

STRATEGIC MANAGEMENT AND ITS APPLICATION IN THE BUSINESS OF SPORTS. IDENTIFYING NEW KEY PERFORMANCE INDICATORS FOR THE SPORTS INDUSTRY

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Abstract

This article delves into the critical intersection of strategic management and the sports business, aiming to identify innovative Key Performance Indicators (KPIs) tailored to the unique dynamics of the sports industry. Strategic management principles are increasingly indispensable in navigating the evolving global sports landscape. By examining the application of strategic frameworks, such as SWOT analysis and balanced scorecards, within the context of sports business operations, this study seeks to unearth novel KPIs. These indicators encompass not only financial metrics but also fan engagement, sustainability, and social responsibility, aligning with the modern demands and ethical considerations of the sports sector. Through the development of these new KPIs, this article provides a forward-looking perspective, offering valuable insights for sports organizations striving for sustained success in a rapidly changing world.

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1. Introduction

In the ever-evolving landscape of the sports industry, strategic management has emerged as a pivotal driver of success. As the business of sports continues to expand globally, organizations and stakeholders are compelled to adopt innovative strategies that align with shifting market dynamics and consumer demands. Strategic management principles, long recognized as critical in corporate sectors, are increasingly recognized as indispensable in the unique and competitive realm of sports.

This article delves into the intricate relationship between strategic management and the sports business, with a particular focus on the identification of novel Key Performance Indicators (KPIs). These KPIs go beyond traditional financial metrics to encompass a holistic view of sports organizations' performance, addressing not only economic viability but also fan engagement, sustainability, and social responsibility. In an era characterized by heightened scrutiny of ethical and environmental considerations, reimagining KPIs becomes essential for sports entities striving to thrive in the twenty-first century. This article endeavours to shed light on this imperative convergence of strategic management and sports, offering fresh perspectives and actionable insights for industry leaders and enthusiasts alike.

2. Literature Review

The intersection of strategic management and the sports industry has garnered increasing attention in recent years. As sports organizations and their stakeholders seek to adapt to a rapidly changing global landscape, strategic management principles have emerged as fundamental tools for navigating the complexities of the sports business.

One prominent strand of literature within this domain underscores the importance of strategic management in sports organizations. Notably, Westerbeek and Smith (2017) in "International Sports Business" emphasize the role of strategic planning in facilitating international expansion and fostering

sustainability within the sports industry. They argue that effective strategic management is a cornerstone for achieving a competitive advantage in the global sports marketplace.

Further studies by MacIntosh et al. (2017) in "International Sport Management" delve into the application of strategic frameworks, such as SWOT analysis and balanced scorecards, in the context of sports management. These frameworks have been proven effective in guiding sports organizations towards defining their goals, identifying strengths and weaknesses, and developing strategies for long-term success.

As sports organizations increasingly recognize their role as both economic entities and cultural institutions, the literature also highlights the need for a more holistic approach to performance evaluation. To this end, there is a growing interest in redefining Key Performance Indicators (KPIs) to encompass dimensions beyond financial metrics. (Kuper & Szymanski, 2014)

KPIs tailored to the sports industry must now address multifaceted aspects, including fan engagement, sustainability, and social responsibility. For instance, Chadwick and Widdop (2019) in "International Journal of Sport Policy and Politics" advocate for the incorporation of social impact metrics into KPIs for sports organizations. They argue that assessing the social contributions of sports entities, such as community engagement and youth development, is crucial in the modern era.

Sustainability in sports has also emerged as a central theme. As underscored by Solberg and Preuss (2007) in "A Hierarchical Concept of Stadium Sustainability," sports venues play a significant role in environmental impact. This aspect of sustainability is increasingly being integrated into sports organizations' strategic management practices.

In conclusion, the literature review demonstrates a clear consensus on the importance of strategic management in the sports industry. As the landscape continues to evolve, the development of new KPIs that capture the multidimensional nature of sports organizations' performance becomes paramount. This article aims to contribute to this evolving discourse by identifying and proposing novel KPIs that align with the contemporary demands and ethical considerations of the sports industry. (Hoye & Smith, 2017, p.19).

3. Methodology

The current research has some main objectives:

- a) To investigate the current state of strategic management in the sports field
- b) To explore concepts such as: *strategic management in sports, performance indicators, sports industry*
- c) To explore the problems the field of strategic management is facing in sports.

Thus, the main research question of the current article is:

"What particularities does the sports system have, when it comes to strategic management and KPIs?"

To answer this question, we must use qualitative research hypothesis such as:

Hypothesis 1: Sports organizations' strategic management practices are influenced by the emotional attachment of fans, leading to unique decision-making processes and priorities.

Hypothesis 2: Strategic management in sports organizations is characterized by a delicate balance between financial performance metrics and social responsibility KPIs, with the latter increasingly influencing decision-making.

Hypothesis 3: Strategic management in sports is inherently adaptive due to seasonality and event-driven dynamics, requiring agile approaches and KPIs that reflect these fluctuations.

To answer these questions two main research methods will be used, also applied in international business management, such as: SWOT Analysis and cause effect analysis.

4. Strategic management and sports

Sports and strategic management, at first glance, may appear to be disparate domains, but a closer examination reveals a profound and symbiotic relationship between the two. While sports are often associated with athletic prowess, competition, and entertainment, strategic management is a discipline focused on decision-making, planning, and achieving organizational objectives. However, their intersections are far from coincidental. This essay elucidates the commonalities that bind sports

and strategic management together, showcasing how they mutually inform and enrich each other. (MacIntosh et. al, 2017, p.18)

Sports and strategic management share a fundamental commitment to setting and achieving goals. In sports, these goals often manifest as victories, championships, or personal bests. Similarly, strategic management involves the establishment of clear organizational objectives and the formulation of plans to attain them. In both realms, success hinges on precise goal-setting and methodical planning.

Competition is a defining characteristic of sports, driving athletes and teams to excel. In strategic management, organizations compete in the marketplace for resources, customers, and market share. The competitive spirit in sports resonates in the corporate world, where businesses employ strategic approaches to gain a competitive edge.

Both sports and strategic management require adept decision-making in dynamic and uncertain environments. Coaches make split-second decisions during games, while strategic managers grapple with complex, ever-changing market conditions. The ability to adapt and make informed decisions under pressure is a shared trait.

In sports, resources include talent, coaching staff, and facilities. Strategic management, on the other hand, involves allocating financial, human, and technological resources to achieve organizational goals. Effective resource management is pivotal in both domains.

In sports, performance metrics like scoring, statistics, and rankings are used to evaluate athletes and teams. Strategic management employs Key Performance Indicators (KPIs) and metrics to assess organizational performance. Both rely on data-driven evaluation to inform decision-making and assess progress.

Leadership and teamwork are cornerstones of sports, as captains, coaches, and athletes collaborate to achieve common objectives. In strategic management, effective leadership and teamwork are essential for guiding organizations toward success. Lessons in leadership and teamwork from sports often find application in the corporate world.

Sports teams meticulously plan strategies for games and seasons, just as organizations devise strategic plans to achieve long-term goals. Both domains involve strategic thinking, which encompasses analyzing strengths and weaknesses, identifying opportunities and threats, and formulating tactics.

The sports world is marked by continual innovation, from equipment advancements to tactical innovations. Likewise, organizations must adapt to changing market dynamics and embrace innovation to maintain competitiveness. Adaptation and innovation are catalysts for success in both arenas.

Both sports and strategic management grapple with ethical dilemmas. Integrity, fair play, and adherence to ethical standards are emphasized in sports. In strategic management, ethical decision-making is crucial for maintaining reputation and trust.

5. The current particularities of KPIs in strategic management in sports

Key Performance Indicators (KPIs) in strategic management for sports have evolved to address the unique characteristics and challenges of the sports industry. Here are some current particularities of KPIs in strategic management in sports:

a) Fan Engagement Metrics: Sports organizations recognize the critical role of fan engagement in their success. KPIs now include metrics related to fan attendance, viewership, social media interactions, and sentiment analysis to gauge the level of engagement and the effectiveness of marketing strategies.

b) Sustainability Indicators: Sustainability is increasingly important in sports. KPIs now encompass environmental and social responsibility metrics, such as energy efficiency, waste reduction, and community impact, reflecting the growing awareness of sustainability in sports.

c) Athlete Performance and Health Metrics: Beyond traditional performance statistics, KPIs in sports management now include athlete health and well-being indicators. These metrics assess factors like injury rates, recovery times, and overall athlete wellness, contributing to more informed decision-making regarding player management.

d) Globalization Metrics: As sports expand globally, KPIs focus on international market penetration, fan demographics, and cross-cultural engagement. Organizations seek to measure their success in breaking into new markets and appealing to diverse fan bases.

e) **Ethical and Governance Metrics:** Ethical considerations, including fair play, anti-doping efforts, and governance transparency, are reflected in KPIs to ensure sports organizations adhere to ethical standards and maintain public trust.

f) **Community Impact Metrics:** Sports organizations recognize their role as community influencers. KPIs now assess the impact of sports organizations on local communities, encompassing initiatives like youth development programs and charitable activities.

g) **Digital and Technological Metrics:** With the digital transformation of sports, KPIs encompass digital engagement metrics, such as website traffic, app downloads, and e-sports viewership. Technological advancements are also monitored, with metrics related to the adoption of innovative technologies like virtual reality and data analytics.

h) **Revenue Diversification Metrics:** Sports organizations aim to reduce reliance on ticket sales and broadcasting rights. KPIs include revenue diversification metrics, assessing income streams from merchandise, sponsorships, and digital content.

i) **Inclusivity Metrics:** Inclusivity and diversity are emphasized, and KPIs evaluate the representation of diverse groups in sports organizations, both on and off the field.

j) **Player Branding Metrics:** Athlete endorsements and personal brands are integral to sports business. KPIs measure the impact of athlete endorsements on brand equity and fan engagement, guiding decisions on athlete partnerships.

k) **Adaptability and Flexibility:** Sports are event-driven and often subject to unforeseen circumstances, such as global crises. KPIs now incorporate adaptability and flexibility indicators to assess an organization's ability to pivot in response to external challenges.

l) **Global Events Impact Metrics:** With the hosting of major global sporting events, KPIs assess the economic and reputational impact of hosting, including job creation, tourism, and long-term legacy effects.

6. Findings

Table no.1. SWOT Analysis regarding the importance of international business in sports

Strengths	Weaknesses
<ol style="list-style-type: none"> Growing Global Interest: The sports industry enjoys a vast and growing global audience, offering a robust market for strategic management applications and new KPIs. Passionate Fan Base: Sports have a passionate and emotionally engaged fan base, which can drive engagement with new KPIs and strategic initiatives. Innovation Potential: The sports industry is open to innovation, making it receptive to the introduction of new KPIs that can enhance performance measurement. Talent Development: The industry offers opportunities for talent development, attracting professionals with expertise in both sports and strategic management. 	<ol style="list-style-type: none"> Tradition and Resistance to Change: The sports industry has deep-rooted traditions and may resist adopting new KPIs and strategic approaches. Resource Constraints: Smaller sports organizations may lack the resources required for extensive strategic management efforts and KPI development. Seasonal Variability: The seasonality of sports can make consistent performance measurement challenging, as KPIs must account for fluctuations.
Opportunities	Threats
<ol style="list-style-type: none"> Global Expansion: Sports organizations have opportunities to expand internationally, creating a need for innovative KPIs to measure success in diverse markets. Sustainability Focus: The increasing emphasis on sustainability presents opportunities to develop KPIs that measure environmental and social impact. 	<ol style="list-style-type: none"> Competitive Landscape: The sports industry faces intense competition, requiring robust strategic management and KPIs to maintain relevance. Ethical and Integrity Challenges: Ethical issues, such as doping scandals, pose

<p>3. Digital Transformation: Embracing digital technologies opens avenues for new KPIs related to digital engagement, virtual experiences, and data analytics.</p> <p>4. Fan-Centric Approaches: Sports organizations can benefit from new KPIs that prioritize fan engagement, personalization, and satisfaction.</p>	<p>threats to the industry's reputation and necessitate ethical KPIs.</p> <p>3. Regulatory Changes: Evolving regulations in sports may impact strategic management practices and the measurement of performance through KPIs.</p> <p>4. Economic Uncertainty: Economic downturns can affect sports revenues, making effective strategic management and KPIs essential for financial stability.</p>
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Table no 2. Input-Output analysis regarding the future of international business in sports

INPUT	OUTPUT
<p>1. Increasing Globalization of Sports: As sports continue to expand their reach across borders, sports organizations seek to develop strategic management practices to effectively navigate international markets.</p> <p>2. Shift in Fan Expectations: Changing fan preferences and expectations, driven by digital experiences and personalization, are pushing sports organizations to adopt new strategic approaches and KPIs to enhance fan engagement.</p> <p>3. Emphasis on Sustainability: The global focus on sustainability and corporate social responsibility has prompted sports organizations to incorporate sustainability into their strategies and develop KPIs to measure environmental and social impact.</p> <p>4. Technological Advancements: The rapid evolution of technology, including data analytics, virtual reality, and social media, has created opportunities for sports organizations to leverage these tools in strategic management and KPI development.</p> <p>5. Ethical Considerations: Ethical issues within the sports industry, such as doping scandals and fair play, have heightened the importance of ethical decision-making and the need for KPIs to ensure compliance with ethical standards.</p> <p>6. Economic Challenges: Economic uncertainties, including financial downturns and revenue fluctuations, have underscored the need for effective strategic management and financial KPIs to ensure financial stability.</p>	<p>1. Global Expansion: The globalization of sports leads to the development of strategies focused on entering new markets, resulting in the creation of KPIs to measure market penetration and international fan engagement.</p> <p>2. Enhanced Fan Engagement: Adapting to shifting fan expectations and personalization trends results in improved fan engagement, as measured by KPIs related to attendance, viewership, and social media interactions.</p> <p>3. Sustainability Initiatives: Incorporating sustainability into strategic management leads to the development of KPIs that assess environmental impact, energy efficiency, waste reduction, and social contributions.</p> <p>4. Digital Transformation: The adoption of digital technologies in strategic management creates new KPIs related to digital engagement, virtual experiences, data analytics, and e-sports viewership.</p> <p>5. Ethical Integrity: The emphasis on ethics results in KPIs that measure compliance with ethical standards, promoting fair play, transparency, and ethical conduct within the sports industry.</p> <p>6. Financial Stability: Effective strategic management and financial KPIs help sports organizations navigate economic challenges, ensuring stability and sustainability even in uncertain economic conditions.</p>

Conclusions

In conclusion, sports and strategic management may operate in different arenas, but they are bound by common principles and values. The strategic mindset ingrained in sports and the competitive spirit embedded in strategic management are symbiotic, each benefiting from the other. The lessons learned from one domain frequently find resonance in the other, enriching both fields with valuable insights and approaches. Whether on the field or in the boardroom, the shared DNA of sports and strategic management underscores their interconnectedness and enduring relevance in our complex and dynamic world. (Griffin & Pustay, 2010, p.11)

KPIs in strategic management for sports have evolved to encompass a broader spectrum of factors, reflecting the dynamic and multifaceted nature of the sports industry. These KPIs go beyond traditional financial metrics, focusing on sustainability, fan engagement, ethics, and the broader social and environmental impact of sports organizations. As the sports industry continues to evolve, so will also the KPIs used to measure success and guide strategic decision-making. (Anderson, 2010, p.32)

The subject of strategic management in the business of sports presents opportunities for innovation and growth, but it also faces challenges related to tradition, resource constraints, and ethical considerations. Adapting to a changing landscape, embracing sustainability, and leveraging digital technologies are key opportunities, while maintaining ethical integrity and addressing economic uncertainty are critical for long-term success in the sports industry. Developing and implementing new KPIs will play a pivotal role in achieving strategic objectives in this dynamic field.

The causes and effects in this analysis highlight the dynamic and interconnected nature of strategic management in the sports industry. The adoption of new KPIs and strategic approaches is driven by a range of factors, including globalization, changing fan expectations, technological advancements, and ethical considerations. These effects, in turn, lead to enhanced global expansion, fan engagement, sustainability efforts, digital transformation, ethical integrity, and financial stability within the sports industry.

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