar to financial measurements but take other measures than financial ones into consideration. Hybrids (e.g. balanced scorecard) are tools that combine financial and non-financial measures. (Malmi & Brown, 2008)

Reward and compensation controls aim to motivate employees to act in a certain way and thereby create goal congruence between the organization and an individual or sub-unit (Bonner & Sprinkle, 2002). Rewards and compensations are often connected to performance evaluations through cybernetic tools. (Malmi & Brown, 2008) Reward and compensation systems have been discussed in terms of *extrinsic* (monetary) and *intrinsic* (non-monetary) motivation tools (e.g. Tippet et al., 2009; Frey, 1997; Gupta & Mitra, 1998; Bonner & Sprinkle, 2002). While being described as a tool that increases performance (Bonner & Sprinkle, 2002), extrinsic incentives may have a *crowding out effect* on intrinsic motivation. This as when individuals' standard of living rise above a subsistence level, they seek meaning in work and intrinsic motivation increase in importance (Frey, 1997). Non-profit literature indicates that

intrinsic incentives are of extraordinary importance in non-profit organizations (Gupta & Mitra, 1998).

Administrative controls refer to organizational structures, accountabilities and rules that through careful design may work as steering mechanisms as they affect employee behavior. Administrative controls can be examined through three types of controls: *governance structure*, *organizational structure* and *policies and procedures*. Governance structure affects behavior through the set-up, accountabilities and coordination of the Board of Directors, managers as well as project teams. An organizational structure impact employee action as it frames how employees interact. Similarly, policies and procedures can impact what people actually spend their time doing. (Malmi & Brown, 2008)

Cultural controls are organizational-wide values, beliefs and social norms used to effect behavior within an organization. One should be aware of that organizational culture may very well be outside any given managers control and not necessary be used as a steering mechanism. However, when effective, culture can strongly effect how individuals act and ease the pressure on more traditional types of control (Ouchi, 1979). Three types of cultural controls can be shone light upon: *clan control*, *value-based control* and *symbol-based control*. Clan control asserts itself when employees, through rituals and ceremonies, are exposed to a socialization process indoctrinating them with organizational values (Ouchi, 1979). An important element for successful clan control is recruiting of employees that share the organizational values (Ouchi, 1979). Value-based control is formally communicated statements from managers in order to shape employees' values and give them direction (Simons, 1995). For instance, mission statements, vision statements and credos would constitute value-based control tools (Simons, 1995). Symbol-based control can be used by managers in order to strengthen a certain culture through the use of visual symbols, such as dress code or physical workspace design (Schein, 1997). (Malmi & Brown, 2008)

2.4 Theoretical framework

In order to, in a sufficient manner, be able to map and analyze Djurgården's MCS:s from a sports association vs. commercial logics point of view this section aims to put the pieces together and construct a theoretical framework. To do so, we will try to,

based on earlier research, determine what would be expected in terms of management control in a stereotypic sports association as well as a stereotypic business. With such framework in place the determination of whether or not the observed control activities can be defined as more like one or the other will become simpler and hence give an indication on how the new commercialized environment has affected the elite sports associations.

As explicated above – the typical sports association has significant historical and emotional bonds as well as limited resources and organizational structure. With that said, it seems reasonable to believe that such organizations lack sophisticated and rigorous formal control systems. Furthermore an extensive use of rewards and compensation must be regarded as unlikely since the archetypal sports association relies heavily on pro-bono engagement – instead intrinsic rewards (e.g. a feeling of contribution to a higher cause) seem more reasonable. Furthermore, the democratic set-up, which constitutes the backbone of the member-owned association, makes any strong hierarchal control mechanisms seem implausible. Scott (1997) illuminates that culture play an important role in order to reach success in a sports organization and Fahlén (2005) shows that decision-making in Swedish sports associations not always is rationally bound but often relate to culture, traditions, trends, assumptions, expectations, norms, values and ideals. Furthermore Fahlén (2005) states that, although culture makes it self-assertive in any organization, the sports organization culture seems to possess unique features. Having this in mind, it is not hard to argue that it seems reasonable that on the extreme side of the sports association-business spectra, culture acts as the main mechanism for getting people to act towards a shared goal.

On the flip side of the spectra, the typical business setting would imply a contrasting design of MCS:s. Using the framework of Malmi & Brown (2008) the Chartered Institute of Management Accountants (CIMA) recently published a review of the use of MCS in 87 randomly chosen companies in Germany. Their findings therefore constitute a suitable benchmark for how the typical MCS in a corporation is designed. The findings suggest that MCS is of great importance for the typical company as every third corporation made major changes to their systems during the last three years. The use of formal control techniques (i.e. planning tools, budgets, performance

measurement, evaluations, incentive systems) is intense, and companies rank action-planning and cybernetic controls as the most important tools for guiding organizational behavior. The companies typically follow a three to five year cycle with regards to strategic planning. Such planning thereafter lays as a foundation for the action planning. The budget is often used as a steering mechanism, similar to performance measurements. Financial rewards are common and are within the sample connected to financial and non-financial targets equally. With regards to administrative controls, a top-down approach is common (similarly to what was highlighted in section 2.2 *Institutional logics* regarding the governance structure in a typical business) – especially when it comes to strategic decisions as well as rewards policies. Furthermore, management groups, reporting lines, rules and procedures are frequently used. Formal techniques with the aim to affect the organizational culture, such as mission, vision and values, are also repeatedly in place. (Hanzlick & Brühl, 2013)

Figure 2.4 represents the thesis’ main theoretical framework and illustrates the chosen MCS framework put in relation to the sports association and commercial logics. On the extremes, the expected control tools for the respective logic are presented.

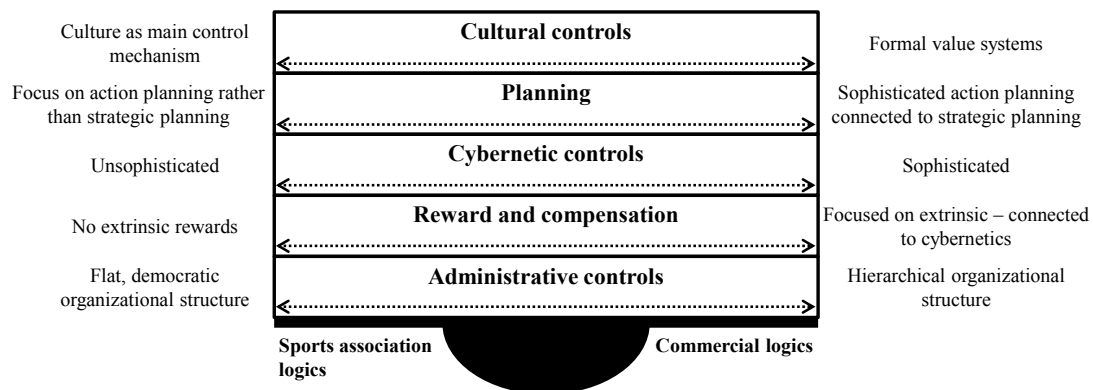


Figure 2.4
Theoretical framework

3. Methodology

This section will explain and motivate the methodological choices made along the thesis journey. Such enlightening will be made with regards to four areas: research design, data collection, data analysis and quality aspects.

3.1 Research design

3.1.1 Qualitative research approach

As implied in earlier sections, the sports organization field with regards to accounting, although exciting, cannot be described as anything else than a fairly unexplored research area. In order to reach an in-depth understanding of the sports association phenomenon we decided to get out on the field and carry out a qualitative study. Ghauri & Gronhaug (2005) suggest that a qualitative approach is specifically relevant for exploring new fields. Furthermore, such approach is suitable when the researchers need to understand the underlying drivers behind observed behaviors and decisions (Holme & Solvang, 1997). The study takes on an abductive approach. This as the study uses, although scarce, previous research as a starting-point and thereafter gathers empirical data in order to potentially modify or add to current knowledge and thereby give a better description of reality (Alvesson & Sköldberg, 1994). The guidelines on how to structure and approach a qualitative study provided by Carlsson-Wall and Kraus (2010) has been used to, in a sufficient manner, organize the study.

3.1.2 Single case study

There have been numerous debates on whether single or multiple case studies should be used in research. A single case, rather than several, provides a better platform to obtain deep knowledge but also has the risk of becoming too case specific and that the findings cannot be applied in other contexts (Lundahl & Skärvad, 1999). Eisenhardt (1989) stresses the importance of using multiple case studies to develop theory with substance. On the opposing side, Dyer & Wilkins (1991) emphasize the importance of providing a broad description of the case company and its context in order to comprehend the fundamental dynamics of the case. Having this in mind and given that in-depth understandings are desired, the decision to study a single case organization was made. Furthermore, Yin (2003) claim that single case studies can be useful in

exploring previously scientifically undocumented phenomena, which is the case in this thesis.

3.1.3 Selection of case organization

Upon selecting the case organization a couple of alternatives was evaluated (i.e. the elite football and hockey clubs in and around Stockholm), where accessibility and level of commercialization were the most important factors.

One of the thesis' authors has in the past, for a shorter time period, been professionally involved with the selected case company and therefore a high level of accessibility was believed to exist. Additionally, Djurgården was selected since it is an organization located close to the authors – enabling just-in-time scheduling of meetings and interviews.

Djurgården is one of the top elite football clubs in Sweden and has gone from being three employees working with administrative tasks to nowadays having a full-blown commercial department. Furthermore, the club has an old heritage, is located in a big city, gets a lot of media exposure and has a notably strong supporter culture surrounding it. All in all making Djurgården a desirable object to study.

Another important factor is that both of the authors are supporters of the case company, which would imply a good previous knowledge about the club as well as create trust for the authors during the progression of the thesis. On the negative side, the lack of objectivity of the authors could affect the results of the thesis, which is further discussed in the quality aspects part below.

3.2 Data collection

3.2.1 Primary data: interviews

Interviews were the primary source of empirical data. Interviews can constitute a vital source of data in research if involved individuals' understandings and experiences are desired to be understood (Darke et al., 1998). Furthermore, Walsham (1995) claims that interviews sufficiently may act as premier source in data collection since researchers then best can access the actions and events that have been taking place.

Given the direction of the thesis which includes a sightsee into new unexplored fields, interviews were selected as the primary data source.

The number of interviews was taken into careful consideration. According to (Glaser & Strauss, 1967) the data collection process should proceed until the researchers consider further collection to be of no significant use. After 17 interviews a comprehensive view of the case company and its' environment was considered to have been reached.

In order to, in a sufficient manner, be able to fulfill the purpose of the thesis, all our interviews designed as semi-structured interviews. Semi-structured interviews are designed in a way that the interviewee freely can describe their experiences and thoughts with a set of key questions as a starting-point (Kvale, 1997). In general, the interviews lasted for an hour, were recorded and later transcribed.

Initial sets of wide-ranging interviews (five) were performed with key individuals in Djurgården in order to explore potential focus areas for the thesis. Through the initial interviews, trust was built and new key people were introduced to the researchers. The interviews that followed (nine), had a more narrow scope as the purpose of the thesis became increasingly apparent. The last (three) interviews were designed to close current gaps in existing empirical data (Further explained in section 3.3 *Data analysis*).

The design of the interviewee group was carefully contemplated to represent a wide-ranging set of viewing points and experiences, both current as well as former employees. Both internal as well as external respondents were selected in order to make the results more generalizable. These were selected in order to get broad understandings of the research object as well as ensure consistency in the empirical results. The interviewee group is illustrated in figure 3.2.1 below.

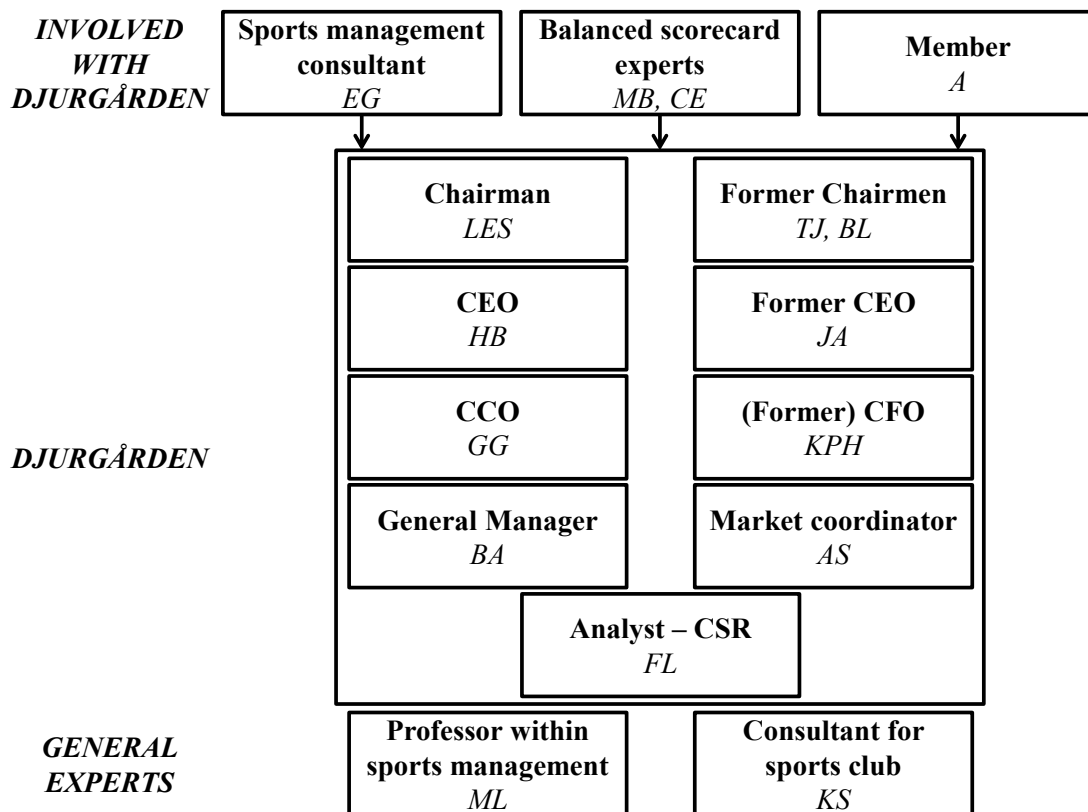


Figure 3.2.1
The respondents

Each interview was initiated by explaining who we are, our affiliation with the case organization, the aim with our thesis and that the researchers would get back to the interviewee if any quotes would be used in the thesis. These steps were judged suitable in order to create trust for the researchers and that the interviewee would not be accountable for any information given unless providing confirmation that it could be used at a later stage. All in all, a hand-full of interviewee references had to be modified for the final version of the thesis, mostly due to competition sensitivity regards and factual corrections. Furthermore, the quotes were sent to the interviewees in translated form (English), which tackled the potential issue of any valid points getting lost in translation.

3.2.2 Secondary data

The documentation that was used in addition to the interviews performed includes both internal and external documents. The internal documentation included internal documents, such as Djurgården's core values and their balanced scorecard. In terms of external documentation, articles written about the football industry in general and

Djurgården specifically were used. In addition, externally available data as annual reports and the website of Djurgården were used for orientation purposes. All in all, these sources acted as supplementary data and were combined with our primary data in order to provide further understandings.

3.3 Data analysis

The collection of the empirical data, the analysis and the work with developing new theory has been a continuous process throughout the thesis process. The interviews were transcribed after the tape recordings and were placed in separate documents. A database was created where all information that could be of relevance were included. Subsequently, in line with Corley & Gioia (2004), a thorough processing of the data was carried out – grouping all similar quotes and thereafter inserting them within identified themes. This grouping was made in order to be able to get an overview of our empirical data and furthermore be able to conceptualize and analyze our data in an adequate manner. Furthermore, connections between identified phenomena could easily be made. An excel model was created where the relevant information was incorporated and structured after the themes that had been identified. The excel model included all data that could be of interest under each specific topic and the last two interviews were conducted in a way that existing gaps in our empirical data was covered.

3.4 Quality aspects

3.4.1 Reliability

Reliability refers to the precision of the research method and whether or not the results are affected by coincidences (Winter, 1973). A case study with high reliability should therefore be possible to repeat with the same conclusions (Lundahl & Skärvad, 1999). As earlier mentioned, both researchers are fans of the case organization at hand. Therefore, potential personal bias or preconceptions had to be managed carefully. Both researchers were present at all interviews in order to make the data gathering and interpretation transparent, in line with the principles of data collection by Yin (2003) and to mitigate individual bias (Voss et al., 2002). Furthermore, both researchers took independent notes, which were discussed in close connection with each completed interview to align our interpretations of the collected data and to decide on future

steps. Any potential misinterpretations were furthermore, upon request through e-mail, clarified by the interviewee at hand. Furthermore, in accordance with the methodology of Corley & Gioia (2004) touched upon above, the researchers have identified different tracks and found subfields within each, where at least three interviewees had to pronounce similar statements to ensure that the researchers would not rely too much on any specific interviewee.

3.4.2 Validity

Validity refers to how well the research design actually is suitable for fulfilling the purpose of the research (Winter, 1973). There are three tactics to increase validity of a study according to Yin (2009). First, multiple sources should be used in order to enable data triangulation in the case study. As mentioned, this study included people currently and formerly affiliated personnel of Djurgården and from many levels throughout the organization to ensure an accurate picture of the case at hand. Furthermore, the researchers have aimed to confirm information provided in interviews by asking subtle questions on the same topic during more informal talks. Secondly, the reader should be able to follow how the results have been derived, from the research question to the conclusion, by providing a chain of evidence (Yin, 2009). The researchers have structured their approach according to such method, for the reader to follow the “red thread” in a consistent manner all the way to the final conclusions. Third and last, the key informants should review the study before it gets finalized in order to get their view and that the findings are in line with reality (Yin, 2009), which is something that the researchers (as explained above) have done. Furthermore, the researchers have had a reoccurring dialogue with the tutor as well as an expert within management control to ensure that quality of the thesis is high as well as the structure of the findings are clear.

Generally, a drawback of case studies may be its lack of providing generalizable results (Scapens, 1990). However, Yin (2009) reasons that case studies can be generalizable for theoretical propositions. Worth noting is though, that it is hard for case studies to get statistically generalizable findings (Yin, 2009), hence there is a need to replicate the study on other sports associations, in order to ensure such generalizable results.

4. Empirics

In this section our empirical results are presented, structured around three segments. A background part will introduce the case organization and give the reader a sense of what is to come; a context part will map the conditions and environment in which the case organization operates; a MCS part will describe the control mechanisms currently present in the case organization.

4.1 Background

4.1.1 Djurgården

Djurgården was founded in 1891 and has since then won eleven national championships and is nowadays an established team in Allsvenskan, the top flight of the Swedish football league system. The team – with their light blue-dark blue striped home jerseys – has a pronounced heritage with roots in the Östermalm district in Stockholm, where the home games have been played for the better part of a century. However, during 2013 the club changed its home stadium to the brand new Tele2 Arena south of the city center – more than doubling the attendance cap. At Tele2 Arena, home games will be played during the football season that in Sweden generally stretches from April to November. With an attendance mean of little above twelve thousand in 2013 the club is one of the most well visited sports teams in the Nordics (FD, 2013a).

As explicated in figure 4.1.1, the Djurgården group consists of four units. On top the sports association *Djurgården IF Fotboll* can be found. *Djurgården Elitfotboll AB* is a sports-registered limited company, requiring majority ownership by a sports association. This company is fully owned by the sports association and moreover owns two limited companies (i.e. *Djurgården Försäljning AB* and *Djurgården Arena AB*).

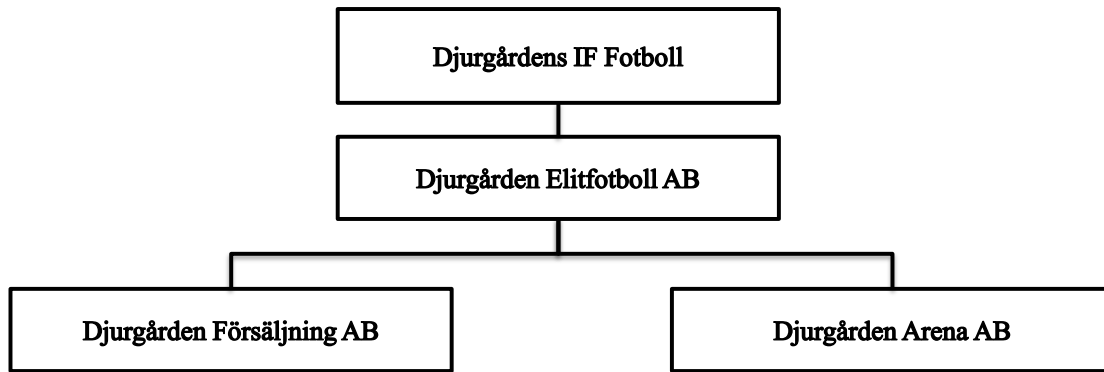


Figure 4.1.1
The Djurgården group

During the interviews it became evident that this set-up has little practical implications, and for the most part, is a result of tax concerns – and with regards to operations should be comprehended as one organization.

Djurgården is structured around four legs: the men’s team, the administration, the women’s team and the youth team. These four are physically separated from each other and located at different parts in Stockholm. The elite team leg is where the elite sports activities take place and with a certain amount of resources an attempt to create a successful football team is carried out. The administration leg consists of around 20 people that carry out all commercial activities, such as executive management, marketing, sales, media and finance – and the goal is simple:

“Our objective is to make as much money as possible and thereby give the club the best possible conditions to succeed on the football pitch.” GG (CCO, Djurgården)

BL (Former Chairman, Djurgården) explicates that a difference between the corporate and sports association worlds, is that bottom-line profits are what counts for companies, whilst in sports organizations the league place is the main priority and profits are merely a mean to the ever so important sports objectives end.

4.1.2 Increased commercialization and poor financial performance

“The hunt for more money, which has increased in importance the last 10-15 years, seems to paralyze the sports associations and many clubs are facing

severe financial problems these days.” MF (PhD/Ass professor Sport Management, Linnaeus University)

Djurgården is an unmistakable example of the increased commercialization and professionalization of elite sports associations. The club has, in 15 years, gone from being three people working with the administration to nowadays have a full-blown commercial division and a turnover well over 100 million SEK (see Appendix 1). However, EG (Consultant, Deloitte Sports Business Group) highlights that even though the commercialization trend is evident, Sweden is still significantly behind countries like Italy and England where professional football has existed for 100 years; while in Sweden, professional football is a quite new phenomenon.

As explicated in the introduction, Swedish elite football in general and Djurgården in particular is currently struggling financially.

“The financial results in Djurgården have not been good. This situation applies for most top Swedish football clubs, but let’s face it – we have been worse of all clubs the last couple of years.” LES (Chairman, Djurgården)

LES (Chairman, Djurgården), explicates that in principle there is no built-in contradiction of sports and commercial aspirations in a sports association; the two go hand in hand and better financials lead to better sports and vice versa. However, balancing the sports and business focus is by many of the respondents regarded to be a key issue for Djurgården going forward. HB (CEO, Djurgården) and KPH (Former CFO, Djurgården) testify that there is a tension between sports and commercial aspirations that has to be managed on a daily basis and that the club historically has had a mentality where financial deficits have been acceptable as long as the football team performs well on the pitch. JA (Former CEO, Djurgården) highlights the complexity of a sports association and that any control systems have to be tweaked in comparison with a general corporate-setting.

On the other hand; MB (Partner, EY) and CE (Partner, EY) believe that Djurgården, from a professionalization perspective, is on the right path.

“We believe that Djurgården are well placed compared to many of its peers since they have started to implement processes to cope with the commercialization trend.” CE (Partner, EY)

4.2 The Context

The context section of the empirics is structured in line with the partition used in the context analysis below and is broken into four main themes: *short temporal cycles*, *internal sports pressure*, *external sports pressure* and *capital injections*.

4.2.1 Short temporal cycles

“The most important day for football clubs is Sundays, or whenever the weekly game is played. I guess that is something that you will just have to learn to accept.” TJ (Former Chairman, Djurgården)

The most important day of the week for Djurgården is the game-day. This is when not only the sports results are decided, but to a large extent the financial outcomes. According to FL (Analyst CSR, Djurgården), a bureau that investigated the risks and rewards for a football club found that 90% of them is affiliated with the game-day. With poor performance on the football pitch comes weak game attendance and vice versa.

“The attendance is always a bit volatile [...] during the fall of 2012 we were struggling in the league and then the attendance was significantly below our forecast – every game.” LES (Chairman, Djurgården)

“When the sports results start coming, more attendance and sponsors will show up – there is an enormous leverage in the numbers on the scoreboard.” JA (Former CEO, Djurgården)

On the same note, the football industry is special considering the threat/opportunity of being downgraded/upgraded to another division of the league system – events that have great financial consequences attached to them.

“If a ball hit the post or not can be the difference of 20 million SEK in revenues next season.” MF (PhD/Ass professor Sport Management, Linnaeus University)

EG (Consultant, Deloitte Sports Business Group) elaborates on the topic and explains that there is a large revenue stream (e.g. game attendance, TV-licenses, sponsors) difference between clubs in the highest flight of the league system and the clubs in the second division. If a club would get downgraded, revenues would decrease while the players’ and coaches’ salaries are still often the same (regulated by their contracts) – incentivizing the club to take on more risk by investing funds in new players or coaches. An example of this was the decision to, after an exceptionally poor first half of the season of 2013 combined with turbulence making the current Head Coach to leave the club, hire a new expensive Head Coach. HB (CEO, Djurgården), explains that it is always expensive (and over budget) to bring in a new Head Coach in the middle of a season but stresses that the negative financial implications of being downgraded would have been much more severe.

Moreover, negative supporter related events – during the interviews often referred to as scandals – are a common component in the Djurgården operations. During 2013, two home games had to be suspended and the Head Coach as well as the Chairman opted to leave the club due to supporter-related events.

JA (Former CEO, Djurgården) highlights the unpredictable nature of the elite sports industry and states that there is, from a short-term point of view, a detachment between what the club can influence and the actual outcomes. Many of the respondents testify that, due to such unpredictability, more long-term aspirations often have to be put aside.

“24/7 something is happening within the organization, and by the end of the day, you realize that you are working with putting out fires and as a result, it becomes difficult to work with strategic issues and continuity.” JA (Former CEO, Djurgården)

“My experience is that during times of poor sports results, the clubs often become stressed and forget about their long-term agenda.” MB (Partner, EY)

“It is hard to have a forward mind-set, crisis management is core for a football club during the season. [...] After 1 point after the first eight games of the 2013 season, the possibility to discuss CSR was very limited.” FL (Analyst CSR, Djurgården)

“2013 was a chaotic year, crisis after crisis after crisis. In times like that it feels like it is all about survival.” AS (Marketing coordinator, Djurgården)

For example, KPH (Former CFO, Djurgården) and HB (CEO, Djurgården) explain that an endeavor of developing a balanced scorecard (BSC) has more or less been put on hold for a year due to turbulence surrounding the club.

Adding to such turbulence does the high turnover of people in the top management team, Head Coaches and on the Board. MF (PhD/Ass professor Sport Management, Linnaeus University) stated that the Swedish elite football association recently announced that for the football clubs in the Stockholm region, eleven out of twelve people with the title of Chairman, General Manager or Head Coach recently have left their positions. Djurgården is no exception; the Chairman, CEO, CFO, General Manager and Head Coach are all new compared with a bit over a year ago. HB (CEO, Djurgården) explains that since there is a lot of rotation within the top management and the Board of Directors, it is hard to focus on the items that should be of priority over time. Correspondingly, KPH (Former CFO, Djurgården) highlights that the budget process for 2014 was postponed several months due to high employee turnover during the fall of 2013. Similarly, FL (Analyst CSR, Djurgården) illuminates the fact that key people that supported him in CSR-related projects now have resigned and that it, even though currently not the case, could become hard for these projects to survive if anchoring does not exist in-house.

Additionally, many of the respondents testify that the uncertainty is increased by the fact that the value of player contracts can shift momentarily up and down in a short period of time. The value is largely influenced by if a player has had a couple of good or bad performances.

“For example Djurgården probably thought Kasper Hämäläinen would have been sold for 10-15 million SEK, but in the end, they barely got their money back.” TJ (Former Chairman, Djurgården)

A financial analysis (see Appendix 1) of Djurgården’s annual reports adds to the claim that the club lives in a volatile environment, as the turnover as well as the net income is remarkably unstable.

4.2.2 Internal sports pressure

“Employees that join a sports association with a strong football background tend to focus too much on the football itself and do not understand the complexity and the product as a whole.” KPH (Former CFO, Djurgården)

During the interviews many of the respondents declare that there are, compared with a typical business setting, less people with a business background. Instead many co-workers and Board Members have been and to some extent still are, sprung out of the sports association model. HB (CEO, Djurgården) claims that there exist two separate mind-sets in a sports association, sports and business. This is natural according to JA (Former CEO, Djurgården), but he was surprised how few it was who looked at profit and equity when he joined the organization. Similarly TJ (Former Chairman, Djurgården) claims that many employees do not understand what kind of business situation the club operates in.

HB (CEO, Djurgården) illuminates that the different mind-sets, historically, have become evident in the interaction between the General Manager and the CEO. The General Manager typically wants to create as good of a squad as possible and generally do not focus on the costs or the overall financials, whilst the CEO tries to maintain a sustainable economic situation.

“For example, the commercial side of Djurgården may want to have a sponsor event with the team in order to make more money, while the sports side wants to have the players well-rested for the next game or practice. Such considerations have to be balanced.” HB (CEO, Djurgården)

On a similar note, Djurgården’s Board of Directors according to BL (Former Chairman, Djurgården) typically has been populated by too many people with a sports

background and limited business ditto – influencing decisions with significant financial effects. MB (Partner, EY) and CE (Partner, EY) verify that this constitutes a common problem in Swedish sports associations and decisions sometimes tend to become too emotional in the Boardrooms.

“It is easy to buy a player for three million SEK if you have the financing, but then you have a contracted salary that will burden the operational result that you have to take into consideration. This would be self-explanatory in a company – but that is not always the case in a sports association.” TJ (Former Chairman, Djurgården)

MF (PhD/Ass professor Sport Management, Linnaeus University) provides an additional explanation to why, from a financial perspective, irrational decisions are common in sports associations. He describes a phenomenon that he calls the “*sports association cap*”:

“It is a bit complex, but in my book [Ledning av idrottsföreningar – berättelser från gräsrotterna] I state that there is a sports association cap, covering eyes and ears of the people in a sports association. People are involved in these associations because it is fun, and how does it become fun? Well, you gamble a little and aim for highly defined sports goals and then you often end up in a financial situation in distress.” MF (PhD/Ass professor Sport Management, Linnaeus University)

In line with such reasoning BL (Former Chairman, Djurgården), who was the Chairman at the time of great sports accomplishments between 2001-2005 when three national championships were won, testifies that mistakes were made due to over-optimistic aspirations.

“A national championship title almost became standard and we wanted to take the next step and become a competitive force in Europe. So we invested an additional 24 million SEK and bought a couple of expensive players. However, we tried to eat more than we could chew and when the European dream did not come true, we were left with costs that we could not make up for.” BL (Former Chairman, Djurgården)

Moreover, Board Members are unpaid and, according to a hand-full of the respondents, often at times do not have the possibility to put in the amount of hours needed. BL (Former Chairman, Djurgården), who by many of the respondents are praised for his club commitment during his years as Chairman, begun to commit to the Swedish elite football association while he was involved with Djurgården and noticed that it was hard to maintain the same focus on the club as earlier. MF (PhD/Ass professor Sport Management, Linnaeus University) has noticed that there are many people who want to help in sports organizations, but there are not many who want to be assigned responsibility; and the openness for accepting leadership positions for one or two years has decreased.

A hand-full of the interviewees claim that the sports association heritage and high degree of employees with a sports association background at times make it hard to implement more business-like initiatives. KPH (Former CFO, Djurgården) explains that it is unusual with new investments in IT-systems since it is perceived to cost too much money – even though the long-term effects would be positive. Furthermore, according to FL (Analyst CSR, Djurgården) the implementation of CSR initiatives – a way to, amongst other things, reduce the risks affiliated with the game-day effect and supporter scandals – initially was problematic to get acceptance for internally.

“CSR is the straight opposite of what people are used to. Therefore, it is not uncommon that people see CSR as an activity that takes time from the core sports activities.” FL (Analyst CSR, Djurgården)

4.2.3 External sports pressure

“The fact that the prime minister arranged a press conference when a big football scandal arose says a lot about the environment the football clubs operates in.” JA (Former CEO, Djurgården)

The external interest for Djurgården is throughout the interviews described as intense. HB (CEO, Djurgården) emphasizes the complexity in terms of many different interests groups (e.g. supporters, sponsors, investors, politicians, the police, parents to youth players, media, employees) surrounding the club:

“Everybody want a say in how the club should be run and what player investments that should be made. [...] There are more interest groups than what people think and you have to be on the right terms with all of them – sometimes you have to compromise which can lead to poor decisions.” HB (CEO, Djurgården)

As the, by law regulated, association form dictate that a sports organization has to be member-owned, the external pressure throughout the interviews is described as substantial for the Board of Directors and employees in Djurgården. TJ (Former Chairman, Djurgården) states that a sports association is much more complex to govern than a company as the owner-base is more diverse.

“For example, some members would rather see Djurgården play in the third flight of the league system than being dependent on external investors, whilst others only care about sports success – it becomes tricky to manage.” TJ (Former Chairman, Djurgården)

Moreover, many of the interviewees testify that, in practice, the association model is associated with a risk as the attendance on the annual general meeting usually is low. Out of the about fourteen thousand members in attendance only a double-digit number is typically to be reckoned with, and TJ (Former Chairman, Djurgården), BL (Former Chairman, Djurgården) as well as JA (Former CEO, Djurgården) state that the member democracy is not functioning properly.

“In normal elections, 60% should vote to call it a democracy. In Djurgården, around 40 out of 14 000 members engage, which is too few to call it an association democracy – it is a hard nut to crack.” TJ (Former Chairman, Djurgården)

“One member equals one vote, and when very few attend the annual meeting it can become a very undemocratic process where you have to listen too much to specific groups – which can lead to Djurgården becoming an organization without authority.” JA (Former CEO, Djurgården)

EG (Consultant, Deloitte Sports Business Group) confirms the democracy issue is a central risk to be aware of for a sports association and JA (Former CEO, Djurgården)

compare a sports association to a political party as opinion figures affect the governing of the decisions made. On the same topic MB (Partner, EY) further exemplifies the democracy issue:

“For example, if the equity would be 20 million SEK and there are 30 attending the Annual general meeting, it would be quite easy to get access to the cash in the club – there have been cases in other top clubs when similar things have happened.” MB (Partner, EY)

TJ (Former Chairman, Djurgården) highlights that the association model makes it risky to invest funds in sports organizations, and sponsors hedge themselves by writing contracts on a one-year basis to get insurance for the risk of change of control. Furthermore, BL (Former Chairman, Djurgården) during his period as Chairman got to experience the pressure from members first hand:

“I was involved in the Swedish Football Association at the time. [...] We tried to push through laws enabling better handling of hooliganism-related issues. However, a smaller autonomous group of members did not want any more police involvement at the stadiums. So they made it clear that they would assemble an extra general meeting and vote to unseat me. Therefore me and Tommy Jacobsson opted to leave our positions on the board.” BL (Former Chairman, Djurgården)

Upon investing money in the club during the beginning of the 2000:s, BL (Former Chairman, Djurgården) went around this issue by putting his money in an external company owning a large share of the player contracts at the time. HB (CEO, Djurgården) claims that he likes the Swedish model with the members as owners, but it can also result in problems when stakeholders want to get a quick fix without considering the long-term consequences of the decisions. This issue can be hard to handle, considering the stakeholders of Djurgården are both diverse and numerous (see Appendix 3). The main focus of the members is perceived by the vast majority of the interviewees to be sports-oriented.

“Generally, the members do not have the same demands on profits as they have on sports results.” EG (Consultant, Deloitte Sports Business Group)

“Of course I see the poor financial results of Djurgården in the news, which is bad, but as long as we survive, the football results are all that counts. [...] I have never attended any annual general meeting.” A (Member, Djurgården)

“The most knowledgeable supporters understand that sports and business must work hand in hand, but most supporters don't care if the club shows a profit or loss as long as the results on the field are good.” JA (Former CEO, Djurgården)

“I aimed for a long-term sustainable financial situation – but it did not turn out that way since the gap is too big. A too large share of the supporters and members demand quick sports success and focus on the next game rather than where the club should be in five years. I made an error of judgment there.” TJ (Former Chairman, Djurgården)

Additionally, TJ (Former Chairman, Djurgården) explains the use of pyrotechnics – that is affiliated with heavy fines for the club – is common during the games and that some fans do not care about the business impact for the club of such an event, as long as it enhances the atmosphere on game day.

Pressure can, amongst others, come in forms of resignation demands, player investments/divestments demands and actual physical threats.

“If a club has five bad sports results in a row, you do not discuss what to do, but rather who should resign. Generally, there is more pressure on the clubs in the Stockholm region, as can be seen by the threats made towards people in these clubs.” MB (Partner, EY)

“A problem could also arise if Djurgården would get a bid on our best player – which would have a great positive effect on the financial results – but then the member-base could complain.” LES (Chairman, Djurgården)

In addition, the sports focus in media is described by many of the respondents as noticeable since events are continuously mentioned in the evening press. EG (Consultant, Deloitte Sports Business Group) states that the media provides great pressure on immediate sports results.

The member's strong affiliation with the club is described by the respondents to have, in addition to the negative effects explicated above, strong positive effects. BA (General Manager, Djurgården) explains that the strength of Djurgården is the club's history and the enthusiastic supporters that genuinely love the club. JA (Former CEO, Djurgården) adds that if you could align all forces surrounding Djurgården towards one common goal, the club could move mountains. Consequently, a new CRM system and the development of a BSC have to a large extent been carried out on a pro-bono basis by external parties.

4.2.4 Capital injections

“Due to lack of time to analyze our financial numbers one turn to Profit, Equity and Liquidity. But in reality we can disregard the first one, since we have been able to get financing in other ways. One year we had a terrible result but a huge increase in equity – that is hard to explain to people. [...] Equity and liquidity becomes the top priority.” HB (CEO, Djurgården)

Many of the respondents state that there is a high correlation between investments and the place in the league for Swedish football clubs. MB (Partner, EY), CE (Partner, EY) further state that it is quite easy to win the Swedish football league one year, if you have the funding – given that an entire squad in Sweden cost less than one player does in one of the better leagues around Europe.

Historically, Djurgården has been highly dependent on external funds. As signaled in Djurgården's annual reports, new issues and donations have constituted capital injections in the 100 million SEK range in the last five years alone.

External capital has to a large extent been used to finance investments in new player contracts. Hence, historically many player contracts have been partially or fully externally owned (i.e. external investors own the right to future divestment claims). This is something that LES (Chairman, Djurgården), TJ (Former Chairman, Djurgården) and HB (CEO, Djurgården) described as something that potentially could lead to a conflict of interest as the club does not have any financial incentives to sell a player. Nowadays Djurgården owns about 85% of their player squad and such problem is now described as faint. TJ (Former Chairman, Djurgården) explains that upon accepting the position as Chairman in 2009 he assembled 25 million SEK of his own

and other donors' money that furthermore was injected in the club, (amongst other things) laying the ground for a bigger share of club-owned player contracts.

The capital injections have not only been used proactively but also worked as a lifeline for Djurgården. Many of the respondents confirm that contributors that have supported the club with funds have saved Djurgården many times during the past 20 years.

“It creates an unhealthy culture, by setting the wrong incentives and encouraging risk-taking, when the club knows it always can pull a rabbit out of the hat if needed.” JA (Former CEO, Djurgården)

TJ (Former Chairman, Djurgården) explains that the 25 million SEK he brought to the club in 2009 was extremely critical for the survival of the club. Similarly, LES (Chairman, Djurgården) say that during the second half of the 2013 season, the club was facing severe liquidity problems due to unforeseen costs attributable to the move to Tele2 Arena and had to attract external donations in order to ease out the storm. During 2013, 15 million SEK was booked as donations in the annual report of Djurgården.

MB (Partner, EY) and CE (Partner, EY) tell the clubs that they should assume that the clubs would not receive any funds and pursue to build a business that is self-sufficient, but state that according to their experiences many sports organizations know that negative profits will solve themselves through a donor that will contribute funds.

“This is not because of lack of competence, but rather a sports phenomenon where management uses a best-case scenario in their budgets, and if that would not hold, the situation will be saved by rich supporters.” MB (Partner, EY)

MF (PhD/Ass professor Sport Management, Linnaeus University) adds that such a lifeline can make management careless, and some sports organizations in Sweden have during a long period of time trusted that help will be provided by outsiders. The respondents verify that Djurgården has not used scenario sensitivity analysis in the past and LES (Chairman, Djurgården) explains that Djurgården has had budgets in balance every year but that the outcome has been far below the forecasted figures during the last couple of years. The donations have saved Djurgården in the past;

however, it is agreed amongst the respondents that the capital injections will not last forever and that the credibility of the organization soon will be diminished.

Some donations to Djurgården have been earmarked for specific projects, such as the construction of a new indoor football facility for the youth leg as well as development of CSR projects.

4.3 The MCS

This, the MCS, section of the empirics follows the structure of the main MCS analysis tool – The MCS package model (Malmi & Brown, 2008) presented above. Therefore this section is broken into five parts: *Cultural controls*, *Administrative controls*, *Cybernetic controls*, *Planning* and *Reward and compensation*.

4.3.1 Cultural controls

“Salary is probably the last reason you work here – working for the club you love seem to be motivation enough.” AS (Marketing coordinator, Djurgården)

According to the respondents, an association like Djurgården builds on a history of compassion, enthusiasm and feeling of belonging and the walls at the administrative office is packed with Djurgården paraphernalia and memorabilia. The respondents showcase that the salaries are generally lower than for a comparable corporate occupation. TJ (Former Chairman, Djurgården) explains that people that work with football in Sweden has a great passion and heart for their clubs that do not exist in a corporate setting, hence such emotions are described as the main motivational driver for employees. BA (General Manager, Djurgården) believes this is true for most employees in Djurgården and if an employee does not have the passion for the club it will be hard to handle the intensive periods.

“An insufficient structure is often saved by people having pride in their work. Without this sense of belonging, Djurgården would not survive.” BA (General Manager, Djurgården)

Consequently, being a supporter of Djurgården is something that is highly valued internally, and hence all employees are fans. The respondents also claim that if you not initially are a strong fan of the club – you become one with time.

“I can tell you this much. If we were to hire a new CFO and one candidate was supporting Djurgården and another one was supporting a rival club – the Djurgården supporter would get the job – even if that candidate would be a little less qualified. I think it can become a bit emotional sometimes – it is a bit of a dilemma.” BA (General Manager, Djurgården)

EG (Consultant, Deloitte Sports Business Group) explains that the Premier League, where the commercialism and professionalism has gone far, it is more usual that employees jump between different clubs than what it is in Sweden.

KPH (Former CFO, Djurgården) compares the sports association with a corporate organization, and conclude that employees probably would have resigned if they would have experienced some situations that employees have experienced in Djurgården, but they do not since they act on different logics than people employed in the business world. Accordingly, KPH (Former CFO, Djurgården) as well as AS (Marketing coordinator, Djurgården) have noticed that it is the most whole-hearted and passionate fans of Djurgården that stay in the organization for longer periods of time.

Many of the respondents have noticed a shift towards increased professionalization and the hiring of people with business backgrounds is nowadays common. Relatedly, two new Board Members were elected during the spring of 2014 that by HB (CEO, Djurgården) as well as BL (Former Chairman, Djurgården) were perceived to increase the business-orientation on the Board. However, FL (Analyst CSR, Djurgården) explains that the demand for performance is lower than in a company and that it is the *“Djurgården heart”* that ultimately counts. Similarly, CE (Partner, EY) has experienced that the demand for professionalization is lower in sports associations than in companies.

The strong affiliation with the organization is by KPH (Former CFO, Djurgården), AS (Marketing coordinator, Djurgården) and BA (General Manager, Djurgården) agreed to have dual effects. While being the main driver of motivation, during bad periods (e.g. bad sports results, supporter scandals) employees tend to become demotivated and the productivity decreases.

“That Djurgården has employees that live for the club is both good and bad. It is very different to a regular job. On a regular job, the job is your job – full stop! People here gladly work extra for free, which of course is a great asset, but sometimes it can become a bit frustrating when the productivity goes down after a tough loss. [...] I try to keep my head up, but right after an event like the game against Union Berlin (suspended after supporter related complications) it feels like everything you have worked for the last couple of months were in vane and you feel despondent.” AS (Marketing coordinator, Djurgården)

“When the club is facing Juventus and 30 000 tickets is sold in an hour, employees get very proud to be a part of Djurgården and that gives spill-over effects on the work.” BA (General Manager, Djurgården)

During 2013 Djurgården developed a framework called the Djurgården lighthouse. The top management implemented this in order to give employees strategic direction as well as signaling what kind of values Djurgården stands for (see Appendix 2). Value-oriented statements like *“Always show the heart for the club”* and the primary values *“Joy, dignity and respect”* can be seen in the Djurgården lighthouse. Furthermore, business-oriented concepts such as CSR and capital development are represented in the framework. Values are also spread throughout the youth leg of the operations, where both players and parents need to sign a document indicating that they agree to Djurgården’s values.

4.3.2 Administrative controls

“It is a very flat organization, which sometimes can become problematic as people tend to work in separate islands and miss out on the holistic view. [...] Employees work more on an individual basis which can lead to sub-optimization for the organization.” HB (CEO, Djurgården)

“A problem with a sports association is that employees sometimes are running in different directions, and in many cases people tend to do what they find fun and easy. [...] A key struggle is to mobilize the commitment that exists towards a common goal, which can be very hard when it is yesterday’s result on the pitch that counts.” GG (CCO, Djurgården)

Djurgården is described by the respondents as a very flat organization with low level of accountability assigned to the employees. HB (CEO, Djurgården), GG (CCO, Djurgården), BA (General Manager, Djurgården) and BL (Former Chairman, Djurgården) testify that given the flat organizational structure it becomes hard to get all employees to move in the same direction. FL (Analyst CSR, Djurgården) adds that Djurgården function because people are doing their job assignments, but to develop further, a holistic perspective among the employees is necessary. AS (Marketing coordinator, Djurgården) and FL (Analyst CSR, Djurgården) verify that they, with some general guidelines from above, work rather autonomous. Furthermore, KPH (Former CFO, Djurgården) illuminates that employees tend to build their own turfs, which can become problematic when someone decides to leave, since there are no protocols or hand-over provided to the successor. GG (CCO, Djurgården) sees many similarities with Djurgården and the TV-channel TV4, where he previously worked. At TV4 employees were also very emotionally driven since journalists took great pride in their work, and therefore sometimes missed the bigger picture.

KPH (Former CFO, Djurgården) states that the boss question is a sensitive topic.

“Many are allergic to having bosses – it is like something sticking in the eye. It makes it hard to have mid-level managers [...] and the CEO role becomes over-loaded and more strategic issues are drowned in daily problems.” KPH (Former CFO, Djurgården)

KPH (Former CFO, Djurgården) believes this is a result of the organizational culture, where employees want to focus on their passion for football without having mid-level bosses controlling them.

In order to increase the overall awareness throughout the organization HB (CEO, Djurgården) has implemented mandatory Monday morning meetings where all employees in the administrative leg (and representatives from the elite sports and youth leg) are present. During the meetings the main focus areas for the company as a whole as well as for specific functions are presented and a protocol is created and followed up on the succeeding meeting. AS (Marketing coordinator, Djurgården) appreciate these meetings as they decrease the distance between the four legs.

“There are many small decisions made in sports associations every day, which are taken to reach an overall goal set up by the management and Board of Directors, and it is very important that all employees are aware of the small decisions as well as of the overall goals. That is what the Monday meetings are for.” HB (CEO, Djurgården)

In addition, the respondents explain that there are many smaller meetings taking place every week (e.g. CEO-Chairman, CEO-CCO-General Manager and departments).

JA (Former CEO, Djurgården) and KPH (Former CFO, Djurgården) recently implemented a procedure to get a better cost control and push out responsibility to the employees. Namely, all invoices have to go through and be attested by the employee at hand, and the employee is then responsible for the year-end cost figure for her/his area.

The organizational structure has throughout the years differed. The Board of Directors has always had the final say in strategic issues and player purchases. TJ (Former Chairman, Djurgården) who was Chairman at the time explained that recently the administrative (represented by the CEO) and sports (represented by the general manager) legs were working in two different silos with the Board of Directors as the coordinating function. According to KPH (Former CFO, Djurgården), HB (CEO, Djurgården), JA (Former CEO, Djurgården) this set-up entailed difficulties for the CEO who did not have the authority to turn down the General Manager and therefore, although responsible, could not control the financial outcome to a full extent. And the Board of Directors did not always have the ability or time to withstand the pressure from an influential General Manager. Now such structure has changed and the CEO has the main responsibility for the club's financials and act in a coordinating manner between the CCO and the General Manager.

Another novelty in the organizational set-up is the introduction of committees with focus on long-term strategic issues. The commercial, sports and the infrastructure and planning committees are populated with in-house employees as well as external experts. These committees assemble every six to eight weeks and is sought out to be an extension of the Board of Directors and will be a strategic forum to provide them

and the top management with information for better decision-making. JA (Former CEO) is the Chairman of these three committees.

In the Board of Directors' meetings, the participators are the Board Members but also the CEO, General Manager and any additional person if relevant for the specific issue. The Chairman discusses issues and gets continuous feedback from the CEO every week. Djurgården is currently absent of a CFO and has decided to, due to financial constraints, to not hire a new one at the moment. Furthermore, a large part of the sales force has been outsourced to an external partner.

The interviewees explain that there is a code of conduct in place that is signed upon initial employment, specifying rules (amongst other things) regarding the handling of competition sensitive information and how to behave in social media.

4.3.3 Cybernetic controls

"During the 90's when I was a consultant for a football club and were evaluating the budgeting process, the CFO brought me a shoe box full of receipts." KS (Former sports management consultant)

The use of KPI:s (Key Performance Indicators) is throughout the interviews described as scarce. One reason for this is according to HB (CEO, Djurgården) and LES (Chairman, Djurgården) that Djurgården does not have the adequate IT-systems in place.

"Djurgården got access to very good information, but the systems are not in place to leverage from it – and the systems we do have do not interact with each other. ICA boutiques, which I have experiences from, get a better decision foundation than what the Board of Directors get in Djurgården." LES (Chairman, Djurgården)

As explicated above, KPH (Former CFO, Djurgården) explains that it is unusual with new investments in IT-systems since it is perceived to take away too much money from the sports aspirations. EG (Consultant, Deloitte Sports Business Group) confirms that there is room for improvement when it comes to producing relevant information for the Board. One example of such activity, that has not been adequately monitored and cost-controlled from a financial perspective according to LES (Chairman,

Djurgården), is the handling of sponsors who generally have gotten too much bang for the buck in terms of tickets and events upon sponsoring the club. This is an issue that has received recent awareness and something that the CCO will be responsible for going forward according to LES (Chairman, Djurgården). Another example is the player bonuses which by HB (CEO, Djurgården) and BA (General Manager, Djurgården) are described as liberal and not been connected to increased revenues for the club. Currently a large amount of such bonuses have been or are to be removed.

Some reporting can be brought to light. LES (Chairman, Djurgården) explains that Djurgården, in addition on cost follow-up reports, has reports attributable to game attendance broken down on customer segments that furthermore is compared with forecasted numbers – enabled by the new game day reporting system attributable to the move to Tele2 Arena. GG (CCO, Djurgården) and BA (General Manager, Djurgården) explain that they create a report every month with information concerning their respective area compared to budget.

“Johan Ahlborg is the most competent sports association manager in Sweden. He implemented a new system for reporting and budget follow-up. It is a lot more business-oriented now.” TJ (Former Chairman, Djurgården)

“We are more professional now. The game day reporting system went from the 1900:s straight to 2014.” LES (Chairman, Djurgården)

Furthermore, a new CRM system is on its way, enabling more detailed customer analysis. Additionally a BSC, although not yet implemented, has been developed in co-operation with EY. The BSC includes five perspectives: financial, sports, employees, interest groups and CSR.

“The BSC is currently a paper product containing good key ratios, but now the key issue is to implement it throughout the organization.” KPH (Former CFO, Djurgården)

A budget is designed every year. Even though primarily acting as a planning tool, HB (CEO, Djurgården) explains that, in addition of being a tool for the CFO to allocate and monitor revenues and costs, budget responsibility has nowadays been allotted to some employees (e.g. CCO & General Manager).

4.3.4 Planning

Planning has historically been a challenge for Djurgården and the respondents showcase that the turbulent and event-driven nature of the operations makes it particularly difficult to plan ahead. HB (CEO, Djurgården) illuminates that Djurgården have been quite bad at looking at best- and worst-case scenarios, and that it is an issue that is currently being addressed. LES (Chairman, Djurgården) explains that Djurgården has had budgets in balance every year but that the outcome has been way under these targets the last couple of years. The planning issue was exemplified in the move to the new Tele2 Arena during 2013 according to LES (Chairman, Djurgården). The move had been on the agenda for years but due to much turbulence around the club, Djurgården was not able to plan adequately and costs unexpectedly shot through the roof during the period leaving the club with a big budget deficit. Similarly, MF (PhD/Ass professor Sport Management, Linnaeus University) has experienced that sports associations are not using long-term budgets and sensitivity analysis frequently. And MB (Partner, EY) as well as CE (Partner, EY) claim that liquidity issues and having limited equity to handle a period of distress, which is common in sports associations, is a threat towards long-term planning.

Player investments and divestments is another factor that throughout the interviews is described as hard to plan for, as availability and value of players are hard to forecast. Furthermore, as described in the *internal sports pressure* section above the club has a history of over-investing tendencies. Currently, HB (CEO, Djurgården), BA (General Manager, Djurgården) and LES (Chairman, Djurgården) testify that a more long-term and sustainable mind-set and procedure is at place. LES (Chairman, Djurgården) explains that the sports committee constantly evaluate potential investments/divestments and report several alternatives in different price categories to the Board – that ultimately make the decision.

“We are currently creating the budget for 2014, which is a half year late. The budget is going to be as realistic as possible and will include the divestment of a player in order to be able to continue the operations. We need an organization that is adapted for the revenues that we have.” BA (General Manager, Djurgården)

“If there is a risk for over-optimistic investments? There is always a risk – there is consensus on the Board but we haven’t been put to the test yet. That’s my job, if it is suitable to sell a player we shouldn’t be afraid to do that.” BA (General Manager, Djurgården)

In addition to the yearly budget, the many meetings act as the main planning tool. Additionally, whilst the weekly staff meetings as well as top management and department meetings are more action-oriented – the committee meetings aim to plan ahead. Furthermore, upon facing an ever so occurring crisis situation, the club puts together crisis teams that plan how to handle the situation at hand.

4.3.5 Reward and compensation

Even though not described as too sophisticated, the respondents explain that there are goals assigned to a few of the employees (e.g. budget goals and sales goals). However, no incentives are connected to these goals for the administrative staff. MB (Partner, EY) and CE (Partner, EY) elaborate on this and state that since a sports association is driven by love for the club and historically come from a pro-bono environment, monetary incentive programs would not be suitable and may very well meet resistance. A thought that is in line with what was touched upon in the cultural controls section above – where the love for the club was described as motivation enough for the typical Djurgården employee. However, Djurgården has outsourced large parts of their sales activities paying their partner company on commission.

“Yes, it is easier to use commission outside of Djurgården. I might be the most commercial guy here, but sometimes even I have to wear the association hat – the worlds have to cohere.” GG (CCO, Djurgården)

GG (CCO, Djurgården) is currently evaluating if non-monetary rewards could be incorporated in the organization to increase a sales mind-set, e.g. if the group would meet an overall goal for the organization, they could be rewarded with a group trip or another non-monetary reward.

5. Analysis

This section will aim to dissect the empirical findings and put these in relation to the theoretical framework. The section is centered around three parts. A context and institutional logics part will aim to map and explain the current states of the sports association and commercial logics; a MCS part will describe and analyze the control tools presently active in the case organization; a synthesis part will put the pieces together and aim to connect the context with the observed MCS.

5.1 Context and institutional logics

While the commercialization and professionalization trend puts pressure on an elite football association, sports-related success is still the main objective. Financial goals play second fiddle to such aspirations but are, in line with Carlsson (2009), described by the respondents as a key success factor in order to thrive on the football pitch. However; the empirical findings suggest that, even though sports association and commercial logics not necessarily are contradictory, the combination of sports and commercial pursuance in practice becomes difficult and short-term sports-driven decisions with significant negative financial effects are surprisingly common. Decisions that would be unacceptable in a pure business setting. Decisions may include over-investing in player and Head Coach contracts, spend thriftiness and over-optimistic designed budgets. With that mentioned, we would like to argue that logics sprung out of the classic sports association way of thinking to some extent overrule more business-like logics. Furthermore, these findings are in line with Fahlén's (2005) notion regarding that decision-making in Swedish sports associations not always are rationally bound.

The empirical findings propose a couple of reasons to why the attempt to integrate a more business-oriented way of thinking into elite sports associations in practice meets resistance. Four explanatory variables are shone light upon below.

The *short temporal cycles* that characterize the elite football world – where fast-paced, volatile and hard-to-control events (e.g. match results, supporter scandals) are highly correlated with financial outcomes (e.g. match attendance and sponsor revenues) as well as internal and external assessments – makes a long-term business way of thinking exceptionally challenging. Managers find themselves drained by reactionary

work related to unexpected events and more long-term pursuits have to be put on hold. Furthermore, relegation to a lower division always poses a threat to a football club like Djurgården, why there exist financially as well as sports-oriented incentives to gamble (e.g. signing expensive player or coach contracts) in times of sports distress.

Internal sports pressure, embodied in the cultural and organizational heritage of the classic sports association where people with a sports backgrounds (and limited business ditto) have had the power to make decisions (e.g. player purchases and budget configuration) that heavily affect the economic side of the operations, intensify the sports-driven logic's position. Additionally, the respondents repeatedly testify that employees (and Board Members) to a large extent are driven by their passion for the club, and with limited resources, the passion is what keeps the club alive and kicking. On the other side of the passion coin, more rational business thinking at times seems to be put aside. It can also be mentioned, that even with a strong business background it seems hard to stay unaffected by sports-driven logics and the sports cap instinct to gamble and over-commit to sports aspirations (illuminated by MF (PhD/Ass professor Sport Management, Linnaeus University)) becomes evident.

External sports pressure – levered by the member-owned association set-up enabling a small amount of members to overthrow the current Board of Directors in the annual general meeting – adds to the focus on short-term sports accomplishments. Furthermore, the passionate and voluminous supporters as well as media surrounding the elite sports associations put a lot of focus on the performance on the football pitch, embodying an additional challenge for managers to take more long-term financial regards into consideration.

The pressure to create a sustainable and self-supporting financial situation has so far been secondary due to the *capital injections*. Donated by club enthusiasts, funds have been available for financing of new player investments as well as acting as a lifeline in times of financial distress – thereby enabling short-term sports decisions to thrive. The pressure to act in a way that optimizes short-term sports outcomes, driven by the three factors explained above, easily become so severe that managers may opt to draw a bunny out of the ever so deep external capital funding hat.

Figure 5.1 illustrates a scale, showing how the context-driven factors (explicated above) endow sports association logics and hinder more business-oriented logics to thrive – creating an imbalance embodied by the poor financial results.

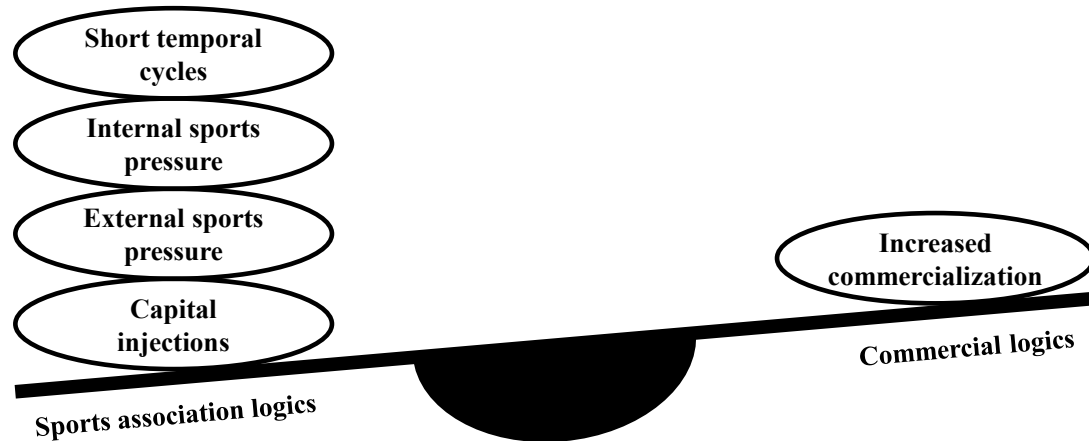


Figure 5.1
Environmental variables affecting the sports association and commercial logics

5.2 MCS

The organizational *culture*, to a large extent sprung out of the contextual variables empowering more sports association logics, undoubtedly plays a central role in Djurgården. Described as the main mechanism for work motivation, the heart for the club is what to a large extent pushes employees to work hard towards the shared sports success goal. One could easily argue that the culture compensates for the lack of rigorous formal control mechanisms. Correspondingly, strong *symbols* (Schein, 1997) of commitment to the club embellish the office walls. *Clan control*, pronounced by Ouchi (1979), can furthermore be mentioned as employees that do not initially care too much for the club, get influenced by the club values and become fans.

The *personnel selection factor*, as explicated by Ouchi (1979), seems to play an important role in shaping the organizational culture towards an increased business mind-set. While still possessing strong emotional bonds to the club, more commercialized and professionalized tools become more common for each new person hired from the corporate world. In addition, more formal culture-shaping mechanisms are now in place. What Simons (1995) would call *value based control tools* (e.g. the Djurgården lighthouse), in addition to highlighting the importance of the affiliation with the blue-blue stripes on the Djurgården game jersey, add to the focus on more

business-oriented concepts. With that said, Djurgården actively tries to incorporate more business-oriented values in their culture.

Interestingly enough; even if culture has positive consequences in forms of compensating lack of formal systems in Djurgården, the culture works as a double edge sword. Good sports results have positive impact of the motivation of the employees, but in the case of a bad game outcome or a supporter scandal, it not only affects the motivation of the employees but also the actual work being performed the next working day.

Notably, the empirical findings do not support McGaughey & Liesch (2002), that commercial efforts will decline club loyalty. Instead, we can see that the strong club affiliation (internally as well as externally), integrated in the organizational culture, remain intact although new business-like initiatives have been taken.

With regards to *administrative controls*; the strong culture, to a large extent built on club enthusiasm, clearly dictates the terms for the non-hierarchical organizational structure. However, goal-congruence mechanisms, such as coordinating Monday morning meetings, formal procedures, strategically focused committees, hint that more business-like thinking is present – which may be connected to the increased level of professionalization within Djurgården. Additionally, the reshaped top management structure with the CEO as a gatekeeper of decisions with financial impact, suggest that Djurgården has made structural efforts in order to diminish the influence of people with a sports association background on decisions with strong financial effects. Notably and more on a tentative note, it could be suggested that the physical and organizational separation of the elite operations with the less commercialized youth and women's legs of Djurgården, is related to a notion of isolation of the commercial activities in order to use a different logic than in the rest of the organization.

The scarce use of *cybernetic controls* and lack of thorough IT-systems are in line with the, cultural bound, emphasis on sports aspirations. Furthermore, systems in order to evaluate and monitor performance are potentially regarded as redundant as the club affiliation as motivator creates legitimacy for employee work ethic. However, the recent shift of the budgeting process to more of an evaluation tool (in line with Hansen

et al., (2003)) as well as the BSC and CRM initiatives, suggest that more rigorous cybernetic controls, similar to what you would expect in a business, are on the rise.

Issues regarding *planning*, highly affected by the uncertain environment, become evident in Djurgården and focus is generally put on *action planning* rather than *strategic planning*. Additionally, the lack of a sufficient equity cushion easily put plans out of play upon facing liquidity problems. Nevertheless, the increased focus on player investment planning, scenario planning and strategic committees would imply that some business-oriented planning efforts are in place. Suggestively, the planning is further handicapped by the, culturally bound, flat organizational structure. This as, with the lack of mid-level managers, the CEO gets overwhelmed with day-to-day activities and has less time for more long-term strategic planning.

With regards to *rewards and compensation*; the non-existence of *extrinsic* rewards can to a large extent be traced back to the organizational culture, where money generally does not work as the main driver of employee motivation. Instead *intrinsic* rewards (In line with Frey (1997)), in the form of the feeling of contribution to a higher cause, incentivize employees to work hard towards a shared goal. With that mentioned, the elite sports association constitutes an attention-grabbing motivation arena. Managers, with limited resources, try to capitalize on strongly self-motivated employees and at the same time guide them towards a shared goal. This is usually not the easiest thing to manage as employees, not controllable through financial rewards, to a large extent run themselves and short cycle events significantly impact their work motivation. Moreover and interestingly enough, it could be argued that Djurgården has found a way around the club values as a large part of their sales operations has been outsourced and paid on commission – enabling performance-driven financial rewards. In other words, a decoupling between organizational values and actual actions is present.

Based on what we have observed in the case organization it could be argued that the intrinsic rewards set-up (or lack of extrinsic rewards) makes it hard to achieve goal congruency. This as employees are highly autonomous and a general problem is that they run in different directions – especially as it seems like the commercial awareness vary throughout the organization. With a rather vague plan on how to reach the overall goal the intrinsic reward set-up seemingly become problematic.

The findings strongly concur with Malmi & Brown's (2008) notion of the need of examining a MCS as a package, and the observed management control tools would not have been able to be understood in isolation. The strong culture has clear spillover effects on the rest of the Malmi & Brown (2008) MCS family of control types. The other way around; it could also be argued that, together with the recent poor financial performance and other business-oriented initiatives (e.g. CSR and CRM), the increased use of more formal steering mechanisms affect the organizational culture as they increase commercial awareness at the Djurgården office.

5.3 Synthesis

The MCS at Djurgården has carefully been described and analyzed above. Mapping these findings from an institutional logic point of view the following can be said. The role of culture as the main steering mechanism seems to be evident, similar to what was theorized in our theoretical framework as what to be expected in a sports association at its purest form. Consequently, the culture to a large extent crowd out more formal control tools. However, some planning, cybernetic and administrative controls, as would be expected in a more commercial setting, can be brought to light. Planning tools, although mostly short-term-oriented, such as the budget and attendance forecast undeniably exist. Likewise cybernetic tools, exemplified by the new BSC initiative, are on the rise. Furthermore, administrative-oriented attempts to influence employee behavior are present and flirt with a business-like set-up (e.g. organizing in a more hierarchal manner enabling coordination of sports and commercial needs as well as more formalized procedures and meetings). Financial rewards and compensation controls (other than salary) seem to be in strong contradiction with cultural contingent values and norms and therefore are more or less non-existent within the organization's administrative staff. Also, formal cultural tools such as belief systems add to the business focus.

As illuminated in Figure 5.3 contextual factors that, as explained in *section 5.1*, favor a sports association-oriented rational and can suggestively explain a MCS configuration that seems to be skewed towards what we would expect to see in a sports association in its purest state. The increased commercialization and professionalization has led the organization to seemingly try to adapt to the new environment but currently has not had a paradigm shifting effect on the MCS of Djurgården. Instead, short temporal

cycles, internal sports pressure, external sports pressure and capital injections put pressure on (and enables) the sports association way of managing the operations. And thereby highly influencing the MCS, as it to a large extent functions as a catalyst of the strong and sports focused culture, which in turn obstruct more business like control systems to flourish. Furthermore, more direct impacts on the MCS can be found (e.g. planning becomes problematic due to short temporal cycles). Seemingly Djurgården is left with a MCS that is not capable of handling the complex and increasingly commercial environment surrounding the club (indicated by the poor financial performance).

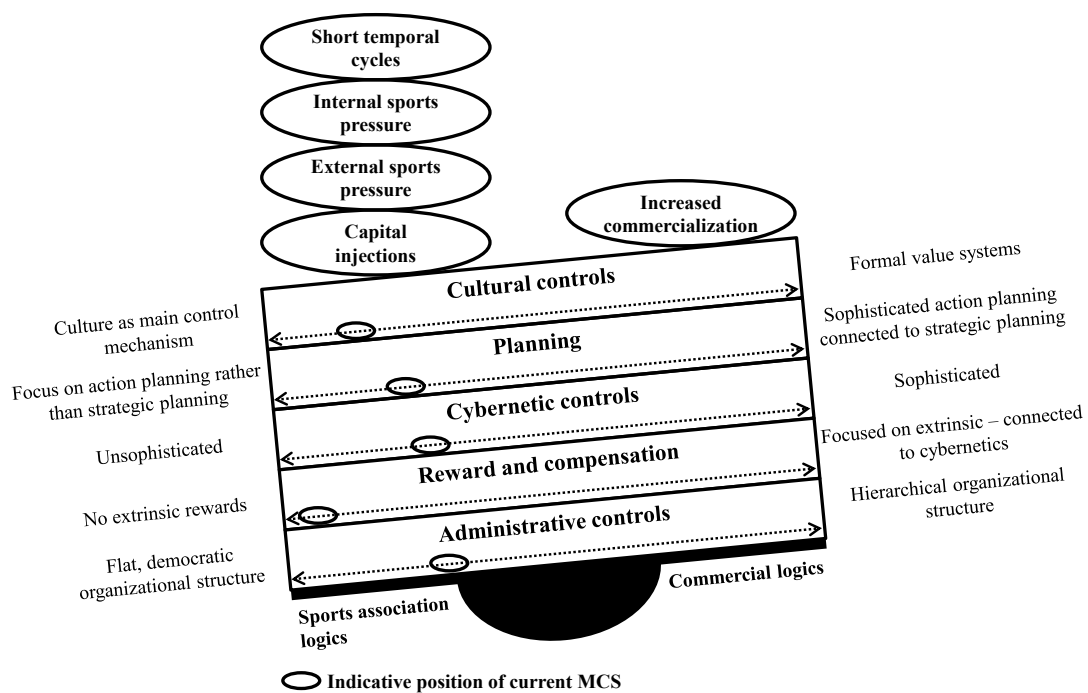


Figure 5.3
Synthesis model – based on theoretical framework

6. Conclusions

This section aims to wrap-up the thesis in two steps. A contribution part will aim to answer the original research questions: How is the MCS designed in an elite sports association? How does the elite sports association environment affect the MCS? A discussion and future research part will shine light upon interesting phenomena outside of the scope of this thesis and potential paths for future research.

6.1 Contributions

The sports organization is, to a large extent, a neglected research object within accounting research. This thesis adds to the field by illuminating empirical data with regards to MCS:s, the context the Swedish elite sports associations operates within as well as the interrelation between the two.

The empirical findings suggest that: supported by some less advanced formal steering techniques, the organizational culture act as the main driver of employee behavior in an elite sports association – close to what would be expected in a sports association at its' purest state. Such set-up – even though acting in an increasingly commercial environment – is far from the typical business MCS configuration. This MCS configuration can however be explained. Strong forces (i.e. short temporal cycles, internal sports pressure, external sports pressure and capital injections) surrounding the Swedish elite sports association empower sports association-driven logics and suppress more business-like rationale. This is reflected in the MCS as the sports association logic, catalyzed by the strong sports-oriented culture, set the tone for the design of the rest of the control systems.

Taking the generalizability of these findings into consideration, the following can be said. The four contextual variables, hindering commercial logics to thrive, are potentially effective in all Swedish elite sports associations. The short temporal cycles and member-owned association model (facilitating external sports pressure), the sports association heritage (facilitating internal sports pressure) and capital injections are general phenomena that have to be dealt with in any Swedish elite sports association. The intensity and form of these variables may of course vary, but the environment as such, has built-in aspects that potentially make a shift towards a more commercialized setting problematic. Many of these factors may exist outside the Swedish boundaries,

but may appear a bit differently with, for example, a different ownership model, organizational heritage and level of commercialization. The impact on the actual MCS becomes a bit harder to generalize but, with the sports association heritage and the passion surrounding the clubs, it seems reasonable to believe that culture typically plays a central role in a Swedish elite sports association.

Although not the primary focus of the thesis, the findings also add empirical data to the research genre of the MCS as a package – explicated by Malmi & Brown (2008). The design and interrelation between the different types of control have been shone light upon, especially the spillover effects that a strong organizational culture may have on other types of controls. Similarly, the research field of sports organizations may very well benefit from the empirical findings; not the least with regards to the contextual factors affecting these organizations illuminated in this thesis.

6.2 Discussion and future research

The complexity of the elite sports association is evident and many interesting aspects outside of the scope of this thesis, and thereby paths for future research, can be brought to light.

As highlighted in the generalizability discussion above, the need for further empirical data is needed in order to define a more archetypal MCS set-up in an elite sports association. As more generalizable environmental factors have been explicated in this thesis, a suggestion would be to carry out a quantitative study on Swedish elite clubs with the aim to map the MCS:s. With such data at hand, more stable conclusions regarding the effect of the context may be drawn and hence the findings in this study could be confirmed or modified. Worth mentioning is that Stockholm clubs receive more external sports pressure, which leads us to the conclusion that Djurgården can be one of the toughest clubs to control but also most interesting to study.

Upon carrying out the mapping of the relevant research fields, although outside the scope of this thesis, a particularly suiting research stream within the institutional logics research field was uncovered. With regards to settings where dual logics are present, researchers have tried to explain how the potential tension between such logics has been managed. For example, Pache & Santos (2013) mention three concepts with regarding how such tensions are managed: 1) Decoupling: Organizations separate their

normative/prescriptive structures from their operational structures. 2) Compromising: To compromise is a viable strategy for organizations facing competing logics. 3) Combining competing logics: combine activities from each logic. Suggested by our empirical findings, traces of these concepts could be found in Djurgården with regards to how the tension between sports association and commercial logics are managed. Most interesting, decoupling could tentatively be seen in the choice to isolate the commercial activities from other parts of the organization as well as the choice to outsource sales activities (i.e. enabling commercial logics, that not necessary is in line with organizational values, to flourish). Anyhow, an institutional approach to the managing of competing logics within an elite sports association is highly recommended.

This thesis has taken a context influence approach in order to explain the MCS in an elite sports association. Expanding on the findings, an environmentally embedded approach to explain the decision-making and MCS design would be exceptionally suitable. On the other hand, Djurgården is seemingly taking active decisions in order to cope with problems associated with the impact of the sports-logic empowering context. With that said, future scholars are encouraged to turn the table and highlight how a MCS actually can manage the tension between the sports association and commercial logics.

CSR, being a rather new phenomenon within sports (Djurgården is the first Swedish elite sports association publishing a CSR report), constitute a new wide-open field for CSR scholars to explore. The elite sports association is surrounded by plentiful and diverse interest groups – and the demand for these organizations to take a societal and environmental responsibility is notable. Furthermore, the elite sports association constitutes a particularly suiting study object for distinguishing the effectiveness of CSR as a hedge for bad events. This as bad-will-carrying supporter related events is a recurring theme for these organizations – and it would be exciting to take part of such study. Moreover, the respondents highlight that the CSR approach for an elite sports association (given the complex environment) is much different than from a traditional ditto for a corporation, making such research even more compelling.

The elite football association world is a male-dominated one. Taking on a genus or diversity approach to the Board of Directors or top management team design could therefore be of great interest.

The association ownership-model is, from an agent-principal perspective, an interesting one. With the very diverse and inactive member-base, the monitoring of the Board of Directors as well as the managers could be tantalizingly weak – while, on the other hand, a small group of active members have the opportunity to largely impact the governance of the club. Adding to the complexity does the fact that player contracts may be externally owned, implicating a conflict of interest of the owners and the users of the asset.

As illuminated in Appendix 3, the elite sports association is surrounded by a wide set of stakeholders. Taking on a stakeholder approach, analyzing how these interest groups interrelate and how each interest group affect the decision-making in an elite sports association would therefore be particularly interesting. On a similar note, the broad spectra of interests also put a different pressure on a BSC in comparison with a business setting, why an investigation of such control tool in an elite sports association would be relevant.

On a final note one can comment that; the strong culture, as the one found in Djurgården, is a cheap way of motivating and directing employee behavior. From a company point-of-view such dedication to the overall goal may very well constitute a utopic setting. Is there perhaps something companies can learn from the Swedish elite sports associations? And can such exceptional strong culture be found in other organizations?

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8. Appendix

Appendix 1: Financials – Djurgården

Overview (SEK - absolute numbers)

Year	Turnover	Assets	Equity	Equity/Assets
2006	118 437 909	58 522 166	17 694 038	0.30
2007	97 458 889	50 387 773	26 887 054	0.53
2008	109 524 211	44 210 017	14 059 588	0.32
2009	84 740 425	55 610 162	19 438 182	0.35
2010	63 728 524	39 442 707	14 740 112	0.37
2011	76 511 968	31 563 005	8 784 868	0.28
2012	96 668 108	48 880 952	22 103 262	0.45
2013	105 457 566	41 677 445	10 227 377	0.25

Overview (Change (%))

Years	Turnover	Assets	Equity
2006	N/A	N/A	N/A
2007	-18%	-14%	52%
2008	12%	-12%	-48%
2009	-23%	26%	38%
2010	-25%	-29%	-24%
2011	20%	-20%	-40%
2012	26%	55%	152%
2013	9%	-15%	-54%

Change in Equity (SEK - absolute numbers)

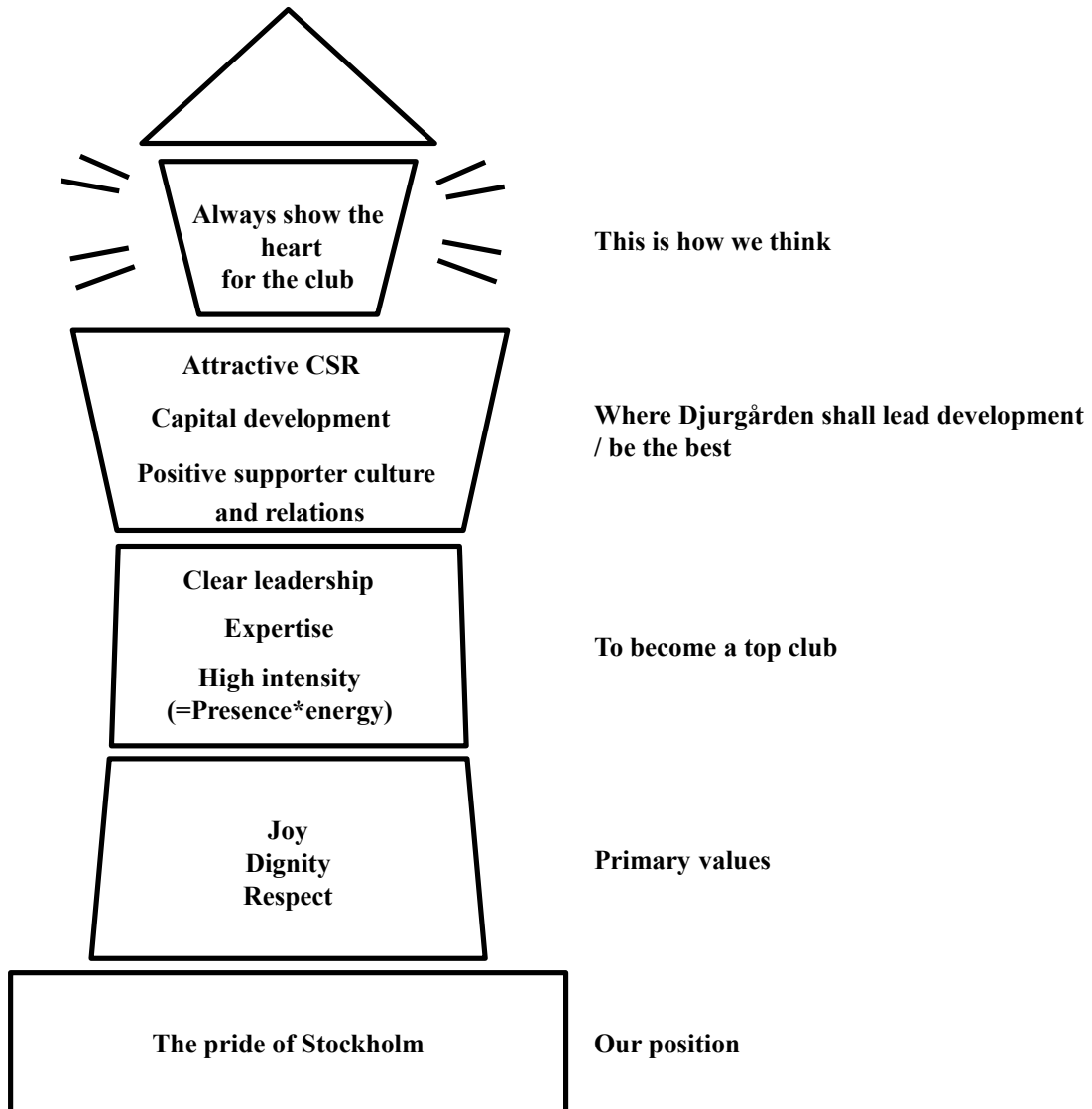
Year	Equity change	Net Income	Donations(Incl. in NI)	Dividends	New issue	Others*
2007	9 193 016	9 183 125	181 620	0	0	9 891
2008	-12 827 466	-12 840 254	250 154	0	0	12 787
2009	5 378 594	-12 605 308	508 322	0	43 499 997	-25 516 095
2010	-4 698 070	-27 833 628	688 220	0	23 144 377	-8 819
2011	-5 955 244	-20 470 791	745 903	0	14 519 400	-3 853
2012	13 318 394	-1 491 754	655 749	0	14 814 000	-3 852
2013	-11 875 885	-12 036 408	15 865 960	0	173 242	-12 719

*Others include -25 million SEK in 2009, as a result of a change in accounting principles

Year Player depreciations

2007	0
2008	0
2009	-180000
2010	-7 006 760
2011	-8233498
2012	-5 604 395
2013	-4 811 694

Appendix 2: The Djurgården lighthouse



Appendix 3: Stakeholders of Djurgården

