

Contents lists available at ScienceDirect

Sport Management Review

journal homepage: www.elsevier.com/locate/smr



The formation of interorganisational cliques in New Zealand rugby



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ARTICLE INFO

Article history:
Received 6 March 2014
Received in revised form 2 August 2015
Accepted 4 August 2015
Available online 8 September 2015

Keywords: Interorganisational relationships Cliques Networks Federations Sports leagues

ABSTRACT

A commonly held assumption within a sports league setting is that league affiliates interact with each other equally and that these engagements are largely facilitated by the league governing body or Federated Management Organisation (FMO). This study looked at the possibility of higher levels of affiliate-driven interaction among subsets of provincial rugby unions in the form of cliques that participated in New Zealand's pre-eminent national provincial rugby competition (ITM Cup). In particular, we sought to identify the existence of cliques and to highlight the motives and conditions that underpinned their formation. Theories and concepts relevant to the formation of interorganisational relationships (IORs) provided the conceptual basis for the design and analysis of the study. Using a qualitative approach involving 19 interviews with CEOs of provincial rugby unions, we identified two cliques within this league highlighting that affiliate members will 'hunt in packs' to achieve specific outcomes. Commercial sustainability, access to scarce resources, such as, knowledge and political lobbying were illuminated as key drivers for clique formation. Two new concepts, 'primary cliques' and 'reactionary cliques' are introduced, and would benefit from further investigation.

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1. Introduction

In its populist form, the term *clique* has negative connotations reflecting undesirable social dynamics such as exclusion and ostracism (Rowh, 2007). However, literature on interorganisational relationships (IORs) does not necessarily reflect these negative connotations. Scholars have demonstrated that interorganisational cliques may facilitate economic transactions and provide access to otherwise unobtainable resources (Rowley, 1997). Indeed, many industries contain locally clustered cliques of organisations with well-developed ties among clique members (Rowley, 1997). Despite this apparent prevalence, cliques, which can be conceptualised as *networks within networks* (Provan & Sebastian, 1998), are generally underrepresented in empirical IOR literature and our scholarly understanding of them appears limited (Rowley, Greve, Rao, Baum, & Shipilov, 2005).

Furthermore, cliques have received no academic attention in sport management where competition structures and leagues might foster clique formation and subsequent clique activity. Therefore, it is plausible that cliques may have the

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potential to impact the 'health and wellbeing' of league affiliates and the overall dynamics of the league or network of sport organisations in general. Thus, as part of a wider study on the formation, processes, and impacts of interorganisational cliques within a network of affiliates in a sports league context, in this article we focus on the formation of interorganisational cliques.

Sports leagues provide an ideal platform for the study of IORs. The teams/franchises within a sports league are interdependent with simultaneously cooperative and competitive logics (Dickson, Arnold, & Chalip, 2005; Smith & Stewart, 2010). Most sports leagues adopt a governance model known as a federation or federated network (Provan, 1983). This structure consists of a network of member teams (affiliates) and a governing or managing body known as the Federated Management Organisation (FMO). The FMO assumes a number of responsibilities including the coordination of activities of the league such as draws and fixtures, the allocation of officials, the promotion of the league, and the management of league sponsorship and broadcast rights.

The relationship between the FMO and affiliates has been the primary concern of empirical work on IORs in the sports league setting (Dickson et al., 2005; Ferkins & Shilbury, 2010; Henry & Lee, 2004). Other than the obvious formalised competitive encounters among affiliates in a sports league, little is known about the nature of the relationships and interactions among these affiliates that occurs outside of the competition schedule. According to Dickson et al. (2005) sports league affiliates, whilst occupying different points in the network configuration, have been treated as holding the same relative position and connection to one another and to the FMO respectively.

Indeed, it would appear that the strongest cooperative links within a sports league have traditionally been between the FMO and affiliates and not among affiliates (Ferkins & Shilbury, 2010). Further to this, any affiliate-to-affiliate interaction has tended to be facilitated by the FMO (Henry & Lee, 2004). With this in mind, it would be logical to conclude that affiliates within a sports league either act autonomously or interact with one another in sports fixtures or league activities, such as meetings and conferences coordinated by the FMO. There have been no studies to date that have investigated the possibility of a middle ground involving subsets of affiliates within a sports league interacting more broadly outside of that which is coordinated by the FMO. As established by Provan and Sebastian (1998), integral to the notion of subsets of organisations within a federated network is the term clique.

Thus, in this study we examined the formation of interorganisational cliques within the network of 14 rugby unions participating in New Zealand's premier national provincial rugby competition (currently known as the ITM Cup). At the time of data collection and write up, this competition was transitioning from the 14 team Air NZ Cup. Given the name change during this study, and the fact that the same 14 provincial rugby unions remained in the newly named ITM Cup, the term ITM Cup will be used in this paper. More specifically, our research sought to identify the existence of cliques and to highlight the motives and conditions that drove their formation. In this, we were guided by Oliver's (1990) determinants of IORs alongside other relevant formation concepts from IOR literature (Babiak, 2007; Barringer & Harrison, 2000; Granovetter, 1985; Gulati & Gargiulo, 1999; Provan & Kenis, 2008; Shipilov, Rowley, & Aharonson, 2006). With this research we therefore aimed to extend the limited knowledge about cliques in general and more specifically investigate clique activity within a sports league context which may, in turn, have implications for both the affiliates and the league.

2. Relevant literature

2.1. Federated networks and sports leagues

Noll (2003) described a sports league as a group of teams that schedules matches and develops other policies and rules for the purpose of determining a champion. Leagues are developed primarily to create opportunities to market a game as a stand-alone contest and one of a series that leads to a championship. A league often creates opportunities for its participants that would otherwise not be available to them as non-members, such as sponsorship and league revenue sharing as well as the legitimacy that may be associated with membership of a prestigious sports league (Mitchell, Crosset, & Barr, 1999). A federated network is a common governance structure for professional or semi-professional sports leagues (Dickson et al., 2005; Provan, 1983).

The key feature of a federated network is a governing body with the overarching responsibility to coordinate, manage, and control the interdependent activities of the affiliate members (Provan, 1980). Provan originally referred to the governing organisation as the FMO, but in later network governance writings (Provan & Kenis, 2008) utilised the term network administrative organisation (NAO). In this research we use the term FMO because federation is a term commonly used in both sport management practice and literature. Provan (1983, p. 82) observed, "the FMO generally allows considerable day-to-day operating autonomy for affiliate organisations but all affiliates must act on behalf of the interests of the federation as a whole, at least regarding those issues that are managed by the FMO."

In the sports league context, the FMO usually plays an important role in both the day-to-day running of the league as well as its strategic growth and development (Noll, 2003). As an example, the Australian Football League (AFL) Commission is the body that governs the AFL. This entity manages most aspects of the league, including: marketing of the game, stadium development, player behaviour, salary caps, draws, and fixtures, as well as being the sole negotiator and distributor of broadcast rights (Stewart, Nicholson, & Dickson, 2005).

As noted earlier, most of what is known about IORs in sports leagues primarily concerns the FMO and its management role with the affiliates (Dickson et al., 2005; Dickson & Stewart, 2007). On the one hand, the FMO works with and on behalf of the

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