SECTION II

The sport organizations
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Introduction

In contrast to events overall, organizing committees, sponsors, the media, governments, spectators, and other event stakeholders, the perspective of the event owner has rarely been taken within academic literature. This chapter therefore focuses on sport event owners and issues related to their main stakeholders. We begin with a discussion of the very meaning of event ownership, which, we acknowledge, is open to interpretation and very much depends on context. Taking a managerial approach, we review the little research that does exist regarding sports event ownership and draw on research and theory building from the festivals literature and other areas (e.g. marketing, risk management) in order to bolster the information presented. In particular, we examine the nature of stakeholder relationship management and legitimacy building. Two case studies illustrate these topics, the first being a private, for-profit event company, and the second case covering an event sanctioned by a governing body. In each of these cases, a conceptual framework is presented which helps us to understand the complexity of stakeholder types and relationships with the event owner. In the conclusions, a number of research questions are formulated, related to the key issues of ownership, stakeholders, power, and legitimacy, so that the research on event owners can be developed.

The meaning of event ownership

Event experiences cannot be ‘owned’, as they are a co-creation of participants and producers and exist as a synthesis of cognitive, affective, and behavioral responses to a stimulating environment (cf. Mullin et al. 2007, Ferrand et al. 2012). No-one can own the runner’s sense of accomplishment, the performing artist’s joy, or the spectator’s sense of belonging. Many events are not planned, designed, or managed; they can be spontaneous and even anarchic, and therefore cannot be owned. Sometimes these events have unpredictable and ugly
consequences, while others are simply fun and innocent. We can refer to many such events as carnivalesque, or ‘dancing in the streets’, while others are protests and riots (Ehrenreich 2006). These unplanned events are not owned by any one person or organization; indeed they belong in the realm of free expression.


Essentially, anyone can hold a competition if it does not intrude on anyone else’s legal rights. The distinction between sport and Games comes into play here, and it raises the question of whether or not ‘sport’ is by definition organized and governed. The rights to the name of an event and to produce a planned event within a governed structure can be owned, along with rights to broadcast it, and to associate with the event as suppliers, sponsors, licensees, cities, and destinations. In the sports-event world, these rights are inevitably contractual, the associations are formal, and the relationships between stakeholders are typically unequal (see Ellis 2013). Through trademarks (i.e. numbers, initials, words or a group of words, designs/symbols, sounds, or a combination of these, see Hagen et al. 2013), copyrights, wordmarks (such as ‘Olympics’), and other legal means (see for example, Mellewigt et al. 2004, Huxsaw 2006, Madison 2009, Tomar 2009, Ellis 2013), the owner secures exclusive use of a name, brand, logo, and other design features that distinguish an event, but these are really signifiers, not the event itself (as a formula for competition), and certainly not the exclusive rights to play the sport itself. What is signified is some combination of quality, prestige, reliability, or tradition that is valued by sponsors, athletes, fans, governments, and tourism agencies (see for example, Chanavat et al. 2010, Ferrand et al. 2012).

Hence, the Olympics (owned by the International Olympic Committee or IOC which claims ownership of other Olympic ‘properties’ such as the Olympic Flame relay, Olympic Flag, photos, etc., cf. Ferrand et al. 2012) have great global value, while a new competitor event would have a real challenge to establish its reputation and convince stakeholders of its value. The IOC claims they ‘own’ the Olympic Games, but in fact only own the rights to broadcast and sponsor them as well as use famous brands and properties associated with them (Olympiad with some exceptions, interlocked rings, Olympic hymn, etc.).

Event ownership as a topic can be framed in the context of ‘mixed industry’, as assessed by Andersson and Getz (2009) who studied festivals. Most modern economies are mixed to some degree in terms of the involvement of government actions, private enterprise, and not-for-profit services, and this is largely true for both festivals and sports. While the aims and methods of these three sectors are often quite different, the results in terms of sport event experiences or impacts can, in fact, be identical. All three sectors, therefore, can collaborate to achieve ‘public goods’ such as entertainment, economic growth, urban renewal, identity reinforcement, or healthy lifestyles. However, there is often competition and disputes over goals, finances, and outcomes.

We can identify four main categories of sport-event owners:

1. **Public**: events owned by governments and their agencies; they might be produced by other organizations, including profit-making event management companies. An example is the sailing race called Vendée Globe, which is owned by the (French) Département de la Vendée.

2. **Private**: opportunities for profit-making event businesses have been growing, and some corporations prefer to own their events (as opposed to sponsorship) for branding purposes.
NASCAR is an example of a private company that governs stock car racing, which has grown in terms of the number of event series it offers, fans, and sponsorship since 1947 in matters of events and event series offered, in which it currently offers three series (Lee et al. 2010).

3 Not-for-profit organizations: usually they are motivated by service to the community, such as raising money for charities; in the case of sports events, numerous teams and clubs are active in holding events. The Special Olympics is one such organization that provides sport events for persons with intellectual disabilities.

4 Sport governing bodies: they are a special category; on the one hand they are private organizations responsible to members, but on the other they must usually work closely with governments. The Canadian Luge Association or Volleyball Canada are examples of independent, non-profit national governing bodies (NGBs) that work closely with Sport Canada, a government department, and have received funding for hosting international events in 2012 and 2013 (Canadian Heritage 2012).

Ownership of a major sport event, particularly at the international scale, is a much more complex issue than small, local events, which are usually owned and run by local clubs or organizations. Three levels of ‘ownership’ are likely to be involved (Emery 2001): the international sport governing body (e.g. IOC, international sport federation), its national equivalent, and the ‘local’ organizing committee (LOC). In practice, they share ownership of the event, while in reality the international governing body has ultimate control. Although rare (see Parent and Seguin 2007), the LOC can be stripped of its assigned rights to host an event, with non-performance in financial terms, or venue un-readiness, being the most likely causes of failure.

Other ‘ownership’ perspectives are pertinent, namely the question of who ‘owns’ the rights to bid on events, and who ‘owns’ the responsibility or privilege of forming the LOC, at least when the event is awarded/won. When a bid goes from the wishful-thinking stage to a formal proposal, a great deal of energy and funds will be expended on lobbying, raising money and gaining publicity, possibly securing the rights to bid through national-level competitions, and forming a special-purpose bid committee that might very well disappear completely in terms of its composition once the bid is made (see Chapter 2 of this Handbook for further information on bidding, as well as Parent and Smith-Swan 2013). Rendering the situation more complex, ownership and event preparation/running can change hands. For example, Skate Canada used to give the rights for the organization of skating championships in the country to host cities/LOCs; now Skate Canada runs the show (does most of the planning/organizing) with the assistance of an LOC.

Companies using events for their marketing, branding, and CSR purposes can elect to own and produce their own, hire a professional event production or management company, or simply sponsor an event. In sponsorship contracts, the rights to naming the event, or some element of it, might be part of the deal; something intangible is therefore ‘owned’. As an example, Red Bull is active on several fronts (see Red Bull 2013), including the owning of professional sport teams, events (for instance the ‘Crashed Ice’ circuit) and event venues, plus engaging in sponsorship of events and athletes.

Finally, it is popular to talk about ‘community ownership’ of an event, meaning a sense of commitment (such as through political and sponsorship support) and engagement (volunteering, attendance, organization) that translate into tangible, sustainable benefits. These community events always take place in the same community over the years and can be called ‘heritage events’ after several years of organization when they become a positive legacy for the community. When this form of ‘ownership’ is absent, an event can fail financially or lose its appeal, and hence, lose local demand more gradually. Ponsford and Williams (2010) discussed the concept of a social
license to operate in the context of the Olympic Games, wherein IOC policies on stakeholder engagement are assessed. The authors found that the organizers of the 2010 Olympic Winter Games incorporated inclusiveness (of stakeholders) into their sustainability planning and used the concerned stakeholders as a resource during the planning phase when faced with construction and operational issues. However, a culture of promises emerged from the bid stage, which made it hard to fulfill all promises in the end. Still, the power balance between the organizers and stakeholders provided for a ‘healthy tension’ (p. 32) to be seen and helped the relationship develop into collaborative problem solvers. The organizing committee held formal, public, as well as informal meetings, in addition to having an open-door policy. This built trust and understanding between the organizing committee and active/interested stakeholders; together they were then able to iron out issues pertaining to the planning and construction of a particular Olympic venue.

Another way to look at community ownership of events is through the lens of collaboration theory (e.g. Yaghmour and Scott 2009, Ziakas and Costa 2010). When willing partners collaborate, they each give up some rights in order to achieve a shared goal, the event. Rights and responsibilities for many sport events are thereby distributed among willing stakeholders, and the failure of one can certainly affect the whole. The accrual and distribution of benefits and costs or positive and negative impacts arising from an event and related economic activity (i.e. tourism, grants, sponsorships) is a major source of negotiation, and increasingly of public discourse. For the majority of sport events, the consequences are likely to be local and minor, whereas major events can bankrupt organizations, cities, and even nations.

Event ownership can also be viewed in terms of place identity, attachment, and dependence. Higham and Hinch (2006) argued that sport is a cultural process and it can foster place identity, meaning the elements of personal identity that form in relation to one’s environment. Attachment refers to a positive emotional bond with a place which emerges because the setting can meet specific goals, while dependence is the degree to which a place or setting can be substituted. One means by which sport events foster identity is through the association of an event with a particular place, such as the Indianapolis 500 in the City of Indianapolis (Indiana, USA) or Kentucky Derby in Lexington (Kentucky, USA). Mossberg and Getz (2006) examined the co-branding of events and city names in this context, showing that in some cases the place name is protected, and in others, it is appropriated by an event for marketing advantage (e.g. anyone can presumably call their event the Calgary Rodeo, while the Calgary Exhibition and Stampede is protected). In these cases, the sport event is actually fixed in place and we can say that it is anchored, attached, or event dependent upon its permanent association with the host city. Referring again to the Stampede, it is owned by a non-dividend-paying corporation in partnership with the city (which owns the land), but it can be argued that the community ‘owns’ the event and its name.

Mobile or one-off events, the kind destinations bid on, are footloose, and many never go back to the same place. Anchored events, in contrast, stay put, relying upon their place identity and branding. In between are many sport events that could be convinced to move given the right circumstances or inducement, and many that move about because of the nature of competition and play-offs. For example, the Winter X Games moved from Tignes, France, to Aspen, Colorado (USA).

The ownership of events, as outlined above, can vary. There is no one way that is best for all organizations. The owners have their unique set of goals and their stakeholders have different goals that also need to be taken into consideration. The ownership may be for-profit or not-for-profit, public or private, and be the owner of a mega event or something much smaller. For example, FINA, the international aquatics federation, a non-profit organization, owns the world aquatics championships which brings together over 2000 participants from over 180 countries; in contrast, Sports Swim Organisation is a private organization that organizes the Singapore Swim
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Starts events, which brings together about sixty or so of the best swimmers in the world, by invitation to compete in 50m and 100m races (see http://sportsswim.com/). In both instances, we have an aquatics event; however, both are distinctly different in terms of nature, size, and type of event owner.

The academic literature concerning sports events has mostly been directed at mega events and has included a vast array of topics. Parent (2008) examined the evolution of organizing committees and the issues they and their stakeholders faced, while Hanlon and Stewart (2007) examined management practices and Preuss et al. (2008) looked at ambush marketing in the Olympic Games. Čáslavová and Petráčková (2011) studied the branding of different major events, while Horton and Saunders (2011) targeted the legacies of the three Summer Olympic Games held in Asia. Brown (2000) and Kang and Stotlar (2011) each examined Olympic sponsorships while Dansero and Puttilli (2010) focused on the impact of tourism due to a Winter Olympic Games, and Kim et al. (2011) and Keogh (2011) turned their attention to the participants of the events. These and other topics have focused on social, economic, cultural, legal, health, and environmental issues. However, these studies have mainly examined the overall event and not necessarily the event owners specifically. Rather, the issue of event ownership has come up in studies focusing on the IOC, its corruption and its bidding process. Booth (2011), for example, examined IOC members and their candidate city voting. More specifically, he looked at the ‘macro-political conditions and relationships and the micro-motives and psychological predilections of IOC members and the principals of candidate cities’ (p. 367), following Raven’s interactive model of power and influence; his study highlights ‘the omnipresent nature of power . . . that operate[s] across macro- and micro-levels of society’ (p. 367). Mason et al. (2006) also examined corruption in the IOC, proposing that to mitigate such issues, other stakeholders (e.g. media, corporate partners, and members of the Olympic Movement such as athletes and coaches) should be involved in IOC management and control functions.

When examining smaller events, such as national sports events, there is considerably less investigation that has been completed overall. It seems that much of the national events research has been directed at professional sports such as professional soccer, baseball, hockey, and American football. Winfree (2009) explored the benefits owners can derive from ownership in multiple professional sport franchises even when one sport suffers a work stoppage, such as the increase in attendance at National Basketball Association games and junior hockey league games when there was a National Hockey League lockout. Wakefield (1995) found important implications for owners in that team identification, social influence, and perceived ticket value influence spectators’ intentions to attend games in professional baseball. Khare (2010) looked at owner liability due to spectator injuries in hockey and baseball. Schimmel (2011) examined event security in and around the stadium during the Super Bowl and considered the influence of owners on the stadium, while Drayer et al. (2008) focused on the sports marketing option for owners of a secondary market for tickets in the National Football League.

The more comprehensive research on mega events contributes to the overall event management literature, but the findings can be beneficial to smaller, national events as it provides knowledge about what has occurred in larger, more complex arenas and may be directly applicable to the smaller arena. The smaller events can certainly use the findings in their operations as a possible roadmap that may be applicable, albeit proceeding with caution may be advisable considering the different context. The findings on mega events may be useful in that they can highlight issues and best practices that the smaller events may find useful in their operations.

Still, the lack of knowledge about national or smaller events compared to mega events means that there are areas of need, which have not been addressed by current research. NGBs, for example, may be involved in events in a variety of manners. As owners of events, they may organize
and produce the event themselves, they may tender bids from other organizations, such as provincial or state organizations, or they may contract events out to professional event management companies to produce the event. In each of these ways, suppliers, sponsors, branding, logos, media rights, destination cities, and organizing committees may have unique roles, responsibilities, or involvement that may or may not be beneficial to the NGB as an event owner. There may be stark differences in mega event research results compared to national level event research due to the difference in resources of the smaller events, or the decreased interest by sponsors and media as compared to mega events. Still, the research completed may help guide the smaller events in regards to theory, practice, and as a foundation for future research.

In fact, there is much room for future research, especially for national and smaller sports events. Studies may be carried out by looking at event ownership; participant experiences; organizing committee operations and lifespan; promotion of bids to potential hosts; marketing of events, including areas such as brand promotion or ambush marketing at this level; staff and volunteers’ experiences and interaction; sponsorship and leveraging; spectator involvement; and sport tourism, economic, social, or environmental impact studies. This is certainly not a comprehensive list of topics, rather just a few suggestions of future research directions for national and smaller events.

Case studies

Two case studies are presented which illustrate and discuss a number of stakeholder-related issues in relation to the event owner in the context of two distinct event ownership models. Each of these cases includes a conceptual framework by which ownership and stakeholder types and relationships can be further explored.

Case: TransRockies (private event owners)

This case is edited from previously published material and has been written in cooperation with Aaron McConnell, President, TransRockies Inc. (www.transrockies.com). See McConnell and Getz (2007), Getz and McConnell (2011), and Getz (2013) for additional information.

Origins and business model

TransRockies Events, based in Calgary, Canada, is a privately-owned event production and management company. In addition to TransRockies, they own two participation sport events – mountain-biking in Alberta, Canada, and running in Colorado, USA. These are destination events that attract participants from great distances. Recently, they have taken on the management of a number of outdoor sport events.

The TransRockies Challenge is an annual, for-profit event, positioned as the ‘world’s toughest’ race for mountain-bike enthusiasts. Extending over a full week, in this event, pairs of mountain bikers compete for prizes and bragging rights by competing in one of several categories defined by age and gender. From its inception in 2002 through to 2006, the seven-day race covered over 600 kilometres of trails and back roads and over 12,000 metres of elevation gain, from Fernie, British Columbia, to Canmore, Alberta. Starting in 2007, it moved entirely to the Province of British Columbia, primarily in reaction to restrictions placed on the number of participants by Alberta Parks. In 2010, it returned to a course primarily in Alberta, with a different, 400 kilometre run. After a decade of varied routes in Alberta and British Columbia, TransRockies is now balanced evenly between the two Canadian provinces of British Columbia and Alberta.
Early support and encouragement for the TransRockies event, including the process of securing land use permits, was provided by Travel Alberta, which saw the potential for the international media exposure that the event could generate. Also in 2002, TransRockies Inc. saw the potential of Canada Olympic Park (COP), on the western edge of the city of Calgary, as a venue to host a major mountain bike competition, such as the UCI Mountain Bike World Cup. With interest and support from the venue, an unsuccessful bid was made for a 2003 stage, followed by a successful bid for 2004. TransRockies Inc. successfully hosted a world cup event at COP in July of 2004.

TransRockies Inc. uses a format they invented, and have shown to be successful, first with the TransAlp Challenge mountain bike race launched in Europe in 1998, then brought to North America with the TransRockies Challenge in 2002. In 2005, they introduced the first running event with this format. In 2007, it was taken to the United States with the inaugural GORE-TEX® TransRockies™ Run.

A ‘business model’ can be thought of as the way in which a company is organized (i.e. governance, ownership, how decisions are made and by whom), its strategies and operations, all directed at creating, delivering, and capturing value. In the case of private businesses, the value is profit, whereas in other organizations it is service or the implementation of policy. In the service-dominant logic, destination events offer a ‘value proposition’ that potential customers or guests want to pay for (in time, monetary expenditure, and effort), otherwise known as the event-tourism experience. Even at the Olympics, spectator experience is important (Chappelet 2013).

Of critical importance to the business model of a private event production company is an intimate, detailed understanding of their markets. This market intelligence provides a competitive advantage, and ideally a ‘unique selling proposition’ and ‘distinctive competence’. As ‘knowledge capital’ has to encompass motivations, experiences and benefits desired, how quality is perceived and evaluated, how event and travel decisions are made, and the influence of social worlds and media that define and influence niche markets.

How does a private event company generate profit? In the case of entertainment, selling tickets to the public is the core, while for participation events it is registration fees. Grants, private sponsorship, the sale of merchandise, and rentals are often crucial. This makes it absolutely essential to develop relationships leading to partnerships, or at least collaborations, including corporate sponsors and tourism agencies. Relationships with various levels and agencies of governments can be crucial in terms of moral support and permissions, or in providing a social license to operate. The media can be official sponsors or stakeholders that have to be cultivated.

Stakeholders and related management issues

BUILDING LEGITIMACY AND TRUST

On the surface, the idea of German organizers coming into the Canadian Rockies to organize a new event concept may have seemed unrealistic, but several factors made it possible. First, proper introductions through high profile individuals in the local community provided early legitimacy to the organizers. The establishment and success of the TransAlps event was a major factor in securing the support of Travel Alberta, which became a major champion of the event. The European connections at Travel Alberta also provided that organization the ability to carry out due diligence in the decision to support the event. Travel Alberta, through its connections to the government, lent its reputation to the organization in securing the permission to use the land required for the race. Travel Alberta also helped to influence the host communities to support the event.

The organizers built the trust of other stakeholder groups through successfully implementing their plans, and delivering on their commitments. This has allowed a greater degree of cooperation...
and support for the TransRocks Challenge. TransRocks Inc. established local legitimacy and credibility when they pursued the World Cup event with COP. After the first year of that event, the level of perceived legitimacy and trust from CODA (Calgary Olympic Development Association, now WinSport, see www.winsport.ca/) increased substantially.

ADAPTING TO CULTURAL AND NATIONAL DIFFERENCES

The organizers experienced several key differences in bringing the TransAlps concept to North America. First, the tourism interests of host communities are funded much differently in North America as opposed to Europe. In Europe, other than for local events, communities compete to host stages of the event and support it with large marketing budgets. In North America, there are far fewer resources available to support the event.

The TransRocks takes place largely in wilderness (i.e. back-country), whereas the TransAlps is much more of a ‘front-country’ (i.e. paved roads and villages) event. Amenities, services, and support are more readily available for the TransAlps. This means that the TransRocks is much more logistically challenging and operationally expensive and a much different experience for participants. The preferences of North American participants differ from those in Europe. For example, North Americans prefer tent camping to sleeping in a gymnasium, which Europeans are quite happy with. Cycling in general is not as popular in North America, which means there was less interest in the event from the general population than for TransAlps.

GAINING COMMUNITY SUPPORT

When the events pass through towns, host communities are asked to provide amenities for the race, such as simple athlete accommodations and meals. The towns are also invited to organize a festival to welcome the race, which provides pageantry and allows TRI to focus on race operations. The towns that the TransRocksies start and/or finish in organize festivals around the TransRocksies event and feature entertainment and attractions with the goal of bringing the community out to welcome the race to town. The benefit for the community is the value of the international television exposure they receive for doing this. The support from towns started out not being very strong, but has increased every year. The town festivals are run with virtually no input from the race organization, which focuses on the operation of the race.

ACHIEVING PROFITABILITY

The owners made a very significant investment into the events with the expectation that it would take years to become profitable, followed by more time to regain the initial investment. A payback period of five or more years is not typical of most industries, and puts event management in an unattractive light from a business perspective. Clearly, the principals of TransRocksies Inc. have taken a long-term view with this business and in fact they have been involved in the event management business for the long term. The promise held by the TransRocksies Challenge was to eventually build it to a size where it can create a consistent and significant return on an annual basis; since the initial event, the organization has constantly worked to improve profitability on events owned/produced and events managed under their purview.

THE CRITICAL ROLE OF SPONSORS

While the TransRocks mountain biking event has worked with many corporate sponsors, establishing the running event in Colorado was deliberately postponed until a suitable, long-term naming sponsor could be found. In 2007, the inaugural GORE-TEX® TransRocks™ Run
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was held. The title sponsor of the event, W.L. Gore & Associates does an annual media buy for the event of at least US$100,000, focusing on popular regional and national publications. Other partnerships enhance the media buy-in and give additional credibility within the trail-runner community.

Lessons learned

The establishment of new events would not have been possible without the ability of the owners to create and develop a network of event partners and supporters half a world away from their core operations. The organizers always attempt to work in a consensus mode with event partners, although sometimes conflict is inevitable.

TransRockies demonstrates that event owners and managers should look for opportunities to build partnerships with key event stakeholders that are based on trust and common goals. This may sometimes take time; and the effort of not only delivering value to partners, but demonstrating that value and shared benefit is critical. Stakeholders may be reluctant to play the role of ‘partner’, especially early on, as it may be much easier to be a vendor, contractor, regulator, or host.

Further, event owners and managers must be aware of the role that the perception of legitimacy plays in building support and consensus. Other actors must have a strong belief in the ability of the event management organization to deliver on promises, especially for unproven events. An organization may be able to ‘borrow’ the legitimacy of another organization if that organization believes in the organizer and is willing to lend its name. All event management organizations must continually build legitimacy by delivering on promises and acting consistently in order to maintain and build trust and support.

Finally, prospective owner and event managers must be prepared for the financial realities of event management as an entrepreneurial venture. Without major underwriting, large events frequently take several years to break even, and several more to pay back the initial investment. Event managers without financing may be more likely to become managers of events owned by others.

A framework for analyzing sport event stakeholders and networks

Derived in part from a comparative study of festivals in Sweden and Canada (Getz et al. 2007), and from the TransRockies case study, this model (see Figure 5.1) places the sport event producer/owner at the centre of a constellation of stakeholder types which require different strategies for relationship management. All sport events will have internal stakeholders and a range of externals who often fall into different categories simultaneously or chronologically. For example, governments might aid in bids, then become regulators. Suppliers want to make a profit, but are often induced to become sponsors or even co-producers – this particularly applies to venues.

The ownership of an event is often in itself complex, entailing a mix of internal stakeholders who possess varying degrees of influence on decision making. There might be private owners and investors, or a non-profit board of directors. Staff and volunteers are critical to the event’s success and might be able to influence decisions. Some organizations producing events also have members (such as IOC members) who might or might not have voting rights.

This is where we can speak of event co-producers, that is, independent organizations that are actively involved in the event’s production. Co-producers can be live spectators as well as other organizations that participate in the event planning and production, possibly allied permanently with the producer/owner, or on an event-specific basis. For example, various consortia of non-profits often co-produce events, or government agencies plus commercial event management companies. It is a type of collaboration.
It is important to note that stakeholder types are not mutually exclusive, and these categories are often shared by the same organization, especially local governments that co-produce, facilitate in many ways, and heavily regulate events, all at the same time. In the case of sanctioned events, the ownership is also more complex, as governing bodies set the conditions and oversee the process. The sport also consists of clubs/teams, athletes (professional or amateur), officials and judges who should be consulted and perhaps have an influence on event production or marketing.

Facilitators are those who actively assist in making the event happen, especially through financing but also co-marketing, co-production, or offering moral and political support. Some of these are also regulators who oversee building, traffic, and health and safety. Often local governments are the focus of both support and regulations, with various departments and agencies working ideally in concert, but often being the source of both obstacles and assistance. Suppliers, including event venues, can sometimes be induced to become sponsors or co-producers, thereby also fulfilling multiple roles. Often the media occupy multiple roles, and most event owners consider it to be essential to get key media players on side to support the event and provide ample, positive coverage as so-called media sponsors.

The audience, often being paying customers, is crucial in many cases to event financial success. This is especially true for participation events like TransRockies, where profit has to be made by attracting and satisfying event tourists.

The impacted is a broad and ambiguous category of stakeholders. Paying customers are often drawn mostly from the host community, but residents might also want to feel emotional ownership of events. To the extent that residents value their environment, both built and natural, they can represent both social and ecological concerns. For permanent events, becoming an institution requires community engagement and commitment that can only be achieved through legitimacy building.
An alternate framework for analyzing sport event stakeholders and networks may be derived from O’Connor’s (2010) examination of Rally Ireland 2007. O’Connor compared project management with event management, together with stakeholder considerations that are based on economic, political, and social considerations. These considerations may assist in formulating a new model in which stakeholders can be found.

Rally Ireland 2007 was an event of the Fédération Internationale de l’Automobile (FIA) World Rally Championships series, which took place across all of Ireland including the Republic of Ireland and Northern Ireland (O’Connor 2010). Other editions of the event included 2004, 2005, and 2009. The 2007 edition was the largest event ever for the two countries in terms of spectators and television audience, and organizers targeted the management of economic, political, and social considerations for the event (O’Connor 2010).

The economic rationale for Rally Ireland 2007 was to generate revenue for the organizers and sponsors, such as team sponsors and venue sponsors (O’Connor 2010), keeping in mind that the cost for the event is superseded by time. The event must happen on the scheduled date. O’Connor mentioned many stakeholders that have an interest in the economics of the event. The FIA is a sport organization with an economic interest in the event. The FIA is the international governing body for motorsport and under whose guidance the World Rally Championship is run. They required a set of standards be met to ensure the quality of the event while an objective in staging the event was revenue generation. The organizing committee employs professional paid staff, as well as volunteers. The balance is in the amount of paid professionals plus the amount of volunteers used in order to save costs yet provide a desired level of quality and proficiency in the organization and staging of the event. The athletes, officials, and spectators all have an interest in the quality and expertise displayed at the event. The economics of the event may reflect upon the recruitment of skilled officials and the draw of athletes. Likewise, the event has attracted a majority of spectators from a specified socio-economic background who also interact with the communities involved through travelling during the event and contributing, or not contributing, to businesses in the community, for example, hotels. Other types of interest in the community are the facilities used for the event and the tourism organizations who are interested in event tourism as a result of the event. Similarly, both the governments and sponsors are interested in the economics of the event to ensure performance of the event meets the goals they set out when becoming involved and that there is sufficient return on investment. The media also has an economic interest in the event due to the interest both from the live and television viewing audience encouraging media coverage.

The political rationale behind Rally Ireland 2007 included ‘demonstrating a whole Ireland’ (O’Connor 2010: 66), and governments of both Ireland and Northern Ireland were involved and each had their own requirements for involvement including, but not limited to, international cooperation, of particular interest considering recent history, and the benefits that can be afforded to citizens involved in the events. Sponsors were also affected by the political ramifications of sponsoring the events as one of the goals was for sponsorship to help restore a good image of the cities involved, such as Belfast. Communities also dealt with the political ramifications of the event in that as hosts of various stages of the event the communities involved were expected to host both political and religious diversity, which could possibly have posed some problems, considering the recent historical clash between the two countries. These issues were also of political significance to the organizing committee who had to ensure the smooth management of both the workforce and the volunteers into a blending of differing perspectives of historical, political, and religious issues.
The social rationale behind Rally Ireland 2007 comprised of increasing social capital, which was important for many stakeholders including sport organizations, organizing committee staff and volunteers, spectators, athletes, sponsors, governments, and communities. The government of Ireland (Republic of Ireland) had a policy to promote volunteering, and Rally Ireland was a way for volunteers to gain social capital through their volunteer activities, but also for the government to gain social capital through a successful application of their program. The athletes, however, may be directly affected through such a successful volunteer program when the organizing committee uses that success to replace paid workers with volunteer staff with a possible reduction in the quality of services offered, in particular if safety issues are not fully addressed. It is important, then, that the organizing committee find a balance of utilizing the optimal amount of paid, and expert, staff with the volunteer contingent in offering a safe event that reaches quality standards, yet is cost efficient. In ensuring this, the social needs of spectators should also be met in providing a novelty experience. As participants in Rally Ireland 2007, the communities involved also built social capital as they played host to segments of the event. Likewise, the sponsors’ contribution in promoting the countryside and positive imagery of select cities helped build their social capital. A successful event is also beneficial to the parent organization, the FIA, and the event series, the World Rally Championships.

A model (see Figure 5.2) may be extrapolated from O’Connor’s (2010) examination of Rally Ireland 2007. This model may be incomplete from an overall stakeholder network perspective; however, approaching the event in this manner may more easily identify the concerns that exist for the ownership of an event, and therefore be able to contribute to a more efficient staging of the event. Researchers can use this model for two different approaches in future studies. First, each owner-stakeholder relationship may be targeted and each relationship may focus on the economic, social, and political implications of interest when events are being staged. Second, researchers may focus instead on identifying common economic, social, and political issues to the stakeholder groups. This approach may engage those with similar issues to become involved in

![Figure 5.2 Stakeholder considerations for a sport governing body–run-and-owned event](image-url)
any problem-solving activity and ensure the economic, social, or political issues that arise are dealt with inclusively by the ownership and in a more efficient and effective manner.

**Legitimacy and sport event ownership**

Legitimacy has different meanings and connotations. The most generic meaning is that the existence and actions of a person, organization, or government are accepted as being right and proper – they can be defended or justified. When legitimacy is in doubt, it can result in disrespect, failure to cooperate, or outright rebellion.

Suchman (1995) identified different types of legitimacy. *Pragmatic legitimacy* rests on self-interest, that is whether the given entity or activity (e.g. an event) benefits the evaluator. *Moral legitimacy* rests on judgments about whether the activity is the right thing to do, such as the perception that a sport event promotes social welfare or generates economic benefits for the community. *Cognitive legitimacy* rests on comprehensibility and a taken-for-granted right to exist or operate. This form of legitimacy rests on the existence of cultural models that can explain the organization and its endeavours, and alternatives are perceived as unthinkable. Sports are so ingrained in society, around the world, that sports and events have become legitimized as essential elements of modern life.

Events that achieve institutional status, that is they are valued traditions with permanent organizations that meet important social goals, are likely to possess all three forms of legitimacy. A one-time sport event that is imposed on a community, say by an external private company or organization, might first have to demonstrate local benefits in order to obtain pragmatic legitimacy, in the eyes of important stakeholders, then work with partners over time to achieve moral and cognitive legitimacy.

By virtue of legal status, either as a governing body in charge of a sport or any organization that owns a brand, there is only one possible legitimate owner of many events. This form of legitimacy is potentially permanent. But when event production depends on multiple-stakeholder collaboration, or private-public partnerships, formal legitimacy must be accompanied by informal legitimacy. Informal legitimacy leads to acceptance of leadership and the coordination of actions towards a common goal. Informal legitimacy (see Skelcher et al. 2008) might stem from the event-owner’s reputation or be related to the collective reputations and authority of the partners. In the case of private companies like TransRockies Inc., partnership with government agencies and strong brands helped to build their legitimacy. However, moral legitimacy is often situational and cannot be taken for granted.

Parsons (1960) argued that organizations pursuing goals in line with social values have a legitimate claim on resources, and this is fundamentally the public-good claim put forward by many non-profit sport events. Obtaining a social license to operate is perhaps equivalent to moral legitimacy in this context. A ‘social license to operate’ in the context of events (particularly the Olympics) was defined by Ponsford and Williams (2010: 18) as ‘unwritten permission to do business in a community or region. It is informally issued by the community to the corporation in exchange for the inclusion of stakeholder interests in specific corporate business decisions and subsequent activities’. Thus, we argue that this permission from the community constitutes a conferring of legitimacy upon the event owner and/or organizing committee. Events must be perceived as being legitimate by key stakeholders, including the intended audience and the general public, in order to ensure material and political support (Lawrence et al. 1997). According to those researchers, the question of legitimacy can be best comprehended in terms of the communicative interaction among stakeholders at different levels of analysis such as the organization behind an event, an urban area where different events are hosted, and the whole sport and event sector as an industry. At all these levels, the social production and reproduction
of legitimacy is a consequence of communicative interaction on a plethora of socio-political and operational issues.

Lawrence et al. (1997: 309) asserted that ‘the management of legitimacy is a political process where the interests of stakeholders come into conflict as they work to construct expectations and perceptions that favour their goals and interests’. By way of an example, Williams and Elkhashab (2012) studied how social capital was generated by the Vancouver Olympic Winter Games, in particular the work of the Olympic tourism consortium – a network of stakeholders intended to leverage benefits from the mega event. They found that the Consortium became ‘the legitimate single voice for tourism stakeholders’ (p. 330), and it became more effective as the trust of the organizing committee was gained, thereby facilitating access to their vast stakeholder network.

In stakeholder theory, legitimacy, power and urgency are transitory attributes that define stakeholder salience (Mitchell et al. 1997), that is, the degree to which a particular stakeholder is seen in the eyes of a firm’s management as a high, moderate, or low priority. In this context, the owner of a sport event is wise to identify and assess all stakeholders and determine which ones have a legitimate claim to be involved or to influence the event, then to manage that relationship in order that the event achieves its goals. In a more normative approach, it can be argued that event owners have a moral obligation to meaningfully consult any person or group wanting to be heard, and this approach is more in line with thinking about a social license to operate. Either way, the perceived legitimacy of stakeholders is likely to depend upon a number of variables, including their legal or economic power, how well they press their case, how time-sensitive the claim is, and their perceived legitimacy in the community.

Event owners who choose to ignore a claim by a group to be heard or to influence an event do so at their peril. Nevertheless, such exclusionary decisions are likely to be taken for reasons of expediency (such as time and monetary constraints), a belief that claimants are not, in fact, legitimate (e.g. some other body has greater legitimacy, or the claimant is being frivolous), or the owner/producer might make a calculation that the claimant can be ignored without penalty. Event owners therefore constantly have to scan the political and stakeholder environments for indicators of legitimacy, and are no doubt worried that they might lose control if all claimants are formally recognized.

Suchman (1995) offered a selection of strategies for responding to stakeholder management challenges, including specific strategies to gain legitimacy such as conforming to, selecting, and/or manipulating the environment through the deployment of evocative symbols. In the sports realm, this strategy can take the form of flag-waving (appealing to nationalism), branding (co-branding an event with city, country, sponsor, or destination imagery), and celebrity endorsements. Efforts to legitimize or de-legitimize other stakeholders are another stakeholder management strategy. For example, opponents of events are sometimes labelled as being unpatriotic, unscientific, or selfish in order to de-legitimize their criticism. For instance, Rio 2016 protesters are labelled as going against a ‘modern’ Brazil.

Larson and Wikström (2001) and Larson (2009) conceptualized festivals as project networks, and this applies to sport events as well. They concluded from case studies of festivals and other public projects that legitimacy-building occurs either when shared-interest groups fight to achieve a balance with opposing interests, or when specific stakeholders intensify disputes by trying to legitimize their own interests above others. Whereas a high degree of legitimacy steers political processes of mutual commitment, harmonic cooperation, and conversation, a low degree of legitimacy causes political processes of individual commitment, tensions, distrust, and negotiations derived from power imbalances. In this sense, legitimacy-building is seen as a critical element of the dialectics of consensus and conflict.
Conclusions

Research on sport-event ownership has not been substantial, and this chapter has identified a number of issues deserving of greater attention. Research on large-scale or mega events has predominated, and it is not always possible to infer lessons from these cases to smaller events, and especially to permanent (or heritage) sport events that might have become institutions in their communities. Given the dearth of research and theory building in this field, some reliance on work concerning festivals or other planned events is necessary.

The concept of ‘ownership’ itself requires attention, as there are multiple perspectives on its meaning and implications, especially within a stakeholder-management framework. Many sport events do not have a simple ownership and production business model in which one private company has full control of the process and the event. Rather, often complex relationships among collaborators, facilitators, suppliers, and regulators are needed to host an event, with implications for, and often direct feedback from audiences and communities that feel impacted.

Two case studies have illustrated types of stakeholders and relationship-management issues, first for a private company aiming at making a profit, and second from an event owned by a private non-profit governing body and produced in Ireland for multiple political, social, and economic purposes. A conceptual framework was developed in each case, and these might be adaptable to other ownership types and event settings. The nature of power and legitimacy has been highlighted, and these are key factors having direct bearing on event ownership and operations.

Power, and how it is expressed through event ownership and relationship management, is a major topic in need of research and theory development. Owners of the rights to produce popular, branded events have significant power to extract fees and concessions from bidders; but once the rights have been awarded, power and responsibilities shift dramatically. The expressed, and sometimes hidden, goals and political agendas of those supporting events – especially mega events – have a profound effect on who must be involved and who is allowed to exercise power. Communities affected by mega events often feel disenfranchised, whereas permanent sport events that have become local institutions have an implicit social license to operate because residents support them as valued traditions.

Building legitimacy and trust is a necessary process, and not always a successful one, for event owners. In the private sector, owners and producers must earn acceptance and support from essential stakeholders through actions that establish goodwill and demonstrate multiple benefits. When governments are involved in bidding, producing, or supporting sport events, there might be implicit legitimacy but also inherent distrust among some of those affected by the project.

Although we presented a number of areas of future research in our overview of the literature, below are some more specific research questions worth pursuing:

• Compare sport-event ownership and business models: what are the main similarities and differences in terms of stakeholder types and relationships for different event sizes, one-off versus recurring events, and for events run by their owners versus ‘contracted out’ to a third party (promoter, organizing committee, etc.); what are the managerial and theoretical implications of these similarities and differences?
• Are there differences in terms of spectators’ (and other stakeholders’) experiences when an event owner also runs the event, as opposed to contracting it out?
• What are the most common and enduring sources of legitimacy for sport events, from multiple stakeholder perspectives? What are the managerial implications of these different sources?
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- Do one-time events, won through bidding, require a different approach to building community support than other types of sports events and other types of bid (e.g. informal or non-existent) processes? What are the stakeholder relationship implications for these differences, if any? Is the degree of volunteer support for an event the best indicator of a ‘social license to operate’?
- When and how is power transferred from governing bodies to local organizing committees – if it happens at all? What does this mean for the management of stakeholder relationships?

Suggested readings


References

The sport event owners’ perspective


