Organisations in the not-for-profit sector are currently engaging with a rapidly transforming social, political and economic environment which raises significant governance related challenges (Helmig et al. 2004; McDonald and Warburton 2003). These challenges range from those relating to appropriate forms of internal governance practices through to how to engage with other organisations, both in the not-for-profit sector and in the public and commercial sectors. The 16 clubs that constitute the Australian Football League (AFL) are not-for-profit member based organisations, which have historically played an important role in their local communities. As the sport has become more commercialised and corporatised over time, and as clubs face increasing financial pressures to survive, however, so clubs are increasingly seeking to create relations with the corporate sector. A major governance challenge for clubs then becomes how to balance community and commerce.

In this paper, we argue that transformations in the environment within which AFL clubs operate are having significant implications for their governance structures and practices, and for the ways in which clubs engage with both community and commerce. To examine these issues, we focus first on how clubs are reorganising their internal governance structures. We then explore the ways in which clubs are transforming their relations with both the community and corporate sectors, in particular as they seek to create sustainable partnerships across these sectors. Through this analysis, we engage with the creative ways in which clubs are seeking to develop models of governance that will allow them to retain and deepen their community engagement, while also allowing them to be sustainable organisations able to meet the demands of their increasingly commercialised domain of activity.

Explaining Transformations in Club Governance

We adopt a new institutional framework in this paper to analyse transformations in organisational and governance practices in AFL clubs. Three key insights from new institutionalism are of particular relevance for our analysis. First, new institutional approaches suggest that organisations cannot be understood as individual and autonomous actors, but need to be analysed as being embedded in a range of social, political and economic relationships, where these relations both enable and constrain particular forms of action. These relationships exist both within organisations, and in interactions between organisations (Campbell 2004). Second, while it is important to understand the formal rules and regulations that constitute organisations, new institutionalism suggests that it is also vital to analyse the informal relations that exist within and between organisations. Analysing informal relations, for example between organisational leaders, is a critical way of uncovering the power dynamics that constitute the everyday life of organisations. Third, in analysing organisational embeddedness, and formal and informal relations, new institutionalism proposes that it is critical to analyse organisational governance structures and practices. As argued by Marginson and Considine, governance is:

concerned with the determination of value inside [football clubs], their systems of decision making and resource allocation, their mission and purposes, the patterns of authority and hierarchy, and the relationship of [clubs] as institutions to the different worlds within and the worlds of government, business and community without (Marginson & Considine 2000, p. 7).

In engaging with governance so defined, what also emerges as critical is analysing boundary contests within and between organisations (Lamont & Molnar 2002). Such contests are critical in influencing the processes through which forms of governance undergo transformation over time.

The new institutional approach has been applied in a range of organisational contexts (Campbell 2004; DiMaggio & Powell 1991), including in the not-for-profit sector in Australia (Barraket 2008; Leiter 2005; McDonald & Warburton 2003). What this research reveals is that an analysis of the factors identified above can provide important insights into transformations in organisational and governance practice. For example, Barraket shows that important
insights into the emergence of social enterprises can be provided by considering the influence of local institutional contexts on organisational practice (Barraket 2008). McDonald and Warburton, through a microanalysis of the everyday work of volunteers in non-profit welfare organisations, show the importance of the activities of volunteers in promoting both stability and change in institutional practices (McDonald & Warburton 2003). Building on such research, we will argue that a new institutional approach provides an important analytic framework for exploring governance within the clubs of the AFL, and the relations they create with other organisations.

While not working in a new institutional framework, the research of Russell Hoye and Graham Cuskelly (2003), among others (see, for example, Shilbury 2001; Hoye and Stewart 2002), on transformations in sports governance structures and practices is also of relevance. Hoye and Cuskelly (2003), for example, adopt a social constructionist approach in their research on voluntary sport organisations to argue that a key to governance in such organisations is the relationship between the elected board and the professional executive. In particular, their research suggests that while the executive is occupying an increasing role within non-profit sporting organisations, the board remains critical to the performance of the organisation. Engaging with such research in the context of a new institutional approach suggests that an analysis of governance in AFL clubs must explore the relationships between the board and the executive.

The research for this paper is grounded in more than 80 interviews conducted by the authors with senior management at the 16 AFL clubs in the period from 2003-2006, as well as with other key stakeholders. Senior management in AFL clubs includes a board headed by a President or Chair, typically elected by members, and a professional staff employed by the organization, and headed by a Chief Executive Officer (CEO). Interviews were semi-structured and focused on issues relating to the ways in which clubs are seeking to negotiate and balance their place both as important community based organizations and as organizations increasingly required to engage with the corporate sector if they are to remain viable. Interviews were coded thematically, as we sought to uncover the common challenges that club managers argue they are engaging with and the distinctive issues that individual clubs face. Interviewees agreed to be identified by their organizational position or by the name of their club, but not by both in the same context and not by name. Given the focus of this paper on organizational practice, we identify participants by their organizational position. Where quotes are presented, each participant is also assigned a randomly selected number, as a means to distinguish participants filling the same organizational position in different clubs.

Organisational Restructuring of Governance: Internal Relations

With the emergence of the national league in the form of the Australian Football League (AFL), Australian rules football (football) has become one of the most commercially and professionally successful sports in Australia. Accompanying this success have been significant debates and discussions about how best to manage clubs, and also about the relations that clubs seek to create with other organisations. While the AFL Commission, as the league regulator, is responsible for the overall administration of the competition, the continued success of the competition is crucially dependent on what occurs in organisational practice at club level (AFL 2005).

The professionalisation of football has been a recent phenomenon. As recently as the mid-1980s, football at the elite level was organised in semi-professional state leagues including the financially dominant Victorian Football League (VFL), the South Australian National Football League (SANFL), and the West Australian Football League (WAFL). Through the 1970s and into the 1980s, factors including growing financial and organisational inequalities, declining attendances, and related concerns about the long-term viability of clubs, contributed to the creation by the VFL clubs of an independent commission to govern for the collective good of the game (Andrews 2000). There has followed a period of substantial league reorganisation, focusing on the national expansion of the game, and the promotion of a league model based on competitive balance, promoted through practices such as a salary cap, an annual draft, and other equalisation policies. The current outcome of such processes is a fully professionalised, commercialised and national league, with an independent league commission, the AFL Commission and its associated administration, governing the competition, constituted by 16 teams, 10 based in Victoria, two in South Australia, two in West Australia, and one in both New South Wales and Queensland (AFL 2005; Alomes 2000; Andrews 2000; Capling & Marjoribanks 2004; Hess and Stewart 1998).

Central to this reorganisation process has been a concern to improve the professionalism and expertise of governance at club level. Clubs are typically member-based not-for-profit organisations, with a volunteer and non-remunerated board, headed by a President or Chair, elected by members with voting rights, and a professional administration, constituted by a Chief Executive Officer (CEO) and a range of departments including football, marketing, finance, membership, and communication. Historically, the board had a significant role in the daily management of the club, operating as a board of management, with board members involved in all aspects of club governance (Andrews 2000; Hess & Stewart 1998). More recently, clubs have begun to shift everyday decision-making responsibility to their professional administration, headed by the CEO, with boards of management becoming boards of governance, charged with strategy formation but not with day-to-day manage-
ment. This responsibility is passed to the CEO and the team of professional managers and staff.

One of our participants captured the essence of the processes of change that were occurring as follows:

It’s just mind boggling how bad the place was [prior to the process of reorganisation]. So in the first instance we just changed everybody...And that’s not because they weren’t nice people and didn’t try hard enough. It was just because they weren’t up to it. They just weren’t qualified for a business [of this type]...We just raised the bar on professionalism. We just said, ‘this is not satisfactory.’ So over a three year period we took to change all those people. So you go and get a consumer products marketer. You go and get a CPA [Certified Practising Accountant], a qualified accountant, which is a novelty in the football club. You just go and look for these sorts of people and apart from assistant coaches [to work with the coach], no one else came from the footy world...And you know half the people don’t even barrack for [the club]. Some of the people don’t even like football. You know what I mean? So you just go and get the people that want to work here because it’s the right thing to do...And so the decision making now is very much just as it would be in a normal organisation. (CEO 10)

Similar sentiments were expressed very strongly in many of our interviews with managers, suggesting in particular that while the volunteer-based work of an elected board may have sufficed in previous generations, the demands of the contemporary sport and entertainment industry required management grounded in specific forms of professionally credentialed expertise. As another manager remarked:

It’s a corporate business and we’ve got to run it as such and it is no longer just the old part time footy club job. (Finance 5)

Underlying statements such as this, and certainly very evident in our interviews, was the perception that clubs now need to be much more professional in their governance practices than in previous times. For many clubs, this meant having ‘good people’ who could ‘get in and do the best that you can and do the work that’s required to achieve something.’ (President 8). Increasingly, ‘good people’ is being associated with credentialed experts with specific skills. Interestingly, what this often translated into was a concern to remove emotion from decision-making processes, and to manage clubs in a more process-based fashion. For many of our interviewees, this is where the shift to a board of governance was so critical. In particular, the view was expressed that while the role of board members was highly valued among professional staff, too much involvement on the part of board members could be problematic. This in itself was a reflection of on-going boundary struggles within clubs. Even as the formal structures of clubs are changing, many board members still want to remain highly involved in the everyday running of the club. This in turn raises important governance challenges around the authority that elected board members and paid administrators within the organisation possess. As one CEO commented:

Your role as CEO in some ways is to hold stakeholders at bay including your board who are really just football supporters, and that’s their primary reason for being there, to hold them at bay while you let the football people do their job because those stakeholders can’t deal with the highs and lows that go with football. (CEO 10)

At the same time, many of our participants recognised and valued the continuing and vital role the boards play in AFL clubs. The board plays a vital role in a range of areas from appointing the CEO through to a range of significant legal responsibilities in the context of club management. On an everyday level, the board also has a vital role in ensuring the accountability of the CEO to the members. As one CEO commented:

The board are the members’ representatives. I’m [the CEO] the instrument that the board uses to carry out that, so our role is to do what we can to satisfy our members’ needs and wants. (CEO 28)

Commenting on what was needed in terms of personnel, one President argued succinctly that successful clubs over the last twenty years had the ‘right people’ in place in the positions of ‘a Football Director, a Coach, CEO and a President’ (President 3). Clearly from this view, the board, as represented by the President, remains critical to the success of clubs.

It was also evident through our interviews that boards themselves were redefining the skills sets required to be on a board, with an increasing emphasis being placed on attracting members with skills in professional disciplines such as accountancy, law and business management. Such moves were driven by the recognition within clubs that while a professional administration was important, so too the board remains a key to successful club governance.

Such issues also raised questions about the types of knowledge and experience valued and required to run a football club, in particular around whether experience in football itself was required to be involved in club management. A strong concern among those who advocate the need for a football playing background or for a strong emotional attachment to the club is that those who come from outside don’t have a feel or an understanding for clubs, and that this has the potential to have devastating impacts on the objectives of the club. There is a fear, for example, that without an experience based understanding of football, clubs may become just like any other organisation and thereby lose the distinctiveness that is so central to their history and to their connections to community. In contrast, a view that emerged with increasing frequency through our interviews was that while it was desirable for people involved in governance to have some understanding of and engagement with the game, this was not essential. What was critical
from this view was that the person had the professional skills and expertise to carry out the tasks associated with their position. From this view, governance in football clubs could be very much like governance in any other industry.

In seeking to explain such transformations within the governance structure of clubs, as indicated by the new institutional literature, it is crucial to analyse the organisational environment within which the clubs operate. In this regard, clubs are now significant financial organizations, involved in a multi-million dollar industry, and interacting with hyper-professionalised industries such as media, marketing and finance. In addition, with several clubs having near-death experiences, in many cases linked to financial crises, and facing very strong competition from other sport and entertainment activities, the perception has emerged that the changed environment of clubs means they can no longer be run only by volunteers. Full time professionals are seen to be required to attempt to ensure the long-term viability of clubs. The result is that as the knowledge and expertise required for management is contested and transformed through such processes, so forms of internal governance are also transformed.

Organisational Restructuring of Governance: External Relations

One of the most potentially significant implications of these transformations in internal governance concerns how clubs define, engage and connect with their community. While interview participants from all clubs recognised that their key goals included winning games, competing in finals, and providing for their members and supporters, it was also evident that clubs were engaged in significant processes of reconceptualizing their relations with other organisations. In particular, managers at clubs were seeking ways to balance and negotiate their location as key community and commercial actors. While many clubs have traditionally had a strong connection with members and with their local communities, in more recent times, they are experiencing significant pressures to engage with the corporate world, through sponsorship and partnerships. For clubs, this raises significant challenges in terms of constructing organisational and governance structures and practices that allow them to engage with what are often competing demands, for example, in terms of where best, and how, to invest resources so that they can develop their role in the community while also connecting more closely with the corporate sector.

As one CEO commented:

*In a sense, what we want to do is go back to the future and to be a community leader and to be a leader in partnering relationships with our corporate sponsors. That's not about sponsorship logos on jumpers and numbers of seats at the dining table on match day, it's more about driving their business to justify them making the investment and it drives the value back to the members that's not predicated on success on the field in six months of the year. (CEO 20)*

Another senior manager commented on the issues raised by the intersection of commerce and community:

*Economically the most important area is sponsors, economically. Because in terms of value for effort, value, you make big profits out of your corporates. I'm talking strictly economics, forget about everything else. (CEO 30)*

This senior manager went on to say, however:

*I keep asking the question myself, if hypothetically someone said, 'look, you can either get rid of your corporates or you can get rid of your members, who are you going to get rid of, who's the most important'...I'd stick with the members because you need crowds, if you don't have crowds, you don't have television and if you don't have television, you're in trouble and you don't have spirituality as well and you don't have people coming, you don't have the passion. (CEO 30)*

Underlying this argument is the idea that connections to members are also connections to the community:

*It's [ie the club] an integral part of the community. It has depth, it has solidarity. (CEO 30)*

The challenge that then emerges for clubs is of how to engage both with community and corporate actors. In terms of community relations, all clubs responded that members were the 'life blood' of the club, and that they were also a key way in which clubs conceptualised their interaction with the community. At the same time, most clubs were involved in activities such as promoting healthy lifestyle programs in the community, for example through schools, with players being asked to take on a mentoring role in such programs. Commenting on the value of such programs, one CEO commented:

*So it's a healthy lifestyle message. So it's good for the kids because they get these mentors, fit athletic mentors who they look up to giving them a good strong message. (CEO 65)*

Clubs were also involved in building community relations by creating connections with government-linked organisations such as the Transport Accident Commission (TAC), a Victorian Government-owned organisation, whose role is to 'pay for treatment and benefits for people injured in transport accidents. It is also involved in promoting road safety in Victoria and in improving Victoria's trauma system' (TAC 2008). The TAC has a very high profile in Victoria, in particular through strong advertising campaigns, and for many years has developed varying forms of connections with football clubs. In this regard, clubs engaging with the TAC reflected on the positive outcomes such a relationship could have for them:
What’s involved with something like the TAC sponsorship is an expectation of behaviour, which is really quite significant. And not so much by design, more by effect now, it’s probably been one of the best things that’s happened here because there’s always hanging over your head that we’re expected to behave in a certain way because we’ve got this sponsorship. Now we’ve all got to cop that. (Football 45)

Another set of organisations that clubs engage with are private sector corporations who may provide various forms of sponsorship. Beyond the basic imperative of seeking sponsorship as a means to secure survival, or the ‘cap in hand’ approach as one manager (Marketing 29) identified it, clubs are now taking an increasingly strategic approach to sponsorship, highlighted in the first instance by referring to them as partnerships. While recognising that this was in part a language issue, it was also represented by a number of clubs as being significant in representing a shift in focus:

In the past sponsors provided money to be associated with footy clubs to get their brand on and that was it. These days sponsors become involved to strategically meet their own objectives of their own particular business. So when you deal with a potential sponsor you have to identify what they are actually trying to get out of the arrangement, and that could be vastly different between sponsors. (CEO 57)

In terms of attracting sponsors or partners, there is recognition of the need to be able to ask: ‘What can we sell that is a little unusual?’ (CEO 5). While sponsorship has traditionally been seen as a means of raising money, and clearly this is still important, many participants in the research also pointed to the need to be strategic, for example, by creating relations that will be appropriate in terms of the goals of the club. In one case, for example, what the club proposed was:

Let’s run corporate training sessions down here at the oval and let’s consider marketing ourselves as a corporate educational organisation. Let’s teach people about leadership, let’s teach people about team skills, let’s do some of that elite mind stuff. (CEO 5)

While this clearly has a commercial dimension, the strategic dimensions of such partnerships have the potential to connect to other forms of relationship, which may include social and community dimensions. As one respondent noted:

We’re very visible in the community so I think we’ve got an obligation to the members and to the community at large to be a good corporate citizen. Easier said than done. And there’s always so many, everyone wants a piece of you…. We’re looking at a program to try and refine the way in which we carry out that responsibility and really enter into, you know, start to interact with the community at the right level. And so as a club we want to be seen to be doing that. As individuals we want to be seen to be doing that. As players we want to be seen to be doing that. As staff, coaches, everyone. So just all of those little bits make up the club. (CEO 28)

A number of managers made similar comments, reflecting a very strong sense among club leaders that the relationship of the club to the community is a vital one, and one that needs development and deepening. The relations with corporate actors in this context are one means through which clubs are seeking to enhance existing relations and create new ones. In addition to long standing forms of connection, including membership drives, and one-off community and charity events, relations with organisations such as the TAC, as noted above, and with philanthropic organisations such as the Pratt Foundation are also seen as being increasingly important by a number of clubs. Developing these even further, the Western Bulldogs, for example, have set up SpiritWest Services, with goals including building community relationships, and providing training and work related skills to improve opportunity for employment (SpiritWest Services 2008).

While such forms of connection are indicative of the existing and emerging links between clubs and community, there was also a sense among some participants that interactions with the community were likely to be even more critical to club activities in the future. As one CEO commented:

We can see in five or ten years time we’ll make more money out of the philanthropy than we will out of the footy probably because of all the quality of the companies that come. You’d be staggered at the amount of money that gets spent on these programs that just gets wasted. It’s just amazing. All the big companies, because they’re hopeless at relationships, throw money at projects…they throw money at some of these things and they’ve got no idea what’s going on. They don’t get any credence out of it either. They don’t, they throw millions and millions at programs, nobody knows what they do, they don’t actually have any impact. (CEO 23)

In seeking to create sustained ongoing interactions with the community, clubs also understand that partnerships with corporate organisations can be used as a means of enabling these forms of connection in a way that will provide necessary finances for clubs to engage actively at the community level while also meeting the needs of corporate actors. For example, the same CEO noted:

We actually get a lot of corporate people approaching us and saying, ‘we do all these programs, no recognition, we’re tipping a lot of money in and it’s a bloody waste of time, can we leave it with you because we know you’ll give it a profile.’ (CEO 23)

Another senior manager recognised that involvement in such activities could also be of vital significance to the clubs themselves as they sought to establish themselves as good citizens in their communities:

I think the footy club has a bigger role to play than just playing football…One of its objectives is to be seen as a good corporate citizen…and you want to be seen supporting as many things as you possibly can that are positive for the
community. (CEO 57)

Reflecting on the involvement of the club in various charitable activities, he continued:

_We have a very major position in Australian culture and particularly a club like [name], a very major part to play. We have seen many people look up to us, not only supporters but others, it is the elite sport in Australia. AFL footy, so we want to be a little bit more than just seen as a good football team. I think there are multiple objectives and I think the community will be better off and so we will in the longer term because we have a better relationship with our neighbours._ (CEO 57)

For many of the managers that we interviewed, football clubs occupy a space where there is the potential to provide a means to connect community and commerce, and in a way that would benefit the club by deepening its connections with the community. In examples such as these, the club is becoming a key partner in the creation of relations between community and corporate organisations, being able to tap into the increasing interest of corporate organisations in being socially responsible while also promoting the club as a socially responsible organisation. While there is clearly a potential for self-interest to come into this process, it is important not to downplay the very real motivations of many of those we interviewed to be playing an important community based role, and seeing such partnerships as a way to facilitate activities that would not be possible if the club was acting in isolation.

While there are a number of examples of clubs seeking to increase their engagement with the community, there was also recognition of the potential dangers of over-extending the capacities of a club, with a senior manager at one club noting:

_You've got to be careful because you end up involving yourself in too many and doing none well._ (CEO 2)

He went on to argue that a strategy that his club had been involved in was, not so much to set up their own programs in a range of community areas, but rather to ‘go and work with people who are specialists in that area and say, “well how do we help?”’ (CEO 2). Beyond these workload and expertise issues, a number of clubs also recognised that pursuing corporate support, even in the context of community engagement, carried with it the risk of losing sight of the central goal of clubs. One club leader commented:

_This whole thing is about culture as opposed to commerce. Where we fit and my view is that if we take our eye off the cultural, the grass roots part of it, we will lose what makes football powerful. And what traditionally has made it powerful is that everyone can touch it. You know...everyone has a touch of ownership._ (Football 45)

Finally, and related to the issue of ownership, there was also an acute awareness of the potential danger of corporate organisations becoming too closely connected or partnered to clubs and beginning to demand a role in the internal governance of the club. Underlying this concern is the idea that while corporate organisations may be appropriate as partners in a range of activities extending beyond the usual understanding of sponsorship, it would not be appropriate for them to take a role in the internal governance of the club, as this would fundamentally alter the goals and objectives of the club.

### Conclusions

The research for this paper reveals the emergence of a number of organisationally significant processes at work within AFL clubs as they seek to engage with fundamental transformations in their institutional environment. Internally, clubs have reorganised themselves, so that many key decision making functions now rest with the professional administration. At the same time, the elected board continues to be a significant and critical actor within clubs, both in fulfilling formal organisational roles and in representing the members within the club on a day to day basis. Externally, clubs are creating new forms of relationship with a range of community and corporate organisations. Taken together, these processes are an indication that there is recognition within clubs that a range of transformations in governance are required if they are to remain viable and competitive, and if they are to achieve their potential as socially responsible and engaged organisations.

These trends in the relations that clubs are developing have significant implications in terms of their governance practices. Representing a transformation in the institutional context of clubs, they also suggest that the central objectives and goals of clubs are becoming more complex and interrelated with other organisations. While clubs are still fundamentally concerned to win games and the elusive Premiership, and to provide entertainment for their members and supporters, they are also increasingly drawn into a range of other relations. Developing connections with other community based organisations, for example, on the one hand is representative of an element of self-interest within clubs, but on the other hand represents a genuine commitment to engage with the community, and to use the status of clubs as a means to promote particular causes. In a similar fashion, relations with corporate sponsors clearly have an important financial underpinning for clubs, in terms of their very existence in some instances. Yet clubs also are moving to connect corporate partnerships to forms of community engagement. In such instances, the football playing side moves very much into the background, and the club becomes a vehicle for bringing together corporate and community engagement.

While our analysis reveals that clubs face important challenges in balancing community and commerce, we also argue that the newly emerging forms of governance structure are providing a means for clubs to act as a site for the interconnection of community and commerce.
commerce. As a result, AFL clubs are potentially important sites for the furtherance of connections and partnerships that seek to break down the divide between community and commerce. In this way, the experiences and practices of AFL clubs, while important in themselves, also have the potential to provide insights that may well be relevant for other organisations in the not-for-profit sector.

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