

ORGANISATIONAL STRUCTURE IN RELATION TO PERFORMANCE OF THE PROFESSIONAL FOOTBALL CLUBS IN THE CROATIAN FIRST LEAGUE

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Abstract

Nowadays football is not just a sport, but it has become involved in the market sphere, and therefore its quality depends on the performance of club's organization and management. Question of organization and management of football clubs are top issue today at different societal levels. The aim of this research is to explore characteristics of the organizational structure of professional football clubs in the Croatian First League in relation to performance measures. The research was conducted on 19 football clubs in the Croatian First League through a five year period from 2007/8 to 2011/12 championship season. Throughout this period 11 out of 19 football clubs were continuously present in the First League. Results revealed that the football clubs in the Croatian First League are not uniform in terms of organizational structure, but there are interclub differences in the number and type of organizational units. According to organizational type, eight clubs began the process of transformation from the Sport association to sports joint-stock company, and four clubs finished the reforming process, and now they are sports joint-stock company. As for specific organizational units, certain services have all clubs (administrative, financial, sports), but often lacks the marketing service. Organizational size in terms of units was not significantly correlated to financial measures, but ranking and income are significantly correlated. Significant positive correlation was found between Club placement on ranking list for nearby seasons with exception for 2011/12 season.

Key words: football club, organizational structure, ranking

Introduction

Nowadays professional sport presents an important sport and business activity. Great interest in sports worldwide affected events that made sports a market of great business interest (Beech & Chadwick, 2010). Today, according to estimates, over two hundred million people are involved in the football. Football has become "the second most important thing in the world," so it is not irrelevant how it will be organized. In many countries, football has become part of the national culture and many aspects of life revolve around the game. Today, football is not just a sport, but it has become involved in the market sphere, and therefore its quality depends on the quality of its organization and management (Širić, 2012). Question of organization and management of teams in football is a top issue today at different levels - from recreational football to professionals (Bartoluci & Škorić, 2009; Beech & Chadwick, 2010). However we cannot forget all the people who "consume" football and all of its follow-up activities - football spectators in the stands and those in front of TV, because they are an important target group for various marketing activities (Bartoluci, 2003).

Aim

A study has been conducted about the organizational structure and the performance of the professional football clubs in the Republic of Croatia through the five-year period from 2007/8 to 2011/12 championship season. The aim is to explore is there differences in characteristics of the organizational structure of professional football

clubs in the Croatian First League, and relate this to clubs' performance (ranking and financial status).

Methods

The research was conducted on 19 football clubs in the Croatian First League through a five year period from 2007/8 to 2011/12 championship season: Cibaliya, Croatia-Sesvete, Dinamo 1961, Hajduk, Hrvatski dragovoljac, Inter, Istra 1961, Karlovac, Lokomotiva, Lučko, Međimurje, Osijek, Rijeka, Slaven Belupo, Split, Šibenik, Varteks, Zadar, Zagreb. Since all clubs present in the First League were included, research covers the entire target population so the sampling method was not used.

Data were collected using questionnaire (questions on organizational structure, and measures of performance) that was delivered to clubs by mail, and from available official statistics (ranking, organizational type).

Results and discussion

Organizational Structure

The concept of organizational structure indicates the composition, and structure of the organization. It is the most important part of any organization and integrates the use of all the resources of the organization. Organizational structure in general is a systematic form of differentiation and integration of organized activities (Wehrich & Koontz, 1998). The basic organizational structure of professional football clubs is vertical - hierarchical.

Organizational form of football clubs in Croatian First League

Up to 2006 and adoption of the new Sports Act the only organizational form of clubs was sports club-association, whereas now it is possible, and for some clubs, which have gained mandatory legal conditions, also obligatory, to reform into a completely new organizational form of the society of capital – joint stock sports company (Law on Associations, 2001). According to Croatian legislation there are two possible forms of sport clubs organization:

1. Sports club/association for competition
2. Joint stock sports company

Sports club/association for competition is the sports association founded to perform sporting activities of participating in sporting competitions must include in its name the words "sports club" or the word "club" must be preceded by the name of the sport in which the activity is performed (Sports Act, 2006; Pravilnik o Registru profesionalnih športskih klubova, 2007). According to Sports Act, Article 28, a sport club/sport joint-stock company is a sports club which is founded, operates and is terminated according to the Company Act and other regulations applied to joint-stock companies. The name of a sport joint-stock company must include the words "sport joint-stock company", while the shortened name must include the mark "s.d.d." (SJSC). An SJSC performs the sporting activity of participating in sporting competitions, but it can also perform other sporting activities and other activities in accordance with the provisions of the Act. One of the survey questions was about planned future organization structure of the club. Ten clubs indicated that the planned future organization is a sports joint-stock company, and nine stated that the future organization is Sports association for competition (Figure 1).

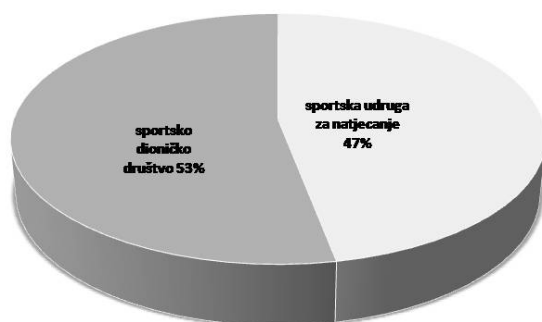


Figure 1. Self-reported planned organizational structure of the Croatian First League Football Clubs

To compare planned and achieved organizational type, data on current organizational structure of the clubs were collected in April 2013. The majority of the clubs currently are Sports association of citizens (14 clubs). Seven of those began the process of transformation from the Association to Sports joint-stock company (Međimurje, Varteks, Zadar, Šibenik, Split and Hrvatski dragovoljac). To this day five clubs finished the reforming process, and now they are sports joint-stock company (Hajduk, Istra 1961, Cibaliija, Rijeka, and Osijek).

The first club that completed the transformation was FC Hajduk in 2009. If we compare the planned structure and the current situation, we see a number of clubs joined the reshaping process in relation to the expressed intent. Initially, 53% of clubs have stated that they plan to reform to sports joint-stock company and now it is a total of 63% of clubs that began or finished the reforming. More than it was planned. Figure 2 shows the distribution of the Croatian First League Clubs by current organizational form. The majority of clubs is currently in the reforming process.

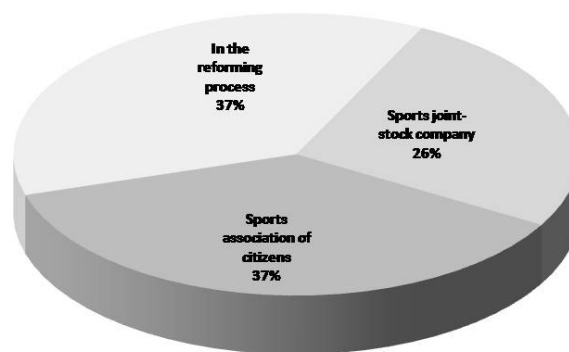


Figure 2. Current organizational structure of the Croatian First League Football Clubs

Organizational units of the football clubs in Croatian First League

Data were collected on the number and type of organizational units of the clubs. The results showed that there were differences in the number and type of established organizational units.

Table 1. Number and type of organizational units by five-year period from 2007 to 2012 championship season

Season	2007/08	2008/09	2009/10	2010/11	2011/12
No. of Clubs in the Croatian First League	12	12	16	16	16
Organis. units	No. of clubs with specific organizational unit				
Administrative	12	12	16	16	16
Financial	12	12	15	15	16
Technical	11	11	15	15	15
Medical	11	11	15	15	15
Sport	12	12	16	16	16
Marketing	8	8	9	11	12
No. of Clubs → total N of Units	8 → all 6 3 → 5 1 → 4	7 → all 6 4 → 5 1 → 4	7 → all 6 7 → 5 2 → 4	10 → all 6 4 → 5 2 → 4	11 → all 6 4 → 5 1 → 4

Of the above six organizational units, more than 50% have all units through this five-year period. In each season, about one third of the clubs lack one unit and it is usually marketing unit while 1-2 clubs have formed only four units. And most of them lack the marketing department too, in some clubs also lacks medical or technical services. One of the possible explanations for that was a possibility for medical or technical services can be covered by an external collaboration contract and similar forms of contracting to provide Clubs certain services at certain times.

Results from 5-year period show increase in number of clubs that have marketing service. In the last season (2011/12) marketing service is organized as a separate department in 75% of clubs, while 25% still have not established the marketing department/unit. Possible reasons for this situation may be related to:

- limited budget of the clubs
- obsolescence of business and a lack of vision on the marketing importance, failure and absence to recognize the need for a separate marketing department and continuous marketing activities.

However, in modern business organizations, including professional football clubs, marketing plays an important role in the revenue of the club. Applying the marketing concept is dependent on the final clubs budget, while the budget of the club depends on the success of club's marketing (Medić & Pancić, 2009). Marketing role is significant in terms of sponsorships, donations and membership fees and other things (souvenirs, props, sweepstakes) (Medić et al. 2012). Sponsorship is increasingly recognized as an important issue in the development of Croatian football. The role of marketing in the annual budget is also important (Bartoluci, 1992). Therefore, in the context of lower budget, marketing is an important aspect of the business, which can significantly improve Clubs' future financial performance.

Measures of performance

As each organization, sports organizations measure and evaluate its performance and success. Financial indicators were typical measures. But in sport, placement on the ranking list (by championships season, annually, etc.) was very important success indicator and can be used as a performance measure in combination with finances performance.

Placement/ranking

Number of clubs in the Croatian First League changed throughout 5-year period. In 2007/8 and 2008/9 season there were 12 clubs and 16 clubs in last 3 seasons (from 2009/10 to 2011/12). From total of 19 clubs covered by this research, 11 have been continuously in the Croatian First League. From remaining clubs, two were only in one championship season which they achieve low ranking. To explore is there significant change in rankings through 5-year period, Spearman's rho correlation coefficient was used to calculate relationships between Clubs rankings by seasons. Results revealed positive statistically significant correlation between Club's placement on ranking list for nearby seasons from 2007 till 2010. Somewhat different situation was found for 2011/12 ranking which was not significantly correlated to nearby season but was significantly correlated to 2007/08 and 2008/09 season.

Clubs' finances/income

There were five annual income categories and each club reported income category for each season. Results revealed high positive correlation between income categories through five-year period.

That indicates no change in clubs income status. Those in high income category in 2007/08 stay in high categories through five-year period till 2011/12. And same for those with low income.

Table 2. Correlations between season rankings

	Ranking 07/08	Ranking 08/09	Ranking 09/10	Ranking 10/11
Ranking 08/09	** .71			
Ranking 09/10	.56	* .66		
Ranking 10/11	.44	.57	** .68	
Ranking 11/12	* .61	* .63	.34	.50

** Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed)

Table 3. Correlation between club income categories by seasons

	Income 07/08	Income 08/09	Income 09/10	Income 10/11
Income 08/09	** .90			
Income 09/10	** .86	** .88		
Income 10/11	** .65	** .75	** .80	
Income 11/12	* .56	** .70	** .76	** .88

** Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed)

Furthermore, average ranking and average income for stated five-year period were calculated. There was high negative correlation between average ranking and average income ($r = -.721$; $p < .01$) in this 5-year period. Clubs with higher placement almost by the rule have higher annual income. Organizational size in terms of units was not significantly correlated to financial measure for either season. However, causality conclusions should not be made based on correlation coefficients (Mejovšek, 2008).

Conclusion

Throughout five-year period there was little change of clubs in the Croatian First League. Eleven out of 19 football clubs continuously remain in the First League. Based on the obtained results it can be concluded that the football clubs in the Croatian First League are not uniform in terms of organizational structure, and there are interclub differences in the number and type of organizational units. As for specific organizational units, certain services are continuously in the organizational structure of the club (administrative, financial, sports). Often lacks the marketing department, which even now a lot of the clubs do not have, although there is an apparent increase in the number of clubs that have formed the marketing service. Explored performance measures (ranking and financial status) are significantly correlated. According to financial performance measures, most of the clubs remain in the similar income category throughout five-year period what looks like little hope for clubs with low income nowadays. Improving organizational performance of the professional football clubs can be made through modern management that can assure functioning of the club as a cost effective sport organizations.

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ORGANIZACIJSKA STRUKTURA U ODNOSU NA USPJEŠNOST NOGOMETNIH KLUBOVA PRVE HRVATSKE NOGOMETNE LIGE (1. HNL)

Sažetak

Danas nogomet nije samo sport, već je ušao i u tržišnu sferu, a samim tim njegova je kvaliteta ovisna o uspješnosti menadžmenta i organizacije kluba. Pitanje organizacije nogometnih klubova i menadžmenta u nogometu danas je aktualna tema na različitim društvenim razinama. Cilj ovog istraživanja je ispitati obilježja organizacijske strukture profesionalnih nogometnih klubova 1. Hrvatske nogometne lige (1.HNL) u odnosu na mjere uspješnosti tih klubova. U istraživanje je uključeno 19 nogometnih klubova, svih koji su bili u 1.HNL u razdoblju od 2007./8. do 2011./12. natjecateljske sezone. U navedenom razdoblju 11 klubova je kontinuirano bilo u 1.HNL. Rezultati su pokazali da klubovi 1.HNL nisu uniformni po pitanju organizacijske strukture već da postoje međuklupske razlike u tipu organizacije, te broju i vrsti organizacijskih jedinica. Po pitanju ustrojbenog oblika, 4 kluba su postala sportsko dioničko društvo (s.d.d.), dok je 8 klubova trenutno u procesu preoblikovanja u s.d.d. Po pitanju organizacijske strukture, određene organizacijske jedinice (službe) su prisutne u svim klubovima (administrativna, financijska, sportska) dok najčešće nedostaje marketinška služba. Pokazalo se da organizacijska struktura u smislu broja i vrsti jedinica nije povezana s financijskom uspješnosti klubova, međutim utvrđena je značajna povezanost plasmana i financijskog statusa kluba. Nadalje, utvrđena je značajna korelacija plasmana kluba za susjedne sezone ali ne i za udaljene, s izuzetkom 2011/12 sezone.

Ključne riječi: nogometni klub, organizacijska struktura, plasman

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