For ‘Love’ and Money: A Sports Club’s Innovative Response to Multiple Logics

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This article builds on prior theory and research on institutional logics and shows how a multisports club changes during its organizational life from an all amateur or voluntary logic to embody multiple logics simultaneously with different subunits being aligned with different organizational fields. The emergence of the professional logic for elite soccer in the presence of a volunteer logic caused a change in the structure of the club whereby all the units in the club became economically and legally autonomous. Soccer was divisionalized into soccer for everybody and soccer for the elite. The creation of a shareholding company and the use of an investment company which introduced the commercial logic were the next steps. This paper extends the literature by suggesting that different and opposing institutional logics such as the amateur, the professional, and commercial logics can coexist within a multisports club or, to put it another way, that the multisports club may belong to several organizational fields.

Organizational change and adaptation have been central research issues in organizational literature (Greenwood & Hinings, 1993, 1996; Laughlin, 1991) as well as in sport. Scholars have investigated changes in amateur sport organizations at the national level (Amis, Slack, & Hinings, 2004; Girginov & Sandanski, 2008; Hinings, Thibault, Slack, & Kikulis, 1996; Kikulis, 2000; Kikulis, Slack, & Hinings, 1992, 1995; Stevens, 2006), and in professional sport franchises (Cousens, 1997; Cousens & Slack, 2005; O’Brien & Slack, 2004). A central theme guiding these investigations of organizational change is the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their reality (Thornton & Ocasio, 1999). The sports club belongs to the organizational field of sports clubs in Norway, comprised of more than 12,000 clubs, in addition to related organizations such as sport federations, district associations, and the umbrella organization, Norwegian Olympic and Paralympic Committee and Confederation of Sports (NIF). A question for examination is if the various subgroups and organizational actors within the organization (i.e., the sports club) can have their own logics dependent upon their functions and their goals. What is acceptable or not acceptable in a field is determined by the institutional logic. Over time it is usual to have a dominant logic. This helps to establish frameworks with a local meaning and helps decision-making in relation to different issues that are most consistent with the logic.

This paper builds on earlier work of Slack (1985), who investigated the bureaucratization of a voluntary sport organization (a provincial swimming association), and O’Brien and Slack’s (1999) work on the deinstitutionalization of amateur values. “Just as values and ideas can be institutionalized, they can also be deinstitutionalized” (Skinner, Stewart, & Edwards, 1999, p. 174). O’Brien and Slack demonstrated how social, political, and functional pressures assisted in the process of deinstitutionalization. Further work by the same authors (O’Brien & Slack, 2003) examined strategic responses to commercial
pressures by the Rugby Football Union (RFU), and the changes in the dominant institutional logics in the English professional game (O’Brien & Slack, 2004). Their work was extended to explain the processes that characterized the diffusion of a new professional logic in the organizational field that constitutes the Rugby Football Union (O’Brien & Slack, 2004). Along these lines, Cousins and Slack (2005) studied the institutional logics of action of league and franchise leaders. The change was from sport specific qualities to entertainment. The latest is the case study analysis of NCAA Division I Women’s Basketball Tournament (Southall & Nagel, 2008) and the 2006 National Collegiate Athletic Association Division I Men’s basketball Tournament (Southall, Nagel, Amis, & Southall, 2008) which highlighted two contradictory institutional logics, termed ‘educational’ and ‘commercial.’

Heeding to the call of O’Brien and Slack (2004) for further case analyses of individual sport organizations, the present work undertakes a case study of a local multisports club in Norway that has become more bureaucratized and professionalized and, in the process, changed the structure of the sports club and deinstitutionalized the amateur ethic in one of the units, the elite soccer. The changes over time are depicted and the key events that triggered the changes are described. Our case study supports Kraatz and Block’s (2008) position that there is “no obvious reason to predict that an organization cannot fulfill multiple purposes, embody multiple values (or logics), and successfully verify multiple institutionally-derived identities” (p. 261).

Following the dictum that the study of organizational change should incorporate the history, the processes, and the actions associated with such changes (Pettigrew, Woodman, & Cameron, 2001), we studied the history of Kongsvinger Idrettslag (KIL), a multisports club, and the changes it underwent over time and the contextual factors surrounding the changes. Accordingly, we examined processes of KIL and the club’s actions in response to pressures from the market. We employed the framework of institutional theory as a lens to study both the incremental and radical changes during the life cycle of the club and the sources of the impetus for such changes. Based on prior theory and research on institutional logics, we showed how KIL changed from an all amateur or voluntary logic to an entity embodying multiple logics including a professional logic and a commercial logic. The adoption of the professional logic to accommodate the demand for elite soccer also resulted in structural changes and the renaming of KIL as Alliance Club KIL wherein all units were financially and legally autonomous. The soccer operations were divided into those for everybody (Club Soccer) and those for the elite (Top Soccer). A shareholding company and the use of an investment company were the most recent developments. In essence, we show how these apparently conflicting logics could coexist. The central questions guiding this case study were when, why, and how did these changes in a local sports club take place? Where do new organizational forms come from? What triggers change?

Our focus is on those parts of the club dealing with soccer, the most popular sport in Norway which engenders extensive media coverage and an inflow of money into the professional game (Helland, 2003). Soccer is the only unit which is divided into two units because of different purposes, Top Soccer for the elite and Club Soccer for everybody. Top Soccer moves into the sphere of the market while Club Soccer remains in the voluntary sector. Thus, Alliance Club KIL demonstrates institutional pluralism (Kraatz & Block, 2008) by operating in three different institutional spheres: 1) the market, 2) the professional sector, and 3) the voluntary sector. Further, if institutions are understood as ‘the rules of the game’, Alliance Club KIL plays in several games at the same time. The first is the simple game of soccer for the masses, the second is the elite soccer including the politics involving the Norwegian Football Association (NFF) and the change to professional players, and the third is the commercial sector. This research is expected to contribute to the sparse literature on the practical and theoretical implications of operating in pluralistic institutional environments (Kraatz & Block, 2008). Reay and Hinings’s (2005) study of health care services in Alberta, Canada, showed radical changes involving competing institutional logics within an organizational field. Yet, while the structure of the field and the dominant logic changed, the earlier dominant logic of the medical profession was not entirely removed by the business-like health care.

In the following sections, we provide (a) a theoretical framework for the study, (b) a short description of the Norwegian sport model, (c) a description of the methods employed, and (d) the findings regarding the various institutional logics in the club’s life cycle. The discussion centers around KIL achieving integration among its several units, most notably among the units offering sport services for participants, the unit in charge of the elite soccer team in the Norwegian Premier League (hereafter Premier League), and the unit established to finance the elite team. Throughout the paper, the focus will be on the multisports club’s reactions to the multiple logics and how the club tackles its environment.

Theoretical Framework: Institutional Theory

Early studies of institutions date back to the works of Selznick (1948, 1949, 1957) and those of Meyer and Rowan (1977) and Zucker (1977) who focused on the role of culture and cognition in institutional analysis. From a macro perspective, Meyer and Rowan (1977) emphasized that the process of modernization leads to isomorphism in the formal structure of the organizations. From a microperspective, Zucker (1977) emphasized the taken-for-granted nature of institutions. From then on, institutional theory has been a dominant framework
in the analyses of organizations. It focuses on social and cultural forces, which shape similarity and stability among organizations in an organizational field (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). DiMaggio and Powell (1983) suggested that an organization faces three forces in seeking legitimacy: 1) mimetic, 2) coercive, and 3) normative forces. Mimetic forces foster the tendency of organizations in a field to copy each other in terms of structures and processes. The case of the National Olympic Committees (NOCs) of various nations adopting similar structures and processes in response to the initiatives of the International Olympic Committee would be an example of the influence of coercive forces. When NOCs copy the practices of other, successful NOCs, mimetic forces are in play (Amis, Slack, & Hinings, 2002). Similarly, when national sport organizations in Canada accepted the government’s guidelines on how their respective organizations should be run in return for financial assistance, they succumbed to coercive forces (Slack & Hinings, 1994; Slack & Thibault, 1988). Finally, normative forces stem from the professional standards in managing and running an organization and sources of such normative sources are largely education, training, and certification of managers and administrators (Macintosh & Beamish, 1987; Slack & Thibault, 1988). The would-be managers of organizations are taught the appropriate structures and processes for a given organization and, in managing their respective organizations, these individuals will implement what they had been taught and they are thereby creating uniformity among organizations. In adapting to these three forms of forces, an organization gains legitimacy defined as a “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate, within some socially-constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p. 574).

A significant thrust of the works of DiMaggio and Powell (1983) was that organizations in a field would become similar to each other, and that such organizations would be bound by the logic imposed by the institutional sphere in which they operate (i.e., they would be locked into an ‘iron-cage’ defined by this institutional logic). The concept of institutional logics was first introduced by Alford and Friedland (1985). Following this, Friedland and Alford’s (1991) seminal essay, together with the empirical works of Haveman and Rao (1997) and Thornton and Ocasio (1999), emphasized the institutional logics in institutional analyses where the content and meaning of the institutions became important. Institutional logics, which are both material and symbolic (Thornton & Ocasio, 1999), offer the formal and informal rules of behavior and interaction, and an explanation that guides and limits decision makers in achieving the tasks of the organization and thus acquire social status, credits, penalties, and rewards. These rules, usually implicit, represent a set of values and assumptions about organizational reality, appropriate behavior, and success (March & Olsen, 1989). Together, they determine which options and solutions are possible and appropriate. Thus, institutional logics help in establishing frameworks that have local meaning and facilitate decision making across different issues. Further, the notion of institutional logics bridges the gap between the macro-structural perspectives of Meyer and Rowan (1977) and DiMaggio and Powell (1983) and the more micro–centered approaches enunciated by Zucker (1977).

The perspective of the ‘iron cage’ has lost its fervor as it has been shown that organizations do change and escape the ‘iron cage’, and that it is possible for several institutional logics to exist simultaneously and together underpin the operations of a single organization. This new perspective of “institutional pluralism” presupposes “a situation faced by an organization that operates within multiple institutional spheres” (Kraatz & Block, 2008, p.244). Such an organization is faced with multiple regulatory regimes and multiple normative orders. And as it belongs to more than one institutional category, it is also characterized by multiple identities (Kraatz & Block, 2008). For example, Greenwood and Hinings (1993) showed how existing organizations shift from one archetype to another. Archetypes are comprised of a set of institutional logics or interpretive schemas together with a set of consistent structural features and decision-making systems. Similarly, O’Brien and Slack (2003, 2004) demonstrated ways in which the dominant logic changed from amateurism and voluntarism to professionalism and commercialization in professional rugby union. This shift in institutional logic changed what were acceptable activities at the individual, organizational, and field levels. Cousens and Slack (2005) showed how the logic of business was “both a catalyst for and an outcome of shifting exchange and ownership arrangements linking sport to media companies” (p. 30). Their findings indicated that the logics of action “changed from the league to the corporation” (p.33), which is from sport to business. However, the authors were also “cognizant that secondary logics representing the interests of other groups in the field could exist simultaneously” (p.34).

In addition to the shifting of organizations from one form to another, it has also been shown that an organization may adopt simultaneously different structures and processes for its various units based on the particular environments they face. Nevertheless, each unit’s structures and processes would be consistent with the pressures of the institutional sphere to which it belongs, i.e., such an organization exhibits institutional pluralism. Professional soccer clubs have moved toward the market, and this makes them a hybrid organization (Skirstad, Felde, & Thomassen, 1996). In the context of Canadian sport, Danisman, Hinings, and Slack (2006) found that “in spite of cultural consistency and a high level of agreement within both the overall field and each organization, the manifestation of institutionally prescribed values among individual actors varies mainly by the work they do” (p. 314). The types of workers included in their study were technical staff, administrative staff, coaches, officials, and competitive athletes. The essential thrust of their findings is that there could be differentiation of values.

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among functional groups within an organization and that the institutional values serve as a mechanism to integrate the divergent functional values.

Context for the Case Study

As noted, KIL is one of many sports clubs in Norway. Sport is an integral part of Norwegian society, with more than 1.5 million people (out of a population of 4.5 million) engaged in sport. Sports clubs provide opportunities for sport participation in terms of their agents offering sport-related services as well as the needed facilities. These clubs, formed by friends or fellow workers who find a mutual interest in one or more branches of sport, are characterized by democratic traditions including elections and participative decisions. The dominant institutional logic among Norwegian sports clubs was based on voluntarism, democracy, loyalty, and equality (NIF, 2006). More than half of the clubs are very small, while some are large (Enjolras & Seippel, 2001); for instance, 10% of the clubs cater to 40% of all club members.

KIL was established in 1892 and continues to offer opportunities for participation in several sports. In more than 118 years of its existence, KIL has undergone many changes. The most drastic change was when the units for soccer moved into another institutional sphere, which espoused values of elitism, excellence, professionalism, and later commercialism. Such a move also engendered power dynamics among organizational units and relevant stakeholders who had control over resources. The present paper articulates the stages of this transition, the environmental pressures that induced such transitions, and the solutions that KIL found to survive in the organizational field of sports clubs.

Our longitudinal case study describes the stages in the history of KIL—the beginnings when the amateur or voluntary logic dominated, then special focus on the period from 1985 when the professional logic dominated in parts of the club beside the amateur logic, and in the period from 1992 when the commercial logic dominated the Top Soccer unit. The club started as a club for a single sport—skiing—and then quickly turned into a multisports club (see Figure 1). The year 1985 is significant because that was when KIL professionalized. Later, in 1992, the club transformed itself into Alliance Club KIL, an umbrella organization on the local level, to address the needs of the different specialized sport units within the club. From that point on the various units operated independently of each other. More specifically, these specialized sport units were affiliated with their respective regional and national federations, and adhered to the rules and regulation of those federations.

Thus, each specialized unit operated as a de facto mini sports club within the larger Alliance Club KIL. That is, these specialized sport units of Alliance Club KIL retained their independence to a considerable extent. Through such affiliations, Alliance Club KIL was linked to NIF.

Focusing on soccer, it is remarkable that KIL, operating in a city of less than 20,000 people situated 100 km north-east of the capital, Oslo, performed so well in soccer competitions, gaining promotion to the Premier League in 1983. KIL managed to stay in the Premier League for 17 successive years, finishing third in 1986 and 1987, and second in 1994. Such success in soccer led to the realization that outside investors could be involved in the commercialization of KIL Top Soccer. KIL was the second club in Norway to undertake this move of linking the soccer operation with outside investors (Hervik, Ohr, & Solum, 2000). It must be noted that while KIL was a pioneer in aligning with outside investors, it also maintained its long traditional role as a multisports club at the grass roots level.

Method

Following Yin’s (2009) recommendations for a case study, we examined in depth the Norwegian sport calendar, the annual reports from KIL, the contracts between the Top Soccer unit and the shareholding company, annual reports, three books about the club, newspaper clippings that document the changes in institutional logics of the multisports club over a longer period of time. We also conducted interviews with key individuals in KIL sports club.

Data Collection and Analysis

KIL was chosen for two main reasons. First, it provided the opportunity to describe different logics existing in the same sports club. Second, as KIL was relegated to the First Division in 1999, it was possible to explore whether the relegation of soccer had any eventual effect on the commercial and amateur logics.

Bjørnstad (1999), an ardent supporter of KIL who knew the club well and has access to the needed information, made the first round of interviews in February 1999. The first round consisted of seven semistructured interviews (six face-to-face and one telephone interview with an employee in NFF). Four key-informants were selected because they were at one time part of the Sport Committee and in addition the Manager of Top Soccer and KIL Sport AS. Their positions in the club, their previous experience, and years in office are outlined in Table 1. The second round consisted of telephone interviews with seven individuals of which six were the same individuals who had taken part in the previous round of interviews and the seventh interview consisted of the newly elected president of KIL Top Soccer. Because of the trust established with interviewees during the first round, telephone interviews were deemed effective for the second round. We also conducted a search in the database for all the major newspapers (including the local one) for the period 1946–2001, which resulted in 731 articles.

In addition, informal discussions were held in 2008 with the president of KIL Top Soccer at that time, the division of KIL, as well as the president of KIL Club Soccer. These people were chosen because they represented the
managerial elite of the club, and as Hinings, Thibault, Slack, and Kikulis (1996) argued, they control or adopt the institutional values. At both times, a person from the NFF, who dealt with matters relating to the Premier League clubs and the establishment of shareholding companies, was interviewed by telephone. This person was fully aware of what the other clubs in Norway did, and he also handled the contracts that the professional clubs sent to NFF for approval.

The format for the one hour interviews was semi-structured, and the interviewers prepared a set of themes on KIL relating to elements such as the contract agreement, the annual reports; have there been disagreements between the alliance club and the shareholding company and the investors?; and the differences between the voluntary logic (interest of the members), the professional logic (of the hired staff and players) and the commercial logic in the interest of the owners. Another question

Solid lines indicate relatively more intense and frequent interactions.

**Figure 1** — Organizational chart of KIL Sport Club with dates for establishment of the different units.
asked was whether the values of sport as voluntarism, democracy, loyalty meant anything for the investors. The interviews also covered Norwegian sport in general and the shareholding company in particular. Other aspects that were touched upon were issues relevant to power and resource dependency. The interviews were open-ended to secure free expression of personal opinions as well to allow new issues to arise. Each interview was audio recorded and fully transcribed.

In addition to the interviews, we carried out document analysis of annual reports, board minutes, minutes from the club’s annual general meetings, the three year contracts with the shareholding company from 1993, 1996, and 1999, and the annual contracts from 2000. We also perused two anniversary books — the 90th anniversary of KIL (Venberget, 1982) and the 100th anniversary (Venberget & Toreng, 1991) — an annual calendar of Norwegian sport (1946–1952) and a book about KIL’s first five years in the Premier League (Brenna, 1987). In addition, a database, Retriever, which covers electronic material from all major newspapers in Norway for the last 30 years or more in some cases, including the local paper in the region of the sports club, was also perused. Newspaper articles provide reporter-based view of events and valuable information including quotations and reactions from individuals speaking on behalf of key actors at the field level. We searched this database for documents on KIL, Alliance Club KIL, KIL Soccer, and the financial situation of KIL Top Soccer, and when those documents were found, we looked for statements supporting the different logics. All relevant organizational document passages, press coverage, and interview transcripts were manually coded for the logic they displayed.

Reliability and Credibility

The reliability of the findings is improved by use of a triangulated method which involved documentary and archival data and the interviews in the two rounds. As noted, two independent interviewers were engaged in the two rounds, but they discussed the findings together to be sure the interpretations were used in the same way to create internal reliability (Thomas & Nelson, 1996). As Lincoln and Guba (1985) noted, our prolonged engagement and triangulation has increased the probability that credible findings would be produced. It must also be noted that the transcribed interviews were read and approved by interviewees (Lincoln & Guba, 1985); that is they were member validated (Kvale & Brinkmann, 2009).

Findings

We present the findings in the sequence in which our focal club moved from the amateur or voluntary logic to the incorporation of the professional and later entertainment and commercial logic. KIL moved from (a) being a single sports club for skiing to a multisports club run by volunteers as amateur managers to (b) professionalization of management and the introduction of payment to players.
which underlie the professional logic, and finally to (c) the formation of Alliance Club KIL in 1992, where Top Soccer was a major player and the logics of amateurism and professionalism coexisted simultaneously in KIL. By professionalization, we refer to the “financial remuneration” of athletes (O’Brien & Slack, 2004, p. 26), “hiring of paid ‘professional’ staff and coaches and the adoption of a more sophisticated management practices to increase organizational effectiveness” (Taylor, Doherty, & McGraw, 2008, p. 277). In Table 2, the event, the year of the event, the purpose, the institutional logics, and the major features of each logics are specified.

We pay most attention to the last stage, which also represents the most radical change due to changes in the regulatory structures and the internal structures in KIL, the dual model in soccer, the establishment of a shareholding company, Sport Committee, and the investment company. The last unit represents the commercial logic and finances the players. The different stages of KIL’s existence are shown in Figure 1, where the dates for the establishment of the different units are indicated, and the structures after 1992 and 1995 are highlighted.

### Amateur/Voluntary Logic

The predecessor of KIL dates back to 1860 when it began as a shooting club and then, in 1886, it organized skiing competitions as well. It was more formally organized in 1892 as the Skiing Association of Kongsvinger and Surroundings in response to the desires of members for skiing and social contact. The bylaws of 1892 noted that it was a club for men, women, and children over 12 years of age. At that time, the executive board of KIL consisted of three men and two women. It is striking that women were better represented in those days than in the case of many modern day sports clubs. A year of crises for the volunteer logic was 1899, because no one attended the annual meeting of the club, and the annual meeting was not organized before 1901. The club had to pay both the treasurer and the secretary 25 Norwegian Kroner (NOK; $4.28 US) to find someone for the job. By the next annual meeting these positions were redesignated as voluntary jobs. The club also started a women’s group as early as 1934 (Venberget & Toreng, 1991). In the early stages, the major activity of the club was skiing and the club joined the Norwegian Ski Federation in 1910. A major

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
<th>Purpose</th>
<th>Institutional logics</th>
<th>Major features of each logic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1892</td>
<td>Establishment of Kongsvinger and Surrounding’s Ski Club, KIL</td>
<td>Parent club for the entire district. Took roots from shooting and military preparedness.</td>
<td>Voluntary or Amateur</td>
<td>Taken-for-granted Intrinsic rewards Honorary positions</td>
</tr>
<tr>
<td>1923</td>
<td>Merged with KIL Sport Club in 1923. Then a real multisport Club, and kept the name KIL</td>
<td>Brought together all sport activities in the city.</td>
<td>Amateur</td>
<td>Independent Democracy Loyalty Equity</td>
</tr>
<tr>
<td>1940</td>
<td>KIL merged with Labor Club Fram.</td>
<td>Acted according to the sport compromise which united the organization for Workers’ Sport and the bourgeois sport.</td>
<td>Amateur</td>
<td>Identity Fair play Camaraderie Annual meetings</td>
</tr>
<tr>
<td>1983</td>
<td>Soccer team entered Premier League</td>
<td>Demonstration of excellence and high performance in soccer</td>
<td>Semiprofessional</td>
<td>Started to show “professional attitude “ (Brenna, 1987, p.3)</td>
</tr>
<tr>
<td>1985</td>
<td>Employed a Bookkeeper</td>
<td>Professionalized management of the KIL, and semi-professionalism of the players</td>
<td>Professional</td>
<td>Money remuneration Contracts with players</td>
</tr>
<tr>
<td>1990</td>
<td>Incurred a deficit of almost one million NOK</td>
<td>Faced with the danger of bankruptcy of the entire club</td>
<td>Commercial</td>
<td>Motivation to change</td>
</tr>
<tr>
<td>1992</td>
<td>Differentiated Top Soccer and Club Soccer, Secured finances through KIL Sport AS</td>
<td>Created the Alliance Club KIL, KIL Top Soccer, and KIL Sport AS as approved at General Assembly</td>
<td>Commercial or Professional and Amateur</td>
<td>Increase resources</td>
</tr>
<tr>
<td>1993</td>
<td>Top Soccer needed a professional license</td>
<td>Regulated by NFF</td>
<td>Professional</td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>Managed and financed player operations</td>
<td>Linking with RPC Finans AS</td>
<td>Commercial</td>
<td>Secure resources</td>
</tr>
<tr>
<td>2001</td>
<td>KIL Top Soccer operations Increase soccer performance and improve finance</td>
<td>Took over KIL Sport AS Strategic plan</td>
<td>Commercial and Professional</td>
<td></td>
</tr>
</tbody>
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shift occurred when KIL in 1923 merged with the gymnastic club in Kongsvinger and began to offer soccer, athletics, and other activities. The same year, it became a multisports club by merging with KIL Sports Club, thus catering to all sports in Kongsvinger. Orienteering in 1936, handball in 1939, ice hockey in 1961, and tennis and table tennis in 1973 were later included as club activities. A significant change occurred in 1940 when KIL merged with the labor club Fram as a follow-up to the compromise reached between the Workers’ Sport Confederation which stressed sport for all and the bourgeois confederation of sports focused on competitive sport (Olstad & Tønnesen, 1986; Venberget & Toreng, 1991).

After the Second World War, a more formally organized series of competitions in soccer were introduced in Norway (Gokssy & Olstad, 2002). In the early 1960s, KIL soccer entered league competitions in the fourth Division and moved up and down between Divisions 3, 4, and 5, and in 1980, they moved up to Division 2. In 1980, a completely new action plan was launched that made KIL a model club with strategic plans for both “the organization and administration of the club” (Brenna, 1987, p. 1). The year 1982 was eventful as KIL won Division 2 in the B group, and in 1983 they entered the Premier League where they stayed until 1999. The Premier League operates a relegation system in which the two teams ending at the bottom of the table are demoted to the First Division and the two top teams in the First Division are promoted to the Premier League. However, the amateur ideal remained central to the club and values such as amateurism had become institutionalized through the club’s history, structures, rituals, myths, and culture. NIF, the umbrella organization, forbade payment of any kind to players for loss of earnings because of playing. KIL had volunteers fulfilling all administrative jobs until 1985.

These amateur values, which supported autonomy, democracy, loyalty, equity, and fair play, were taken for granted. The President of KIL Top Soccer wondered why every other Sunday, members would spend all their free time to get there two hours before the match and stay till the end of the match, and perhaps not see the match itself because they had been at the entrance, and continued:

They are so deeply interested in soccer, and they really appreciate to be part of the KIL milieu and identify with the club. This means, we cover their needs with just letting them be present. You almost get tears in your eyes then, you know.

Professional and Commercial Logic

Our focus turns now to KIL Soccer, a unit of the multisports club KIL. Because soccer was, and still is, the most popular sport, the dynamics of operating this subunit necessitated the changes in the structure which are the focus of this paper. As mentioned before, a major breakthrough came in 1983 when the team was promoted to the Premier League, and “a new soccer epoch started in the Kongsvinger area” (Brenna, 1987, p. 1). At their home stadium a new standing tribune was built. The captain of the team wrote in the local newspaper after the two first matches: “another match which will mean a lot for us: Increased self-confidence, new points, stronger trust from people surrounding us, good PR for KIL...” (Brenna, 1987, p. 3).

KIL was expected to do badly in the first year and it was widely predicted that they would be relegated back to the First Division. Experts and reporters wrote that KIL Soccer had “no chance to avoid relegation which, in fact, inspired the team players to do their very best according to their Swedish coach.” While the media nicknamed KIL Soccer “the team from the woods,” supporters of opponents called the team the “farmers” (Brenna, 1987, p. 30). KIL became very popular in the media in 1983 (Brenna, 1987, p. 197). In 1984, the club hired a new coach and they bought their first player, a goalkeeper, for approximately $8,569 US, which they did not regret.

The professionalization process within KIL started with an earlier decision in 1985 by KIL Top Soccer to hire a full-time paid bookkeeper to handle its financial affairs and to accept nonamateur players. The turnover in KIL Soccer was at that time 2,200,000 NOK (approximately $370,283 US) which was equal to a middle size Norwegian corporation (Brenna, 1987). KIL then began the move from a sports club with the voluntary logic to professional logic. KIL Soccer was thus transformed from a voluntary sport organization into a more professionally driven organization. This process was triggered by several factors. First, payments to players (which started in 1985 on a small scale) and buying of a keeper increased in the 1990s because the players were required to train during the day. By 1990, players’ salaries consumed on average 43% of the total income of all clubs in the Premier League (Hervik et al., 2000). Even though KIL had one of the lowest costs of player salaries among the Premier League teams, it had a deficit of 1,000,000 NOK (approximately $159,887 US) by 1990. This was partly due to lack of sponsors, wage guarantees to players who were not working, and higher personnel costs than expected (Bjørnstad, 1999). This forced the club to develop new ideas to change its structure and processes and this was linked to their struggle for resources. If KIL Soccer did not cover their deficit they would lose their license to play in the Premier League according to the rules of NFF. At this stage, there was a decoupling from the voluntary logic and a move to the professional logic—the forerunner of a commercial logic. It became clear that Top Soccer needed money to meet their costs of players and the coach.

Changes in Regulatory Structures

The development of KIL Top Soccer cannot be understood without reference to key decisions taken by external bodies (institutional environment). Institutions are understood as regulatory structures (Scott, 1995).
Structural Changes

Bifurcation of Soccer, Sport Committee and Investment Company

The year 1992 saw a radical change in the structure and governance of KIL. While the previous history of KIL showed its slow evolution from a club focused on member services to one focused on external competitions and professionalism, the creation of KIL Sport AS, a shareholding company, represented the first quantum leap or radical change undertaken by KIL. KIL Sport AS was established with 200 shares of 500 NOK ($84 US) each for a total share capital of 1,000,000 NOK. The major responsibility of KIL Sport AS was to finance and manage the most elite soccer team (i.e., Top Soccer). This step was necessitated by the need to solve the financial problem created by the escalating cost of operating elite soccer. The prospectus for launching the shareholding company states:

The possibility of getting money from the outside has increased because of the good performance of the football (soccer) teams. Molde Soccer Club has recently succeeded with this strategy when two rich persons invested great amounts of money. We do not think that some individuals will give large amounts in the same way for KIL. Therefore, we will count on smaller amounts from many. There have been some positive signals from potential investors who would do so if we offer a clean organization with clear economic goals and under proper management. (KIL, 1992, p. 2)

The management of the lower rungs of soccer was left to volunteers in another unit, under the umbrella organization Alliance Club KIL, which was created in the same year to supervise all other sports.

With the formation of Alliance Club KIL, each sport, such as soccer, handball, athletics, ice hockey, skating, orienteering, and gymnastics became a specialized and autonomous unit with economic and legal independence. Alliance Club KIL was, in effect, the larger organization providing administrative and support services to the largely independent sport units.

This arrangement was consistent with the requirements of NIF’s charter (NIF, 1999). Thus, it was possible for the specialized sport units to be associated with their own sport federations, both at national and regional levels, while being part of Alliance Club KIL which engendered a sense of community. This type of arrangement was reflected in 599 of the 7,000 ordinary sports clubs in Norway as of November 1, 2001 (Ø. Dahle, personal communication, December 15th, 2001).
This mixture of managing club activities by volunteers under Alliance Club KIL and financing of elite soccer by the shareholding company, KIL Sport AS, was a novel and effective solution. In essence, KIL Sport AS, and the sports club were kept as two independent legal entities. This arrangement gave KIL Top Soccer access to capital through KIL Sport AS to ensure its economic viability and stability, and at the same time enabled it to preserve its voluntary status and maintain its membership in the soccer federation. In the process, KIL was able to prevent bankruptcy, which could have harmed KIL Top Soccer as well as the other members of Alliance Club KIL.

The contract between KIL Top Soccer and the shareholders of KIL Sport AS made this a harmonious model according to the authors of previous studies of Norwegian Soccer clubs (Gammelsæter & Ohr, 2002; Jacobsen, Fløysand, Nese, & Gammelsæter, 2005). It was a way to circumvent the regulators, who were NFF and NIF. Another reason for keeping the voluntary sports club as a central focus of sport activities was that, under Norwegian tax laws, voluntary organizations are not required to pay tax on any financial surplus they create at the club level. In contrast, shareholding firms have to pay tax on their surpluses in the usual way. To avoid paying such taxes, the shareholding company transferred its surpluses to the club and absorbed the resultant loss.

While the executive board of the club is the formal decision-making body, the commercial rights of Top Soccer were given to the shareholding company. The club, however, ran the risk of losing the financial support if it acted against the shareholding company’s will. As the club manager noted,

The club is dependent all the time on the approval of the investors. Those who have the control of the money can turn it off if they are not satisfied with how things are done. This is how it is in any corporation.

With the creation of Alliance Club KIL and KIL Sport AS, KIL has taken the form of what Mintzberg (1989) calls a divisionalized form. Alliance Club KIL and the sport units within it were concerned with the pursuit of pleasure and health, as well as pursuit of excellence through the provision of facilities and organized programs in different sport activities for its members. In contrast, KIL Sport AS was involved in the purveying of excellence as entertainment in organized competitions. The client groups served by KIL Sport AS are (a) elite soccer players of the club and (b) spectators who enjoy the excellence exhibited in the matches. It must be noted that there are elite athletes in other sports who do not have as much spectator appeal as soccer (e.g., rowing and canoeing). It must also be noted that this division was largely focused on the split between KIL Club Soccer and KIL Top Soccer.

While the new divisions were loosely coupled under a central Executive Board, the business transactions between KIL Top Soccer club (with approximately 140 members) and the shareholding company (KIL Sport AS) were governed by the contract and a Sport Committee (described below). These two soccer divisions (i.e., Club Soccer and Top Soccer) tended to run their respective businesses autonomously. On the reaction of members to this new divisionalized form, a former Top Soccer President noted that “the older members (60 or more years old) tended to reject the new divisionalization because they were committed to the volunteer logic.”

Although there was minimal interaction between them, members of different units supported each other’s efforts. This was more prevalent between volunteers in Club Soccer who helped with the conduct of matches for Top Soccer and who were remunerated for it. The manager of Top Soccer claimed that most of such remuneration was toward the expenses of Club Soccer. From this perspective, the presence of both amateur and professional logics was mutually beneficial to both logics.

It must also be noted that most of the shareholders in KIL Sport AS were aligned with the amateur logic. They invested in KIL Sport AS largely because of their love of the sport and the club, and not necessarily for financial returns or acceptance of the commercial logic. As one of the investors who was interviewed explained, the investors wanted to be part of management without imposing their personal power or damaging the Top Soccer operations. This investor used the term “we” to refer to the club thus indicating the symbolic and social value the club had for him and the other investors.

As is the case with most Premier League clubs, KIL’s revenue came from gate receipts, television, sale, and rental of players (i.e., the practice of lending its players under contract to play for another team for a fee), catering operations, corporate hospitality, and rental of the facilities for other purposes on nonmatch days. Additional revenues also came from merchandising traditional souvenirs such as scarves, caps, badges and also videos and leisurewear. Another source of income was advertising space at the stadium and sponsorship of the club. All these commercial operations were transferred to KIL Sport AS when it was created, and here the commercial logic dominated.

In establishing the shareholding company, a contract of cooperation between KIL Top Soccer and KIL Sport AS was negotiated to regulate and govern the administrative and financial relations between the two entities. The contract was a result of the negotiations between the executive boards of the two organizations. The cooperation was largely focused on marketing, sponsorship activities, and buying and selling of players. Thus, KIL Sport AS provided the financial base for KIL Top Soccer as well as its administrative base. They shared the same general manager. Although this was against the rules of NFF, Alliance Club KIL tried to claim an exemption based on the fact this was the best economic solution for the club, but without success.

The goal of the cooperation was to establish KIL Top Soccer as a leading soccer club in terms of results, development of talent, and management of the club. The objective was to be in the top half of the Premier League. KIL Sport AS was intended to establish an economic foundation both for the management of KIL Top Soccer and future activity in KIL. The goal of the shareholding
company was to make a profit and pay dividends to KIL Sport AS. Its income from renting and selling the players was also given to KIL Sport AS. The commercial logic had entered the club at this stage.

While KIL gave up the ownership of KIL Sport AS to the external shareholders, it still had the majority in the Sport Committee which governed the activities of KIL Sport AS. Through this maneuver, KIL was also able to spread the financial risk. First, any loss by the new firm would be limited to the firm itself and not affect Alliance Club KIL or KIL Top Soccer. It also enabled the shareholding firm to react strategically to fluctuations in the player market and to respond to the dictates of NFF. These are the most significant benefits of a divisionalized organization. Instead of sharing the existing capital, the move increased the capital by selling shares. The infusion of funds from KIL Sport AS back to Alliance Club KIL was in the form of mainly KIL Club Soccer members being hired to handle the event management and merchandizing functions.

### The Sport Committee

To fulfill NFF’s mandate that members must be purely voluntary organizations, KIL created a Sport Committee in 1992 to act as an intermediary between KIL Top Soccer and KIL Sport AS and to satisfy NFF’s rules. The authority of KIL Top Soccer in all areas of buying, selling, and renting of players was delegated to the Sport Committee. As this move by KIL and other sports clubs was in compliance with NFF rules, it was tantamount to coercive isomorphism (DiMaggio & Powell, 1983). Despite this coercion, it serves a unique and much needed function of coordinating the two differentiated units. It is consistent with theory and research that suggest that one mechanism of coordination is the institution of a committee to coordinate the units (e.g., Lawrence & Lorsch, 1967; Mintzberg, 1989).

In the beginning, the Sport Committee was composed of seven members—four representatives from KIL Top Soccer and three from KIL Sport AS. This composition complied with the request of the NFF that the sports club must have the majority of the votes. Later, the size of the Sport Committee was reduced to five persons—three from the sports club (the president, the manager, and the coach) and two from the shareholders. Once again, in 1999 the Sport Committee was reduced to three—the president of KIL Top Soccer, the coach, and an elected representative of the shareholders. The manager of the day-to-day operations is the ex-officio member of the sport committee. Irrespective of the total number of members on the board of the Sport Committee, the NFF required that the majority of the board members must be from the voluntary club.

### Financing of Player Operations

Another quantum leap undertaken by KIL in restructuring its operations in 1995 was to invite a finance firm, RPC Finans AS (RPC), to finance the operations of KIL Sport AS with reference to buying and selling players. In the 1994 season, KIL finished second in the Premier League and reached the semifinal for the Cup, but the 1995 season was a setback from the previous year. Further, the 1995 Bosman ruling of the European Court of Justice, deregulating the market and allowing free flow of capital and labor, permitted the players to move freely to another club at the end of their contract with a club. This resulted in a hike of 85% in player salaries during the period from 1997 to 1999 in the Premier League. KIL needed money to buy more and better players. This was facilitated by RPC, a specially created partnership among three industrialists in the community who were deeply interested in the local soccer club. They had been players and had been leaders in the club themselves. In one sense, they could be viewed as altruistic since they knew they would not make any money from their investments. In fact, RPC has not generated any profits since its creation. However, it could also be argued that the financial support offered by the RPC was, in fact, a business deal that mirrors one form of the conventional sponsorship of sport entities. After all, the image of the three investors as altruists and philanthropists would be of great value for publicity and public relations effort in the community.

The contract between KIL Top Soccer and KIL Sport AS stipulated that the Sport Committee would be in charge of player personnel, including drafting, recruiting, and trading of the soccer players. Although the players’ contracts are financed by KIL Sport AS, the players must be members of KIL Top Soccer and have their contracts signed by the club according to the rules of the NFF. The club is eligible to use the players financed by RPC at the time of competitions. In return, KIL Sport AS would have the right to use the KIL logos in its campaigns for sponsorships and other activities. RPC gradually took over the shares from the small shareholders, and in 1999 they owned 92% of the shares. In 1998, KIL Top Soccer, with a budget of approximately $1,325,118 US (10,000,000 NOK), covered 30% of the costs, RPC 29%, and KIL Sport AS 41%. After the season in 1998, KIL Top Soccer had a surplus of $30,742 US, and the shareholding company had a deficit of approximately $26,502 US, and the RPC had a deficit of almost five times as much (Anda, 1999). It is apparent that the involvement and contributions of RPC was absolutely necessary to keep KIL in the Premier League. In KIL, the cooperation with the investors functions very well according to the president of KIL Top Soccer. “We know the owners have their heart in the club.” RPC consists of three investors, and they own 91.6% of 1,900 shares (Henmo, 1998).

### Change in Ownership of KIL Sport AS

An economist was elected President of KIL Top Soccer in February 2000. Recognizing that KIL Sport AS was unable to get sponsorships due to its close association with the three industrialists who owned RPC, the new
President suggested that one solution could be to form a new forum to replace the Sport Committee and that all shares in KIL Sport AS should be acquired by the club. He also suggested that the player personnel operations could be outsourced to another firm, independent of the club, and then the players could be hired back by the team. Accordingly, Top Soccer Club bought 100% of the shares in KIL Sport AS in 2001 and took complete control of the shareholding company, while the three industrialists who had the club in their hearts were willing to form a new commercial entity for the sole purpose of handling player personnel for the club. According to the new President of KIL, Top Soccer, the advantage of this move was that the financial resources and their management would reside in one place instead of being spread out among three units. The change in ownership would allow for better coordination of payment to players, marketing operations, and player transactions. The President also stressed that Top Soccer Club should become more independent of its investors and that the club should enter an alliance with a foreign club, such as Leeds United Football Club, to learn and exchange ideas with them.

In summary, this case study presents a synopsis of KIL’s movement through different institutional logics from amateur to professional and to commercial logic. Until the 1980s, the club operated on strict amateur values with volunteers carrying out all administrative and technical tasks and, thus, represented the amateur institutional logic. In 1985, the professional logic was initiated when some of the managerial tasks were assigned to paid professional managers. Finally, with the establishment of the shareholding company, KIL adopted the commercial logic. Through both evolutionary and revolutionary changes, KIL adopted a more divisionalized form of organization, particularly with reference to soccer. The differentiated units were Club Soccer, Top Soccer, and KIL Sport AS, all of which were under the jurisdiction of Alliance Club KIL, which also supervised other sports offered by KIL. The three logics—amateur, professional, and commercial logics—served to achieve three different purposes: participant sport, elite sport (i.e., pursuit of excellence in sport), and commercial sport (i.e., providing entertainment through competitions).

Discussion and Conclusion

The purpose of this study was to understand the nature of organizational change at the grass roots level in a voluntary multisports club through its life cycle, and further understand how the different institutional logics of amateurism, professionalism, and commercialism can exist simultaneously. The thick amateur volunteer culture for the love of the sport existed for almost 100 years before there was a change to the professional logic in one subunit of the club dealing with professional soccer. The old culture prevailed in the rest of the sports club, and the two logics lived side by side. The final change occurred in the professional part of soccer (Top Soccer), which had to adapt to the pressures from the commercial sector to survive as an entity. The paucity of economic resources accelerated the process of commercialization, which also resulted in changes in the organizational structure of KIL. The line dividing the professional and commercial logics is rather thin in the sense that commercialism can thrive and be profitable only if excellence is created and molded into a team. Further, many of the managerial practices are likely to parallel under the two logics.

Our study has been on the microlevel, illustrating how adaptations to different logics in the field have taken place and how the coexistence of the logics was made possible by changing the governance structure of the club. Our results parallel those of O’Brien and Slack (1999) to some extent. Similar to their findings, we also found that change was initiated from a performance crisis in the club. In both studies, the decision to change was brought before a Special General Meeting where the proposed changes were unanimously accepted because the members did not think that they had a choice. The reason for the investors to get involved in the governance of the club was also the same as for the rugby union club investigated by O’Brien and Slack (1999). In both instances, discussions over money led to a takeover of the professional logic. A difference between the two cases was that in the Rugby Football Union, the emergence of professional logic led to the deinstitutionalization of amateurism. In contrast, in the present case study, the two logics existed side by side since NIF required that a commercial unit with investors could not be a member of NIF. The Norwegian multisports club, KIL, shows how a club with several subunits can exist in many organizational fields simultaneously as a hybrid. The dominant logic for Alliance Club KIL is still the amateur logic, and there are also regulating forces that control this, for the club enjoys tax advantages by abiding with the rules of the voluntary sector.

What is particularly interesting about this sports club is that the emergence and coexistence of different logics was based on the realization by all parties of the benefits accruing to them all. The changes that took place followed two different tracks. We have shown that over the years, KIL adopted the professional and commercial logics as a function of the institutional pressures exerted by the emergence of professional soccer in Norway. The commercial logic is demonstrated, for example, in the club’s buying and selling players so that the club can remain competitive in the professional leagues. Such a high status in the professional leagues also facilitated the growth in gate receipts during home games. What is significant is that despite the adoption of the commercial logic for the elite soccer, Alliance Club KIL maintained the original logic and values associated with participant sport, volunteerism, and community orientation. This is similar to the finding of Reay and Hinings (2005) of their study of the health care system in a province in Canada that even though the “business planning model” emphasizing efficiency and effectiveness, and the “medical professional model” centered on the physicians’ expertise continued to
exist in the system and had considerable sway in matters affecting the system. In a similar manner, even though the commercial logic displaced the volunteer logic for elite soccer in KIL, the volunteer logic continued to exist and influence key decisions in KIL. Both our results, and those of Reay and Hinings (2005), show that organizational change and adoption of new logics do require changes in organizational structure and the creation of specialized units as well as a mechanism to coordinate the activities of the new units. This was demonstrated in KIL in the creation of KIL Sport AS, Alliance Club KIL, and the Sport Committee.

We also realize that the changes that have taken place in KIL are a function of the strong influence exerted by both NIF and NFF. Given their strength in the Norwegian context, the only way for KIL to survive was to become a hybrid organization by imbibing multiple logics and operate in different organizational fields.

The stability or predictability of operations was the logic behind KIL Top Soccer forming a relationship with KIL Sport AS and later with RPC. In studying the merger of two sport organizations (Canadian Amateur Hockey Association and Hockey Canada) into the Canadian Hockey Association, Stevens (2006) noted that before the merger, the Canadian Amateur Hockey Association served as the Sport Provider, while Hockey Canada served as the Sport Marketer. The merger of these two enterprises resulted in the Canadian Hockey Association, “a new sedimented archetype, the Amateur Sport Enterprise, encompassing both commerce-based values and community-based structures” (p. 97). While she dealt with the merger of two separate organizations and we are dealing with the bifurcation of a single sports club into two distinct units, the idea of sedimentation or layering is valid in both cases. That is, the volunteer and commercialized logics existed both after the merger in ice hockey and as a bifurcation in soccer in KIL.

The idea that competing institutional logics can coexist is not new (Kraatz & Block, 2008). The central thrust of Kraatz and Block’s (2008) institutional pluralism is that an organization may operate under different institutional spheres and, therefore, adopt different institutional logics to conform to the varying institutional pressures. They cite the example of the American research university characterized by deep-rooted tensions within the organization because of the heterogeneous institutional environment. Danisman et al. (2006) showed how differentiated functional units in the Canadian NSOs had followed different institutional logics, based on the specific environmental contingencies they faced. In a similar manner, Top Soccer and Club Soccer (as well as other sport units) followed different logics and were structured differently as a function of them facing different environmental forces.

Southall et al. (2008) identified two competing logics (educational and commercial) underlying NCAA Division I Men’s Basketball, and showed how the commercial logic was the dominant one despite protests to the contrary. In a similar manner, the commercial logic has been dominant in KIL in the sense that it necessitated the drastic changes that have occurred since the advent of elite and competitive soccer. However, it can be argued that such dominance by the commercial logic of KIL Sport AS in terms of structural changes and public attention had not diminished in any way the ethos of KIL Alliance and its volunteer logic. In fact, the individual sports within the Alliance are flourishing in their respective missions.

We have identified and interpreted the evolution of multiple institutional logics or structure of values and beliefs in a multisports club in Norway. Future research should investigate if similar evolutionary patterns of institutional logics have emerged in other parts of the world.

Further we had indicated that the national regulators of sport in Norway were flexible enough to accept and approve the emergence of multiple logics in KIL. Future research should verify the extent to which national regulators in other countries are flexible to allow their members to adapt their structures and processes to be consistent with both the national regulations and the imperatives of the multiple institutional spheres in which they operate.

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References


