

# A Typology of International Strategies for Hungarian Professional Sports Clubs

MIKLÓS KOZMA

*Corvinus University of Budapest, Hungary*  
*miklos.kozma@uni-corvinus.hu*

KRISZTINA ANDRÁS

*Corvinus University of Budapest, Hungary*  
*krisztina.andras@uni-corvinus.hu*

The objective of our research project was to examine how league strength explains the observed differences between the international strategies of professional sports clubs in Hungary. Three case studies were made primarily based on the content analysis of management interviews, cross-checked with data from sports databases and corporate documentation. Through our analysis we identified three types of international strategy followed by professional sports clubs in Hungary. The typology highlights the importance of having a competitive product professional clubs may bring to the international marketplace. Hence, governments and local municipalities are advised to focus their support on sports where there is a team with reasonable chance to win trophies at international level. For club managers, the implication is that strategic focus on improving service provision and sales is critical even if they receive windfall support from government.

*Key words:* internationalization, sport, strategy, case study, Central and Eastern Europe

## Introduction

In our previous paper on the internationalisation of professional sports clubs, we identified a number of strategic patterns that reflect the key efforts of management in the Central-Eastern European region. Hitherto, further case studies have been developed that may support our current ambition: explain some of the variations between the internationalisation of professional clubs in different strategic positions. More specifically, we aim to identify factors that explain the observed differences between the international strategies of professional sports clubs in our Hungarian sample. Preliminary analysis highlighted that the strength of the league the selected

teams compete in may have an influence on strategic orientation that justifies closer examination (Kozma and András 2014).

The research question of the project summarised in this paper was ‘if and how the strength of the league has an impact on how professional clubs strategise their international operations.’ We believe that the intensifying internationalisation of the sports economy (Andreff 2008; András and Jando 2012) keeps our focus in the interest of the wider business community, as our research may highlight idiosyncratic patterns that add to the power of generic internationalisation models (Johansson and Vahlne 1977, 2009). Furthermore, it has been confirmed that the competitiveness of professional clubs in the CEE region is increasingly contingent upon commercial factors stemming from the global sports markets (András and Kozma 2015a; András 2011). What, on the other hand, seems to have received less attention is how professional clubs could take advantage of the arising business opportunities and how they may manage the mounting challenges to their financial sustainability (Kozma and Kazai Onodi 2014a; 2014b).

There is a developing literature about the business of sports, mainly related to the major North-American leagues and the leading European national and supranational leagues of team sports (Dobson and Goddard 2004; Beech and Chadwick 2013). While there are sporadic studies from the Eastern part of Europe (McDonald 2014; Mihaylov 2012), the Central-Eastern European region as a study of interest in the business of sports is yet to justify attention. Our Sport Business Research Centre in Budapest has published a number of publications in that area (Kozma and András 2014; Kozma and Kazai Onodi 2014a; András and Jando 2012), and, in line with the strategic objectives of the CEE Chapter of the Academy of International Business (AIB-CEE 2015), we aim to continue our efforts. We believe that the CEE region is large enough to deserve attention even from a global business viewpoint (András 2011), and it bears a level of coherence to justify regionally focused analyses. That said, our research projects start from a country-based approach with the intention to expand their validity to regional level supported by future cross-national scholarly efforts.

From a more practical point of view, our interest in the internationalisation of professional sports has received unanimous support during our interviews with leading practitioners of the field. As the size of local markets is limited, the key revenue sources to be tapped – including broadcasting and sponsorship revenues, as well as prize money – stem from international competitions and ma-

for events. Furthermore, the highest proportion of operating costs is player wages (and related payments), the level of which is inextricably linked to the fundamental processes of the international player market. These primary reasons justify a clear focus on internationalisation in the strategic orientation of professional clubs in the CEE region (Kozma and András 2014). How successful clubs are in exploiting the opportunities and mitigating the threats arising from international developments is and may always be the acid test of corporate strategies in the sector.

## Literature Background

There are two major academic fields providing a context to our current research endeavour. Theoretical frameworks of international business are our starting point for analysis. At the same time, the special characteristics of professional sports as a sector of the entertainment industry and a wider social phenomenon add reference points to our focus both in terms of composing the right research question and in developing our conclusions.

### INTERNATIONAL BUSINESS FRAMEWORKS

A relevant theoretical background for the internationalisation of professional sports companies in the Central-Eastern European region could be the 'Uppsala model' introduced by Johanson and Vahlne (1977). The gradual internationalisation process reflecting the assessment of the 'psychic distance' between countries as well as the 'liability of foreignness' is a useful interpretation framework in our analysis. The business network approach of Johanson and Vahlne (2009) also provides a good basis for understanding if and how professional sports companies are integrated into an international network both in terms of their input (players) and output (ticket sales, broadcasting etc.) markets.

We often refer to the classic categorisation of the motives for the internationalisation: 'domestic push' factors put pressure on firms to expand to foreign markets, while 'international pull' factors comprise opportunities that attract firms to enter foreign markets (Czako 2010).

The eclectic paradigm (Dunning 2000) highlights that multinational firms may have three types of advantages in international competition. Ownership advantages are controlled by the company, providing a good basis for the potential foreign investments of the firm. Location specific advantages of countries may range from access to valuable resources or favourable government policy to the

proximity of complementary industries, potentially differentiated by advantages of the parent country and the receiving country in international business relations (Rugman and Verbeke 2001). Finally, internalisation advantages substantiate benefits from expanding a company's organisational coordination to new geographies instead of relying on market transactions.

In our analysis, we assess the resources and skills that support the international expansion of firms. These are potential sources of competitive advantage (Dunning 1988; 1998; 2000), separately or in different combinations, depending on the firm and the markets to target. First, market seeking firms aim to tap into additional sales opportunities abroad. Secondly, efficiency seeking firms are willing to capitalise from economies of scope or scale. Thirdly, strategic asset seeking firms may learn from international partners integrated into business networks. Finally, resource seeking firms look for low cost resources or production options.

It adds refinement to our application of international business frameworks to professional sports clubs in the CEE that these clubs are small-to-medium enterprises. They fully comply with the EU SME-criteria (European Commission 2003), and have no real prospect of growing beyond these definitive limits in the foreseeable future.

#### THE CONTEXT OF THE PROFESSIONAL SPORT BUSINESS

In developed markets, professional spectator sports are now a sector of the entertainment industry providing content for media (András 2011). Even though the Central-Eastern European markets are not as developed as the US and Western European ones, and despite the strong government intervention that persists, the global sport business has great influence on local operations.

Some sports are more globally integrated than others, mainly depending on their popularity and attractiveness to the media (Doczi 2007). Other drivers of internationalisation in sports include the standardised rules of the game (cf. Demeter 2010), the organisation of major events (Dobson and Goddard 2004), and the proliferation of broadcasting through non-traditional channels, e.g. via the Internet.

Professional sports companies see the opportunities in internationalisation in their efforts to reach larger markets (Dobson and Goddard 2004). If a team qualifies for international competition, it enables to overcome the limitations of domestic markets, creating new opportunities for local or national, but also regional and global sponsorship (András 2004), and a widening range of selling merchandise products (Madeiro 2007). Furthermore, if playing in inter-

national competitions, players are exposed to attention from a wider range of agents and other clubs. As a consequence, their wages depend less on the strength of the economy in their host country, and tend to level off globally. Meanwhile, the market of television broadcasting has clearly become global (Andreff 2008), the major sporting events being broadcasted to over 200 countries around the globe. In parallel, viewers identify certain sports, teams, athletes or stadiums with the name of a few global sponsors.

It is the idiosyncratic nature of the sports industry that justifies the original interpretation of competition in economics to be adapted in this sector (cf. Budzinski 2011). Firstly, sports companies compete on field and also off-the-field, i.e. commercially (Kase et al. 2006; Wilson, Plumley, and Ramchandani 2013). They fight for the time and money of supporters, for the interest of business partners and, based on the public values they generate (Kozma 2009; Green and Collins 2008), for the support of the different levels of political government (András 2011). Also, monopolistic structures exist in different sport markets stemming from tradition and the common interest to have standardised rules and a competitive service offering not only at club level but also league level (Feddersen and Maennig 2005; Krauskopf, Langen and Brunner 2010). In this context, for the purposes of our research project, we understand competitiveness as a company's ability to participate in competition with a reasonable chance of success (see more on this by Chikan and Czako 2006), with the ability to sustain operations, as well as to proactively adapt to challenges (Chikan 2006).

The role of the national and local governments is usually strong in sports, particularly so in Central-Eastern Europe (András 2003; Kozma 2005; Nyerges and Laki 2006; Kozma and Nagy 2003). Hungary is an extreme case, as the government channelled funds primarily for the youth development and facility development of five major sports over the last five years (European Commission 2011). Though the funds technically come from companies, they pay these grants instead of corporate income tax payments. The three sports included in our current paper are all subjected to these funds, namely football, handball and ice hockey. While there are doubts whether the decision making process of allocating the funds to specific clubs and associations is transparent and accountable enough to support and effective and efficient use of tax payers' interests, the results of the support include a large number of sports training fields, as well as stadia and arena upgraded and a notable increase in the number of registered youth players (András and Kozma 2015b). The long term

sustainability of the supported facilities and youth development programmes, however is uncertain yet (András and Kozma 2015b).

In the context of strong government intervention, the question of whether professional sports teams are or should be managed with a business approach or a public service approach or a combination of the two is often raised in academic debates (Kozma and Kazai Onodi 2014a). In the Central-Eastern European region, the developing nature of market operations, and persistent influence of government and the global nature of sport competitions all drive the operations of professional clubs to function based on a mixed model, including business and public management elements (Kozma and Kazai Onodi 2015). This puts the international business models into perspective when applied to the field of professional sports in the CEE region (Kozma and András 2014).

### Research Approach and Methodology

The research project presented in our paper was part of our larger programme analysing the international strategies of Hungarian professional sports clubs. Now the key question was 'if and how the strength of the league has an impact on how professional clubs strategise their international operations.' More specifically, we aimed to understand if differences in the drivers of internationalisation, as well as the resources and capabilities used by the clubs in their international strategies may be explained by the strength of the different leagues they play in.

The key terms to be explained in our research approach are the strength of the league, and professional clubs. We interpreted the strength of the league in its ability to attract attention from supporters measured by (1) the relative sports results of the teams in the league when they played in international competitions, as well as (2) the achievements of the professional players employed by the teams in the league. Professional clubs are legal and economic entities that run teams employing players who play for wages, and more specifically, the teams compete according to a professional licence awarded by the national governing body (association) of the sport.

From an epistemological point of view, our approach is based on the interpretative paradigm, using the case study methodology to generate analytical generalisation as conclusion. Hence, the explanatory strength of our analysis could be enhanced by increasing the number of cases in our sample, but even a single case could be the basis of preliminary analytical generalisation (Yin 2003).

We selected the cases in our sample aiming to strengthen the

power of our analytical conclusions. First, we included the historically most successful professional club of the most popular team sport in Hungary, that is, Ferencváros Football Club (FTC). It was reasonable to assume that more successful clubs on relatively large markets are more international in their operations than smaller clubs or markets. Then we selected the most successful ice hockey club of the country playing in a relatively strong supranational league (Fehérvár AV19 in Erste Bank Eishockey Liga). Finally, we included the reigning European champions in women handball, employing some of the best players in the world (Audi ETO KC). Overall, by the time of writing our paper, we included three clubs from three different sports and three different leagues in our sample having plans to further expand our data collection scope later.

In our case studies we collected data from different sources. Our core analysis was based on four in-depth interviews with top managers of the organisations in the sample, supplemented by processing information from corporate documentation and publicly available sports and economic databases. The key questions in our interviews focused on topics derived from our wider research model of international management (Kozma and András 2014): drivers of internationalisation, strategic resources and competences used in international operations, and core competences employed in international management. In order to have a more tractable focus, we excluded the additional questions in the general model from our current analysis (e.g. assessing competitiveness and highlighting room for further improvement).

Data were analysed through content analysis, employing axial coding (Babbie 2012; Strauss and Corbin 1998). The coding structure was developed following the preliminary assessment of content, allowing us to understand empirical data in line with our theoretical framework (Babbie 2012). Drivers of internationalisation were grouped into domestic push and international pull factors, while resources and competences were focused around location-specific factors, sports and commercial know-how, and industry networks. The units of analysis were initially words deemed to encapsulate content elements from our theoretical approach, to be verified by additional analysis focused on paragraphs (cf. Babbie 2012).

Tests of validity and reliability were initially done by comparing the results of the two methods. We also applied inter-coder reliability tests, which resulted in an adjusted coding structure and a more refined coding procedure. External validity testing included consultation with industry experts who opined about our initial find-



ings, driving our attention to issues that deserved more differentiated analysis. Finally, we made an effort to enrich our explanation by highlighting more qualitative details of our empirical findings, including quotations from management.

In line with our methodological approach, our conclusions were derived from analytical generalisation (Yin 2003). Consequently, they may not be applied to a pre-determined population of entities (e.g. all professional clubs in CEE), but are relevant for clubs that bear fundamental similarities with our sample cases along key parameters involved in the study. The primary parameters of comparison include but are not limited to the level of sport competition, the legal and economic organisational type of clubs, management models, and key social and economic environmental factors. Further generalisation to partly non-similar clubs may only be valid if fundamental differences in the above parameters are controlled for, preferably through specific analyses to be performed.

There limitations of our research primarily stem from the nature of our interest and the applied methodology. First, the number of case studies involved in data collection are planned to be increased to strengthen the analytical power of our conclusions. Secondly, the current sample focuses on top teams in each league selected. Adding less successful clubs from the same leagues would allow refining our typology. Furthermore, in-depth management interviews played a key role in our data collection; the validity of data collected from the interviews could not always be confirmed through triangulation, due to occasional lack of access to information. In addition, the coding approach in content analysis is more reliable if there is a larger amount of data subjected to the analysis. We mitigated that limitation through additional analytical techniques as explained above. Finally, the nature of the examined phenomenon, internationalisation, is subject to change and to a large extent perceptual. Additional interviews and case studies are expected to enhance the validity of our current conclusions.

### Analytical Findings

The explanation of our results is structured in three sections. First, we explain how we classified the leagues of the teams examined according to our league strength measure. This allowed the operationalisation of the independent variable in our analysis. Then the propositions are explained that were refined through various iterations as part of the qualitative analytical process. Finally, the proposed typology of club strategies is presented based on our



understanding of the causal links between league strength and strategy.

#### STRENGTH OF THE LEAGUE

There are three different leagues the clubs of our case studies regularly play in: men football, men ice hockey, and women handball. The strength of the league was assessed based on statistics available about the international sport performance of the teams playing in the respective championship, and the quality of players employed by the teams (see more on this in the methodology section).

FTC play in the top-tier national men football championship, which is ranked medium (32 at the end of the 2015 season) among national championships of the 53 UEFA member associations (see <http://www.uefa.com>). The most valuable professional player in the league was Nemanja Nikolic, with an estimated market value of EUR 1.3 million (see <http://www.transfermarkt.de>). In light of the historical traditions of Hungarian football and the expectations of supporters, these rankings are disappointing and cannot be the basis of strong interest for the playing quality of football in the national championship. Consequently, for the purposes of our current analysis, we deemed the strength of the Hungarian football league relatively weak.

Fehervar AV19 play in the Erste Bank Eishockey Liga (EBEL), which is a supranational league including mostly Austrian clubs, supplemented by one Hungarian, one Italian and one Slovenian club. Most of the players in the teams are local nationals, but there is an impressive range of Canadian players in the clubs as well (see <http://www.erstebankliga.at/statistiken-ebel/history-ebel-2>). Based on the ranking of the International Ice Hockey Federation (IIHF), Canada is ranked 1st, Slovenia 14th, Austria 16th, Italy 18th, and Hungary 19th of the list of 50 championships in the world (see <http://www.iihf.com/home-of-hockey/championships/world-ranking/mens-world-ranking/2015-ranking/>). These facts, together with the, compared to football, more moderate expectations of the supporters can imply notable interest for the championship. In Hungary, there is a recent upsurge in supporters' interest for ice hockey, as the Hungarian national team achieved landmark successes (see [http://www.icehockey.hu/hirek/hir/vb\\_magyarorszag\\_lengyelorszag](http://www.icehockey.hu/hirek/hir/vb_magyarorszag_lengyelorszag)). Consequently, for the purposes of our current analysis, we deemed the strength of the EBEL league as of medium level.

Audi ETO KC play in the top-tier women handball championship in Hungary. As the team recently won the European Champions League twice in a row (see <http://www.ehfl.com/women/seasons>), employ

a list of international players (see <http://www.gyoretokc.hu/hu/a-csapat>) from the top handball nations of the world (i.e. Norway, Croatia, Brazil etc.), and there is exciting competition for the championship trophy in the league every year (see <http://kezisovetseg.hu>), there is great and increasing interest for the matches from supporters. Consequently, for the purposes of our current analysis, we deemed the strength of the top Hungarian women handball league as strong.

#### REFINED PROPOSITIONS

Our initial propositions were refined in iterations as our understanding of the issues developed through the analysis of empirical findings. Finally, refined propositions were composed that could be the basis of further research in future scholarly efforts involving additional data collection. We show the refined propositions and the related explanations below.

**PROPOSITION 1** *In stronger leagues, the strategic relevance of international pull factors of market is higher than in weaker leagues.*

The first proposition addressed whether league strength has an impact on the motives for internationalisation reflected in the international strategy professional sport clubs develop. We differentiated between domestic push and international pull factors, as interpreted by international business literature (Czako 2010).

Through empirical analysis we learned that domestic push factors were highly relevant regardless of league strength, mainly due to (1) the limited size of Central-Eastern European sports markets, and (2) the globalised cost level, most importantly in respect of player wages. These factors were omnipresent, both in strong and weaker leagues.

Also, the relevance of international pull factors was unaffected by differences in league strength, only the nature of pull factors varied. The ratio of push and pull factors, as a consequence of the above, was non-responsive to variations in league strength. The ratio of the adjusted frequency measure of words related to push versus pull factors amounted to 2.35 for handball, 1.19 for ice hockey and 2.28 for football, reflecting no relationship between the independent (league strength) and dependent (ratio of push and pull factors in international strategy) variables.

The refined proposition highlights that the real differences were identified in relation to international pull factors, the nature of which were contingent upon league strength. In case of the strong handball league, the international pull factor more frequently mentioned was

the commercial utilisation of the new Audi Arena, reflecting a market seeking approach of strategy.

In contrast, ice hockey and football managers emphasised more the motive of obtaining know-how through stronger integration into international networks. This strategic asset seeing behaviour was focused around highly experienced foreign coaches and players to be employed, in an effort to improve the quality of play but also to implant operational good practices of club management.

Hence the conclusion that international pull factors of market, reflecting a market seeking behaviour, were more relevant for the club playing in stronger leagues, than for clubs in weaker leagues. The underlying logic is that once a club has a good product, ready to be commercialised internationally, there is more focus on market seeking than in case of clubs where the product is not attractive enough to justify international commercialisation yet.

*PROPOSITION 2 In weaker leagues, the strategic role of improving location specific factors is stronger.*

Our second proposition was designed to examine the relationship between league strength (independent variable) and the role of location specific factors in the international strategy of professional clubs (dependent variable). The quantitative assessment of empirical findings showed an interesting distribution: the adjusted frequency measure scored 7.00 for handball, 13.33 for ice hockey and 18.33 for football.

Closer analysis highlighted that location specific factors improved significantly in all three sports over the last five years in Hungary. This is primarily due to strong government intervention providing financial support to the youth development and infrastructure development of major team sports.

Our interpretation of the results is that the recently improved location specific factors had a major impact in the prospects of professional clubs. This change is reflected in the strategic thinking of management. The weaker the league the more importance is attributed to the increased government support.

Another aspect of qualitative analysis highlighted the varying nature of the role location specific factors play in the internationalisation of the clubs analysed. In handball the popularity of the sport was emphasised. While handball is very popular in Hungary, and in a number of other nations, it is not such a globally recognised sport as football. Hence local traditions provide a strategic advantage for Hungarian clubs.

By comparison, in ice hockey and football, government support for youth development and facility construction were more in the focus of strategy. Explanations, however, notably differ. Ice hockey is an expensive sport, as both garment and equipment is costly, while the construction and operation of ice hockey arenas are particularly so. Providing financing for attracting talent into the youth ranks and investment into higher quality facilities removes a major bottleneck in the process of commercialisation.

In case of football, the most popular sport in Hungary, the challenge to keep up with the current front runners in that much globalised sport is immense. No market based opportunity exists that would justify ambitions to become one of the top football nations again – a hope Hungarian supporters have fostered ever since the successes of the ‘Golden team’ of the 1950’s. Government support may disrupt that disillusioning pattern and provide a lifeline for the sport’s local development. Stadia are being built from state funding and an ever increasing number of children are recruited to the academies of football. If and when this opportunity may be exploited fully by turning support into on-field results is a key issue in club strategies.

*PROPOSITION 3 In stronger leagues, the strategic role of sports know-how is stronger.*

We examined if league strength has an impact on how a specific resource, know-how, is represented in the international strategy of professional sports clubs in our sample. Our empirical analysis revealed that the role of know-how, sport and commercial combined, was of similar importance in strategies of clubs in different leagues. However, when the two types of know-how were assessed separately, sport know-how was represented more frequently in stronger leagues: 55.6% for handball, 45.5% for ice hockey and 43.3% for football.

This distribution is interesting, as it would stand to reason to assume that clubs in weaker leagues need to do more to improve their fundamental product quality. However, we learned that no sport club can stop improving in terms of sport know-how due to the competitive nature of leagues. Clubs in weaker leagues, by comparison, also need to improve their on-field performance, but they have other priorities as well. As a consequence, less emphasis is made on improving sport know-how in weaker leagues. Whether this is commendable or a sign of false strategy is a question to be answered by longitudinal studies.

More differentiated analysis underlined that sport know-how covers two major areas represented differently across the clubs examined. Talent development is on the agenda of all teams, while improving coaching qualities was more often mentioned in our handball and ice hockey interviews. The latter may be explained by the somewhat different role coaches play in the organisations of the three sports.

**PROPOSITION 4** *In weaker leagues, there is more strategic emphasis on developing international relationships.*

Our original proposition was that international relationships are at the heart of all professional clubs' international strategies regardless of league strength. Empirical findings however showed a different pattern. The adjusted frequency measure of developing international relationships was 2.75 for handball, 6.00 for ice hockey, and 6.25 for football.

The explanation is that for clubs in strong leagues, regularly playing in international competitions with good results, international relationships may be taken as given. Meanwhile, clubs less frequently playing in international competitions work hard to establish their credibility through a greater number and depth of personal and professional relationships.

The focus of relationship building efforts varied across the clubs and leagues analysed. In handball, the greatest emphasis was laid on achieving stronger integration into the international network of professional players. In ice hockey, three aspects were deemed equally important, namely the network of players, relationship with foreign supporters and relationship with foreign clubs. Finally, in football the relationship to be developed with foreign clubs received the strongest emphasis.

Our related explanation is that the handball club needs to continuously source the best players from the most diverse of foreign countries to uphold its competitive sport performance, while the football club is yet to get to that strategic position. Football club management's current concerns are more about learning from foreign clubs, as revealed in Proposition #1, while the players they can recruit from abroad are not of the highest international quality yet.

#### TYPOLOGY OF INTERNATIONAL STRATEGIES

In an effort to synthesise what we have learned through our refined propositions, we constructed a chart illustrating the clubs' and their leagues' relative positions. Based on that, we developed a ty-

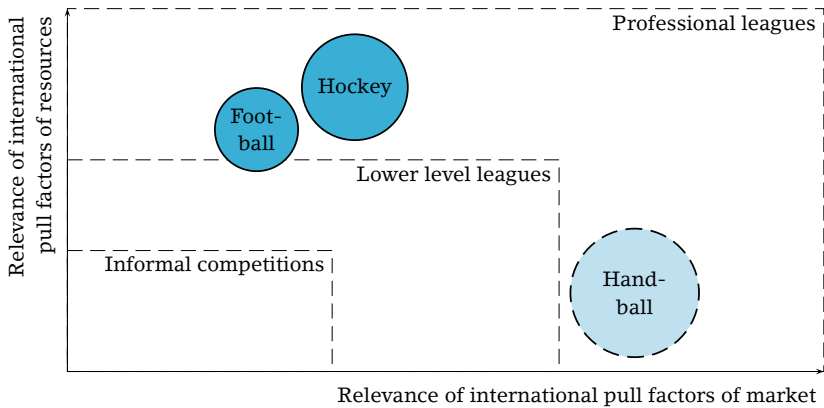


FIGURE 1 The Comparison of Club Strategies Analysed (bubble size – weight of sports know-how in corporate strategy, bubble colour – weight of government support in corporate strategy, bubble outline – intensity of international relationship building)

pology reflecting the aspects of international strategy analysed. We propose the following strategy types as an analytical framework for understanding international corporate strategies in Hungarian professional sports.

Figure 1 illustrates our findings along five dimensions. The two axes of the diagram show how different leagues scored on the relevance of international pull factors in their clubs’ international strategy. As revealed in our analysis, pull factors need to be broken down by their nature as reflected in club strategies depending on the strength of the league the teams play in. Handball scored higher in terms of international pull factors of market, while ice hockey and football scored higher in terms of international pull factors of resources. Overall, professional leagues score high on either of the two axes, while lower level leagues and informal competitions (not explicitly analysed in our study) are naturally less integrated into international networks, hence their scores on both axes are supposed to be lower.

The colour of bubbles in the chart shows how strong a role increasing government support plays in the clubs’ international strategy. Darker background colour shows higher, lighter colour shows lower significance of that factor in strategy. Increased government support, as a key location specific factor, scored higher in case of ice hockey and football, and was deemed less important in case of handball.

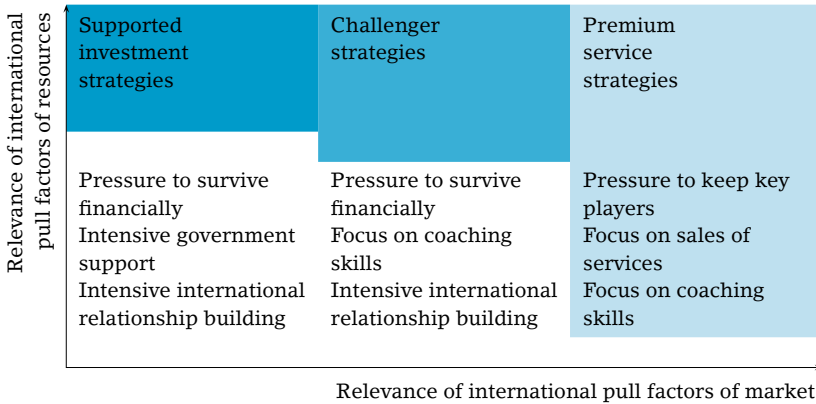


FIGURE 2 Proposed Types of International Strategy of Professional Sports Clubs

Bubble size represents the weight of sports know-how in the professional clubs’ international strategy. Larger bubbles represent more weight attributed to improving sports know-how in the international strategy of the respected clubs. As shown in the chart, football scores lowest, handball the highest on that scale, although variations are more moderate than in case of location specific factors.

The outlines of the bubbles show how intensively the clubs’ management work on developing their international relationships. Continuous lines show stronger, broken lines show less intensive efforts identified. The handball club is less intent on improving its international relationships than the ice hockey and football clubs.

Overall, figure 1 highlights that the handball club and the two other clubs have different strategic positions defined by the internationalisation aspects assessed in our study as reflected by the four propositions we developed. Consequently, the handball club has a more market focused international strategy, while the other two clubs’ strategies are dissimilar, but still closer to each other in their emphasis on learning and development than to the strategy of the handball club.

In figure 2 we propose different types of the international strategy of professional sports clubs based on the aspects illustrated in figure 1. We identified three strategy types as explained below. ‘Supported investment strategies’ are characterised by relatively little emphasis on market seeking and strong emphasis on strategic asset seeking behaviour, and an emphatic role of domestic push factors in the clubs’ internationalisation approach. There is pressure on these



clubs to succeed internationally in an effort to establish financially sustainable operations. Characteristically, the national government (or potentially other external stakeholders) endows intensive support to clubs following a supported investment strategy to help mitigate their competitive disadvantage in international competitions. Meanwhile, clubs are intent on developing their international relationships in order to achieve their stronger integration into international networks and overcome the liability of outsidership. These clubs are not competitive internationally yet, but they are investing heavily in their development and also receive substantial external support in their efforts. In our sample,  $\text{FC}$ , the football club is interpreted to follow a supported investment strategy.

Professional clubs following a 'challenger strategy' go international as they operate under pressure to achieve financially sustainable operations. Also, they are keen on internationalisation more because of strategic asset seeking than market seeking. They are already successful in attracting interest for their matches but still highly focus on improving their sport know-how, i.e. coaching skills, and their international network of relationships. Following a challenger strategy clubs are expected to be able to put occasional pressure on leading clubs in international competitions and could become very competitive clubs over time. In our sample, Fehérvár AV19, the ice hockey club is interpreted to follow a challenger strategy.

'Premium service strategy' is followed by professional clubs that are competitive in international competitions and have a high chance of winning titles every season. Their international operations are more characterised by market seeking than asset seeking as they already have a product (entertaining matches) ready to be commercialised internationally. Still these clubs are under pressure to maintain their competitiveness on-field, hence their relentless efforts to keep their best players and attract other valuable international players every year. Furthermore, due to the competitive nature of international competitions, even the best clubs are willing to improve their sports know-how, i.e. coaching skills, in order to maintain their leading sports performance. In our sample, Audi  $\text{FC}$ , the handball club is interpreted to follow a premium service strategy.

## Conclusions

In our effort to explain some of the variations between the international strategies of professional sports clubs, we identified the strength of the league the teams play in as an explanatory factor. We

have learned how the strategic orientation of clubs playing in the top-tier handball, football and ice-hockey leagues in Hungary differ related to league strength allowing for the emergence of strategies that can be typified.

Based on empirical investigations we identified three strategy types of international strategy followed by professional sports clubs in Hungary. Clubs with a supported investment strategy are yet to develop intensively to be able to challenge the top clubs in their international competitions; the ones with a challenger strategy are close to put pressure on the best performers; finally, clubs following a premium service strategy keep fighting for the titles of their respective international competitions. Which club follows which of the three strategies primarily depends on the strength of the league they regularly play in.

The analytical consequences of the typology may be wide ranging, but there is one we believe warrants the most attention: the typology highlights the importance of having or working to develop a competitive product professional clubs may bring to the international marketplace. No market revenues and no real stakeholder interest may be generated by any strategy overlooking the fundamental truth of professional sports: it is all about winning and entertainment. In order to consistently provide an attractive product clubs need to find their path to financial sustainability, the latter being their most fundamental strategic challenge for now and the foreseeable future.

The policy implications of our study are strong: governments and local municipalities are advised to focus their support on sports where there is a team with reasonable chance to win trophies at international level. Alternatively, they may as well provide support to sports where there is a clear strategy for development aiming to become competitive internationally in reasonable time. Most naturally, there are sports that attract more attention than others, even with more moderate achievements, but the basic principle remains unchanged: public money should be spent effectively and efficiently with a forward looking mindset. In professional sports this means attracting attention to the team through its achievements and exploiting the interest of stakeholders to the fullest thereby creating a financial basis for continued achievement.

For club managers our concluding message is that strategic focus on improving service provision and sales is critical even if they receive windfall support from major stakeholders including governments, sponsors or high-net-worth private owners. Improving the environment conditions they compete in, e.g. youth development fa-

cilities, as well as stadia and arenas, may boost clubs' development; however, this needs to be turned into sport achievement and sustainable financial operations in reasonable time.

From a scholarly point of view we would be pleased at the prospect of supporting future research projects through the typology developed in our current paper. It is meant to provide an analytical framework to be used for refining the analytical power of league strength as an explanatory variable, as well as identifying moderating variables or additional independent variables for assessing the variations in professional sports clubs' international strategies.

## References

- AIB-CEE. 2015. 'About AIB-CEE: Mission.' <http://ue.poznan.pl/pl/wspolpraca,c10/uep-w-organizacjach-miedzynarodowych,c114/cee-chapter-of-the-academy-of-international-business-aib,c116/about-aib-cee,a405.html>
- András, K. 2003. 'Business Elements in Sports.' PhD dissertation, Budapest University of Economics and Public Management, Budapest.
- . 2004. 'The Markets of Professional Football.' *Budapest Business Review* 35:40–57.
- . 2011. 'Growing Markets, But How? The Example of Professional Sports.' Paper presented at the nssz Conference for Sport Professionals Vocational Education, Budapest, 20 October.
- András, K., and Z. Jando. 2012. 'The Internationalisation of Professional Sports Clubs.' *Logisztikai hirodo* 3:42–7.
- András, K., and M. Kozma. 2015a. 'The Potential Role of CIT-Grants in the International Strategy of Domestic Sports Companies.' Paper presented at Conference at the conference The Overview of CIT-Sports Economic Conditions from the Perspective of the Sponsors, Debrecen, 19–20 February.
- . 2015b. 'The Internationalisation of Leagues in Professional Sports.' Paper presented at the 6th Bathory-Brassai International Multidisciplinary Scientific Conference, Budapest, 27–8 May.
- Andreff, W. 2008. 'Globalization of the Sport Economy.' *Rivista di diritto ed economia dello sport* 6 (3): 13–32.
- Babbie, E. R. 2012. *The Practice of Social Research*. Wadsworth: Cengage Learning.
- Beech, J., and S. Chadwick. 2013. *The Business of Sport Management*. Harlow: Pearson.
- Buckley, P. J. 2009. 'Internationalisation Thinking: From the Multinational Enterprise to the Global Factory.' *International Business Review* 18:224–35.
- Budzinski, O. 2011. 'The Institutional Framework for Doing Sports Business: Principles of EU Competition Policy in Sports Markets.' Work-

- ing Paper 108, Department of Environmental and Business Economics, University of Southern Denmark, Odense.
- Chikan, A. 2006. 'Measuring Corporate Competitiveness.' *Financial Review* 1:42–57.
- Chikan, A., and E. Czako, eds. 2006. *Global Competition: The Competitiveness of Our Companies at the Turn of the Millenium*. Budapest: Akademia.
- Czako, E. 2010. 'The Areas of International Strategy.' In *International Business*, edited by E. Czako and L. Reszegi, 171–211. Budapest: Alinea.
- Demeter, K. 2010. 'Production and Services' *International Business*, edited by E. Czako and L. Reszegi, 337–372. Budapest: Alinea.
- Dobson, S., and J. Goddard. 2004. *The Economics of Football*. Cambridge: Cambridge University Press.
- Doczi, T. 2007. 'Sport and Globalisation: Challenges of the 21st Century.' *Kalokagathia*, no. 1–2: 5–13.
- Dunning, J. H. 1988. 'The Eclectic Paradigm of International Production: A Restatement and Some Possible Extension.' *Journal of International Business Studies* 19:1–31.
- . 1998. 'Location and the Multinational Enterprise: A Neglected factor?' *Journal of International Business Studies* 1:45–66.
- . 2000. 'The Eclectic Paradigm as an Envelope for Economic and Business Theories of MNE Activity.' *International Business Review* 9:163–90.
- European Commission. 2003. 'Commission Recommendation of 6 May 2003 Concerning the Definition of Micro, Small and Medium-Sized Enterprises (Notified under Document Number c(2003) 1422) (2003/361/EC).' *Official Journal of the European Union* L124/36–41.
- European Commission. 2011. 'SA.31722 – Hungary: Supporting the Hungarian Sport Sector via Tax Benefit Scheme.' C(2011)7287 final, European Commission, Brussels.
- Feddersen, A., and W. Maennig. 2005. 'Trends in Competitive Balance: Is there Evidence for Growing Imbalance in Professional Sport Leagues?' *Hamburg Contemporary Economic Discussions* 1:1–13.
- Green, M., and S. Collins. 2008. 'Policy, Politics and Path Dependency: Sport Development in Australia and Finland.' *Sport Management Review* 11:225–51.
- Johanson, J., and J. E. Vahlne. 1977. 'The Internationalization Process of the Firm: A Model of Knowledge Development and Increasing Foreign Market Commitments.' *Journal of International Business Studies* 8:12–32.
- . 2009. 'The Uppsala Internationalization Process Model Revisited: From Liability of Foreignness to Liability of Outsidership.' *Journal of International Business Studies* 9:1411–31.

- Kase, K., S. Gomez, I. Urrutia, M. Opazo, and C. Marti. 2006. 'Real Madrid – Barcelona: Business Strategy vs. Sports Strategy, 2000–2006.' Occasional Paper OP 06/12-E, IESE Business School, University of Navarra, Pamplona.
- Kozma, M. 2005. 'Sport 21. National Sports Strategy: Contemporary Role of Government in Hungarian Sport?' Paper presented at the 5th National Sport Sciences Congress, Semmelweis University, Budapest, 27–8 October.
- . 2009. 'Creating Value in Public-Private Partnership Projects: With Respect to the Approach of the Private Party.' PhD dissertation, Corvinus University of Budapest, Budapest.
- Kozma, M., and K. András. 2014. 'Winning in Europe: International Strategies for Hungarian Professional Sports Clubs.' *Entrepreneurial Business and Economics Review* 2(2): 31–49
- Kozma, M., and A. Kazai Onodi. 2014a. 'Measuring Business Performance in Sports: How the Balanced Scorecard Approach Can Help Sports Organisations in Operating along Strategic Objectives?' *Economists' Forum* 17 (3): 17–40.
- . 2014b. 'Measuring Business Performance in Sports: How Revenue and Cost Calculations Can Help Sports Organisations in Making Good Business Management Decisions.' In *Economics Questions, Issues and Problems*, edited by J. T. Karlovitz, 209–20. Komárno: International Research Institute.
- . 2015. 'Applying the Public Sector ScoreCard in Professional Sports.' In *Some Current Issues in Economics*, edited by J. T. Karlovitz, 303–16. Komárno: International Research Institute.
- Kozma, M., and T. Nagy. 2003. 'Big Money – Little Football, Or the Paradigm Shift in Hungarian Football.' *Budapest Business Review* 6:31–40.
- Krauskopf, T., M. Langen, and B. Bungler. 2010. 'The Search for Optimal Competitive Balance in Formula 1.' Discussion Paper 38. Center for Applied Economic Research, Munster.
- Madeiro, G. 2007. 'Sport and Power: Globalization and Merchandizing in the Soccer World.' *Society and Business Review* 3:287–98.
- McDonald, M. A. 2014. 'How Regimes Dictate Oligarchs and Their Football Clubs: Case Studies Comparison of Oligarch Football Club Ownership in Dagestan, Romania and Transnistria from 1990–2014.' Thesis, University of North Carolina, Chapel Hill.
- Mihaylov, M. 2012. 'A Conjoint Analysis Regarding Influencing Factors of Attendance Demand for the Balkan Football League.' Thesis, Deutsche Sporthochschule, Köln.
- Miles, M. B., and A. M. Huberman. 1994. *Qualitative Data Analysis*. London: Sage.
- Nyerges, M., and L. Laki. 2006. 'Changing of Political System and Role

- of Sport – Competitive Sport – in Hungary.’ *Kalokagathia* 44 (1–2): 13–27.
- Rugman, A. M., and A. Verbeke. 2001. ‘Subsidiary-Specific Advantages in Multinational Enterprises.’ *Strategic Management Journal* 3:237–50.
- Strauss, A. L., and J. M. Corbin. 1998. *Basics of Qualitative Research: Grounded Theory Procedures and Techniques*. 2nd ed. Thousand Oaks, CA: Sage.
- Wilson, R., D. Plumley, and G. Ramchandani. 2013. ‘The Relationship between Ownership Structure and Club Performance in the English Premier League.’ *Sport, Business and Management: An International Journal* 1:19–36.
- Yin, R. K. 2003. *Case Study Research: Design and Methods*. Thousand Oaks, CA: Sage.



This paper is published under the terms of the Attribution-NonCommercial-NoDerivatives 4.0 International (CC BY-NC-ND 4.0) License (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).