



Master's degree thesis

IDR950 Sport Management

Strategic Management in Football: How can Norwegian clubs achieve competitive advantages in the players' market?

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Preface

This master's thesis is written as the final part of my two-year master's program in Sport Management at Molde University College.

I would like to thank my supervisor, Kjell Marius Herskedal for his guidance and support for throughout the project. I would also like to express my gratitude to all the participants, particularly the four Clubs and their sporting directors who gave their time, shared their knowledge and experience in the research for this study.

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Tommy Waaden

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Summary

In today's professional football, player recruitment is critical for strategy. In football, as in business, achieving success rely significantly on the available human resources. However, football clubs vary in multiple shapes and sizes which stretches across financial and sporting objectives. These two objectives go a long way to influence the recruitment strategies adopted by clubs in their quest to gain competitive advantage over competing rivals. The challenge here is how can clubs seek and develop new strategies based on their sporting and financial objectives.

This study employs qualitative methods to shed lights on how Norwegian professional football clubs can achieve competitive advantages through their recruitment strategies. The study draws on three underpinning theories that conceptualise the strategic human resource management theory as an analytical tool to establish a relationship between club strategies and recruitment policy, the dilemma of choosing between financial objectives and sporting success when recruiting professional football players.

Keywords: *strategic management, human resource, competitive advantages, player recruitment, resource theory, transfer market,*

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1.0 INTRODUCTION

The success of a football club hinges largely on its ability of assembling the best team, therefore, the clubs' ability to recruit and develop a team's human resources is one of the key areas of club management in modern football. Player recruitment today places additional requirements to the skills of those who control the club in order to recruit the right players to improve sporting results. The ability to identify and recruit 'true' talent is a much sought-after quality that enables clubs to achieve competitive advantages against rivals and limit the financial risk by investing in the wrong players (Kelly 2017).

Professional football clubs nowadays faces many of the same recruitment decisions as any other business organisations, to either recruit internally from in-house academies or recruit talents from the external labour market (Schokkaert 2014). The rationale behind both strategies is designed to recruit new players with certain qualities and characteristics to enhance the existing squad of players. This raises important questions such as: what are the "right and wrong" qualities and characteristics and how are those evaluated and assessed? Moreover, the nature of the open league structure with lucrative revenues at stake, and the threat of relegation creates a highly competitive environment that require continuous and rapid adjustments which put managers under immense pressure to produce results (Littlewood et al 2011). In the case of player recruitments, club managers are often forced to make fast decision in order to secure the players with certain qualities and characteristics needed for improving both sporting results and financial objectives. Kelly (2017) emphasized that club managers, in some cases are forced to utilise 'gut feeling and instinct' in their assessment and recruitment of players, which might complicate the overall quality of the recruitment decisions. Moreover, player recruitment represents a crucial investment decision for any football club.

Player recruitment represents a major financial risk due to high costs related to player wages and transfer fees when acquiring talent from the labour market, which have proven to be a constant never-ending problem for most professional football clubs today. The risk of recruiting wrong players might lead to poor sporting results for the club, leading to worsening of reputation of both player and the club. If the players fail to perform as expected, there a potential financial loss to be made. Drawing on that notion, recruitment

decisions represents a high level of uncertainties regarding the return of investment due to large unpredictability of the athletes and the sports in general.

In football today, clubs vary in multiple shapes and sizes which stretches across financial and human resources. These elements go a long way to influence the recruitment strategies pursued by the football clubs. For the financially healthy clubs at the top of the table, the focus should centre on roster reinforcement and ensuring that they can continue to compete against similarly endowed rivals. The challenge here is how can they differentiate their strategy to achieve competitive advantage in a world where money is no object for themselves or their rivals. For the clubs further down the football ladder seem to find themselves at a disadvantage when it comes to competing for the services of distinguished players in the transfer market. Not only will they struggle to pay the exorbitant transfer fees, but they will also be hard pressed to meet the players' individual wage demands. As such, the question is how they can differentiate their recruitment strategy and find innovative ways to derive success in the labour market in order to achieve the level of competitive advantage needed to remain on par with some of the game's elite (Pifer 2017). The key question is therefore; how can clubs improve the efficiencies in the labour market and what labour market strategies can create competitive advantages for clubs?

In this study, the focus will be on Norwegian Football clubs, which are sharing some challenges and dilemmas ahead of a player recruitment. Therefore, the purpose of this thesis is to provide some new research on player recruitment which may uncover some of the uncertainty involving a player recruitment. The main objective is to employ qualitative methods to provide a comprehensive overview on how Norwegian football clubs at the elite level of the sporting pyramid proceed to recruit new players. Again, the study will discuss how clubs could possibly shift toward the application of a more strategic approach to player recruitment in order to gain competitive advantages against league rivals. In the following I will present a brief overview the recent trends and challenges related to player recruitment in general, and a give short overview about player recruitment in Norwegian Football.

1.1 Background of the Study

Player trading activities in European football have been given considerable attention by media and academia. The Big five' European league clubs' reach a record gross transfer spending of €5.96 billion on players in 2017. These figures reflect the size of the European football industry which saw European football market generated a combined revenue of €25.5 billion in 2016/17 (Deloitte 2018). However, despite the significant increase in income in the football industry, a considerable number of clubs today have continually experienced rising debt and persistent deficits, due to high employee cost spending, transfer fees and player wages followed by a player recruitment. Consequently, the European soccer's governing body, UEFA, in the form of Financial Fair Play initiatives are designed to minimize financial vulnerabilities due to the large spending on players (UEFA 2010). These measures force clubs to position themselves in a setting where strategic formulations are necessary in order to derive success in the labour market and on the pitch.

In modern football nowadays, we have witnessed some clubs that have developed a reputation for recruiting more intelligently than others, such as Porto and Benfica in Portugal, Lyon and Monaco in France (Poli et al 2017; Bernardini 2017). As noted by Gerrard (2014), these teams have been successful of minimizing the costs of playing talent and maximize the sporting performance of their playing squad. A Sidestep to baseball and the Oakland Athletics, a relatively small baseball team that outsmarted its competitors in the labour market by implementing a unique recruitments strategy based on specific players' skills, attributes, and statistical methods to find the undervalued players on the market (Lewis 2003). As such, by applying certain principles, teams manage to improve their sporting performance and thus gained competitive advantage against much wealthier teams in the league (Lewis 2004).

Football clubs at all levels find themselves in similar positions, by having presumably wealthier teams in the league, creating unfavourable conditions of club dominance in domestic competitions. Therefore, an element of efficiency is required from most teams by looking at innovative labour market strategies as they strive to compete within their means. Drawing on this notion, this thesis will investigate the possibility of certain labour market strategies that may be applied in the Norwegian Context. On this note, the recent trends regarding player recruitment in Norwegian football will be explained. Historically, the

organization of Norwegian sports has been built on the institutional principle of sport for all, where the ideas of amateurism and volunteerism are greatly encouraged. Today, Norwegian sport clubs have continued to be organized as voluntary organization, often with a 'co-operating plc', taking care of the financials, while the sporting affairs are still the responsibility of the sporting department within the clubs (Gammelsæter and Jacobsen 2008). This is called the dual governance structure of Norwegian football allowing clubs to get access to external capital from the plc, while maintaining the culture grounded on voluntarism (Gammelsæter and Jacobsen 2008).

Like many professional football clubs in European countries, Norwegian top football clubs have undergone an increased commercialization from the beginning of the 1990's. A drastic increase of new revenues was introduced in the early 2000's, allowing Norwegian clubs to develop into larger and more professional organizations. This enabled Norwegian clubs to take the clubs an opportunity to take a higher risk and further invest heavily into player recruitment. As such, the overall personal cost which includes wages for players and staff doubled from 400 million NOK in 2005 to 800 million NOK in 2010 (Winsnes 2014). Consequently, this led to the trend of investing in more established players occupying playing time and larger portions of available economic resources on behalf of Norwegian players, and consequently less indigenous players progressed to play in the Norwegian football league (Gammelsæter and Jakobsen 2006).

Furthermore, most Norwegian PFC, turned their focus on recruiting international players, with the objective of improving the overall qualities within the club. The numbers of foreign players increased from 80 in 2005 to 117 foreign players in 2008 (Bakkehaug 2011). However, many of the imported players failed to perform on the pitch, resulting in increased debt and persistent deficits due to the high cost related to the player recruitments. By 2008, Norwegian clubs recorded an overall loss of NOK 223 million in 2008 and continued to record losses until 2013 (Winsnes 2014).

Today, over a decade later, many Norwegian teams are still experiencing financial difficulties, although most teams have become more financially healthy. This is mainly due to the financial follow-up system introduced by Norwegian Football Federation (NFF) in 2009, which encourage clubs to be proactive in their financial management in order to be granted a licence in the Norwegian PL (NFF, 2016a). This have forced clubs in adopting a

more sustainable model and focusing more on player development and recruitment of younger players (Nordhaug 2017). The current financial situation (*shown in table 1*) of Norwegian Football, indicates a growth revenue within the last five year. Simultaneously, the current financial situation also indicates a continued increase in the cost expenditure in Norwegian Football. The largest component of the operating costs for professional football clubs is dominated by the players and staff wages, and thus 49 per cent of the total cost in Norwegian PL in 2016, are allocated to such personal wages (Deloitte, 2017).

Table 1: Total Revenue Growth for Norwegian Elite Division Clubs

	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013
Income	1 772 054 644	1 712 587 972	1 709 251 927	1 616 484 149	1 620 008 392
Cost	1 892 574 549	1 785 758 970	1 728 771 418	1 715 024 826	1 763 287 219
Operating profit I	- 120 519 905	-73 170 998	-19 519 490	-98 540 677	-143 278 827
Operating profit II	79 070 752	106 266 539	140 073 053	15 482 024	-43 913 245

According to Head of Club Licences, Rune Nordhaug, the main reason for the positive results last four seasons is due to income from player's sales (included in operational profit II). This illustrates the importance and dependency of an efficient player logistics, hence buying and selling players. For Norwegian clubs to service their debt, wages and other obligations many clubs have rely player sales to remain solvent. A rising challenge is that Norwegian clubs would suffer from a potential decrease in income from player trading, while the costs continue to increase. To address these issues, Norwegian club are forced to reduce costs on player investment and recruit players with sales' potential has become necessary ensure that the clubs are able to sell players on the international market. As such, there is the need to apply a strategic approach towards player recruitment in order to improving club's cost control by enabling the club to capture more value in their recruitment decision.

Related to the issues discussed above, the recruitment activities in Norwegian football have previously been characterized by more short-term thinking and less sustainable measures. Consequently, the club's behaviour in the player market have generated a lot of debate in

the media, fans and among researchers. Gammelsæter and Jakobsen (2006) raised concerns about the high number of foreign players in Norwegian football and how it impacts the indigenous home-grown players and the competition among the players who will fight for the place in the national team. Furthermore, many have pointed toward the recruitment of international players as one of the reasons why many Norwegian clubs are struggling to export national players abroad.

The questions regarding the overall quality of the international players being imported to the Norwegian PL have turned into interesting national debate over the last years. Former sport director of Fredrikstad FK and football pundit, Joachim Jonsson have raised critical voices regarding the quality of the Norwegian PL as he presented data showing that 51 players out of 112 international players were included in the starting line-up during the opening day of the 2018-season (NRK 2018; Jørgensen et al 2018). Again, Jonsson pointed out the inefficiencies in the clubs' approach to the players' market as a lack of expertise in the recruitment decisions and a noticeable absence of recruitment strategies (Moen 2017). In addition, critical questions have been also been raised about Norwegian clubs' inability to allocate resources into player scouting and as a result, fall short at the important preparations ahead of recruitment decisions which subsequently lead to an increased risk of making wrong player recruitment decisions.

For these challenges and concerns to be addressed, there is the need to revise how Norwegian clubs proceed when assessing, evaluate and recruiting new players. The introduction of the follow-up system and financial fair-play (FFP) encourages and ensures Norwegian clubs to adopt a more sustainable model and focus more on player development in their recruitment strategies. As such, this study seeks to dig into a deeper understanding of the potential labour market actions applied by Norwegian Clubs that can be closely aligned with competitive advantages both on and off the field.

1.2 Purpose of the Study

The nature of the open leagues structure and lucrative revenues create a highly competitive environment where a small competitive advantage could lead to on-field as well as financial success. Furthermore, there is a need for more efficient management and efficient use of

resources due to the financial vulnerability related to player recruitment. However, there is not much research on the actual recruitment process and how club managers assess and evaluate players before completing the signing.

The overall objective of this study is to examine and explore how Norwegian football clubs can gain competitive advantage by employing relevant recruitment strategies. This examination will lead the study to investigate whether these clubs have documents strategies and visions on how to achieve such objectives. Here, this study is to explore how football clubs at the elite level of the sporting pyramid in Norway organize their player recruitment strategies.

The study will also highlight other interesting subjects such as the extent to which sporting and financial objectives influence the recruitment strategies employed by Norwegian clubs. More specifically, the study will attempt to investigate how the potential players' market can be closely aligned with competitive advantages both on and off the field. Here, the objective is to identify what characteristic, principles and practices in the recruitment strategies that are likely to create favourable conditions for competitive advantages.

The study will further explore the extent to which certain action plans have been put in place to minimize potential risk and losses in the players' transfer market. Here, relevant risk indicators such as age, culture, playing style, future sales value and cost will be assessed. The aim of this study is to provide a new understanding on the area of player recruitment in football and contribute with insight eliminating strategic failures and reducing the possibility of making poor recruitment decisions.

1.3 Research Questions

To provide a foundation for understanding the wide-ranging circumstantial issues regarding creating competitive advantage in player recruitment, the study attempts to address one main question by answering three related questions. The associated research questions will be related to recruitment strategy, risk assessment and management, and the underlying forces and patterns of creating competitive advantage.

1.2.1 Main Question

How can Norwegian professional football clubs achieve competitive advantages through their recruitment strategies?

This question takes general overview on how Norwegian clubs can ensure competitive advantages from the players market when recruiting new player and how can they achieve. However, the next three specific questions will help us to understand and answer the stated general question.

1.2.2 Specific Questions

How does the tension between the sporting and financial objectives affect the recruitment strategies of Norwegian professional football clubs?

Here, circumstantial issues regarding how clubs define their recruitment strategy in relation to their sporting and financial goals. Here, it will be crucial to find out and analyse whether clubs have documented strategy that is tailor-made or shared vision. The analysis then attempts to provide an in-depth understanding of the decision-making processes and what best practices are typically adopted to gain competitive advantage.

What strategies are applied by the clubs to minimize sporting and financial risks in the transfer market?

The focus is to understand the ways in which Norwegian elite clubs can minimize sporting risk and financial losses particularly how the international markets is a benefit or threat to the sustainability and suitability of Norwegian clubs.

What labour market strategies seem to increase the financial and sporting competitive advantages?

Emphasis here will be placed on the changing aspects of the transfer market and how clubs can achieve competitive advantage within the player transfer market by emphasizing on certain sporting indicators such as age, culture, origin, playing styles and future sales value.

1.3 Structure of the Thesis

This thesis is presented in six chapters, all of which will be structured in a way that confronts subjects relevant to the study. The above introductory chapter provided the reader with the contextual background of the study, followed by research questions and arguments for conducting this particular research. Chapter two provides a comprehensive review of the existing literature and provide a theoretical background for this study. The objective of this chapter is to present and discuss academic literature within the areas of professional sport and international business economics, labour market, player valuation and evidence from the football industry regarding player recruitment in European football. Chapter three presents the theoretical perspective that is central to this study. The study will adopt and modify human resource management and strategic management theories as an analytical tool to understand and explore the wide-ranging circumstantial issues regarding creating competitive advantage in player recruitment. Chapter four will present a detailed overview of the methodology applied in this research and provide the research procedure and the rationale behind the research design. Chapter five presents the empirical findings from the data collection. In this chapter, the empirical findings from the data collection will be presented and discussed in relation to relevant theory and previous literature. The findings in this section will contribute to answering the research question. Based on the findings and discussion chapter, the final section of the study will draw recommendation and sum up the thesis with a conclusion.

2.0 LITERATURE REVIEW

The objective of this chapter is to present a review of academic literature that have primarily focused on recruitments strategies and examined how such processes create competitive advantage for football clubs. Here, the discussions reflect subjects regarding recruitment practices, player assessment, club strategies, and subjects related to how the market strategies.

2.1 Club Strategies, Governance and Decision Making

In sports, strategic thinking is crucial for achieving a competitive advantage, which comes from doing things differently from competitors. Every team sport will respond differently to achieve their goals and objectives, with the role of their competencies and capabilities attempting to strengthen their position within the football industry (Grant et al 2007). As such, club strategies are the most important and broadest objectives of the football club which is a statement that shows in what position the club aspires to achieve. This is often defined by win maximizing objective or profit maximizing objectives or more commonly a dual objective in order to achieve those objective (Ewing 2004). The club's strategy is in turn driven by its organizational culture, identity and philosophy.

One of the visibly observable elements in any professional football management structure is decision making regarding player recruitment or sale. As noted by Nesti and Sulley (2015) clubs that lack vision and suffer from poor governance will struggle even if it is fortunate enough to have highly talented players and access to a huge pool of financial resources. Their research stated that the best clubs are the ones who benefits from excellent governance and well-resourced, planned and rigorous system of player recruitment. This inevitably points toward an important consideration that relates to club governance.

In the studies conducted by Harris (2009) and much later Herskedal (2017) emphasised that the traditional governance structure, particularly the United Kingdom (UK) and later adopted in Scandinavia are given a high degree of autonomy and subsequently placing trust on coaches ability to optimise the performances of players at their disposal through technical enhancement, which includes training and development, and tactical organization. This can be attributed to the fact that top management do not interfere with the head coach's duties

and they are given full authority of team selection, tactics and improving the team and scouting for players for the youth academy or the first team. The ways managers and head coaches operate depends on their specific working environments and the cultures surrounding them. For example, club size may influence the managerial functions; while a manager in a big club will often concentrate solely on football matters (Bridgewater 2010; Herskedal 2017).

As noted by Harris (2009), a manager of a smaller club is often required to take additional administrative roles and be hands on in many different areas of club management that is related to marketing, public relations, player recruitment, human resource responsibility among others. Moreover, in the UK-styled governance structure, the appointed coach will usually be informed of the structural boundaries he is expected to work within, such as the amount of money available for player recruitment and carries full responsibility for all player transactions. Within this continental-style management structure, it is common practice for sporting directors and owners of football clubs to take on the responsibilities of player transactions without much input from the manager (Kelly 2016). In the case of Norwegian football, the introduction of sporting directors is becoming more evident. Currently, 12 of 16 Norwegian elite division clubs have appointed sporting director or technical director whose responsibility were related to most of the sporting activities within the club.

The sporting director will often act as the intermediate between the strategic base of a football club, which is typical the Board and the sporting departments (Parnell et al 2018). They are also responsible for developing a positive working relationship with the owners and board, represent the club's culture, values and long-term stability, which are often evaluated through short-term and long-term sporting and financial performances. Furthermore, the sporting Director is often renowned for their decision making in recruitment practices in order to ensure the club is at the forefront of best practices in utilizing the most effective strategies in recruiting the best talent. Typically, this must be achieved within a specified budget and in sync with the playing style of the clubs sporting strategy and within the directions of the owners, board of directors and supporters. This allows a head coach to primarily focus on managing the twenty-five plus players in a squad, taking training, picking the team and selecting the best tactics. Consequently, the recruitment of sporting directors raises considerations around their skill set and capabilities as they have

a football specific expertise; knowledge and experience of the intricacies of the business of professional football.

The sporting director's role is considered an essential role in European football clubs in top leagues in Germany (Michael Zorc of Borussia Dortmund and Ralph Ragnick of RB Leipzig), in Italy (Giuseppe Marotta of Internazionale and Leonardo Araújo of A.C Milan) and Spain (Ramon Rodriguez 'Monchi' Verdejo of Sevilla and Andrea Berta of Atletico Madrid) have all benefits from excellent governance and well organized system of player recruitment. Nevertheless, this structure is yet treated with suspicion by some in English football. This appears to stem from incongruence between the power structure between the first team manager and sporting director (Edwards 2014).

There are many examples of tensions arising between director and manager, often due to questions over the remit and powers of the two positions, particularly with regard to control over transfer policy. Generally, the directors and owners contact with the club stops short at the manager and they are completely detached from team selection. However, player recruitment and team selection are highly integrated, therefore the interference in the manager's role is of central importance in understanding the lack of trust between managers, sporting director and club owners (Kelly and Harris 2010). The work of Kelly (2008) on managers in the Irish and English football suggested that managers to a significant extent feel uncomfortable and are reluctant to work under such conditions.

As such Kelly and Harris (2010) highlighted the importance of trust and distrust in professional football by looking at relationship between club managers and owners in a professional football club. In their study they identified a high level of hostility and distrust as a common feature in the relationship between team managers and directors and owners in professional football. More specifically, from the standpoint of head coaches, this hostility and distrust partially comes from the perceived motives of owners and directors and their interference in issues traditionally under the authority of the team manager.

In contrast, while European clubs are listed as public limited companies (PLCs), Norwegian football clubs are organized as voluntary sport clubs where coaches and players have to be members of association club, which in turn must be members of the Norwegian Football Federation (NFF) to be licenced for the competing in the football league. Therefore, several clubs at the highest levels chose to sign agreements with PLC, set up by the voluntary football clubs in order to attract investors and external funding. As such, this model is

effective for obtaining money from external investors to invest in the sporting activities and at the same time, allow clubs to terminate the agreement with an indebted plc and prevent liquidation. For investors, the returns could possibly come from sale of the player (Gammelsæter 2009; NFF 2016). As of May 2015, FIFA's regulations prohibited third-party ownership of players (FIFA, 2015). However, new rules introduced in 2016 by the NFF, allow external investors to invest in the overall playing squad and receive a share of future net profit of the overall transfer activity of the club in a particular season or number of season (NFF 2016).

2.2 Recruitment Practices in Professional Football

As specified by Katou (2008), the objective of any recruitment process is to locate, select, acquire and place the human resources necessary to fulfil organisational plans. The outcome however can be very productive for the organization if the right personnel are selected in terms of the appropriate skills needed. On the other hand, as the wrong hiring decisions can potentially be a costly mistake and the need to rehire. Heraty and Morley (1998) stated that an organisation's survival and profitability is increasingly determined by the quality and performance of its human resource capital.

In Professional football, two recruitment methods can be identified. The first approach allows players from the youth system to develop certain skills, mentality and physicality needed to get promoted to the first team (Schokkaert 2016). By UEFA's own standards, home-grown players are categorized as those who spend at least three consecutive seasons at a club between the ages of 15 and 21 (UEFA 2017). The assertion is that, having a successful football academy could potentially offer positive impact on the club's sporting and financial performance. The second recruitment practice is the recruitment of external players either from the players market, players without contract, or by the loan system, whereby a club can borrow a contracted player from another club in return for paying all or a portion of the players' wages (Piefer 2017). The transfer market has some additional benefits with respect to the establishment of a football academy. For example, most football academies attract trainees from rather restricted geographical area, whereas the transfer market allows tapping into the global talent pool. Another advantage of the transfer market

is its recruitment flexibility in case of an increased pressure to win games or in case of an unexpected need, such as injury problems (Carmichael and Thomas 1993).

According to Schokkaert (2016), the costs of establishing a football academy consist of mainly investment cost and operating costs. The investment costs, hence, the fixed costs of either acquiring a stake in an existing academy or setting up the necessary football facilities. The second component of the investment costs are the operating costs, which involve variable training costs such as search costs of selecting young trainees to enrol in the academy, wage costs of the academy's employees, and purchasing football administrative cost. Although there are costs associated with developing these athletes over time, they earn relatively meagre wages until they become regulars in the squad (Pifer 2017). As quoted by Tomkins (2013:168): "*the academy could really be seen as a 'value factory' where value is made rather than bought*".

Recruitment from the external market involves cost of a different nature. According to Schokkaert (2016), the costs of recruiting through the players' market consist of transaction costs that can be decomposed into four costs: search costs, contracting costs, monitoring costs and enforcement costs. Search costs consist of both the wage costs of the club's scouts and agents who search for high-quality players on the transfer market, and the costs of coordinating this recruitment process. The transfer fee tends to be the highest cost, depends on the player's current contract. This can mean two types of compensation in the economic sense for the selling club: the lost productivity for the time of the player's contract, and the invested capital for the purchase or the youth training of the player (Havran 2017). This transaction can either result in profit or financial loss for the selling club. Thus, the transfer fees related to exporting player talents can potentially have both a positive and negative impact on club's revenues.

2.3 Assessing Football Players in the Transfer Market

In football, identification of talented players has been the backbone of football clubs. Player identification systems, particularly scouting, serves as crucial mechanism in recruiting the best performers for professional teams (Vaeyens et al 2008; Radicchi and Mozzachiodi 2016). This is a multi-faceted approach who have received a considerable academic attention focusing on the assessment of elite football players with regards to physiological, technical, tactical, social and psychological characteristics (Richardson et al, 2004). According to Pruna et al (2018:43): *“The identification of sports talent aims to detect, capture, select and promote the athlete who has the skills and competencies and thus the potential to ensure, as far as possible, the achievement of competitive success”*.

Kelly (2017:85) defines player assessment as *“an ongoing process of evaluating players, current and prospective who demonstrate appropriate levels of performance for inclusion in the team”*. Kelly (2017) however, argues that managers need to differ between natural and contextual talent when assessing a player. Natural talent relates to abilities that are owned by the player such as speed, strength and technical and physique. The contextual talent refers to *“the component of talent that is a function of the player playing and how the player would fit in a particular environment, playing style or club culture”* (Brady et al, 2008:63). This was previously noted in Gilmore and Gilson (2007) study on Bolton Wanderers and their ability to utilise players who have experienced success in their own settings such as Fernando Hierro and Youri Djorkaeff and exploited their capabilities within the context of the English Premier League. Additionally, Radicchi and Mozzachiodi (2016) argue that the identification process relies on human expertise, hence domain experts such as scouts, coaches and managers, who can effectively convert collected data into usable knowledge. Player assessment is a rational and objective process, but several coaches and managers have relied on ‘intuition and gut feeling’ in the selection and recruitment of elite football players (Christensen 2009; Kelly 2017).

Traditionally, sports team personnel such as football managers observed and compiled reports on player strengths and weaknesses, as well as opposing team’s strategies and gather other useful information that may generate a competitive advantage (Kelly 2017). In this regard, clubs in present times have established a systematic network of both local, national and international level to identify and recruit talented football players. The most successful

teams have relatively been those that are able to identify the better athletes earlier than their opponents. Such clubs can sustain lower investments for development and training programs, resulting in large profit potentials. One club that have continuously carried this out remarkably is FC Porto. They have managed to accomplish success on a relatively small budget by excellent scouting networks in order to find young talented players, acting as a bridge between South American countries and European top five leagues (Salgado and Ruão 2013).

Following the publication of *Moneyball*, the adoption of sport science techniques has started to play a significant role in the recruitment, assessment and development of players, as well as an increasing number of researchers and club officials have begun acknowledging the importance of analytics to the sport (Kelly 2017; Piefer 2017). Data science analytics allow decision makers in sports clubs to monitor and assess the performances of their own players, scouting and recruitment of other players. This strategy demonstrated how finding players who are hardly identified could lead to competitive advantages (Gerrard 2007). In football, more famous examples are clubs like English Championship Brentford FC and Danish Superliga club FC Midtjylland, which has begun to use statistical models to evaluate teams and players (Murtagh 2015). Dietmar Hopp, owner of German Bundesliga club TSG Hoffenheim and co-founder of SAP, has also invested in the usage of statistical analysis at Hoffenheim (Müller et al 2017). These systems may assist managers in combining both their rational and intuitive assessment of players, leading to more optimal spending of money, thus reducing the possibility of making poor recruitment decisions. Nevertheless, despite the increasing relevance of digital tools for talent identification, it will most likely never replace traditional scouting in full, as the quality of any future performances or personality cannot be predicted with certainty (Kelly 2017).

2.4 The Players' Market within Professional Football

In a standard economy, the labour market serves as the setting in which firms interact with the human capital that they seek to acquire by offering wages in return for the work that must be performed. However, most professional sport organisations contain rules and regulations in the acquisition of labour that classically do not apply in other areas of employment (Moorhouse 1999). The transfer system in football is a perfect example where human capital is traded between clubs without the player getting any benefit from the transfer fee.

The labour market of European football clubs is substantially different than similar markets in many other sports, especially in major American leagues, where players are traded in draft systems that restrict their salaries and specify where they will play for the next season(s). In European football, players are free to move across leagues and clubs when their contracts expire, and even those that remain contracted to a club are available for a transfer fee for the selling club. Much these dynamics in current labour market of player was fully realized following the implementation of the Bosman ruling handed down by the European Court of Justice in 1995, where football clubs could no longer demand a transfer fee for players with expired contracts.

However, there are economic and monetary aspects related to transferring a player's registration whilst he/she is still under contract with a club, where a fee is usually agreed. The agreed transfer fee will ideally be based on the present value of player and future expected returns that the player will generate for the club (Carmichael and Thomas 1993). Furthermore, the clubs are obliged to compensate the selling club for the training and identifying the talent, hence solidarity or training compensation to the clubs that have contributed to the education and training of the player. Note that the transfer fee negotiation is a process which does not include the player. In fact, it is illegal for a club to contact the player directly – a process called “tapping up” – and could potentially lead to heavy fines (Fletcher 2005). Several clubs rely on player sales to help pay for club's expenditure. Once a compensation fee is agreed between the clubs, the player or an intermediary who represents the player will negotiate personal terms on behalf of the player with the new club. As such, player agents are also paid substantial fees by buying clubs at the establishment of a transfer usually between 5-10 per cent (Geey 2017).

The football player labour market has several peculiarities not seen in standard occupations as players sign multiple years agreements with clubs. These agreements specify salary levels, bonuses, signing on fee, image rights, and length of contract, which can be a maximum duration of five years (Frick and Simmons 2014). Typically, the transfer market is open in the summer months leading up to (and a couple of weeks into) the start of the season and in January around the midway point of the season. FIFA regulates transfer markets, which are open twice a year for limited time in top-five European leagues. Most football associations in Europe have the same pre-season and mid-season window which extend from 1st of July till 1st of September and from 1st of January till 1st of February. Some exceptions like in Nordic countries due to weather constraints where the registration windows extend from 12th January till 4th of April and mid-season form 19th of July to 15th of August (NFF 2018).

The purpose of the transfer market is to facilitate and organize the acquisition and exchange of players by enabling clubs to move players and rebuild teams with the goal of increasing playing strengths and improving club performance. In addition, the market facilitates the movement of players between clubs as they search for better opportunities, higher earnings, and increased job satisfaction (Carmichael and Thomas 1993). Furthermore, many have argued that the transfer system is crucial for the surviving of the game because relatively small clubs rely on selling player to big clubs to stay solvent and compete (Moorhouse 1999). This will be illustrated in detail in the next chapter.

2.5 Buying and Selling Professional Football Players

As cited by Jean-Michel Aulas in Kuper & Szymanski (2014:45): *"Buying and selling players is not an activity for improving the soccer performance. It's a trading activity, in which we produce gross margin"*. The ultimate measure of the success of a commercial organization is its profitability, which also applies to professional football clubs. A club's financial success often leads to sporting success as the revenue surplus can be reinvested into new players, equipment, coaches, stadium, training and development. Therefore, income from exporting players could practically be a significant portion of the market revenues of any clubs regardless of size, resources and success.

The argument that the transfer system redistributes income from bigger to smaller clubs is supported by Dobson and Goddard (1998), where they conducted a longitudinal examination of transfer expenditure within the Football League between 1973 and 1994 and concluded that the pattern of net surpluses and deficits demonstrates that the transfer market acts as a mechanism for redistributing monies between clubs at different levels of the League. Under these circumstances, income redistribution from large to small clubs will tend to improve competitive balance, assuming suggested income that is redistributed will be invested in playing talent, for example spent on transfer fees (Szymanski 2001). Following this rationality can be categorized into two sides. Firstly, the sporting perspective, clubs invest in players from the transfer market to improve the sporting performance (Ruijg and Ophem 2014). On the other hand, transfer fees can potentially become a major source of revenue for clubs which rely on youth development and future player sales (Samur 2017).

According to Samur (2017), the main aim in such a strategy is to acquire players at low prices then to sell them at higher prices after developing their playing skills. He goes further to argue that in order to keep this system profitable, players should be signed on long-term contracts and to contribute to the development of young players. As noted by Andras and Havran (2015) this might be challenging to run a football club and coping with selling the best players each summer and continue to have a strong team able to reach their sporting objectives. However, the trick is to continually be able to reinvest your side when you sell your best players.

2.6 The Value of Professional Football Players

By using statistical methods, many researchers in the literature of sport economics have identified different variables which can influence players' value and the determinants of transfer value. Dobson and Gerrard (1999) observe that most of the research attempting to explain transfer fee variation between players have focused on four sets of variables; control variables, player characteristics, buyer and seller characteristics. The determining factors of transfer prices in football are highly influenced by the bargaining position between the clubs. In general, the bargaining power of the selling club is higher than that of the buying club (Carmichael and Thomas 1993).

Smaller clubs also have limited bargaining power against bigger clubs, as transfer fees in smaller competitions can at times exceed annual budget for a club (Van den Berg 2011). This is also evident in Akgündüz and Van den Berg (2013), where they argued that Dutch clubs are unable to keep a successful squad together since the best players are inevitably transferred to top-level competitions such as the English Premier League. Researchers have also used indirect proxies of player performance as well as other player characteristics and tested their relationships to transfer prices. A clear link was identified between the amounts of goals a player scores and the value he provides for his club (Van den Berg (2011). Anderson and Sally (2013) found that attacking player tend to command a premium in the transfer market, compared to goal keepers and defender. Clubs pay a lot for forwards, and they pay forwards a lot, because they know quite how valuable goals are because goals win games and wins get points (Anderson and Sally 2013). A further direct proxy for player performance and valuation is the amount number of games played for a team or total in his career.

Again, playing has a positive effect as it reflect in added experience (Frick 2007). Research by Ruijg and van Ophem (2014) on the top 75 clubs in Europe from 2008-2012 indicated that age has a positive influence on transfer value up to the age of 26 and declines thereafter. This is also supported by Van den Berg (2011) who found a U-shaped connection between the player's age and value and emphasized suggested value of players grows until age 24 or 25, and afterwards there is a drop. The reason for this is that an older, experienced player is supposed to be capable of a stronger short-term performance as oppose to investing in younger players where there is a high potential for improvement of skills and thus long-term investment.

The value of a player can be determined by how likely he is to get injured. Drawer and Fuller (2012) studied English championship's data between 2003 and 2008 and concluded that players' injuries negatively influence clubs' financial efficiency and performance, as well as value of players. Selection in the national squad have also a positive impact on the transfer fees, because only the most talented players get selected for their national squads. Studies by Kiefer (2012) and Havran (2014) show that participation in Football championships such as the FIFA World Cup, European Championship, Copa America and the African Cup also have a positive correlation between change in value and number of minutes played during a match and goals scored. Furthermore, player is overvalued after FIFA World Cup, because

of the timing factor (Dobson et, al 2000) mentioned above is even more relevant after a World Cup when the entire football world is in frenzy of irrational behaviour of the event.

Researchers have also studied whether players' nationalities influence their value and transfer fees (Frick 2007). For example, in their study of the Spanish professional football league, Garcia-del-Barrio and Pujol (2007) found that non-Spanish European players were systematically overvalued, while non-European players were systematically undervalued, hence, players from countries that are non-traditional football countries are undervalued compared to those with similar ability from traditional football playing countries. For example, Poli's (2007) work on African footballers in European leagues concluded that Africans players are very sought among lower division clubs, because of the footballer's commercial value due to economic, historical and social reasons are considered valuable export in both the sending countries and the receiving ones. The latter, with intention to be re-transferred to a bigger club in order to make a profit. Frick and Lehmann (2001) found similar patterns in the 1,211 Bundesliga transfers that occurred between the 1983 and 2000 seasons and seen that players from Western Europe and South America commanded a premium on the transfer market. On the contrary, Asian and North American players were bought at significantly lower prices.

According to Müller et al (2017) market values have traditionally been estimated by the clubs themselves or by sports journalists or websites such as transfermarkt provide estimates of players' market values. The fact that football doesn't have a set or agreed way of valuing talent and such evaluations are influence by human bias, shows the existence of certain inefficiencies in the players market (Wilson 2016). Exploiting those common asymmetries makes it possible to identify under-and overvalued players' in the transfer market, presenting an opportunity for less profitable and smaller clubs to succeed in the players' market.

Around the world, adopting a '*Moneyball*' philosophy of finding value in undervalued places has become key to survival and is used by teams who have to operate like the Oakland A's on a budget that is a lot lower than the teams they are competing against (Newman 2016). Statistical analysis has become a key input into the knowledge-based strategy that allows low budget teams to compete effectively with the market giants (Gerrard 2007). A successful knowledge-based strategy however is not achieved by simply acquiring player data, but rather analysing and interpreting player data in the correct manner. Identifying

relevant determinants of transfer fees is an uncomplicated, intuitive procedure. The main difficulty in this research lies in finding appropriate proxies that adequately approach the intuition of the determinants (Jamil 2015). As such, identifying patterns of inefficiencies in the labour market and exploiting those shortcomings can aid a less profitable club in the quest to remain competitive. In comparison to largest clubs, for bit smaller clubs, player transfers act as an excellent way to generate extra income by selling players, when they are overvalued by the markets, and to seek for players that are undervalued (Ahtiainen 2018). Proper method of player valuation and development accordingly can contribute to sporting success without having to overspend.

2.7 Labour Market Strategies in Professional Football

The globalised nature of football has made the player development and recruitment markets increasingly complex and number of academic studies have examined recruitment strategies in professional football. The influx of new capital and increased commercialization of the sport has affected the transfer market, and approaches to youth development simultaneously by altering the way clubs approach player recruitment and development (Bullough and Jordan, 2017). Investments on players are also evaluated in numerous different ways. If the club is more interested in maximizing wins instead of profits, they should use sporting success indicators to evaluate their investment. The varying and sometimes conflicting objectives are prominent in the literature of sport economics where the debate surrounding the objectives of the club and the decision making can be oriented either towards maximizing profits or replicating sporting success (Sloane, 2015). Ultimately these two club objectives can also dictate the investment decisions made in the football player market. Littlewood et. al (2011) examined player acquisition trends of the '*big five*' European professional football leagues suggested an increasing trend of acquiring talent from outside the UEFA confederation. Such recruitment strategies include an increasing tendency to purchase more 'finished' players and the recruitment of younger, perceived to be highly gifted, non-indigenous young players.

Alshammari et al (2017) outlined four recruitment strategies; promotion from within youth academies, acquiring in the domestic market, acquiring player from the international market and a mixed strategy which is the most appropriate among top teams. This is further emphasized by Andras and Havran (2015) that most clubs should try to adopt the mixture of

different strategy types, and not focusing primarily on one strategy. For example, clubs focusing on recruitment of indigenous home-grown players, might recruited more “finished” products from the transfer market in order to increase the assured high level of performance of the football squad. Nearly all football clubs are oriented towards a “*mixed strategy*” of both developing and recruiting from the transfer market (Schokkaert 2016).

Moreover, research suggest that European clubs are becoming more reliant on other nations and sources to provide football talent (Littlewood et al 2011). In this regard, Darby (2014) has highlighted Africa and South America as major marketplaces for the acquisition of talented players and potentials, who are mostly recruited by wealthier European clubs. Football clubs in stepping stone leagues saw their talented players leave to better competitions in Europe and found a solution by buying players from Africa and Latin America. Again, Darby et al (2007:144) stated that: “*the recruitment of African playing talent by European football clubs can be interpreted as a form of neo-colonial exploitation*”. He stressed that clubs develop and add value to their recruited African players to maximize returns on their investments by increasing their economic value. Some clubs may apply the cost–benefit analysis in order to maximize returns on their investment. From such analysis, recruitment of African players is regarded as a cost-effective way to build a team because it is less costly and more convenient for European Clubs to select a ready-made player from the pool of African talent than train young footballers in their home nations (Poli, 2010). Thus, in the global football industry African players are somewhat regarded as commodities that command commercial value.

The marketing strategies of European clubs are characterized by strong competition in players’ recruitment, which explains the upsurge in international transfers. The huge growth in the number of foreign players transferred, especially, young African players to the European leagues, is part of this strategy. Furthermore, Belgium side KAS Eupen, Austrian side Red Bull Salzburg and Slovakian team AS Trencin have all attracted a lot of attention in their recruitment strategies, which have been aimed at recruiting emerging talents from the African markets and selling the players for considerable profits to other European clubs.

2.8 Competitive Advantages in Professional Football Clubs

According to Grant, (1998) a company has competitive advantages in a market when a firm can implement strategies to improve the value creating process, and able to earn a higher rate of economic profits than other firms competing within the same market. These valuable resources and capabilities can take the form of as physical assets, human assets or organizational assets that place the company in a position of a market advantage against its competitors in the same industry (Thompson et al 2009).

In a business context, the main objective is to maximize profits and create as much value to the shareholders. Profit is created when revenues exceeds cost, therefore its logical to presume the objective of any businesses is to maximise revenues and minimise cost. In football, the performance indicators have traditionally been measured in league position, share of points or cups and championships won, which will reflect through increased revenue streams (Michie and Oughton 2004). In addition, football clubs have financial objectives such as generating revenues from merchandising, ticketing and branding to provide the owners with financial return in order to invest in new playing talent, which all have an impact on sporting performance (Van der Heijden 2012).

Several authors have discussed the importance for football clubs to gain and advantages in a highly competitive industry. According to Szymanski (2001), players and coaches are the core competencies of a football club, hence the ability to identify and develop talent are important strategic actions. Therefore, football clubs can improve their sporting competitiveness in the short-term by purchasing high-profile players in the transfer market. Under such a strategy, acquiring highly competent players can be very costly due to wages and transfer fee, which requires a large amount of financial resources to obtain such players. Therefore, clubs must create additional profits and strengthen their financial position and exploit situations that could potentially provide the club of some additional funding, which will enable the them to investment new players (Grass et al 2001).

Based on this notion, Soderman and Dolles (2011) argued that football clubs can enjoy competitive advantages when they establish unique strategies to create value. Moreover, Havran (2017) in his study about Hungarian football noted that sports companies of countries with a relatively low population and economics aim to build a permanent competitive advantage from the sale of players and training talents, and highlighted that

player-based value creation maybe the most important aspect of Hungarian clubs' business operations. McIlroy (2010) studied the impact of competitive advantage within a football academy and examined that their ability to succeed in the development of talented players could provide football club with a distinctive sporting and financial advantage over industry rivals.

Clubs nowadays must focus on creating profits and strengthening their financial positions by exploiting all opportunities that could give the clubs extra funding. In order to be successful in today's football industry at the highest level, the club must possess competitive advantages in generating money, with the financial strength is one factor that in long-run helps the club make investment in order to increase sporting performance. This presents somewhat a unique situation where clubs facing the challenge of reaching profitability due to a high expenditure and those who need to invest in further squad improvements in order keep up with the competition. With such definitions in place it is evident the close relations between sporting and financial performance are difficult to separate as these two performance indicators are often correlated. Therefore, in this thesis, the term competitive advantages will relate to principles perceived to improve financial and sporting performance.

2.9 Player Recruitment in Norwegian Football

In Norway, football clubs' wage expenditures and revenues have received lots of attention among researcher the recent years, since many of the clubs have been struggling financially and have not been operating in a financially sustainable way (Arenberg and Hvamstad 2016) Much is due to the high expenditure on player recruitment and an many wrong investment between 2006-2012. According to former sport director of Fredrikstad FK Joacim Jonsson, this can be explained by the absence of strategies, lack of expertise and player knowledge among Norwegian football clubs, also that recruitment strategies in Norwegian Football are characterized by short-term objective rather than long-term objective leading to wrong investments (Finnesand 2011).

Previous empirical research indicates that player recruitment in Norwegian clubs is a complex process, consisting of several steps before a potential signing, depending on the external pressure from the environment, and the quality of player recruitment mainly are influences by economic and human resources, as well as their respective club philosophies

(Finnesand 2011; Løkken and Engerud, 2017). The financial resources are important for which players the club can attract, both in terms of transfers and wages, and thus limits the market. In addition, the lack of human resources at the administrative level set limitations on the player recruitment (Løkken and Engerud, 2017). According to previous research on Norwegian clubs' attitudes towards scouting, Nilssen (2016) found that less than half of the 16 clubs in the Norwegian PL had employed a football scout to identify players and point on lack of economic resources as the main reason. Furthermore research shows that Norwegian clubs tend to use mostly agents, trials, advisors, previous contacts, and managers network in order to identify new players and that the employees in the sporting department, for example the director of football and head coach, that mainly identify talents and recruit the players (Nilssen 2016; Løkken and Engerud, 2017). Further research also shows that Norwegian clubs are committed to talent development and are less based on external player purchases than previously (Østerhaug and Ytterland 2011).

3.0 APPLICATION OF THEORY

The objective of this chapter is to offer a theoretical foundation and conceptual understanding on recruitment strategies, assessing and managing risk, and the principal forces and patterns of creating competitive advantage. The study adopts theories underpinning the human resource management (HRM) as the basis for understanding competitive advantages. This chapter begins by defining the competitive advantages and identifying its underlying related concepts. The next section gives a detailed description of the HRM theoretical approach and then revises the system's theory conceptual framework to reinforce the findings of the study.

3.1 Defining Human Resource Management

Although the term human resource management (HRM) is widespread, the definition of human resource management (HRM) has remained varied. In general, HRM is concerned with all aspects of how people are employed and managed in organizations (Armstrong 2009). Boselie et al (2005) defined HRM as a combination of practices, which have been carefully designed for managing employees in order to achieve and improve organisational effectiveness and thus lead to better performance outcomes for the organisation. These human resource (HR) practices included different HR activities that are focused on directing and managing the human capital pool to enable the organization to complete its business tasks, activities, and goals (Wright et al 1994). Guest (1997) acknowledged the strong links

between HR strategy and business strategies and identified the relationship between HR practices and the achievement of an individual and organizational performance and financial outcomes. Activities regarding HR practices can be categorized in two specific sections; initial steps, focusing on acquiring human resource which is related to planning, recruitment and selection, and maintaining human resources through training and reward (Hoye et al 2012).

3.2 The Strategic Aspect of HRM

In recent years, organizational human resources have grown as a strategic emphasis because effective use of people in the organization can provide a competitive advantage (Barney 1991). The strategic role of HR management emphasises that the people in an organization are valuable resources representing significant organizational investments, helping to create higher financial returns (Wright et al 1994).

Much of the early HRM literature focus on the operational matter of the human relations, such as managing people, reinforcing a solid relationship between employers and employees, rather than focusing on HRM as strategic resources within an organization (Boxall 1992; Ramona and Anca 2013). Therefore, the concept of strategic human resource management (SHRM) can be regarded at an intersection between strategic management and HRM and rest on the beliefs that organisation's human assets are a sustainable source of competitive advantage (Boxall and Purcell 2000). Considering this, Armstrong (2009) defines SHRM as: *“the organization’s intentions and plans on how its business goals should be achieved through people”* (Armstrong 2009:29).

Human capital is a major source of competitive advantage and the organisational goals are achieved through human resources of the organisations using the means of integrated HR strategies, policies and practices (Armstrong 2009). Boxall and Purcell (2011) indicated that the competencies, skills, motivation and social interaction of the employees of within and organisation are increasingly being critical sources of competitive advantage. As such, strategic human resource management is like strategic management, but more concerned with the fit between the business strategy and the HR strategy of the organisation than in the general HRM. The underlying notion of SHRM is about the approaches through which

individuals are managed within an organisation to help attain competitive advantage over its competitors, or at least to make sure HRM is not a form of competitive disadvantage (Purcell 1999).

3.3 Main Theories Supporting SHRM

A central question in the field of strategic management of companies appears to be this: why do some companies enjoy competitive advantages over rivals within the same industry? (Porter 1985; Teece et al 1997). Traditional strategic theories argue that the shape and attractiveness of external environment of an organization are important and in order to gain competitive advantages, the firms need to be aware and understand their surroundings (Porter 1985). Therefore, the strategic thinking has traditionally focused on understanding the organization's external competitive environment, hence the external strength, weaknesses opportunities and threats (Porter, 1985; Kotler and Keller, 2006).

3.3.1 The Resource-Based View of Strategy

Resource based theory has its origin from the work of and further expanded by Wernerfelt (1984), who pursued this subject further and discussed how resources explain firm performance. However, the RBV made its breakthrough with Barney (1991) who contributed to the subsequent development of the RBV approach and suggested that competitive advantage is dependent upon the utilisation of organisational resources that are valuable, rare, inimitable, and non-substitutable resources.

In contrast, the resource-based view (RBV) emphasizes the strategic importance of exploiting internal strength and neutralizing internal weaknesses by looking at the characteristics and performance within the organization. In common, the theory aims towards the understanding how organizations could improve their business in order to create competitive advantage (Barney 1991). The difference is based upon whether organizations should focus on internal resources or external shape of the market. Proponents have suggested that resource heterogeneity developed within an industry will result in competitive advantages being short-lived as resources are highly mobile and firms can easily acquire the resources needed to implement their chosen strategies (Barney 1991). In response, the tenants of the RBV suggest resources contained within the organisations are not identical,

and that the resources are not perfectly mobile and therefore heterogeneous, meaning that all firms in the industry have different resources (Barney 1991). In common, the key to a resource-based approach to strategy formulation is to understand the relationships between resources, capabilities, competitive advantage, and profitability, particularly, to understand how firm gain and sustain competitive advantages through exploitation of resources, competencies and capabilities within the internal part of the firm (Barney 1991; Grant 2010).

Some scholars distinguished between resources and capabilities, whereas others, such as Barney (1991) have used the term resources synonymously for both. Resources are meant as *“all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness”* (Barney 1991:101).

According to Grant (2008), a firm's resources are categorized into three principal types: tangible, intangible and human resource. Tangible resources can be defined as the financial and physical assets a firm possesses, such as firm property, financial resources, raw materials, and equipment. Translated to football, home stadium, training facilities and financial strength as the most important tangible asset within a football organization (Grass et al 2001). The key asset of most clubs nowadays is the stadium, which is the source of the match day revenues. The training facilities in the clubs' disposition lay the foundation for the sporting development and is therefore an important factor for the sporting achievements (Grass et al 2001). Nevertheless, these are tangible resources, which are observable and more easily quantified, therefore these kinds of resources only bring a small amount of competitive advantage for a firm since rivals could also acquire identical resources (Grant 2010).

Intangible resources may be resources or capabilities, such as the firm's reputation, technology, structure, planning, efficient procedures, organizational systems and culture (Grant 2008). However, organisation will typically focus on certain capabilities that are correlated with their organisational strategy (Jones and Hill 2009). As discussed by Lippman and Rumelt (1982) the organisation-specific resources and competencies, if utilised in the right manner, have the potential to generate superior performance for the organisation. Barney (1991) highlighted that the organizational culture as an important aspect of a firm's resources that can be a source of sustained competitive advantage. If the

firms' culture is valuable, rare and imperfectly imitable, it may give the firm such an advantage, if nurtured correctly (Barney 1986). Related to football, a strong organisational culture, underpinned by the club's history and traditions, enhances the symbolic value and generates a social and cultural meaning that gives the club members which include supporters, players and employees a sensation of common identity and belongingness that is unique and impossible to imitate and somewhat hard to obtain for other organizations (Barney 1991; Rikardsson and Rikardsson, 2013). Such capabilities are often immobile and often stays within a firm for a long period of time, thus considered to possess a higher value than tangible resources (Grant 1991). In the case of F.C Barcelona, the collective conception of being "more than a club" are elements that have imbedded within the entire club for significant period of time, and represent the core identity of the youth academy La Masía who have developed and produced like-minded players and coaches that have prospered together over decades (Rikardson and Rikardson 2013).

In football, players and coaches are core competencies of a football club. Their football competence is the main factor determining the results in football games (Szymanski, 2001). The better the player or coach becomes, the more valuable they become to the football club and more likely to generate competitive advantages, not just in terms of on-field performance, but also in 'off field' financial value (Barney 1991; McIlroy 2010). Moreover, the member of the business side of the club, the management team and the members of the board are valuable resource that provides the club with skills and competencies in running a successful business. Smart and Wolfe (2003) outlined the relative importance of human resources and leadership in sports and emphasised these as a means of achieving a competitive advantage. In addition, they explain that focusing on the internal aspects of the organisation are important in attempting to understand and exploit the organizations resources and capabilities and make them competitive advantages.

33.2 VRIO Framework

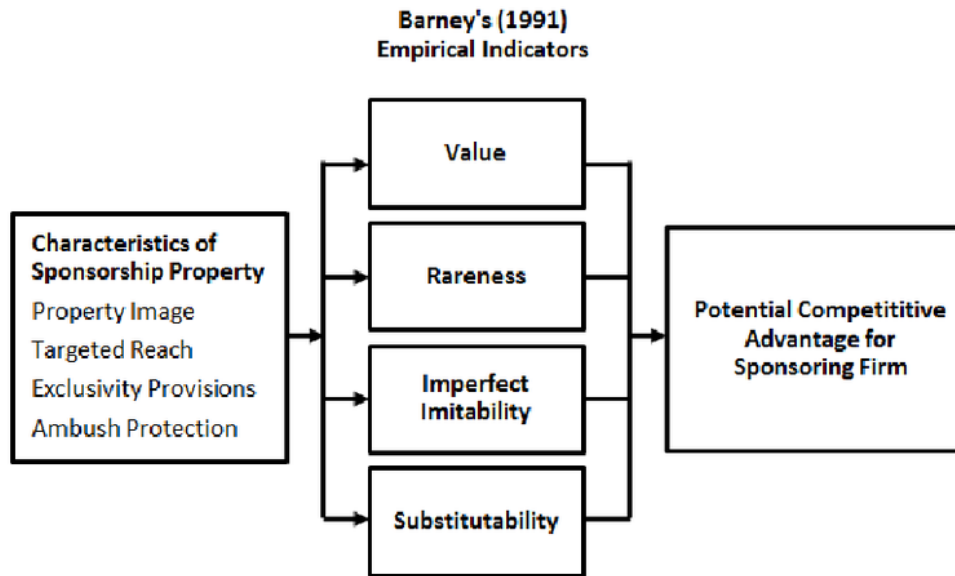
To fully understand which resources that may be potential sources of competitive advantage Barney (1991) introduced a business analysis framework, called "VRIO", a modified edition to the original resource-based framework. This framework enables firms to analyse and evaluated the potential of their resources and capabilities that are strategically relevant resources for obtaining competitive advantage. Furthermore, Barney (1991) differentiates

between competitive advantage and sustained competitive advantage. Within any industry defined by competition, firms should strive to create situations where their own resource positions make it difficult for others to catch up (Wernerfelt 1984). Companies should want to create sustainable competitive advantages that are difficult for their competitors to replicate (Barney 1991). Therefore, in order to produce sustainable competitive advantage, the resources and capabilities must produce value, be rare, imperfectly imitable and organized. In essence, resources that are valuable allow a firm to create or implement strategies that improve its efficiency and effectiveness (Barney 1991), increase customer satisfaction and be able to “*exploit opportunities or neutralize threats*” in the firm’s environment (Barney 1991: 106).

Again, a resource needs to be rare or unique to an organisation, in order to create competitive advantages (Barney 1991). Resources are rare if by nature, they have limited availability and cannot be transferred from firm to firm without cost and time (Barney 1995). If many firms in the competitive arena have the same resource, even if it is valuable, then the resource’s ability to generate a competitive advantage for any one firm is diminished (Barney 1995). At the same time, if the number of firms possessing a particularly valuable resource is small, the resource is considered rare and has the potential of generating a competitive advantage ((Barney 1995).

For a resource to be a potential source of competitive advantage for a firm, there must be a resource position barrier to prevent other competitors from imitating or duplicating those resources. In this case, resource inimitability refers to the degree to which a resource can be imitated by competitors (Barney 1991). In addition, such resources are difficult or impossible to replicate in contexts outside the specific organisation (Boxall et al 2007). In other words, for a resource to be a source of sustained competitive advantage, it must have no equivalents. Following the idea of rare and imperfectly imitable, the idea of non-substitutable indicates that the resource shall not be easily substituted by a competitor’s new strategy, nor will it be easily substituted by the internal strategy within the firm (Barney 1991). Below is a graphical representation of Barney’s (1991) empirical indicators in the form of a system’s theory.

Empirical Indicators in Sustainable Competitive Advantage



Source: Barney (1991)

Although, Barney (1991) empirical indicators could potentially produce a sustained competitive advantage, having a resource that is valuable, rare, and non-inimitable may not generate sustained competitive advantage, if the resources are not properly organized. Therefore, the last criteria state the organisations need to organize and be managed and integrated in a coherent system of strategic practices (Barney 1991). Within any industry defined by competition, firms should strive to create situations where their own resource positions make it difficult for others to copy and catch up.

Table 2: The VRIO-Attributes and Competitive Advantage

Application of VRIO					
Valuable?	Rare?	Costly to Imitate?	Exploited by the Organization?	Strength or Weakness	Competitive Implications/ Economic Profit
No	-	-	No	Weakness	Disadvantage/ Below Normal
Yes	No	-	↕	Strength	Parity/ Normal
Yes	Yes	No		Strength and Distinctive Competence	Temporary Advantage/ Temporarily Above Normal
Yes	Yes	Yes	Yes	Strength and Sustainable Distinctive Competence	Sustained Advantage/ Above Normal

Source: Based on Barney (1997) and adapted from Barney and Hesterly (2012)

Thus, the VRIO questions provide a framework for assessing the likelihood of resources and capabilities toward achieving and/or sustaining competitive advantage in firms. If a resource or capability is not valuable, it is a weakness (Barney 1991). If it is valuable, but not rare, then the firm can achieve at least competitive parity using it, but if it is both valuable and rare, the firm can achieve a temporary competitive advantage. If, however, it is also inimitable and exploited by the organisation, the competitive implications of using the resource or capability are a more sustainable competitive advantage (Barney 1991).

According to Paauwe and Boselie (2003), the RBV is a suitable theory in explaining competitive advantage but argues its usefulness in predicting the details and under what circumstances the specific resources of a company will generate a sustainable competitive advantage. In addition RBV focuses on the nature of resources and the combination of resource capability bundles in various contexts, and fails to clearly explain where resources and capabilities come from as well as the exact process of creating resources and capabilities (Barney 2014:26) Furthermore another limitations of the resource-based view in empirical HR research is that most of the empirical studies only investigate a small number, usually two, of the variables as HR practices and firm performance. Hence, researchers need a deeper understanding of the resource-based view to recognize the process developed when adopting HR practices (Wright et al 2001)

3.3.3 Resource Picking and Capability Building

Drawing on the VRIO framework, many scholars in the area of strategic human resource management (SHRM) have increasingly drawn to the resource based view of the firm, in order to explain potential sources of competitive advantage that could be driven by the accumulation of human capital resources (Barney 1991; Wright et al 1994; Lado and Wilson 1994). In strategic management literature, two interacting mechanisms was introduced on how firm can create competitive advantage and economic gains. Firm can choose a resource-picking strategy or a capability building strategy (Makadok 2001). The resource picking approach highlights how company may differentiate itself with its resources that creates a superior advantage (Gonçalves et al 2014). According to Barney (1986) the resource picking mechanism is only possible when the firm has superior information about how valuable the resource is and when firm are able to acquire resources below the value of their marginal

productivity and combine them with the other resources it possesses to earn a superior rate of return (Makadok 2001).

Furthermore, resource-picking skills not only help a firm to acquire good resources but also help a firm to avoid acquiring bad resources (Makadok 2001). Ultimately, by avoiding the acquisition of bad resources may have greater impact on a firms' economic profit, even more than the selection of good resources (Makadok 2001). Through the identification and development of talent, the football club is provided with a means of actively changing the existing core competencies of the club, which become important strategic actions. The better the player or coach becomes, the more valuable they become to the football club and more likely to generate competitive advantages, not just in terms of on-field performance, but also in 'off field' financial value (Barney 1991; McIlroy 2010). As noted by Kuijer (2007), the effective utilisation of resources, the correct exploitation of the dynamic capabilities of the human capital and continuous engagement in strategic renewal activities should provide an organisation with a sustained competitive advantage.

Regardless, no matter how great the resources might be, they do not generate economic profits if the firm fails to acquire the resource whose productivity would be enhanced by its capabilities (Makadok 2001). An important distinction between resource picking and capability building mechanism is anchored in their timing. Makadok (2001) explained that under the resource-picking mechanism, economic profit is already created before the acquisition of the resource by detecting which resources are winners and which ones are losers. By contrast, the purpose of capability building is to enhance the productive value of the other resources in the firms' possession. Capability building is when a company "*design and construct organisational systems to enhance the productivity of whatever resources the firm acquires*" (Makadok 2001:387).

According to Makadok (2001) such contribution will largely be made through the design and construction of internal policies that will positively impact performance. Furthermore, these skills can be acquired due to investments in training and development of employees to perform processes and procedures that are specific to the company (Barney 2001). Moreover, firm specific skills have greater potential for sustainable competitive advantages, because it is harder to duplicate the skills possessed by a small number of employees within a firm. Related to this, Teece et al (1998) have argued that since capabilities cannot easily be bought, they must be built. Moreover, previous studies have attempted to apply the

concepts of RBV and its associated mechanisms with resource picking and capability building into practical business settings. Gerrard (2007) highlighted the application of RBV in professional sport by showing whether Major League Baseball (MLB) teams could benefit from either resource or knowledge-based advantages. He pointed out that professional sports leagues display a high degree of resource homogeneity to the extent that the players which yield competitive advantage are highly visible and potentially tradable in the labour market and thus relative mobile.

In such a setting, theory would suggest that the more successful teams will be those that possess a quantitative or financial resource-based advantage (Piefer 2017). This was also supported by Lechner and Gudmundsson (2012) who argued that the relationship between on-field performance and wage demands is a circular one, as clubs who have access to more substantial financial resources are not only able to restructure their playing portfolios more effectively, but are also able to recruit and retain a higher level of specific key players. The fact that financial aspects has increased its dominance within the football industry (Deloitte 2018) have made financial aspects according to the RBV strategically important (Barney 1991).

Therefore, in order to compete with resource-rich firms, resource-poor firms must effectively employ the resource-picking and capability-building strategies discussed by Makadok (2001). On the other hand, clubs that are not endowed with financial resource advantages must find ways to innovate so that they can achieve efficiency and compete with their wealthier rivals by picking the right resources. Drawing on such notion, player recruitment represents the resource-picking function of management when sporting directors are able to recruit and retain players who provide a high productive value relative to their salary and acquisition cost (Makadok 2001). Moreover, player development and utilisation are capability-building function of management and the drivers for transformed efficiency (Trenberth and Hassan 2012).

Looking at the Oakland Athletics baseball team that served as the focal point of the Moneyball story, which explains how the club's general manager, Billy Beane formulated a unique HRM policy centred on superior resource-picking mechanisms that allowed the club to compete with the bigger teams considerably less money (Lewis 2003; Gerrard 2007). Billy Beane and the club implemented a systematic use of data and sabermetrics in player

recruitment, player valuation and team tactics allowing for a more accurate scouting information and better understanding of baseball performance statistics in order to outsmart the competition in the labour market. Here, the key in the resource-picking strategy was the exploitation of the market inefficiencies in valuation of the players as the labour market had undervalued certain players such as "rejects" and college players, allowing the team to compile a rent-generating roster with considerably less money than its competitors (Lewis 2013).

As noted in the study of Pifer (2017), a well-established resource-picking mechanism within a European soccer club would see it operating efficiently as the financial resources it was spent was invested put to good use on the field. In this regard, Leicester managed to win the Premier League, with despite the spending less on players than the all of the of the EPL's wealthier club, Leicester managed to employ an effective resource-picking mechanism while signing major contributors such as Riyad Mahrez, N'Golo Kanté, and Jamie Vardy at relatively low prices (Piefer 2017). A similar case, AS Monaco another example adopted a recruitment policy based on identifying and recruiting youth products from other academies in France and Europe, and thus developing and selling these players with profit (Bernardini 2017). This have reflected positively on their financial health in the last couple of years as € 995 million was related to the transfer of players such as Anthony Martial, Tiémoué Bakayoko, Bernardo Silva and lastly Kylian Mbappé. All these players were identified and recruited in an early age and sold with great financial return (Bernardini 2017; Cies 2018).

The resource allocation and creation result in an efficient (lower costs) resource portfolios through the specificity of resource picking and bundling, which will allow innovative firms to surpass competitors through a lower relative cost. Resource-picking mechanisms are therefore important to the extent that they allow the clubs with fewer funds to purchase impact players in the labour market. By employing proper scouting techniques and increasing the likelihood that they will receive an adequate return on their investments, clubs can derive efficiency and effectiveness from the decisions that are made (Piefer 2017).

Routines are organisational capabilities that include tacit knowledge through learning and repetition (Grant 1991). Players can also vary in terms of organisation-specific and team specific human capital created through experience within the club and with the other team members, and in terms of realized complementarities. To develop capabilities through

routines it is crucial to achieve cooperation and coordination, leading finally to a team's playing style.

4.0 METHODOLOGY

This chapter addresses the methods used for data collection and analysis, different alternatives for research design and strategy, research approach and the research methods chosen as the most appropriate this research. Further it will provide information regarding the participants in the study and describe the theoretical rationale behind the data collection and the interview guide. Furthermore, it addresses the sampling of this study and how the data is analysed. Lastly the chapter will address the ethical considerations.

4.1 Research Approach and Design

The research approach allows the researcher to define and utilize research methodologies in an effective way. There are two main approaches in research methodology: deductive approach and inductive approach. Deductive approach to research focuses on developing a hypothesis based on existing theory, and then designing a research strategy to test the proposition (Wilson 2010). This approach starts with the establishment of appropriate theories or hypothesis to resolve the research problem and after establishment, tests out these theories or hypothesis with the use of empirical observation (Burney, 2008). As such, a deductive approach is often used when explaining causal relationships between variables, which make a quantitative research study preferable (Saunders et al 2009).

The inductive approach bases its knowledge in collected data and develops theory as a result of the data analysis (Saunders et al 2009). With an inductive research, the researcher collects information from credible resources, then sort, reduce, analyse and finally come up with conclusions to induce reliable and valid information. In contrast to the deductive approach, inductive research is more characterised by a qualitative research study, resulting in more in-depth data (Bryman and Bell 2011).

A research design is a plan used by researchers to answer the research questions, which makes the design vital for the study (Bryman and Bell 2011). There are three main type of research based on the research purpose and can be divided into exploratory, descriptive and explanatory. Exploratory research is a useful method when attempting to explore a relative unfamiliar field, which contain little or no previous research conducted and thus perceived as advantageous since it can contribute to determining what further research needs to be done about a problem matter, or about a specific topic (Saunders et al 2007). The descriptive approach implies that a researcher wants to give a detailed description of a certain phenomenon in order to identify patterns and trends in a situation with the aim to draw conclusions from the data that are described. According to Robson (2002), descriptive research seeks to portray an extensive profile of people, situations and events, and present those facts about a phenomenon as perceived (Robson 2002).

Explanatory research moves beyond description to seek an explanation of patterns and trends observed (Veal and Darcy 2014). An explanatory research tries to establish relationship between variables. It aims at identifying how and why one variable affects the other, and the goal of explanatory research seek to uncover causes and effects of interactions and to find true interpretations for phenomena. (Saunders et al 2000). Competitive advantage within professional football clubs in Norway is a largely unexplored area and part of the focus of the study is to narrow down and identify potential factors that creates such advantages in the players market. This certifies that the research area is new which guides the researcher to select an exploratory research design. However, looking at the patterns of the recruitment strategies employed by clubs, a descriptive approach will be employed in addressing key issues on such action plans.

4.2 Data Gathering Techniques

From the few written documents regarding the research topic, it was necessary to gather first hand data by interviewing club officials and administrators. The objective was to gain rich data to better understand the participants lived experiences and perspectives about the research topic. The limited research on the current topic argued for an approach that was explorative in its nature. The participants were predominantly chosen based on the notion

that club administrators who were studied are best place to discuss their challenges, objectives and strategies with their experiences and how they see the club. Based on the theoretical grounds of this research, it was imperative that club administrators could express their thoughts without being overly restricted by an intended framework.

As this thesis seeks to investigate recruitment strategies among Norwegian football clubs' and identify how they can achieve competitive advantage from the players' market, the primary data collection employed was mainly interviews conducted the clubs. Though the major research method is qualitative in this study but there are some data used in the secondary data in order to explain some previous research findings that are relevant to the research issue. Veal and Darcy (2014) defines secondary data as a form of research where data is already completed by other researchers.

The secondary data was gathered from existing literatures from journal articles, reports from relevant football groups such as the European Club Association (ECA), empirical findings from previous dissertations and published books, which contained secondary data about player recruitment in football, human resource management, competitive advantages in businesses, as well as literature within football management. Furthermore, since there is not much academic research with the focus on player recruitment, the research had to use non-academic sources as newspapers reports, website articles related to football transfers and annual report from football clubs.

4.3 Interview Guide and Techniques

According to Saunders et al (2009), there are three classified types of interviews: Structured interview, semi-structured interviews, and unstructured interviews. This study however employed a semi-structured interview approach. This approach is an open-up interview method where the research uses an interview guide with themes and pre-determined question (Bryman and Bell 2011). It gives the researcher an opportunity to modify and update questions and ask additional questions or follow- up question can be raised in order to exploit the topic in depth (Saunders et al 2009). The semi-structured interview is suitable for exploratory research where the aim is to generate new knowledge through several pre-selected themes that the interviewer wants the respondents to reflect on (Bryman and Bell 2003). In this research project, semi structured interviews were used to collect data as it was preferred over others because it gives the interviewees the possibility to answer broadly and

include some examples or specific stories about that issue. Three club sporting directors and one CEO out of the sixteen clubs in the Norwegian top division were interviewed. The interview time varied between 45-60 minutes in length. Two out of the four interviews were conducted face-to-face and the remaining were conducted via telephone. The reason for conducting interview by phone was due to geographical disparity and time and budget constraints.

Prior the telephone interview, I agreed with the participants to set aside enough time for the phone interview, so we could conduct the interview to avoid any unanticipated inconvenience. Neuman (2003) describes telephone interviews as a popular survey method with flexibility and regarded as an efficient method to collect data within a short period of time and within limited financial resources. The disadvantages of conducting the interviews in this way are that one loses the ability to observe how the interview objects appear and it is more difficult for the interviewer to see when he/she is crossing boundaries that make the objects to close. However, this study was not intended to rely on observations and non-verbal actions. Further, asking sensitive questions by telephone proved to be more effective, since interviewees may be less distressed about answering when the interviewer is not physically present (Bryman 2012).

In the current study, an interview guide was made prior to the interviews (see appendix). It is a list of open-ended questions that gives the informant the possibility of sharing thoughts and feelings concerning the topic. The guide was arranged with certain structure, but with possibilities of making changes during the interview. If the participants were to answer a question to follow later, this is of course covered and does not need to be asked once again. Due to the open and semi-structured character of the study, it seemed to make more sense to formulate broad question in order to let the interviewees answer the questions in an unrestricted way. In order to prepare fluent interviews, the questions were categorized into four sections.

Each interview started with and of with a personal introduction followed by an introduction of the study program, background of the study and the aim and goal of the research. The participants got familiar with the duration of the interview and were asked permission for recording of the interview. The second part focused on areas of the recruitment process involving questions regarding the planning, identification of players and criteria used for

evaluating players, and how clubs can minimize the risk of player recruitment. In addition, questions regarding the club attitude towards the players market were also asked. The third section contained open-ended questions about the clubs' strategies and clubs' philosophy as well as questions about current financial situation and how it impacts the recruitment strategies of the club. This was intended to extract data on the rationale behind each recruitment strategy. The last part contained open-ended questions were focused on areas of success and improvement in their chosen player recruitment strategies. The final section were clarifications and expressing gratitude for sharing his time and experience.

4.4 Participants

The choice of informants refers to the procedure of determining who to talk to, where, when the informant is available, what research question is applicable to the informant and how to meet the informants to partake in the research (Flowerdew and Martin 2005). In this study, a purposive sampling approach has been used. According to Bryman (2011), a purposive sampling has the goal to sample participants in a strategic way in order to answer the research question properly. This sampling implies that the respondents were selected according to some predefined criteria that fitted with the objective of the study, and not randomly. In this dissertation this sampling method is chosen as the research question seeks to focus on the core activities within the club's recruitment practices in order to identify action plans, which are favourable for competitive advantages. Therefore, the informants needed to have a good understanding and knowledge about player recruitment within a professional football club. In order to ensure credibility of my project, it was necessary to identify and selecting individuals that were familiar with the phenomenon of interest (Cresswell 2011).

The participants in this study were chosen on the basis on capacity, professional background, qualifications and knowledge based on their position in the football club. As such, all the informant participating in this study were appointed sporting directors, who are typically the director of football within the club and managing directors who are usually the chief executive officers of the club. The primary responsibility of both positions lie relation to player recruitment within the selected club.

Table 3: List of Participants and their Position in the Club

	Pseudonym Name	Position
Respondent 1	Club A	Sporting Director
Respondent 2	Club B	Sporting Director
Respondent 3	Club C	CEO/Managing Director
Respondent 4	Club D	Sporting Director

The selection relied on the accessibility cost, access on management level. As examining all the 16 teams in the Norwegian PL, would have been too time-consuming and complex in this case, it was necessary to delimit the conditions object for the analysis. Thus, 25 per cent of the football teams participating in the highest division were explored.

4.5 Accomplishment of Interview

All the interview objects were contacted by an e-mail with information letter containing the aim and purpose of the study as well as a consent form (appendix), in order to make sure the informant was fully informed and acknowledged the guidelines. The researcher and the clubs agreed upon an anonymous participation, mainly because the clubs would be more comfortable of sharing their strategies, making the finding more accurate and reliable. The participants were reminded that it was optionally to take part in the research and was given possibility to withdraw from the study without any reason or explanation.

The researcher assured the informant of full regarding confidentiality and anonymity and made the informant confident that all information would only be used in the context of the thesis. The acceptance of using a recorder was given before the recording started. The recording of the interview ensures precise data and the possibility to site word for word and helped the researcher in keeping focus on the participants, thus increasing the flow in the interview. During the phone interview, I was given permission to record the phone calls and

the option of a call-back if any technical issues would arrive. I did not experience any technical failures during the interviews.

As suggested by Patton (2002), the interviews usually started with a broad question where the participants were encouraged to answer introductory questions about their own careers, to promote a descriptive dialog and a conducive atmosphere as early as possible. The interview guide made it possible to build up the questions with more easy questions in the beginning to more reflective questions towards the end of the interview. In addition, the semi-structured questions were defined in advance, but the sequence in the question were decided during the interview. This helped me to keep the information process fluent, and questions were asked when it felt natural. The ordering of questions was varied in each interview and depended on responses given by the participant.

4.6 Data Analysis Methods

Since there was relatively little knowledge of the subject in the Norwegian context from the beginning, an inductive approach was employed to the research. Analysing the data in a manner that was in line with an inductive research strategy was necessary to get an in-depth description, particularly with regards to subjects where little is known in the subject matter (Veal and Darcy 2014). The analysis and interpretation of the interview data followed similar guidelines to those described in Veal and Darcy (2014) and required an inductive approach to be used in the analysis of the recruitment strategies employed by football clubs.

Thematic analysis, which is a widely held standard when using qualitative method in several research fields was used. It is a description of qualitative data, and the purpose is to convey the content into themes, usually transcribed interviews by identifying common themes in the data (Braun and Clarke 2006). Thematic analysis provides an easily accessible, robust and systematic approach to developing themes relevant for discussing the findings. The analysis method is flexible and can be applied to several other subjects. This analysis method suited the study because it does not require a huge sample size and rarely associated with a theoretical framework. Thematic analysis is not a methodology but rather a method, hence, this study is free to use theoretically unbiased means to analyse such a small qualitative data size.

4.7 Trustworthiness and Ethical Consideration

Although, qualitative research can offer less rigorous test of validity and reliability as compared to quantitative methods (Veal and Darcy 2014), issues discussed in this study conformed to some form of assessment of trustworthiness. This study, however, addresses concerns raised out of trust and social desirability biases and therefore avoided the use of focus groups. The researchers understood that the nature of the study, which required expert knowledge from participants could open the likelihood of some respondents answering questions in a way that will be more managerially acceptable to avoid the fear of any unseen but negative evaluations. Here, I made it unambiguously clear that the goals of the project were to analyse the difference forms of recruitment strategies adopted by clubs and not to reach any form of consensus on what is commonly seen as the best practices since every club operated in peculiar environmental situations.

Based on the ethical considerations, I was aware of my position in this study. Ethics are procedures and guidelines of conduct that outline expectations of practitioners aimed at regulating and maintaining professional identity (Banks 2012). Bryman (2011) maintains that special attention should be given to avoidance of occurrences of ethical dilemmas before, during or even after research, with the ‘do no harm’ principle upheld at any point in time. To ensure an ethical approach towards the sampling of data, I wrote an email to the principal with a description of the project. I gave an account of what the survey was and why I wanted to investigate the topic of the thesis.

When conducting such a study, it is important to respect the right to privacy for the participants. I assured all the participants with respect to anonymity for ethical reasons and each respondent were coded with a pseudonym to ensure privacy and minimise the risk of participants and their organisations being recognised during the data analysis or reporting phases of the study. Therefore, no data can be traced back. Due to the attention in the media, I was aware that the smallest detailed could identify the club. The audio file with the recording was transferred to my personal computer with password right after the interview and deleted from right after transcription from both the computer and tape recorder.

5.0 ANALYSIS AND FINDINGS

This chapter of the research discusses the results of the primary data gathered from the four interviews conducted. However, the study will also make references to secondary data sources, which is a central aspect of the analysis activities. For reasons of discretion and privacy, references and quotes from the respondents will remain anonymous. Based on the questionnaires and the responses derived, the analysis will be presented in underlying themes with the objective of analysing the main research question.

5.1 Defining Club Strategies

In most businesses, a strategy or strategic planning is deeply rooted in their organisation. In the football industry, having a strategy is quite a new concept that only began when football clubs started transiting from the conventional model of sporting organisations to business enterprises.

As the ECA (2015) suggested, a strategy is more about establishing what makes a football club exceptional and leveraging those competitive advantages, rather than just stating a vision or objective of wanting to become the best in a sporting competition. However, the existence of a strategy for a football club is not a guaranteed way of reaching the club's objectives. Consistently, there are both internal and external situation that will clash with any well-defined projections from a club. Here, the ability and flexibility to deal with the changing world is an essential constituent of the planning and implementation of a strategy. In gaining competitive advantage, it is crucial for a club to have a clearly defined strategy and such responsibility have typically been placed on the club's highest authority: owner, the board, chairman, or president. Consequently, this should be done in consensus with club's top management officials and the head of sporting operation such as the sporting director or head coach to advance the execution of the strategy.

In any strategic planning for a football club, it is important to be aware of the environment, which is unique in every club. The subtle differences between the clubs lie within their strategies, which will be grounded on their history, playing style, management philosophy, and achievements and how it connects within the premises of the environment they operate.

Three of the four clubs who were questioned on their club's strategy only seem to explain their visions or objectives. The response from Club B's goes to confirm such an assessment.

“There is no objective that is written in stone, but we have strategic plan which states that.... well its ambitious [...] We want to put the club on the map, both in Norway and Europe. We have a hairy vision and we want to reach the semi-finals in the cup every year and compete for a medal.”

Within the discussion regarding strategy, a confusing term often used in the same context is a vision. In its most basic form, the vision of any professional team is centred on playing and winning football matches. While a club's vision is basically the objective they hope to attain; a strategy is largely based on plans and processes designed within a system's theory to achieve those objectives set out in its vision.

Further, it has become a significant feature for Norwegian clubs to convey and implement a strategy that is tailor-made to suit the environment they operate within, and more decisively formulating it in a way that translate to both positive sporting results and financial success. However, Club C which is somewhat aware of the limitations posed by their environment possess a well labelled strategy:

“We have very strong foundation in our strategy document which states our vision and how we want to run the club with focus on local and regional identity. Our vision is clear on how we want to be perceived which is reflected on our environment and also on how we are playing [...] if we are going to be competitive in the highest division in Norwegian football, we have to do things differently than other clubs.”

Here, it is easy to notice that Club C, unlike the remaining clubs interviewed actually have a documented strategic plan. Interestingly, the respondent from Club C was the CEO and not the sporting director from the other clubs. Could that possibly explain why he is aware of such a document, but other clubs did not? If so, then there is looming communication gap between club presidents and directors when it comes to formulating and implementing a sporting strategy. Communication is perhaps one of the key aspects that determines the successful implementation of a club's strategy. According to the ECA (2015) football clubs tend to be somewhat flat and dispersed with very limited interconnection between top

management and the different levels of hierarchy. This makes the implementation of any formulated strategy a daunting task to overcome. Here, the managing director of Club C discusses who are involved in their recruitment process:

“The recruitment decisions are based on an agreement within three different parties. The sporting department, me (managing director) and the investment company. The investment company have more or less just an opinion and we are working within the framework of the NFF and the dual governance model. If the sporting department decide to acquire this particular player, then we will try do that.”

In organizing player recruitments and transfer policy, the relationship and close communication between the club leadership and the football leadership (sport director) is necessary. While the sport department can put their sporting knowledge and contact network on the table, the club management can define the principles and parameters that will enable the sporting ambitions to fit both into the economic and community reality of the club. The importance having a clear communication line is also confirmed by Club A:

“We have a very clear communication line... It is a difficult exercise in everyday life and therefore we need clear rules on how we work together. Everybody has a defined role and as the sporting director, I will take care of the player logistics. It is not like I will select players, if the head coach does not want them. We work so closely with each other and communicate a lot more.”

As clubs orient themselves towards a well-defined strategy, it is important to establish roles to the relevant club positions. As emphasised by Club A, the key to success is to develop a clear communication line and ensure duties are performed closely with each other.

Within any well-defined strategy, it is common to find the recruitment objectives of the club. The Club’s ability to set out a planned objective regarding what qualities they look for in their player recruitment is an essential factor in gaining competitive advantage.

5.1.1 Recruitment Objectives

Slack and Parent (2005) suggested that in order for professional football clubs to be effective and successful within the growing sports industry, they must be very competitive on both the sporting and financial levels. For the simple reasons that sporting results can translate into qualification for lucrative European competitions, increased broadcasting revenue, decent prize money, avoiding relegation and other economic benefits that goes a long way to balance the books, many Norwegian clubs tend to formulate their business strategy models on how the first team can achieve this. The dilemma here is that strategies that offers little to no prominence to sporting outcomes could lead to a decline in a club's image and dissention of the support base for the club while strategies that are formulated solely on sporting results are essentially dangerous. In order to enjoy a sustained competitive advantage, the challenge here is how to find a mixed strategy that can suitably balance both sporting and financial objectives. Such a balance will provide a platform for stability for clubs to be more sustainable in the medium to long-term.

However, data gathered and analysed for this research goes on to indicate that, Norwegian clubs usually struggle to find such a fitting balance. When asking how the player recruitment traditionally have connected to the club objective, Club A had the following response:

“The player recruitment was based on, I would say a quite short-term objective and based on the situation. When we were relegated, the goal was to get promoted, so we had to recruit certain player for that. The next year after we got promoted, we had to recruit players in order to stay in the Eliteserien. But now, it is about work towards a healthy financial position in such way that we can establish ourselves in the top of Norwegian football, and not be so ruled by the economy and situation, but instead have a defined recruitment policy structure.”

From such statement it appears that the recruitment objectives were highly more focused towards winning matches, such as getting promoted and establish themselves in the league. When clubs find themselves in such situation where they are forced to decide on what players to recruit within their budget constraints, then there is the need to decide what recruitment objective will offer the best case for competitive advantage.

Further, by looking at the financial objectives, Club C, had a defined their recruitment objectives in their strategic document, where the objective is to remain a stable club in the Eliteserien and then move on to become a talent development sales target hub for the top leagues around Europe.

“We have two main objectives. We want to be a stable club in the Eliteserien and then we have the overarching goal of developing players to become sales target for the top 15 leagues in Europe.”

Club A also acknowledge the need to improve and optimize their recruitment strategy in order to get future financial rewards for their recruitment objective:

“We must be better at finding more young players with greater sales value. We have to be better at making more money by selling players... because we have a small budget and we want to become a club that generates money from player sales.”

This points to the fact that Norwegian clubs would want to develop players that becomes a transfer target for the top leagues in Europe. Although, the process of selling players to better markets is a strategic objective, which requires a level of knowledge and competences to identify and develop players and make them attractive for a potential future sale. Although clubs with an overall focus on constantly selling their talent are often unable to maintain a consistent level of sporting performance unless they are able to replace them with similar or better players.

Although, the process of selling players to better markets is a short-term strategic objective, clubs with their overall focus on constantly selling their talent are typically unable to maintain a consistent level of sporting performance. Club B makes a shrewd assessment of their situation and even though, they will hope to sell but at the same time, they are aware of the dangers of prioritizing financial gains through player sales.

“We wish to sell players, we sold player X during the summer. We wish to find another player X, and if we could locate similar types in Norway, that would of course be the best. We see that the sale of X, lies in many years of coaching. We are not concerned about recruiting 1-2 players every year in order to sell for 10, 15, 20

million a couple of years later. We are still a club who will have challenges to stay in the top division and we have everything to gain by having players who we know can perform. Our concern is not all about gaining big profits on player sales. Yes of course, it is an objective to develop and sell players, but definitely not our main priority.”

For Norwegian clubs, many of their shared vision relied on having realistic sporting ambitions. However, all 4 clubs interview seem acknowledge an area of improve on order to becoming a financially self-sustainable club through recruiting player in order to developing players that can command a higher sale value. Nevertheless, the potential sporting result seem overall to be the overall objectives in the recruitment strategies.

5.1.2 Recruitment Processes

In as much as every professional Norwegian club in the top division demonstrate some shape of uniqueness within their environment and context, there are undeniable trends and comparisons that are somewhat a common feature in the discussing of club strategies. Most club strategies have short, medium, and long-term objectives where player recruitment and sporting results are typically placed within the short-term goals. However, there are several elements that influences both player recruitment and sporting success. On player recruitment, clubs opt to have a strategy and objective set out. Most Norwegian club, particularly the respondents in this research seem to have a plan on what type of player they need. Club D narrated a process that remains very popular in the recruitment strategy processes:

“It is the sporting director and the head coach that decide on what positions need to be strengthen or what players to be replace. Then, we can have a list of 2-15 names to be considered, which then gets narrowed down to 3-4 candidates. After that we contact the player’s agents and their clubs to see if this is possible to complete. But then we have the financial part, which is very important for a club like us, and quite often we see that some players are is financially impossible to get. Hence, we will be left with 1-2 players which we try to acquire.”

All 4 clubs seem to have more or less the same recruitment procedures. The planning process however differs from the club. As for club A and Club B, they start a one or two windows ahead of the transfer. On the other hand, Club C and Club D seem to plan very close to the actually opening of the transfer window.

“Our player recruitment process is highly influenced by our financial situation and also in terms of injuries and potential sales. But during the middle of each season and the end of each season, we look at what positions we wish to improve in the upcoming window...And we work actively to find the players in the different position and then choose the candidates we will continue to work on” (Club D).

In such, those clubs who choose a more proactive approach to the planning process, might be in a favourable position by plan ahead, enabling them to improve quality and thus optimize spending and maximize the potential return. However, in football, issues such as sudden injury or the sale of a player or a managerial change may turn the recruitment strategy into a reactive and sometimes unintended process.

In defining club strategies and recruitment objectives, it is paramount for the club to have strong leadership in their decision-making process. Therefore, it is better to employ someone who has some strong link to the club when hiring a sport director. This is because, it is important to show strong leadership skills in the recruitment process. The assertion from Club B on how they want to be perceived by the public is a testament of a leader who will focused on reaching the objectives set-out by the club.

“We have a goal to position ourselves in the Eliteserien, but we will not sacrifice reputation and finances in order to achieve that goal. We want to be perceived as the right club us even if we would take a step outside (relegated from) Eliteserien for a short period of time. Most importantly, we have made the right decisions based on the long run and constantly work towards the goals we have set.”

5.2 ASSESSING AND MANAGING RISK

There is little doubt that the recruitment of professional football players is associated with significant risks. Here, the focus is to understand the ways in which Norwegian elite clubs can minimize sporting risk and financial losses within the player transfer market by discussing the role of scouts, football intermediaries and the use of trial sessions. Certain sporting indicators such as age, culture, origin, playing styles and future sales value play a crucial role when assessing and managing player recruitment. The risk of recruiting wrong players might lead to poor sporting performance for the club, leading to a worsening of reputation of both the player and the club. In addition, player recruitment represents a major financial risk due to high costs related to player wages and transfer fees when acquiring talent from the labour market. The key question is therefore; what actions in the clubs' recruitment strategies have been established in order to minimizing the risk and improve the efficiencies when operating in the transfer market.

5.2.1 The Significance of Player Assessment

The first step is to look at how club evaluate and gather knowledge and information about potential new players. A crucial step for a football club before recruiting a new player lies in the assessment pool of potential players. In this process, a decision is made whether a new player complement and enhance the existing squad of players. To minimise the risk of player recruitment, the clubs need to establish certain actions in order to identify and evaluate some key characteristics and qualities of the player with reference to the club philosophy and playing style. As previously discussed from the literature review, by establishing scouting networks, club can increase the possibility of identifying and selecting the players who has the skills and competencies and thus the potential to ensure, as far as possible, the achievement of competitive success on and off the pitch. Two of the four clubs who were examined, had appointed a player scout in full or part-time positions. The sporting directors of both Club A and B mentioned that:

“We have only one full-time scouts... It is about seeing as much football as possible. We see that might be challenging with only one scout. Possibly, we should have more than one” (Club A).

“We have two part-time scouts on assignments in Norway and the Balkans. Most of the scouting are done by me and the co-chairman. In this way, four or more people at the club can work with the scouting of new players” (Club B).

Looking at the scouting personnel of both Club A and B, it is evidently clear that constraints on resources make it practically difficult for some Norwegian clubs to hire more full-time scouts. Sporting directors and CEO’s have intermittently served and played the role of professional football scouts. However, the application of the RBV as part of the strategy, clubs must overlook the easily quantifiable resources and focus on the intangibles, which in this case will include the hiring of professional scouts.

All clubs seem to acknowledge the importance of having established a scouting network. Yet, Club C and D emphasised lack of financial resources as a reason for not hiring player scouts and thus look for other assessment methods.

“We have a network we use in Norway, who covers some part of Norway, but that is more connected to younger players and the lower divisions in Norway. [...], but we have no appointed scouts who works abroad. We have talked about improving the scouting network, but we have such economic limitations that we are more willing to pay the current player more and the player we are going to recruit, rather than invest in finding those players” (Club D).

“We do not have a scouting network [...] We have limited resources, so in that case we have developed a network in markets we feel we can monitor. We ca not afford missing on external players because of resources” (Club C).

There seem to be a question priority and assessing the cost benefits by hiring a scout. The clubs need to evaluate the sporting and financial gain by hiring a scout up against the sporting and financial risk of recruiting the wrong player. Consequently, this also support previous research on Norwegian clubs’ attitudes towards scouting, where Nilsen (2016) found that less than half of the 16 clubs in the Norwegian PL had employed a football scout. In response, Club B made the following statement:

“Norwegian Clubs are still light years behind when it comes to scouting and identification of players. A club of our size in Belgium would probably have 2-3 full-time scouts. We need to scout more to ensure better decision-making process so that we can reduce the percentage of failed signings. We figured if we buy a wrong player within a year, it could have financed a scouting position for a year. If we find a new top talent, we have hypothetically financed a scouting position for the next 20-30 years. Scouting is still quite a neglected part of the football in Norway.”

The importance of having a scouting department will not only increase the potential of buying a player with certain characteristics qualities to enhance or complement the sporting squad. It is about identify and assess the wrong qualities and thus avoid recruiting the wrong player. Drawing on Makadok (2001) resource-based theory, resource picking skills will not only help a club to acquire good talents and best-fit but also help the club to avoid acquiring players who does not fit into the club’s philosophy and playing style. In essence, avoiding the acquisition of such players will have greater impact on the club’s economic profit, even more than the selection of best-fit and good talents.

Player recruitment is big business investment and should be a subject of a careful assessment process. Through the identification and development of talent, the football club is provided with a means of actively changing the existing core competencies of the club, which become important strategic actions. The better the player, the more valuable they become to the football club and more likely to generate competitive advantages, not just in terms of on-field performance, but also in ‘off field’ financial value.

5.2.2 Football Intermediaries in the Recruiting Processes

In Daniel Geey’s 2019 reflections on football intermediaries in his book ‘*Done Deal*’, he highlights their growing influence within the football ecosystem. Football agents seem to have become a necessary evil for Norwegian clubs, particularly those with limited resources to hire scouts. Clubs have continuously relied on intermediaries in contract negotiations and more peculiarly, in their quest to find talents. The ability to find and work with skilled agents who can be trusted are seem in some clubs as a means to ensure competitive advantage. The sporting director of Club B shared his opinion on the use of intermediaries:

“We have a good relationship with agents. If possible, we would never have to use agents, and covered most areas ourselves. But we are not even close to be in that position. Based on experience, we know which agents we can trust, who have the right vision and who knows our needs and recruitment criteria. We have around 10 agents we have confidence in and whom we cooperate with.”

Club D, like the three other clubs find themselves in similar situations. Most clubs in Norwegian do not have the financial power to employ scouts and have therefore prioritize gaining more friendlier relationship with agents they can trust. Interestingly, Club D reveals that using agents can be expensive

“We do not have the capacity or resources to appoint scouts. Therefore, we are prioritizing to have closer relationship with some agents. The difficulty is that agents usually have more positive impression of the player which is often more subjective. But it all about the trust we have towards agents. In general, the use of agent is costly and often we have to question between cost and benefit of using agents. But this is how the business of football have become.”

In all the reflections the clubs made about the use of agents, there were common factors to why they engage their services. Such shared opinion was the fact that they all relied heavily on trusted agents by their own assessments. However, they were aware of cynics that comes with their association with agents and the consensus here is that, football agents are usually concerned about their financial gains and that may not always be compatible with the ways of running a football club.

5.2.3 The Implications of Conducting Trials

One of the conventional trends for clubs to ensure they are signing the best-fit players and minimise financial risk is to conduct trials. However, this shared trend does not come without its own challenges. Sporting directors interviewed seem to rather have mixed opinions about the significance of trials to find talents who will then become a catalyst for competitive advantage. Club D, which seemed to have more positive reaction towards trials shared their reflections on it.

“We use trials mostly when it comes to recruiting foreign players. We wish to see them in a Norwegian context, especially in Norwegian culture and Norwegian weather. Also, we can watch for ourselves and assess their quality and personality in a training context. We wish initially that every player we sign, to come here, and show themselves. But of course, this is not always possible or desirable for the player themselves. Often the players think they are more than good enough to have the need to justify themselves.”

Ideally, conducting trials will help to assess players and reduce any potential risk of signing players that are not compatible with the sporting and financial objectives of the club. From the submissions of the other clubs, the challenges associated with organizing trials far outweighs the benefits and clubs try to avoid falling in such situations or limit their reliance on trials. Club C expressed the disruptions a trial can create within the playing body:

“That is among the thing we did wrong last year where we used to conduct a lot of trials. This year, we have conducted not a single trial and that is because it triggers disturbance in the player’s group and in the daily training sessions. Our experience with trials is rooted with a high level of uncertainty and we try to avoid getting in a situation where a trial is needed.”

It is true that trial events can disrupt the dynamics within the playing body, however, should club reflect on Makadok’s (2001) position on resource picking and capacity building, it will be relatively easy for clubs to conduct trial sessions that will not conflict with daily training sessions during the regular season. Club A’s assertion on the use of trials as a means to recruiting players is quite similar to Club C’s claims, though they hold the opinion that it could be beneficial:

“We could use player trials, but we try to avoid it as much as possible. The reason is simply that in Norway, with many matches played during the season, and the club need to prioritize and optimize our daily training for the current players. So, having new players on trials may create frictions and instability, which is not acceptable. We try to have a good enough overview over the market when evaluating players, so that we can avoid having trials.”

5.2.4 Best-fit between Playing Style and Player Recruitment

Looking at another indicator of reducing the risk of a player recruitment is related to the correlation between the current playing style and player recruitment. This is also supported by Kelly (2011), which states that club's strategy for talent identification and recruitment should flow from its vision statement and playing philosophy and be fully integrated into its performance plan. In order to minimise the risk of recruiting the wrong type of players, the club need to identify those players who fit the organisational culture and playing style which have been aligned with the club philosophy. The interesting aspect here is to ensure the playing style and formation reflect on the player recruitment.

Club that have continually possess the ability to minimise risk through recruiting players who fits best their playing style and identity enjoy competitive advantages over their rival team. This is because they share a common identity and attributes that complement each other. Professional football players, particularly those with foreign roots have varied cultural and social values that can become obstacles. Different players have different abilities in how they adapt to different management or training styles. If buying players who do not match with the club's traditional values and playing style, such a player would probably fail to adapt and accordingly contribute very little to the team.

Here, Club C reflected on how they have requirement for every position and the type of player they will search for:

“The formation and playing style are defined in our strategic document at the board level so the club decide how we will play. We have defined different attributes in every position in relation to player recruitment. Depending on the different role intended, we never recruited player who are not familiar with our system or the way we are playing. All the way down to our academy, we play the same type of formation and playing style. So, we are developing player who fits the way we are playing.”

Although clubs should focus on best-fit scenarios when recruiting players, it is comparatively difficult to find such players in situations where cultural and social values are significantly diverse. An ideal way to prevent the challenges associated with best-fit is to ensure a methodology that is oriented towards optimising rather than improving. The

difference between the two, according to the ECA (2015) analysis is that, optimising means integrating all circles of the club's core values and playing style interconnected while improving is about avoiding the tendency to recreate a mistake. This is why Club C's assessment on the best-fit placed emphasis on developing their own youth players, where it is relatively safe to engender a holistic approach that promotes a shared development and recruitment philosophy.

Another interesting situation lies in the fact that several managers nowadays often find themselves in a position where they have recruited expensive players only to be sacked few months later. A new appointed coach will want players he can trust on the field and this typically result in expensive turnover, which could perhaps put the club in a financial health risk. The dilemma among football clubs in case of a managerial change is the potential of having a mismatch between the appointed coaches and the current playing squad. This challenge seems to be a point of discussion in club meetings regarding recruitment strategies. Club A reflected on how they recruit coaches:

“We recruit players based on our playing style and the roles that have been built by the current coach. We often sign players that fit our playing style on longer contracts. So, if the coach leaves the club, we will have to recruit a coach that will fit best for the current squad and playing style of the team.”

It was clear from all 4 clubs interviewed that recruitment of new players are based on the current managers. As mentioned by Club C, the playing style and formation are decided at the board level, this was also supported by Club D who had a well-defined playing style anchored in their sporting strategy and plan. Such a club have a clear playing philosophy and a shared understanding of how they want to play from the youth team up to the senior team. In case of managerial change, all the clubs' interviewed asserted that the recruitment of a new coach will be based on the players they have in their possession. As such, having a correlation between the playing style of the current coach and the player recruitment is a crucial means for clubs to minimise the sporting risk of recruiting a player who do not fit the current playing style.

Interestingly, Club D points out that constraints on their financial resources as the possible reason for relying on the type of playing style they have adopted.

“We had Mr X (coach) before Mr Y (coach) who have similar playing styles. In the Eliteserien, we will always be an underdog and we will rarely have possession during game... This is not something that we think will change in the short term. As I mentioned, because of the economy, we are not capable of recruiting the most established players, which might precondition a change in our playing style. Our playing style is quite fixed, and if we are to recruit another head coach, I am most certain that it will be a coach could that is capable of continuing the same way we play.”

5.2.5 Using Statistics and Data Analytics

In the last few years, computer science and big data have started to play an increasingly important role in the football industry. Clubs resort to data analytics to monitor and assess the performances of their own players and other potential players on their recruitment list. When asking the clubs about to what extent they implement data and statistics in order to reduce risk, it seems that Norwegian clubs are yet to employ the use of advanced statistics to guide player scouting and recruitment. However, Club B explain to some extent the use of statistics when assessing new players.

“We use InStat Scout and Wyscout, and our analysis manager creates profile on the players. We look at statistics in number of game minutes, injury history, and completed matches but there is no Moneyball principle here.”

The use of web-based analysis platform seems to be evident in the recruitment processes of Club B, but Club C however rejected the idea of applying data metrics in their recruitment decisions. The idea here would be that such systems may assist club manager in adopting a more rational and intuitive assessment of players and act as a support activity in order to reduce or eliminate potential risks in the transfer market. In addition, this approach may offer several advantages, including the identification of talented, yet low risk prospects that other teams often overlook. This will somewhat offer cash-strapped teams more affordable

alternatives. However, all club appear to use more data and science in assessing the injury history of players. As Club A mentioned:

“We spend a lot of time to assess previous injuries, collecting accurate data from the previous club and people who have worked with the player before. We also have a very advanced medical check before we sign agreement with the new players.”

5.3 INNOVATIVE PLAYERS MARKET STRATEGIES

Strategic thinking is crucial for achieving competitive advantage, which comes from doing things differently from competitors. The question here is how can football clubs find innovative ways in the players’ market in order to achieve the type of competitive advantage needed to challenge and remain on par with some of the game’s elite clubs.

5.3.2 Focusing on Specific Markets

In football nowadays, there are various markets football clubs can operate within such as the international markets, national and local markets. Putting together a playing squad is a tactic that requires concentration and a clear view of the market pull of football players, together with an overview of the existing player within the squad and the youth system. Due to resource constraints, it has become relatively important for clubs concentrate their recruitment strategy in specific markets within a country, region or league rather than searching everywhere. The catch here is that, it advantageously positions the clubs in a favourable market place. All four clubs stated that they have a specific market they are operating within.

“We have tried to refine the number of markets we search for talents. In recent years we have seen a lot of players based in Norway, Sweden, Denmark, Iceland, The Netherlands and Balkans but less in Africa. Maybe, we should have focused more on the African market, but we know in order to get an overview, we must make a plan and build the club financially. We know there is a huge possibility of finding players at lower price, which prove to be a cheap investment” (Club B).

All clubs seem to focus their recruitment strategy around the Scandinavian and North European Market. Such markets offered all the clubs' the recruitment indicators needed to quickly adapt to the Norwegian culture, climate and lifestyle. Furthermore, all clubs acknowledged the recruitment of international as less convenient but cost-effective, thereby increasing their financial health and facilitating competitive advantages. Club A pointed out the importance of operating in a specified market.

“We see that several clubs recruit players from Africa and other markets, we have chosen not to do it because of limited resources. But we know in order to get an overview, we must make a plan and build the club financially. The ideal situation would be to get into a market, which no other clubs are operating in. But that is also challenging because not many clubs manage to operate in a market alone, because Norwegian clubs are often influence by each other, so it is kind of challenging.”

What Club A here is trying to accomplish is to adopt VRIO framework conceptualised in Barney (1991) by finding a resource or market that is rare and unique to their organisation. For a resource to be considered rare, it must have restricted obtainability and challenging to replicate without considerable amount of time and cost. Club A would certainly enjoy competitive advantage if other clubs do not have the same ability to attract such a market niche. However, as the sporting director of Club A stressed, Norwegian clubs are easily influenced by each other and it will be challenging for any one club to enjoy a niche if that market possesses a considerable number of young talents. Here, the VRIO framework asserted that if several clubs in the competitive arena have access to the same talent pool, even if it is valuable, the resource's ability to generate a competitive advantage for a single club is tremendously weakened. Again, Club A specified their justification for focusing on the international markets.

“There is often a much higher wage level on Norwegian players than foreign players. Therefore, you can get a player with better quality for less money in foreign markets. Norwegian players are often more expensive than foreign player. Also, there is a challenge to get sufficient resale value from Norwegian Players. We are not competing in Europe and the national teams have not done so well in recent years. That has affected the market here.”

Strategically, in their quest to be financially healthy, Club A have decided to direct their focus on international markets where there is a higher possibility to have a resale value. It is interesting to find out that Norway's inability to compete at international tournaments have impacted negatively on the resale value of home-grown players.

Further, all clubs interview seems to point towards a lack of financial resources as the main reason for choosing their areas of operation. This is also supported by statement from Club D:

“During the last year, we have become renowned for utilising decent signings from Division one. We have largely recruited players from the OBOS league and Superettan. We see that they have a much lower wage cost that is good enough for us to manage. Other than that, I do not want to say we are operating in other particular markets because it is quite random where we recruit players.”

This also evident at Club C as the managing director highlighted that:

“We have not identified any particular market which we had more success than others. We have limited financial resources to recruit player in an open market. We have chosen to focus on those levels we believe are realistic for us to sign a player. This is primarily level 2 in Scandinavian countries or level 2 or 3 in countries where we see that they have a lower wage cost that are low enough for us to handle.”

Whereas many football clubs choose to simply spend beyond their means to compete, it appears that Club C and Club D have acknowledge their financial position and choose to operate within the market that are realistically in terms of their resources.

5.3.2 Stepping-stone for Development

For some players, ambition may be characterized by their desire to secure employment at a club where they feel they may be granted increased exposure. On the other hand, players may move to a club that they perceive to be comparable with their abilities, but situated in a league they think might act as a 'springboard' or a 'stepping stone' to another league or

somewhere better (Elliott, 2013). As noted by Club C, they stated the following selling point as a possible competitive advantage against other rivals:

“When we are in dialogue with agents and players, we present ourselves in the way we operate and the way we train. We look at this as a competitive advantage since we cannot match wages and compete with the bigger teams on salaries. And we hope that we can show the players that we are able to sell players to bigger leagues. This is a part of how promote the club to new players.”

For clubs that do not possess the financial flexibility to offer attractive wages in order to attract top talents, it is essential they find a way to pitch themselves as ‘springboards’ for young talented players to develop their craft and move to bigger leagues. As much as this does not seem innovative, to a small club struggling to compete for talents, this is an innovative way of enticing top talents from a financial point of view.

Club B acknowledged the advantages by focusing on specific markets and stated that they have gained a reputation for being successful at recruiting relatively cheap players from the African markets.

“We also have started to look towards the African Market, which is a fantastic market. It is not common that we look for defenders in Africa. So mainly, midfielders and attacking players with X-factor, with speed and dribbling skills [...] There are enough players in Africa for more than one club, to say it in that way. We also noticed that with the development of player X who turned out to be star player will convince talented African players to come to us.”

Following such statement, by establishing a positive reputation of developing players from Africa, Club B have been placed in a favourable position in attracting future players from Africa. In this regard, Darby (2014) has highlighted Africa as major marketplaces for the acquisition of talented players and potentials, who are mostly recruited by wealthier European clubs. By adopting such a strategy, Club B might operate as a stepping stone in order to attract such talents.

Moreover, club can also work as ‘stepping stone’ for local talents, as they successfully contribute to their development in order to sell the players to other leagues or big teams

within the league. As stated by Club D, they stated they might even enjoy regional advantages because they are a much smaller team than their local neighbours:

“We have clubs that are bigger than us in our local area. Our biggest advantage is that we can give the players from OBOS and second division playing time immediately, while this would not be the case in the bigger clubs in our local area or our competitors.”

5.3.3 Recruitment Based on Player Characteristics

In the application of certain labour market strategies, it is essential to look at certain player characteristics. Finding talented players does not necessarily mean players who can instantly improve the club’s sporting results. Here, it is important to recruit players who can influence and make others better. The importance of a good training culture seems evident in most of the club’s interviews. A good training culture generates positive training sessions and opens up the potential for each player to get better, resulting in the whole team improving their qualities. This creates a development culture where one constantly trains afterwards to become better and have a focus on developing. According to Club B this has created a strong winning culture within the club, which have been favourable for the sporting performance. A stronger and better training group will improve the overall quality of the club.

“We have recruited many players for a quite cheap money by our standards. We have managed to recruit players with good attitude and have develop into good players, creating a good training culture that has given us many points on the pitch.”

Club B also stated that one of the strong points within their recruitment strategies have been the establishment of a high-performance culture within the club. Club D further emphasised the point made by Club B, by identifying certain player characteristics in order to create winning culture.

“We have been focused on signing players who have not experienced that much success but motivated to succeed. These are players who have not played in the Eliteserien previously. We have been very determined to find player with this hunger and aim to develop further and play in bigger teams.”

This is also supported by Club C, who had approached this strategy of recruiting players who will improve the training culture in a slightly different way.

“We have invested money in experienced players, which will make the young players better. We had a discussion this winter if we were to move away from our recruitment policy in order to recruit two players who were significantly more expensive than others in order to boost training culture even more.”

The much older and experienced players set the standards for what is expected in training with regards to the intensity, and physical and technical demands of the game. Such experienced players will set the benchmark for young players who remain both the financial and sporting future of the club on the playing and training level required by the club. Also, Club B have developed a market labour strategy based on recruiting undervalued players.

“We recruit players who have been unsettled in other places, or who may have been injured somewhere else but remains top prospects. We then work to get them back to their optimal level. We want players who want to progress further and want to get away. We want a group of players that will allow us to sell the players.”

Although this is a market strategy which provides a high-risk transfer, it is relatively cheaper with a relatively huge return if done properly. This is why it is important to have laid-out club strategies concerning recruitment so that you can stick with your area of expertise when it comes to what category of players the club is willing to sign.

6.0 RECOMMENDATIONS AND CONCLUSION

The purpose of this study was to explore how Norwegian professional football clubs can achieve competitive advantages from their recruitment strategies. Working towards this objective, the study reviews the key findings related to the three specific research questions:

6.1 Key Findings Based on the Research Questions

How does the tension between the sporting and financial objectives affect the recruitment strategies of Norwegian professional football clubs?

All recruitment strategies appeared to be focused towards winning matches, such as getting promoted and establish themselves in the league. However, with the increasing levels of player wages and transfer fees, achieving competitive advantage has become very costly and somewhat requires a large amount of unrestricted funds. Consequently, an interesting finding was identified as all four clubs interviewed seem to acknowledge an area of improvement by wanting to become more financially healthy by recruiting and developing players that have the potential of generating revenue from projected future player sale. As such, given the strong correlation between financial performance and sporting performance, the study suggests that clubs need to take a different look at their recruitment policies and exploit the opportunities that could give the club some extra fund, which would enable the purchases of new players.

Further, another important finding was related to the club strategies as the study identified a possible confusion related to the term ‘strategy’. Consequently, three out of four questioned about the club strategies seem only to explain their visions or objectives rather than a well-orchestrated strategic plan to achieve those objectives. Here, clubs need to identify their vision and incorporate their football and player recruitment philosophy into their long-term development. However, such club strategy and philosophy should well-documented and extensively communicated so that it is understood, accepted and implemented internally and acknowledged externally.

Another important finding showed that only one of the four clubs interviewed had established a strategic document setting out a planned recruitment objective. The study also identified a clear communication line between the club management and the sporting

leadership. Here, the clubs understood that decisions about player recruitment need to be made in a rationale and objective manner in consultation with all relevant personnel rather than exercising an autocratic approach to guarantee general acceptance.

What strategies are applied by the clubs to minimize sporting and financial risks in the transfer market?

Every club interviewed had taken various actions in order to minimizing sporting and financial risk prior to recruiting a player. The study showed that two of the four clubs who were examined had appointed a player scout that was serving either full or part-time positions. Furthermore, the study also found that sporting directors and CEO's have intermittently served and played the role of professional football scouts. Such actions may be necessitated by the resource constraints faced by clubs. However, when sporting directors and CEO play the role intended for professional scouts, it could potentially lead to talent selection rather than talent identification, which is essential if clubs want to develop talents with higher resale value. In addition, the study showed that Norwegian clubs seem to continuously rely on intermediaries not only their conventional role as contract negotiators but more uniquely, in a role similar to professional scouts.

Nevertheless, the study show that all clubs seem to acknowledge the importance of having established a scouting network in order to minimise the financial and sporting risks associated with player acquisition. Yet all the clubs emphasised the lack of financial resources as a reason for not investing in player scouting. Interestingly, establishing an internal scouting network is cost-saving in the long-term and it is quite odd for clubs to consider this is beyond their financial control.

The finding in the study recommend that clubs need to overlook the easily quantifiable resources and focus on the intangibles, which in this case will include the investing in competencies and expertise through player identification. Further, the study also discussed the importance of having a positive correlation between the playing philosophy of coaches and the player recruitment as a crucial factor to minimizing the sporting risk of player recruitment. It was clear from all the four clubs interviewed that recruitment of new players are based on the playing style of the current manager. In case of managerial change, all the clubs' interviewed asserted that the recruitment of a new coach will be based on the players they have in their possession. Therefore, this study found a correlation between the playing

style of the current coach and the player recruitment is a crucial means for clubs to minimise the sporting risk by recruiting best-fit players to integrate in the current playing style.

What labour market strategies seem to increase the financial and sporting competitive advantages?

The last part of the study was aimed toward investigating what labour market strategies seem to increase the financial and sporting competitive advantages. The analysis demonstrated that all four club have identified various market strategies designed towards targeting a specific market within a geographical area in a country, region or league. As such, an improved competence and knowledge on a specific market may lead to competitive advantages by identifying players before other competitors. All four clubs identified the African market as a potential lucrative market in order to retain cost-efficiencies by recruiting relatively cheap talents with high resale value. However, limited financial resource have forced the clubs to rely on markets that shared similar characteristics with the Norwegian league. One out of the four clubs explored have been able to utilise and direct their focus on the African market. Thus, it is obvious that financial and budget constraints are main concerns when selecting what markets club decide to operate in.

Result of the analysis also showed that clubs who functions as a springboard for talented players to get exported to bigger league, may achieve competitive advantages over rivals because it increases their attractiveness among players to join the club with the optimism of being transferred to bigger leagues in the future.

The study then identified certain labour market strategies that appears to create competitive advantage. Two of the four club identified that, one of the strong points within their recruitment strategies have been their ability to develop an appealing culture through improved training intensity with the playing squad. Here, critical characteristics such as age, hunger, players with a point to prove and desire to be developed were identified.

Another labour market strategy identified was the recruitment of undervalued players who have experienced setbacks in their career due to an injury or lack of form. Although this signify a high risk, clubs recruited such players for a low cost and develop them in order to get them back at the old level and consequently use them in areas where they can assist in improving the development phase of the young players at the club.

6.2 Recommendations

However, based on the above key findings, this study concluded by drawing on a few recommendations. A key objective of the study was to explore how Norwegian football clubs can gain competitive advantage by employing relevant recruitment strategies. Therefore, four key recommendations have been generated in order to explain how football clubs can achieve competitive advantages from the players market.

A well-organised and structured player recruitment system is important to implement the right recruitment processes. The recruitment strategies should be defined in a strategic document and the player recruitment should follow the vision statement and club's philosophy. As such, efficiencies might be improved by identifying and recruiting players who are the best possible fit to play in the same system and style defined in the strategic document. For clubs to attain a successful and sustainable means of player recruitment, there is the need for the club's hierarchy to establish clear communication lines between the club management and the sporting leadership. The key point is to create a shared understanding and trust across all organisational levels that are needed to bring predictability, continuity and clarity into the recruitment work and thus leading to stability and long-term efficiencies, which possess the ability for clubs to gain competitive advantage.

The second recommendation relates to investing in personnel with competence and expertise related to player identification, selection and development. Player recruitment is a huge business investment and should be a subject of a careful assessment and the club should evaluate the sporting and financial gains by hiring a scout over the sporting and financial risk of recruiting the wrong player. Investing in player knowledge will not only help the club to acquire good talents and best fit but also help the club to avoid acquiring wrong players. The better the player, the more valuable they become to the football club and the more likely this will generate competitive advantages, not just in terms of on-field sporting performance, but also in 'off field' financial value.

The third recommendation is to encourage club to specialize in a specific market and thus improve competence within the chosen market segment. In addition, the market characteristics might involve recruitment of hungry young players with sale potential. The main aim here is to acquire players at low prices then to sell them at higher prices after

developing their playing skills. Although, the process of selling players to better markets is a strategic objective, but it requires a level of knowledge and competences to identify and develop players before making them attractive for a potential future sale. Although clubs with an overall focus on constantly selling their talent are often unable to maintain a consistent level of sporting performance unless they are able to replace them with similar or better players. A club's ability to specialize in a specific market segment will sustain its capacity to maintain the level of sporting performance they aspire to reach.

The last recommendation is anchored around the implementation of data and statistics that can aid a less profitable club in the quest to remain competitive. The idea here would be that such systems may assist club managers in adopting a more rational and intuitive assessment of players and act as a support activity in order to reduce or eliminate potential risks in the transfer market. In addition, this approach may offer several advantages, including the identification of talented players, yet low risk prospects that other teams often overlook.

6.3 Future Studies

This study is limited in scope in terms of the number of participants and the depth of interviews. As a result, the study will recommend future research to gain further understanding in the player recruitment by considering a comparative study involving other football leagues in the Nordic region. Also, a larger comparison can be made by including some exporting league such as Croatia, Belgium and Serbia in order to examine certain recruitments strategies which support economic sustainability through revenue from player transfers.

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APPENDIX



Kjell Marius Herskedal
Postboks 2110
6402 MOLDE

Vår dato: 17.04.2018

Vår ref: 60078 / 3 / LT

Deres dato:

Deres ref:

Forenklet vurdering fra NSD Personvernombudet for forskning

Vi viser til melding om behandling av personopplysninger, mottatt 26.03.2018.
Meldingen gjelder prosjektet:

60078	<i>Strategic Management in Football: How can Norwegian clubs achieve competitive advantages in the players' market?</i>
Behandlingsansvarlig	<i>Høgskolen i Molde, ved institusjonens øverste leder</i>
Daglig ansvarlig	<i>Kjell Marius Herskedal</i>
Student	<i>Tommy Waaden</i>

Vurdering

Etter gjennomgang av opplysningene i meldeskjemaet med vedlegg, vurderer vi at prosjektet er omfattet av personopplysningsloven § 31. Personopplysningene som blir samlet inn er ikke sensitive, prosjektet er samtykkebasert og har lav personvernulempe. Prosjektet har derfor fått en forenklet vurdering. Du kan gå i gang med prosjektet. Du har selvstendig ansvar for å følge vilkårene under og sette deg inn i veiledningen i dette brevet.

Vilkår for vår vurdering

Vår anbefaling forutsetter at du gjennomfører prosjektet i tråd med:

- opplysningene gitt i meldeskjemaet
- krav til informert samtykke
- at du ikke innhenter [sensitive opplysninger](#)
- veiledning i dette brevet
- Høgskolen i Molde sine retningslinjer for datasikkerhet

Veiledning

Krav til informert samtykke

Utvalget skal få skriftlig og/eller muntlig informasjon om prosjektet og samtykke til deltakelse.

Informasjon må minst omfatte:

- at Høgskolen i Molde er behandlingsansvarlig institusjon for prosjektet
- daglig ansvarlig (eventuelt student og veileder) sine kontaktopplysninger
- prosjektets formål og hva opplysningene skal brukes til

Dokumentet er elektronisk produsert og godkjent ved NSDs rutiner for elektronisk godkjenning.

Appendix

Topic	Interview Guide
<p style="text-align: center;">Part I Introduction</p>	<ol style="list-style-type: none"> 1) Introduce myself and the study program. 2) Purpose of the study 3) Information regarding confidentiality and the consent form.
	<p style="text-align: center;">General Information:</p> <ol style="list-style-type: none"> 4) Can you tell me about your role in the club and how long you have work within the club 5) Can you say something about the clubs overall objective both in terms of a sporting and a financial perspective? 6) How are the recruitments policy influenced by the sporting and financial objectives? <ul style="list-style-type: none"> o Based on the certain situation or a fixed pattern? 7) What are the clubs thoughts on developing players versus buying players?
<p style="text-align: center;">Part II Recruitment Process</p>	<p style="text-align: center;">Planning:</p> <ol style="list-style-type: none"> 6) Can you describe the recruitment process in the club? <ul style="list-style-type: none"> o Who recognizes the need? o How long ahead do the club start the planning process? 7) In what markets are the club operating in? <ul style="list-style-type: none"> o International markets o National markets o What are the advantages or disadvantages?
	<p style="text-align: center;">Player Assessment and Player identification</p> <ol style="list-style-type: none"> 8) What methods or tools do you use to identify and assess new players? <ul style="list-style-type: none"> o Do you have appointed scouts? Part time /Full-time? o If yes, how would you asses the advantages? o If no, what are the disadvantages? o Do you use statistics, metrics or other data tools? 9) Do you use external people? (agents, own network) <ul style="list-style-type: none"> o What are the potential advantages or disadvantages? 10) To what extent are the club using trials in order to asses new players <ul style="list-style-type: none"> o What are the potential advantages or disadvantages? 11) How long do you see a player before signing the player?
	<p style="text-align: center;">Decision -making process</p>
	<ol style="list-style-type: none"> 12) Who is part of the decision process and why?

Working Title of project

Strategic Management in Football: How can Norwegian clubs achieve competitive advantages in the players' market?

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|------|---|--------------------------|
| i. | I have read and understand the information provided about this research in the Information Sheet. I have had an opportunity to ask questions and to have them answered. | <input type="checkbox"/> |
| ii. | I understand that the interview will be audio recorded and transcribed. | <input type="checkbox"/> |
| iii. | I understand that I may withdraw myself or any information I have provided for this project at any time prior to completion of data collection, without being disadvantaged at any way. | <input type="checkbox"/> |
| iv. | I understand that parts of our conversation may be used verbatim in future publications or presentations | <input type="checkbox"/> |
| v. | I agree to take part in this research | <input type="checkbox"/> |
| vi. | I understand that sensitive information will be excluded any personal information collected during the study will be protected. | <input type="checkbox"/> |

Name of participant

Signature

Date:

Date:

Name of researcher

Signature