Strategy, structure, and culture within the English Premier League

An examination of large clubs

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Abstract

Purpose – Prior research has argued that business practices within English football clubs are amateurish and outdated due to the comparatively small size of clubs and the restrictive nature of the cartel-like industry they compete in. But is this true for large EPL clubs (i.e. those with high market valuation and large number of employees)? Do these clubs have the ability to pursue alternative business strategies, and if so, do their organizational structures, cultures, and behavioral norms support the strategic directions they have chosen to pursue? The paper aims to discuss these issues.

Design/methodology/approach – This paper evaluates survey responses from 35 executives and business managers within three large EPL clubs. The study utilizes previously validated scales to examine issues of organizational structure, culture, and behavioral norms.

Findings – Despite operating within a closed industry, large EPL clubs are not all pursuing identical business strategies. Consistent with contingency theory, the organizational structure, culture, and behavioral norms of large EPL clubs are, for the most part, in line with what the authors would expect to find in successful, large conventional product or service businesses. However, all of the clubs included in this study appear to be following hybrid models each demonstrating characteristics of several alternative competitive strategies simultaneously.

Research limitations/implications – This initial study is limited to responses from 35 business executives and managers within three EPL clubs.

Practical implications – Although EPL clubs operate within a cartel-like industry, this study shows that business managers within these clubs do have a degree of latitude in choosing between alternative competitive strategies. In order to successfully implement a chosen strategy, business managers must insure that the organizational structure, culture, and behavioral norms within the club's business group are aligned with the overarching objectives of that strategic choice.

Originality/value – Grounded in open systems and contingency theory, the authors challenge the conventional wisdom that because large clubs are in the business of sport they are somehow fundamentally different from other large businesses.

Keywords Business strategy, Football, English Premier League (EPL), Organization culture, Organization structure, Organizational behavioral norms, Large business

Paper type Research paper

1. Introduction

Sports organizations, most notably professional sports clubs, have long been viewed as being distinctly different to other forms of conventional business enterprises (e.g. Neale, 1964; Szymanski, 2010; Boyle and Haynes, 2009; Smart 2007; Pedersen *et al.*, 2007;

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Ratten, 2011). More recently, Moore and Levermore (2012), in a study of English Premier League football clubs, concluded that rather than constituting a distinct exception to the norms of business management and operations, most professional sports clubs are in fact small or medium sized businesses – which they defined as firms with less than 250 employees and annual revenues greater than €50 million – and as such they operate very much like conventional small- or medium-sized businesses in traditional product or serviced-based for-profit industries. These clubs, just like many other small- or medium-sized businesses, frequently experience shortages of resources, are not sufficiently large enough to enjoy scale economies that would allow them the ability to hire as many specialists as would be desired, are run by senior managers with short-term performance concerns that tends to dominate over long-term potential, and find it an on-going challenge to hire and retain top talent (Moore and Levermore, 2012).

However, it is worth noting that Moore and Levermore (2012) observed for the 2007/2008-season that only 79 of the 92 professional clubs that year could be categorized as small- to medium-sized companies. This left 13 clubs (Arsenal, Aston Villa, Everton, Fulham, Liverpool, Manchester City, Manchester United, Middlesbrough, Newcastle United, Portsmouth, Reading, Sunderland, and West Ham United) as large companies (i.e. employed more than 250 employees and had an annual turnover of more than €50 million). Moore and Levermore (2012, p. 201) assert that, "[…] even the largest of clubs continue to display SME characteristics in terms of employee turnover, resource constraints, short-termism and ownership involvement." While this may well be true, our interaction with executive-level officers at several of the aforementioned clubs over an extended period of time suggests an increasing-level of business professionalism. Examples include Sir Roland Smith bringing modern marketing techniques to Manchester United, Everton's hiring of CEO Robert Elstone away from Deloitte's Sports Business consulting group, Arsenal's hiring of brand management expert Tom Fox, and Liverpool's acquisition by the Fenway Sports Group, among others.

So the question that emerges is, when it comes to business operations, are large sports clubs really different than other large businesses? We elected to examine this issue within the parameters of the English Premier League for two reasons. First, the EPL is the most valuable league in the world's most popular sport with six of the top 11 most valuable football (soccer) clubs being EPL clubs (Ozanian, 2013). Second, the EPL is a closed league operating within the broader parameters of the English Football Association (FA), which – as Szymanski and Smith (1997) noted – is a cartel.

In contrast to American professional sports leagues where admission comes through an expansion vote of club owners and constitutes permanent league membership, English football clubs may only advance to the top league (i.e. the EPL) through promotion from lower leagues based upon on-pitch performance. However, having achieved that status there is no guarantee of membership beyond the immediate season. Poor performing EPL clubs are demoted to the League Championship and despite three years of parachute payments (additional revenues provided to relegated teams to ease the club's financial hit) it is typical for these teams to lose their best players and see a significant decrease in annual revenues.

In general, American sports leagues are designed for parity. American teams have fixed team sizes, play for a single championship (e.g. Super Bowl), and for the most part operate within salary caps. In marked contrast, EPL clubs each determine the size of their rosters, compete for anywhere from three to six different trophies each season, face intense salary pressures from foreign as well as domestic rivals, and despite

UEFA's Financial Fair Play regulations really have no salary cap standards. Combined, these factors create a level of risk that is significantly higher than most American sports clubs experience.

2. Study objectives, theoretical underpinnings, and conceptual model

In this study we look to answer two questions. First, do large EPL clubs actually operate like big businesses? Specifically, we look to address this by assessing the goodness of fit between a club's competitive business strategy and implementation issues including organizational structure, organizational culture, and organizational behavioral norms. Second, we look to identify whether league structure dictates club competitive strategy. In other words, do the rules and regulations imposed by the cartel-like structure of the league create an environment where all large clubs are essentially required to adopt the same business model?

2.1 Contingency theory and the concept of fit

An extensive body of management research has focussed on the level to which a firm's adopted strategy and the various component parts of its implementation activities and policies fit together (e.g. Van de Ven and Drazin, 1985; Venkatraman, 1990; Venkatraman and Camillus, 1984). The basic fit model posits that the relationship between a firm's predictor variables (e.g. organizational structure, culture, and behavioral norms) and its criterion variable (firm performance) is moderated by its adopted strategy. Venkatraman (1989, p. 424) described this as the "fit as moderation" perspective.

Substantial evidence within the strategic management, marketing, and operations literatures lends support to these positions. The existence of a relationship between a firm's competitive strategy and: its organization structure (Vorhies and Morgan, 2003; Olson *et al.*, 2005), marketing strategies (Slater *et al.*, 2010), operations strategies (Ward and Duray, 2000), organizational culture (Deshpande and Webster, 1989; Quinn and Rohrbaugh, 1983; Olson *et al.*, 2005), members' behavioral norms (Gatignon and Xuereb, 1997; Slater and Narver, 1995; Kohli and Jaworski, 1990; Slater *et al.*, 2011), and overall firm performance have been empirically demonstrated.

2.2 Open systems

Much of the strategic fit literature referenced above is based on a contingency perspective. Contingency theory posits that for each specific strategic orientation there exists an optimal configuration of organizational characteristics that when appropriately matched yields superior performance (e.g. Van de Ven and Drazin, 1985). These configurations represent complex "gestalts" of multiple, interdependent, and mutually reinforcing organizational characteristics that enable businesses to achieve their strategic goals (e.g. Ketchen *et al.*, 1993).

The contingency approach to strategy is rooted in general systems and open systems perspectives (Zeithaml *et al.*, 1988). These perspectives view the organization as a social system comprised of interdependent subsystems. Coordination within these subsystems is accomplished through management policies and practices, which in turn interact with the environment to help achieve a set of goals or objectives (Luthans and Stewart, 1977). Interactions within the organization, and between the organization and the environment, result in two complementary open system characteristics central to the contingency approach – adaptation and equifinality. The principle of adaptation holds that business managers may adapt the organization's strategy to cope with changes in the external environment or may adapt organizational structure and behavior to address the requirements of its strategy (Chakravarthy, 1982). In the context of this study, the principle of adaptation suggests that managers and personnel will adopt specific structures as well as organizational cultural and behavioral norms that best serve to satisfy the unique demands of the club as dictated by its overarching characteristic – its business strategy. The concept of equifinality holds that superior organizational performance can be achieved through any of a variety of different strategies (e.g. Gresov and Drazin, 1997; Hrebiniak and Joyce, 1985; Katz and Kahn, 1978; Venkatraman, 1990) and that overall firm performance is less dependent upon a specific strategy than how well the chosen strategy is implemented. Equifinality thus implies that strategy choice (Child, 1972), or flexibility, is available to organization designers when creating organizations to achieve high performance. As organizational structure, cultural and behavioral norms are critical components of strategy implementation it then stands to reason that superior performance is contingent on how well structure and behavior are aligned with the requirements of a specific strategy.

2.3 Closed industries

All of the empirical studies cited above have been conducted within or focussed on traditional service and/or manufacturing industries that are largely governed by open markets – those where firms and investors are largely free to enter and exit at will. This begs the question as to whether general systems and open systems actually exist in closed industries. Are clubs bound by the structures of their league regulations to such a degree that they universally adopt the same competitive strategy and set of cultural norms, organizational structures, and management policies?

3. Strategy, structure, and culture

Prior research (e.g. Porter, 1980; Miles and Snow, 1978; Walker and Ruekert, 1987; Slater and Olson, 2001; Vorhies and Morgan, 2003; Olson *et al.*, 2005; Slater *et al.*, 2007, 2011) has demonstrated that while organizational cultures, organizational structures, and organizational behavioral norms vary between firms, these variances are not random and that successful firms pursuing one of several alternative generic competitive strategies (e.g. Prospectors, Low Cost Defenders) share consistent profiles on these dimensions. In this study we follow their lead. In order to test these issues we have adopted existing validated scales of organizational structure, organizational culture, organizational behavioral norms, and strategic orientation, each of which will be discussed in the following section (Figure 1).

3.1 Business strategy

Business strategy is concerned with how businesses pursue competitive advantage. The dominant frameworks of business strategy (Walker and Ruekert, 1987) are the Miles and Snow and Porter typologies. Miles and Snow (1978) developed a comprehensive framework that addresses how organizations define and approach their product-market domains and construct structures and processes to achieve competitive advantage in those domains. They identified four archetypes of how firms address these issues. Prospectors seek to locate and exploit new product and market opportunities while Defenders attempt to seal off a portion of the total market to create a stable set of products and customers. Analyzers occupy an intermediate position by

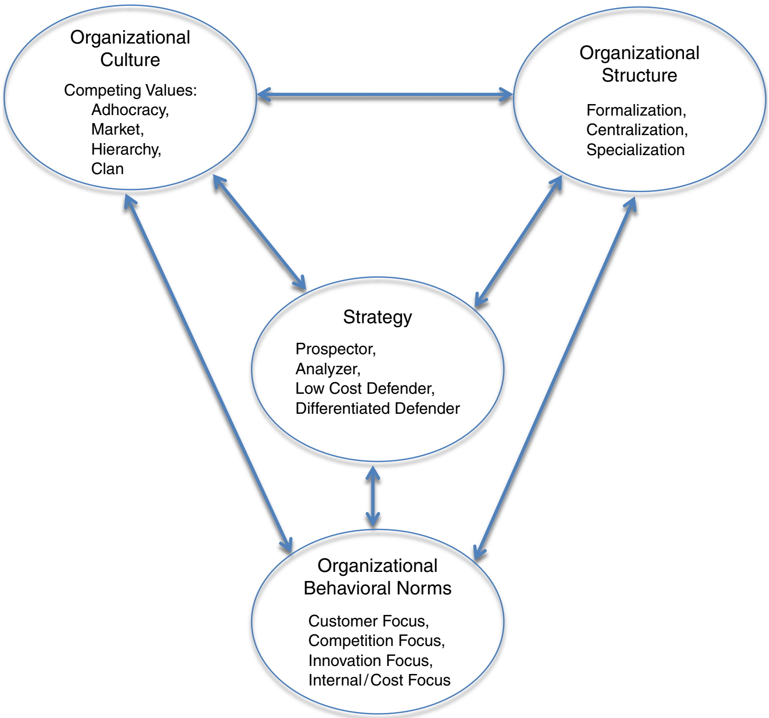

Figure 1.
Conceptual model of the relationship between strategy, structure, culture, and behavioral norms

following Prospectors into new product-market domains while simultaneously protecting a stable set of products and customers. A fourth type, the Reactor, does not have a consistent response to the entrepreneurial problem. Porter (1980) proposed that strategy is a product of how the firm creates customer value (differentiation or low cost) and how it defines scope of market coverage (focussed or market wide).

Walker and Ruekert (1987) synthesized these frameworks in a typology consisting of Prospectors (first-to-market with innovative products or service that may obsolete existing product or service offerings and are typically sold at premium prices), Low Cost Defenders (overall price leaders whose focus is on cost control in traditionally stable markets), and Differentiated Defenders (high quality or service providers who typically sell superior products or services at premium prices in stable markets). Slater and Olson (2000, 2001) utilized and found support for the distinction between Low Cost Defenders and Differentiated Defenders. However, they also retained the Analyzer strategy type (quick copiers who follow successful Prospector product/service introductions with new features and/or lower prices) as numerous studies have demonstrated the validity of this strategy. Thus, this study utilizes the Slater and Olson typology of Prospectors, Analyzers, Low Cost Defenders, and Differentiated Defenders.

3.2 Organizational structure

Organizational structures are established in order to coordinate work that has been divided into smaller tasks. Mintzberg (1981, p. 104) notes, "How that coordination is achieved – by whom and with what – dictates what the organization will look like." Walker and Ruekert (1987) hypothesized that firms following different generic business strategies would adopt different structural designs. Olson *et al.* (2005) examined structural design and organization culture across industries and identified performance implications when specific structural types and cultural orientations were matched with specific competitive strategies. Both of these papers demonstrate that different organization characteristics are more, or less, appropriate for different business strategies.

Alternative forms of structures are typically defined by three structural constructs: formalization, centralization, and specialization.

Formalization. Formalisation is the degree to which decisions and working relationships are governed by formal rules and procedures. Rules and procedures provide a means for prescribing appropriate behaviors and dealing with routine aspects of a problem. Rules enable individuals to organize their activities to their and the organization's benefit (Ullrich and Wieland, 1980). Formal rules and procedures can lead to increased efficiency and lower administrative costs (Ruekert *et al.*, 1985; Walker and Ruekert, 1987). Burns and Stalker (1961) refer to firms with highly formal procedures as "mechanistic" and those with fewer formal procedures as "organic." Organic firms encourage horizontal and vertical communication and flexible roles. Benefits of the organic form include rapid awareness of and response to competitive and market change, more effective information sharing, and reduced lag time between decision and action (Miles and Snow, 1992).

Centralization. Centralization refers to whether decision authority is closely held by top managers or is delegated to middle and lower level managers. Lines of communication and responsibilities are relatively clear in centralized organizations, and the route for final approval can be traveled quickly (Hage and Aiken, 1970). While fewer innovative ideas tend to be put forth in centralized organizations, implementation tends to be straightforward once the decision is made (Ullrich and Wieland, 1980). In contrast, within a decentralized organization a variety of views and ideas may emerge from different groups (e.g. product management and sales). Since decision making is dispersed, it may take longer to make a decision and to implement it (Olson *et al.*, 1995). In the long run, it is likely that the decentralized organization will produce more new ideas and more actual program changes than will a centralized organization (Ullrich and Wieland, 1980).

Specialization. Specialization refers to the degree to which tasks and activities are divided in the organization and the degree of control workers have in conducting those tasks. Highly specialized organizations have a higher proportion of "specialists" who direct their efforts to a well-defined set of activities (Ruekert *et al.*, 1985). Specialists are experts in their respective areas and in complex environments are typically given substantial authority to determine the best approach to completing their tasks (Mintzberg, 1979). This expertise enables the organization to respond rapidly to changes in its environment (Walker and Ruekert, 1987). Organizations that have a high proportion of generalists typically are low in expertise in specific areas. Generalists, by necessity, must do additional "homework" before responding to change.

3.3 Organizational culture

Deshpande and Webster (1989, p. 4) describe culture as, "the pattern of shared values and beliefs that help individuals understand organisational functioning and thus provide them norms for behavior." Barney (1986, p. 657) elaborates further explaining that, "a firm's culture not only defines who its relevant employees, customers, suppliers, and competitors are, but it also defines how a firm will interact with these key actors."

Thus, a strong culture facilitates understanding of the business's strategy by employees and motivates supportive behaviors by socializing members thorough mentoring, storytelling, and example.

The competing values framework is an established model for representing culture (Quinn and Rohrbaugh, 1983). This framework recognizes that managers must make choices that reflect two kinds of tensions that exist in organizations – internal vs external orientation and the need for control vs the need for flexibility. This two-dimensional representation produces four culture types. The Adhocracy type is characterized by flexibility and an external orientation that produces entrepreneurial and creative behaviors. The Market type is distinguished by control and an external orientation that produces highly competitive behaviors. The Clan type is exemplified by flexibility and an internal orientation that produces relationship-building behaviors. The final type is the Hierarchy, characterized by control and an internal orientation that produces behaviors focussed on predictability and smooth operations. While all organizations exhibit attributes of each of the culture types, one culture tends to dominate though it is not unusual to see a strong secondary culture type as well.

3.4 Organizational behavior

Organizational behavior is broadly concerned with work-related activities undertaken by organizational members (e.g. Ouchi, 1977; Robbins, 2002). According to Snell (1992), management attempts to influence organizational behavior through the use of control systems. Control is any process that helps align the actions of employees with the interests of their firm (Snell, 1992; Tannenbaum, 1968). Control theory (Snell, 1992) identifies three major categories of control mechanisms including behavioral control (e.g. establishing and monitoring of sets of actions), output control (e.g. goal attainment measures), and input control (e.g. training). When applied within an organizational context, control theory posits that management will attempt to direct employee behaviors to enhance the probability of desired outcomes.

In this study, we are concerned with strategic behaviors that have the potential to create superior performance through enhancing the execution of business strategy (Gatignon and Xuereb, 1997; Slater and Narver, 1995). These are: customer-oriented behaviors (Deshpande *et al.*, 1993), competitor-oriented behaviors (Armstrong and Collopy, 1996; Chen, 1996), innovation-oriented behaviors (Hurley and Hult, 1998), and internal/cost-oriented behaviors (Porter, 1980). It is important to understand that these strategic behaviors are not mutually exclusive and that it is common for firms to engage in multiple sets of behaviors simultaneously, (e.g. Day and Nedungadi, 1994; Gatignon and Xuereb, 1997; Slater and Narver, 1994) though they will not all be weighted equally. We would expect each club to adopt a dominant and secondary set of behavior norms that are consistent with their strategic priorities.

Customer oriented. Businesses with a strong customer orientation pursue competitive advantage by placing the highest priority on the creation and maintenance of customer value. As such, these businesses engage in the organization-wide development of and responsiveness to information about the expressed and unexpressed needs of both current and potential customers (Deshpande *et al.*, 1993; Kohli and Jaworski, 1990; Narver and Slater, 1990). Due to its constantly refined market-sensing and customer relating capabilities, the customer-oriented business should be well positioned to anticipate customer need evolution and to respond through the development of new customer value-focussed capabilities and the addition of valuable products and services (Day, 1994a, b).

Competitor oriented. A different perspective on competitive advantage is simply to "beat the competition" (Day, 1990). This orientation is revealed through the priority placed on in-depth assessment of a set of targeted competitors. This assessment focusses on targeted competitors' goals, strategies, offerings, resources, and capabilities (Day and Nedungadi, 1994; Porter, 1980) and the organization-wide dissemination of the information generated from this assessment (Kohli and Jaworski, 1990). The result is that managers develop competitor-oriented objectives instead of economic or customer-oriented objectives (Armstrong and Collopy, 1996). The behavioral goal for the business is to match, if not exceed, competitors' strengths.

Innovation oriented. A third perspective is that businesses build and renew competitive advantage through radical or discontinuous innovations (Christensen and Bower, 1996; Lynn *et al.*, 1996). An innovation orientation means that the business seeks out new ideas (Hurley and Hult, 1998) in both its technical and administrative domains (Han *et al.*, 1998). An innovation orientation encourages risk taking and enhances the likelihood of developing radically new products.

Internal/cost oriented. Porter (1980) argues that there are two basic sources of competitive advantage. The first is differentiation advantage that derives from the customer, competitor, or innovation-oriented behaviors that we have discussed. The second is cost advantage that derives from the internal orientation that we now consider. Internally oriented businesses pursue efficiency in all parts of their value chain (Porter, 1985). They seek to reduce costs in primary activities such as logistics, operations, and sales and marketing. They also seek to reduce costs in support activities such as procurement, R&D, and administrative functions. These businesses are obsessed with operational excellence that they are able to translate into higher sales through lower prices or higher margins (Treacy and Wiersema, 1993).

3.5 High performance summary

In a series of empirical studies (Olson *et al.*, 2005; Slater *et al.*, 2007, 2011) researchers examined the relationship between a firm's chosen business strategy and issues of organizational structure, organizational culture, and organizational behavior orientation in terms of overall firm performance. In Table I we summarize their findings by identifying those structural, cultural, and behavioral traits that most closely align with the highest performing firms pursuing one of four strategic options (i.e. Prospectors, Analyzers, Low Cost Defenders, Differentiated Defenders). This template is presented as a baseline model by which we can compare the collective sets of responses from executives and business managers within each of the clubs that participated in this study against high performing firms in conventional product/service industries.

4. The study

In order to address the two issues central to this study, do large EPL clubs actually operate like big businesses and does league structure dictates club competitive strategy, we identified EPL clubs that met the standard of large businesses as noted by Moore and Levermore (2012). Using the 2007 list of clubs they presented we made several adjustments by including Chelsea and Tottenham Hotspur based upon more recent financial information (Ozanian, 2013) and eliminating from consideration Portsmouth, Middlesbrough, and Reading due to their relegation to the Football League Championship during our period of data collection. This left Arsenal, Aston

Strategy	Organizational structure	Organizational culture	Organizational behavior
Prospector (P) (Innovators)	Highly informal Highly decentralized Large no. of specialists	Adhocracy: creative (external-flexible) Focus on adaptation, risk taking, entrepreneurship	Innovation orientation (discontinuous innovation)
Analyzer (A) (Quick copiers)	Moderately informal Highly decentralized Moderate no. of specialists	Market: competitive (external-control) Focus on rational decisions and efficiency	Competitor orientation (beat the competition)
Low Cost Defender (LCD) (Overall cost leaders)	Moderately informal Highly decentralized Large no. of generalists	Hierarchy: order (internal-control) Focus on uniformity, stability, rules, and regulations	Internal and cost orientation (reduce cost of primary and support activities)
Differentiated Defender (DD) (Quality/service leaders)	Moderately informal Highly decentralized Moderate no. of specialists	Clan: relationships (internal-flexible) Focus on relationship building	Customer orientation (create and maintain customer value)

Table I.
Structural, cultural, and behavioral traits of high performing firms by business strategy

Villa, Chelsea, Everton, Fulham, Liverpool, Manchester City, Manchester United, Newcastle United, Sunderland, Tottenham Hotspur, and West Ham United as potential study clubs.

We contacted ten of these clubs. Ultimately three agreed to participate and provide access to club executives and mid to senior-level business function managers. Each participating club is located in a different geographic region of England. All participating clubs have been members of the EPL for more than half of the league's existence. As long standing members of this elite league, we believe all three clubs can be considered to be high performers.

While the sample size is comparatively small, it is important to remember that all of these clubs operate within a closed industry which by nature is relatively small. The number of top-tier professional sports clubs is dwarfed when compared with the number of open industry companies worldwide. Securing adequate response numbers required to run higher level statistical analysis at the industry level is not possible without potentially confounding factors such as level of league involvement, country or sport. There are only 20 teams in the EPL in any given year – not all of which meet the large company definition – and it is guaranteed that the following year only 17 of those teams will remain in the league. Second, gaining access to mid-level managers and club executives is extremely challenging. Indeed the clubs that participated in this study did so only after multiple in-person meetings with senior executives over the course of several years. And third, in order to assess issues such as organizational culture it is critical that the views of multiple club members be included. While individual executives or mid-level managers' opinions may accurately reflect the overall attitude of the club, there is a substantial chance that one respondent's opinion is not reflective of the club's overall operational group. In order to reduce the chance of single respondent bias we solicited multiple responses from senior-level middle managers and club executives and averaged 11.67 responses per club.

While professional sports teams are set up as for-profit businesses, perhaps the most striking difference between these clubs and traditional product/service businesses can be observed in overall performance objective. Profit maximization is clearly not the only or even the overarching goal. Professional sports clubs are often owned by business tycoons whose personal goals of winning trophies or gaining social acceptance outweigh any short-term monetary return. Indeed some of the most successful teams on the pitch lose large sums of money each season. Some of this annual loss is recaptured as the value of the team rises. But this is only appreciated if and when a team is sold. This creates a research conundrum as it becomes virtually impossible to evaluate club performance on traditional ROI measures.

Rather than financial measures, club performance might better be judged from an on field performance perspective: the number of specific trophies earned or end-of-season league placement. This type of measure is easier to evaluate as league finishes are readily available and there exists a clear prestige ranking among championships. However, with a sample size of just three clubs it is beyond the scope of this exploratory study to draw hard and fast performance conclusions. While specific financial information is not readily available for all EPL clubs, it is safe to say that the market value of each has markedly increased over their tenure in the EPL. As all three clubs have been long standing members of the English Premier League, we define these clubs as high performers.

4.1 Description of measures

We assessed strategy type using the self-typing paragraph approach that is commonly used in strategic marketing research (e.g. Matsuno and Mentzer, 2000; Vorhies and Morgan, 2003). Several studies (e.g. Conant *et al.*, 1990; James and Hatten, 1995) have demonstrated that this is a valid measurement approach. We use the descriptions from Slater and Olson (2000) to discriminate between the Low Cost and Differentiated Defender types.

In order to test the remaining constructs described earlier in this paper we adopted previously validated scales. These include: organizational culture (Quinn and Rohrbaugh, 1983); organizational behavior (Narver *et al.*, 2000; Porter, 1980; Hurley and Hult, 1998; Kotha and Vadlamani, 1995; Homburg *et al.*, 1999); and organizational structure (Walker and Ruekert, 1987; Menon *et al.*, 1999). We constructed a Likert-style survey with scores of 1 representing "Highly Disagree" and scores of 6 representing "Highly Agree." Questions were randomized in order to reduce response bias. Questionnaires were delivered to a designated senior-level business manager within each club who then directed a subordinate to distribute them to specific middle and senior managers within each respective club. Surveys were returned in sealed envelopes to this individual who subsequently assembled them and then returned them as a group back to us. No individual was identified and only club-specific aggregate data were shared with participating clubs.

A total of 35 questionnaires were returned (Club A: 13, Club B: 12, Club C: 10). Responses were transferred to an SPSS worksheet and subsequently each scale was assessed via Cronbach's α analysis for reliability. Each scale met or exceeded the 0.7 standard of acceptance (see the Appendix).

5. Findings

In this study we looked to address two questions: first, do large EPL clubs operate in a manner consistent with large successful traditional product/service businesses; and second, does the cartel-like structure of the EPL restrict the strategic choices available to senior management when it comes to business operations? We assessed issue 1 through a comparison of data scores provided by each of the three participating clubs against conclusions drawn from past studies of High Performers as described earlier. We assessed issue 2 through a series of one-way ANOVAs utilizing LSD tests of pair-wise differences on 11 specific measures within three separate constructs (i.e. organizational structure, organizational culture, and organizational behavioral orientation). Table II provides mean scores and standard deviations for responses from each club on these measures.

We recognize from the outset that this study consists of data from just three clubs and as such we cannot reach definitive conclusions. However, within our set of responses we note several interesting observations.

The first notable observation, as demonstrated in Table II, is that six of 11 measures exhibit statistically significant differences between at least two clubs at 0.10 or greater levels. The second, and closely related, notable observation is that in all six of these cases, Club B's responses significantly differ from those reported by business managers in either Club A or C. Club B demonstrates the most informal and decentralized structure of the three within the business side of operations. This suggests that decision making within Club B is being pushed down the ranks to lower level business managers. Although all three clubs identified Clan as the dominant culture type, Club B's scores were significantly higher. This internal and flexible culture suggests that relationships between club executives and middle managers are sufficiently strong that executives are willing to grant significant decision-making authority to those who occupy middle management positions. With regard to behavioral orientations Club B placed significantly greater emphasis on innovation and competitor orientations and significantly lower emphasis on internal/cost orientation. These findings suggest that Club B is pursuing a more aggressive business strategy

Six-point scales	Mean	SD	Club A	Club B	Club C	Sig.
Structure						
Formalization	3.38	0.637	3.49 (0.538)	3.06 (0.763)	3.63 (0.457)	A > B*, C > B**
Decentralization	3.49	0.995	2.77 (0.712)	4.33 (0.876)	3.40 (0.644)	B > A***, B > C**, C > A*
Specialization	3.98	0.571	4.03 (0.403)	3.94 (0.851)	3.97 (0.367)	ns
Culture						
Adhocracy	3.62	0.805	3.62 (0.640)	3.83 (1.169)	3.36 (0.310)	ns
Market	4.27	0.762	4.28 (0.676)	4.05 (0.999)	4.52 (0.483)	ns
Hierarchy	3.39	0.583	3.44 (0.588)	3.52 (0.644)	3.15 (0.474)	ns
Clan	4.62	0.494	4.34 (0.434)	4.90 (0.490)	4.66 (0.466)	B > A**, B > C*
Behavioral orientation						
Customer	4.56	0.668	4.56 (0.512)	4.42 (0.990)	4.60 (0.337)	ns
Competitor	3.48	0.732	3.31 (0.652)	3.86 (0.918)	3.23 (0.353)	B > A*, B > C**
Innovation	3.52	0.974	2.87 (0.714)	4.50 (0.704)	3.20 (0.549)	B > A***, B > C***
Internal/Cost	4.55	0.594	4.69 (0.616)	4.28 (0.633)	4.70 (0.429)	A > B*, C > B*

Notes: *,**,***Significant at 0.1, 0.05, and 0.000, respectively

Table II. Club mean scores/ generic strategy comparisons than either Club A or C. Together, these findings uphold the premise that individual clubs within the EPL can and are pursuing different business strategies.

The third notable observation is that of the six measures where statistically significant differences were demonstrated, on only one dimension – decentralized decision making – is there any significant distinction (0.056) between Clubs A and C. In other words, Clubs A and C have organizations, cultural orientations, and behavioral norms that are essentially the same – which strongly suggests the presence of an industry effect. Clubs A and C both demonstrate characteristics that are consistent with moderate levels of formality, moderately high levels of business specialists, cultures most closely associated with Clan and Marketing characteristics, and behavioral orientations most closely aligned with a focus on cost control and customers. The lone difference between these two clubs is level of decentralized decision making where Club C demonstrates moderate levels and Club A demonstrates low levels. In other words, senior management in Club A does not entrust lower level business managers to make as many decisions as is evidenced in the other two clubs. Unfortunately, per Olson *et al.* (2005) high levels of centralized decision making does not correlate with high performing firms pursuing any of the strategy types.

When compared with the best practice traits displayed in Table I, none of the participating clubs in this study demonstrated business operation traits that consistently aligned with one specific generic business strategy. Indeed all three clubs share characteristics with several of the alternative strategy types. However, neither is the distribution of responses purely random. We believe that two distinct strategic profiles are evident.

5.1 Clubs A and C – Defenders

As demonstrated in Table III, when taken as a whole, Clubs A and C are following virtually identical strategies and are most closely aligned with successful Low Cost and/or Differentiated Defender firms. Although both firms are characterized by a level of centralized decision making that is higher than the most successful Low Cost or Differentiated Defenders firms (Olson *et al.*, 2005) both exhibit moderately informal work environments that are populated by a comparatively large number of functional specialists. This profile most closely aligns with either successful Differentiated Defender or Analyzer firms. With regard to their cultural characteristics, both clubs demonstrate co-dominant Market and Clan orientations. As these are dual opposites the results are somewhat surprising. Nevertheless, we again see strong links with successful Differentiated Defender and Analyzer firms (Slater *et al.*, 2011). When we focus on behavioral orientations we see a strong focus on customers and cost control which most closely aligns with successful Differentiated and Low Cost Defender firms (Slater *et al.*, 2007). Taken as a whole, Clubs A and C appear to be focussing on attending to existing supporters and looking for ways to hold operating costs down. It is worth noting that both clubs operate in older stadia, which may impact their ability to implement new initiatives.

5.2 Club B – Analyzers

In marked contrast to Clubs A and C, Club B is pursuing a more proactive business strategy. In support of that position, Club B's organizational structure is the most informal and decentralized. Although their score for number of business specialists

Strategy	Organizational structure	Organizational culture	Organizational behavior
Prospector (P) (Innovators)	Highly informal Highly decentralized Large no. of specialists Club B (Dominant)		Innovation orientation Club B (Co-dominant)[d]
Analyzer (A) (Quick copiers)	Moderately informal Highly decentralized Moderate no. of specialists Club A (Co-dominant) Club C (Co-dominant)	Market: Competitive (external-control focus) Club A (Co-domiant)[a] Club B (Secondary)[b] Club C (Co-dominant)[a]	Competitor orientation Club B (Secondary)
Low Cost Defender (LCD) (Overall cost leaders)			Internal/cost orientation Club A (Co-domniant)[c] Club B (Co-dominant)[d] Club C (Co-dominant)[c]
Differentiated Defender (DD) (Quality/service leaders)	Moderately informal Highly decentralized Moderate no. of specialists Club A (Co-dominant) Club C (Co-dominant)	Clan: Relationships (internal-flexible focus) Club A (Co-dominant)[a] Club B (Dominant)[b] Club C (Co-dominant)[a]	Customer orientation Club A (Co-dominant)[c] Club B (Co-dominant)[d] Club C (Co-dominant)[c]

Notes: [a]No significant differences for Clubs A and C between clan and market orientation scores; [b]significant difference (0.003) for Club B between clan and market orientation scores; [c]no significant difference for Clubs A and C between internal/cost and customer orientation scores; [d]no significant differences for Club B between innovation, customer, and internal/cost orientation scores

Table III. Structural, cultural, and behavioral traits of participating EPL clubs

employed is not significantly different than Clubs A or C, Club B still registers at a high level. Overall, this organizational structure profile is most consistent with high performing Prospectors (Olson *et al.*, 2005).

This position is slightly moderated by the observation that Club B has the highest score for Clan orientation, which is typically associated with successful Differentiated Defender firms (Slater *et al.*, 2011). When we consider this observation in respect to the other two clubs we note that all three clubs identified Clan as their highest cultural orientation with Market orientation consistently placing second. We interpret this to be a reflection of the age of the industry and each club. All three clubs have been in existence for over 100 years and have grown from small amateur sports clubs to world-class professional football clubs.

Unlike Clubs A or C, Club B clearly has empowered its business group to pursue a more aggressive innovation orientation. Although that measure generated the highest score in this category (4.50), it was not significantly greater than the scores generated for Customer orientation (4.42) or Internal/cost orientation (4.28). And although Club B's Competitor orientation score (3.86) was significantly lower than those posted for their other three behavioral orientation scores, this score was significantly higher than those posted by either Clubs A or C. We conclude that Club B is simultaneously looking at expanding business operations while maintaining a solid position with existing supporters. This is the hallmark of successful Analyzer firms (Miles and Snow, 1978).

6. Conclusions

We readily acknowledge that it is not possible to draw absolute conclusions from a sample of business managers in just three clubs. We also acknowledge that organizational governing bodies such as the FA, UEFA, FIFA, and the EPL exist, at least in part, to insure a degree of conformity among member clubs. Likewise, there is no doubt that EPL member clubs operate within a rich British football tradition that rewards clubs with the gift of distinctive market appeal but which also may well restrict their business operation options. Combined, we believe these forces push individual clubs to gravitate toward a common approach and appearance with respect to business activities and policies. Evidence of this is found in the closeness of responses observed between Clubs A and C where the only significant difference (0.1) between the two on eleven measures was on the level of decentralization of decision making. In other words, their operational profiles are almost identical and best characterized as Defender firms despite the fact they operate in different geographic markets within the UK, have supporters from distinctly different economic strata, have stadiums with very different seating capacities, and frequently are more concerned with different ends of the league table come the end of the season.

However, we believe this paper's chief contribution is the demonstration of a sharp distinction that exists between Clubs A and C and Club B on six separate dimensions spanning all three constructs of interest in this study. Less formal, more decentralized decision making, more of a Clan culture, higher awareness and regard for competitor's actions, greater focus on innovation, and a more liberal view of operational costs are the hallmarks of Club B's approach to their management of business issues. Combined, these differences suggest a more proactive or entrepreneurial business environment than exists at Clubs A or C.

Upon closer inspection we see evidence of this. Business managers within Club B show a significantly greater inclination to pursue revenues through facility usage beyond football than their counterparts at Clubs A or C. The most notable example of this is the series of big-venue concerts they regularly host. With a comparatively large and modern stadium, business managers at Club B have capitalized on their skills in facility management to host concerts for tens of thousands of rock and roll fans.

A logical follow on question to this study might be whether the occurrence of a single successful concert drove the club's organizational environment to become more entrepreneurial or, whether that entrepreneurial culture was already in place, which then enhanced the possibility of a significant non-football revenue source being pursued? Of course in this study the critical issue of inquiry is less about causal direction than the level of correlation between club business strategies and issues of structure, culture and behavioral norms. However, for clubs looking to become more entrepreneurial, understanding transformational processes could be of significant value and thus an interesting research topic unto itself.

We believe this paper sets the stage for a number of other logical extensions to this study. Perhaps the most obvious would simply be to expand the number of participating clubs in this study. That we discovered one club whose operational norms significantly deviated from two other clubs may simply be an anomaly. A second potential research stream would be to compare large EPL clubs with large clubs in other leagues. For example, how does a supporter-owned club like Barcelona FC run its business operations? A third variation on this theme might be to contrast business operation styles with large clubs in other leagues such as the NFL in the USA. Does the lack of concern over relegation alter their approach to business operations? Do operational traditions such as the presence of vendors selling beer, hot dogs, and cotton candy up and down isles during the game create a culture of expected consumption on the part of club supporters? Does this cultural norm on the part of supporters in turn free up club business managers to more aggressively push the sale of these or other products or open up opportunities for additional sponsorships?

Although not specifically tested for, we believe that Club B's operational approach may represent a conscious move away from long standing EPL cultural norms as demonstrated in Club A and C's responses. These organizational changes may by necessity become the norm for large EPL clubs as the resource gap between clubs owned by oligarchs and emirs continues to grow over those owned by individuals or investors of more limited means. Although the clubs that participated in this study do not rival Fortune 500 corporations in terms of gross revenues or scope of operations, in all three clubs you will find marketing, HR, operations, finance, and accounting specialists and in all three clubs authority to make important business decisions is being delegated to business managers beyond the CEO and/or ownership level. These clubs all have worldwide appeal and their structures, cultures, and behavioral norm responses suggest they are more sophisticated than simple mom and pop operations. Club B's policies and practices suggest that we may be witnessing the migration of clubs from what Moore and Levermore (2012) describe as "[…] outdated and amateurish business practices" to something more sophisticated and in keeping with a league whose gross revenues have escalated from £170 m for the inaugural 1992-1993 season to £3.3 b for the 2013-2014 season.

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Appendix. Measurement Appendix (Scales and reliability coefficients)

ORGANISATIONAL (CLUB) CULTURE: (Quinn and Rohrbaugh, 1983)

Adhocracy (0.884)
Leadership in the club generally exemplifies entrepreneurship, innovating, or risk taking.
The club emphasises acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued.
The club is a very entrepreneurial place. People are risk takers.
The glue that holds the club together is commitment to innovation and development. There is an emphasis on being on the cutting edge.
The management style in the club is characterised by individual risk-taking, innovation, freedom, and uniqueness.

Market (0.857)
Leadership in the club generally exemplifies a no-nonsense, aggressive, results-oriented focus.
The club is very results oriented. A major concern is with getting the job done. People are very competitive and achievement oriented.
The glue that holds the club together is the emphasis on achievement and goal accomplishment.
The club emphasises competitive actions and achievement. Hitting stretch targets and winning in the marketplace are dominant.
The management style in the club is characterised by hard-driving competitiveness, high demands, and achievement.

Hierarchy (0.800)
The club is a very formal and structured place.
The glue that holds the club together is formal rules and policies.
The club emphasizes permanence, stability, efficiency, control and smooth operations.
~~The management style in the club is characterised by security of employment, conformity, predictability, and stability of relationships.~~
The club emphasises permanence, stability, efficiency, control and smooth operations.

Clan (0.747)
~~The glue that holds the club together is loyalty, trust, and club commitment.~~
The management style in the club is characterised by teamwork, consensus, and participation.
The club is a very personal place. It is like an extended family.
Leadership in the club generally exemplifies mentoring, facilitating, or nurturing.
The club emphasises trust, openness, and participation.

ORGANISATION (CLUB) BEHAVIOR:
Customer Orientation (0.803) *(Based on* Narver *et al.*, 2000)
We continuously try to discover additional needs of our customers of which they are unaware.

We incorporate solutions to unarticulated customer needs in our new products and services.
We brainstorm on how customers use our products and services.
We innovate even at the risk of making our own products obsolete.
We work closely with lead users who try to recognise customer needs months or even years before the majority of the market may recognise them.

Competitor Orientation (0.854) *(Based on* Narver *et al.*, 2000; Porter, 1980)
Employees throughout the organisation share information concerning competitor's activities.
We evaluate the strengths and weaknesses of key competitors.
Top management regularly discusses competitor's strengths and weaknesses.
We track the performance of key competitors.
We diagnose competitor's goals.
We identify the areas where the key competitors have succeeded or failed.

Innovation Orientation (0.841) *(Based on* Hurley and Hult, 1998)
Technical innovation based on research results is readily accepted.
~~Innovation in our organisation is perceived as too risky and is resisted. (R)~~
Management actively seeks innovative ideas.
Individuals are penalised for new ideas that don't work. (R)

Internal Operations/Cost Orientation (0.730) *(Based on* Kotha and Vadlamani, 1995 *and* Homburg *et al.*, 1999)
We continuously seek to improve production processes so that we can lower costs.
We have a continuing overriding concern for operating cost reduction
Improving the operating efficiency of the business is a top priority.

ORGANISATIONAL (CLUB) STRUCTURE:
Formalisation (0.718) *(Based on* Walker and Ruekert, 1987)
There is little action taken unless the decision fits with standard operating procedure.
If employees wish to make their own decisions, they are quickly referred to a policy manual.
Individuals in the club frequently refer to it as a "bureaucracy."

Decentralisation (0.795) *(Based on* Menon *et al.*, 1999)
A person who wants to make his own decision would quickly be discouraged. (R)
Even small matters are referred to someone higher in the marketing organisation for a decision. (R)
Business managers are allowed flexibility in getting work done.
~~Middle and lower level managers have substantial autonomy.~~

Specialisation (0.708) *(Based on* Walker and Ruekert, 1987)
Our club has a large number of "specialist" employees who direct their efforts to a relatively narrowly defined set of activities.
Most of our employees are generalists who perform a wide variety of marketing tasks. (R)
We expect our employees to be experts in their areas of responsibility.

Strategy Types *(Based on* Slater and Olson 2000, 2001)
Prospectors: These businesses are frequently the first-to-market with new product or service concepts. They do not hesitate to enter new market segments where there appears to be an opportunity. These businesses concentrate on offering products that push performance boundaries. Their proposition is an offer of the most innovative product, whether based on substantial performance improvement or cost reduction.
Analysers: These businesses are seldom first-in with new products or services or to enter emerging market segments. However, by monitoring market activity, they can be early followers with a better targeting strategy, increased customer benefits, or lower total costs.
Low Cost Defenders: These businesses attempt to maintain a relatively stable domain by aggressively protecting their product-market position. They rarely are at the forefront of

product or service development, instead they focus on producing goods or services as efficiently as possible. These businesses generally focus on increasing share in existing markets by products at the best prices.

Differentiated Defenders: These businesses attempt to maintain a relatively stable domain by aggressively protecting their product-market position. They rarely are at the forefront of product or service development, instead they focus on providing superior service and/or product quality. Their prices are typically higher than the industry average.

Reactors: These businesses do not seem to have a consistent product-market strategy. They primarily act in response to competitive or other market pressures in the short-term.

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