

The intersection of business sustainability and integrity in sport

PLUMLEY, Dan <<http://orcid.org/0000-0001-7875-0969>> and WILSON, Robert <<http://orcid.org/0000-0002-9657-7570>>

Available from Sheffield Hallam University Research Archive (SHURA) at:

<https://shura.shu.ac.uk/35954/>

This document is the Accepted Version [AM]

Citation:

PLUMLEY, Dan and WILSON, Robert (2024). The intersection of business sustainability and integrity in sport. In: MANOLI, Argyro Elisavet and KONSTANTOPOULOS, Ioannis, (eds.) Integrity and Sustainability in Sport. Business, environmental and social goals. Routledge Research in Sport Business and Management . London, Routledge, 174-189. [Book Section]

Copyright and re-use policy

See <http://shura.shu.ac.uk/information.html>

Book Chapter Title: The intersection of business sustainability and integrity in sport

Chapter Authors: Daniel Plumley and Rob Wilson (Sheffield Business School)

Author Affiliations & Bios

Dr Daniel Plumley

Principal Lecturer in Sport Finance

Sheffield Business School

Sheffield Hallam University

Sheffield, S1 1WB

d.j.plumley@shu.ac.uk

Daniel Plumley is Principal Lecturer in Sport Finance in the Department of Finance, Accounting and Business Systems in the Sheffield Business School at Sheffield Hallam University, UK. His research interests include performance measurement, governance and regulation and competitive balance, all under the broader research area of the economics and finance of professional team sports which has defined his career. He is an active researcher, delivering on funded projects for ESRC and regularly consults with the industry on sport finance matters. He is also a Chartered Global Management Accountant (CGMA).

Professor Rob Wilson

Professor of Applied Sport Finance

Sheffield Business School

Sheffield Hallam University

Sheffield, S1 1WB

r.j.wilson@shu.ac.uk

Rob Wilson is Head of Department for Finance, Accounting and Business Systems in the Sheffield Business School at Sheffield Hallam University, UK. He has been involved in academic and applied work in sport finance and governance since 2010 and has published extensively on topics including, financial health, governance, economic decision-making and resilience with his PhD focusing on the factors affecting financial performance in professional team sports. He presents his work all over the world, serves on several editorial boards for leading journals and has a rich network in the boardrooms of professional clubs.

Introduction

In professional sport, there has been much debate about the application of business models and financial sustainability, both at league and club level. Ultimately these debates exist because professional sport organisations chase twin objectives; maximising revenues and financial performance, and the delivery of sporting excellence (winning). These objectives often collide, and business models and sustainability principles can be side-lined as a result. The focus is too often on the short-term success, rather than long-term sustainability.

This chapter will explore the intersection of business sustainability and integrity in sport, focusing on how integrity underpins business sustainability and how this affects both leagues and clubs. Our chapter is positioned within the context of European team sport, as that is where a significant body of empirical evidence is housed and where challenges with business sustainability have been most acute, owing in part to the model of European team sport. First, we must outline the definition of integrity and how the alignment of this definition fits to the world of sport. In doing so, we will also define sporting integrity, very often the protagonist in debates surrounding business and financial sustainability in sport.

Broader definitions of integrity found in the Oxford Dictionary cite integrity as “the quality of being honest and having strong moral principles”. This definition relates to the notion of self and individual, however, we perhaps need a broader definition to include the business side of the sport industry. In sport, we need to consider the integrity of multiple actors (e.g., owners of teams, league organisers, governing bodies, the media, fans, players) and how their behaviour contributes to an ecosystem that is often self-governed by some of those very same actors. In this regard, a better definition of integrity for this chapter is to consider integrity as “the state of being whole and undivided”. That is to say that the actors considered above need to find a way to coalesce to create the sporting product that can then be packaged and sold to generate money for the ecosystem. In short, as we will explore further in the next section, sport teams need each other to survive. Now, we can pivot the broader definition of integrity to present the concept of sport integrity.

A cursory search for definitions of sport integrity will throw up similar phrases regarding morals, ethical behaviour, and safety. Again, these are focused on the individual or the athlete in the case of sport (see for example, Agnew, Henderson & Woods (2017); Manoli, Bandura & Downward, 2020). What we need to consider when highlighting the intersection between business sustainability and integrity in sport is how organisations in the ecosystem behave

towards each other under governance frameworks that dictate how the competition plays out on the sporting field. We are now talking about the integrity of the competition rather than the individual. We might still argue that is difficult to split the two and that may be true, but there is useful research in this space that offers a balanced argument on terms such as personal and organisational integrity (e.g., Gardiner, Parry & Robinson, 2017). It is within organisational integrity that we need to fully understand the principles of twin business objectives in professional team sport and how they collide with the notion of sporting integrity.

Twin objectives and joint economic partners

Professional team sports and economics are inextricably linked, intertwining perfectly to promote interest to different stakeholder groups within the professional team sport environment. This is not just confined to the boardrooms of individual clubs, league organisers or sport governing bodies. It stretches far wider, to the players, the fans, and the communities that the clubs and leagues interact with in a broader societal context, becoming part of the fabric of our lives. A necessity of existence for many. Put simply, professional team sports are of interest to us, and they lend themselves to economic analysis (Plumley and Wilson, 2022)

We put this down to two main factors. First, the nature of professional team sport as opposed to sport more generally. Second, the worldwide growth (or globalisation) and commercialisation of sport. You can consider any major structural change in professional team sport and analyse it through an economic framework. The growth of the English Premier League and the future potential for growth in the Women's Super League (football). The shift to professionalism in rugby union. The emergence of shorter format versions in cricket. Every single example will illustrate the impact of economic principles at their core. A discussion on these principles is naturally lengthy, and beyond the scope of this chapter. However, for those interested, Downward and Dawson's, *The economics of professional team sport* published in 2000, or the more recent *The economics and finance of professional team sport*, 2022, by this chapter's authors, are a good place to start.

Professional team sports comprise of leagues and clubs that will compete on the sporting 'field' by arrangement. This arrangement will be made by those who govern the sport. For example, in English football this might be the Football Association (FA) but there are also the individual competition organisers to consider such as the English Premier League (EPL). In American sports, the governing body is just one organisation (e.g., the National Basketball Association (NBA) or the National Football League (NFL)). Generally, we can measure the success of each

team by their standing in the league at the end of a season. These end of season statistics result in trophies and prize money through open leagues that include promotion and relegation and are collected for the history books that people refer to for generations. The protection of these records is paramount in sport. Thus, sporting integrity and business sustainability is vitally important to competition organisers and teams within competitions. Principally, what matters to many of these stakeholders is the opportunity to generate revenue – which leads to an ability to buy players, build stadia and potentially make profits. The production, distribution, and consumption of sport is what causes such money to change hands and presents sporting teams with a dilemma regarding their twin objectives (Plumley and Wilson, 2022).

These two objectives cover sporting and financial performance. Teams must maintain a high level of on-field performance and simultaneously attempt to maximise off-field commercial business operations in the pursuit of revenue gains (Plumley and Wilson, 2022). The challenge in professional team sport, is that the cost side of the equation (e.g., player wages) is considerably high, which makes balancing these two objectives challenging. In many cases, this places business sustainability at risk in the pursuit of short-term sporting success. There is also no accepted definition of which objective is the cause and which is the effect. Sport economists have found links between the two objectives (e.g., Carlsson-Wall, Krauss & Messner, 2006; Chadwick, 2009; Fort & Quirk 2004; Pawlowski 2013; Syzmanski, 2003), but we are yet to see a definitive on which objective is dominant. Rather, it is the case that teams will prioritize one objective over the other, dependent on the actors and stakeholders driving decision-making at the top of the organisation. The on-field/off field juxtaposition is not easy to apply, and separating the objectives almost becomes impossible.

As such, professional sport teams and leagues require a level of cooperation (defined as simultaneous cooperation and competition (Brandenburger and Nalebuff, 1996)). Opponents are competitors on the field of play, and they need each other to produce the competition. Therefore, they are joint economic partners (Plumley and Wilson, 2022). Professional team sports are intrinsically different from other businesses, in which a firm is likely to prosper if it can eliminate competition and establish a position as a monopoly supplier (Dobson and Goddard, 2011). In sport, however, it does not pay for one team to establish such a position due to the joint nature of 'production' in sports. Leagues with single team dominance do not prosper in an economic environment, something we will come back to.

Stakeholder pressure and the challenge of business sustainability

In a professional sport team, numerous stakeholders with varied goals are present, and power games are significant. The difficult part is outlining which stakeholders really count and to whom managers should pay attention. There has been some excellent research published in the past that has attempted to outline the nuance of stakeholder pressure in the professional sport industry. For example, Cicut, Montchaud, Millereux and Dantin (2017) analysed the identification, prioritization, and management of professional football clubs' stakeholders. In their work, they also provide a relevant stakeholder typology that classifies stakeholders as either definitive, dominant, discretionary, dependent, demanding, dangerous or dormant. They also consider the issues of who holds the power, legitimacy, and urgency within these groups. This is a useful exercise for any professional sport team to undertake when it comes to outlining who their main stakeholders are and how they should prioritise them on a strategic decision-making level. There is often a clear distinction between primary and secondary stakeholders that is easy to overlook. Primary stakeholders being those whose continued participation is necessary to the survival of the firm (e.g., stockholders, investors, employees, customers, and suppliers) whereas secondary stakeholders influence or are affected by the firm but do not make any transaction with it and are not essential for its survival (e.g., the media) (Clarkson, 1995).

Another example from football is the work of Senaux (2008) who applied a stakeholder approach to football club governance, utilising practical examples from professional football clubs in France. The work focuses specifically on corporate governance and highlights two main models; the shareholder model - which emphasises the shareholder versus manager relationship - and the stakeholder model - which considers the different stakeholders of the firm. Stakeholders that are deemed relevant to French football clubs include shareholders, players, leagues and federations, local authorities, support associations, spectators, supporters, television, and other sponsors. Senaux noted that each of these different groups will have their own objectives which are often sporting and financial, although political values cannot be ruled out.

Such stakeholder pressure can often cause financial failure or mismanagement, jeopardizing long-term business sustainability and organisational integrity. We have conducted numerous pieces of work in this area regarding the financial health of leagues and sporting competitions including football (men's and women's) (Plumley, Wilson and Shibli, 2017; Clarkson, Plumley, Philippou, Wilson & Webb, 2023), rugby league (Wilson, Plumley and Barrett, 2015), rugby union (Wilson and Plumley, 2017), cricket (Plumley, Wilson, Millar & Shibli, 2019). We have considered the business insolvency position of professional football clubs in the UK (Plumley,

Serbera & Wilson, 2020), the effectiveness of financial regulatory techniques such as Financial Fair Play in football (Francois, Dermot-Richard, Plumley, Wilson and Heutte, 2021) and the need to consider better principles of business sustainability in professional team sports (Golding, Plumley & Wilson, 2023). Throughout this body of research, there is a common theme. Professional sport teams do not operate under principles of business sustainability. Short-term sporting performance is often prioritised at the expense of sound business logic, leading to a high number of sport teams spending outside of their means to attempt to compete on the field of play. Ultimately, such short-sighted decision-making can prove costly and there is therefore a need for professional sport teams to consider models of business sustainability to future proof the team for future generations, protecting the team as a community asset that has significant economic and social benefits to a variety of stakeholders.

Sustainable Business Models

We have alluded to the fact that professional sport is a unique ecosystem compared to traditional business and that there have been significant historical financial crises present throughout numerous sports. Such a fact is not just unique to professional sport. Corporate business models have been questioned with regards to the sustainability of the global economy and society considering economic and financial crises over time (Schaltegger, Hansen & Lüdeke-Freund, 2015). There is also the notion of sustainable development as a mantra from the United Nations to overlay. Over thirty years ago, the World Commission on Environmental Development defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environmental Development, 1987, p. 41). We can draw parallels here to our analogy that professional sport teams should also be future-proofed for future generations. On the organisational level, the vision of sustainable development has led to concepts such as sustainability management, corporate sustainability (Dyllick & Hockerts, 2002) sustainability innovation and sustainable entrepreneurship (Schaltegger & Wagner, 2011), and social business (Yunus, Moingeon, & Lehmann-Ortega, 2010).

Sustainability, put more simply, within the context of business and economics is about keeping a business going over time by responding to both short-term financial and future financial needs (Bansall & DesJardine, 2014). To support business sustainability, strategy and modelling are key constructs. According to Wheelan and Hunger (2012), business strategy enables businesses to improve their competitive status and determines the performance of businesses in industry.

A business model, focused on sustainability should sit over the top of any strategy. Teece (2010) stated that a good business model lies at the core of business strategy and Margretta (2002) described a business model as being a ‘general blueprint’ of business activity. Demil and Lecocq (2010) further state that the business model synthesises the way of creating value and revenue inside an organisation through operations, competencies, relations, and resources. Shafer, Smith, and Linden (2005) state that business models have the function of creating and capturing value, and that these components are essential for any organisation to perform in order to be sustainable.

The idea of value is a constant in any discussion on business modelling and the work of Teece (2010) presents a conventional definition that emphasises a business model’s value creation function:

“A business model describes the design or architecture of the value creation, delivery and capture mechanisms employed. The essence of a business model is that it crystallizes customer needs and ability to pay, defines the manner by which the business enterprise responds to and delivers value to customers, entices customers to pay for value, and converts those payments to profit through the proper design and operation of the various elements of the value chain. (p. 179)”

A business model is not a strategy per se, but a way in which the cause-and-effect relationships of a strategy can be tested, analysed, and validated, and how well an organisation delivers value to its customers using the various elements in the business model as a system (Golding, Plumley & Wilson, 2023). According to Margretta (2002) business modelling can also be seen as the equivalent to the scientific method, where a hypothesis is tested in action and revised when necessary. Furthermore, a business model needs to adapt to the competitive environment in which it operates, considering changing technologies, markets, and legal structures (Teece, 2010).

The business model concept also integrates a variety of functional disciplines and has a similar interdisciplinary character that cuts across numerous sectors (Schaltegger, Hansen & Lüdeke-Freund, 2015). Consequently, the business model concept is an excellent unit of analysis for studying and advancing common managerial and entrepreneurial approaches, as well as stimulating and revitalizing old and new business philosophies.

However, while the concept may be excellent, the practicality of defining a good business model and the integration of such a model is fraught with complexity. Early work on business

models for sustainability dealt with the structural and cultural roots of models that contribute to corporate sustainability (Stubbs & Cocklin, 2008). Other researchers started investigating the links between business models and business cases to advance corporate sustainability management (Schaltegger et al., 2012). Further work has posited that business models can be seen as tools for addressing social needs (e.g., Seelos, 2014; Sánchez and Ricart (2010).

All these approaches to measuring business models still hold true to Teece's (2010) definition of organisational value creation, which has since been deliberately extended toward social and ecological values by sustainability researchers. It is this extension and the emphasis given to organisational, market and societal transformations that distinguish the discourse on business models for sustainability from their conventional antecedents, which focus on organisational value appropriation, that is, one-dimensional profit maximization, without considering the consequences for the wider social and ecological contexts (Schaltegger, Hansen & Lüdeke-Freund, 2015). Notwithstanding the popularity of the business model concept, an unequivocally supported definition of business models for sustainability has been hard to come by. Perhaps the closest to date has been offered by Schaltegger, Hansen and Lüdeke-Freund (2015) who proposed the following definition of a business model for sustainability:

“A business model for sustainability helps describing, analysing, managing, and communicating (i) a company's sustainable value proposition to its customers, and all other stakeholders, (ii) how it creates and delivers this value, (iii) and how it captures economic value while maintaining or regenerating natural, social, and economic capital beyond its organizational boundaries. (p.6)”

In this definition, the view of a business model designed around a value proposition for customers must acknowledge that no sustainable value can be created for customers without creating value to a broader range of stakeholders. A business is carried by a stakeholder network and a business that contributes to sustainable development needs to create value to the whole range of stakeholders and the natural environment, beyond customers and shareholders. We can see this in the sporting context linked to our discussion regarding the importance of stakeholders earlier in the chapter.

Towards a model for sustainability in professional sport

If we turn our attention back to professional team sport, we can highlight numerous examples where business models have been applied and perhaps, ultimately, failed. We present a range of examples next before closing the chapter with our attempt at providing a model for business

sustainability across professional team sports. We use our past work in rugby union (Golding, Plumley and Wilson, 2023), but alter the model for this chapter, making it more generic and applicable to a greater range of sports.

In contemporary professional sport business models, much of the emphasis has been on the role of sponsorship, broadcasting, investment, and vertical integration through ownership of sporting events, control of sports facilities, TV rights and merchandising (Andreff & Staudoher, 2000). More recently, the focus has been on stakeholder maximisation (Pitzz, Benedickson, Cowden & Davis, 2021) and Sports Business Model Innovation to enable sports organisations to be more forward-thinking (Næss & Tjønndal, 2021).

Most of the research into business models within the sports industry focuses on football, a sport which introduced its first professional league in 1888, some 108 years before professionalism in rugby union. However, the concept of commercial business models in football really took hold, at least in the modern era, with the formation of the English Premier League (EPL) in 1992. Driven by its symbiotic relationship with broadcasters, the EPL has provided the fastest and largest revenue growth of any of the English professional sports, leading to its significant financial growth and global appeal. Indeed, the European football market grew 7% to €29.5 billion over the 2021/22 season, with the EPL firmly entrenched as the market leader. The EPL reported a 12% rise in overall revenues in the 2021/22 season, culminating in a record aggregate revenue of £5.5 billion, almost £2 billion more than its nearest rival, La Liga in Spain (Deloitte, 2023).

Much of the research conducted on football clubs has shown differences in business approaches to achieve on-field and off-field success. McNamara, Peck and Sasson (2011) identified that the central strategy problem for managers is how to formulate and implement strategies that create value for customers and capture profits. Here, we see parallels to challenges facing more traditional businesses that we have previously outlined in this chapter in relation to the definition and function of business models. Plumley et al. (2017) attempted to measure the holistic performance of professional football clubs using established financial and sporting indicators. The results showed that a small number of clubs have created an imbalance within English football and that there has been evidence of a “financial crisis” at individual clubs. For many clubs, overall performance appears to vary over time in cycles. In addition to measuring the holistic performance of professional football clubs in England, the paper developed a statistically robust model that has the potential to be adapted to fit other professional team

sports to test league viability. It can also be used by the clubs themselves to set objectives and to analyse performance against competitors. Lieu, Skinner, and Grossman (2019) analysed Business Model Innovation shifts in the Ecosystem of the Chinese Super League in relation to club success and referring to the work of Demil and Lecocq (2010) in their case study of Arsenal FC, as an example of the need for business models to change and evolve in the light of changing ecosystem factors.

A similar story can be found across other professional team sports. Wilson, Plumley and Barrett (2015), analysed the state of the UK Super League Rugby, 20 years on from its formation in 1995. They found that the predicted outcomes, which included greater uncertainty of outcome, increased attendances, and higher revenues for clubs, had not been met and concluded that rugby league needed to produce a sustainable business model to keep both the clubs and sport alive.

An early study undertaken by Harris and Jenkins (2001) on professional rugby clubs in England explored intra and extra organisational barriers to the development of planning rugby clubs. Whilst this focussed on marketing planning, the work also raised a range of issues related to ineffective planning and reactive approaches that were more akin to the management of not-for-profit amateur clubs than that of a sport that was attempting to progress with its professionalisation. Indeed, it was not until the study by Bodet (2009) on French Club, Stade Francais that the role of planning and innovative business methods was identified as being integral to the club's successful implementation of the marketing mix and their ability to differentiate themselves in the marketplace.

With further reference to rugby union, Rayner (2017) traces the evolution of attitudes towards professionalism from a player's perspective and develops a critical review of the impact professionalism has had upon the sport of rugby union, including the increasing influence of a business ethos, which exposed rugby union to the realities of commercialism. Alonso et al. (2012), allude to the significant change in professional sports and the influence that these have on the strategies adopted by managers and marketers in achieving competitive balance and the enhancement of organisation revenues. With specific reference to the Southern Hemispheres Super rugby competition, they highlight the dilemmas of securing financial sustainability and the constraints of labour market controls in terms of salary payments and Championship expansion.

Wilson and Plumley (2017) examined concerns about the financial development of professional rugby union in the English Premiership. At that point in time, revenues had risen marginally since 2006, which was broadly positive for a sport that did not have the opportunity for revenue growth through broadcasting compared to football. However, revenue growth was offset by a significant increase in collective club debts, causing structural challenges throughout the game. Rugby union continues to play catch-up in commercial terms compared to other professional team sports and the late entry to professionalism is colliding with business sustainability modelling. The sport has seen a turbulent transition to professionalism since 1995, based on significant structural changes with clubs, associations, and leagues, using a range of business models in Europe. It is yet to effectively navigate this transition and select a model that best fits, although plenty of sports that have been professional for longer are yet to square that circle.

In 1997 a review of the financial health of English county cricket highlighted strategic weaknesses within the professional game, principally an over-reliance by clubs on the annual grants provided to them by the England and Wales Cricket Board (ECB). Without such grants the teams, in general terms, would be insolvent (Shibli and Wilkinson-Riddle, 1997). Twenty years on, in 2017, follow-up research concluded that despite a series of structural changes to the game, financial problems were still evident. Counties were as reliant on central grant income in 2017 as they were in 1997 (Plumley et al., 2019). The business model, and any changes made to it during the twenty-year period, was still failing and sporting integrity was collateral damage.

We have presented several examples above regarding different sport business models across different sports. Despite such a growing body of work and significant empirical evidence of structural failure in the business models, there remains a gap in the research. Notably, this gap includes identifying the key characteristics for a sustainable business model across a variety of professional sports. Given professional sport teams and leagues still have problems with business sustainability, the need for this type of research is vital for the development and sustainability of professional sport and it seems too many sporting bodies see football as the benchmark for performance, chasing an unsustainable model.

We have established so far that a good business model should be essential for achieving organisational success. This is regardless of whether we are talking about a new business venture or an established player in the market. The key question of ‘how do we make money?’

also needs to be front and centre of any business model based on the economic logic of how to deliver value to customers at an appropriate cost. We also need to consider the link between the business model and the overall strategy of the business. The business model can future proof the business and the strategy can drive competitive advantage, something that is crucial in the world of sport. But there is no fixed model. No one-size-fits-all policy that can be applied. That does not mean we should not give it a go, though. Here is our take on a proposed business model in the world of professional team sport (see figure1). It has been adapted from our past work in rugby union to make it more applicable across all professional team sports. It considers key characteristics which are considered to have the most significant influence on developing a business model for sustainability and the achievement of growth in a constantly changing environment.

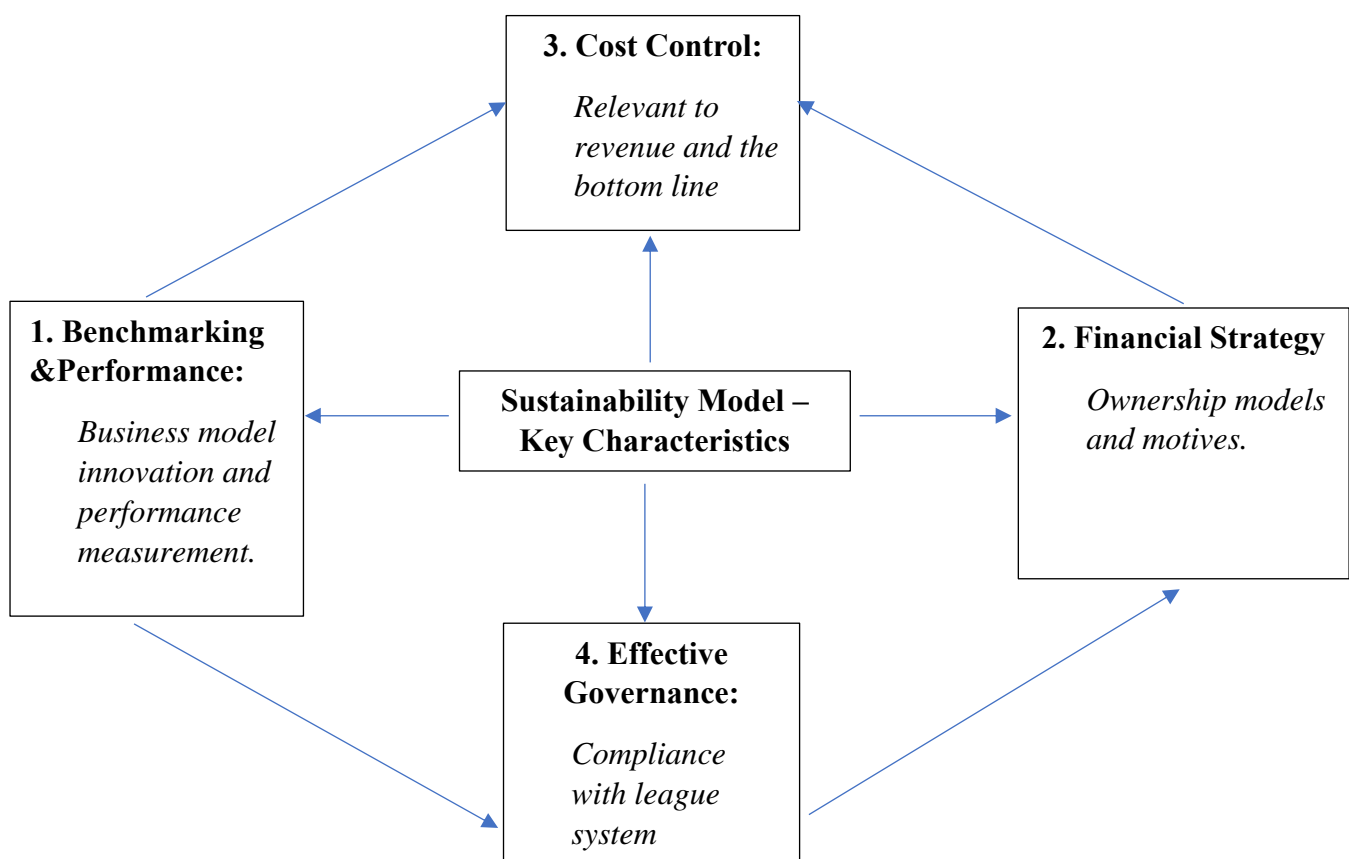


Figure 1: Key Characteristics for a Sustainable Business Model in Professional Team Sport

Source: Adapted from Golding, Plumley and Wilson (2023)

The key characteristics are based on the following:

1. The need to establish benchmarks of performance in a professional sport ecosystem for on-field and off-field success based on current 'best practice' examples and innovation. It should consider an organisation's resilience to external economic shocks. By way of an example, we could cite the case of Exeter Chiefs in rugby union. Since the sport turned professional, Exeter have risen through the ranks of rugby union through the development of their business model and effective financial stewardship (Wilson and Plumley, 2017). We could also consider the case of Surrey County Cricket Club in cricket, where a strategy to pivot revenue diversification to non-cricket events through their offshoot brand Oval Events has led to that provided them with over 50% of their revenue in recent years, reducing the reliance on ECB central grants that we alluded to earlier in the chapter (Plumley, Wilson, Millar & Shibli, 2019). On a far bigger scale, we have the example of Tottenham Hotspur's new stadium and the attached NFL and F1 partnership alongside the hosting of other mega sporting events such as boxing fights and other non-sporting events such as music concerts (Paley, 2023). All these examples provide a level of business model innovation within the respective sports and can provide the teams with a competitive business advantage over their competitors.
2. The need to explore how different sport business models view financial strategy and whether they are chasing profit maximisation or win maximisation strategies. This is where the twin objectives of sport teams can collide. It also must be considered against cost control measures and effective governance of the league. American sports such as the NFL, NBA, MLB, and NHL operate under very different governance structures. Cost control and revenue sharing are central to the model, providing the opportunity to generate return for owners. The European model is almost the opposite, with no set direction on what the financial strategy should be. As a result, we often end up with actors in the network (e.g., owners) that abandon any notion of financial strategy in the pursuit of short-term success. They flout cost control and regulatory measures as there is often very little punishment applied. In doing so, they push back against a compliance system in the regulatory framework and such a splintering can lead to financial problems at individual clubs.

3. The need to have effective cost controls in place to improve financial stability and solvency of the professional sport teams. Any form of cost control should be measured relevant to revenue and should consider the financial gap between individual leagues across different sports. The cost control argument is yet to be definitive in the European sport industry, which in turn has implications for financial strategy. Rugby union, as an example, has always employed some form of salary cap since turning professional. So too has rugby league, but not cricket or football. Some football leagues in Europe do operate under softer principles of a squad cost rule, but they are not a hard salary cap, and they are not legally binding in the league governance. As a result, ambiguity often resides, and cost control measures collide with effective governance, regulation, and compliance within the network.

4. The need for effective governance structures and procedures to safeguard the integrity of professional sport leagues and competition. Governance is often a complex issue. The league is often the de facto governing body of sport, yet the clubs will vote for changes in the governance framework as part of their membership of the league. This creates an interesting dynamic around stakeholder considerations and the power aspect we discussed earlier in the chapter. Given the current structures, there is an argument as to whether the leagues hold the power nowadays (?) Nor whether the power sits with the biggest clubs in any given league. Notwithstanding this, all leagues have a governance framework that the clubs have agreed to, so it may be that the main problem again lies with the actors in the network rather than the governance structures themselves. The topic of the independent regulator in football is an interesting example in this regard. The independent regulator is due to act as the ultimate backstop between the EPL and the EFL if they cannot agree a way forward on the business model on their own. However, both the EPL and EFL have governance systems of their own that have been agreed to by the clubs within the leagues. The problem that the independent regulator should be tackling therefore is not the governance system but the actors in the network. Often, big structural changes are made to organisations and industries that are deemed to tackle problems that might not exist. The problem is often with people, not structures. As such, any model of effective governance within a broader business model should pay close attention to the compliance of actors within the system.

Conclusion

We have presented the case for business models in professional sport to support business sustainability. We have also presented the unique challenge of applying and delivering relevant business models in a professional sport world where twin objectives, maximising revenues and financial performance, and the delivery of sporting excellence (winning), will continue to collide.

Many professional sports and sport teams have encountered financial difficulties over the last three decades, despite increasing revenues and various forms of financial regulation being introduced. We have presented such evidence in this chapter. We have also considered how this intersects with integrity in sport, focusing on how integrity underpins business sustainability and how this affects both leagues and clubs. We have attempted to conclude our arguments by offering a model to consider for the future, providing leagues and clubs with a blueprint to navigate toward business sustainability, that is focused on long-term outcomes.

We do not claim that the model presented is definitive. Nonetheless, it presents a useful platform for further scrutiny and research, particularly as there is yet to be a conclusive definition of what a business model should include or what effective governance in sport looks like. Notwithstanding this, custodians of any sport should take note of the key characteristics that we have considered to be required for a sustainable model. Should good business modelling continue to be overlooked, there is the acute possibility that many professional sports and their teams will stifle any hope of development and growth in the longer term, when the appeal of sport is at its highest. It is far better to get on the front foot, rather than look back on a missed opportunity.

References

- Agnew, D., Henderson, P., & Woods, C. (2017). Ethics, integrity and well-being in elite sport: A systematic review. *The Sport Journal*, 19 (24), 1-19.
- Alonso, A., D., O'Shea, M., & Morton, H. (2012). Employment relations in the context of professional rugby union: A case study. *International Journal of Employment Studies*, 20(10), 82-103.
- Andreff, W., & Staudohar, P. D. (2000). The evolving model of professional sports finance. *Journal of Sports Economics*, 1(3), 257-276. <https://doi.org/10.1177/152700250000100304>
- Bansal, T & DesJardine, M. (2014). Business sustainability: It is about time. *Strategic Organization*. 12(1), 70-78. <https://doi.org/10.1177/1476127013520265>
- Bodet, G. (2009). Give me a stadium and I will fill it. Analysis of the marketing management of Stade Francais Paris Rugby Club. *International Journal of Sports Marketing and Sponsorship*, 10(3), 252-262. <https://doi.org/10.1108/IJSMS-10-03-2009-B007>
- Brandenburger, A. & Nalebuff, B. (1996). *Co-Opetition: A Revolutionary Mindset That Combines Competition and Cooperation: The Game Theory Strategy That's Changing the Game of Business*. New York, NY: Doubleday.
- Carlsson-Wall, M., Krauss, K., M & Messner, M. (2016). Performance measurement systems and the enactment of different institutional logics: Insights from a football organisation. *Management Accounting Research*, 32(1), 45-61. <https://doi.org/10.1016/j.mar.2016.01.006>
- Chadwick, S. (2009). From outside line to inside track: sport management research in the twenty-first century. *Management Decision*, 47(1), 191-203. <https://doi.org/10.1108/00251740910929786>
- Cicut, N., Montchaud, S., Millereux, V., & Dantin, P. (2017). Identification, prioritization and management of professional football clubs' stakeholders. *International Business Research*, 10(7), 99-117. DOI:10.5539/ibr.v10n7p99
- Clarkson, B., Plumley, D., Philippou, C., Wilson, R. & Webb, T. (2023). Money troubles and problems ahead? The financial health of professional women's football clubs in England. *Sport Business and Management: An International Journal*, 13(5), 563-581. <https://doi.org/10.1108/SBM-10-2022-0088>

Clarkson, M.B.E. (1995). A stakeholder framework for analysing and evaluating corporate social performance. *Academy of Management Review*, 20(1), 92-117. <https://doi.org/10.5465/amr.1995.9503271994>

Deloitte (2023). *A balancing act: annual review of football finance 2023*. Deloitte Sport Business Group. Available at: <https://www2.deloitte.com/uk/en/pages/sports-business-group/articles/annual-review-of-football-finance-europe.html>

Demil, B., & Lecoq, X. (2010). Business model evolution: in search of dynamic consistency. *Long Range Planning*, 43(2-3), 227-246. <https://doi.org/10.1016/j.lrp.2010.02.004>

Dobson, S. and Goddard, J. (2011), *The Economics of Football*, (2nd ed), Cambridge, University Press.

Dyllick, T., & Hockerts, K. (2002). Beyond the business case for corporate sustainability. *Business Strategy and the Environment*, 11(2), 130-141. <https://doi.org/10.1002/bse.323>

Fort, R., & Quirk, J. (2004). Owner objectives and competitive balance. *Journal of Sports Economics*, 5(1), 20-32. <https://doi.org/10.1177/1527002503261275>

Francois, A. Dermit-Richard, N. Plumley, D. Wilson, R. & Heutte, N. (2021). The effectiveness of UEFA Financial Fair-Play: Evidence from England and France, 2008-2018. *Sport, Business and Management: An International Journal*, 12(3), 342-362. <https://doi.org/10.1108/SBM-03-2021-0024>

Gardiner, S., Parry, J., & Robinson, S. (2017). Integrity and the corruption debate in sport: Where is the integrity?. *European Sport Management Quarterly*, 17(1), 6-23.

Golding, A., Plumley, D. & Wilson, R. (2023). Introducing a model of business sustainability in English professional rugby union. *Managing Sport and Leisure*, DOI: <http://doi.org/10.1080/23750472.2023.2171903>

Harris, L., C. & Jenkins, H. (2001) Planning the future of rugby union: a study of the planning activities of UK rugby clubs, *Marketing Intelligence and Planning*, 19(2), 112-12. <https://doi.org/10.1108/02634500110385390>

Lieu, S., Skinner, J., & Grossman, A. (2019). From Rags to Riches: Business Model Innovation in the Ecosystem of the Chinese Super League. *Journal of Sport Management* 7(3), 406-426. <https://doi.org/10.1080/24704067.2020.1751675>

- Manoli, A. E., Bandura, C., & Downward, P. (2020). Perceptions of integrity in sport: Insights into people's relationship with sport. *International Journal of Sport Policy and Politics*, 12(2), 207-220.
- Margretta, J. (2002). Why business models matter. May, *Harvard Business Review*, 86-92.
- McNamara, P., Peck, S.I., & Sasson, A., (2011). Competing business models, value creation and appropriation in English football. *Long Range Planning* 46(6), 475-487. <https://doi.org/10.1016/j.lrp.2011.10.002>
- Næss H.E., Tjønndal A. (2021). *A Model for Sport Management Innovation*. In: Innovation, Sustainability and Management in Motorsports. Palgrave Macmillan, Cham.
- Paley, T. (2023, Feb 28). White Kart Lane: Tottenham sign 15-year deal with F1 for in-stadium track. *The Guardian* <https://www.theguardian.com/football/2023/feb/28/white-kart-lane-tottenham-hotspur-15-year-go-karting-deal-f1>
- Pawlowski, T. (2013). Testing the uncertainty of outcome hypotheses in European professional football: a stated preference approach. *Journal of Sports Economics*, 14(4), 341-367. <https://doi.org/10.1177/1527002513496011>
- Pittz, T., G. Benedickson, J.S., Cowden, B.J., & Davis, P., E. (2021). Sports Business Models: a stakeholder optimization approach. *Journal of Small Business and Enterprise Development*. 28(1), 134-147. <https://doi.org/10.1108/JSBED-12-2019-0409>
- Plumley, D., & Wilson, R. (2022). *The economics and finance of professional team sports*. Taylor & Francis.
- Plumley, D., Serbera, J.P., & Wilson, R. (2020). Too big to fail? Accounting for predictions of financial distress in English professional football clubs. *Journal of Applied Accounting Research*, 22(1), 93-113. <https://doi.org/10.1108/JAAR-05-2020-0095>
- Plumley, D., Wilson, R. & Shibli, S. (2017). A holistic performance assessment of English Premier League football clubs 1992-2013. *Journal of Applied Sport Management*, 9(1), 1-29.
- Plumley, D., Wilson, R., Millar, R. & Shibli, S. (2019). Howzat? The Financial Health of English Cricket: Not Out, Yet. *International Journal of Financial Studies*, 7(11), 1-17. <https://doi.org/10.3390/ijfs7010011>

Rayner, M. (2017). *Rugby Union and Professionalism, Elite Player Perspectives*, (1st Ed.). Oxford: Routledge, Taylor and Francis Group.

Sánchez, P., & Ricart, J. (2010). Business model innovation and sources of value creation in low-income markets. *European Management Review*, 7(3), 138-154. <https://doi.org/10.1057/emr.2010.16>

Schaltegger, S., & Wagner, M. (2011). Sustainable entrepreneurship and sustainability innovation: Categories and interactions. *Business Strategy and the Environment*, 20(4), 222-237 <https://doi.org/10.1002/bse.682>

Schaltegger, S., Hansen, E. G., & Lüdeke-Freund, F. (2016). Business Models for Sustainability: Origins, Present Research, and Future Avenues. *Organization & Environment*, 29(1), 3-10. <https://doi.org/10.1177/1086026615599806>

Schaltegger, S., Lüdeke-Freund, F., & Hansen, E. G. (2012). Business cases for sustainability: The role of business model innovation for corporate sustainability. *International Journal of Innovation & Sustainable Development*, 6(2), 95-119. <https://doi.org/10.1504/IJISD.2012.046944>

Seelos, C. (2014). Theorizing and strategizing with models: *Generative models of social enterprises*. *International Journal of Entrepreneurial Venturing*, 6(1), 6-21 <https://doi.org/10.1504/IJEV.2014.059406>

Senaux, B. (2008). A stakeholder approach to football club governance. *International Journal of Sport Management and Marketing*, 4(1), 4-17. <https://doi.org/10.1504/IJSMM.2008.017655>

Shafer, S.M., Smith, H.J & Linder, J.C. (2005). The Power of Business Models. *Business Horizons*, 48(3), 199-207. <https://doi.org/10.1016/j.bushor.2004.10.014>

Shibli, S., & Wilkinson-Riddle, G.J. (1997). The financial health of English Cricket—An analysis based upon the 1995 annual reports and financial statements of the 18 first class counties. *Journal of Applied Accounting Research* 4(1), 4–37.

Stubbs, W., & Cocklin, C. (2008). Conceptualizing a “sustainability business model.” *Organization & Environment*, 21(2), 103-127. <https://doi.org/10.1177/1086026608318042>

Syzmanski, S. (2003). *The Economic Design of Sporting Contests*. *Journal of Economic Literature*. 41, 1137-1187. DOI: 10.1257/002205103771800004

Teece, D.J. (2010). Business models, business strategy and innovation. *Long Range Planning*, 43(2-3), 172-194. <https://doi.org/10.1016/j.lrp.2009.07.003>

Wilson, R. & Plumley, D. (2017). Different shaped ball, same financial problems? A holistic performance assessment of English Rugby Union (2006-2015). *Sport, Business and Management: An International Journal*, 7 (2), 141-156. <https://doi.org/10.1108/SBM-10-2016-0063>

Wilson, R., Plumley, D. & Barrett, D. (2015). Staring into the abyss? The state of UK rugby's Super League. *Managing Leisure: An International Journal*, 20(6), 293-310. <https://doi.org/10.1080/23750472.2016.1141367>

World Commission on Environmental Development. (1987). Our common future. Oxford, England: Oxford University Press

Yunus, M., Moingeon, B., & Lehmann-Ortega, L. (2010). Building social business models: Lessons from the Grameen experience. *Long Range Planning*, 43(2-3), 308-325. <https://doi.org/10.1016/j.lrp.2009.12.005>