Original Article

Application of the balanced scorecard in Polish sports associations

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Published online: April 30, 2020

(Accepted for publication: April 15, 2020)

DOI:10.7752/jpes.2020.s2156

Abstract

The professionalization of sport in Poland creates a need for sports organizations to adapt to this trend. The starting point for each of these organizations should be the determination of the goal and the adopted strategy. For sport associations, management is a quite complex process, considering both business and athletic activities. Strategic planning and controlling processes should be implemented on all levels to ensure professional efficiency and long term sustainability of sports organisations. BSC seems to be a perfect management tool for sports associations as it considers both financial and non-financial perspective, including various clients from both areas. For the purposes of this article, the specificity of Polish Sports Associations (PSA) activities and the possibility of applying the concept of a balanced scorecard (BSC)by them were presented. In addition, BSC characteristics, perspectives and measures were presented, as well as the impact of features of the sports industry directly related to the activities of sports associations, which should be considered when developing balanced scorecards for a sports association. Ministry of Sport and Tourism in Poland is the body supervising sports associations, imposing on them obligation to submit financial reports and to construct a strategy in accordance with the provisions of the ministerial strategy for sport development. Unfortunately, based on a study entitled Analysis of the activities of Polish sports associations in Olympic sports it has been confirmed that management quality in PSA points out numerous problems occurring in their operations in practice, from issues related to strategic management, through improper management of resources, including financial ones, to the transparency of implemented activities. This study is an attempt to prove that application of the BSC is a right direction for PSA.

Key words: Balanced Scorecard, strategy, mission, sport, sport associations

Introduction

In today's rapidly changing reality, it is impossible to effectively manage an organization without prior formulation of strategic assumptions and setting goals that would be implemented through the day to day operations of an organization. Some basic assumptions arise at the stage of creating an organization in the form of provisions in the statute (if we are talking about new organizations), a resolution, mission or strategy that guides and sets the direction for the founders. It applies to both business organizations - enterprises, as well as non-governmental organizations, which increasingly carry out business activities, but above all, have the appropriate resources that determine the potential of the entity and create the opportunity to achieve its mission and goals. Reasonable use of the right resources to the benefit of the organization is possible thanks to their proper management.

Therefore, according to many authors, a key element of operating organizations is the possession and implementation of a strategy which determines the main direction of the enterprise activity (Karaszewski and Tomanek, 2017). Yet, it is not so obvious to all managers since there are organizations on the market that do not have a documented strategy at any functional level. These are rare cases. However, having a strategy is not enough. The document setting the direction of the organization activities in terms of environment dynamics, consumer or recipient behaviours, should be regularly verified and updated if necessary (Karaszewski and Tomanek, 2017). The need to create and adapt the organization strategy to the given conditions and the appropriate and, in principle, effective management of the organization, is a kind of transition from the stage of setting strategic goals to the stage of their implementation. Proper management of NGOs and business organizations due to existing competition and the constant desire to maximize enterprise profits, forces them to optimize the resources. With the current level of organization complexity, activities to achieve the desired effectiveness should focus on issues such as strategic management, human resources, finance, expertise, time, quality, risk, brand and time.

At some phase of introduction of each strategy, however, there must be a process checking the status of its implementation as well as the status of implementation of individual goals which are defined in the organization strategy document.

Among the concepts that emphasize the verification of the strategy implementation level and simultaneously allow for the effective realization of the strategic management process is the Balanced Scorecard (BS) originally developed by R. Kaplan and D. Norton. The SBS concept can be defined as a process in which the strategy is refined, communicated, integrated with the organization's management system and subsequently monitored and verified (Kaplan and Norton, 2001, p. 17).

The purpose of the article is to present the concept of the Balanced Scorecard, in particular, its essence and key areas, as well as to familiarize with the methodology of its development, in theoretical and practical terms. Furthermore, the possibilities to adapt the card to the needs of the sports industry, specifically in the activities of sports associations in Poland (PSA¹) will be outlined. As a result, it will facilitate the determination of the characteristics associated with the activities of sports associations that have a significant impact on the application of the Strategic Scorecard in PSA management.

The realization of the above mentioned goal may be used in the future to develop such a tool for sports associations that will raise the efficiency of internal processes and contribute to the increase in added value for PSA clients. In consequence, it may affect the better perception of the association activities by the recipients of its products and services..

Continuous development of the sport market along with the need for many organizations to adapt to the ongoing changes are the underlying causes of the selection of this particular research topic. The author paid special attention to the situation of Polish Sports Associations undergoing changes at the slowest pace due to fairly rigid structures, procedures and in many cases the lack of qualified management that would meet the needs of the market. Familiarization with the *Analysis of the activities of Polish sports associations in Olympic sports*², compiled by the IDEA Development Foundation in the period from July to October 2016 constituted an additional incentive to explore this area. Its main objective was to evaluate PSA activities in Olympic sports and develop appropriate recommendations.

The report revealed a number of irregularities in the PSA management process. They included issues related to the preparation of strategic documents. Many sports associations simply fail to publish them on their websites. Furthermore, the strategies under analysis failed to comply with the SMART³ approach and were inconsistent with the strategic documents of the Ministry of Sport and Tourism (MSaT), to which all sports associations are subject. The findings of the above-mentioned analysis led to the preparation of the Code of Good Management Practice for Polish Sports Associations, published by the Ministry of Sport and Tourism in 2018⁴.

An additional incentive was the fact that sport began to play an increasingly more vital economic role and, according to studies (Jedel, 2013, p. 218), has a significant share in the economy, creating gross domestic product, as well as employment opportunities. In addition, it constitutes a substantial proportion in the structure of household expenses. Sport and its products became a highly marketable, which inevitably affected the already growing sport industry (Andrews, 2019). Thanks to these aspects, sport is the subject of growing interest of business partners, especially due to the fact that this area is subject to globalization and commercialization. It imposes, in a sense, the need to raise standards in the field of good management and transparency of PSA activities, which are currently widely used. Therefore, the issue of good management practices in sport organizations is present in the strategic and program documents of MSaT.

Strategic Balanced Scorecard

The tool called Strategic Balanced Scorecard, comes from the English: BalancedScorecard⁵, which was presented in 1992 by Kaplan and Norton (Kaplan and Norton, 1992, p. 72). The essence of SBS is to lay out the vision and strategy of the organization for specific goals in four perspectives:

- financial,
- client
- internal processes
- expertise and development.

¹ PSA- Polish Sports Associations.

²Original document title: *Analiza działalności PZS w sportach olimpijskich*, Kodeks Dobrego Zarządzania dla Polskich Związków Sportowych, Ministerstwo Sportu i Turystyki, 2018.

³ SMART (ang. Specific, measurable, achievable, relevant, time-bound) method is a concept supporting the process of determining goals in the organization. The name of the method is an acronym derived from English words, defining goals as: specific, measurable, achievable, relevant and time-bound.

⁴*Analiza działalności PZS w sportach olimpijskich*, Kodeks Dobrego Zarządzania dla Polskich Związków Sportowych, Ministerstwo Sportu i Turystyki, 2018.

⁵BalancedScorecard (ang.), where the word *balanced* in literature is often translated as *strategiczna*, *zrównoważona*, *zbilansowana* or *kompleksowa*, and the word *scorecard* as *kartawyników*, *tablicawyników*, *kartaosiągnięć* or *kartadokonanych*.

Looking at the organization in this refined and detailed way gives managers a tool to measure the effectiveness of the organization they manage, giving them a comprehensive insight into Norton's business (Kaplan and Norton, 2007). The strategic balanced scorecard contains financial measures and three sets of operational measures that address areas related to client satisfaction, internal processes, and the organization's ability to learn and continually improve its operations.

Four fundamental perspectives identified in the BS allow one to focus on setting particular goals (general and specific), determine the measures which may be used to show the degree of their implementation and at the stage of applications indicate which initiatives should be taken to increase efficiency in a given area. The BS tool supports the work of managers who, in the fervour of meeting their daily duties, may forget about the goals set in the organization's strategy. Thanks to SBS, they have at their disposal a tool that focuses on the strategy and is a method of managing its implementation (Siemionek and Siemionek, 2014, p. 303).

As part of the process that determines the concept of the card, the organization strategy is refined and communicated, further integrated with the organization management system, and subsequently monitored and verified. The lack of a clear information policy at the stage of implementing the Balanced Scorecard may result in a lack of feedback, which may effectively hamper the PSA management process (Cyfert, 2004, 128). Failure to understand the implementation process at any level in the organization may lead to failure or questioning of the legitimacy of the implementation decision. Thanks to monitoring activities and feedback from employees realizing the strategy, BS requires systematic measurement of the effects of strategic activities.

Therefore, organizations that are actually strategy oriented operate on the basis of five main principles, which are presented below (Kaplan and Norton, 2001, p. 14):

1. Translating the strategy into operational terminology.
2. Adjusting the organization structure to the strategy.
3. Turning the strategy into daily concern of every employee.
4. Turning the strategy into a continuous process.
5. Initiating changes by management.

BS gives organizations the possibility to efficiently and in a modern way measure the effectiveness of organization activities. The extent to which an organization intends to use it depends entirely on its managers, their commitment and what they plan to achieve through BS (Lewandowska and Likierski, 2005).

Exploiting the possibilities of the Balanced Scorecard in sport

In the sports industry we are dealing with a variety of organizations which, due to their nature, have different goals. For example, sports equipment manufacturers, sports facility operators or sponsors who support sports activities in various ways are focused primarily on the best financial result. Clubs, associations, foundations and sports federations are the examples of non-governmental organizations operating in the field of sport that have a non-commercial purpose, which makes them different from corporations. Like enterprises, however, they possess the resources, which should be used in an optimal way to accomplish company mission. It indicates, among others, that many elements of business management can be transferred to the non-governmental sector, including those operating in sport.

One should take into account, for example, staffing issues that are crucial for the success of any activities carried out by the organization. Another important aspect is the issues related to financing operations, especially since in case of NGOs we often deal with the diversification of financing sources. Taking many sports organizations as an example, including sports federations, they must demonstrate high efficiency in obtaining public funds, but also attracting sponsors or other donors. Moreover, they should excel in commercial use of their own resources.

Sports organizations operate within the sport market of a dual nature, which means that they have to operate according to the B2B (Business-to-Business) and B2C (Business-to-Consumers) models. For sports associations and many other entities operating on the sport market, it means activity on the institutional and consumer market (Sznajder, 2007). In the framework of the B2B model, clients of sports associations are: sponsors / enterprises, media, sports gear suppliers, government and self-government institutions, clubs and the city. Meanwhile, in the B2C model, we are dealing with a client who includes: fans, players (and their guardians, in case of juvenile players), coaches and referees. In practice, other types of sport products are traded on these two markets, supported by various marketing activities.

The concept of BS creation for sports organizations was covered, among others, by A. Becsky in the context of sports clubs. He proves that it is possible to implement the BS model in the sports industry, mainly due to the fact that it presents not only the financial perspective, but also the non-financial one, which is not only a key element of sports activity, but also the basic element of vision and strategy (Becsky, 2011, p. 30). At the stage of strategy implementation, however, people and their competences are of utmost importance.

Nowadays, the way of building relations with the environment is also crucial. It involves, among other things, the effective use of media, including social media, cooperation with various groups of stakeholders (including cooperation with the government and local government sectors), but above all, with the local community. For sports associations, effective management in this area involves communicating their own goals clearly, acquiring new members and supporters of a given sport discipline and organization, or encouraging

particular attitudes. One of the allegations that have recently been addressed to sports associations is, among others, too big focus exclusively on professional sport, whereas sport for all and its promotion in society is neglected⁶.

The final course of action for each sports organization is defined its strategy. The strategy is based on the goal formulated in the mission, whose objective is to draw the attention of the company management, employees, clients and all other people in one direction and focus on a common goal. For the above mentioned reasons, the mission is an expression of long-term plans and aspirations of the organization, and thus should be known, understood by employees, widely promoted within and outside the organization (Obłój, 2000, p. 38).

The implementation of BS as a tool supporting the strategic management process in organizations such as sports associations must be a multi-phase operation, and thus will be time consuming. In addition, it depends on the specifics of the organization itself and its structures as well as the characteristics of the market on which it operates.

Sports associations in Poland operate under the Law on Associations and are subject to the obligation to be entered into the National Court Register. In addition, the consent of the Minister of Sport and Tourism⁷ is also required for their creation. Sports associations are formed on the basis of a resolution (Memorandum of Association) adopted at the founding meeting to organize and conduct competition in a given sport discipline. The objectives of sport associations are included in the organization's statute and mainly focus on:

- goals in the field of physical culture (sport, physical education, physical rehabilitation),
- non-profit purposes (when it comes to non-business organizations),
- sports goal (e.g. developing various forms of physical culture, shaping positive character and personality traits in the environment of children, adolescents and adults, as well as creating favourable conditions in this respect, integrating environments and different age groups in the area of their activity),
- the possibility of conducting both, paid and unpaid public benefit activities,
- activities can be addressed to: members of the organization, people outside the organization, members of the organization and people outside the organization.

Table 1. The method of communicating strategic goals in Polish Sports Associations

Source: own materials based on the analysis of selected PSAs websites.

PSA	Strategy/mission on the website	Objectives/ main areas of activity
Polish Basketball Association	- / +	-Creating and propagating professional solutions aimed at raising the level of Polish basketball with the most effective use of the potential of this discipline. The implementation of the mission entails continuous improvement of tools and procedures enabling the development and popularization of basketball in Poland and its promotion abroad. - Polish Basketball Foundation
Polish Volleyball Association	- / -	-Polish Volleyball Foundation which undertakes, supports initiatives and activities conducive to the development of volleyball, including creating material conditions for the development of volleyball
Polish Football Association	- / -	- statute - Polish Football Foundation whose aim is to promote and develop football in Poland and to support the activities of Polish football association
Polish Athletics Association	+ / -	-Development Strategy for 2017-2020, development strategy for athletics in Poland, - statute
Polish Handball Association	*mission on Facebook	-Promotion of Polish handball, history of Polish handball, providing professional information about the Polish national team
Polish Motor Association	- / +	- statute -The main objective of the association for the coming years are: to use expertise and skills of the staff, as well as the potential of sports facilities to organize world-class competitions, organize national competition, create conditions for children and young people to participate in motor sports
Polish Swimming Federation	- / -	- statute: organizing and conducting competition, popularization, development and promotion of the discipline, public activities in the field of sport popularization
Polish Karate Association	- / -	- statute: training, supervision, organization of events

⁶This applies, among others, to the above-mentioned issues of certain inconsistencies with the strategic documents of the Ministry of Sport and Tourism (MSaT) to which sports associations are subject

⁷Based on Article. 7 item 2 of Sports Act of June 25, 2010 (Journal of Laws of 2016, item 176, as amended).

Although sports associations are by definition not operating as business entities (unless they decide to run a business activity, as set out in its statute), all their activities must be oriented towards pursuit of continuous development and better adaptability in relation to dynamically changing market needs and economic conditions of the environment in which it operates. Therefore, all information and decision-making activities in sports associations should be treated as the strategic management processes of these organizations.

As a starting point, the author has analyzed the websites of leading sports associations in Poland of the most popular disciplines whose activities are quite widely known (Table 1). It is striking that there is no uniform standard in informing internal and external environment about the objectives of given organizations. It may be a major factor hampering the effective implementation of some of the PSA objectives, because it is not known whether employees know and sufficiently identify with the records of documents constituting the official set of organizational objectives. Only the Polish Athletics Association boasts a comprehensive strategy for its activities, while the Polish Basketball Association, the Polish Motor Association mission.

Only the Polish Athletics Association boasts a comprehensive strategy for its activities, while the Polish Basketball Association, the Polish Motor Association have formulated their mission. Other associations officially use the statute, which is published on their websites.

It is worth noting that PSAs use the support of foundations operating with trade unions to achieve their strategic goals. This solution applies to three largest associations Polish Basketball Association, Polish Football Association and Polish Volleyball Association.

Professionalization in the sports industry takes place in the area of the management of sports clubs as well as national sports leagues that organize and run championships for professional clubs⁸. The slowest changes are taking place in the structures of Polish Sports Associations. Some of them are characterized by a shortage of employees or a shortage of staff with appropriate qualifications. Furthermore, the analysis of the composition of PSAs management boards members reveals that a large number of them are old-school. Unfortunately, nowadays market requirements are very high and in order to be successful the unions have to be staffed with the media, PR and marketing specialists who will be able to meet the needs of all groups of stakeholders (also internal). The reason for this may also be insufficient visibility of the strategy and goals. The lack of a strategy or mission on websites is surprising, as they are not only a source of information about the goals and main areas of activity of PSA, but also very often a source of information and a reminder of the main ideas of the organization for all organization employees.

Based on four perspectives, an attempt was made to clarify key BS areas from the PSAs point of view. While the financial perspective is significant for all organizations, it is also quite obvious and universal even for PSAs (financial measures, e.g. increase in revenues from sponsorship contracts and / or ticket sales), the remaining ones are much more related to the type of business and should be specified in the strategy. After analyzing the documents which are made available by PSAs, it is possible to determine potential measures in the other three perspectives.

Due to the PSAs activities on the B2B and B2C market, we should present the measures from the point of view of the client-sponsor / partner and the client-fan. The measures in this case may be: the number of sold tickets for organized sports events, their average rating, the number of new client-fans or players, the average length of cooperation (sponsor / partner).

The perspective of internal processes could focus on the implementation of tasks in the field of: building a fanbases, increasing the sales of merchandising products, increasing interest in events on the PSAs offer (e.g. selling rights to the organization of events to the city).

Equally important is the development perspective. The level of its implementation by PSAs could be measured by the number and quality of successes of youth groups, which would in result allow an optimistic view of future successes at the senior level. The implementation of this goal may realistically translate into the number and value of sponsorship contracts in the future. In addition to youth training, it will be equally vital to create conditions for the development of coaches. New relations aimed at cooperation also provide organizations with development perspective. The number of signed contracts and joint actions can be a measure in this case.

Conclusions

Taking into consideration the environment of Polish sport, one can get the impression that it exerts a kind of pressure even on non-governmental organizations operating in sport to be managed professionally and effectively. Sports associations analyzed for the purposes of this article are increasingly being managed by qualified managers who are aware of this fact. Thanks to their experience, it should be possible to systematically adapt the strategy to the prevailing conditions in the immediate vicinity of the sports association. However, simply having a strategy is not enough to succeed, it is just the beginning of a path for an organization. The strategy must be familiar and understood by the entire organization. Taking into account the case study of the researched PSAs, it may seem difficult to achieve, due to the fact that they fail to use the basic tools such as Internet sources.

⁸Gulak-Lipka P., Intercultural Management on the basis of a sports club, AUNC Zarządzanie 3, 2016.

The introduction of the BS is a management system based on the overall measurement of balanced sets of indicators combining future strategic goals with indicators regarding ongoing tasks. It is characteristic for sports associations to set strategic tasks for the whole discipline and the whole environment. However, implementation is divided into several levels: national associations, district associations and further - clubs. Still, BS would force PSAs to define measures for strategic goals and then measure progress in achieving them. This is crucial in a situation where it is not possible to achieve the adopted goals and the actions should be properly verified or the goals re-examined.

The implementation of the Balanced Scorecard may have a positive impact on the final shape of the transformation process that is still taking place in Polish sport, especially in its structures. Meticulous implementation can significantly help sports associations to enter a new path of development. BS facilitates the determination of the organization strengths and weaknesses and assess the effectiveness of operations to date, which in turn affects better focus on the realization of strategic goals. Creating a Balanced Scorecard for sports associations will allow one to answer the question which goals sports organizations such as PSAs should have against the background of current trends and how their performance is checked.

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