

# **SPORT FUTURES AND THE PERCEPTIONS OF SPORT CEOS: THEIR IMPACT ON SPORT MANAGEMENT IN NEW ZEALAND**

*Dai Gilbertson, John Davies and Glen Butler, Victoria Management School, Victoria University of Wellington, PO Box 600, Wellington 6000, New Zealand. +64 4 463-5382, john.davies@vuw.ac.nz*

## **ABSTRACT**

This paper reports findings from a 'Sport in the Future Project' (SFP) that seeks to determine the perceptions of National Sporting Organisation (NSO) CEOs about the future operating environment for sport in NZ, and the organizational changes required to operate effectively within it. Following identification of key environmental forces perceived by CEOs as likely to impact the future operating environment, necessary shifts required for NSOs to master the new environment are surfaced, and forces that perceived to drive or inhibit necessary changes within NSOs are charted. It is noted that sport CEOs regard the effective management of internal factors as being as critical to their long-term well-being as their response to external forces such as environmental and demographic change. As such, there is optimism that such recognition will allow NSOs to take steps to proactively manage their own future.

## **INTRODUCTION**

The sport industry in NZ has played an integral part in creating and shaping the development of NZ's national and cultural identity [1]. International sporting success has reinforced the sense of national pride and raised the profile and prestige of NZ on the global stage [2] [3]. For these and other reasons, governments in New Zealand, and worldwide, have become increasingly involved in sport [4]. Sport is generally recognised in NZ as both a mechanism of social control and a powerful agent of socialisation. Benefits to society from physical activity are considered to include the reduction of antisocial behaviour and the building of safer, more cohesive communities [5] [6]. One recent trend that has dramatically changed the sport landscape in recent times is 'professionalisation' [7] [8] [9], and the emergence of paid players and sports administrators, whose career is professional sport, is now a reality. Additionally, the 'user-pays' and market-oriented focus of a succession of NZ governments has led to sport increasingly being entwined with the economy, further blurring any previous distinction between public, voluntary and commercial recreation services [10]. We also note that sports now compete with each other - and not only in the local marketplace - but with other forms of 'sport' entertainment globally available via satellite. Underpinning notions of the 'marketplace' and related notions of competitive forces lies the ability of CEOs to strategically position their sport and this, in practical terms, means leading change processes. Terms such as strategic choice, competitive advantage, change management and innovation have now become part of the lexicon for managers of sport. The need for change within individual sport is paramount given the speed and complexity of change in this 'industry' (regardless of any debate whether it is sport or entertainment). The ability of sport leaders to identify and change products and services, or innovate in this period of great external and internal change, is said to be a pivotal factor in the success of their organisations [11]. In particular, it is the NSO CEOs who have key responsibility in the process of charting the future strategic direction for their sport. No research has been reported that captures CEO perceptions of the forces that NZ sport organisations may be subjected to. Available information is largely anecdotal, indicating need for further research to understand the management of change and what is driving it within the NZ context. No academic studies have focused on the dynamics of the management of change within NZ NSOs. In particular, perceptions of forces for change, or of the readiness of NSOs to change, are little understood. This work extends our understanding of the future operating environment by providing empirical evidence of CEO perceptions; of those forces that will require an organisational response to ensure the sustainability of their sport; and of the forces that will promote or inhibit organisational adaptation and change.

## **METHODOLOGY**

The research reported in this paper relates to an attempted census of 83 CEOs of voluntary not-for-profit organisations whose primary focus is the public provision of sport in NZ, and whose organizations have been endorsed by the Hillary Commission as one of NZ's eighty-three recognized NSOs. Preliminary interviews with sports managers and a review of relevant literature surfaced the following broad questions that formed the basis for semi-structured interviews with 55 sport CEOs who responded:

1. What forces in the operating environment of NSO's are or will impact on the organization and management of sport organizations in NZ?
2. What forces will have the greatest impact on sport in the future?
3. What importance is placed by the CEOs of NZ sport on 'key shifts' necessary for organisational improvement and strategic re-alignment?
4. What internal forces will promote or inhibit adaptation to the perceived future operating environment?

The data-gathering instrument was constructed using Dillman's (1994) Total Design Method (TDM).

### FINDINGS

#### The Future Operating Environment

Table 1 details ten trend items mentioned by CEOs as being in their 'top five' of likely forces to have an important impact on their sport – and accounting for 78% (= 179) of trends mentioned. Using the PEST framework, three of the 'top' trends could be identified as having 'social' origins: reduced voluntarism; changes in work / leisure patterns; increased competition from other forms of recreation / entertainment.

**Table 1 'Top Ten' Trends-Identified By Perceived Impact on National Sporting Organisations**

Trend	PEST Group	# in Top 5	% in Top 5
Reduced voluntarism	Social	35	67
Increasing competition for sponsorship	Economic	35	67
Changes in people's work and leisure patterns	Social	28	57
Increasing competition from other forms of recreation and entertainment	Social	28	57
Potential shifts in government funding	Political	27	52
Increasing levels of 'pay for play' - or 'fast food' sports	Economic	13	25
Increasing customer expectations	Economic	10	19
Rapid changes in information technology (e.g. Internet)	Technological	10	19
Increasing legislation affecting sport	Political	9	17
Rapid changes in media and communications technology	Technological	9	17

#### Key Shifts Required

Once the CEOs had identified trends perceived to have greatest impact, they were asked to indicate what they saw as the key shifts required *to begin the processes of organisation development and the strategic re-alignment* of their sport to ensure survival, prosperity and viability, when confronted by those impactful trends. They were also asked to rate the importance of those shifts on a 5-point scale, where 5=most important and 1= not at all important. CEO views of the relative importance of shifts are summarized in Table 2. A prior survey of sport CEOs had suggested had suggested four key areas as being of conceptual relevance in the strategising process, which we label as relating to the nature of Public Support, the Domestic Game, Management and Governance, and to International Competitiveness. These conceptual labels are then used to provide a first-cut grouping of shifts.

**Table 2 Ranking of Perceived Mean Importance of Shifts Required in Sport Organisations**

SHIFTS REQUIRED		Group	Mean	Std Dev.
FROM	TO			
Declining volunteer numbers	Increasing volunteer numbers	Public Support	4.25	0.87
Declining or static membership	Increasing membership	Domestic Game	4.14	1.11

Lack of support -clubs to national body	Clubs fully supportive of national body	Domestic Game	4.12	1.25
Lack of shared national vision	Shared national vision	Mgt & Governance	4.02	1.15
Little or negative media coverage	Comprehensive positive coverage	Public Support	4.00	0.96
Little contact with sponsors	Regular contact with sponsors	Public Support	3.96	1.06
Clubs perceive a poor relationship with national body	Clubs have a strong relationship with national body	Domestic Game	3.96	1.31
Declining TV coverage	Increasing TV coverage	Public Support	3.92	1.25
Indirect, inefficient communication between organisational levels	Direct efficient communication between all levels.	Mgt & Governance	3.87	1.07
Cost of coaching seen as a barrier	Cost of coaching seen as an investment	Domestic Game	3.81	1.07

Respondents were also asked to identify their ‘top five’ shifts *rated as most important and necessary for the development* of their sport. Whilst Table 3 displays a subset of shifts (57%) that appeared most frequently in respondents’ ‘top five,’ as many as six of the shifts identified first in Table 2 surface again in Table 3, even when surfaced by a separate process, adding face validity to their perceived importance.

**Table 3 – CEO Perceptions of the ‘Top Five’ Important Shifts Required To Develop Sports**

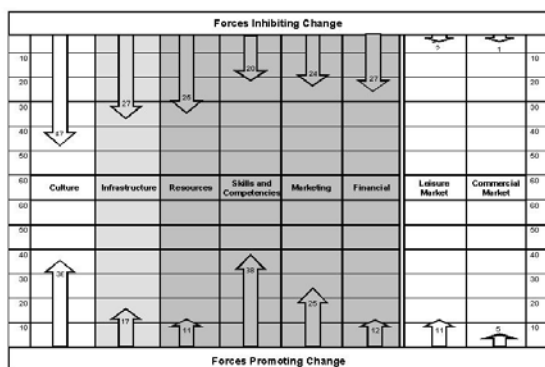
SHIFT		Group	# in Top 5	% in Top 5
FROM	TO			
Declining or static membership	Increasing membership	Domestic Game	25	47
Declining volunteer numbers	Increasing volunteer numbers	Public Support	22	42
Limited support - clubs to national body	Clubs fully supportive of national body	Domestic Game	20	38
Little or no focus on junior development	Focus on junior development	Domestic Game	17	32
Lack of shared national vision	Shared national vision	Mgmt. and Governance	11	21
Little or negative media coverage	Comprehensive positive coverage	Public Support	11	21
Declining TV coverage	Increasing TV coverage	Public Support	11	21
Poor quality of venues and resources	High quality venues and game resources	Domestic Game	9	17
Clubs unable to cope with large number of financial demands	Clubs possess resources to cope with large financial demands	Domestic Game	9	17
Over reliance on government funding	Sustainable financial independence	Mgmt. and Governance	8	15

We note that CEO perceptions regarding the importance of key shifts required for development of NZ sport organisations reflect aspects of the national domestic game, how the game is governed and managed, and the necessity of public support. We also note four of the top five perceived most important shifts are within the sport organizations, and thus, to some degree, more controllable.

### **Forces That Promote and Inhibit Change**

The CEOs were asked to indicate what internal forces they believe will promote or inhibit necessary adaptation to the perceived future operating environment. The aggregated views numbered 174 separately identified forces perceived as inhibiting change and 145 promoting it. Almost all forces mentioned as promoting change (90%) and inhibiting change (98%) were **internal** to NZ sport organisations (shown left of centre in Figure 1). A grounded theoretical approach (Stern, 1994; Stebbins, 1997) was used to guide classification, coding and interpretation of forces. The labels or themes assigned to each force reflected the collective nature and content of the responses. Results were mapped in the form of force-field, the frequency with which the change forces were mentioned was charted, using arrow length as a proxy for frequency. All identified forces emerged as **both** promoters of, and impediments to change efforts. For example the theme of ‘participation’, saw some respondents referring to diminishing member numbers as impeding to change while others saw diminishing numbers as a promoter or stimulus for organisational change. This result provides an avenue for further research.

**Figure 1** Forces Promoting and Inhibiting Change Efforts



The force-field presentation shows 'culture' identified as promoter and inhibitor of organisational change. However, whilst 'culture' was the modal inhibiting force, 'skills and competencies available' was the modal promoter of change. Other forces were seen as both promoting and inhibiting change, and many originate within the sport or wider sport organization. However, whether NSO CEOs perceive themselves as having some influence, harnessing or mitigating the impacts of these forces, needs further research. Nevertheless, it is evident that sport leaders perceive these forces as being crucial to their ability to make required changes within their organisations.

### Summary and Discussion

The findings suggest that the future operating environment for sport is perceived by CEOs to be characterised by trends that will change the face of sport, sport organisations and the means of engaging in and viewing sport. In the sense that for many, "perception is reality," we may expect sports and sport managers to be active in responding to those trends and changes that will impact upon them. It is believed, for example, that declining volunteer numbers will continue to have a severe effect within sports, impacting on the provision of junior and developmental activities; and that demographic trends and ethnic composition will have particular impact on team sports, which may need, for example, to ensure that the 'face' or identity of their sport has multi-cultural appeal. There is a perception that changes in work and leisure patterns and the availability of other non-organised sport activities will continue to grow in appeal in comparison with club-based sport, as spontaneity and freedom from the responsibility of club membership reflect life-style preferences. Furthermore, it is believed that increasing and increasingly sophisticated competition for sponsorship could effect a polarisation of wealthier and poorer sports, and that public policy reflecting market-led funding strategies may focus on health benefits and development of the arts, diverting funds from sport. Whilst such perceptions relate to changes external to sport, many of the required responses and shifts in direction perceived to be necessary, can also be seen as having an internal locus of control - for example, requiring changes to management and governance processes. However, internal forces that relate to infrastructure, resources and finances, are also perceived to pose significant threats to effective change management. Additionally, whilst the internal 'culture' of sports organisations was seen to be the strongest force inhibiting ways of managing and changing, sport CEOs manifest a self-belief that CEO skills and competencies can be a net positive force promoting change. One may conclude from such composite CEO perceptions of the future for sport that strategic responses are required at all levels of sport and within individual sports to counter possible adverse effects of change. There is a view that whilst the demise of individual sports looms, hope and opportunity exists for those who can capture volunteer ability and commitment and who must decide whether to attempt change to, and within, their 'sport'.

### REFERENCES

- [1] Warn, R., *Sporting Professionals: An Inquiry into the Relationship Between Business and Sport*. 1989, MA Thesis, University of Auckland: Auckland.
- [2] Kayes, J., *Sport Sells New Zealand to the world*, in *The Dominion*. 1998: Wellington, NZ. p. 44.
- [3] McConnell, L., *Save our sport, says Hillary Commission*, in *The Evening Post*. 1999: Wellington. p. 48.

A full set of references may be obtained from the authors.