

Analyzing the role of the board in developing the strategy of a football club

A single-case study examining how the board of AIK operates in order to successfully develop the club's strategy

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Abstract:

Through this qualitative, single-case study we aim to examine how the board of AIK operates on an organizational level in order to successfully develop the goals, vision, and strategy for the club. We do so through in depth semi-structured interviews with key personnel who have an influence over the development of the clubs long-term strategy. Through the theoretical framework of stakeholder theory, agency theory, and institutional logics, we analyze the empirical data. We found that for the board of AIK, one key is to understand the stakeholder landscape and value the importance of each stakeholder thereafter. We also noted that the acceptance of the Swedish association culture forms the basis of the identity of AIK and this in turn promotes cooperation within the club. Lastly, we also found that a well developed goal and vision program with clearly defined long-term strategy goals acted as a facilitator for the compromises that occur in hybrid organizations, between institutional logics. Overall the goal and vision document also has an important role in defining these goals and the culture to stakeholders, members, and supporters.

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Definitions:

Term	Definition
51% Rule	A rule set by the Swedish National Sporting Association stating that members of a sporting organization must hold at least 51% of the votes in a limited company.
Board	The board of directors. The governing body of an organization elected to set strategy and oversee management.
The 'AIK way'	AIK's football identity and set culture. Defined in their own words according to the following principles: <ul style="list-style-type: none"> • Football is central to everything we do and we're united around football • We have a clear geographical residence • AIK Football is a stockholm based club with 'norrort' as our operating area • Our children and youth academy is central for our future representative teams • We build our senior team with home-grown players as a base • We manifest a clear set of values that put people first • The word 'allmänna' in our name stands for inclusion • Our identity also makes a difference outside of the football pitch
AIK Football AB	The corporation that operates AIK's senior men's team, women's team, and the men's junior team.
AIK FF	Largest shareholder group that operate AIK's junior women's team and the youth academy.
Strategy	The management of an organization's resources in order to achieve its goals and objectives through a plan of action.
Hybrid organizations	Organizations exhibiting qualities of both non-profit and for-profit enterprises.
Cross-ownership	Ownership over more than one club
SLO	Strategic Liason Officer
UEFA	The Union of European Football Associations is the administrative body for football.
NGM	Nordic Growth Market. A regulated exchange that delivers trading, exchange technology and public company services. The exchange operates in Sweden, Finland, Denmark, and Norway and was established in 1984.

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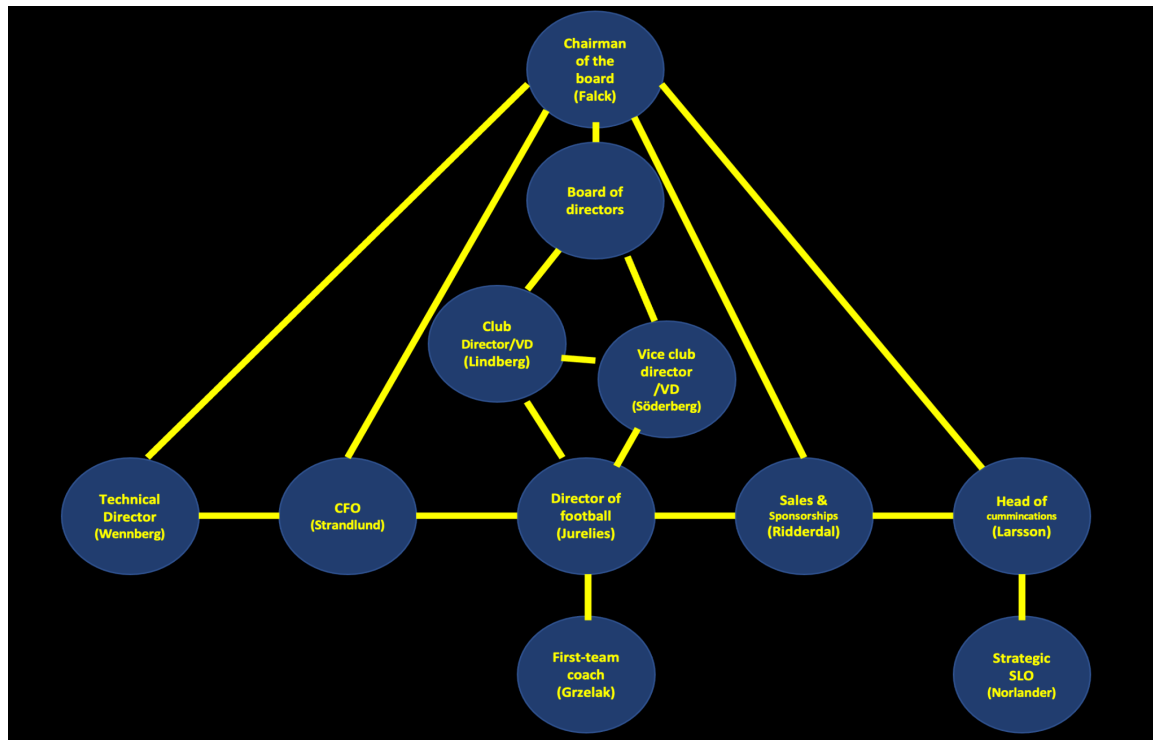
Introduction to AIK

AIK or '*Allmänna Idrottsklubben*' (meaning the public sports club in Swedish) is a Swedish football club currently competing in the top flight of Swedish football, 'Allsvenskan'. The club was founded in 1891 in Solna, Stockholm and the football department of the club in 1896.

AIK Fotboll AB is the daughter company to AIK Football Association or 'AIK FF', which was founded in 2002. In 2003, AIK FF took over all footballing operations from the association of AIK as well as their shares in AIK Football AB. Currently, AIK FF own 52.8% of the votes in AIK Football AB. AIK Football AB is the corporation that operates AIK's senior men's team, women's team, and the men's junior team. AIK FF is the largest shareholder group that operates AIK's junior women's team and the youth academy (AIK Fotboll, 2022).

The organizational structure of AIK, relevant to our purpose:

Figure 1



Background

Football is a sport that has experienced immense growth during the last decades and is a field where research and studies have not caught up with recent developments. The industry is growing at a rapid rate and the merging of sports and business is on the rise (Bhandari, 2016). We would like to be a part of that development through examining the professionalization of the industry through the lens of the board in developing the long-term strategy of the club.

The ownership of football clubs is an interesting aspect in considering a club's structure, which in turn affects their strategy development. As of 2017, based on UEFA's analysis there were at least 26 first-division clubs across Europe involved in cross-ownership.

Multi-club ownership has become a popular approach for owners since with the growing commercialisation and broadcast appeal of the sport, professional football has presented an increasingly lucrative investment opportunity (UEFA, 2017). Football organizations are also in the unique position of being classified as 'hybrid organizations', since they exhibit qualities of both non-profit and for-profit enterprises (Haigh et al, 2015). Boards of directors in football clubs therefore have somewhat of a unique set of circumstances to operate under. Traditionally, the board's key purpose in an organization is to ensure the company's prosperity. This is achieved through directing and guiding the company's (Gkliatis, 2014). The board of director's role in the strategic planning process usually entails identifying priorities, establishing goals and objectives, monitoring the budget, and allocating funds to support the decisions that are made. The board is also responsible for monitoring the execution of the strategic plan. The board does not execute the strategy, this is the responsibility of the organization's top management (Gkliatis, 2014). This varies however depending on the unique structure of the company and it may be particularly relevant for football clubs to give the board additional responsibility in being involved with strategy formulation, as their typically longer tenure compared to other positions in football clubs gives them better oversight for the future.

In 2022, the European footballing club landscape in terms of ownership structure consisted of two main groups; publicly owned clubs, where the control of the organization lies in the hands of an legal entity in terms of an association or institution, and privately owned clubs where the ownership structure is controlled by a private investor. Research conducted by UEFA in 2022 in their landscape report, that included all European clubs participating in the highest domestic league of their country, found that the two main categories are almost equally divided between privately and publicly owned clubs, taking up 52 and 48% respectively (UEFA, 2022). These groups are further divided into five different forms of sub-categories of ownerships where associations/foundations (41%) and domestic ownership (38%) are by far the two most common, forming almost 80% of the cases (UEFA, 2022). Foreign private ownership is

mostly associated with clubs and leagues with the largest economies, like England, Italy, and Spain (UEFA, 2022).

In a Swedish context, legislative measures are being used in order to reduce the influence of external take-overs from private investors. The current model of Swedish football uses a 51% rule which states: *“An association’s members must hold 51 percent of the votes in a sports company and thus have a majority of voting rights, i.e no individual owner, neither a private person nor a company, can buy the sports company completely”* (Riksidrottsförbundet, 2022, p. 1). This legislative measure has a huge impact in shaping the way Swedish football clubs are allowed to exist and operate.

Research Gap

Studies have been previously conducted regarding the effectiveness of hybrid organizations (Ward and Hines, 2017), however this was solely focused on a German perspective and therefore there is a gap to study hybrid organizations in a Swedish footballing context. Prior research in football management from a qualitative perspective has been made on upper echelons theory, where top management’s decision-making in relation to the strategic choices and performance level of the organization has been investigated (Hambrick and Mason, 1984). Earlier research has not however specifically addressed the strategic role of the board and its involvement in formulating strategy. *“The contribution of the board in strategic activities...and responding to external environmental influences...is a topic superficially exploited by sport management scholars”* (Shilbury & McDonald & Ferkins, 2005, p. 246). An understanding of the board’s involvement with such strategy formulation processes, would provide a useful complement to this framework. Furthermore, regarding institutional complexity, Carlsson-Wall, Kraus, and Messner’s research in 2016 concludes that *“a qualitative study including the board’s perspective would be of value”* (Carlsson-Wall & Kraus & Messner, 2016).

Purpose and Research Question

The sport of football has during the last decades experienced immense growth, both economically and commercially, which has led to elite clubs becoming global, multi-billion euro brands. This commercialization has now also reached Sweden, which then subsequently increases the overall importance of the role of the board, as their responsibilities have grown in line with the growth of the industry. We have therefore chosen to conduct a single case study with one of the leading Swedish clubs in order to understand how the board of AIK operates in order to successfully develop the goals, vision, and strategy for the club and what the most important factors affecting this strategy development are. This has led to our research question of:

How does the board of AIK operate on an organizational level in order to successfully develop the goals, vision and strategy of AIK football club?

Scope

Our single case study concentrates on investigating the role of the board with creating and implementing a goal and vision program (*1 appendix) for AIK, setting the strategy for the organization. The advantages of a single case study is that it gives us the opportunity of being context-specific and particularize the empirically rich material we receive. Naturally, this leads to the assumption that the study in terms of empirical material will limit itself to the AIK organization. All respondents in the study are members within the AIK organization ranging from board members, to Chief Financial Officer (CFO), and the Strategic Liaison Officer (SLO) representative. Therefore, although certain comparisons may be made with clubs in other countries with similar ownership structure, the primary scope will be focusing on the Swedish context. The study will divide the material into four main themes: corporate governance, the composition of the board, ownership structure, and strategy. Our main focus in our study is to understand multi-dimensional aspects of human behavior, stakeholder influence, and organizational decision-making while governing a sporting organization and how this affects the development of strategic goals.

Literature Review

Our literature review started out by broadly studying the themes of strategy development, the role of the board, football management organization, and structure.

We also researched in a semi-structured way around key words such as *football management, strategy, organization, structure, board, vision*.

Through conducting our literature review, we found out that an area which had not received much focus in terms of research and exploration within football was the role of the board and their contribution to strategy development. Further, from our literature review, we identified several recurring themes:

1. Composition and Role of the Board

One interesting topic area we decided to delve deeper into was that of the role and composition of the board in companies, but also specifically in sporting organizations. What we found is that in a dynamic environment, boards become very important for the smooth functioning of organizations (Gkliatis, 2014). Boards also have a responsibility to initiate organizational change and facilitate processes that support the organizational mission (Hill, Green & Eckel, 2001; Bart & Bontis, 2003). Further, boards seek to protect the shareholder's interest in an increasingly competitive environment, while maintaining managerial professionalism and accountability in pursuit of good performance. The board, therefore, has quite a diverse range of responsibilities. They have to make sure they enhance the value of the entity to all stakeholders.

To understand the role of the board, it should be recognised that boards consist of a team of individuals, who combine their competencies and capabilities to collectively represent an entity. Therefore a lot of research has been already conducted into various factors affecting a board member's performance. Members' number of commitments for

example was found to influence performance (i.e., sales), which gives support for the significance of social capital on performance (Bathula, 2008). Board size is also found to be positively associated with entity performance, indicating the value of larger boards. This indicates support for the agency theory. So board characteristics show associations with entity performance and this relationship is moderated by a variety of factors, including board size. Additionally upper echelons theory, originally published by Hambrick & Mason (1984), recognises that top management's decisions are influenced by their own experiences, individual values, personalities and other personal characteristics. The theory predicts that personal characteristics of top management affect both strategic choices and performance levels of entities and hence affect organizational outcomes (Hambrick & Mason, 1984).

2. Corporate Governance

There has been some previous research in the area of corporate governance within sports and football. Corporate governance in general is the system of rules, practices, and processes by which entities are directed and controlled (Jensen and Meckling, 1976). These different structures will have significant impacts on how decisions are made in sporting organizations. They are helpful to make sports organizations think about the mode of operation that best suits their mission and vision. There are a number of factors in the football industry that raise questions about the applicability of existing models of corporate governance however. Swedish clubs for example, are mandated to operate within the framework of the '51% rule'. Governance structures should also change, evolve, and adapt to meet the complex needs of sports organizations and their stakeholders (Mitchie & Oughton, 2005).

There has been analysis conducted on key mechanisms that affect board performance, such as board size, board independence, managerial ownership, and institutional ownership (Mak & Roush, 2000; Lipinski, 2018). These studies found that higher managerial and institutional ownership, an enlarged board size, independence and separation of the CEO and the chairman role, translates to higher levels of financial

performance (Lipinski, 2018). These studies were conducted at an entity level. Some analysis that focused on clubs' profitability and viability reached the conclusion that those indicators also have an impact for the clubs that have insolvency problems and low financial performance (Alaminos & Esteban & Fernandez-Gamez, 2020). There was evidence that the corporate governance mechanisms have an impact on clubs financial performance, indicating that all clubs should have proper mechanisms implemented in order to achieve better financial indicators and be more attractive to the market and consequently to investors (Silva, 2015).

Sport governance is an underdeveloped research area for management scholars, however understanding the various factors that allow boards to act strategically will allow sports organizations to improve the effectiveness of their strategy. A statesporting study originating from Australia by Shilbury (2001) confirms how board members view their own contribution towards strategy development as "*central to their role*", even in the sporting industry. Inglis in 1994, conducted a study gathering data on leadership indicators with the use of a questionnaire sent to executive directors, presidents, and the board. The study found that the executive directors required expertise from the president and the board. In our context this would translate to footballing knowledge being an important attribute for board members. Furthermore, a proven track record of dedicating time towards their role and the organization was of particular importance for non-profit organizations (Inglis, 1994).

Furthermore, our literature review revealed the importance of stakeholders to football clubs. The protection of the shareholders and stakeholders interests should be one of the main objectives of any organization, as it will ultimately lead to better financial performance (Ramachandran, 2008). "*Companies with strong stakeholder relationships are more profitable and sustainable than companies whose focus is exclusively on the bottom line*" (Ramachandran, 2008, p. 9). With regards to the importance of stakeholder groups, football fans have a unique role and impact on the club and board compared with other industries. Therefore some clubs have employed so-called SLO's (Supporter Liaison Officers) in order to manage the relationship

between the club and their fan stakeholder group. Research indicates that supporter representatives do add value to the board of directors of a football club (Van't Hoff, 2018). Not only do supporter directors bring in local knowledge and give perspectives from the fan's side to the board, they are also an important link between the football club and the supporters (Van't Hoff, 2018).

3. Football Club's Ownership Structure

As far as the "51%" rule is concerned, there is existing literature concerning the assessment of whether or not the rule is legitimate. Ward and Hines (2017), shifted perspective whilst analyzing the effects of the transition to a members' association based ownership in Germany (who transitioned into a 51% rule in the late 1990's). Their findings signaled an increased influence from management and external corporations, which could pose a threat towards the interest of the members (Brown et al., 2015; Ward & Hines, 2017). Their case study on Hamburger SV who had a 100% membership association *"demonstrated that a mutually owned football club could survive at the highest level of domestic competition and attract adequate commercial revenue streams without having to rely on private investment"* (Ward and Hines, 2017, p.369). In Hamburger SV's case, the lack of sporting merits in terms of European qualification in the domestic league led to a selling of 24,9% of their equity capital due to external stakeholder pressure and promises of investment in order to boost sporting success. This led Hamburger SV into becoming a hybrid-organization (Ward & Hines, 2017). Moreover, they elucidated that the most successful clubs in Germany, on sporting merits, used a hybrid model and concluded that this was the ideal structure of ownership, both in terms of managing stakeholder pressure as well as long-term sustainability.

4. Strategy

Strategy is a very well developed concept already in the field of management and organizational theory, however researchers have only recently considered strategy in

the context of sporting organizations, parallel to the commercialization of sports in general. Slack and Hinings observed this in 1993: *“Despite the pervasiveness of work on strategy in management there has been virtually no attempt to examine this aspect of the operation of sport organizations...”* (Slack & Hinings, 1993, p. 39). Helping managers to identify the strategic imperatives that are best suited to their organization’s situation is vital in order to be able to develop effective strategies. Studies have also examined the sporting corporate governance mechanisms in relation to sporting and financial performance (Silva, 2015; Pinheiro, 2019). Pinheiro’s research came to two important main conclusions. Firstly, that there is a strong relationship between salaries and performance on the pitch (Pinheiro, 2019). Secondly, the study found a positive relationship between profitability and performance on the field. Although this goes against the previous research of Dimitropoulos and Limperopulos (2010), analyzing profitability in the Greek league. These findings are important for boards to consider when developing their strategy. Overall applying management theories to the sports industry we see that the commercialization and professionalization of sport organizations has changed the role for governing positions, increasing the importance of developing sustainable strategies.

Theoretical Positioning

We have identified three theories that are the most applicable to our study and that we have used to analyze our empirical data:

Stakeholder Theory

The concept of ‘stakeholder’ and the development of the stakeholder model is linked to Freeman’s book published in 1984, ‘Strategic Management: A Stakeholder Approach’. The definition proposed by Freeman is quite broad: *“any group or individual who can affect or is affected by the achievement of the organization’s objective”*. This theory was further developed by Donaldson and Preston (1995) and they advised firms that they should balance all stakeholders' objectives

equally when designing a new strategy. It affirms that giving equal importance to stakeholders is the best way to achieve success. Numerous stakeholders with varied goals are present and yield significant power within football clubs, especially in the European sporting context. Unlike most industries, there is a recognised objective for clubs on top of financial performance, which is that of sporting performance (Carlsson-Wall & Kraus & Messner, 2016). This is something sport organizations have to effectively manage.

Stakeholder theory has been challenged by scholars such as Von Hayek. He argues that allowing management to spend time pursuing ends other than those that will bring an increased value for shareholders gives them “*undesirable and socially dangerous power*” (Von Hayek, 1960, p. 99). Argenti (1997) focused his criticism towards the lack of clarity in stakeholders expectations and the compromises that must occur when stakeholder interests are taken into account by an organization, which stakeholder theory itself fails to take into account.

Agency Theory

Agency Theory has its roots in economics and has been widely used by scholars across many different disciplines. The principle itself explains the relationship between business principles and their agents. With executives typically fulfilling the role of agents and stakeholders the role of principles (Eisenhard K.M, 1989). Eisenhard herself examined the theory with relation to organizational behavior, while other scholars have applied it to other fields, such as marketing (Bergen, Dutta, & Walker, 1992) and accounting (Reichelstein, 1992). Agency theory applied in research often revolves around the principal-agent problem. It was one of the first theories used to examine the role of the board, specifically about the distribution of power and attempts to explain the different priorities between agents and principles. Applied to the perspective of an organization's board it suggests that the monitoring role of the board will likely reduce the problems that may occur when agents pursue selfish interests (Jensen & Mecking, 1976). Therefore it can be viewed as the board's responsibility to effectively manage the

risk that often occurs in the separation of ownership from the management of an organization.

However there have been several criticisms directed towards this theory as well. Perrow (1986) downplayed the complexity of individuals' motivations within the theory and challenged the core assumption the theory relies on in the self-centeredness of human behavior. Huse (2009) challenged one of the core assumptions behind the theory in the *"possibility of complete contracting ex ante for all stakeholder"*.

Institutional Logics Theory

Thornton and Ocasio in 1999, define institutional logics as *"the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality"*. Within a Swedish footballing context, historically the focus for football clubs was solely on sporting success. However, the commercialization of Swedish football lagged behind other countries, but now the commercial aspects of football are becoming increasingly common and vital, even in Sweden (Andersson & Carlsson, 2009). The literature has acknowledged that organizations are typically subject to a diverse set of institutional demands. These institutional demands reflect different logics of action (Friedland & Alford, 1991). When multiple sets of logics are present in an organization this can create tension and clashes, especially for hybrid organizations (Carlsson-Wall & Kraus & Messner, 2016). The two major logics that clash at a football club have been coined by Carlsson-Wall & Kraus & Messner in 2016, as 'sports logic and business logic', which are two logics the club has to adhere to. In addition to the variation of logics between industries and organizations and towards a single organization we'll *"find different degrees of compatibility in different situations... Some situations are characterized by actions and outcomes that favor several logics at the same time, while other situations require courses of action that are in line with one logic but conflicting with others"* (Carlsson-Wall & Kraus & Messner, 2016, p. 46). One way of dealing with the clash that

multiple logics can cause is by separating them and differentiating them structurally. This would mean that different parts of the organization respond to their logic (Kraatz, Block 2008). However, integration and coordination within the organization is still a vital tool for success and this must be carefully handled when separating logics and dividing the organization structurally. Integration is fundamental in organizations as most decisions taken by one part will affect other parts of the organization and vice versa. So when resources are to be distributed, compromise is still necessary at the organizational level and therefore also collaboration between the separate 'sporting' and 'commercial' entities. Compromising between logics seems to be commonplace for hybrid organizations and those compromises can be "situational specific" (Carlsson-Wall & Kraus & Messner, 2016, p. 48). The goals and vision of the organization is also likely to heavily affect the compromises taken, depending on the focus from the organization.

Scholars who employ the use of the institutional logics theory have been criticized based on failing to examine the underlying motivations that can explain why certain actors act as they do (Jensen et al., 2009). So institutional theory provides explanations of institutional structures but it fails to regard the influences of individuals and the effects of social practices.

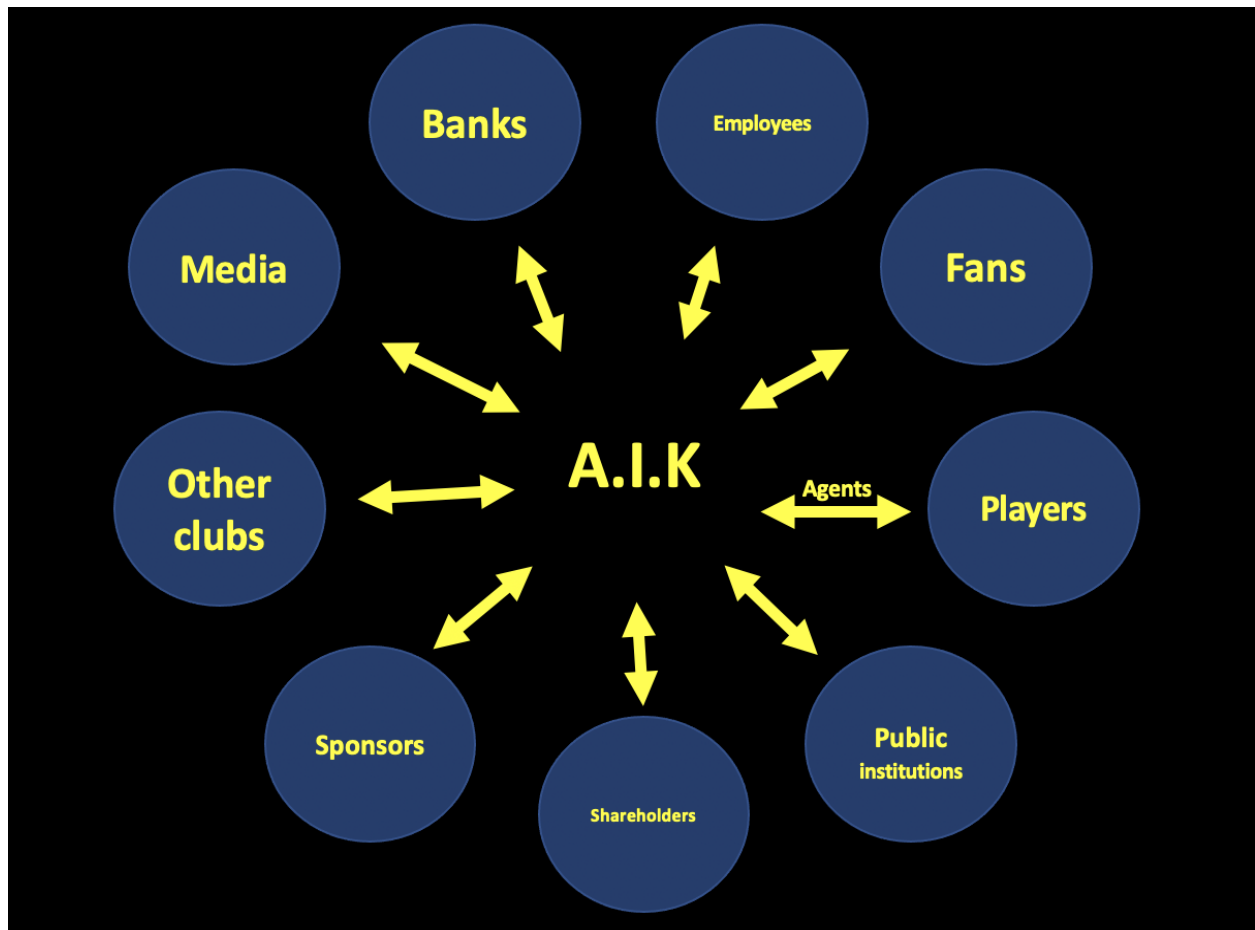
Application of theories

These theories will be applied to enhance our understanding of the role of the board in developing strategy, the context in which they operate, and the factors which affect this process. The stakeholder theory will be utilized to analyze the relationship between AIK's board and its stakeholders, in order to gain further understanding of the influences on the board. Institutional logics will be used to analyze AIK as a hybrid organization and the different logics in competition at AIK. Institutional logics fail to consider the impact of individual actions so we attempt to mitigate this by the additional use of agency theory in the analysis, in an attempt to clarify the relationship with the board and its ownership structure.

Stakeholder mapping

In order to better understand the external forces at play for AIK's board and facilitate our analysis, we conducted a stakeholder mapping:

Figure 2



Method

Our study deploys a qualitative research method since we have been collecting information from semi-structured qualitative interviews with members from the AIK

organization and board. The choice of using a qualitative approach was deemed to be compatible with our research question and the nature of our empirical data.

The research has been based on abductive reasoning, where the initial set of observations continually have been extended by theory and data collection. Furthermore, the study has initially used a deductive method, where the starting point of the study is linked with existing theory. However, in order to broaden the perspective, we have also included empirical observations in order to revise our study, which suggests a usage of the inductive method as well. The combination of these two methods implies a usage of the abductive method. Since the study has used empirical data, it has been possible to delimit the research into avoiding irrelevant theories (Bell & Bryman 2019).

The study uses an inductive interpretivist ontological position. The study aims to analyze the role of the board in developing the goals of the football club in their newly published goal and vision program. The establishment of subjective views is already existent in the social culture of an organization and interpretivism facilitates the analysis of these constructions. Moreover, the non-aligned approach of the inductive interpretivist approach gives us the possibility to interpret our correspondence views, whilst still respecting their expertise (Goldkuhl, 2012).

Furthermore, the study takes on an interpretivist epistemological approach due to our stance in reacting to knowledge and our gathering of empirical data. We can never be completely objective whilst analyzing human behavior in “specific, contextualized environment” (Gray, 2014; O’Gorman & MacIntosh, 2015, P. 4).

Study design

We will be utilizing a single case study, which was made possible due to our almost total access to AIK Football Club. In our study, we felt a single case study to be most appropriate in order to gain in-depth data from AIK. Focusing on an intensive study of a

single club over a limited period of time, enabled us to examine the club in the depth we needed in order to receive descriptive detailed answers and to find an answer to our research question.

With regards to our selection of football club, we initially contacted all football clubs in the Swedish first division, Allsvenskan. Due to a personal contact within AIK, the geographical ease of accessibility on a personal level, and the recently published goal and vision document, we decided on focusing solely on AIK. We also viewed AIK with particular interest, due to AIK being one of the biggest and most successful clubs in Sweden. Our main focus in the interviews was the recent formulation of their goal and vision program. All respondents had some sort of involvement in the different aspects of the program and were very familiar with the information. Consequently, we have chosen to include data from all the interviews in our study.

In the framework of conducting a single-case study, the interviews conducted would benefit from being highly focused and in depth. Three varieties of interviews can be identified: structured, semi-structured and unstructured interviews (Bryman & Bell, 2019). We chose to conduct semi-structured interviews in order to allow for a slight variation in questions and follow ups while still discussing the same topics, so that those topics can be compared and analyzed. The nature of our questions asked were open-ended in general but closely related to the research question. In order to gather a thorough view of the objectives, emergent factors were allowed, and additional role unique questions were asked.

Interview Process

The same structure and questions were applied for all the interviews with one exception since the SLO has such a different role and stakeholder interest, we had to change the questions in order to include the relevant aspects of his role. The recurring theme and philosophy of the interviewing process was to ask open questions and not guide the interviewees thoughts and beliefs in any direction. The objective of the chosen

questions was to include a broad range of subjects, going from stakeholder interests and identity of the club, to the role of the board. We decided to not make any major changes from our material since the interviewees gave relevant answers in relation to our study purpose.

We had no criteria in terms of previous merits or the length of the members individual tenure. Other important respondents were current senior members of the AIK organization, for example the CFO and CEO (VD in Swedish). This is because their role requires close cooperation with the board. In order to cover the supporter perspective and gain a greater understanding of AIK' stakeholders, we choose to include the chief strategic SLO in our interviews. In total, we contacted 9 of the board members, excluding the suppliants of the board and the CEO, vice CEO, CFO and DOF (director of football). We only managed to conduct interviews with 3 of the board members, the vice/acting CEO, CFO and the chief strategic SLO. This could result in that we are not fully able to cover all opinions from the board, which potentially could influence the perspective we receive and thereby affect its confirmability.

Five of the six interviews were conducted online through video communication with the exception of the interview with the chairman of the board, which was conducted in person. During the interviews, we took turns asking questions and taking notes in order to fully capture all relevant aspects and asking follow-up questions if necessary. Furthermore, the collaboration reduced the risk of missing a relevant theme.

Interviewees:

Name	Position	Date	Interview Length (minutes)
Fredrik Söderberg	Vice VD/Club director	17/03/2022	46:03
Anders Apell	Board member	7/04/2022	44:45
Robert Falck	Chairman of the board	8/04/2022	122:06
Håkan Strandlund	CFO	15/04/2022	39:45
Daniel Norlander	Stategic SLO	22/04/2022	40:32
Stefan Lundin	Board member	25/04/2022	43:56

Data Analysis

We choose to transcribe all of our empirical data from our interviews, since we deemed the material relevant to our research question. The method of transcribing was based on text analysis of the voice recordings. We did the transcribing without assistance from virtual tools. This reduced the risk of the material being translated incorrectly and we used data cleaning afterwards to further minimize errors. During our data analysis, we discovered the benefits of using open ended questions, since it gave the respondent the opportunity to elaborate freely and involve several different aspects in their answer.

Credibility

In terms of internal reliability, we have used the split-half method in order to assess the level of internal consistency. We compared the empirical data from the first set of interviews with the second set of interviews and realized a correlation in terms of themes and conclusions between the two different data sets. This indicates a high internal consistency.

Moreover, to reach a high, trustworthy level of external reliability we do not ask questions that imply a certain answer, but rather ask open ended questions within the same themes. This gives the respondent the opportunity to freely express themselves on certain matters which makes the study repeatable without an obvious influence from the interviewers. We also recorded all of our interviews with an emphasis on reducing all types of biases and misinterpretations. We discussed the interviews as a pair and did the transcribing together so we could voice any concerns or questions we had on statements or emotions from the respondents.

The common ground of all empirical data is based on the opinions from individuals in an organization, which to a large extent is unique. In terms of implications for similar

football clubs, there is a clear case to make for the relevance, but there is no way of replicating human interconnecting behaviors and relationships in a football club. Furthermore, a complete duplication of the empirical data into a societal context would have no relevance in academic research. But if the focus is limited to the different themes of organizational settings and human behavior in the context of a football club, it would certainly contribute to academic research.

Method Criticism

In terms of credibility, there could be a potential weakness regarding the translation of the respondents' answers. We have conducted all interviews in Swedish but had to translate the interviews to English in order to meet the requirements for this thesis. Every language is unique, where the meaning of different expressions are idiosyncratic. This could create minor deviations between the original empirical material and the translated material. This mainly occurred while dealing with different Swedish sporting, cultural, and legislative concepts that do not have a corresponding word in the English language. In order to cope with this, we have emphasized these concepts in the definitions-paragraph.

Moreover, the empirical material only consists of 6 interviews with members of the AIK organization. Naturally, we opted for a higher sample, but all of our interviewees were senior members of the organization and were directly involved with the goal and vision program.

Ethical Considerations

The media attention of the AIK organization exists to a much higher extent than most other limited companies, which could pose ethical issues regarding the respondents willingness to speak freely. To mitigate this, we sent a consent form to all respondents who took part in the case study.

Consequently, prior to all interviews we informed all respondents about the research question of our study. We deemed that it would not affect the answers and objectivity from our respondents since our study design is highly interpretivist. Moreover, the respondents chose to not be anonymous. By not being anonymous however, it could create certain precautions in discussing sensitive matters of the club.

Empirics

The empirical data will be presented in this section and will be divided into 3 main themes. This section aims to concretize and dissect the opinions and beliefs of the respondents from AIK football organization in relation to the research question and the newly published goal and vision program.

4.1 Corporate Governance and the Role of the Board

When asked about the composition of the board, a common denominator between the representatives is that the elected board of directors should be a reflection of the members of the organization. Also, the inclusion of a wide range of expertise is necessary in order to complement each other and create a diverse board. The different areas of expertise needed according to Falck included “*legal, sporting, economical, commercial and political*”. Lundin even mentioned that it is beneficial to have board members from every social class.

“It was more important to have a competent board rather than diverse and representative. It is important to create a group that can manage the role of the board as well as possible. (...)Previously, we have had a board that has to a larger extent been operational and meticulous on specific questions which affected the role of the CEO.”

This quote from Appell implies that the members of the boards have different views on the optimal composition of the board. Furthermore, he mentions that his view of the composition has been a result of the weakness of the former board compositions. Appell prioritizes competence over representation but it is difficult to assess to what extent.

Additionally, another aspect that is brought up and in line with Falck's earlier statement is the concept of the 'AIK-way', which is rooted in all of the organization and even affects the board.

"But once again, the most important aspect of the composition is the 'AIK way' ('AIK-stilen') and not only the competences"

This statement suggests that a board member should have an intangible understanding of the AIK organization in order to be a representative of it. Furthermore, Falck states *"the AIK-way characterizes the way we work"*. The implications of this attitude is that it is interconnected within the culture of the organization, and works as a guideline on how to act.

The culture has a central role within all elements of the organization, and even has a clear effect on the recruitment process. AIK assesses soft values in their recruitment process which are linked to the culture within the club but they do not currently have a framework for the cultural fit of candidates. Falck elucidates a few important aspects in choosing candidates for the board:

"When we are recruiting, it is really important that they come in with the right culture and qualifications. A candidate cannot go into our organization with the mindset of only lasting 1-2 years within the organization, the goal should be more long-term, no matter what"

The aspect of longevity is a recurring notion within the members of the AIK organization. In order to have a lasting collaboration between the stakeholder and to move the club forward, the focus should always be on long-term development.

Regarding the role of the board, Falck clarifies that the club should only prioritize its responsibilities rather than micromanage daily operations. The key is to make *“only a few short-term decisions but they should be aligned with the long-term goals”*.

Since AIK FF owns a majority of votes in AIK Fotboll AB there are a lot of transactions between the different entities and the financial relationship between the associations is outlined at the annual general meeting every year. Strandlund describes his role as a tale of two hats:

“I need to wear two different hats, one association hat and one limited company hat. The limited company has strict rules that need to be obeyed and followed. The association has less stringent rules to follow, but the members could be active and ask a lot of questions and create pressure”

So far it seems like the role of the board is similar to a normal corporation, but Appell has other conclusions:

“There is a huge difference between the board of a football club and that of other industries. You can’t even compare. The amount of interest from the public, the feelings and the pressure on individuals cannot be compared with that of a normal corporation”

The high interest from the public creates additional pressure on the board, but Falck sees it as something positive *“the influence from the public is always there, and that’s how it should be since the club is owned by its members. That’s Swedish football”*

Falck is clear in his opinion on what responsibilities the board should take on when dealing with the media and outside pressure:

“The board must take responsibility. Media should contact me as the chairman of the club. It's about leadership. In the end it is always my responsibility.”

Furthermore, Appell means that the stakeholder pressure creates some differences in the role of the board:

“Operationally, it is important to cooperate with our stakeholders at different levels and with the right issues. From the board's perspective, it is important when we, for example, appoint a successor to the position of CEO that our loudest members are on board and they must also support us in that. It is important that stakeholders get enough information because when they do not get it, then they start to speculate and it gets messy.

In order to facilitate the communication between stakeholders, AIK has implemented the role of SLO (supporter liaison officer) occupied by Norlander, who functions as a bridge between the board and the supporters of the club. He explains the relationship as follows:

“We are two parties, the club and supporters and we work together for what we stand for”

Norlanders statement suggests that the club needs to work together with its supporters towards their long-term goal. A vital role of the board is therefore to deal with the supporter stakeholder pressure by working alongside them.

Additionally, Falck expanded on the importance of personal relationships within the board. Something he found to be a undervalued but an important factor:

“I can't make decisions by myself, like I did when I previously worked as a CEO. It's about having good relations.(...) it's about togetherness and not creating tensions within the board. As chairman I try and get the board on the same page and collect

everyone's thoughts"

4.2 Ownership Structure

A recurring statement for the AIK representatives is their positive attitude towards the 51% rule and current ownership structure. They maintain the importance of membership influence in the AIK Organization. Söderberg expresses his thoughts on the matter:

"It is our DNA, we are an association and we are all members in it. If the association ceases to exist our identity changes"

Our respondents believe that the 51% rule forms much of AIK's identity as a club, it influences them in every aspect of their operations, but beyond that it creates a togetherness not found in privately owned clubs. During the pandemic crisis in 2021 and the huge financial setback that occurred from the loss of tickets sales, *"The 51% rule benefited once more. Members chose to continue to pay for their season tickets out of goodwill, which saved our finances"*, according to Falck. This illustrates the symbiosis that exists between the members and the board and all the other shareholders. He also believes it's *"easier to shape a culture when you are a member-owned club"* and this culture of the 'AIK way' is something that is very important to their organization. It's the foundation of their identity and Falck believes this would have been significantly harder to create under private ownership.

With relation towards the rapid commercialization of football we also see that he believes that the 51% rule *"stops this development from going too far"* where a club would potentially lose the *"football spirit"* that characterizes it and has made the football industry so popular, by ensuring stakeholders interest are always taken into account.

There are however downsides to this structure that exists in Sweden, in terms of potential investments according to Falck:

“It will be healthier financially long-term for countries to have the 51% rule, however we’re much less likely to get investments in Sweden, which is the major downside of this rule. Capital strong investors demand more power and control of the organization than the current structure can afford, which discourages them.”

4.3 Strategy

“In 2019, a motion was submitted from a supporter group that said we should shed light on the organization and AIK’s working practice. We discovered that we lacked a vision and long-term thinking and that started the work with the goal and vision program”

This statement from Norlander above could be seen as a starting point of the foundation and creation of the new goal and vision program that was finally launched in March, 2022. It was born out of this motion but the club had also recognized the need for greater unison, according to Falck:

“We felt the need to gather ourselves as a club through this goal and vision program. A common vision is important even if not everyone agrees to all aspects and details of it, but it means that the board has decided and set the direction that the employees should work towards.”

Söderberg concludes that:

“We were far too dependent on people and their charisma, now it has to sit in the foundation with better frameworks and better processes, so that we do not get lost as a club when we lose key personnel.

The creation of this goal and vision program was done as a collaboration between the board and relevant personnel but also taking into account the opinions of important stakeholders to the club, according to Falck:

“It's about opening up the process, so everyone can participate and have a say. The process took several years before we reached the finish line. The board sets up the strategy and the club's personnel work towards those goals, but they also help us to provide the basis for constructing a sound strategy.”

He adds:

We must relate to our supporters and their support is vital to us. However, we do not do as they say 100%. We may have different views on how we achieve our goals.”

When setting up this goal and vision program, Falck believed it was important to set *“realistic goals”*. It can be very unmotivating to consistently fail to reach too ambitious targets. He also added his thoughts about how they would manage those goals in the future:

“We have easy to measure goals but need time to achieve them. If we do not reach the goals, then in the first place we will not rework the goals but rather rework the way in which we reach them.(...) I do not want to change the goals at all, they are long-term. If we change, it would only be to raise our goals.”

Strandlund and Apell explain how these goals will be followed up on in the future:

“I have a weekly meeting with my team, then a monthly board meeting where I report on the various KPIs that we have decided on.” - Håkan Strandlund

“Ultimately It's our responsibility that these goals and targets are reached. We have to ensure relevant personnel follow up and do their job. Every decision we take, we have to consider whether it's within the framework of our long-term strategy and within our budget. The budget gives clear goals of where our revenue is going to stem from, sales, ticket sales, etc.” - Anders Apell

Falck can already see some impact from the work they have conducted in this regard:

“The vision work we have completed has given us tranquility and a greater calm in our operations. We do not have to deal with daily crises anymore. It provides us with stability and so does our healthy economical situation.”

When asked if this new goal and vision program would have any direct impact on sporting results, Söderberg responded:

“It should be possible to deduce sporting success from it, if it does not, then we have not succeeded and done something wrong and we have to change, maybe tweak the vision or change processes. Depending on which measuring tools we use, we should be able to see what needs to be done.”

Strandlund however noted that this impact will most likely not be seen in the short term perspective:

“It is more long-term and I hope it has a direct impact in a few years”

The ultimate goal with this strategy work for Apell was that:

“The goal and vision program should be so good and well developed that all personnel could theoretically be replaced and the work would still be followed, we do not want to become over-dependent on individuals. However it will be hard to see results from such work sportingly, at least immediately. The sporting aspect has requirements match to match so must be balanced with the strategy goals we have.”

All interviewees spoke about the delicate balancing act that occurs in a football club between the achieving the various goals the club aims to reach, Falck summarizes it as follows:

The financial aspect controls the other aspects of our organization, for example the football. (...) We must keep the economy in order and must not put ourselves in a bad situation. Well-organized finances are the basis for developing the other parts of the club. It is not possible to run an organization effectively if you are close to bankruptcy.”

5. Analysis

This section is founded on the analysis based on the empirical data of interviews. The analysis aims to answer the research question on how the board of AIK football operates in developing the goals, vision, and strategy of the football club. This section will also be divided into the themes we have identified, in corporate governance with the role and composition of the board as well as the ownership structure and a strategy section, primarily focused on the goal and vision program. The material will be analyzed with the use of the theoretical framework and every theme will have a sub-conclusion in relation to the research question.

5.1 Corporate Governance

5.1.2 Composition of the board

Based on the empirical data, there are conflicting beliefs between the board members regarding the optimal composition of the board. The internal debate regards the issue of competence in the board in relation to the importance of representation. The majority view was that the board members of an association as AIK should be a reflection of its members, where diversity in expertise is also beneficial. But since the most tenured board member Apell insists on the importance of competency based approach to the composition of the board, agency theory states that these differing desires may cause conflict between the stakeholders in the future (Mitnick, 2013).

Applying the agency theory, the AIK members work as the ‘principal’ in relation to the board of directors who have the role as an ‘agent’ (Mitnick, 2013). They are hired on

behalf of the members, since they own a majority of the voting rights and have the absolute influence over the guidance of the club. Although the members are the party that holds the economic risk, they can exercise their voting rights and remove the board if they don't agree with the work of the board. It is key to have a common objective between the principal and the agent relationship in order to reduce the complexity within the AIK organization. Furthermore, the board executives emphasize the importance of maintaining good relationships and common incentives between the board members. Also, not all the board members own shares of the limited company, which could create a lack of incentives while serving the needs of the club, according to the agency theory.

5.1.3 Role of the Board

Since AIK Fotboll AB is a limited company, the role of the board has clear legislative guidelines to follow in terms of stock exchange regulations and statutes in alignment with Swedish corporation law. But there is a clear distinction between the stakeholder influence in a normal corporation and that within AIK Fotboll AB. The respondents voiced a perception of increased pressure from supporters and the media act as an amplifier of this external pressure, which creates further complexity in the association. According to Freeman, the board needs a rigorous understanding of both internal and external stakeholders while governing an association, in particular for creating a company structure.

For AIK, it is evident that the media is identified as an important stakeholder and the chairman of the board is confident in his role in dealing with this media pressure. Falck understands the duty of his role to communicate with the media to protect internal stakeholders of the organization. This pressure is something that occurs with much more force in football clubs compared to other more traditional industries. The media counteracts the long-term vision that is outlined by the club, since they primarily focus and often criticize short-term sporting results and its effects. This is why the media is such an important stakeholder to manage.

The supporters of AIK, who are not members, are also defined as stakeholders. The members of the AIK Football AB however, are categorized as shareholders since they own a share of the company and thereby obtain voting rights in the annual general meeting. But since many supporters are also at the same time shareholders as members, this creates the unique situation where they do not only value the monetary growth of AIK Fotboll AB, which opposes the basis of the shareholder theory. This creates a unique situation for AIK and the board should consider stakeholders as their most important group, instead of shareholders, which is usually more common in traditional industries.

It's important for the board members to continually assess their role and which stakeholders they should prioritize to most effectively serve the needs of the organization. The external stakeholder pressure is higher within hybrid organizations and the football industry, which creates a stronger need for organizations in these industries to have an awareness of their stakeholders and to effectively manage them.

5.2 Ownership Structure

The consensus from the board is that they are in favor of the 51% rule, despite it diminishing their influence. They note the importance of maintaining membership influence and since the supporters are the majority stakeholder, the acceptance of this is beneficial in order to reduce the risk of agency loss when they have goal congruence. One of the benefits of an hybrid organization, is the existing symbiosis between the members and the board, where they assist each other when needed. The key denominator to further enhance the benefits of a hybrid organization is setting the culture of the organization, which increases the togetherness within the club, if done successfully. The acceptance of the Swedish association culture forms the basis of the identity of AIK and facilitates cooperation within the club. Furthermore, strictly focusing on a sustainable long-term financial perspective, the 51% rule prevents external inflow of capital and damages the investability of the organization, which corroborates prior research.

5.3 Strategy and Institutional Logics

Our empirical evidence clearly shows the balancing act that AIK handles within their club, between focusing on sporting success and maintaining a strong financial performance. This complex relationship will be defined as two differing institutional logics that characterize the club by using the terms 'sports logic' and 'business logic' (Carlsson-Wall & Kraus & Messner, 2016).

We see that the prevailing sentiment from the board of AIK revolves around the importance of their financial performance, which in our analysis constitutes the 'business logics' perspective. The board of directors at AIK represent the peak of the hierarchical structure of the club and therefore are the most important decision-making body for these "business logics' decisions. They are ultimately responsible for the survival of the club financially, through ensuring actions and decisions are taken with the best interest of the club in mind and at the same time are aligned with the long-term strategy and are within budget.

It's therefore rational to see this institutional logic prioritized by board members. The financial status of the club not only has a direct impact on sporting success, but is vital for the survival of the organization. This relationship between finances and sporting results had been clearly demonstrated (Pinheiro, 2015) in terms of the proven link between player salaries and performance, as well as club profitability and performance. The financial well-being of a club constitutes the minimum prerequisite in order to be able to compete on the field. Financial growth therefore is a major aspect in the goal and vision program, where those targets form a large part of the strategic goals of the future for AIK, due to their importance.

Here we also see a clear difference between stakeholders. The fans are naturally much more concerned about sporting success. So are the personnel whose roles are more

focused on the sporting side of the club, like the director of football and the first team coach. This creates collision between the two separate institutional logics, which creates institutional complexity (Pachos & Santos, 2010). There are different strategies to deal with institutional complexity, one of those being compromise (Carlsson-Wall, Kraus & Messner 2016). This takes the form of the club being willing to compromise on aspects of one institutional logic in order to satisfy or partly satisfy the demands of the other (Kraatz & Block, 2008; Pachos & Santos, 2010). These compromises however can be “*situational specific*” (Carlsson-Wall, Kraus & Messner 2016). With AIK we saw that although they prioritized ‘business logic’ over ‘sporting logic’, many of the decisions were taken on a case by case situational basis. For example, although the board is primarily concerned with their finances, they weren't willing to risk affecting the support on match day by discouraging fans from bringing flares (despite this being punished by the use of fines from UEFA).

We see that the effective way of handling the competing logics therefore differs. Institutional logics are not compatible or incompatible per se, but will be prioritized differently depending on context (Carlsson-Wall, Kraus & Messner 2016). Furthermore, AIK has been effective in creating a clear structural divide in personnel between these two institutional logics. As an illustration of this, Standlund as CFO has little to no influence over sporting decisions, and vice versa the director of football Henrik Jurelius, over budget matters. This structural differentiation is known as ‘*horizontal decoupling*’ (Berry et al., 1985). Jurelius can be seen as the intermediary between these two institutional orders, and the creation of this role in football as a way of tackling the insitutional complexity that exists within clubs.

In summary, institutional logics can be either compatible or incompatible in relation to each other. Sporting success is almost always synonymous with prize money, proving the compatibility between the two separate logics. The newly created goal and vision program has been an effective tool to help the cross functioning of these logics. It has afforded the club greater clarity on how to balance these competing forces, with a long-term strategy soundly in place. By compromising between these two logics

depending on the situation, AIK achieves a unity between their set goals and the wishes of the stakeholders. Overall the financial stability of the club is the most important factor, the board considered when compromising between logics.

Theory criticism

One aspect to consider with our application of the stakeholder theory perspective was that we conducted our own stakeholder mapping, which has not been corroborated by AIK themselves. They did however note the relative influences of these stakeholders in our interviews. One fault we found when applying the agency theory was a lack of explanation for internal disagreement for agents, which made it difficult to discuss those effects from a theoretical perspective. For our application of institutional logics, it's important to note we do not claim that 'business logic' and 'sport logic' are the only institutional logics at work in the football club.

Conclusion

The strong external stakeholder pressure is evident within the AIK organization, where the hybrid organization structure creates institutional complexity. The key for the board is to understand the stakeholder landscape and value the importance of each stakeholder thereafter. The board aims for longevity and stability but is counteracted by external forces such as the media's short-term focus. There are some paradoxical findings in terms of shareholder interest, because a proportion of the supporter group act as members through the membership fee, they still maintain their supporter interest and do not solely demand monetary growth through their shares. Subsequently, the board should consider all stakeholders' interests.

It is evident most of the board have a shared perception regarding how the board should be composed, with only slight deviations. However, it is difficult to assess the extent of the internal disagreements by the use of our model. Furthermore, we have not

seen any negative evidence in the board's ability to carry out their role from this discrepancy. The empirical data does not give too much information on the other interpersonal relationships of the board and since these aspects are out of our scope we have not investigated further. The whole board is fully in support of the 51% rule and thereby the current ownership structure, they are all aware and maintain the importance of membership influence in the AIK football organization. The acceptance of the Swedish association culture forms the basis of the identity of AIK and facilitates cooperation within the club. Additionally, this acceptance could be described as an enabler for goal congruence and has created a symbiosis between the members and the board.

We also found that a well developed goal and vision program with clearly defined long-term strategy goals acted as a facilitator for the compromises that occur in hybrid organizations between institutional logics. The goal and vision program also defines the relationship between the corporation and association and how they should collaborate together under a common strategy. The goal and vision document also has a clear role in defining these goals and the culture to stakeholders, members, and supporters.

This Study's Contribution

The study helps to answer the defined research gap by addressing the strategic role of the board and its involvement in formulating a long-term strategy in the form of their goal and vision program. It investigates the board's role and relationships with internal and external stakeholders and influences which has not previously been done in a Swedish sporting management context and provides value for other clubs operating under similar legislative frameworks. Additionally, regarding institutional complexity, the unique board perspective could prove complementary to previous research.

Suggestions for Further Research

A common concept throughout the organization is the idea of a set culture. The intangible assets that create the association culture of the AIK organization are defined in their goal and vision program. Even though it is evident that these beliefs create inclusion and intrinsic value to the organization, we have not tried to quantify the effects. In order to further enhance the understanding between the relationship of culture and its various effects, additional research is suggested.

The findings from our research has identified stability as a factor influencing the board in developing and achieving a long-term strategy. These themes have to a limited extent been examined within other industries, but board stability in relation to a sporting association functioning as a hybrid organization has not been conducted in contemporary research. The examination of stability mechanisms in regards to the role of the board of these organizations could be an area of future research as well as longevity and its contribution to stability.

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Appendix:

*1 - The goal and vision program:

The goal and vision program developed by AIK in 2022 named ' AIK Fotboll vision - ett styrdokument för klubbens framtida tillväxt' is often referred to in the text and is available to view in full on their website at:

<https://d281ovntc614pi.cloudfront.net/content/uploads/2022/03/AIK-Fotboll-Vision.pdf>

Empirical Data:

Due to our word constraint, we have excluded and shortened some of the statements from our interviewees in our thesis however there is certain empirical data that still is relevant to our analysis which is included here:

"I have been involved in developing the financial targets of the club. We're aiming to bring in over 250 million SEK on a yearly basis through tickets sales, commercial partnerships, prize money, merchandise sales and transfers." - Håkan Strandlund

Appell states that the main difference is the scrutiny and pressure from the public. Subsequently, Falck states similar opinions *"compared with earlier board assignments that did not have a connection with football, there is much more interest from the public and the media"*

(...) My responsibility is to create a club where no tomfoolery is happening. No one is going to want to work for our club if we constantly pass the blame onto others. If you are transparent and take responsibility you will give other people freedom to do their jobs. It is important to dare to stand up, stand firm, and take the blows. Just as a coach does for his squad"

Regarding the 51% rule:

"I am absolutely in favor of the rule, perhaps more towards a 100% ownership of members so that you do not have the problems you now have between owners and members." - Daniel Norlander

"I fully support the 51% rule. The entire Swedish sports industry is built upon this principle, one member one vote." - Robert Falck

Regarding interpersonal relationships:

"My responsibility is to create a club where no tomfoolery is happening. No one is going to want to work for our club if we constantly pass the blame onto others." - Robert Falck

"Anders Apell for example is an expert about everything legal, so I leave those decisions to him." - Robert Falck

"You should not throw anyone under the bus" - Robert Falck

Empirical data regarding the composition of the board:

"It is also important that the nomination committee emphasizes and asks questions on the long-term aspects" - Robert Falck

Explaining the structure of AIK further:

“At the annual general meetings of AIK Fotboll AB, a board is elected. We have two largely mirrored boards, which are similar but have different requirements due to the rules that affect the limited corporations who comply with NGM regulations.” - Anders Appell

In Anders Appell's own words regarding the structure of the club:

“AIK FF is a membership association and we abide by our statutes. AIK FF owns a majority of votes in AIK Fotboll AB, which are listed on Nordic Growth Market, but a much smaller share than the capital itself.

(...)The association board is the owner board of the corporation because the members own 52% of it. We have different areas of responsibility but a collective mindset. There are a lot of transactions that occur between AIK FF and AIK Fotboll AB.

As this relationship between the two entities is very complicated it's important to maintain good practices, for AIK Fotboll AB, a model is produced at the annual general meeting every year to *“determine how the financial relationship between the two associations should be, so that the pricing of services is correct and salaries end up in the right places”*.

Falck defines the boards three main purposes *“appoint and remove the CEO, keep track of finances (including paying salaries, taxes and social fees), and pointing out the long-term direction of the club”*

The 51% rule is the foundation of their identity and Falck believes this would have been significantly harder to create under private ownership. With relation towards the rapid commercialization of football we also see that he believes that the 51% rule *“stops this development from going too far”* where a club would lose the *“football spirit”* that characterizes and has made the football industry so popular, by ensuring stakeholders interest are always taken into account.

There are however downsides to this structure that exists in Sweden, in terms of potential investment according to Robert Falck:

“ It will be healthier financially long-term for countries to have the 51% rule, however we’re much less likely to get investments in Sweden which is the major downside of this rule. Capitally strong investors demand more power and control of the organization than the current structure can afford, which discourages potential investors.”

I have been involved in holding several information meetings for support groups regarding how it gets in the recruitment process and why, as we do with pyro-technics and order in the stands. We have done benchmarking against other clubs around this and then we are quite far ahead in relation to how we inform our members about our work.” - Anders Appell

Addressing the balancing act between institutional logics:

“Long-term thinking is important, but it’s a balance act because if you get relegated from the league, there is no longer any need for that thinking. Therefore, the board should not distance itself from reality. - Robert Falck

“Strategic and financial goals trump the sporting ones, because long-term thinking should give better results even sportingly.” - Anders Apell

Empirical material around the goal and vision program:

We conducted a member survey to create the soft value goals. They are much harder to measure in general”- Robert Falck

Anders Apell explains how the wheels were set in motion to conduct this important strategy work:

“Before we did not have a clear idea where we were going as a club and how we would get there. The work to create a goal and vision program began at a strategy conference where senior executives and board members were present together with a consulting firm that helped us with the process.”

Superfluous material from the literature review:

Regarding ownership structure, a study has investigated the different ownership structures of football clubs in Germany in relation to outside stakeholder influence (Harris & Houlihan, 2015).

Past research has focused on that football clubs evolve from clubs providing leisure activities to become business organizations. Therefore, research based on football clubs forms a noteworthy research field. There have been studies into brand value and linking these categories into strategic groups based on financial revenues of the clubs, and it is suggested that brand value forms a mobility barrier among different strategic groups (Rikardsson, 2013). There is limited primary literature about the specific topic of this dissertation, as far as what has been published by accredited scholars and researchers. This is due to the fact that discussions about football club ownership in connection with sporting competitiveness have only just begun a few years ago. The gaps in the existing literature mainly consist of lacking scientific evidence for direct interrelation between the various forms of football club ownership and financial/sporting success

In scientific literature, a rising debate regarding the importance of financial stability and liquidity in relation to sporting performance has developed (Franck, 2010). The surge in commercialization of the sport has had an increased level of influence on “the development of club ownership and governance structures” (Ruta et al., 2020) In a European context, focusing on clubs aiming to be at an elite level, “from a strategic

point of view the only possibility” to reach elite level is to “try to a real gamble” (Hamil et al., 2004). However, from a financial point of view, this has led to a concept in literature of the “Soft Budget Constraint” where a club overextends their resources which has a consequence of decreasing their profitability (Franck, 2010; Rohde and Breuer, 2016).

The main objective of this financial model is to quickly achieve sporting success in terms of performance, which will lead to revenue streams, for example increased social media attention, branding and incomes from international tournaments by governing bodies as UEFA (Franck, 2010). Consequently, the long-term goal of this strategy is to capitalize on these sporting performances year after year and increase their profitability. This could be described as a “win maximization” logic (Sloane;1971) In comparison with non-footballing companies, an explanation for this behavior could be that football entities are in “a situation in which loss-making firms or enterprises are bailed out by public authorities or creditors” (Ruta et al., 2014)

The commercialisation of football is closely linked to terms like multi-club ownership, team control or cross ownership, all of which refer to the issue of controlling shareholding in one or more incorporated football companies. Unlike in other industries, such control of commercial entities is possibly suggestive of manipulation of competition within leagues. It is often claimed that multi-club ownership or the absence of regulations limiting such ownerships is able to provoke conflicts of interest. The European Court of Arbitration for Sport defined the “issue of multi-club ownership as the ethical and non-ethical questions raised by the circumstance that two or more clubs controlled by the same owner take part in the same competition”. Furthermore, the findings illustrate that for membership clubs it is possible to be financially competitive with non-membership clubs. In fact, the club in the case group with the largest commercial income is a membership club, which proves there are alternative routes to acquiring major financial capital than clubs that are set up as privately owned companies

A current trend in European football is the elevation of multi-club ownership. In an uefa analysis of 2017, there were at least 26 first-division clubs across Europe involved in cross-ownership, in which a private person, club or entity had control of more than one club. As of 2022, the amount was 66 which indicates a rapid growth of over 250% in only 5 years and this number will likely further rise in the coming years due to the growing commercialisation and broadcast appeal, where professional football has presented an increasingly lucrative investment opportunity.

Additional information from the theoretical framework:

The board can be seen as a strategic resource. As a strategic resource, the board is responsible to develop and select creative options in advancement of the organization. Given the increasing importance of boards, it is important to identify the board characteristics that make one board more effective from another. Given that all organizations depend on others to survive and thrive, resource dependency theory suggests that managing external relationships to leverage influence and resources is the prime purpose of the board, and hence board members are selected for their background, contacts and skills” (Bhyrovabhotla, 2012). The research on board motivation suggests that in order for board members to be active strategically, their needs must be met.

The organization of AIK represents a clear case of principal and agent, where the board functions as the agent towards its shareholders, which is represented by the members. Overall, the board has a shared perception regarding the recruitment process and composition of the board, with only a slight misalignment. This minor discrepancy should not create any negative effect on the work of the board and its relation to its principal. The long-lasting relationship between many board members that has resulted in good communication between them, could work as a facilitating aspect in accordance with our theory.

The assessment of culture within the organization

A recurring theme from our respondents was the importance they placed in understanding the culture and more specifically the 'AIK-way'. The phenomenon of the culture created is evident throughout the organization, from the supporters all the way to the board. It helps to ensure the successful collaboration within the club and fosters a togetherness. This unity is important for the club in order to be able to achieve their strategy goals. For AIK, the importance of having a strong culture and values in the club also acts as a framework in the recruitment process, in order to filter candidates. In the football industry specifically, competency is not enough but a genuine passion for the club is seen as a necessary quality.