

Work in Progress Paper

Collaboration with Stakeholders in Sports Business Industry: Strategies of Marathons Organizers

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Abstract

The business character of major sport events attracts attention of many stakeholders operating in the B2B and B2C market. In order to prepare a successful event, the organizers of marathon events need to create a multilevel business network and collaborate with many groups of different stakeholders. The rate of involvement and expectations vary for every group of stakeholders, that is why the organizers of marathon events need to apply various strategies of collaboration with every single group in order to satisfy the needs of everyone. The concerned group of events includes marathon events, which are specifically the subject of the analysis in this article.

Key words: collaboration, networking, stakeholders, sport business industry, sports events

INTRODUCTION

Long-term and sustainable development of sport organisations is dependent on economic, environmental, cultural and social factors. Distinguishing qualifications, allowing to successfully function on the sports market are not only sports events' high budgets, but more importantly intangible assets such as: reputation, tradition, know-how and complex architecture of relations with the environment [Hunt, Morgan, 1995, p. 1-15]. Modern structures of sports market are characterised by a bigger than ever number of connections between its participants, ongoing process of fading of distance and time differences, blurring of influence and mutual penetration areas. A consequence of this is a growing importance of partner relations and developed bonds between sports events' organisers and entities that might be, either directly or indirectly, interested [Eiriz, Wilson, 2006, p.275-291]. The architecture of connections and relations, covered by the article, is usually shaped in three areas: outer, inner and network. Inner relations result from attitudes inside a sports organisation and usually develop in vertical, horizontal or cross structures from the moment it comes into existence. External relations concern organisation's communication with the environment entities, such as suppliers, co-operators, sponsors, local governments, public institutions, media etc. Due to a big amount and frequent recurrence of these relations, eventually a network of relatively durable connections between entities emerges. As a result of their qualifications and appearing expectations they engage more into the sports market. The mentioned relations can be called relative connections as the relationship between entities in order to be successful requires setting common goals and followed by a seasonal or regular cooperation [Ford, Hakansson, 2006, p. 248-258]. Relations network shaped in such a way is the basis of development of collaboration culture between the organisation and its stakeholders, which currently plays a leading role in the process of strategic management.

It is worth noting that the communication between entities forming the relations network may have a market (business), social (socialisation) and cultural character, depending on the type of a stakeholder and their expectations from the network relations [Evans, Movondo, 2002, p. 15-53]. It is beyond discussion that it is necessary to build relations, as it results from the assumption that every organisation, sports ones included, is an open system reacting to impulses from the environment, actively participating in the processes of exchange of information, services and values, permanently being affected by environment's influence and, at the same time, shaping it [Gronroos, 2011, p. 240-247].

In the early stage of creating a relations architecture, the communication of a sports organisation with its close environment entities becomes sporadic, irregular, fragmentary and rarely controlled. With time they turn more meaningful, their number increases, some of them become complex communication processes engaging more than two entities declaring varying demands and expectations. In such a situation the necessity of conscious shaping of a relation network and methodical management of this intangible asset of an sports organisation is born. Due to the problem being defined in this way, there is a need to apply model solutions, which would allow to systematise the taken up cooperation between an organisation with its partners and the creation of conditions to optimise the benefits of each entity [Gadde, Hakansson, 2008, p. 31-45].

A useful solution could be to use the stakeholders theory, which foundations were compiled in the 70s the previous century by R.E. Friendman. Despite the time flow it is still one of the key concepts of strategic management of enterprises. On its foundations are based many more, created subsequently, concepts of management which also assume a relation character of enterprise's interactions with its environment.

The most important assumption of the stakeholders theory is acknowledging that in the environment of each enterprise there are many entities interested in how and with what result it functions. These stakeholders interact with the enterprise, and also with each other, and can have an influence on the decisions and actions taken up [Friedman, Miles, 2002].

Stakeholders are defined as people or groups of people, organisations, institutions, commercial entities, directly or indirectly interested in enterprise’s activity in its pursuit of its goals, which may also influence the enterprise or be under its influence [Clarkson, 1995, p. 106]. As can be noted, they can come from markets B2C, B2B, as well as from P2P or P2B.

One of the key actions determining the effectivity of managing the sports organisation’s relations with its stakeholders is a thorough analysis of interacting entities, and establishing their structure, hierarchy of importance and strength of influence [Freeman, Harrisom, Wicks, 2007, p. 107]. Not all stakeholders influence the organisation with equal strength, they can also have different possibilities of influencing. An analysis of stakeholders makes it possible to recognise the expectations of their groups, which can be diverse and difficult do fulfil. The knowledge aggregated in such a way allows the sports organisation to prepare a strategy enabling all the interested sides to optimise their benefits [Epp, 2013].

The process of analysis of stakeholders consists of several stages [Walters, Kitchin, 2009], as listed:

1. Identifying the stakeholders and their categorisation
2. Defining the hierarchy of importance of stakeholders’ groups
3. Determining the stakeholders’ expectations and the possibilities of their fulfilling
4. Estimating the stakeholders’ strength of influence
5. Defining the possibility of coming into contact with stakeholder

A methodical approach to the analysis of explored subject should lead to development of model solutions, which could be used independently of branch’s or enterprise’s specific character [Freemann, Wicks, Parmar, 2004]. Among many models serving the analysis of enterprise’s stakeholders which are available in literature (Stakeholders’ map, Matrix of relations between organisation’s strategic partners, Analysis of organisation’s key, strategic partners profiles etc.) one of the most commonly used is the Mendelov matrix [Low, Cowton, 2004, p. 45-55]. According to this model, stakeholders can be divided into four groups according to two variables – influence power on the enterprise and interest in its actions (Fig. 1.)

		Level of interest	
		Low	High
Power	High	Keep satisfied	Key players / participation
	Low	Minimum effort	Keep informed

Fig. 1. Mendelov matrix

Source: www.kfknowledgebank.kaplan.co.uk

The most important, strategic for a sports organisation group of stakeholders with high influence and interest in its action is called “key players”. Relation with these entities should be on close, partner basis, based on dialogue and cooperation. They should be formally consulted concerning plans of future actions, and their expectations and demands – especially taken into consideration. The success or failure of an organised sports event will, in a large part, result from relations with this group of stakeholders.

Stakeholders with high level of influence but low interest are potentially important entities, relations with them should focus mainly on delivering satisfaction, meaning: ensuring their expectations are fulfilled. This group of stakeholders is not interested in the strategy of sports event’s organiser, nor in its effectivity, so it does not directly influence the way of management, but its dissatisfaction may result in big problems.

The third group of stakeholders, according to the Mendelov matrix, are entities with low influence on the actions of a sports event’s organiser, but vividly interested in its activity. In a long-term perspective it is important to keep this group well-disposed, even if for image reasons, so the organisation should focus mainly on up-to-date informing and minimally involving them in decisive processes.

The last group is formed by stakeholders with low influence and low level of interest. The importance of these stakeholders to the organisation is also low, so it should minimise its relations with this group and limit itself to sending messages through mass media, placing information on its website or writing official reports (if required).

Analysing stakeholders using the Mendelov matrix allows sports organisations’ managers to better understand the structure and hierarchy of entities surrounding the organisation and, as such, better fit the strategy of building relations with each of identified groups.

The following part of this article will cover the possibilities of using the stakeholders theory by marathon organisers. Polish running market will be the empiric area of deliberations, which, due to its dynamic development, became an interesting area of competing not only in sports, but also in organising and managing. As it turns out, marathon and other mass runs organisers are subjects of the market game and, stumbling upon a previously unknown phenomenon of competence, started to seek and implement organisation solutions known and used in the activity of commercial entities [Mallen, Adams, 2013, p. 12-25]. One of them is to build and improve the architecture of relations and cooperation with outer stakeholders.

RUNNING MARKET – WORLD AND POLAND

In the industry point of view, the sports market (and also running market) can be defined as a place of occurring relations between entities, whose sports (or more specifically running) needs are satisfied by entities offering sports products, be it services, goods, concepts, places or other people [Parks, Quartermann, 2003, p. 8]. Generally speaking, the sports market can be divided into two submarkets: market of sports products and market of sports events.

As continuing the process started three decades ago, sport business industry in general is one of the world’s most dynamically developing industries at \$411 billion [Greenwell, Danzey-Busell, Shonk, 2014, p. 4]. This is due to, among other reasons, more and more frequent sport events. Modern major sport events are business ventures, their effects are evaluated considering factors such as generated benefits, media reach or level of stakeholders’ satisfaction. Business character of major sport events attracts attention of many stakeholders

operating on the B2B market [Covell, Walker, Siciliano, Hess, 2007, p. 193-194; (Hoye, Smith, Westerbeek, Stewart, Nicholson, 2006, s. 7-8).

According to M. Derry, L. Jago and L. Fredline, what drives the world running market is the unceasing popularity of running and more and more frequently organised running events [Derry, Jago, Fredline, 2004, p. 235-245]. Even though the number of so-called mega sports events has not changed for many years, and the number of so-called major sports events increases relatively slowly, the number of smaller running events, dedicated to amateur runners increases dynamically.

Poland is an example of a country in which the running market has been dynamically developing for 8 years now. It can be proved by the increasing number of organised running events, in which only in year 2014 participated more than 100 000 runners (Fig. 2.).

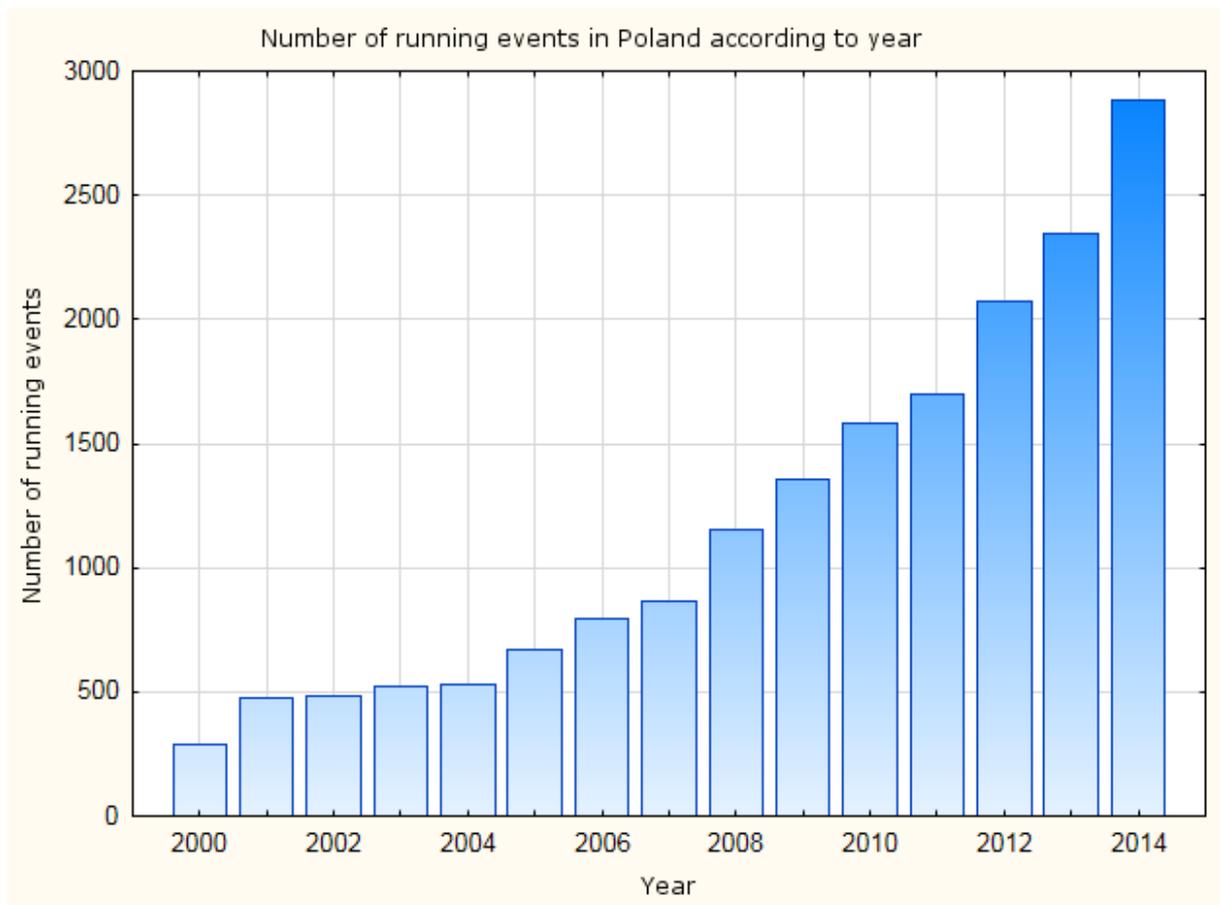


Fig. 2. Number of running events in Poland according to year

Source: Own research based on data from www.maratonypolskie.pl

For example, in the last three years the number of participants of Poland's biggest 10 km runs has increased almost six times. In 2013 there were as many as 131 half marathons and 89 marathons [www.maratonypolskie.pl]. In the Top 50 ranking of world's biggest marathons, the ranking being organised in Germany, five Polish runs were placed among the top 30 [www.laufmarkt.de].

The marathon runs have become so popular in the past few years that participating in the biggest ones becomes a real challenge. The number of interested is often a few times bigger

than the limit of possible number of participants. In such a situation the problem of who can participate is decided by the order of applications or a draw. Each year there are 10-20 times more willing to participate in the world's biggest runs (maximum number of participants: 30-45 000) than are actually allowed to run. According to R.K. Miller's and D. Kelli's estimations each year more than eight million runners finish the marathon runs [Miller, Kelli, 2008, p. 165]. S. Gammon and T. Robinson call the runners participating in marathon runs by the name "strong marathon tourists", and the people accompanying – "soft marathon tourists" [Gammon, Robinson, 1997, p. 1-6]. Their estimation is that each year few dozen million people, divided into these two groups, participate in such sports events.

In order to prepare a successful event, the organizers of marathon events need to create a multilevel business network and collaborate with many groups of stakeholders coming B2B markets [Hoye, Smith, Westerbeek, Stewart, Nicholson, 2006, p. 165]. The rate of involvement and expectations alike vary for every group of stakeholders, that is why the organizers of marathon events need to apply various strategies of collaboration with every single group in order to satisfy the needs of everyone [Mallen, Adams, 2008, p. 43-45; Walters, Trenberth, Tacon, 2010, p. 36-46].

RESEARCH PROBLEM

International marathon runs are commercial events, and so their organisers must come into long-lasting relations with many entities directly or indirectly interested in their success. It applies to organisers engaged into organising any event regardless of its size, but the bigger range of influence it has (being labelled as, for example, mega event or major event), the more stakeholder groups from the B2B market appear, and the bigger their interest and intentions of influencing [Cowell, Walker, Ciciliano, Hess, 2007, p. 5-8]. The result is a multi-level connections network, which can have a social or a business character, focused around the run's organiser. Information, finance or material streams flow between partners, either one-way or two-way, and they play a key role in achieving mutual benefits and strengthening future relations [Ritter. Walter, 2012, p. 136-144]. These relations can have a permanent character, but due to the specifics of a sports event (periodical event) the intensity of contacts is strongly diversified in time. The architecture of relations on the running events market is different than on the other industry markets, as such it requires distinct research and analysis in order to be understood [Watt, 2003, p. 133-136].

At the turn of the year 2014/2015, there were qualitative researches conducted on the Polish running market among the organisers of big international events, the target was to:

- a. Determine the structure of stakeholders Poland's biggest marathons' organisers
- b. Establish the level of interest taken in running events of identified stakeholders groups
- c. Establish the influence of identified stakeholders groups have on the marathons organisers
- d. Identify the ways to build relations between the organiser of a marathon run and their outer stakeholders

The research assumed two hypotheses:

H1. The level of interest in a running event is in a direct ratio to the influence on the organiser.

H2. Stakeholders from B2B and P2B markets are more interested in the event and have a bigger influence.

RESEARCH METHODOLOGY

In order to identify the key groups of stakeholders of marathon events' organisers (first stage of the research), individual deep interviews were conducted. The participating 10 experts were experienced directors, representing institutions which organise the biggest Polish marathons and running events with international range. These people are responsible for organising the event and cooperation with stakeholders coming from the B2B and P2B markets. In the second stage of the research said directors were asked to grade their stakeholders, assuming their relations may be dependent on their approach towards the event organiser. Basing on the Mendelov matrix, two variables: influence of the stakeholder on the organiser and interest in the event's organisation and course were set as a criterion of classification. The point-based grade scale started from 1 (very low influence/very low interest) and went up to 5 (very high influence/very high interest). The last stage focused on identifying the ways of marathons organisers to retain or develop the network of connections and cooperation with stakeholders.

RESULTS

The research allowed to identify ten key outer groups of running events organisers' stakeholders, namely: runners, sponsors, local and sports media, prevention entities (police, medics, firefighters, etc.), volunteers, spectators, local government, citizens living in the city holding the run, suppliers and organisers of other runs. The average grades of influence and interest level are presented in table 1.

Stakeholders group		Influence (average score)	Level of interest (average score)
A	Runners	4,00	4,75
B	Sponsors	3,83	3,91
C	Local and sports media	2,91	3,33
D	Prevention entities	3,25	3,50
E	Volunteers	2,41	3,41
F	Spectators	2,08	2,83
G	Local government	3,83	3,41
H	Citizens	2,36	2,54
I	Suppliers	2,33	2,66
J	Organisers of other runs	2,25	2,25

Tab. 1. Average scores

Source: Own research

The results were put on the Mendelov matrix (Fig.3.) As it can be seen, four groups of stakeholders belong into the category of "key players" (runners, local government, sponsors, prevention entities), out of which three come from the B2B or P2B market. The participating experts have not identified any group of stakeholders that would have a relatively big influence and was not interested in the organisation of the run. Two groups were decided to have relatively low influence but highly interested in the event, namely media and volunteers. Following four groups of stakeholders (suppliers, spectators, citizens and organisers of other runs) were classified as having low influence and being relatively low interested in the running event.

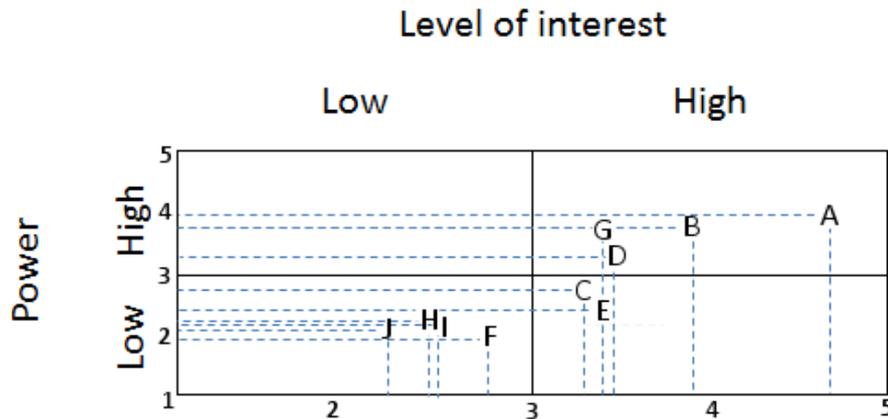


Fig. 3. Groups of running events organisers' stakeholders – A – Runners, B – Sponsors, C – Local and sports media, D – Prevention entities, E – Volunteers, F – Spectators, G – Local government, H – Citizens, I – Suppliers, J – Organisers of other runs

As can be seen in the research, depending on the type of stakeholders the directors apply different strategic approaches. Cooperation with local government, sponsors and prevention entities bases on direct, regular meetings, respecting mutual needs, expectations and abilities, sharing knowledge and mutual support. If the organised event is to be recurring, its future depends mainly on the satisfaction of these stakeholders. Another important point was raised, that is – the need to satisfy the runners, but this group of stakeholders demands a different treatment and relations with it are much easier to come into and maintain. Concerning the support needed by the organisation of marathons, media and volunteers are important stakeholders. According to the matrix, they do not have much influence on the organisers, but for reasons mentioned above they need much attention. The cooperation with them bases mainly on satisfying information needs (media) and praise needs (volunteers). Directors participating in the research put emphasis on the necessity of a long-term cooperation with each of the mentioned six groups of stakeholders as the relations with them are considered strategic. The approach towards the remaining four group of stakeholders, that is spectators, citizens, suppliers and other events organisers is different. The effort put into building relations with them is moderate, often limited to sharing information, as they are less important to the success of an organised marathon.

CONCLUSIONS

Basing on the conducted interviews and analysis of gathered information, conclusions are as follows:

- a. Stakeholders coming from the B2B or P2B markets play a key role in the success of an organised marathon, so the strategy of the running events organisers needs to consider, before anything else, building relations and cooperating with sponsors, local government and prevention entities, such as police, medics, municipal duty, owners of sports facilities. The success of not only the closest marathon, but also the future ones, depends on this.

- b. The relations with two stakeholder groups with lower level of interest (citizens, spectators) and runners due to their dispersion rate are mainly one-way communication and are limited to sharing necessary information. As a result of their relatively high sensitiveness, the information is shared multiple times, via various ways of communication and in sufficient advance. It is the condition to satisfy these entities.
- c. The stakeholders of marathons organisers use highly varying criteria in their evaluations, causing them to be difficult to fully please. That is why organisers consciously focus on relations with strategic stakeholders (coming from the B2B and P2B markets), and spend less time and effort on stakeholders with less influence (from the B2C market).
- d. Concerning building the architecture of relations with outer entities, runs' directors participating in the research defined long-term relations, recurrence of contacts, understanding partner's intentions and will to cooperate as crucial success factors. Except some marketing elements, such as image, brand, run's atmosphere, those are the factors that guarantee a lasting competitive advantage on the market of sports events.

FUTURE RESEARCH

Despite the relatively high cognitive value, the gathered results have their limitations, which may inspire future research. At least three limitations should be mentioned. The first one is the focus only on mass running events, namely marathon runs. It can be supposed that organisers of other types of sports, recreation or entertainment events may have other groups of stakeholders; the relations between them may vary too. The second limitation of this research is the fact that, basing on the Mendelov matrix assumptions, only the intensity of influence and interest could be determined. It did not mention the types of stakeholders influences that concern the organisers nor their exact area of interest. The third defect of this research is the lack of knowledge about factors favouring and limiting the building of relations and cooperation between entities from the sports market and entities representing the B2B market. Knowledge about these factors would allow the organisers to more efficiently take advantage of appearing opportunities and eliminate adversities.

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