

The performance factors of non-profit basketball clubs: The case of basketball clubs from South-East Europe

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Abstract

Using the data from 73 non-profit basketball clubs from four post-transitional Southeast European countries the article examines the potential causal relationship between 165 variables divided into four groups (organizational environment, strategies, human resource management (HRM), and behavior and feelings of organizational members) and two different aspects of organizational performance, namely competitive-financial and recreational-non-financial. The multiple regression analyses results disclose direct impact of the strategic focus on the organizational performance. The study provides explanation how the importance of different objectives from an aspect of club leadership affect the chances of enhancing the sport clubs performance from both perspectives. Higher performance is achieved by specialized clubs that pursue only one aspect of performance and strive for those goals that positively affect the same performance perspective. On the other hand, the HRM – performance analysis shows that many HRM factors correlate with organizational performance. However, regression analysis did not confirm any significant direct impact, which indicates that this causal relationship is indirect.

Keywords: non-profit organizations, basketball clubs, organizational performance

JEL Classification: Z20, Z23, Z29

1. Introduction

Evaluating the performance of non-profit sports organizations is a very complex process (Ivašković, 2018). This is partly a consequence of the environmental complexity in which those clubs operate, and the fact they usually don't have the capacity to carry out a wider study of performance factors. At the theoretical level the lack of studies in this area is evident. Indeed, the vast majority of existing sports literature deals with a single aspect of organizational performance expressed through the win/loss ratio (Barros and Santos, 2003; Bosca et al, 2009; Espitia-Escuer and Garcia-Cebrian, 2006; Espitia-Escuer and Garcia-Cebrian, 2010). Fewer authors attempted to evaluate the market performance of sport clubs (Garcia-Sanchez, 2007),

number of researches regarding so called managerial performance has been increasing rapidly over the last decade, which has however opened numerous new questions (Kern, Schwarzmann, & Wiedengger, 2012). Interestingly, over the last twenty years the number of comprehensive studies of performance among football (soccer) clubs has been increasing (Andreff, 2007; Guzman and Morrow, 2007; Haas, 2003a; Haas, 2003b; Haas, Kocher and Sutter, 2004; Barros and Garcia-del -Barrio, 2011), while much less has been done in other sports sectors. In addition, previous studies of the sports organizations' performance have been mostly carried out only among North American profit clubs (Kikulis, Slack and Hinigins 1992; Slack and Hinings, 1994; Stevens and Slack, 1998; Slack, 1997), while studies among European non-profit sports clubs are very rare. The theory in this field is therefore based only on empirical evidences from profit organizations, which ignores the fact that a large proportion of sports clubs around the world operate with broader non-profit-oriented missions.

The ambition of this paper is to fill the gap in the scientific literature by evaluating the importance of the various performance factors of sports clubs which operate in a post-transitional non-profit context. This type of research is not interesting only due to its methodological complexity, demanded by a specific nature of predominantly service organizations with very dynamic organizational processes, but is also very important for understanding the post-transitional context in ex-communist European countries. In the first part, the paper explains two aspects of the performance of non-profit sports clubs and, based on the theory, substantiates the selection of potential performance factors which are then included in the research. That is followed by the presentation of the results and the discussion.

Theoretical and methodological framework

When analyzing the performance of organizations in a particular industry, it is first necessary to identify and evaluate the impact of the wider context factors. In order to facilitate the identification of different sets of performance factors, the present study selected the Wright and McMahan's (1992) theoretical model that analyzes the influence of factors at multiple levels, which was adapted to the context of team sports clubs by Ivašković (2015, p. 70-75). Due to the limited space we do not describe all 165 variables, but only the more important ones, which eventually showed a statistically significant correlation with the dependent variables.

The environmental factors represent the institutional framework within which the organization operates. This set of variables examines how the organizational performance is influenced by the rank of competition on which a particular sports club competes (in national and international league competitions). The broader determinants of the environment depend on both; the amount of the club's annual budget for the particular season, as well as on the sources of funding and the ratio of public and private resources. Indirectly, the quality of the infrastructure and capacity

of the home hall in which the club plays home games depend indirectly on the environment, since they are usually built according to the size of the population in the local community. Within the institutional environment stakeholders represent one of the key issues. The concept of stakeholders implies an endless list of potential interest groups and individuals which have to be defined on a case-by-case basis. For the purpose of this research, the list was drawn up with the help of 12 professionals, each with at least five years of professional experience working in management positions at non-profit basketball clubs. After explaining the concept of stakeholders and the stakeholder process, each member of this work group was asked to make a list of the most influential stakeholders or interested individuals in terms of their influence on the clubs' strategy. The final list of 10 stakeholders was the result of grouping similar ones and deleting those groups or individuals that were listed several times: 1) volunteers (include all club members who are not employed in the club and do their work free of charge), 2) professionals (all club members who have an employment contract excluding athletes and coaches), 3) athletes and coaches, 4) private sponsors (organizations that provide funds to the club in exchange for advertising, and at the same time they are not predominantly state or municipally owned), 5) the state, 6) the municipal authorities, 7) the local community (residents that live in the municipality where the club is registered), 8) media, 9) national sport federation and sport clubs in the same competitions, 10) the general public. In total, the impact of 18 variables was analyzed in this segment. We tried to obtain objective data as much as possible and the estimations given by members of each club managerial staff. For example, assessment of the stakeholders' impact was made on a seven-point Likert scale (1 - "the group has no influence on the strategy"; 7 - "the group has the greatest influence among all stakeholders").

The second level was represented by the strategic factors which are the results of the key decisions made by clubs' top managements. The first key strategic dilemma is the conflict between the cost-cutting ambition and the desire for organizational growth. The second dilemma is the conflict between the goal of pursuing top sport results and the ambition of the local environment development, while the third dilemma is a clash between aiming of achievement quick results and consequently accept more risk, and the focus on work in the long run, which thereby reduces the risk level. How clubs resolve these dilemmas depends on the hierarchy of organizational goals. For the purpose of this research we followed the Kaplan's (2001) recommendation that the performance evaluation of non-profit organizations has to be multidimensional. The list of non-profit clubs goals was also made with the help of 12 managers with at least five years of experience on leadership positions at nonprofit basketball clubs. Each expert was asked to write down five reasons that would explain why basketball clubs exist, or what they consider to be the main strategic goals for the observed basketball clubs in this study. In addition each expert was also asked to identify five goals that, in his experience, clubs are actually pursuing. As a result, each

of the 12 experts defined up to 10 goals and the final list was the result of merging similar aims. We combined similar objectives and obtained the final list of 15 goals: 1) promotion of the municipality, 2) development of infrastructure in the local environment, 3) private sponsor promotion, 4) attracting spectators to home matches, 5) development of athletes for national selections, 6) generation of profit (surplus of incomes over expenses), 7) development of top athletes, 8) sport results of the first team, 9) budget growth, 10) increasing athletes' market value, 11) reducing the costs, 12) increasing the number of organizational members, 13) involvement of the local population in the club's activities, 14) encouraging the local population to do sports, and 15) sport results of junior teams. Our respondents had to assess the importance of each of these 15 organizational goals for their club on a 7-point Likert scale, anchored at the extremes (1) "not important at all" and (7) "the most important of all listed goals." A total of 19 variables were included in the survey at this level.

Sports clubs are predominantly service organizations, so human resource management (HRM) is of high importance in these organizations, which have numerous HRM specifics (Ivašković, 2018):

- Athletes have a shorter working period, which accelerates the whole HRM and business cycles.
- European sport clubs have a two-part organizational structure, namely a part related to administrative and managerial staff which does not differ essentially from other organizations, and a section that relates to athletes and has its own specifics.
- Athletes' market is very developed and contains numerous agencies that represent athletes' interests.
- Sport results and athletes' values are easier to objectify due to easier measurement of past achievements.
- HRM specific of European sport clubs is also the fact that those organizations might obtain athletes through their own education system.
- The duality of the organizational structure stems from the fact that many of the clubs have a professionalized part of the organization (this refers to the activities of a first team), while the part of the club that involves youth usually operates on amateur principles.

A total of 65 HRM variables were included in this study, including the following:

- The influence of organizational bodies and members, and stakeholders on the design of HRM process.
- The average retention period of the management and administrative staff at the club.
- The annual budget for professional basketball contracts and the market value of sports personnel.

- The proportion of club staff with professional status (and the extent to which club members volunteer for the work of the organization) and the proportion of club budget devoted to the professional part of the club.
- Sources of recruitment (local, national, international).
- The degree of formalization of the HRM process.
- The fluctuation in the club and the educational structure of the administrative and management staff.

Finally, in the light of the literature in the field of sports management, the intangible factors that relate to human relations and to the degree of individual's engagement in the pursuit of organizational goals are crucial to the success of sports clubs. In this context, we included 63 variables that relate to the behavior and feelings of members of observed clubs. Above all, we focused on the level of trust in the club (the relationships in the triangle of athlete - coach – top management), the level of team cohesiveness, and the level of work engagement that reflects the willingness of individuals to sacrifice their goals for the good of organization. Data from the third set of variables were obtained at three levels, namely from the managerial staff, coaches and athletes. Cohesiveness was measured using Carron, Widmeyer and Brawley's (1985) Group Environment Questionnaire; work engagement was measured using Schaufeli, Bakker and Salanova's (2006) Utrecht scale, while trust was measured using Adams, Waldherr and Sartori's (2008) questionnaire, which measures trust using four dimensions (benevolence, integrity, predictability, and competence).

2. Aspects of sport clubs' organizational performance

The performance of non-profit sports clubs cannot be simply reduced to a financial and sports result. For the purpose of this research, the results of a study regarding the identification of different aspects of sports clubs' performance were considered (Ivašković, 2019). The factorization of performance evaluation regarding achieving 15 different organizational goals, developed for the context of non-profit basketball clubs, show that two basic aspects of performance can be distinguished; namely financially-competitive and non-financial-recreational (Table 1).

Table 1. Results of factor analysis for importance of organizational aims (Source: Ivašković, 2019, p. 162.)

Component	Factor	
	1	2
Promotion of municipality	-.546	.699
Increasing the number of club members	-.643	.502
Involvement of local population in the club's activities	-.808	.420
Encouraging local population to do sports	-.696	.612
Development of infrastructure in local environment	-.618	.424
Sport results of junior teams		.603

Attracting spectators to the matches	.351	.541
Development of athletes for national selections	.509	.668
Development of top athletes	.748	.388
Reducing the costs	.762	.347
Private sponsor promotion	.725	
Budget growth	.713	
Sport results of first team	.859	
Surplus of revenues over expenses	.859	
Increasing athletes' market value	.857	

Note: The factors explain 66.88% of the variance.

3. Sample and analysis procedures

The data collection took place in 2014 and 2015 among basketball clubs from Bosnia and Herzegovina, Croatia, Slovenia, and Serbia. At the time of the study in all four countries there were 249 basketball clubs engaged in national competitions on all quality levels. 73 of them participated in the study, which represents a response rate of 29.3%, and is according to the HRM literature sufficient to carry out the analysis (Pološki-Vokić, 2004; Becker and Huselid, 1998). Among the 73 participating clubs there were 27 first-division clubs, 31 second-division and 15 lower-division clubs. Among the 27 clubs from the first national leagues, nine clubs also participated in the regional ABA (Adriatic Basketball Association) league and other international competitions. We collected data on three organizational levels, namely among athletes (559 athletes were included), head coaches (73), and clubs' presidents (73).

Due to the extensive nature of the survey, we decided to use the multivariate analyzes for data processing. More precisely, the sets of multiple regression analyzes with backward elimination as recommended by Pološki-Vokić (2003). Also, due to the fact that this particular case demands a wider perspective, we additionally performed sets of hierarchical multiple regressions, which enable evaluation of theoretical models that contain several sets of factors. Indeed, hierarchical multiple regression enables gradually adding particular sets of factors and consequently the evaluation of the direct effect each set has on the outcome (Aron and Aron, 1999; Cohen, 2001). In order to prepare data for multiple regressions, the correlation and factor analyses, as well as the Kruskal-Wallis and t-tests were performed. As the dependent variables two aspects of performance defined by Ivašković (2019) were used, namely 'financial and competitive' and 'non-financial and recreational' performance. Each data processing started with correlation analysis (and t-test for dichotomous variables), after which all variables that did not statistically significantly correlate with performance variable were eliminated. The Kruskal-Wallis variance analysis test was then performed for the interval variables. Variables that did not reach the statistical significance level at the

0.05 threshold were excluded from further analysis. The individual sets were then analyzed. Factor analysis was performed for each (first for objective relational and then for interval variables of each set). First, we performed multiple regression analyzes with the dependent variable "competitive-financial" performance, and then repeated the procedure in the case of "recreational-non-financial" performance as the dependent variable.

4. Results

4.1. The Model of Financial-Competitive Performance

After correlation and Kruskal-Wallis variance analyses individual sets of variables were analyzed. For each set a factor analysis was carried out (first for objective relational and then for interval variables of a particular set). From the institutional set two relational variables statistically significantly correlated with the perception of financial-competitive performance. The factor analysis (Barlett test $\rightarrow \chi^2(3) = 525.305$; $p = 0.000$; $KMO = 0.732$; $MSA > 0.5$) showed that they represent only one factor (Table 2).

Table 2. Factor analysis for the relational "environment" variables, which significantly correlate with financial-competitive performance

Component	Factor 1
Budget size	0.993
Number of seats in the hall	0.970

Note: Factor explains 97.00% of variance.

In the next phase, a factor analysis for eight interval variables from "environment" set was carried out. Once again the criteria for factorization were satisfied in the first iteration (Barlett test $\rightarrow \chi^2(28) = 211.719$; $p = 0,000$; $KMO = 0.653$; all $MSA > 0.5$). However, unlike in first case, this time the results showed the existence of two factors (Table 3).

Table 3. Factor analysis for the interval "environment" variables, which significantly correlate with financial-competitive performance

Component	Factor	
	1	2
The level of competition	-0.721	-0.353
The participation in the international competition	-0.812	
The strength of stakeholders' influence – volunteers	0.828	
The strength of stakeholders' influence – sponsors	-0.525	0.467

The strength of stakeholders' influence – local public	0.477	0.475
The strength of stakeholders' influence – municipal authorities	0.744	
The strength of stakeholders' influence – basketball association	0.464	0.647
The ratio between public and private sources	-0.580	0.564

Note: Factors explain 60.68% of variance.

The correlation matrix for 18 interval "strategic focus" variables were factorable in the first iteration of factor analysis (Barlett test $\rightarrow \chi^2(171) = 1143.848$; $p = 0.000$; $KMO = 0.835$; $MSA > 0.5$), which resulted in three factors (Table 4).

Table 4. Factor analysis for the interval "strategic focus" variables, which significantly correlate with financial-competitive performance

Component	Factor		
	1	2	3
The importance of organizational growth versus cost-effectiveness	-0.439	0.527	
The importance of the local environment development versus top sport achievements	-0.780	0.404	
The importance of long-term work versus fast results	-0.473	0.533	-0.539
The importance of promoting the municipality	-0.588		0.494
The importance of promoting sponsors	0.763		
The importance of a surplus of revenue over expenditure	0.827		
The importance of involving the local population in the club's activities	-0.796		
The importance of encouraging the local population to engage in sports	-0.654	0.483	
The importance of attracting spectators to home games	0.478	0.641	
The importance of developing top athletes	0.724	0.516	
Sport results of the first team	0.839		
Development of athletes for national selections	0.486	0.646	
Sport results of junior teams		0.680	
Budget growth	0.767		
Increasing athletes' market value	0.827		
Increasing the number of club members		0.793	
Reducing the costs	0.633	0.433	
The importance of infrastructure development in local environment	-0.547	0.550	

Note: Factors explain 71.57% of variance.

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The factor analysis of the seven relational variables from the "HRM and human capital" set did not satisfy all conditions for factorization in the first iteration (Barlett test $\rightarrow \chi^2(36) = 462.681$; $p = 0.000$; $KMO = 0.813$), due to the MSA value of variable "the average age of athletes in the first team" below the 0.5 threshold ($MSA = 0.421$). We therefore excluded that variable from further analysis. The repeated factor analysis fulfilled all the conditions (Barlett test $\rightarrow \chi^2(28) = 451.279$; $p = 0.000$; $KMO = 0.833$; $MSA > 0.5$) and showed that eight variables form a single factor (Table 5).

Table 5. Factor analysis for the relational "HRM and human capital" variables, which significantly correlate with financial-competitive performance

Component	Factor 1
Costs for salaries of professional athletes	0.924
The percentage of professionals in the club	0.883
Market value of sports personnel	0.954
Number of athletes in youth teams	0.770
Number of managerial and administrative staff	0.629
Length of contracts with athletes	0.510

Note: Factor explains 68.48% of variance.

The correlation matrix of 12 interval variables from the "HRM and human capital" set was not factorable due to too low KMO value ($KMO < 0.6$). The reason for this was the fact that three variables had an MSA value less than 0.5 (»the HRM influence of the sponsor«, »the HRM influence of the executive (sports) director«, and »quality of relations between employees – top manager's assessment«). After their elimination the repeated factor analysis met all the criteria for factorization (Barlett test $\rightarrow \chi^2(210) = 1094.276$; $p = 0.000$; $KMO = 0.688$, $MSA > 0.5$) and showed that the remaining variables form four different factors (Table 6).

Table 6. Factor analysis for the interval "HRM and human capital" variables, which significantly correlate with financial-competitive performance

Component	Factor			
	1	2	3	4
HRM influence of athletes' agents	0.433	0.668		
HRM influence of athletes	-0.489			
The percentage of clubs budget invested in amateur part of organization (%)	-0.636	-0.513		0.366
% of locals among athletes	-0.595	-0.536		0.446

% of locals in management and administration personnel	-0.621	-0.551	
The existence of formal rules for the selection of athletes	0.513	-0.413	0.583
Responsibility of athletes' agents for HRM		0.761	
Responsibility of athletes' agents for club's performance	-0.446	0.716	
Responsibility of the executive (sports) director for club's performance		0.602	

Note: Factors explain 77.88% of variance.

Factor analysis of interval variables within the behavioral set was successful in the first iteration (Barlett test → $\chi^2(36) = 581.983$; $p = 0.000$; $KMO = 0.682$; $MSA > 0.5$) and resulted in two factors (Table 7).

Table 7. Factor analysis for the interval "behavior" variables, which significantly correlate with financial-competitive performance

Component	Factor	
	1	2
Benevolence of athletes – perception of the head coach	0.399	
Benevolence of management – perception of the head coach	0.774	0.575
Competence of management – perception of the head coach	0.664	0.586
Head coach's trust in club's management	0.718	0.624
Benevolence of teammates – athletes' perception	0.531	0.409

Note: Factors explain 73.17% of variance.

13 factors were included in the final regression model with the perception of achieving competitive and financial goals as dependent variable. The hierarchical multiple regression had four phases. We gradually included factors from all four sets of variables, first "environment" (model 1), then "strategic focus" (model 2), "HRM and human capital" (model 3), and finally "behavior" (model 4). The obtained results are shown in the Table 8.

Table 8. A summary of the hierarchical multiple regression analysis for the financial-competitive performance

Model	R	R ²	Adjusted R ²	Changes Ch. R ²	Ch. F	Ch. sig. F
1	0.810 ^a	0.656	0.640	0.656	42.564	0.000
2	0.967 ^b	0.935	0.928	0.279	90.744	0.000
3	0.971 ^c	0.943	0.931	0.008	1.402	0.229
4	0.976 ^d	0.952	0.940	0.009	5.256	0.008

All models were statistically significant at $p < 0.001$, and the final model 4 ($F = 79.050$; $p = 0.000$) explained 94.0% of the variance in the top managers' perceptions of the club's financial-competitive performance. We can notice that environmental factors explain 65.6% of the variance, the strategic focus factors clarify additional 27.9% variance, while the factors from the HRM and human capital set contributed to clarifying negligible 0.8% of the variance of the dependent variable. The factors of "behavior" helped to explain slightly more, an additional 0.9%. The hierarchical multiple regression method showed that only four out of the 14 factors statistically significant affected financial-competitive performance at the level of 0.05, only two at 0.01, and only one at $p < 0.001$ (Table 9). Accordingly we may conclude that the strategic focus of observed non-profit basketball clubs has the strongest impact on this aspect of organizational performance, namely factors "strategic focus 1" ($\beta = 0.846$; $p = 0.000$) "strategic focus 3" ($\beta = -0.109$; $p = 0.008$). At the same time the HRM factors that were included in this study showed somewhat weaker impact. Only the set of relational HRM and human capital factor ($\beta = 0.171$; $p = 0.015$) and factor "behavior 1" set ($\beta = -0.184$; $p = 0.035$) showed statistically significant impact on this aspect of performance.

Table 9. Coefficients of the final hierarchical multiple regression model for the financial-competitive performance

Set of variables	B	β	T	p
Constant	0.007		0.248	0.805
Environment relational	-0.084	-0.083	-1.333	0.188
Environment interval 1	-0.084	-0.083	-0.994	0.325
Environment interval 2	-0.012	-0.012	-0.306	0.761
Strategic focus 1	0.838	0.846	10.040	0.000
Strategic focus 2	0.063	0.063	1.304	0.198
Strategic focus 3	-0.109	-0.109	-2.759	0.008
HRM relational	0.222	0.171	2.510	0.015
HRM interval 1	-0.152	-0.143	-1.413	0.163
HRM interval 2	-0.085	-0.079	-1.572	0.122
HRM interval 3	0.030	0.028	0.635	0.528
HRM interval 5	-0.077	-0.071	-1.808	0.076
Behavior 1	-0.189	-0.184	-2.159	0.035
Behavior 2	-0.049	-0.048	-0.998	0.323

Note: A dependent variable - the perception of financial-competitive performance.

In order to increase the reliability and validity of the results obtained with hierarchical multiple regression, we also conducted the method of multiple regression with the so-called backward elimination of input variables recommended by Pološki-Vokić (2003). Through several regression analyses the input variables which did not show statistically significant ($p > 0.05$) impact on dependent variable were gradually eliminated. Finally, the following regression model has been obtained:

$$y = 0,011 + 0,903x_1 - 0,065x_2 - 0,074x_3 - 0,104x_4$$

Meaning of the labels:

y – financial-competitive performance;

x_1 – strategic focus 1;

x_2 – strategic focus 3;

x_3 – HRM interval 2;

x_4 – behavior 1.

The linear multiple regression model obtained with the method of backward elimination was statistically significant at $p < 0.001$ ($F = 257.196$; $p = 0.000$) and explained 94% of the variance of the dependent variable ($R^2 = 0.940$, adjusted $R^2 = 0.936$), which is relatively high for social studies. This test also showed that only four of the 13 input variables statistically significantly influence the measured perception of the clubs' financial and competitive performance. Interestingly, from the strategic focus and the behavior set the same factors were identified as with previous method, while from the HRM and human capital set different factor was identified to have significant impact. Once again, the strongest impact on the dependent variable had the factor "strategic focus 1" ($x_1 \rightarrow t = 24.425$; $p = 0.000$; $\beta = 0.912$), while significantly weaker effects were shown by variables in the factors "strategic focus 3" ($x_2 \rightarrow t = -2.063$; $p = 0.043$; $\beta = -0.065$), "HRM interval 2" ($x_3 \rightarrow t = -2.078$; $p = 0.042$; $\beta = -0.068$) and "behavior 1" ($x_4 \rightarrow t = -2.506$; $p = 0.015$; $\beta = -0.101$). Therefore, the results according to this method also confirm that strategic focus factors are of key importance in terms of the impact on the financial-competitive performance of non-profit basketball clubs.

4.2. *The Model of Non-financial-recreational Performance*

The same procedure as for the previous model was conducted for the non-financial and recreational aspect of performance. Again the Kruskal-Wallis's variance analysis was performed. The variables that did not reach the statistical significance at the 0.05 threshold were excluded from the following analysis. In the next phase for each set a factor analysis was performed, first for relational and then for interval variables.

From the "environment" set not a single relational variable and only three interval variables significantly correlated with the perception of this aspect of performance. Factorization criteria were satisfied in the first iteration, and the result showed

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existence of single factor (Table 10). The correlation matrix for 11 interval strategic focus variables however resulted in two factors (Table 11).

Table 10. Factor analysis for the interval "environment" variables, which significantly correlate with non-financial-recreational performance

Component	Factor 1
The level of competition	-0.868
Strength of volunteers' influence on the processes in the club	0.885
Strength of state authorities influence on the processes in the club	0.313

Note: Factor explains 54.47% of variance.

Table 11. Factor analysis for the interval "strategic focus" variables, which significantly correlate with non-financial-recreational performance

Component	Factor	
	1	2
The importance of promoting the municipality	-0.539	0.544
The importance of involving the local population in the club's activities	-0.740	0.530
The importance of encouraging the local population to engage in sports	-0.614	0.655
The importance of attracting spectators to home games	0.543	0.590
The importance of developing top basketball players	0.826	
Development of athletes for national selections	0.606	0.557
Sport results of junior teams	0.528	0.552
Increasing athletes' market value	0.879	
Increasing the number of club members	-0.222	0.808
Reducing the costs	0.705	
The importance of infrastructure development in local environment	-0.495	0.711

Note: Factors explain 71.06% of variance.

Factor analysis of three relational "HRM and human capital" variables satisfied all the conditions of factorization in the first iteration and showed that these variables form one factor (Table 12).

Table 12. Factor analysis for the relational "HRM and human capital" variables, which significantly correlate with non-financial-recreational performance

Component	Factor 1
Athletes' market value	0.970
The length of the period of current head coach at the club	-0.398
The average length of contracts between athletes and club	0.381

Note: Factor explains 54.61% of variance.

The correlation matrix of five interval variables from the "HRM and human capital" set did not show satisfactory level of factorability, due to too low KMO ($KMO < 0.6$). The reason for that was a variable "the HRM influence of the executive (sports) director" with an MSA value below 0.5. Therefore, it was excluded from further analysis. Repeated factor analysis met all the criteria for factorization (Barlett test $\rightarrow \chi^2(10) = 80.413$; $p = 0.000$; $KMO = 0.694$; $MSA > 0.5$) and showed that the remaining five variables form two factors (Table 13).

Table 13. Factor analysis for the interval "HRM and human capital" variables, which significantly correlate with non-financial-recreational performance

Component	Factor 1	Factor 2
The existence of formal rules in contract processes with athletes	0.887	
Existence of formal rules for performance evaluation	0.748	
The influence of the head coach on the financial compensation	0.713	
The responsibility of the executive (sports) director for the organizational performance		0.834

Note: Factors explain 68.96% of variance.

The factorization of six interval variables from the "behavior" set satisfied the conditions of the Barlett test ($p = 0.000$) and KMO ($KMO > 0.6$), but the MSA values of the "predictability of the management – head coach's assessment" and "the predictability of athletes - the perception of teammates" were below the 0.5 threshold, so they were excluded from further analysis. The repeated factor analysis satisfied all the conditions and resulted in three factors (Table 14).

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Table 14. Factor analysis for the interval "behavior" variables, which significantly correlate with non-financial-recreational performance

Component	Factor		
	1	2	3
Benevolence of management – athletes' perception	0.914		
Integrity of management – athletes' perception	0.889	-0.380	
Trust of athletes in management	0.891	-0.373	
Team cohesiveness	-0.305		0.870

Note: Factors explain 80.02% of variance.

The final regression model included nine factors. The Table 15 shows results of hierarchical multiple regression in which the sets of variables were gradually included in four steps, firstly the "environment" (model 1), followed by the "strategic focus" (model 2), then the "HRM and human capital" (model 3) and, finally, the "behavior" (model 4).

Table 15. Summary of hierarchical multiple regression analysis for non-financial-recreational performance

Model	R	R ²	Adjusted R ²	Changes Ch. R ²	Ch. F	Ch. sig. F
1	0.060a	0.004	-0.010	0.004	0.254	0.616
2	0.696b	0.485	0.462	0.481	32.187	0.000
3	0.795c	0.631	0.598	0.147	8.760	0.229
4	0.800d	0.640	0.589	0.009	0.504	0.681

Results show that the environmental factors explain less than 1% of the perception of the variance. At the same time, the strategic focus factors seem to play a much larger role, as they explain 48.5% of the variance of the dependent variable together with the environment. In contrast to the analysis of financial-competitive performance factors, in this case the HRM factors showed a significantly higher impact. Their addition to the regression model enabled the joint explanation of 63.1% of the variance of the dependent variable, while the behavior factors contributed to explaining only additional 0.9% of dependent variable's variance. Apart from the first model, all the others were statistically significant. The final model 4 ($F = 12.442$; $p = 0.000$) explained in total 64% of the variance of this aspect of performance, which is significantly less than in the case of financial-competitive performance model. Moreover, unlike in the case of hierarchical multiple regression for the latter, the same method has in this case showed that only two out of nine factors statistically significant ($p < 0.05$) influence the perception of non-financial-recreational performance of non-profit basketball clubs. This aspect of performance was influenced stronger by the

variables in the factor “strategic focus 2” ($\beta = 0.559$; $p = 0.000$) and factor “HRM interval 1” ($\beta = 0.423$; $p = 0.000$). The results are shown in Table 16.

Table 16. Coefficients of the final hierarchical multiple regression model for non-financial-recreational performance

Factor	B	β	t	p
Constant	0.027		0.351	0.726
Environment	0.202	0.200	1.390	0.169
Strategic focus1	0.037	0.037	0.330	0.743
Strategic focus 2	0.556	0.559	4.696	0.000
HRM relational	0.020	0.016	0.131	0.896
HRM interval 1	0.435	0.423	4.195	0.000
HRM interval 2	0.133	0.130	1.267	0.210
Behavior 1	0.132	0.124	1.120	0.267
Behavior 2	0.013	0.013	0.151	0.880
Behavior 3	0.018	0.017	0.158	0.875

Note: A dependent variable - the perception of non-financial-recreational performance.

In order to increase the reliability and validity of results, a multi-regression with the so-called backward elimination of input variables was also used for this case. It resulted in the following regression model:

$$y = 0,026 + 0,636x_1 + 0,412x_2$$

Meaning of the labels:

y – non-financial-recreational performance;

x_1 – factor of strategic focus 2;

x_2 – HRM interval factor 1.

The linear multiple regression model ($F = 57.942$; $p = 0,000$) explained 62.3% variance ($R^2 = 0.623$; adjusted $R^2 = 0.613$). This confirms the previous finding that the observed factors in this study have greater influence on the financial-competitive performance than on non-financial-recreational. In the case of regression models for the perception of non-financial and recreational performance there were no significant differences between the results of hierarchical and multiple regressions with backwards elimination. The effects on the dependent variable were confirmed by the same factors from the nine included parameters ($x_1 \rightarrow t = 8.658$; $p = 0.000$; $\beta = 0.639$; $x_2 \rightarrow t = 5.436$; $p = 0.000$; $\beta = 0.401$). This method showed once again that the strategic focus factors are the most important among all observed and have a direct impact on both aspects of performance. However, unlike in the model of financial-competitive

performance, the HRM factors were found to have a somewhat greater impact on the non-financial and recreational aspect.

5. Discussion, Conclusions and Limitations

Three factors showed statistically significant influence on the financial-competitive performance of sport clubs by both methods. Namely: "strategic focus 1", "strategic focus 3" and "interval behavior factor 1". The factor "strategic focus 1" showed a strong positive influence, while variables from the factor "strategic focus 3" were found to have weak negative impact on particular aspect of performance. If we break down those factors, we can conclude the following regarding the financial-competitive performance of non-profit basketball clubs:

- a) Emphasizing the top sport results in club's strategic documents at the expense of meeting the local community needs increases the organizational chances for better financial and competitive performance. This seems to be the key strategic issue for majority of sports clubs (Kern et al. 2012; Breitbarth and Harris 2008; Ivašković 2015), since sooner or later organizational management has to decide whether the club is going strive for local athletes will try to attract better skilled personnel on international markets (Taylor, Doherty, and McGraw, 2008, 28). Clubs from higher ranked competitions and with the ambition of top sport achievements invest their energy and resources exclusively in the latter, which implies a greater likelihood of a top sport results. In this respect, they are discouraged, especially during the economic recession periods, to invest in other spheres of organizational activities. The top sport result ambitions therefore diminish the concerns for the development of the local environment and community.
- b) Emphasizing cost-effectiveness at the expense of growth increases the chances for better financial and competitive performance. Cost effectiveness does not necessarily imply cost reductions, but rather an attempt to maximize the utilization of funds available to the organization. Basketball clubs with the ambition of achieving top sport results usually have an organizational structure which enables them to do so. Consequently, there is no excessive desire to increase organization; they rather strive for optimization of organizational processes that take place within the existing structure.

The results of this study suggest the hierarchy of strategic goals significantly affects the financial-competitive performance of observed non-profit basketball clubs. The positive impact on this aspect of performance has the placement of following goals higher in the clubs' hierarchies of objectives: 1) budget growth, 2) generation of the surplus of revenues over expenses, 3) private sponsor promotion, 4) sport results of first team, 5) attracting spectators to home matches, 6) increasing athletes' market value, 7) development of top basketball players, 8) development of athletes for national selections, 9) reducing the costs for club's operations. On the other hand, it

seems that focus on meeting the needs of the local environment at the expense of the top sport result, and emphasizing growth at the expense of cost-effectiveness diminish possibilities for success on the financial and sport competitive fields. Consequently, increasing the importance of following goals and integrating them into the organizational strategy reduces the club's potential to achieve top sport and better financial results: 1) promotion of the municipality, 2) involvement of the local population in club's activities, 3) encouraging local population to do sport, and 4) development of sports infrastructure in the local environment.

Both methods showed that beside the strategic focus factors the influence (albeit weak) on competitive and financial performance have also certain variables from the feelings and behavior set. Results show that the competitive and financial performance suffered a negative effect from: 1) athletes' perception of their teammates' benevolence, 2) head coach's perception of the athletes' benevolence, 3) head coach's perception of the club management's benevolence, 4) the perception of the head coach about the competence of the club's management, and 5) the head coach's trust in management. The latter is at first sight somewhat surprising result, which is however probably related with a less interferences by top management in the work of the head coach and coaching staff. Thus, it is probably a consequence of professionalization and specialization processes which lead to better sport results. It is also somewhat surprising that the perceptions of athletes' benevolence by their teammates and even by head coach are in negative relation with competitive and financial performance. This however does not imply that we need bad relations within team for a good sport result. It rather indicates that in higher quality teams good relations and mutual trust within team do not derive from the perception of benevolence, but from other sources such as perception of competence etc. It is certainly a surprising finding that from the HRM set not a single factor showed statistically significant impact on competitive-financial performance.

Fewer factors were identified to have a significant impact on the non-financial and recreational aspect of performance. Both methods, hierarchical multiple regression and multiple regression with backward elimination, yielded similar results and identified the same sets of factors, namely the factor of "strategic focus 2" and "HRM interval factor 1". Managements that want to increase this aspect of organizational performance have to emphasize the importance of the following goals: 1) promotion of the municipality, 2) involvement of the local population in the club activities, 3) encouraging local population to do sports, 4) attracting spectators to the home matches, 5) development of athletes for national selections, 6) sport results of junior teams, 7) increasing the number of club members, and 8) the development of sports infrastructure in the local environment. Both multiple regression methods also confirmed that the non-financial-recreational performance is also affected by some HRM variables, namely: 1) the existence of formal rules in contract processes with

athletes, 2) the existence of formal rules for performance evaluation, and 3) the influence of the head coach on the financial compensation.

The results of both models evidently show that the final organizational outcome is influenced by all goals, which importance was measured in particular study (Table 17). Nine out of the 15 goals have a positive impact on only one aspect of performance, while they do not affect the other. Seven of these have only a positive impact on the financial-competitive aspect of performance; two (increasing the number of club members and sport results of junior teams) have positive impact on the non-financial and recreational aspect and do not harm financial-competitive performance. The second group is represented by organizational goals that have an ambivalent influence on organizational performance. They positively affect the recreational and non-financial aspect of performance, but negatively affect the financial-competitive aspect. These are: 1) promotion of the municipality, 2) involvement of local population in club's activities, 3) encouraging local population to do sport, and 4) development of infrastructure in local environment. Managers should therefore be aware that some goals are incompatible with others. Thus, their integration into the organization's strategic plans might lead to so called "stuck in the middle" problem and could decrease the club's potential for success from both aspects of organizational performance. The third segment is formed of two goals, whose involvement in club strategic plans has a positive impact on both aspects of performance. These are attracting spectators to home matches and development of athletes for national selections. Integrating these goals into the organizational strategic plan should thus be beneficial for professional and amateur clubs, so their involvement in the strategic plans of is certainly recommendable.

Table 17. The influence of organizational goals' importance on the performance of non-profit basketball clubs

Goal	Direct impact on performance	
	Financial-competitive aspect	Non-financial and recreational aspect
Sponsors promotion	positive	neutral
Generation of the surplus of revenues over expenses	positive	neutral
Attracting spectators to home matches	positive	positive
Development of top basketball players	positive	neutral
Sport results of first team	positive	neutral
Development of athletes for national selections	positive	positive
Budget growth	positive	neutral
Increasing athletes' market value	positive	neutral

Reducing the costs	positive	neutral
Sport results of junior teams	neutral	positive
Promotion of municipality	negative	positive
Involvement of local population in club's activities	negative	positive
Encouraging local population to do sports	negative	positive
Increasing the number of club members	neutral	positive
Development of infrastructure in local environment	negative	positive

This study may be beneficial for the non-profit sport clubs' managers in the process of strategic planning. Indeed, the results of this study may be used as guidelines for defining clubs' goals. Obviously the hierarchy of strategic goals in basketball clubs can significantly contribute to the organizational performance. Likewise, incorrect setting of priorities can reduce the chances of success. The study has therefore empirically confirmed the existence of direct causal relationships between the strategic focus and organizational performance. On the other hand, it confirms the assumptions regarding complexity of HRM - performance relationship (Purcell et al., 2003; Wright et al., 2005). The results indicate that the link between HRM and human capital on one side and the organizational performance on the other in the context of non-profit basketball clubs is probably indirect. Many factors indeed statistically correlate with organizational performance, but the regression analyses did not reveal the significant HRM impact on any of the two measured performance aspects. This is in line with the so called "black box" thesis; there is a space of unknown connections between HRM practices and their consequences on the organizational performance. Therefore, identification of intermediate factors between HRM and performance remains as one of the future key study areas in the field of management.

Finally, the limitations of particular research should be mentioned. First of all, multiple regression methods which were used in this study are not always suitable for testing more complex causal relationships, since they measure only direct relationships between dependent and independent variables. At the same time, factor analyses and other statistical techniques were used in order to reduce the number of variables, which implies the possibility that we have omitted certain variables, which in fact have a direct impact on at least one of two measured aspects of performance. Of course, another limitation is the fact that we could not include all potential performance factors in the study. However, this study represents an important starting point for further studies on non-profit sport clubs' organizational performance factors.

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