Balanced scorecard decomposition in teams sports federations

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Abstract:
In sports organizations, once adapted strategy needs to evolve along with the changes occurring in the sports market. The same applies to goals of the organization or sport discipline as well as indicators that help measure organization’s activities. Performance and overall effectiveness in sports is considered vital on many different levels and in different areas, thus the application of tools supporting various processes is highly recommended. Previous studies suggested and proved that BSC is suitable tool supporting management and strategic processes. This study presents piece of research performed on polish sports associations, focusing on team sports associations: soccer, basketball and volleyball. Data were collected by survey provided to top managers of sports federations in Poland. Methodology of the research was based on Likert scale in order to assess importance of key performance drivers and management areas in sports federations. The main goal of the research was to attain information about key areas which relate to organization’s strategy as well as to identify key performance measures that best help monitor progress of strategy implementation in sport organizations. The research was partially triangulated with management goals chosen by the federation. The study implies that key performance indicators should measure effectiveness, from the resources themselves to the value expected by the stakeholders and show if chosen key performance indicators can support main goals of the federations. In the same time balanced scorecard should include some sports discipline features and it means its implementation would differ between sports disciplines.

Key words: Balanced scorecard, performance indicators, strategy, sport governance, performance management.

JEL Codes: G30, M49, M10, M14

Introduction
While governance is a quite broad concept and at the same time not the most exciting topic in the area of sports management, it is absolutely vital for the well-being of the club, federation, or any other organization functioning in the sport market and even a sport discipline as a whole since it usually focuses around many small entities such as associations, academies etc. (Lis, Tomanek, 2020). The central component of governance is decision-making that on many levels have a strategic meaning for any organisation (Ferkins, Shilbury, 2015), but the concern is on three major issues. How an organization develops strategy and strategic goals as well as directions which should be clearly communicated through the organization. Next is to how the board or any managing body of the organization assess the performance of the organization to ensure achievements of these strategic goals, and last how the board acts in the best interests of the organization’s stakeholders (Karaszewski, Tomanek, 2017). In other words, the topic of governance does cover such aspects as operating and managing organization in the right manner in accordance to principles and goals that guide people in the organization in the right way to protect organization’s reputation (Paine, 1994).

Sports market continues to develop, so managing sports organization it is invariably very important and it needs to adapt to the contemporary changes that are happening in the market place (Jofre, 2011). Looking at the Polish sport environment, especially on the level of national and regional sports federations, it is not an exaggeration that in the area of governance changes are happening quite slow, and that’s mainly because the structures are quite old and rigid. Many problems relate to old fashioned procedures and in many cases due to the lack of qualified management staff that would meet the needs of market (Gargone, 2008). Poor governance in different sport entities (Perechuda, 2020) is a serious issue which may result in holding certain sport discipline or organization back from fulfilling its full potential especially when they have international existence in mind.

Numerous instances of poor governance have been demonstrated in recent years in international and national sports organizations and inefficient management is one of them. Due to that a number of principles of good governance have been produced, such as the IOC’s Basic Universal Principles of Good Governance of the Olympic and Sports Movement (2008), the EU’s Principles of good governance in sport (2013), and the
Universal Standards of the Sport Integrity Global Alliance. In 2018 Polish Ministry of Sport and Tourism adapted to that trend and published Code of Good Management Practice for Polish Sports Associations. In practice it is a non-legislative tool, but it includes over 180 specific guidelines relating to 12 different subject areas, such as: organization and competences of bodies, strategic management, transparency of operation, finance management, supervision and internal control, responsibility for the development of sport, honesty in sport, human resources for sport, cooperation in the sports environment, disciplinary proceedings, evidence-based policy, player and coach in union politics. The guidelines implement the general principles of the Code, which also defines what model Polish sports association should be. These principles include: effectiveness, professionalism, planning, honesty, openness and responsibility.

Within such a dynamic market as the sports market, in order to be able effectively manage an organization, the development of organizations strategy based on goals for the sport discipline and organization should take place (Gulak-Lipka, 2020). Created strategy needs to regularly adapt to market conditions as well as situation of the organization, but the focal point is the transition towards the stage of implementation of the strategy. To ensure high management efficiency good governance in sport puts an emphasis on issues related to strategic management, human resources, finance, expertise, time, quality, risk, brand and time as well as sport aspects. This shows how complex is a management of sports organizations.

Use of strategic management tools that support management processes in sports organizations is recommended. Recent study conducted on Polish national sport associations shows that application of the Balanced Scorecard (BSC) may have a positive impact on management processes in the sport organizations (Gulak-Lipka, 2020) and would be complementary to other activities implemented by national sports federations. BSC is allowing to lay out the key aspects of organizations vision and strategy in four perspectives: financial, client, internal processes and expertise and development. With respect to high levels of organizational complexity application of BSC gives managers a tool to provide and measure the effectiveness of people, processes and resources.

The issue of management performance in public sport organizations has been investigated by Dimitropoulos, Kosmas, and Douvis, 2017). The case of Greek public non-profit sports organizations discovered that implementation of BSC sets the basis for an effective performance which in a long run can strengthen its future sustainability (Dimitropoulos, Kosmas, and Douvis, 2017). The research provides detailed discussion on how to effectively develop BSC in the public sport organizations, which supports process of selecting most appropriate goals for each pillar of BSC.

Polish study, which for the purpose of this paper is treated as a preliminary study shows results that go in favor with the BSC. First of all, similarly to business enterprises, organizations managing sport should strive to develop an appropriate strategy, introduce it and constantly use systems supporting its implementation. Complexity and duality of sport organizations implies that BSC model is suitable for the sports industry because it is able to present not only the financial process, but also the elements of vision and strategy focusing on sports and customer aspects (Becsky, 2011; Barajas, Sánchez-Fernández, 2009). BSC is a system which correct implementation can ensure the sustainable development of an organization, which should result in an appropriate level of implementation of the objectives set out from perspective of stakeholders’ assessment. Based on the elaborated study of leading sports associations in Poland Gulak-Lipka (2020) found that in the most popular disciplines there is no unified standard in informing internal and external environment about the objectives of given organizations.

Additionally it is worth remembering that good management also means effective communication of the organization’s activities (internally and outside of the organization). The existing situation shows that lack of good communication can be a serious curtailment for effective implementation of sport organizations goals and objectives. Research shows that, on average 95% of company’s employees are unaware of, but also do not understand its strategy (Kaplan, Norton, 2005). This clearly indicates the growing gap between strategy formulation and strategy execution. Since it is an employee that create value for the organization, they must do it with full respect to organization’s strategy. Being unaware of the strategy or not understanding it correctly will not help implement it effectively. This proves communication to be one of the principles of good governance in sport among other such as role of the governing body, structure, responsibilities and accountability, democracy, elections and appointments, as well as transparency and solidarity (Geeraert, 2013).

Materials and Methods

The main goal of this study is identification of key areas that the organizations strategy relates to and performance measures (key performance indicators, KPI’s) to be included in the BSC that will best help to monitor the progress in the process of strategy implementation. For this purpose authors conducted research based on survey. Data has been collected between October and December of 2019, among representatives of Polish sport association. It was possible to reach majority of managers representing most popular sport disciplines in Poland, who were participating in workshops organized by Sports Institute in Warsaw. Workshops were part of project called Academy of Sports Management aimed at management staff of Polish sport associations of Olympic sports. The aim of the project was to comprehensively raise qualifications in the area of
organization, management and marketing, which was the direct response of the Institute and the Ministry to the published Code (2018).

In the first part of the survey respondents were asked to point 3 main goals of the sport federation they represent. Further there was a list of performance indicators grouped into 4 areas (administration and human resource, business, sports and social), which can serve as performance measures of federations activities. The four areas were distinguished due to complexity and duality of sports organizations. Indicators should include such areas as sports performance but also social impact, business efficiency and internal management of federations as previous authors suggested (Gulak-Lipka, 2020; Ekmekci, 2014; Barajas, Sánchez-Fernández, 2009; Becsky, 2011). Respondents were asked to assess presented indicators in four areas on the Likert scale with 5 points (not important at all / less important /average importance /important /very important), choosing the level of the importance of particular indicator. For the purpose of this study authors elaborated results of three major team sports disciplines: soccer, basketball and volleyball. These disciplines collect the highest number of fans at each level of competition in Poland. The research is limited because it does not include one other discipline with high popularity in Poland which is handball, but due to structure of federations, level of popularity and organizationally it is similar to volleyball and basketball. Soccer is the most popular discipline and also the most commercialized in Poland. Proposed indicators in the survey were also based on previous research and on most common indicators used in professional reports on sports performance. Indicators proposed for all disciplines were standardized in the survey.

Results

Results are divided into three groups of three analyzed federations: soccer, volleyball and basketball. Then the whole results are concluded. Key performance indicators (KPI’s) in all federations were the same, none of the respondent added additional measures so that there was 54 KPI’s in all four groups (administration and HR, business area, sports area and social area). These groups are related to four perspectives of sports federations BSC.

Table 1. Soccer federation data analysis

<table>
<thead>
<tr>
<th>number of KPI evaluated (n)</th>
<th>mean</th>
<th>SD</th>
<th>coefficient of variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>administration and human resources</td>
<td>22</td>
<td>3.73</td>
<td>0.88</td>
</tr>
<tr>
<td>business area</td>
<td>15</td>
<td>3.80</td>
<td>0.68</td>
</tr>
<tr>
<td>sports area</td>
<td>10</td>
<td>3.80</td>
<td>1.03</td>
</tr>
<tr>
<td>social area</td>
<td>7</td>
<td>4.14</td>
<td>0.90</td>
</tr>
</tbody>
</table>

Source: own elaboration.

Within results analysis of soccer federation we noticed that social perspective is the most important due to the highest mean value of scores at Likert scale (4,14). Inside this perspective the highest scores (“very important” on Likert scale) are given to such indicators as: web communication, institutional relationship between national federations and the international federation and media appearances. “Important” score is given to media appearances and viewership of sport events.

It is also important to notice that in this section variation between indicators is stable (coefficient of variation at 22%). It is surprise that sports indicators are evaluated with lower mean score than social area perspective. Also in sports indicators we can observe the highest variation between KPI’s it means that some of the KPI’s are not so important for responders, among them we can find: number of athletes in top 100 World Athletes in discipline ranking (with the score “less important”). The reason of such situation is that it is the most popular sports discipline and number of soccer players is large in comparison to other disciplines (Warren, Agyemang, 2019).

KPI’s related to participation in international competitions are the most important for respondents (number of finalists, semi-finalists in World, European Championships, Olympic Games; number of International sport successes in the last 10 years; number of participations in international events over total athletes). Similar score results to sport area are given for business area. It can confirm previous research on duality in sports activity (Becsky, 2011; Barajas, Sánchez-Fernández, 2009). Analysis of responses in business perspective is characterized by the lowest coefficient of variation. It means that respondent was more certain about using chosen KPI’s in BSC than in others perspective.

The highest score of business area was given for two KPI’s: long term sponsorship deal and revenue diversification. It shows that soccer federation in Poland struggle with financial stability which was also demonstrated in previous research (Perechuda, 2020). The last perspective with the lowest mean score is administration and human resources. In this perspective there are only three KPI’s with score “very important” among 22 evaluated: sport facilities per inhabitant, coach courses / number of coaches, number of national federation members among international bodies.

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Table 2. Volleyball federation data analysis

<table>
<thead>
<tr>
<th>number of KPI evaluated (n)</th>
<th>mean</th>
<th>SD</th>
<th>coefficient of variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>administration and human resources</td>
<td>22</td>
<td>3.36</td>
<td>0.66</td>
</tr>
<tr>
<td>business area</td>
<td>15</td>
<td>3.87</td>
<td>0.83</td>
</tr>
<tr>
<td>sports area</td>
<td>10</td>
<td>3.50</td>
<td>0.71</td>
</tr>
<tr>
<td>social area</td>
<td>7</td>
<td>3.00</td>
<td>0.58</td>
</tr>
</tbody>
</table>

Source: own elaboration.

In case of volleyball data the highest mean score of KPI’s is in business area with coefficient of variation at 22% (table 2). Respondent pointed three KPI’s with score “very important” on Likert scale: liquidity, profitability and revenue increase. In comparison to soccer federation the only common area is revenue but in this case increase. Choice of profitability as one of the very important KPI’s is a surprise due to the fact that in sports associations, federations there is no goal related to profitability. Literature review (Perechuda, 2020) and soccer analysis show that there is more attention to financial stability by securing liquidity and long term sponsoring than any managers attention to profits.

The reason of such situation could be explained by misunderstanding profitability concept by respondent. Not well understanding of business KPI’s could be also the reason why such business indicators as revenue diversification was evaluated as less important opposite to the other studies where revenue diversification is key goal of sports organization (Barajas, Sánchez-Fernández, 2009). Also we should acknowledge that since decades Polish national volleyball teams have got long-term sponsorship with top Polish private corporation (Kot, Kucharski, 2013) which can influence attitude to such KPI’s evaluation.

Social perspective and its KPI’s are considered by respondent as less important in comparison to other areas but in the same time answers in this perspective differ less among them. Sport and Administration perspective are characterized by the same coefficient of variation and have similar KPI’s evaluation mean. Among sports area and administration and HR there is no “very important” KPI. In general there is big gap in evaluation of KPI’s area between business area and other areas.

Table 3. Basketball federation data analysis

<table>
<thead>
<tr>
<th>number of KPI evaluated (n)</th>
<th>mean</th>
<th>SD</th>
<th>coefficient of variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>administration and human resources</td>
<td>22</td>
<td>3.86</td>
<td>0.89</td>
</tr>
<tr>
<td>business area</td>
<td>15</td>
<td>3.80</td>
<td>0.68</td>
</tr>
<tr>
<td>sports area</td>
<td>10</td>
<td>4.30</td>
<td>0.95</td>
</tr>
<tr>
<td>social area</td>
<td>7</td>
<td>4.29</td>
<td>0.76</td>
</tr>
</tbody>
</table>

Source: own elaboration.

In table 3 we can observe data analysis of basketball federation in Poland. The highest mean score was obtained by the evaluation of KPI’s in sports area. Almost all KPI’s in this section are assessed as important and very important. Just one KPI is assessed as less important: athletes in national representation per habitant, the reason of such situation is probably because this KPI was badly chosen for teams sports it suits better for individual sports which is part of other study based on the same survey.

The same indicator got lower evaluation in other two disciplines. Also high result of mean KPI’s score is given to social area in basketball. In social area respondent is also more sure about its evaluations (coeff. of variation at 18%). In social area top scored KPI’s are similar to soccer data: web communication, institutional relationship between national federations and the international federation and viewership of sport events.

In case of business area one KPI with “very important” score is the same as in soccer: long term sponsorship deal. There is only one more with “very important”: costs limit. And this score implies further questions about what kind of costs respondent had in mind. In literature researchers put a lot of attention to salaries paid to athletes in teams sports disciplines as soccer and others. So this is the area to look deeper answer and how to construct such costs limitations. It is also worth to notice that in business area coeff. of variation is lower in comparison to other areas and disciplines.

The most important KPI’s in administration area for basketball federation are related to numbers of professional athletes, numbers of youth athletes and numbers of coaches and new coaches per year. Chosen KPI’s are also in some aspects in sport area which was highly evaluated by respondent in basketball in general we can see that for basketball federation sports and social areas are the most important areas based on assessment of KPI’s on Likert scale.
Discussion and conclusion

In general scores of KPI’s perspective differ between sports federations. For soccer federation the most important perspective based on KPI’s score is social area. For Basketball federation sports and social area are the most important. In case of volleyball federation business area achieved highest score. Volleyball federations results could change in long term evaluation because the federations struggled with corruptions and financial difficulties 4 years before the study so that the business perspective can attract more attention of the managers from the federation. But based on this study we cannot clearly point out one standardised BSC scheme with standardised KPI’s. We can choose the most important KPI’s for chosen federations and also we can select some of KPI’s which can be common for different sports federations.

We understand that we cannot fully conclude which areas are more important for chosen federations based on Likert survey only. It needs additional research question to verify which goals are the most important for federations. And such open question was asked in the survey. The soccer federation respondent pointed: promotion, popularization and participation of discipline and international competition. So it is close to KPI’s results where social area is evaluated with highest mean score (table 1). Volleyball respondent did not give answers to open question about federation goals. In case of basketball the most important goals are: organization of competition, promotion of discipline and international competition. It is also reflected in KPI’s evaluation in basketball federation due to highest mean score given to social area and sports area (table 3).

Based on our research we can also implicate that using Likert scale to evaluate KPI’s we can have some knowledge about importance of organizational goals. Which of them are the most important and this is an input to the methodology of management studies.

We acknowledge that KPI’s in sport BSC must be placed within a wider context, based on consideration of the user levels of the information given (in our case it is management of sports federations and also sports ministry supervisory body). The series of indicators contemplated must include business and sports aspects but also social and administration perspectives as previous studies suggested and our study sustained (Becsky, 2011; Barajas, Sánchez-Fernández, 2009). KPI’s should measure effectiveness, from the resources themselves to the value expected to be obtained from them and show if chosen KPI’s can support main goals of the federations. In the same time BSC should include some sports discipline features and it means its implementation would differ between sports disciplines.

References


