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## **ROLE AND IMPACT OF STAKEHOLDERS ON THE ENVIRONMENT OF A SPORTS CLUB**

### **WPLYW I ROLA INTERESARIUSZY NA KSZTAŁTOWANIE OTOCZENIA KLUBU SPORTOWEGO**

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DOI: 10.15611/pn.2017.464.07

JEL Classification: Z2

**Summary:** Modern sports clubs operate today in a changing and turbulent environment within a diverse group of stakeholders. This means that it becomes necessary to search for dynamic solutions that will allow decision-makers to conduct their activities in a way that will enable them to direct the organization towards fulfilling short-, medium-, and long-term expectations of stakeholders in the best way. Given the emergence of global changes in the proximal and distal environment, including the development of information technology, sports clubs are forced to deal with new challenges and anew not only create their own strategic map of interested groups, but also re-define it and define their role and impact on the shaping of the environment, in which they are required to achieve sporting, economic and social objectives. The aim of the article is to present specific groups of stakeholders of a sports club and their potential impact on the development of its environment, and thus the need for changes in the management practices

**Keywords:** sports club, corporate social responsibility, dynamic management, stakeholders.

**Streszczenie:** Współczesne kluby sportowe funkcjonują w zmiennym i turbulentnym otoczeniu, w obrębie zróżnicowanej grupy interesariuszy. Oznacza to, że koniecznością staje się poszukiwanie takich rozwiązań, które będą miały charakter dynamiczny, pozwalający tak prowadzić swoją działalność, aby umożliwić decydującym bieżące ukierunkowywanie organizacji ku najlepszemu spełnieniu krótko-, średnio-, i długoterminowych oczekiwań interesariuszy. Biorąc pod uwagę pojawianie się globalnych zmian w otoczeniu bliższym i dalszym, w tym rozwoju technologii informacyjnej, kluby sportowe zmuszone są zmierzyć się z nowymi wyzwaniami i na nowo nie tylko stworzyć własną strategiczną mapę grup zainteresowanych, ale również na nowo ją zdefiniować i określić ich rolę i wpływ na kształtowanie otoczenia, w którym zobowiązane są do realizacji celów sportowych, ekonomicznych i społecznych. Celem artykułu jest ukazanie specyficznych grup interesariuszy klubu sportowego i ich potencjalnego wpływu na kształtowanie jego otoczenia, a tym samym konieczności zmian w zakresie praktyki zarządzania.

**Słowa kluczowe:** klub sportowy, społeczna odpowiedzialność organizacji, zarządzanie dynamiczne, interesariusze.

## 1. Introduction

Modern sports organizations, including sports clubs, given the intense changes in the environment both closer and further, are required to change the way of thinking in management practice. While it seems fundamental to build appropriate subsystems of management within the club<sup>1</sup>, ready to implement the established mission, in current economic and social practice it appears to be insufficient.

As Regester and Larkin write: “In today’s complex environment, organizations must understand and respond to the rapidly changing values, emerging expectations, social demands for consultation, and prying media. It is not enough to focus only on internal objectives – thinking from outside to inside is a prerequisite for achieving the tacit social acceptance in continuing activities”. [Regester, Larkin 2005, p. 26]

The problem, however, lies in the fact that in the present organizational conditions of sports clubs, basically there is no chance for, as it was put, “tacit social acceptance,” and the various stakeholder groups increasingly demand not only dialogue, co-participation in the process of decision making, but also expect to be co-creators of the club brand, and thus to be able to create a certain community and identify with commonly set values. It seems, therefore, that the task of building a balance between what is expected and offered by a club, and what is expected and offered by stakeholders, is not a simple one. Furthermore, increasingly, one of the main challenges of clubs, is not only the creation of a strategic map of stakeholders, just to identify them, but also, it becomes necessary to segregate them and properly formulate a strategy towards them because, as practice shows, not all stakeholder groups are desirable for the club, i.e. they can cause a number of negative phenomena in the implementation of the sporting, economic or social objectives, and often have a huge destabilizing effect in the operation of the entire organization.

Building relationships with stakeholders can no longer be the domain of the marketing department itself, as it used to be, and be limited only and exclusively to the forming of social policy of the club, but must become part of the strategic growth of value within the desired stakeholder groups. Still, however, the dominant aspect of the activities in this scope is the business dependence, which in the long run does not produce the desired results for the whole of the functioning of the sports club.

As a result, a channel of communication/conflict is created, which requires the adoption of appropriate measures in this new reality, in this variable, turbulent, generating new opportunities and threats environment because, as it turns out, the sports club stakeholders are the same but not alike.

The aim of the article is to present specific groups of sports club stakeholders and their potential impact on the development of its environment, and thus to show the need for changes in management practices. To gather the necessary information, the author used the following test methods: case study, documentation analysis, including Internet sources, and participant observation.

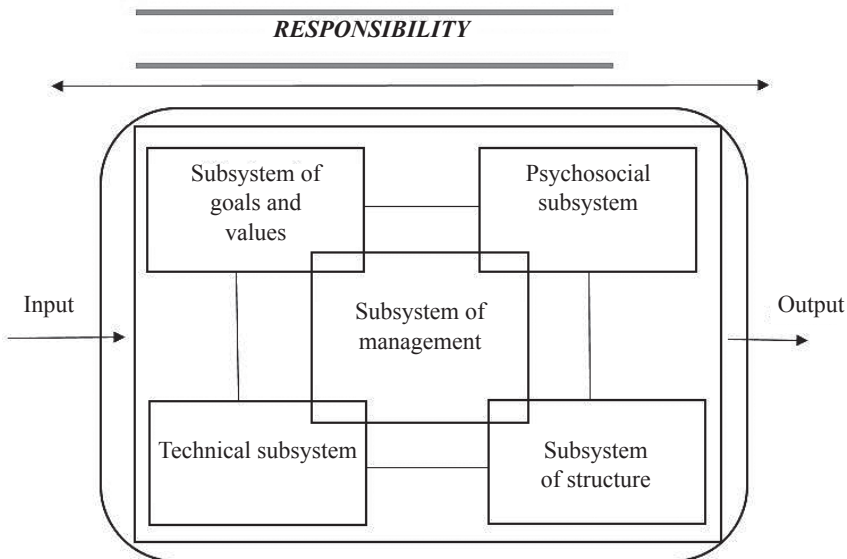
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<sup>1</sup> Later in the study, whenever the word “club” is used, the author will mean a sports club.

## 2. Corporate social responsibility (CSR) at the interface of dynamic management

Even though the notion of corporate social responsibility is still a very broad concept, which encompasses a number of different initiatives and procedures, for the purposes of this study, however, it is not necessary to review all of these issues. The author later, when writing about corporate social responsibility (CSR), will understand it according to the definition contained in the PN – ISO 26000, which defines CSR as: the responsibility of an organization for the impacts of its decisions and activities on society and the environment provided by a transparent and ethical behaviour that [PN-ISO2600 2010]:

- contributes to sustainable development, including the health and well-being of society,
- takes into account the expectations of stakeholders,
- complies with applicable law and consistent with international standards of conduct,
- is integrated with the activities of the organization and practiced in its relationships.



**Figure 1.** Systemic approach to an organization including the scope of responsibility

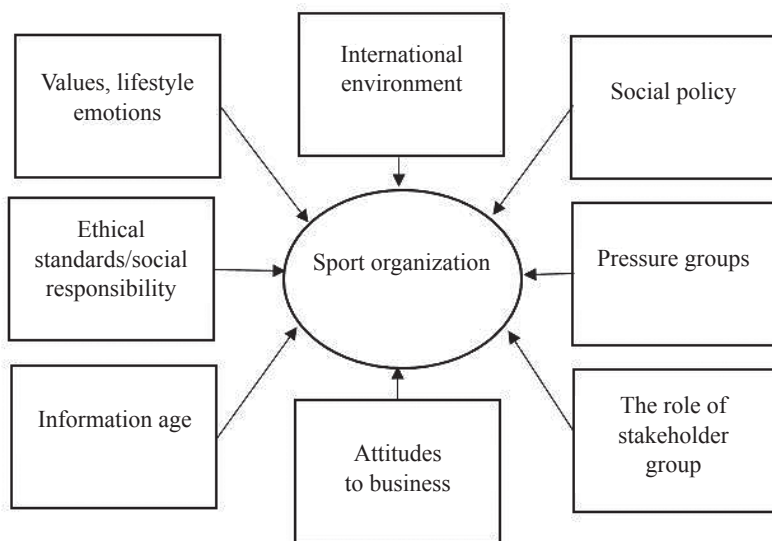
Source: own elaboration based on [Bielski 2004, p. 44].

It is hard to imagine today that the world of organization does not take into account the broader context of its operation in the environment and implementation of goals

that would contribute to improving the quality of life of all members of the space constituted by man and the organizations. [Kuźbik 2012]

This type of well-established approach to corporate social responsibility therefore allows it to be put in one line with other subsystems of management, which determine the strategy and implementation of the objectives (Figure 1).

On the other hand, as mentioned earlier, focusing on the internal processes of the club, in the environment in which it happens to operate, will be not sufficient to realize the full mission of responsibility, because in such circumstances the club will be “deaf” to external stimuli or expectations. Therefore, it is reasonable to change the way of thinking and open to the environment because only such management is able to build the right relationship and prepare the club to increase value for all desired stakeholders (Figure 2).



**Figure 2.** The way of thinking from the outside to the inside of the sports club

Source: own elaboration based on [Ashley, Morrison 1995].

In the existing practices of clubs, it has not always been so obvious. Taking action without analyzing the expectations of external stakeholder group with the conviction that it reflects exactly what they expect has become a dangerous practice. As a result, it leads more often to conflicts than to building relationships of agreements. Clubs, unprepared to engage in the dialogue, often use the strategy of “silence”, assuming that the omission of differences of opinion is more reasonable than their expression, and behind that belief there are the best intentions. Silence does not, however, lead to alleviating disputes but instead it only relegates differences to the background, which often puts in motion huge and destructive forces. [Perlov, Williams 2014]

Thus it has become a necessity to build a model of management that not only would be compatible with the expectations of a broad group of stakeholders and which would build value for them in the long run, but above all which would learn to listen and respond appropriately, in other words, learn to understand its surroundings and react competently, often in real time.

Management in this sense, should therefore be dynamic, i.e. it is an integrated process based on a collection of synthetic knowledge about the organization and its environment, along with the way of their continuous updating and improvement enabling decision-makers an on-going directing of the organization towards the best realization of the short-, medium-, and long-term expectations of stakeholders. [Platonoff 2009, p. 40]

As a result of operating by the club according to this concept there should be an increase in the added value for the particular stakeholders, and such a preparation of the club that it would be possible to [Platonoff 2009, p. 43]:

- implement an appropriate system of values,
- strive to make it possible to measure the effects of the club's functioning, because only what is measurable can be thoroughly analyzed and the causes of success or failure can be identified,
- maintain at the same time a high degree of stability of the organization (sorting out information, tasks and activities) and flexibility in order to quickly make strategic adjustments in the functioning of an organization,
- treat management as a dynamic process of continuous learning, since the quality of management depends on the quality of knowledge generated within the organization,
- develop a system of individual measures of strategic development of organization,
- create a climate of co-responsibility of participants of the club for its development,
- create an atmosphere conducive to continuous learning, openness to ideas and creativity,
- delegate and require individual responsibility for the decisions taken and effects of the action,
- identify the contribution of the added value of each member of the club in its development and treat this as a basis for the incentive system,
- develop a system of ratings in view of the interdependence of all participants and teams (departments, sections) in the creation of added value of the club,
- create conditions for cooperation at various levels of management.

### **3. The second generation of CSR, the second generation of stakeholders?**

In the literature, one can find quite a lot of theses about the fact that the traditional approach to the concept of CSR has not worked, failed, and the company no longer hides the fact that the bottom line is always the profit, and this type of concepts is

to be just another function to achieve it. Perhaps this is so in fact; besides, business practice somehow confirms this state of affairs, but it is hard not to agree that the basic ideas of CSR are not dead, quite the contrary.

For the responsibility is an inalienable right of man – the creator of the organization, it combines theory and practice into one inseparable whole. (...) Because man is a being who has some tasks to perform, human existence is possible only in the horizon of the identified areas of influence. This is the content of the concept of responsibility. Understanding this concept is therefore the source of our knowledge of reality. [Picht 2004]

So, if we want to shape this organizational and social reality, we cannot escape responsibility. Has, therefore, CSR not proved itself? It should be noted, however, that in the organizational practice, CSR needed to “grow up”, evolve, change and try to adapt to the new circumstances, again become not so much a conscience (because there are serious indications that business has never had or will ever have it), but measurable, expected tool, setting directions of strategic actions contributing to the increase in value for all stakeholders desired.

**Table 1.** Similarities between Web 1.0 and CSR 1.0

Web 1.0	CSR 1.0
Flat world is just beginning to connect and look for a medium capable of sending information and attaching advertisement.	It is a way for companies to establish relationships with communities, conduct philanthropic activities and manage their image.
The emergence of important innovations, such as Netscape, which were quickly crushed by giants like Microsoft and Internet Explorer.	It contains many pioneering start-ups, like Traidcraft, which later became a product for international corporations, such as Shell.
Focusing mainly on standardized hardware and software dedicated to PCs, bypassing the multi-level applications.	Using standards, codes, norms, guidelines the same for all institutions.

Source: [Visser 2011].

**Table 2.** Similarities between Web 2.0 and CSR 2.0

Web 2.0	CSR 2.0
Defined by slogans: „Collective intelligence”, „networking”, and “participation of users.”	Defined by slogans: „global community”, „innovative partnerships”, „stakeholder engagement”.
Among the tools used there appeared social media, channels of notifications and beta testing.	New tools include stakeholder panels, transparent reporting and a new wave of social entrepreneurship.
It is both the development of technology and a new way of perceiving the world.	Recognizes the decentralization of power, as well as changes in context: from few large to many small ones, from exclusivity to sharing.

Source: [Visser 2011].

Writing about CSR 2.0 as a new concept would be somewhat abusive, but from the point of view of the functioning of sports clubs, it is hard not to get the impression that such organizations discover and adopt these solutions much later than the traditional ones, operating in different industries. The development of technology, including information technology, not only forced the organization to change the way of thinking, but also gave “new life” to many methods and techniques of management (including CSR – Table 1 and Table 2), or revealed the new ones. Additionally the definition of community took on a new meaning.

Social networking became both local and global, definitely the response time changed, and the clubs were forced to deal with the new reality, in which the “press conference” lasted twenty four hours a day, and stakeholders, hungry for knowledge, and the real impact on the functioning of the club, “pushed” through the doors and windows. They had something that organizations in traditional (non sports) sectors did not have but constantly dreamt about – loyal, faithful and emotionally committed customers (fans) who gathered around the club brand, shared certain values, lifestyle and had the ability to promote the brand of the club (often, however, also in a negative way). [Fournier, Lee 2013]

The environment created in this way generates new opportunities and threats, and provides opportunities to use new strengths of the club and its specificity of functioning to implement the economic, sporting and social goals. The key challenge is therefore to build anew the relationship with the relevant groups of stakeholders who still seem to be the same but are not alike any more.

#### **4. Stakeholders – the same but not alike**

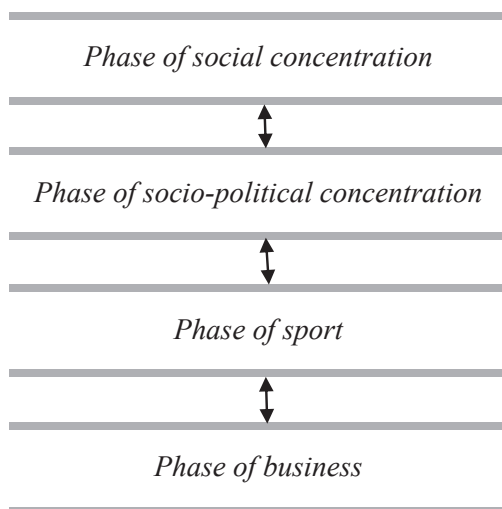
Sports clubs in Poland, even though in many disciplines they group in professional leagues and engage in often effective sports competition with foreign counterparts, are still learning management. The necessity of balancing economic objectives with sports and social goals is a challenge. Organizational practice shows in fact frequent cases of focusing on selected areas or a set of goals, which in the long term leads to serious problems.

Such an action often results in concentration on a certain, selected group of stakeholders and in neglecting, or not noticing at all the others, who are no less important. It is therefore difficult, in such cases, to talk about the efficient and effective conduct of CSR policy, thus about forming sustainable environment around the club.

If we analyze the history of the formation of sports clubs, regardless of the sport they represent, it turns out that it is not about clubs learning to act socially responsibly, but it is about redefining their way of thinking so they can remember their roots and fundamental purposes for which they have been created. Then it turns out that CSR is absolutely the foundation of action, and on this ground further management systems should be built for achieving other goals.

We should bear in mind even the history of football clubs in England where, in most cases, they were established by local communities for a specific purpose. Therefore, for example Everton, Liverpool and Aston Villa were founded by churches or religious organizations to help the homeless and young people from low-income families [Schulze-Marmeling 2000, p. 41], Manchester UTD and Arsenal London – by companies that wanted to provide their employees with the proper way of spending free time, away from all kinds of drugs, and socially undesirable behaviour [Rosca 2011, p. 332], and some clubs, such as Manchester City and Nottingham Forest, take their historical origins from the founding initiatives of pub owners, who organized football games with the intention of building a close community among the members of society. [Comporek 2015, p. 100] These clubs continue to operate for their communities, but already in other social, business and sports reality, with the obvious change in the organizational structure. Nevertheless they can still boast a number of initiatives for the benefit of local communities and other stakeholder groups.

In Poland, the situation was very similar, and the clubs were formed mainly by the factories or different kinds of ministries, where they were completing various missions – not only sports, but also social. It is worth mentioning here such football clubs as Widzew Łódź, founded by the workers, GKS Bełchatów – by the community concentrated around the brown coal mine or departmental clubs – Legia Warszawa and the representing boxing and judo club Gwardia Łódź. Today, of course, the situation of these clubs is very diverse, ranging from the legal form, financial condition, sports results or relationships with stakeholder groups. Nevertheless it shows their roots in the CSR.



**Figure 3.** Phases of development of sports club, depending on the set of goals

Source: own elaboration.



Depending therefore on what stage of development or attempt to restore its reputation the club is (Figure 3), the map and relationships with stakeholders, and therefore the environment in which it operates looks different.

In the phase of social concentration in which clubs are set up primarily for fulfilling own passions, the need for leading a healthy life or integrating local community, club members are the most important group of stakeholders. In a situation when various types of subsidies from local governments or other subventions and grants etc. begin to come into play, the proper configuration of the operating goals becomes necessary, and thus the picture of the main stakeholder groups and the conditions flowing from the environment are bound to change. Now, the most important group of stakeholders needs to include most often: a local community, local authorities and subsequently parents and their children who practise any kind of sport in a club.

The higher the level of professionalization and commercialization of a sports club, the bigger the circle of stakeholders, and thereby their impact on its functioning increases. Practising professional sport for the purpose of achieving better sports results, where sportspeople are rewarded for their work is being discussed. It is actually the moment where the elitism of participation in the competition at the professional level and financial gratifications paid for sports promotion often prove to be more mobilizing factors than non-financial motives for the realization of social objectives. [Comporek 2015, p. 101]

The phase of business is a moment, where clubs become full participants in the market game; they operate on a specific market and take part most frequently in competitions at the highest level (Polish Championships, European Competitions).

Thereby, the magnitude of the impact and the role of stakeholder groups change too. In addition to traditional groups, operating in real environment, such as the owners, customers, the media, the local community, shareholders, sponsors, players, fans etc., there is also a group of stakeholders from virtual environment who make up the community of high magnitude of impact, operating range and the reaction rate. This group of stakeholders is characterized by the following features [Roszkowska-Śliż 2012]:

- they are part of the network connected to the others,
- they are curious, aware and better informed,
- they trust friends, not advertisements,
- they like to share, collaborate and take collective actions,
- they appreciate freedom,
- they do not demarcate work from play, and use their free time for creative activities in the network,
- they are active,
- they are prosumers,
- they are always online, react in real time and expect that from the others,
- they communicate on the peer-to-peer basis,
- they can organize themselves and affect companies' activities.

This situation makes it necessary for clubs to change their policy of building relationships with stakeholders group and not only with the virtual ones, because what is happening on the network very quickly translates into reality. Therefore, whatever a phase a club is located, the key task is to build a strategy that will make it be again part of the community for which it was set up, but acting in a balanced manner with the economic, sports and social objectives, because only in this settlement it is able to bring the added value to all desired stakeholders.

## 5. Conclusions

This article does not cover issues related to the impact and the role of stakeholders on the environment of a sports club, and is only a synthetic outline of the issues into which further research should certainly be conducted. Sports clubs in Poland in the context of the professionalization of activities and implementation of management methods and techniques are still at the stage of learning and exploration of appropriate solutions. It is important that they should find balance between the set objectives because the practice shows that very often we encounter a situation in which investments are made to achieve either sports goals or economic goals only, rarely – social goals, which often leads to sporting and organizational degradation or even total liquidation.

It usually leads to disequilibrium in the relationship with stakeholders, and it is difficult in this industry to pursue the fight at the same time in the sports arena, and with a group of disgruntled stakeholders.

It is worth writing that in addition to the identifiable and desired groups in the sports club environment, there are more and more often undesired groups, which not only have a huge impact on sports clubs, but as it subsequently turns out, on the whole sport and all kinds of communities. These groups include, among others: mysterious unknown to anyone investors, mafias, organized criminal groups, drug traffickers, depraved athletes, football hooligans (in Polish *kibole*) or organizations providing doping “services”. And although it sounds paradoxical, because the sport is by nature underfunded, too great a concentration of business in sport kills its basic values and ideals.

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