

**SMEs AND INVESTMENT IN GRASSROOTS SPORT CLUBS:
A United Kingdom Perspective**

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Dedication

*To my best friend, thank you for all your love and support
on this journey we have chosen together*

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ABSTRACT

Researchers have shown that grassroots sports club (GSC) provide many benefits to individuals and the wider community. However, GSCs face increasing pressure to remain financially sustainable, or face extinction. Larger sport organisations have been able to enter into financial agreements with corporations to fund their activities. This thesis considers whether other actors within the community such as Small and Medium sized Enterprises (SME) can play a role to assist in the financial stability and longevity of GSCs, through the provision of financial and/or non-financial sponsorship.

The aim of this thesis is to examine whether the benefits large sport properties gain through sponsorship from corporations can also be gained by local GSCs who might look to SMEs sponsorship. This thesis undertakes a multi-case case study with five SME businesses who had existing sponsorship relationships with community organisations to explore and understand the decision making process of SME owners and their views on sponsoring a local GSC.

The results highlight that the benefits GSCs provide is not well known by the public. This impacts business owner preferences and risk management in sponsorship decisions. The case studies also provide insight into how SME business strategy and GSC location impacts sponsorship decisions. Ultimately, building long term financial sustainability for GSCs requires knowledge transfer, which can build social capital, enhance relationships and build opportunities for sponsorship. To achieve a successful sponsorship relationship both the SME and the GSC require high degree of knowledge about the other. Future research should focus on how this knowledge transfer can occur.

Keywords: Sponsorship, SME, Grassroots Sports Clubs, UK, Investment

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LIST OF ABBREVIATIONS

AGM – Annual General Meeting

CSR – Corporate Social Responsibility

EU – European Union

GSCs – Grassroot Sports Clubs

NGB – National Governing Body

SMEs – Small and Medium-Sized Enterprises

SSC - Specialist Sport Colleges

UK – United Kingdom

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1. INTRODUCTION

In 2013, the Sport and Recreation Alliance in the UK released a report exploring the financial health and other issues facing Grassroot Sport Clubs (GSCs) in the UK. The report is called the Sports Club Survey, 2011. Data was gathered from sports clubs in survey form, covering many aspects of the operations of GSCs. An astonishing 63% of sports clubs surveyed were worried about accessing enough funds in the short term. Additionally, 61% of sports clubs surveyed felt that generating enough income was their biggest challenge. A consistent factor throughout this report and subsequent reports has been the inability of GSCs to raise enough revenue through sponsorship to avoid financial hardship.

Policy and structural reform over the last 40 years within the UK government has changed the role that sport plays in society. During this time, the UK government began to politicise not only which sports organisations should receive funding from the lottery fund but also how it should be spent (Doherty & Murray, 2007). For example, the government, in selecting a small number of Olympic sports to fund, has made the financial viability, stability and sustainability for unfunded Olympic sports and other community based sports clubs increasingly more difficult. The difficulties for the sports industry arise due to the continued pressure to be financially and commercially viable, and at the same time, continue to provide communities with the opportunities for mass participation not only in the sport activities, but also opportunities to be active in the community and adopt a healthy approach to sport and physical activity.

The Sport and Recreation Alliance Report “What’s the Score?” (2015) which sampled sport clubs within the UK, was released in 2018. Despite using a smaller sample of sport clubs from England and Wales than the previous report, almost 50% of the clubs sampled identified financial stability as a big problem (Sport & Recreation Alliance, 2015) which impacts the financial longevity of the sport club.

The main purpose of this study is to explore possible funding avenues available to GSCs. In particular, which factors are most salient when considering the sponsorship opportunities between a Grassroots Sport Club (GSC) and Small and Medium-Sized Enterprise (SMEs) to effectively create a working relationship and a mutually beneficial financial partnership. By understanding these factors, GSCs can become better prepared to access the resources of SMEs and broker new financial partnerships which could help with their longevity. There are still many gaps in our understanding of the deep relationship between business and their investment in sport organisations.

Financial instability within a sport club, can be detrimental to the longevity and long term viability of its operation. The effect of financial instability is the creation of uncertainty within the larger community for athletes, volunteers, officials and supporters who participate and give their time regularly. This leads to disappointment for all involved and potentially losing a powerful community asset. This thesis aims to contribute to the current literature as GSCs and smaller SMEs as they are under researched areas in terms of sponsorships at community level, and to deliver new insights in to sport sponsorship decision making within small business. It also aims to provide new insights to GSCs about how they can tap into possible sources of funds.

Personal Interest

I was born in rural Victoria, Australia, where for the most part, sport provides a vehicle for those in the community to socialise and build friendships, commiserate, celebrate and share lifelong experiences. Most of these experiences occur in the setting of a sports club. My introduction to a GSC was when I was five years old and I participated regularly in weekend junior athletics competitions. There was no official training during the week. Members just turned up on the Saturday morning for a few hours to participate. I really enjoyed the challenge of competition and the sporting activities, but most of all I liked meeting new people from neighbouring towns. This introduction to club sport provided me a great insight into the social aspects of sport, building networks and developing resilience and skills.

What I was less aware of was that financial issues are something many clubs face. GSCs generally lack funding because either it is tied to winning, losing members or being unable to utilise local resources. GSCs in local communities who are unable to embrace the wider community for resources will decline to the point of extinction. This is the worst case for everyone involved given the many benefits GSCs can provide.

I have called the UK home for over ten years. In London, I took a coaching course in Athletics and volunteered at an athletics club as an assistant coach to two groups of young athletes. Having attended the GSC's Annual General Meeting, it became clear that the club was no longer receiving financial support from the local municipality for the maintenance and refurbishment of the facilities. The club was required to pay for and undertake costly infrastructure work in order to continue providing the community with opportunities to develop athletic skills and training sessions in the future. Without the infrastructure work being done, the club risked the facility being downgraded and becoming ineligible to host regional and county championships. Therefore, any potential revenue that could have been generated is lost. Without this income, the consensus at the AGM was the club would suffer financial hardship in the foreseeable future.

Therefore, my thesis, was borne from the need for clubs to become financially independent from or minimise their reliance on government funding, as local government assistance is no longer guaranteed. This thesis explores how a GSC can potentially gain financial stability and long term sustainability.

2. THEORETICAL FRAMEWORK

2.1. GSCs as important actors in the Community

A community is made up of many actors. The composition of community generally includes individuals, businesses, community organisations, government and non-government actors. GSCs play a particularly important and varied role in many communities. It is, therefore, useful to understand why GSC are an important aspect of any community. Outlined below are some of the components of what GSCs bring to community life, including their role and contribution that cannot be replicated or replaced by other organisations.

2.1.1. Building Community Capacity

Whilst adapted from the Sport for Development literature, community capacity building is also relevant for community based GSCs because they provide a structured way in which people can interact. Labonte & Laverack (2001) describe community capacity as the ability to work as a collective unit, bring necessary resources to facilitate the process of building capacity and the skills and knowledge to identify problems and create solutions.

Wendel et al (2009)'s seminal research emphasises that there are seven dimensions to building community capacity. Although, established within a sports for development context, these dimensions' focus on the benefits that GSC's bring to local communities and which become at risk in the face of declining financial support. These dimensions could be applicable in multiple geographical settings such as rural, suburban or inner city and are outlined below.

Skills and Resources

The first dimension from Wendel et al (2009) refers to the ability of GSCs to increase the level of skills and resources within a community. Despite differences between geographical settings (e.g. population, age demographics or resources) the ability of GSCs to assist in skills development within a community is vital for any community to grow and remain sustainable. For example, skills development by volunteer's, whether that be coaching, administration or refereeing gives rise to specific expertise. This expertise can then be passed on to new members or other organisations within the community, leading to the growth of the community's overall skill base. Many skills learnt such as officiating, finance, or operations, can also be applied to other areas of life both personally or in the context of paid employment.

For GSCs to assist in skills development, it is important to call upon the support of national sporting organisations or federations for guidance, providing much needed materials, resources and funding. In this regards, part of that skill development for office bearers in particular, might include learning how to secure local sport infrastructure and reaching out for community support. The availability of sport facilities and supporting infrastructure is of huge benefit to a local community. When there is a broad scope of available sport options and skill development, GSCs encourage involvement by a many groups within the community.

Nature of Social Relations

The second dimension from Wendel et al (2009) concerns relationship building within communities. When a groups of like-minded individuals gather, especially around a common interest such a sport, a sense of community begins to develop. This means that as people continue to interact with each other, they learn from each other and encounter positive social interactions with other participants (e.g. volunteers, spectators, athletes). This creates social capital which develops trust and reciprocity between members and other community actors, enhancing opportunities for engagement with the wider community (Misener & Doherty, 2012).

Putnam (1993) notes that social capital incorporates features of social organisation, such as networks, norms and trust that facilitate coordination and cooperation for mutual benefit. Social capital is built as a result of belonging to a particular group or social structure (Coleman, 1990) and is based on interconnectedness rather than the separateness of human activity and human goals. Broadly speaking, social capital is the ability to develop relationships within the community that you can call on when you need some form of assistance. When social capital is present, it tends to enable individuals to act more effectively within the social structure they find themselves in (Coleman, 1990).

At its core, social capital is formed from trust and reciprocity (Pretty & Ward, 2001; Atherley, 2006). Misener & Doherty (2012) contends that social capital creates trust and reciprocity between members and with other community organisations, enhancing opportunities for engagement with the wider community. Social Capital is both cumulative, meaning it builds over time, and is transferable between organisations (Glaeser, Laibson, & Sacerdote, 2002). The networks created by the GSC and its members, can be a great asset the GSC when dealing with private organisations (Atherley, 2006). For example, employment opportunities can come about through the local business network for local people. Additionally, the opportunity to be coached and participate at higher levels within the sport can also materialise, furthering an individual's network.

Therefore, GSCs, as organisations, have become a mechanism to build community cohesion, by using sport to build individual and group social capital. Forming connectedness and relationships is important in relation to being able to see a secure future for yourself and the collective group.

Collective Identity

Through a GSC, sport can be used as a mechanism to build and strengthen collective identity (Wendel et al, 2009). The ability to see oneself as part of a bigger group of people also helps with establishing self-identity. GSCs can also provide the necessary psychological space for inter-group dialogue. Structures, mechanisms, and spaces which allow for community dialogue about issues affecting the lives of people within that community, is an effective mechanism for communication and citizen input into how their local community is run and how it can be improved.

Leadership

Wendel et al (2009) contends that people with positions such as office bearers, coaches or officials become part of a leadership group within the GSC. Most times, these positions are filled by volunteers within a GSC setting (Cuskelly, 2004). This group advocates for the benefit of the club and also the benefit of the community. Members also participate by having an active say about how the GSC is run and the activities it undertakes in the community, through club forums and the Annual General Meeting.

Leadership in GSCs can spread to leadership in the community. Effective and sustainable community leadership and leadership development is demonstrated among participants and volunteers and importantly, gives credibility and symbolic power to participants (e.g. athletes, coaches). These individuals have the opportunity to become role models and examples for the rest of the community. Additionally, through GSCs, leaders in the community can use their status to build a better community using their varied experiences and networks.

Civic Participation

Linked to collective identity and leadership, Wendel et al (2009) explains that social capital within sports organisations can help distribute community power and provide the ability for citizens to participate in their community processes. Involvement in sports can encourage civic engagement and citizen involvement and as mentioned above, help with providing the basis of community identity which bring people together.

Value system

When there are shared community values such as democracy, inclusion, and social justice, Wendel et al (2009) states that it can be reflected in a community's approach to sport. For example, sport programs can teach ideal cultural values to participants and allow others to learn about the people in their community.

Learning culture

GSCs can help develop an understanding and awareness of the local community and its history, as well as allow the community to critically reflect on their shared experiences (Wendel et al, 2009). Through involvement in sports, communities can feedback to and seek opinions from multiple stakeholders. This can help form and maintain partnerships, especially when GSCs want to share information for benchmarking and improving how they operate. By creating more learning opportunities, GSCs can provide better services to participants and help with building stronger communities.

Therefore, Wendel et al (2009) describes how GSCs can use their existing social capital and activities to influence and build up their communities. The following discussion outlines some specific ways GSCs can use their standing in society, influence and shared values for the benefit of individuals and the wider community.

2.1.2. Benefits of Sport to the Community

Sport can be used to help people with similar interests to connect, participate and compete with each other. GSCs provide the perfect environment for people to engage with sport activities. There are a wide variety of explanations as to why people get involved in sport through organised GSCs. Some of those explanations are outlined below.

Across the world and for a variety of reason, there has been an increase in people leaving their place of birth and moving to another. Many studies have concluded that sport can assist people who are new to a community, such as immigrants, integrate into their new community (Nadeau, O'Reilly, & Scott, 2016). Well thought out and organised programmes are especially helpful with integration through sport (Tonts, 2005). GSCs can provide immigrant families access to valuable networks within the community, having given up their family and social relationships in their previous country, to reduce feelings of isolation in their new home (Holt, Kingsley, Tink, & Scherer, 2010)

Social isolation is a huge issue in the UK. To reduce the effects of isolation, older people seek to connect and give something back to the community by volunteering at the clubs or events they participated in previously (Kim, Fredline, & Cuskelly, 2018). Similarly, young disabled people who participate in sports experience positive social interactions with other participants and organisers, benefit from improved health, gain more independence, help to change perceptions of disability sports for themselves and others, and provide meaningful opportunities for engagement outside of current peer group (Moss, Lim, Prunty, & Norris, 2020).

In the UK, young people at risk of involvement with gangs and crime can get involved in sport to reduce anti-social behaviour. “Young people who grow up in a disadvantaged community are exposed to high rates of crime, low aspirations, qualifications and expectations and high rates of ill health and unemployment. The inequalities that mar disadvantaged young people’s lives carry over to sport. Disadvantaged young people participate in sport far less than more affluent young people”. (StreetGames, p. 3). GSCs can play their role in reducing the effects of disadvantage in their community. The effects on the individual from peers can be a strong influence on youth. As (Sawka, McCormack, Nettel-Aguirre, Hawe & Doyle-Baker, (2013) describes, increased physical activity among friends, led to an increased participation in physical activity at an individual level.

Sports and GSCs can also promote gender equality. The research from (Berdahl, Uhlmann, & Bai, 2015) demonstrates that nations who have higher levels of gender equality assisted in performance improvement for both men and women in the 2012 London Olympic Games. Interestingly, the 2012 Olympic Games was the first time that every country had a female athlete participate. Sport within a GSC for girls and women specifically, can provide confidence, better self-esteem, broaden social networks and raise their expectations in terms of capability of achievement (Greenleaf, Boyer, & Petrie, 2009; Pedersen & Seidman, 2004). GSCs can provide role models and mentors for young girls (Lyman, 2009).

Being physically active is synonymous with being healthy. Generally, studies show that participation in sports declines with age (European Commission, 2018). The benefits of sport participation for those over 50 years of age are numerous. Table 1 details the benefits of sport participation for older adults.

TABLE 1. Benefits of Sport Participation - Adapted from Jenkins et al (2018).

SPORT PARTICIPATION FOR THOSE OVER 50 YEARS OF AGE		
Benefits of Sport Participation		How Sport Delivers These Benefits
1.	Improves Social Health	Reduces loneliness and fosters engagement with friends
2.	Improves Physical Health	Improves general health, physically active, injury rehabilitation
3.	Improves Mental Health	Sport is a mechanism for relaxation
4.	Creates Intergenerational Opportunities	Playing sport with other family members
5.	Opportunities to be Role Models	Providing advice, or feeling useful – that someone needs and could benefit from encouragement
6.	Increase in personal safety	Activities in group setting, rather than individually
7.	Flexibility of playing options	Various methods such as informal, social or competition

With government policy and funding focused on youth, older adults and the aged population can miss out on the benefits in sport opportunities through GSCs as highlighted by Jenkins et al, (2018). Federations and sport clubs have less need to create plans for adult and the aged sport engagement. Therefore, sport clubs are not encouraged or incentivised to include older participants in their activities, as they are not the target of Government sport's policy, and as such, funding via the lottery becomes unavailable when participants are older. Funding is directed towards specific public health organisations such as charities like the YMCA, the setup of private businesses or subsidising co-payments for each participant as detailed by Arsenijevic et al (2016). While GSCs can be instrumental contributors to the promotion of high performance athletic achievement and potential career development within the sport industry, the current funding approach means that a vast majority of GSCs miss out on badly needed financial resources.

Finally, sport has been used as a tool to educate people from all parts of the world on issues such as public health including, the importance of exercise, nutrition and sleep in terms of tackling obesity, HIV education, gender equality, as well as mental health and well-being in order to improve peoples' quality of life. Other studies have largely focused on the benefits of physical activity for the wider community, such as improved self-esteem and mood (Dergance et al., 2003),

better physical health (Buman et al., 2010; Juarbe, Turok & Pérez-Stable, 2002; Kokko, 2014) and increased cognitive ability (Lautenschlager et al., 2008). Improving people's quality of life and health can depend upon how individuals use whatever leisure time is available to them. According to Rusu (2015), despite people's access to leisure time declining, it is mainly spent by men keeping fit and women losing weight, suggesting that importance is placed on maintaining good overall health.

Therefore, GSCs provide valuable opportunities for people in the community to build capacity for themselves as well as the wider community. The engagement of a wide cross section of participants in club activities demonstrate the broad appeal of sport and GSCs in the community. Yet, for GSCs to provide these benefits, they need resources (Sharpe, 2006). GSCs generally lack the necessary resources whether that be human, financial or networks, to sustainably carry out their main function (Wicker & Breuer, 2011). If GSCs can more readily meet their financial obligations by attracting financial or non-financial resources from within the community, many new programmes could be developed in order to keep people engaged and involved in sport club activities for longer, possibly over their life cycle from youth to old age.

The following section provides insight into the UK government's changing approach to sport and funding policy has impacted on the way sporting organisations within the UK are funded.

2.2. Government Sport Policy and Grassroots Sports Clubs

Until 1964, sport in the UK was loosely organised and the strategy and activities of GSCs predominately focussed on meeting the needs and requirements of the membership base. The majority of GSCs had a volunteer workforce who assisted in the day to day running of the club, coaching, or organising club events and competitions. The majority of revenue raised by GSCs was through membership to the club, with grants and other small amounts received from government organisations. Due to raising money predominantly through membership fees, the level of GSC bureaucracy and financial reporting requirements were minimal. At this time, the level of government intervention in GSC bureaucracy was low due to the fact that the government's role was seen as the provider of low cost facilities for the public's participation in sport and physical activities.

However, during the 1960's and 1970's, the UK's approach to sport began to change. The government began building multi-purpose sports facilities to enhance the populations' ability to participate in sport and physical activity. During this time the focus was on increasing interest in

sport, especially during each summer Olympic games. Winning medals became increasingly important in the allocation of resources into Olympic sports.

A change of political party can sometimes change the value placed on sport and physical activity, and therefore change the allocation of investment in these activities. Greater focus on medals, winning and perpetuating government objectives affects how government determines what constitutes the efficient allocation and use of its limited sports funding resources. The following section discusses the influence of government policy on funding allocation and how it determines which sporting activities are appropriate for its citizens.

Firstly, discussion centres on sport policy during the “Sport for All” European model adopted by the UK. Then it considers the government’s shift in view in the 1980s regarding the level of expenditure and way of managing this spend. Thirdly, the impact on the sport industry from changes in management are discussed. Finally, the discussion turns to how the government funds sport today and the effects on CGSs.

2.2.1. “Sport for All” and Facility Development

The election of Harold Wilson in 1964 heralded political changes in the UK and particularly for sport. A key initiative in sporting terms in 1965, was the development of the Advisory Sports Council. The role of the Advisory Sports Council was two-fold: The promotion and subsidisation of elite sport and to provide the foundation for mass participation in sport and physical activity Jefferys (2016). The Advisory Sports Council essentially oversees the implementation of sports policy through club and regional activities.

One of the first roles undertaken by the government during this period was to inject funds into the building of sport facilities. These facilities included multi-purpose indoor sport facilities, swimming pool upgrades and new builds, along with improved access to football pitches and outdoor facilities. This was a policy position the government held throughout the 1960s and 1970s. Jefferys (2016) explains the expansion in sport facilities was buoyed by the Advisory Sports Council’s consistent investment in sport infrastructure. The continued investment led to an increase in exercise participation of both men and women, mostly those in employment. Despite the investment, other groups identified within the community were still not participating to the levels expected.

The Advisory Sports Council has changed its name and function many times since its inception. In 1972, the Advisory Sports Council changed its name to GB Sports Council and acted as an intermediary between non-governmental bodies (NGBs), GSCs and government (Green, 2004a).

The primary objectives of government policy at this time remained the same – to encourage mass sport participation by building public facilities to remedy the widely-acknowledged shortages of sporting facilities (Green, 2004a; Jefferys, 2016).

Elite sport organisations were also in favour of building facilities and saw this as an important priority (Houlihan, 1991). The Government was prepared and able to inject funds into sporting facilities during the 1960s and 1970s, and Robertson (2014) explains that it was a time of “unprecedented choice and diversity” (p. 648) especially from a consumer from a sport participation perspective. The GB Sports Council prepared its first publication, “Sport for All” in 1972 – similar to a concept introduced by the EU in 1965, of the same name. However, Green (2004a) notes that with the advent of the GB Sports Council in the 1970s, focus became more on government intervention than voluntary participation. The suggestion here is that the government had begun to intervene and determine the future role of sport in society, ensuring that the funding model helped fulfil their political objectives.

Now that new facilities had been built in the UK such as indoor and outdoor sport stadiums and swimming pools, athletic tracks and football pitches, the government realised that it was a costly exercise to keep all of these facilities maintained to an acceptable level. This created what was seen as a financial burden on the state as well as to local council authorities. The following years saw a new management paradigm emerge in the way public finances were managed. This became known as New Public Management (NPM) and is described below.

2.2.2. New Public Management (NPM) and Professionalisation

NPM refers to a focus on management, target setting and efficiency practices. The UK voluntary sector has been subject to NPM reform since the 1980s (Bevir, Rhodes, & Weller, 2003). In short, NPM constitutes the application of business principles to organisations charged with delivering public services (Green, 2009). A key component of NPM is business-like decision making and ‘professionalisation’, which, in turn, is an integral aspect of neoliberal governmentality (Bondi & Laurie, 2005). ‘Professionalisation’ in the voluntary sector entails “...hierarchical, bureaucratic structures with internal divisions of labour between managers, welfare professionals and volunteers.” (Fyfe, Timbrell, & Smith, 2006, p. 637). Neoliberal governmentality and the influence of NPM has changed the philosophy and way of organising non-profit and community based organisations (Crowson, 2011).

In 1995 the UK government issued their own Sport policy document called “Sport: Raising the Game”. This policy document initiated the separation of government from community, mass sport

participation and physical activity. The core focus of the policy document was the continued support of elite sport through school sport and ensuring NGBs adhere to direct government objectives (Houlihan, 1997 as quoted in Green 2004a). NGB funding was closely tied to the adherence to these policy objectives. Additionally, as Green (2006) notes, government policy encouraged the adoption of "Performance in Sport" in schools as opposed to a more holistic outlook which might consider sport in the community. Essentially, the policy document made clear, the role of sport and GSCs was to foster elite sport participation, rather than enjoyment and healthy living for the population, and that this was the premise for all funding.

In the 1997 UK general election, "New Labour", under Tony Blair, was elected as the new government. Continued modernisation and professionalisation of government services was the key theme of the New Labour government, to which sport and leisure were not immune (Green 2004b; Green 2007; Green & Houlihan, 2006). Additionally, Green (2004a) notes that ironically, social inclusion through sport was a high priority despite the continued cuts being made in services provided by government. As Collins (2010; Jefferys, 2012) also notes the New Labour government were concerned with improving health, encouraging lifelong learning, combating social exclusion, and helping economic, physical and social regeneration.

In 2000, New Labour issued their government policy: "A Sporting Future for All". Many school sport policies state that one of the key outcomes was to identify young talent first and to then nurture them through the elite sport protocol. During this time, the government also invested heavily in creating up to 400 specialist sport colleges (SSC) to assist young athletes get to the next level in competitive sport development. Green (2004b) draws attention to the increasing influence of elite sporting goals to the UK sport policy sector and its influence on people's sporting ambitions to construct a pathway to the podium, at the expense of alternative voices within the sporting community. Lewis (2000) as quoted in Green (2004b), when referring to the UK government remarks that "the state [here, DCMS/UKSport/ Sport England] is able to set limits on people's interpretative activities which ensure that public discourse is dominated by narratives and meanings which serve its own ends" (p. 262).

Improved performance at the Sydney Olympics in 2000 compared with 1996, assisted in legitimising the UK government's policy (Green, 2004a). The latest policy issued in 2015 by the UK government, "Sporting Future: A New Strategy for an Active Nation", continues to focus on elite sport and school sport, with little focus on number of people participating at a GSC level. As David Cameron states in his message "So we will establish a new governance code that will be rigorously enforced at home and set a new standard internationally. The code will be mandatory for all sports bodies that want to receive public funding from 2017" (p. 7). This message indicates that the government will increase its level of control over the activities performed by all sports

organisations. David Cameron continues to state, “In delivering this strategy we will change sport funding so it is no longer merely about how many people take part, but rather how sport can have a meaningful and measurable impact on improving people’s lives” (p. 6). The impact on GSCs is that in order to receive any funding from their governing body, the mission and focus of the club is to focus on professionalisation of staff and athletes.

In essence the UK government’s policy in regards to sport funding, is that it does not focus on participation nor simply encouraging a healthy lifestyle. Instead, the focus is on sport for inclusion, school sport and elite sport. The result is that without other external sources of finance and resources, GSCs who are unable to adhere to very specific government mandates face the possibility of financial hardship and closure.

Professionalisation and funding for GSCs

As discussed above, the establishment of the GB Sports Council and introduction of NPM was the advent of professionalisation in sport. The GB Sports Council is the governing body responsible for managing sport funding received from government, and later the lottery fund, to ensure it flows to elite sport and mass participation sport and activity. It reports to parliament on progress towards goals and developments which indicates a significant move toward professionalisation in sport. Previously, sport was a fragmented industry. Now, there is one central body who has the authority to make decisions on who, how, and where people were able to participate in sports.

Previously, many GSCs and NGBs were run with a volunteer workforce, existed solely for the benefit of their members and continued to have low levels of reporting requirements. The increased commercialisation of sport since the late 1980s, also increased bureaucracy, given the level of money involved, which in turn encouraged more professionalisation (Donnelly & Harvey, 2011). Up until this time, the role of sport industry administrators was overseeing small budgets and establishing some strategic direction for sport organisations.

Taking into account Ruoranen et al, (2016)’s framework of professionalisation there are three interlinked component groups to measuring a sport organisations level of professionalism: People and Positions, Structures and Processes, and Strategies and Activities. Now, sport providers must capture huge amounts of data if they wish to continue to receive government funding to show they have professionalised. For example, sport organisations and GSCs must have a mission and vision statement, volunteer attraction and retention policies and programs, development programs for beginners to elite level performers, marketing campaigns to recruit new participants and members, and social inclusion policies and practices to satisfy government and funding requirements. Furthermore, coaches need to be professionally trained, clubs need to provide accredited referees

and officials for sport competitions to be considered legal and results official. Traditional club volunteers who were previously appointed to key board roles are being edged out by people with more appropriate qualifications. As such, more pressure to meet professionalisation standards within the voluntary sectors is being applied to meet the need for transparency by NGBs and by sponsors (Meenaghan, 2013).

With increased intervention, greater bureaucracy and funding tied to strict government requirements, GSCs have greater pressure to raise their own funding in order to survive.

2.2.3. Current Funding Hurdles for GSCs

UKSport (formerly the GB Sport Council), receive an allocation of funds from revenues received from players of the lottery. For sport, this was a financial windfall, with the government pouring more money into sport than ever before. Forrest and Simmons (2003), and Green (2004a) says “the introduction of Lottery funding was the single most important event of the last 40 years for elite sport development” (p. 371). The introduction of the Lottery Fund allowed investment into the three main streams of sport policy – Sport for Social Inclusion, School Sport and Elite Sport. Despite the lottery fund’s ability to flow funds toward elite sport, it is difficult to find evidence of any benefits for grassroots sports.

Given the changes to the way sport clubs are financially supported in the UK, the following describes some of the challenges they face in remaining financially sustainable so they can deliver for their members and the community. For example, the London Olympics was expected to help revive interest in sport in Britain and with it interest in GSCs. It received US\$2.5bn in broadcasting rights alone (IOC Marketing Fact File, 2016) but little evidence exists about the direct benefits for GSCs. Földesi (2014) provides some insight and concludes that despite increases in broadcasting revenue, priority of funding was given to elite sport, and no evidence has been provided to determine the trickle-down effect for GSCs.

Furthermore, reductions in government funding since the 2008 recession has seen people’s interaction with GSCs decline as a result of several factors. Increase joblessness, decreasing disposable income, lower household savings, a growing population of disillusioned youth have contributed to less engagement with GSCs (Földesi, 2014). Unfortunately, the decline in the volunteer workforce that existed before the recession (Cuskelly, 2004) was exacerbated by the 2008 recession (Földesi, 2014). The effect of the increase in financial constraints on participants and declining volunteer numbers has been detrimental for many local GSCs and many clubs have merged with others or simply discontinued their activities. Földesi, (2014) suggests that it is

paramount for GSCs to have robust plans and adapt to an ever changing economic, social, cultural and political environment to reduce the risk of closure.

In the most recent Clubs Survey 2017/18, from the Sport and Recreation Alliance, an authoritative source of sport research in the UK, the following responses from clubs, highlights the disjointed approach to improving a GSC's financial outlook: The report highlights that the annual average income for a GSC was £35,648, and the average costs were £41,874. Whilst there can be outliers with both the revenue and costs that distort the average, the underlying message is that on average it costs more to run a GSC than the income they can generate.

Table 2 below, lists the type of revenue generating activities GSCs have undertaken in order to increase their revenue over the last 12 months. GSC's selected were able to select multiple responses that were appropriate.

TABLE 2. Survey responses adapted from the Sport Club Survey report 2017/2018

Action Taken to Increase Revenue	% of clubs who undertook action
Actively recruited more members	48%
Held more social events	41%
Applied for additional funding	38%
Increase membership fees	28%
Offering sponsorship opportunities to other organisations	24%
Accessing community grants	23%
Hiring out the club's facilities	22%
Holding sponsored events/challenges	17%
Increasing/introducing additional costs to members	14%
Developing a new way to make money for the club	12%
Increasing charges to non-members	7%
Undertaking crowd funding campaigns	3%
Accessing social finances	1%
Using community shares	1%

The Clubs Survey highlights that membership fees have increased substantially from 2011 to 2017, being 49 percent higher in 2017 than 2011. Despite the rise in fees, clubs are still struggling to remain financially viable. Increasing fees from participation is not synonymous with increasing participation rates. From Table 2, we can see that 28 percent of clubs increased their membership fees and 14% introduced new fees to members in the last 12 months, increasing the cost to

participate in club activities. The survey makes an ominous observation: “This suggests that clubs whose finances were precarious five years ago have struggled to improve their financial position since and have consequently started to make a loss” (Sport and Recreation Alliance, 2018, p. 18). Additionally, the survey makes no mention of how successful GSCs were in undertaking any or all of these new activities. Nor does it offer any guidance on how to implement strategies. Up to 43 percent of clubs made a loss or broke even. Crucially, the survey does not identify the number of clubs that have closed or merged with other clubs. Overall, this survey provides a very unhealthy picture of the financial sustainability of GSCs and suggests the future is not encouraging.

The research is clear: GSCs are under increasing pressure to remain financially viable. Without a sustainable operating model, GSCs will not be able to fulfil their role in society and continue their important work in local communities. GSCs must find ways of attracting and engaging people, as there are many benefits from being involved in GSCs. The opportunity to participate with others outside of the home and to engage socially, are extremely important for those who feel isolated or come from deprived neighbourhoods. Individuals can gain skills, share skills and develop their local community. Finding additional funding sources could help clubs offer programmes to varying age groups, modify highly competitive environments for leisure and physical activity pursuits with the additional benefit of assisting in the attraction and retention of participants and members who will contribute to their community. Holt, Kingsley, Tink, & Scherer, (2010) identified that the financial pressure that many families find themselves under is a barrier to participation in GSC activities which suggests that increasing member fees is not a sustainable option. Despite this barrier, as noted in Table 2, 28 percent of clubs have found it necessary to increase membership fees to survive.

Additionally, it is important to note from Table 2 that 24 percent of clubs have engaged in sponsorship opportunities. Sponsorship is an important aspect of raising funds but still not leveraged well within a GSC setting. Large sports clubs and federations are highly engaged in sponsorship but GSCs are not. The Club Survey 2017/18 report indicates that there are other actors within the local community that, given the right rationale, might look to invest in local GSCs and provide GSCs one avenue for external funding and resource opportunities.

2.3. The Relationship Between Business and Sport

Berrett & Slack (2001) observes that funding from the public purse in the UK has declined since the 1980s. However, as successive governments have increased support for elite and professional sport there has been a shift from sport as recreational, community-based activity to a global, profit-

making industry. This is largely driven by corporations having identified new and innovative ways to promote themselves through sport. There is more money in sport than ever before. According to the IOC Marketing Fact File (2016), the London Olympics raised US\$2.5bn in broadcasting rights alone. The following section discusses why, how, what the benefits and the risks are, for corporations marketing themselves through sport.

2.3.1. Reasons Corporations Sponsor Sports

The success of athletes, teams, clubs or events on a world stage has become an attractive medium through which corporations can promote themselves. A significant difference between sponsorship and traditional advertising is the development of a relationship between sponsor and consumer (Parker & Fink, 2010). The following sections outline how corporations have used sport to market themselves to both new and existing customers. Firstly, there is a brief introduction to sponsorship, how it occurs and the benefits and challenges. Secondly, the associated risks of sport sponsorship for corporations are identified as well as how they can be managed. Next, how corporations measure and evaluate the outcomes from their investment in sport is discussed. Finally, the types of strategies that can be employed by corporations and how sport sponsorship might meet their corporate objectives is considered.

Collaborating Through Sponsorship

Austin (2000) notes three ways in which non-profit or community based organisations and businesses can collaborate and co-operate to achieve organisational outcomes. The collaboration types are philanthropic, transactional, or integrative. These collaboration styles have different characteristics based on the outcomes both organisations are looking to fulfil and sit on at different points on what Austin (2000) calls the “collaboration continuum” (pg 71). Although having a US focus, the key conclusions from Austin (2000)’s seminal study in sponsorship strategy defines what value-adding means to both parties, identify the drivers enabling alignment and establishes the behaviours expected of each party in the collaboration.

Sponsorship in sport is one of the most researched subject matter within sports academia and therefore a lot is known about this type of partnership, especially due to the increasing levels of money involved. According to the IEG, (2018) report, opportunities for business organisations to market themselves through sponsorship are expected to grow in the future given the growing number of charities, arts schools and sports organisations that are willing to receive funds.

Sponsorship

This thesis uses Meenaghan's definition of sponsorship in that "Sponsorship is the investment, in cash or in kind, in an activity in return for access to commercial potential associated with that activity" (Meenaghan, 1991, pg 36). The leading global sponsorship consultancy IEG, reports that worldwide corporate sponsorship, of which sport is the largest component, has grown from US\$10.03b in 2003 into a US\$65.8b industry in 2018 (IEG, 2003; 2018). In order to attract and engage with existing and potential customers, corporations market to communicate their message regarding the benefits of their products and services. The marketing promotional mix is what a business uses to communicate its message to attract attention, provide information and raise awareness. There are various modes of promotion including advertising, public relations, personal selling, sales promotion and sponsorship. This thesis focuses on sponsorship because it is the most prevalent way in which sports organisations can access funds from the private sector.

Benefits of Sport Sponsorship

There are many compelling reasons that corporations continually invest in sport sponsorship. The primary benefit of sport sponsorship as a form of marketing is that it has the ability to dissect through the marketing noise, creating customer loyalty and can speak to people directly. Sponsorship is a medium of indirect communication from the sponsor to reach multiple audience targets in the fulfilment of corporate objectives (Ryan & Fahy, 2012; Cornwell, 2008). Brand loyalty occurs as a result of the sponsorship being indirectly associated with the type of teams or events, and the transfer of goodwill from the team or event to the sponsoring brand.

Corporate Image and Transfer of Goodwill

Sponsorship is a commercial method of engagement with fans, consumers, teams or other sport properties. Corporations sponsor sport to enhance their brand image and equity (Kang & Stotlar, 2011). Moreover, people use sport fandom to derive self-esteem by attaching themselves to a sports team containing characteristics that they desire to associate into their own identity (Parker & Fink, 2010). This could be also said of corporate identity and is a main reason for the amount of money spent on sport sponsorship. As an example, (Söderman & Dolles, 2010) noted in regards to sponsorship of the Olympics in China in 2008, Coca Cola focused on building the relationship between the consumer and the product through their affinity with a particular sports object and enjoyment through sport. Local consumers had not had many opportunities to interact with the brand, and therefore the strategy adopted was to create multiple opportunities for consumer

engagement. Initially, sport sponsorship allowed audiences to interact with a corporation through a feel good factor, or associations with ‘giving back’, creating and transferring goodwill in the mind of the audience to the sponsor’s product (Crimmins & Horn, 1996; Walliser, 2003). Sponsorship generally raises public opinion of the sponsoring company and to some extent affects consumers purchasing choice encouraging them to become more likely to buy the sponsors’ products (Walliser, 2003). The sense of enjoyment within the sport context transfers into goodwill towards the corporate product being promoted and encourages sales.

Networks and Relationships

There has been an increased focus on the various objectives sponsors of major sporting events have and how they are achieved. Major sponsors of the Olympics in China used sport sponsorship to build relationships and networks through co-branding with other major sponsors (Söderman & Dolles, 2010), as well as building alliances (Wagner & Nissen, 2015).

Understanding and implementing strategic relationship marketing including identifying sponsorship partners can also be useful in reaching consumers that may seem out of reach. As Cousens, Babiak, & Braadish, (2006) notes that a key objective of sponsorship activity is forming inter-organisational relationships. Some corporations focus on major sponsors versus minor sponsors, as well as major sport organisations versus minor sport organisations and the perceived value of aligning with each.

In addition, sponsorship objectives can be set for relationship and interpersonal network building not only with targeted consumer and business markets, but also employees, industry partners and stakeholders (Olkkonen, 2001; Farrelly, Greyser, & Rogan, 2012; Wagner, Persson, & Overbye, 2017). Evaluation criteria to assess the value of relationship opportunities are likely to be based on heuristics (Johnston & Paulsen, 2014), although this makes it difficult to measure the benefits with any level of certainty.

From a corporate perspective, the continual professionalisation of sporting clubs, teams and individuals makes marketing a business through sport a very attractive way of emotionally engaging with potential customers, sport team’s fans and other businesses. Wagner, Persson, & Overbye, (2017) found that the potential importance of team sport clubs for the business landscape, demonstrated that sport clubs fulfil an important role for local communities.

Finally, building consumer relationships through fan engagement has been shown to be one of the objectives for many sponsors. Many studies talk about sponsorship encouraging fans purchasing merchandise and fan involvement in branded activities. Sponsors use the emotional connection to

teams, athletes or the club, to specifically market to fans (Trachsler, DeGaris, & Dodds, 2015). Minimising the potential negative impact of commercialism on fans and engaging in strategic sponsorship decisions is a risk that needs to be reduced to maximise the potential for sponsorship activities to drive increased sales (Crompton, 2014; Trachsler, DeGaris, & Dodds, 2015).

Employee Goodwill

Sponsorship has been known to create greater levels of employee engagement within a business (Farrelly et al, 2012; Meenaghan, 1991). High levels of staff engagement with sponsorship arrangements, develop both corporate and employee identity (Farrelly et al, 2012), and therefore create the opportunity for better corporate outcomes such as internal goals targeted at promoting employee engagement at work. By engaging staff specifically in sport sponsorships, corporations can use sport analogies to build a corporate culture to assist in reaching its other objectives. Many corporations try to attract high quality employees through CSR sponsorship, in the hope of increasing their morale, motivation, loyalty and commitment (Stoian & Gilman, 2017). An added benefit is that the employer is seen in a favourable light by the employee because they are seen to be giving back to the community in which they operate. In addition, it is likely to attract like-minded people to apply for positions within the organisation and potentially reduce the cost of hiring, ensuring that potential employees are already a good “fit” for the organisation. This suggests that sponsorship portfolios can serve to express corporate values but also to orient consumers to current marketing messages (Cornwell & Kwon, 2019).

Attracting New and Existing Customers

Customers are the most important actors in a company’s environment. The aim of the entire value delivery network is to engage target customers and create strong relationships with them. According to Kotler, Armstrong, Harris & Piercy, (2016: pg 72), there are five types of customer markets: (1) *Consumer markets* consist of individuals and households that buy goods and services for personal consumption; (2) *Business markets* buy goods and services for further processing or use in their production processes; (3) *Reseller markets* buy goods and services to resell at a profit; (4) *Government markets* consist of government agencies that buy goods and services to produce public services or transfer the goods and services to others who need them; and (5) *International markets* consist of these buyers in other countries, including consumers, producers, resellers and governments. The role of a decision-maker in the marketing process is to apply knowledge of the business’ products, their markets and their customers and communicate the benefits to new and

existing customers in engaging ways to encourage consumers to purchase. One engaging way is through sport sponsorship.

According to Kotler et al (2016) the role of marketing “is the managing of profitable customer relationships. The twofold goal of marketing is to attract new customers by promising superior value, and to keep and grow current customers by delivering satisfaction” (pg 4). In order for an organisation to grow successfully, they need to acquire new customers and retain current customers, through the development of value based relationships and in a way that is profitable for the organisation. “Sound marketing is critical to the success of every organisation”, where marketing is defined as “the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return” (Kotler et al, 2016: pg 5). Sport sponsorship offers a way of fulfilling business goals if used strategically.

Corporate Social Responsibility (CSR)

Over the past decade, many corporations have introduced a new policy of CSR that enables them to reach various sectors of the community. As part of their marketing plan, corporations have teams who work with non-profit organisations such as charities who deliver good outcomes on community based social issues. Corporations provide both financial and non-financial support to the non-profit sector in order to assist and improve their ability to deliver social programmes at local, regional or national level through their CSR programmes and initiatives. Corporations engaging in CSR programmes which provide financial and/or non-financial support is consistent with the definition of sponsorship in this thesis.

There are many benefits of corporations engaging in CSR programmes. One benefit is that employees get an opportunity to work with organisations that need their help. As previously mentioned, from a corporate perspective, any method of employee engagement is beneficial to build trust and loyalty within the company (Żychlewicz, 2014). The opportunity for the employee to engage in activities outside the workplace and in the community within which the corporation is located and give back to those people within the community that really need it, creates trust within the community (Drews, 2010). Trust becomes a competitive advantage for the business.

In addition to financial support, many corporations also offer their employees’ skills and abilities, technical knowledge, interest and enthusiasm in order to deliver a range of programmes by non-profit organisations. Corporate employees can participate with the non-profit organisation by assisting, for example, in planning, finance, HR, creating member policies and protocol, or assisting with officiating or record keeping during events. For those non-profit organisations who do not have the skills, time or resources needed in order to keep the organisation delivering their

goals, having professional volunteer resources can be the difference between success and failure. Financial benefits also accrue to the community based organisation because they do not have to pay salaries or fees for professional expertise.

Sponsorship through CSR activities can have many benefits for companies such as enhancing their community visibility and image (Żychlewicz, 2014), creating powerful inter-connected networks and relationships (Żychlewicz, 2014; Drews, 2010), greater customer reach or satisfaction (Drews, 2010) and greater employee morale (Ko, Rhee, Kim, & Kim, 2014; Drews, 2010) as well as better recruitment, leading ultimately to greater sales or lower costs that lead to profit growth (Żychlewicz, 2014).

Challenges of Sport Sponsorship

As with any tool, there are challenges to overcome in the application of sport sponsorship and meeting corporate aims. Sometimes company policies are aligned with their mission statements and proposed corporate identity. Occasionally there is not always an obvious or logical connection between these policies and some of the companies' actual sponsorship selections (Cunningham, Cornwell & Coote, 2009; Azar, 2014). Hence, the link between sponsorship policy and sponsorship selection may not be stringent and identifying a direct link can be difficult. Additionally, the sponsorship decision is sometimes reliant upon heuristics and the judgements of the individuals involved in determining the selection, rating and evaluation criteria are also part of the final sponsorship decision approval (Daellenbach, Thirkell & Zander, 2013). Lee, Sandler & Sharni, (1997) identified four main sponsorship objectives, with the most important being corporate objectives; then marketing objectives; media objectives; and, finally, personal objectives. However, the clear pursuit of any of these objectives can be difficult to identify (Hartland, Skinner & Griffiths, 2005) and the mixing of motives leads to less successful sponsorship outcomes.

To engage in sponsorship activities, corporations requires the financial capability to invest financial or non-financial resources towards the sponsored organisation. With each sponsorship decision there is a level of risk associated with these transactions. The next section provides an overview of the risks around sponsorship, the types of risks and what can be done to mitigate them. The risk of a negative outcome or not achieving the stated goals of the sponsorship, is something corporations work hard to overcome, and is discussed in more detail below.

2.3.2. Managing Risk of Negative Outcomes

To many, the investing in sports organisations through sponsorship seems like a natural union of partners, all profiting from the mutual benefits of the transaction. Today, sponsorship of everything from television and radio programmes, through to arts, culture, charities and sport seems to be an everyday part of life.

With the widespread prevalence of sponsorship activity, one might be led to believe that sponsorship is undertaken by large and small organisations alike, and is free of risk for the parties involved. For a long time now, many large corporations have seen the benefit of aligning themselves and investing in successful sporting organisations or sporting events. Also, many sporting organisations have seen benefits from entering sponsorship arrangements with corporations. The following explores how large organisations have been successful in their approach to sponsorship which are potentially risky transactions.

Identifying and Managing Risk

When faced with the question “what is risk” in relation to any decision, most people would immediately think of what the bad or adverse outcomes might be by taking a certain decision. There are in fact two forms of risk. One form is called “up-side risk”. Up-side risk relates to assessing whether there is a risk that a decision could turn out better than expected. The other form is “downside risk” and this is associated with what could go wrong in regards to a particular decision (Johnston, 2015). Most parties want to avoid downside risks with any decision they make whether they are real or perceived risks. Risk is prevalent in many decisions that people make, and the same is true for corporations. For corporations, constraints on time and money, lack of knowledge, limited capacity and inappropriate systems risk their ability to effectively use sport sponsorship to meet their objectives (Inyang, 2013). These constraints and limitations can also mean that sport organisations miss out on valuable sponsorship opportunities increasing their risk of financial instability. How corporations manage their risk is discussed below.

Approaches to Risk Management

The decision for a company to sponsor an event, club, athlete or for any other purpose, is inherently risky, meaning that not every circumstance about the sponsored organisation is controllable by the sponsor. Accidents, behaviours and other incidents can have a negative impact on the sponsorship parties. For instance, corporations may experience a loss of consumer confidence and reduced

sales. Not paying attention to risks can lead to negative effects resulting from the actions of others. Johnston (2015) reveals three orientations towards managing risk. These are being promotion focused orientation (positive), prevention focused orientation (negative), or problem-solving orientation (in the moment). How a company, manager or individual approaches risk will determine the solutions they implement to manage and minimise them. Sports organisations also need to consider how the sponsorship arrangement benefits or limits their activities.

Types of Risk

Identifying a potential organisation to sponsor requires skilful management. There are many risks associated with sponsorship as discussed below, so a decision-making manager needs to be aware of and manage them. Managers also need to appropriately evaluate whether the upside risk outweighs the potential downside risk. Sports organisations also need to consider the risks to their operations. Outlined below are the more prominent risks that are generally considered by businesses and sport organisations when entering a sponsorship arrangement.

Financial Risk

From the perspective of the sports organisation, the level of real or perceived financial risk increases, as the amount of sponsorship, as a proportion of total revenue, increases (Coates et al, 2014). When sports organisations receive a large amount of their revenue through sponsorship, a level of organisational dependence on this income emerges. If the staff at sport organisations are remunerated according to one specific revenue source, this can lead to organisational issues of financial dependence and potential loss of jobs. When the sponsorship arrangement stops, with limited sources of other revenue, the sports organisation may become financially distressed.

Furthermore, in particular to non-profit sports organisations, as the amount of sponsorship as a proportion of total revenue increases, volunteer dissatisfaction has also been found to increase because unpaid volunteers see others getting paid for the same jobs they are doing (Coates et al, 2014). Volunteers can therefore become disenfranchised with the sport organisation, leading to conflict within the organisation. These risks need to be understood and managed for a successful sponsorship relationship to develop.

From the perspective of the sponsor, there is the risk that the money invested into the sponsorship agreement, does not give the expected return amount on investment. The most obvious risk is that sales and revenue do not reach targets. This means that the sponsorship arrangement was not profitable.

Operational and Functional Risk

Crompton (2014) posits, sports organisations who explore sponsorship income opportunities can become susceptible to pressure from sponsors and face potential operational risk factors such as changing uniforms, making events more exciting, changing the timing or duration of events – all ultimately comprising the sport, the organisation or the athlete. Examples of this type of activity can be seen with the television time-out to make room for commercials, now set out in the code of play in many sports such as American football, American basketball and volleyball. These types of stoppages for commercials can reach many television viewers but can distract from the main event – that is, the sport.

Operational risk for GSC's also includes sponsors exerting their power over the sports organisation and how they operate. These can include demands for more time for administrative tasks, resources, skills and effort by volunteers to maintain processes and systems to monitor the sponsorship agreement (Coates et al, 2014). Running sports organisations in this manner, increases the risk of finding suitable volunteers to assist in the day-to-day running of the organisation due to the need to meet ever increasing requirements. The function of the sport organisation and the role of sport can then change from benefiting the community to undertaking administrative tasks for the sponsor.

Operational risk can arise when there is dissatisfaction with the sponsorship agreement between parties - misalignment of expectations, not understanding the risks involved or have strategies to minimise risks including disaster recovery plans (Johnston, 2015; Wagner & Nissen, 2015).

Reputational and Sport Scandal Risk

Crompton (2014) also identifies reputational risk to the sport or club, if the sponsoring organisations values are not aligned with their values. For example, if the sponsor's reputation or brand in the community and the marketplace is seen as promoting anti-social behaviour or not promoting a healthy lifestyle, these negative attributes can be transferred to the sport or sports club. The association with sponsors of this kind, may jeopardise the image of the sport organisation within the community. Of course, the reverse could occur. (Carrillat & d'Astous, 2014; Prior, O'Reilly, Mazanov, & Huybers, 2013; Wagner & Nissen, 2015) highlights the impact of numerous adverse headlines and sport related scandals, that have exposed sport athletes, clubs or organisations, to have engaged in socially unacceptable behaviour. The ramification of adverse media exposure has the potential to damage the reputation of the sponsoring organisation, driving away new and existing customers especially in a local setting. Adverse media exposure is often a cited as a reason why business is sceptical when it comes to the benefits of sponsorship. For a

GSC, a sponsor's unhealthy public image may lead to the public questioning their motives and decision-making for their activities and community events (Batty, Cuskelly, & Toohey, 2016).

In order to understand how corporations have been successful in their approach to sponsorship, one needs to carefully understand how a business approaches potentially risky transactions and steps taken to manage and minimise risk (Wagner & Nissen, 2015). The following section explains the next important step in determining the success, or not, of a sponsorship activity: how to measure and evaluate success.

2.3.3. Measurement and Evaluation of Sponsorship Success

Measuring and evaluating the success of sponsorship activity has drawn a wide variety of opinion in academic literature. Generally, there is a consensus that there is lack of assessment because the process of sponsorship evaluation has not been solidified in theory or practice (Penna & Guenzi, 2014; Meenaghan, McLoughlin, & McCormack, 2013). Corporate sponsors consider many factors in the decision making process of sponsorship. Meenaghan (1983) notes that factors to consider in evaluation include the ability to fulfil objectives, such as appropriate links between the image of the sport or event with sponsor's products, media coverage, ensuring sponsor's budget is not exceeded, reaching target markets, fulfilling hospitality requirements (e.g. corporate boxes at events), meeting executive preference for sponsoring and the geographical market coverage.

Even with clearly defined aims, there can be problems evaluating or measuring the success of sponsorship. It is difficult for a sponsoring organisation to measure the success of sponsorship using traditional mechanisms because methods such as sponsor recall, surveys or interviews that focus on participants and/or fans purchase intentions, are subject to response bias in focus groups and subsequent purchases from the sponsorship activity can be hard to track (Zaharia, Biscaia, Gray & Stotlar, 2016). Therefore, decision-makers must identify the most relevant sponsorship measurement criteria, versus what is simply the easiest metric to measure (e.g. actual purchase of sponsor product (useful but difficult to measure) versus the intention to purchase (easy to measure)). Sponsors need to clearly articulate what and how success will be measured to the sponsored organisation so that they can work together to understand the benefits and challenges of each measure, and find the best solution.

More and more the sponsorship literature is turning toward the use of financial language. One of the most common terms in finance in regards to establishing success or failure is return on investment (ROI). ROI is discussed in more detail below.

Return on Investment

Evaluating returns from sponsorship has historically been lacking especially before professionalisation and before large sums of money became involved. As academic researchers have become more interested in sponsorship and how decisions are made, attention has naturally turned to how to measure the benefits. Crompton (2004) and Jacobs, Pallav & Surana, (2014) suggest five metrics that could be used to assist in understanding the return on investment (ROI) of a sponsorship agreement: (1) *Cost per reach* where a sponsor measures the number of people (in the target demographic) that are exposed to the sponsorship and other activation activity; (2) *Unaided awareness per reach* where the target audience is able to recognise the sponsor's name or logo, and usually requires specific activation activity supporting the ability of the target audience to recognise the sponsor; (3) *Sales/Margin per \$ Spent* where this financial measure tries to articulate the value in terms of additional revenue, for each unit of cost spent on sponsorship; (4) *Long-term brand attributes* whereby the target audience places certain attributes to the sponsor and the sponsor then analyses these to determine whether they fit with the brand's vision of the attributes they wish to portray; and (5) *Indirect Benefits* where the corporation measures whether and to what extent the sponsorship arrangement stimulates indirect sales from any hospitality or business-to-business relationships that may occur during the sponsorship period.

The importance of having a decision and measurement framework cannot be understated especially as sponsorship develops more prominence and the amounts spent by corporations on sponsorship increases. The ability to justify the sponsorship spend using business objectives as measures and creating evaluation techniques to support the sponsorship activity, at least, in a corporate setting will be paramount because it involves the use of corporate funds.

The following section will outline the type of sponsorship strategies corporations use to guide in the decision to sponsor a sport organisation.

2.3.4. Strategic Sponsorship

The decision to sponsor a sport organisation is not an easy one. Companies must decide who to sponsor, why they are sponsoring, what activity will be sponsored, what are the risks of sponsorship and how they will measure and evaluate the sponsorship's effectiveness and ROI. The next section elaborates further on how a corporation decides on a strategic sponsorship decision and how the sponsorship objective may influence corporate decision making outcomes.

Strategy and Decision Making Protocol

The research on sponsorship decision making is disparate and approaches decision making from various angles (e.g Azar, 2014; Greenhalgh & Greenwell, 2013; Berrett, & Slack, 2001). Demir & Söderman (2015) have tried to consolidate the research and recently developed a conceptual framework using resource based value for sponsorship decisions in sport. They use an integrated approach which considers the most prevalent decision making concepts. The framework consists of three broad sponsorship strategies: (1) *Investment* strategy; (2) *Relational* Strategy; and (3) *Animation* Strategy. Within each of these strategies a further two sponsorship activity types are identified, as discussed below. The goals and objectives of the sponsor and the sponsored, then assists in determining the most appropriate sponsorship activities that will deliver on those goals and objectives.

Investment strategy is symbolised by two further sponsorship types and focuses on how to build a competitive advantage for each organisation through communication strategy. Firstly, *philanthropic sponsorship* is where the objective of the sponsor is associated with a cause, such as social deprivation, and the underlying outcome for the sponsor and the sponsored is to build upon the current resource capability between both organisations. Until the 1980s, sponsorship in sport mainly consisted of transactional gifts or donations from a sponsor to a sponsored entity. There were broad corporate objectives with this type of sponsorship such as trying to communicate a message to a wide and varied audience. For example, Coca Cola has sponsored the Olympics since 1928. Initially, this may have been done to reach what is today a global audience creating and transferring goodwill in the mind of the audience to the sponsor's product (Crimmins & Horn, 1996; Walliser, 2003).

Secondly, with *brand alteration sponsorship* the objective is to ensure the sponsored organisation's good name and favourable standing in society is transferred to the sponsor. As the level of money spent on sponsorship rose dramatically and its potential as a medium to communicate with customers increased during the 1990s, the need for accountability also increased. The need for measuring such things as interactions and return on investment became more common. The focus of sponsorship became *market oriented* and turned towards increasing brand image and awareness. Ryan and Fahy (2012) describe this market orientated approach as a market centred approach to sponsorship decision making and strategy.

As the level of professionalisation in sport increased the need to measure success became increasingly important to both the sponsor and the sponsored organisations (Walliser, 2003). Leisure, and sports in particular were receiving more media coverage so organisations wanted to take advantage of the exposure to a large audience but in order to do so, corporations needed to

understand its value. Many corporations such as Coca Cola, McDonalds, General Electric, Johnson & Johnson, sponsored sporting events such as the Olympics to gain exposure (Söderman & Dolles, 2010). As well as transferring goodwill as mentioned with the philanthropic approach, sponsors were keen to measure the transfer of goodwill into sales and purchase tendencies of consumers (Walliser, 2003).

Relational strategy is symbolised by the following two sponsorship types and also focuses on how to build a competitive advantage by creating hard to imitate propositions based on network knowledge. Firstly, *alliancing sponsorship* indicates that there is a power and influence relationship between the sponsor and the sponsored. The overall objective is a co-ordinated proposition that suits all actors through an iterative process because the sponsorship relationship occurs over a number of years. The sponsor may control the process and be the central hub of the relationship and through the iterative process builds relational capital. The value is created for all actors in the relationship based on what strengths each brings to the sponsorship proposition Demir & Söderman (2015).

Secondly, *deal-making sponsorship*, is the process whereby the deal-maker acts (e.g. marketing agency) as an intermediary and knowledge broker for organisations who may be less organised or effective in creating a new proposition which they can market and forms sponsorship relationships with. Deal-makers assess both sides of the transaction (i.e. what the sponsor needs and what the sport organisation can offer) for suitability, ability to recreate an appropriate event, the necessary knowledge and the existence of any free-rider problem where one party can profit from little or no input. A deal-making sponsorship strategy results in resource orchestration which is the ability to bundle resources in a way which are hard imitate by others (Demir & Söderman (2015).

Animation strategy involves two types of sponsorship activity and focuses on how to alter the brand position in the mind of consumers. Firstly, *activation sponsorship* is the process whereby efforts are made to align the brand with the sponsored object (e.g. sporting event), through communication and engagement with consumers. Sponsorship activities require engagement with consumers so that they recall or memorise brands at the point of purchase, in any future purchase decision making or as a way to strengthen pre-existing links in the memory of consumers. These activities create routines, repeated interactions, frequent engagement in sponsor activities reduces the transaction costs and the procedural memory for consumers (Demir & Söderman (2015).

Furthermore, internal sponsor decision making becomes a learned, repeated, and a heuristically based activity after multiple repetitions. The need to further understand the motivations of consumers to purchase the products of the sponsor, led to the evolution of the consumer centred approach (Ryan & Fahy, 2012). At the centre of this approach, was the desire to understand what

drove consumers to purchase products, how they engage with sponsors, the products on offer and what meaning consumers placed on the product as part of their self-image (Cornwell & Maignan, 1998) and emotional engagement (Gwinner, 1997; Coppetti, Wentzel, Tomczak, & Henkel, 2009). Academics and businesses continue to research the connection between sponsorship and consumers in order to fully understand the relationship (Demir & Söderman, 2015).

Secondly, *collective sponsorship* which forms part of animation strategy is different to other strategies. In this approach, sport property decides the most appropriate sponsors as well as the objective of the sponsorship arrangement. Potential sponsors then bid for sponsorship rights. In this relationship, there is asymmetrical power relations between the sport property and the sponsor. The sponsor builds knowledge of the sport property and its consumer activation strategy process to gain an advantage over other companies who are also wanting to sponsor. With this strategy there is no guarantee of immediate success and the as the sport property (e.g. Olympics) is not easily imitable the opportunity to sponsor may only occur once. What is beneficial is the knowledge gained because the sponsor will learn how to meet the needs of sport property.

Vance, Raciti, & Lawley (2016) found that knowledge lowers the risk of sponsorship decision-making and informs the types of strategies undertaken. Greenhalgh & Greenwell (2013) explored sponsoring decisions in niche sports where sponsors sought to increase their awareness about their offering within a specific target market. The sponsor wanted to enhance their company's image and increase their community involvement through their sponsorship in sport.

Sponsorship arrangements and relationships are complex for both corporations and sport organisations. Even corporations require teams of highly experienced people to develop, plan, execute, measure and evaluate all the related sponsorship and integrated marketing activities to determine the effectiveness in meeting their ROI objectives. Aligning any strategy and the desired outcomes, sponsorship agreements are given every chance of success.

In regards to GSCs, their main source of revenue is currently through membership fees which is considered an internal source of revenue. Government funding is focused on supporting school sport and is no longer a source of funding for GSCs. NGBs receive funding via the lottery fund which is focused on elite sport and ensuring national representation and elite sport systems are in place. Therefore, GSCs need to find funds from other sources to cover the increasing costs of running their clubs. Ultimately, GSCs must develop a different style of engagement and strategic relationship between the private sector and their community. Given the success of sport sponsorship, this thesis suggests that corporate sponsorship but on a smaller scale (i.e. through SMEs) could provide source of funding for GSCs

2.4. Small and Medium Sized Enterprises and Sport Sponsorship

Academic research in relation to SMEs and sponsorship activity is scant (Webb & Carter, 2001; Inyang, 2013). Despite the lack of research, SME's represent at least 95% of companies worldwide, employ between 50 to 60% of the world's workforce, and generally have the community in mind when they do business (Inyang, 2013; Enderle, 2004). Within the EU, SME's provide 66% of employment opportunities within the private sector (Webb & Carter, 2001), providing a substantial link to the community. Despite their prevalence, little is known about how SMEs undertake their decision-making in regards to local level sponsorship.

Some research does exist, however. When examining SMEs and sponsorship, Webb & Carter (2001) found that an SME's customer base tends to be local or within the same region to their business and embedded in their local community (Perrini et al, 2007)

As a result, SMEs focus on fewer customers and initiate marketing strategies that are personal in nature, such as word of mouth, personal contact from managers, or employee engagement with the sponsor organisation. Additionally, SME's focus on low cost marketing strategies Webb & Carter (2001) or those with low risk where the benefits are more known. SMEs also generally prefer to sponsor local events (Lamont & Dowell, 2008; Webb & Carter (2001) or community-based charities (Webb & Carter, 2001; Vance, Raciti, & Lawley, 2016). Many of the activities undertaken by an SME are interrelated with its environment and focus on local community organisations (Enderle, 2004). As a result, "SME's marketing plans are generally a continuation of what works for them currently" (Webb & Carter, 2001, pg 175) and they may be guided in their decision-making by heuristics, or past experience (Demir & Söderman, 2015).

Furthermore, SME's have been found to benefit from sponsorship by enhancing their community visibility, creating greater customer satisfaction and greater employee morale and recruitment, ultimately leading to greater sales and profit growth (Inyang, 2013; Webb & Carter, 2001). Many SMEs undertake CSR activities informally – that is without a specific policy guiding behaviours (Perrini et al, 2007). This is related to their tendency to use heuristics in decision making. For SMEs who are involved in CSR activities, Santos (2011) identifies that social responsibility practices mainly take place within the company as a practice which is embedded in the company culture to raise employee motivation, reduce costs and build better client relationships.

The influence of the owner in sponsorship decision-making cannot be underestimated. The owner can preside over business activities such as marketing and CSR activities and can be based on personal preference (Santos, 2011) and personal relationships (Perrini et al, 2007). Relationships are a very important asset to SMEs. Many SMEs especially within a US context, engage with non-

profit organisations and seek long term relationships to address community needs and issues (Zatepilina-Monacell, 2015). This is very similar to the role of GSCs (see section 2.1.1, above).

While an SME can experience many benefits by sponsoring, they do experience some barriers to exploring new marketing and sponsorship opportunities. SMEs sometimes lack valuable resources such as time and money to invest in sponsorship arrangements in order to obtain the benefits. They also often lack specific knowledge about sponsoring opportunities, which GSC assets to utilise and implementation of the sponsorship arrangement. An SME's limited personnel, resource capacity and management of data limits their sponsorship capability. (Inyang, 2013).

Since SMEs have less money and resources to spare, when they do invest in sponsorship, some choose to align themselves quite heavily with an event (Mack, 1999). Others take an adversarial view of an event as it could mean lost revenue if the event is disruptive, resulting in for example road, footpath or other closures, which limits access to business premises (e.g. closing local roads for a marathon). However, GSCs view events as an opportunity to raise revenue and continue their community activities. It is, therefore, important for GSCs to be aware of how a business may respond to a request for sponsorship and understand the importance of the benefits and potential downsides (Mackellar, 2015).

While resources are limited for many small enterprises, there may still be untapped sponsorship opportunities, as they seek cost-effective marketing and public relations vehicles which could align with the needs of sport properties, particularly at amateur level, that require funding (Zinger & O'Reilly, 2010). There could be opportunities for GSCs to source funding from SMEs, as those that intend to increase CSR participation are tend to adopt growth strategies and are striving to raise quality standards and innovate (Santos, 2011).

Similar to SMEs, GSCs are a valuable asset to the community. They provide many important benefits to the community, as discussed in chapter 2.1, above. If GSCs are to continue to provide valuable community services, they must seek other sources of funding as their traditional sources of funds has greatly reduced. Corporations have found sponsoring sport and sporting organisations a valuable activity, leading to a wide array of benefits such as increasing customer and market reach, boosting employee morale, enhancing corporate image through CSR activities, and creating and developing valuable networks and relationships.

Similarly, GSC can benefit by understanding how they can work with businesses to support their sponsorship or CSR programmes and assist in the achievement of both organisations goals and building mutually beneficial strategic partnerships Stoian & Gilman, (2017). By engaging with SMEs, GSCs can play their part and share their assets with SMEs. Given their links to the community, both GSCs and SMEs can benefit by working together.

Most of the sponsorship and CSR academic research focuses on impact, benefits and risk strategies employed from the perspective of corporations and large sport organisations such as the Olympics or NGBs. However, there is less research surrounding SME sponsorship of GSCs and less research focused on small business. This thesis attempts to fill a gap in the literature by exploring small business within the SME grouping and their decision making process in regards to sponsoring GSCs.

3. RESEARCH METHOD

Despite being based in Finland for the duration of the research study, the researcher decided to undertake the study on UK based businesses and GSCs because of familiarity with that context. The rationale of this decision is that having lived in the UK for the previous 10 years and personal experience within a GSC, the researcher has gained local insight to the financial problems and issues facing GSCs.

The following outlines the process of formulating the research questions to understand how small businesses make marketing based decisions in regards to sponsorship, the methodology adopted for the study, how the questions were formulated, how the data was collected and the types of analysis and coding used to interpret the data.

3.1. Research Questions

There is limited research attempting to understand the decision by SME's in regards to sponsoring GSCs but what little research there is, clearly shows there are benefits. In contrast, there is a lot of research about sponsorship relationships between corporations and sport organisations. This study aims to explore whether the benefits gained by corporations by sponsoring large sport entities, can be gained by SME's in sponsoring small sport entities such as a GSC. It also aims to add the literature examining SME sponsorship decisions.

Therefore, the main research question for this thesis is:

Would a Small Business Invest in a Grassroots Sport Club?

Additional sub-questions are needed to investigate the main research question in more depth. Based on the literature review, there are several factors that have already been identified in regards to sponsorship at both corporate and SME level, such as personal interest by the decision maker, focus on customer segments, level of risk involved and overcoming barriers to sponsorship.

Section 2.4, above highlights that many decision-makers base marketing decisions on personal preferences. In light of this, it is important to understand some background information regarding the interviewees and how they interact with their local community, sport, physical activity and any beliefs or objections they have that would affect their decision to invest in a GSC. Therefore, the first sub-question is:

1. Are business leaders who have had personal experience with sport, more likely to sponsor a GSC?

Secondly, geographical customer segmentation is of particular interest in this study. As noted by (Webb & Carter, 2001; Perrini et al, 2007) the location of customers and local relationships are key factors in an SME's sponsorship decision making. It is therefore useful to understand from an SME perspective whether geographical customer segments impact on the decision to sponsor a GSC. Therefore, the second sub-question is:

2. Does the location of a business or customers impact the decision to sponsor a GSC?

Next, an important business activity to understand is the level of risk an SMEs will accept in their marketing activities, what types of activities they undertake, and why they undertake one activity over another activity. From a GSC perspective it is important to understand what marketing opportunities SMEs are seeking and propose relevant activities which might be of interest to SMEs. This raises the issue of whether a GSC is seen as a risky marketing activity for SMEs. Therefore, the third sub question is:

3. How does an SME determine the level of risk when deciding to sponsor a GSC?

Lastly, a GSC is considered a community based organisation. Many businesses large and small support community organisations, such as charities, youth organisations, support for the elderly or disadvantaged, in some way. It is vital to understand how and why an SME might choose to support a GSC over another types of community based organisations in the local area. Understanding what benefits an SME gains by supporting a community based organisation (e.g. differentiation from its competitors), may assist in developing an understanding of how a GSC can leverage their own ecosystem and obtain financial or non-financial resources in exchange for assisting an SME meet its own objectives. SMEs have limited resources and any perceived or actual barriers may stop them investing in a GSC, despite the possible benefits that they may gain. Therefore, the fourth sub question is:

4. What are the barriers stopping SMEs sponsoring a Grassroots Sport Club?

3.2. Methodology

This thesis uses a qualitative design approach in the form of a multiple case, case study. The ability to explore how small business owners make decisions in terms of their marketing spend, requires a detailed understanding and such information is best gathered by speaking with the owners who are directly involved in the decision-making process (Creswell, 2013). Merriam (2009, p.14) stated that "qualitative researchers are interested in how people interpret their experiences, how they construct their worlds, what meaning they attribute to their experiences ". This study is aiming to understand participants' thoughts and experiences as decision makers, and as such, a qualitative research method was deemed appropriate. The multiple case study approach was chosen, as this method allows the researcher to explore the process different business owners undertake in their sponsorship decisions to better understand the commonalities and differences in the decision-making processes (Stake, 1995, 2013; Eisenhardt, 1989; Baxter & Jack, 2008). Furthermore, this study aims to answer the "how" and "why" questions associated with the decision of an SME to sponsor a GSC without influencing the outcome or the decision making process of the business owners (Yin, 2003). As this thesis considers the decision-making process of SME business owners, and we also need to understand the factors that feed into that process (Baxter & Jack, 2008). Creswell (2015) states that a group of cases provides a way of exploring a specific problem and that each single case can provide an individual perspective on the issue (p. 95). However, each individual case is not the focus here but they can provide insight into a particular phenomenon (Eriksson & Kovalainen, 2008).

According to Creswell (2013) qualitative research is based on an inductive process: it proceeds from private to general, and is interested in several simultaneous factors that all contribute to the final, overall result. Case study research is suitable for understanding processes and contexts (Pettigrew, 1990). The research questions in a case study are related to solving a particular unknown (Eriksson & Kovalainen, 2008). Glesne & Peshkin (1992) assert that qualitative research is appropriate when variables are complex, involved with each other and difficult to measure. A simplified distinction between qualitative and quantitative approaches is that, the qualitative approach uses words and open-ended questions, while and quantitative research uses numbers or closed-ended questions (Creswell, 2013). Whilst other quantitative methods and approaches were considered, the use of the multiple-case case study approach was determined to be the best and most useful to meet the aims of this study and answer the research questions.

One limitation of using the case study approach according to Robson (2002) is that respondents may not necessarily report their beliefs or attitudes accurately (i.e. people respond in a way that they think the researcher wants). In order to offset any response bias, interviewees were reminded

at the beginning of the interview that there are no right or wrong answers and that the aim of the interview is to understand the factors that inform their decision-making process.

Initially, the use of a single questionnaire to send to participants was considered. However, Paraswaman, (1991) argues that there are significant reasons not to rely solely on a questionnaire for data gathering. The reasons include unreliable answers, the inability to verify the responses and over-reliance on the questionnaire answers which cannot be explored in more depth or checked for consistency. This approach was reviewed and the researcher decided on a different approach which was use interviews as the data collection tool. Interviews, as opposed to questionnaires, can allow the researcher to probe deeper when answers are unclear or to use follow-up questions where necessary.

However, the researcher used a two stage approach to gather the required information because to understand the SME, simple questions were sufficient. The first stage involved emailing a pre-interview questionnaire to the interviewees (Appendix 1). The second stage of the data collection process was focused on answering the research questions by conducting a series of in-depth semi-structured interviews with key decision makers or owners of the five business (Appendix 2). The interviews were recorded using a recording device provided by the University of Jyväskylä. In addition, notes were gathered throughout the interview process for follow up questions where necessary and for recording the researcher's observations. Each interview with the business owner was transcribed onto Microsoft word.

Three of the interview questions required the interviewee to respond using a Likert scale to indicate the level of risk associated with a particular activity. Likert Scales using the 0-10 range, were assessed as being the best method for analysing risk (Emerson, 2017) and is useful for questions exploring risk perceptions. Likert scales using only a 1-5 rating were considered by the researcher but decided against this due to its limitations such as people finding it difficult to anchor to the mid-point on the scale. The Likert scale was used in a consistent manner, identifying a single factor which is the level of risk related to different types of marketing activities. Using a single factor is important for avoiding any confusion about what is actually being measured (Emerson, 2017).

3.3. Data Collection

When using a multi-case study, case study records are often presented intact and accompany a cross-case analysis with some emphasis on the binding concept or idea (Stake, 2013). Case study methodology permits the studying of actors, processes and events thoroughly, closely and longitudinally (Eisenhardt, 1989; Stake, 1995). Keeping this in mind, a two stage approach was taken to gather the required data to answer the research questions. Before any questions were provided to interviewees, a consent form was drawn up and issued to prospective interviewees, which is consistent with the University of Jyväskylä's policy.

The first stage was emailing a pre-interview questionnaire to the interviewees. There were three reasons for the pre-interview questionnaire. Firstly, three questions determined whether each business met the European definition to be considered an SME. The second reason was to request information that the interviewee may not have to hand at the time of the interview but would be required to explore the concepts in this thesis. This information included the business' sales and marketing data, customers' geographical information such as their location, geographical percentage of revenue, geographical spread of marketing budget and the percentage of marketing attributed to each region. Typically, this information is generally confidential and most often not readily to hand. The geographical data is particularly important because it can then be used at a later date to validate any assertions made during the interview, helping to maintain consistency between what is said during the interview and the financial data for the company.

Thirdly, the responses to the pre-interview questionnaire guided the researcher in formulating specific questions during the interview. For example, if the interviewee's pre-interview questionnaire response was that the business did not support local community based organisations, the question can be re-phrased to ask why the business does not support local community based organisations. The pre-interview questionnaire used closed questions. Having closed questions was expected to help the flow of the interview and keep it focussed on the relevant topic and keep responses succinct.

The second stage of the data collection process, used semi structured interviews with each business owner. The interview questions were open-ended and allowed the interviewee to fully explain and give greater detail on their views and experience of how marketing and sponsorship decisions were made within the business. Open ended questions allow interviewees to elaborate about what, how and why these businesses undertake the activities they do. As this thesis is exploring sponsorship in a new way, open ended questions of a semi structured interview have been shown to deliver the best results for the type of information required to research this topic (Creswell, 2013).

The questions for both the pre-interview questionnaire and the actual interviews were categorised into six themes. These themes were based on the research undertaken regarding how businesses make decisions for marketing, sponsorship of sport and/or sponsorship of other community based organisations. The categories were

(1) General Questions: included ensuring definitions were met, the owner was part of the marketing decision making process, and whether they already support or sponsor community based organisations and/or GSCs.

(2) Customers and Marketing Segments: used to develop an understanding of the proximity of customers to the business and also where the business spent marketing money to attract and retain customers.

(3) The Business's Approach to Marketing: to help with identifying the types of marketing activities, why the business undertook those activities, how they undertook the activities and the level of risk business owners attributed to each type of activity.

(4) Working with Community Organisations: this aimed to investigate the level of existing marketing through community organisations, sponsorship arrangements, how closely they may work with community organisations, measurements of successful relationships and level of risk assessment associated with working with community organisations.

(5) GSCs as a Marketing Tool: this category sought to understand how business owners viewed GSCs as a vehicle for marketing or sponsorship activity and what were the barriers and the level of risk associated with potential sponsorship arrangements might be.

(6) Personal Views on Sport and Community Based Organisations: sought to understand the personal views of the business owner on sport and its usefulness in a community based setting, how they view community based organisations and if the owner saw themselves as being separate from the business. This last point is important because the research suggests that business owners could undertake activities which are related to their personal interest (relevant for smaller companies), rather than the interests of the company or shareholders (e.g. Vance et al, 2016).

Figure 1 demonstrates the connectedness of the question categorisations. The darker blue hexagons are all questions related to the business process. The lighter blue hexagon represents the personal views and beliefs of the business owner and how they may influence the decision making process in relation to their marketing and sponsorship activities.



FIGURE 1. Diagram depicting the relationship between interview questions used in this thesis (Researcher's own conception)

The interviews were conducted over Skype or WhatsApp, where Skype was unavailable. The interviews were conducted at Jyväskylä University between 10th March 2018 and the 30th March 2018, and lasted between 35 mins to 1 hour and 5 mins. The interviews were also recorded on an audio device provided by the university. This allowed the interviews to be transcribed after the interviews had been completed. As the interview was being conducted, a question sheet had also been printed for each interview where notes, observations, interesting information from the interview and initial thoughts and ideas were written down for analysis later. The transcription process produced 43 pages of data to be analysed. The recording and storage of the interviews collected and anonymity of the interviewee will be treated in accordance with the University of Jyväskylä's policy.

Finally, for both stages of the interview process, the interviewees were always assured that their prior responses have been acknowledged, and this helped build rapport between interviewee and researcher and allowed for more in depth responses. Interviewees were also told on several occasions that there is no right answer and that researcher is interested only in their preferences and experiences.

3.4. Research Participants

Initially, it was hoped that the interviews would be conducted within a particular area of London. It soon became apparent that this would not be feasible. Two email requests were sent to prospective businesses in the Wimbledon area. None of the 30 SME businesses targeted within the Wimbledon area responded. Ideally the interviewees were to be with owners/managers or marketing managers of SMEs in the Wimbledon area as the researcher had volunteered as a sport coach in the area and had some familiarity with it.

Subsequently, the researcher decided to contact business owners that were known personally, or through friends in the UK. Conducting research within an organisation or with people previously familiar to the researcher is called backyard research. This type of research increases the chances of developing precise contextual knowledge, which is a key point in qualitative studies and important also from gaining information from the case company because there is already some connection and rapport (Eriksson & Kovalainen, 2008).

For this study, five business owners were interviewed. Each of the businesses are from different industries as this may give a different dimension to the results. All of the businesses are based in different areas of London. Fundamental to the research was the key question of whether these organisations fit into the EU definition of an SME (refer to section 3.3). Each of the participants was sent a pre-interview questionnaire where the criteria of an SME were outlined and the businesses confirmed that they met the criteria.

The following provides the background of each of the business owners that were interviewed to assist in understanding their distinctive characteristics.

Interviewee C: Owner of multiple cafés based in London as well as Brighton, in the UK. The product offering is consumables, most notably food and beverages. In London, which was the geographical focus of this study, customers are generally tourists in the area as well as local community groups and local businesses. Catering services as well as the use of a dedicated meeting room are also offered to local groups and local businesses. Interviewee C has been in business in the UK for over 10 years. Additionally, Interviewee C is a regular gym attendee and has been for many years.

Interviewee E: Owner/Director of a recruitment company based in London as well as Amsterdam. The recruitment company mainly focuses on placing senior finance professionals into interim and full time work. As a point of differentiation, the company has a London-based charity foundation which helps raise funds and assists under privileged people back into the work place through collaboration with different charities. Interviewee E has been in recruitment for over 10 years and

has been part owner/director of the business since its inception five years ago. Additionally, Interviewee E is a regular runner having run the London Marathon in 2012 and completed the Marathon des Sables (five marathons in five days)..

Interviewee I: Owner/Director of a digital experience creation business focusing on websites, marketing and branding which is based in London. The business focuses on clients who have an in-house marketing team but require the specialist skills required for digital marketing services. The business has a community engagement programme, whereby they encourage employees of the business to go out and participate in local community activities. Interviewee I has owned the business for over 10 years. Additionally, Interviewee I is a qualified gym instructor and they participate in and teach their own gym classes.

Interviewee R: Owner/Director of a web based entrepreneur training and education platform, that focuses on growing established businesses. The owner is based in London but the business is web-based and has no physical location with a potential worldwide customer base. It is a membership based organisation which provides education and training only to its members. The membership base is predominately older men. Interviewee R has owned the business for over five years. In addition, Interviewee R plays recreational tennis and has previously played five a side football socially, as well.

Interviewee V: Owner/Director of a moving and transportation business based in London. Most clients are local, moving both around the local area or elsewhere throughout London. The business does focus on the local community by supporting local events, where possible. Interviewee V has owned the business for over 10 years. Additionally, Interviewee V has previously played rugby and football within a sports club context and they also have younger family members involved in local sport organisations. Interviewee V is the only business owner not known to me personally and was introduced to me by a friend.

From the above descriptions of the businesses and business owners that formed the sample case studies, there is quite a variety of industries and a variety of products and services offered. All are or have been involved with sport or sporting activities either themselves or they have family involved at club or grassroots level. All owners have been involved in their business, making financial business decisions, for at least five years.

3.5. Data Analysis

Once the interviews were transcribed and coded, analysis was undertaken in two forms: the interpretative approach and the observational and manipulative techniques

As an analysis method the interpretive approach was chosen as most suitable for this research, given the subjective research matter and setting of the study. The aim of this study is to understand subjective decision-making processes of business owners. This method captures meanings through in-depth, detailed and close data analysis. The interpretative analysis considers multiple interpretations of the same issue as being trustworthy and a versatile approach to analysing subjective information (d'Iribarne, 2009). This approach typically focuses on social aspects over the purely economic view of activities in the organisation (Alvesson & Deetz, 2000). According to Nordqvist, Hall, & Melin (2009) case study research is a common way to conduct interpretive analysis. The data was organised by interview question and considering the similarities between interviewees to help assist with the evaluation of answers and identify themes. The themes were then linked to the literature reviewed and the theoretical frameworks (Portes, 1995; Blumer, 1969; Durkheim, 1893).

Furthermore, initial themes were identified by observational and manipulative techniques such as finding repeated words and finding similarities (Ryan & Bernard, 2003). Creating codes or categories of qualitative data facilitates the creation of a conceptual schema specifically suitable to a particular data set (Basil, 2003). In this study, open coding was conducted first – this involved assigning open codes to chunks of text. Axial coding followed, refining the initial open codes and establishing more specific labels which could now be allocated to the text. At this stage, codes were split into subcategories, identifying relationships both between codes and the overall combination of codes (Neuman, 2003). In an effort to systematically arrange the large quantity of interview data, various matrix configurations and tables were established. In scholarship of this nature, it is the researcher's decision as to how to code data and which sections to identify as being most relevant in telling the analytical story of the case studies examined Neuman, (2003).

4. RESULTS AND DISCUSSION

In this dataset, four of the five businesses set aside financial or non-financial resources for community based organisations. However, none of the five business owners sponsored GSCs or other sport organisations. When an interviewee answered the question of whether they had invested in a GSC previously as “No”, further investigation and questions were used to understand why this was the case. The following will discuss why these business owners do not currently sponsor sport organisations and the themes that emerged.

4.1. Impact of Business Owners Prior Experiences

Personal preference in sponsorship decisions were identified as being important. An example from interviewee E below, will illustrate how a personal preference and involvement directly or through family with an organisation can influence decision making regarding sponsorship:

“And [Charity name] we chose because I was probably a leading voice here, but my daughter [daughter’s name] when she was first born... was critically ill. When she was about nine days old, ... she was in intensive care and general anaesthetics and so on. I have always wanted to support a paediatric unit and it makes sense to support the one that is local to us here [at work]. So that’s the reason why we chose [Charity name].” (Interviewee E)

In this case, we can get a sense of the deep appreciation of the work and efforts performed by the nursing staff at a critical time in interviewee E’s life.

Table 3 shows the responses to the Pre Interview questions of whether the business owner has been involved in a sport or sport based activities, either personally or through family and whether they went on to invest in GSC. All the business owners, except for Interviewee V had answered “yes” to currently personally involvement in sport. Interviewees E, R and V were involved through family. This indicates that there is at least some connection or involvement with sport.

TABLE 3. Likelihood of investment in GSC when Director / Owner participates in sport or physical activities

Likelihood of Director/Owner Investing in a GSC When They Participate in Sport/Activities Themselves or Have Family Participate					
Interviewee	Role in Organisation	Decision Maker	Interviewee Involved in Sport/Activities	Family Involved in Sport/Activities	Has the Business Invested in a GSC
C	Director/ Owner	Yes	Yes	No	No
E	Director/ Owner	Yes	Yes	Yes	No
I	Director/ Owner	Yes	Yes	No	No
R	Director/ Owner	Yes	Yes	Yes	No
V	Director/ Owner	Yes	No	Yes	No

However, when the interviewees were asked if they had invested in a GSC previously, all five business owners answered “No”. This does not mean that in these five cases, the business owners’ personal preference was not part of the decision-making criteria. To explore this further, interviewees were asked about their decision.

For four of the five owners interviewed, the decision to invest/not invest in sponsorship of GSCs was primarily down to the preferences of the owner. For one of the businesses (i.e. Interviewee E) there were other shareholders, who also had decision making responsibility. However, Interviewee E stated that if one of the owners had a cause they wanted to support it was generally due to the fact of personal interest or previous involvement and they had to make the case. This data seems to indicate that despite either the interviewees themselves or family members being involved with a sport or GSC, this alone was not a strong enough rationale for their business to invest in a GSC. So whilst sport and local GSCs might be a part of someone’s life, given that no interviewee invested in GSCs and the response from Interview E above, it seems that the decision to sponsor a community based organisation was a very personal and emotional decision.

Similar to the findings in Webb & Carter (2001), the responses from the interviewees indicate that sponsoring a community based organisation where a business can offer their core business resources, is a visible action and can easily justified as a marketing proposition expected to bring some benefit to the business. Therefore, a second, highly motivational factor for sponsorship is the sense of using business resources and skills to help someone achieve and move forward with their life. Interviewee I's reflection focused on "the likelihood of high impact" and is a good case that illustrates the point:

"One of our first charities helped young people who are on the fringe areas of the city, into work with city firms. And it was certainly felt that by working with them, and improving things like website engagement, online PR, that more young people were going to be aware of the scheme, charity, and more, younger people would find employment within City [banking] based firms. And although it is difficult to measure, at the point of starting the project, but they were, the charity was able to put some figures on what an extra ten people in employment means for the economy, versus those ten people not being in employment in the fringe areas of the City, and that was significant. So again, it's about impact." (Interviewee I)

Given each of the business owners having a personal connection with sport but deciding not to sponsor a GSC, it is important to understand their attitudes toward sport and their community. All five business owners agreed that sport is good for themselves and young people. Additionally, each business owner supports community based organisations in some way and to varying degrees. When asked about their level of perceived involvement in the community based on a high, medium and low measure, three of the business owners (i.e. Interviewees C, E and V) would rate their involvement in the community as medium. These same three personally support community based organisations. Therefore, there seem to be no obvious adverse attitudes that would create a barrier for any business owners in sporting a local GSC in their community as they seem open to supporting community organisations and see sport as beneficial.

It is important to note at this point that personal preference can also be the choice to not do something if a business owner thinks the action creates additional risk, additional work, or there is a high opportunity cost of pursuing an activity in place of one with known results. This can be important for identifying why business owners did not invest in GSCs. For example, Interviewee I noted:

“A prevention would probably come through not investing, by us not being involved ...[or] impacted at any level by a grassroots community sports organisation, which is the feeling at the moment”. (Interviewee I)

Additionally, O'Reilly, Heslop, & Nadeau, (2011) note that the location of sport related event does not matter so much but more importantly, sponsorship occurs when there is an alignment of goals between organisations. This was found to be true for Interviewee R who noted how the personal characteristic between the owner and the office holders of a community based organisation would be part of their sponsorship decision making process. Interviewee R states that there would be no sponsorship when *“Values are not aligned”*.

Furthermore, as Olson & Thjømmøe (2011) found, having similar attitudes will assist the relationship between organisation and sponsor creating better outcomes for all. In line with this, Interviewee R was clear in stating that being aligned with an organisation and its people affected their decision to sponsor. They made the following conclusion:

“It’s a mirror image of what would draw you to it, would push you away. So, like one of them I said before was you know, do I like the people, so another on is, well if I don’t like the people, I sure as hell won’t be involved with it, and actually it doesn’t matter how good the opportunity is, I think that’s probably the reality. Yeah, another one, is it going to be easy for me to get involved, or is it going to be a headache or is it create a load of work, or whatever. So I think it’s kind of a mirror image of those other things. If I didn’t think there was going to be a return, if you didn’t trust the people or like the people, those would be the kinds of things I think.” (Interviewee R)

What can also be drawn from Interviewee R’s comments is the importance of an evaluation criteria for getting involved. Evaluation criteria has been found to be more likely to be based on heuristics to assess the value of relationship opportunities (Johnston & Paulsen, 2014; Daellenbach et al., 2013). Interviewee R’s quote suggests that they use their understanding of the situation and alignment based on prior experience to determine their sponsorship decisions. The effort to find alignment and benefit also seemed like a factor preventing sponsorship of GSCs. As noted, four (i.e. Interviewees C, E, I and V) of the five business owners already had existing sponsorship relationships with community based organisations. These business owners suggested that

continuing or improving their existing sponsorship relationships meant expending less energy, time and financial and non-financial resources versus establishing new ones. This finding is supported by Mack (1999) which found that small business continued to sponsor the same events for long time frames. The decision to continue with existing partners is the easy choice of SMEs and if they are not already involved with a GSCs they seem to be less willing to sponsor one by leaving a current sponsorship arrangement.

In relation to marketing activity, each business owner expressed a level of personal interest and preference in their decision making. Interviewee R noted that they would consider sponsorship engagements when there was a link between personal and professional interests. Interviewee E also agreed and commented that the value of their previous involvement of working with charities was keeping those network links. Similarly, Interviewee V remarked that the separation between business and personal is not clear from an SME perspective, whether that relates to personal preferences feeding into business decisions or economic impacts of decisions. What was common and clear among all the business owners was the fact of using an evaluation process into what the business gains from these activities. SMEs who choose to work with charities and community organisations try to develop a distinct competitive advantage to create a public display of the benefits of their involvement with their chosen community based organisation whether that be the staff or beneficiaries of the organisation, or the employees of the SME involved with the sponsorship programme, their clients, customers and even suppliers. Stoian & Gilman (2017) also observe that by engaging employees in sponsorship activity, there is the potential for SME growth and development of a competitive advantage.

In large corporations, where the decision maker has some form of vested interest they will most likely be in favour of that decision (Vance et al, 2016). The same seems to apply to the SMEs in this research. However, the difference between the large corporate and the SME is that for a corporation, sponsorship expenses can be absorbed by the rest of the business, even if it does not produce planned outcomes. For an SME, however, all decisions directly affect the livelihood of the owner and so if the decision does not involve a profitable outcome or tangible benefit, then the owner is unlikely to invest in that activity. This can be illustrated by the agreement by all business owners that an evaluation process is important when making business decisions.

4.2. Location and Impact on Decision to Invest in GSC?

The answer to whether location plays an important part in a business' decision-making process, was more complex than the researcher expected because location involves factors such as the physical location of the business and where customer are located. Location can also affect the strategic direction of the business and how the business seeks to grow. Four (i.e. Interviewee C, E, I, and V) of the five business owners interviewed had a physical location from where they conducted their business. One business (i.e. Interviewee R) is an online only business, with no primary physical location. The discussion on the impact of location starts with customer identification, acknowledgement of geographical analysis of customer and marketing spend, and a summary as to why location is a factor in sponsorship decision-making.

Customers

A business is able to make money and earn a profit through profitable transactions. They also need to know who their customer is and where they are based in order to be able to access them to makes sales. With the focus of this research being on community and community based organisations, including GSCs, the starting point of trying to understand sponsorship decisions in the community was determining the relationships of each business with their customers – who they are and where they are located. Firstly, each business was asked who their ideal customer was. Despite the variety of products and services offered by each of the businesses, the responses had similar themes. For instance:

Interviewee C said:

“my ideal customer from a monetary point of view [is] somebody who’s happy to come in and not worry about the price of something, but to realise that what I’m offering has got value and they, you know, pay for it without griping about this is too expensive, as some people do”. (Interviewee C)

Interviewee E responded:

“The perfect customer for our business is, being blunt, somebody who pays their bills, which isn’t always the case in recruitment, because sometimes, they leave them unpaid, so someone who pays their bills, who’s happy to pay for a good quality service”. (Interviewee E)

Interviewee V noted:

“Individual or family, friendly who understands the type of service we provide and what we need to do. Someone who doesn’t quibble over the price too much”. (Interviewee V)

In essence, these three businesses are looking for customers who see the value in the products and services they provide and not just in terms of monetary value but also to understand the level of expertise and experience that goes into each transaction.

In contrast, the two digital marketing businesses were more inclined to answer the question in terms of facts and figures.

“Our ideal customers are organisations with a turnover of five million plus, who have a marketing department, and a digital marketing budget of around one hundred to one hundred and fifty thousand pounds a year, but not sector specific. Our ideal customer knows our other customers, if that makes any sense”. (Interviewee I)

Whilst another interviewee noted:

“The ideal customer for me is, someone who is currently selling their services to another business, but they are probably doing custom work every time they work with another business and I help them productise what it is they do. So the kinds of people I’m looking for, they will tend to be, they don’t have to be, but they will tend to be, male, they will tend to be between forty and fifty-five years of age, professional kind of background, and they will be bringing in not less than fifty thousand pounds running their own consulting business”. (Interviewee R)

Furthermore, Interviewees C and V rely on a high number of customers and are generally oriented toward business-to-consumer (B2C) marketing. On the other hand, interviewees E, I and R rely on ongoing relationships and networks to drive business and focus their marketing on business to business (B2B) activities. Notably, none of the interviewees mentioned the location of their ideal customer as being important. In terms of the aims of this thesis, there is a risk that focussing on the local as GSCs do, may not be relevant in the decision making of SMEs when determining B2C

or B2B marketing decisions. This suggests that the customers of these businesses are geographically dispersed and that focussing on local investment to attract customers may not be strategically appropriate. The issue of the location of customers is discussed further below, when considering marketing and business strategy based on their ideal customer.

Marketing spend: Customers, Products and Geographic Location

The marketing strategy and related activities undertaken by each business is useful in helping them reach potential customers (Kotler et al 2016). The strategy drives the decision of what type of marketing tools are used in order to reach their intended audience. What a business owner needs to know is what are they going to gain by their involvement with another organisation. Essentially, what is the goal of the investment? Goals can include having more market reach in a particular region and tapping into potential customers or accessing better networks and opportunities to meet customers through like-minded individuals and organisations.

In order to attract customers, businesses often segment the customer base in order to understand where best they should focus their attention. Customer segmentation can be done in many ways, depending on the data available to the business at the time (e.g. geography, age, beliefs) (Kotler et al, 2016) and is linked to a business' ideal customer. One way that is useful to understand how customers are segmented, particularly in the context of this thesis, is by geographical location. Understanding where a business spends its marketing budget can help determine where they expect their customers to come from. When the location of customers is important to a business, it is also beneficial when a sponsorship arrangement is made where the sponsor (business) and sponsored organisation (GSC) are geographically linked (Olson & Thjømøe, 2011).

The type of product or service a business offers will also help determine how businesses will spend their marketing budgets. Olson & Thjømøe (2011) suggest that product relevance is one factor in determining fit of a sponsorship relationship. In the context of this thesis, those businesses that offer a product or service that requires a customer to come to a particular location to order or consume, might be much more reliant on customers who live or work in the local area near the business. This was found for the café owner, Interviewee C who is much more reliant on customers within the area close to the café. Therefore, more time, money and effort will be spent engaging in local community activities in order to build a reputation within that local community, (Webb & Carter, 2001). As outlined in Table 4, below, Interviewee C spends 100% of their marketing budget in the local area.

In contrast to Interviewee C, Interviewee R is an internet based business providing web and online training and education services that assist entrepreneurs grow their business. As an online

business, there is no direct link to the local community in the same way as interviewee C. In fact, there is no physical location for the business. Customers must seek out this business through online searches or other mechanisms. As an online platform, the community for Interviewee R becomes wider than any local area or community. The “community” becomes anyone who has an internet connection and has an entrepreneurial business they are trying to grow. This “community” is not location specific, but it is at least national and in a broader sense, worldwide. This is reflected in interviewee R’s response to where marketing spend is directed, with 100% is directed towards national campaigns and 0% to local campaigns.

To determine the importance of local community to the businesses in the case studies, Table 4 shows how each of the business’s customers are segmented based on location.

TABLE 4. Geographical distribution of customer location

Customer Segmentation	INTERVIEWEE				
	C	E	I	R	V
Local:	100%	0%	25%	0%	70%
Metropolitan:	0%	0%	50%	0%	20%
Regional:	0%	0%	10%	0%	5%
National:	0%	95%	10%	90%	4%
International:	0%	5%	5%	10%	1%

Table 5 indicates that both interviewee C as the café owner and Interviewee V as a storage and removal service, spend their marketing budget in the local area where the business is located. Table 4 shows that interviewee C has 100% of their customers come from the local area and for interviewee V the majority of their customers come from the local area as well. There is a symbiotic relationship between where the marketing budget is spent and the customer location.

Table 5 below shows where each of the business owners invest their marketing budget.

TABLE 5. Geographical distribution of business marketing spending

Marketing Spend Segmentation	INTERVIEWEE				
	C	E	I	R	V
Local:	100%	0%	0%	0%	70%
Metropolitan:	0%	0%	0%	0%	20%
Regional:	0%	0%	50%	0%	5%
National:	0%	100%	50%	100%	4%
International:	0%	0%	0%	0%	1%

Table 4 and Table 5 show that the link between customer distribution and marketing spend is not necessarily a linear one, as it depends on the objective of the marketing strategy. For example, interviewee I has 25% of their customers being local, but 0% of the marketing spend attributed to local based activities. In fact, the greater marketing spend was on activities that focused on regional and national customers. It was important to understand this apparent disconnect between customer location and marketing spend because as described with Interviewee C and V above, where they spent their marketing budget is where the majority of their customers are based. Interview I explained that in pursuing a growth strategy, customers at regional or national level have an assumed level of revenue and therefore more likely to be willing to spend money on Interviewee I's services.

The disconnect between geography of customers and the allocation of marketing spend by SMEs like Interviewee I suggests that to grow their business, the strategy being pursued is to no longer focus on local communities but wherever customers might be. This does not mean that businesses forget about their local customers, who are close by, but that they need to begin to promote themselves to bigger customers wherever they are.

Why Location impacts sponsorship decisions of SMEs

Four (i.e Interviewees C, E, I and V) of the five business owners expressed that the location of their business in relation to any community based organisations they sponsored was a consideration in the decision-making process. As an example, Interviewee E clearly states why the location of the sponsored organisation would be important:

“We have been asked to sponsor local [sports] teams in the past, but the proximity to where they are, and our involvement with them has been

relatively limited. So, there might be a family member of my, a coach at a local rugby club, but given I never go to that local rugby club so I have got no interest in it. And it has got no business benefit, because it is far too far away from where we [the business] are based to have a brand impact, then we haven't gone with it. But if it was more local to where we work, and we all went to go and see what they did, we got bought into it then, there is a much higher likelihood we would support it, because you have this emotional connection to it as well as well as a business connection... we would want to engage our staff, in using the facilities as well, so that they felt truly connected to it. By engaging our team in it, which is an important point, we would then help to push that message out into social media, and then therefore, help to continue to push the concept of [Business Name], being a nice brand and a nice business to work with... I think there is good value there.” (Interviewee E)

As explained by Interviewee E, the location of the business in relation to any potential sponsorship of a GSC is very important. The close proximity of both organisations would allow for closer interactions for staff and the owners of the SME with the GSC and is similar to the findings of Inyang, (2013). Additionally, greater willingness to sponsor a GCS in the local community where the business is based could occur if staff and the business owner can have more involvement. (Stoian & Gilman, 2017) found that businesses can attract high quality employees through CSR sponsorship, increasing employee morale, motivation, loyalty and commitment to the business.

Interviewee R who has an online based organisation, was less concerned about location. One of the reasons was that the primary objective and target audience for their marketing is very niche and not location specific. Wagner & Nissen (2015) identified that there needs to be integration of organisational goals and alignment with sport organisation for sponsorship relationships to be beneficial. Whereas the other SMEs who use both their financial and non-financial resources to position their brand prominently in front of potential clients through community based organisations, Interviewee R felt that the same benefits would not accrue due to the business having a very niche target customer and market.

This section suggests that while no interviewees invested in GSCs, where the local community provided access to business customers, sponsoring local GSCs might align with business objectives and SMEs would not be averse to considering sponsoring a GSCs. Given none of the

SMEs actually do sponsor GSCs, the next section explores the issue of risk which emerged as an important barrier for business owners.

4.3. Determining Level of Risk in Sponsoring a GSC

In order to determine the level of risk each business owner was prepared to accept when making a sponsorship decision, it is important to understand what they felt the risk level is for each of the marketing and sponsorship activities they currently undertake. The relevance is that sponsorship can represent a valuable marketing activity for businesses (see section 2.3.1). Each of the business owners was asked to give a rating between 0 and 10 (0=Low, 10=Very High) for each activity. Appendix 1 provides a table of results in terms risk ratings for each activity in the context of meeting the company objectives. A summary is below in Table 6.

TABLE 6. Summary of Perceived Level of Risk of Current Marketing and CSR Activities including and excluding Conferences and Events (C&E)

Perceived Level of Risk of Marketing Activities (0-10)			
0=Very Low, 10=Very High			
Interviewee	Mean Risk Factor Current Activities	Mean Risk Factor (excl C&E) Current Activities	Risk of Investing in a GSC
C	4.3	3.0	5.0
E	2.3	2.3	2.0
I	4.0	4.0	8.0
R	4.2	3.3	8.0
V	1.9	1.9	8.0

Table 6 summarises¹ the perceived risk ratings by each business owner in relation to their current marketing and sponsorship activities. Using a mid-point of 5 in the Likert scale to represent a medium level of risk, each of the business owners mean level of risk of all activities was between 1.9 and 4.3. This can be interpreted as each business owner accepts marketing and sponsorship activities which they consider to be low to medium level of risk, in order to achieve their business' aims and objectives.

¹ Refer to Table 7 in appendix for full details.

For example, Interviewee V highlights the low risk nature of their current marketing activities which relies on performing services well and encouraging people to recommend them to others:

“We get a lot of customers, mainly through word of mouth. It’s probably the best for us. Recommendations from people that know other people puts us top of the list whenever someone needs our service. We don’t undertake any risky marketing campaigns. We keep it pretty simple, and effective.”
(Interviewee V)

Three of the business owners (i.e. Interviewees C, I and R) emphasised that their current activities included conferences and events as part of their marketing strategy. It is important for GSCs to understand the marketing activities that SME’s undertake to engage with the local community. When community based organisations want to draw attention to the work they do, they mostly run events to demonstrate the value of the work they do in the community, and how the participants have benefitted.

However, Interviewees C and R deemed conferences and events as very risky as compared to the other marketing activities they undertook and scored them an 8. The remarks from Interviewee R explains further the rationale for the high rating and thoughts on the activities that are deemed too risky:

“... a lot can go wrong with an event. And you are never really relaxed until you’ve done the thing. So, events are probably quite high as well, like they’re probably an (8) as well. Funnily enough, I’m not sure if it wasn’t in Finland, or in Iceland, do you remember when that volcano blew up, and, like, all the flights were grounded over this massive area? ... So I used to run a conference, just so happened, that that happened, a couple of days before the conference. And so we had all these people who were booked for the conference suddenly calling us and going “We are trying to fly in from Australia, we can’t do it because of this thing”. So that is a great example, events, because you are trying to get people in one place, they are inherently risky through Acts of God, and god knows what, so events, high risk.”
(Interviewee R)

In this case, the activity of hosting and running events, due to the fact of getting people to one place can be seen as risky, especially if the level of uncontrollability in terms of turnout to the

event is deemed high. They also mentioned that they were phasing events out of their marketing plan as the efforts required to run the events did not match the expected returns they were to generate.

Interviewee C went on to say why events were deemed as a higher risk than other marketing activities they were involved in:

“With the events / niche groups (higher, 8) I think its slightly more risky because we have to try and target, we have to actually work out what it is they want, and how to make them comfortable enough that they will come back. London is a big city so therefore they have lots of different variety of places they can go to if they want to, so to be able to make them comfortable in our space, and target what it is that will keep them in our space, I think that’s a bit risky that takes a bit more time, it takes a bit more effort, and it takes a bit more chatting to them on a one-to-one basis to understand what it is they want and how we are going to keep them. We need to tug them much harder, we need to understand them much more.”

(Interviewee C)

What interviewee R and C are describing in these examples is that risk is a multifaceted factor when it comes to decision-making. Mackellar, (2015) found it is important for sport organisations to understand both the benefits and potential downsides of sponsorship when it comes to hosting events. Hosting an event, whether physical or virtual could be considered the same thing. One difference between a physical or virtual event is the location. A physical location versus a virtual location. A physical location involves logistics in terms of the presenter and the participants getting to the same location at a particular time. This can present problems, such as transportation, room size, last minute no-shows and the cost of hiring the venue can be expensive. The virtual location needs only an internet connection and a login and can participate from without needing to leave home. The costs are lower, the cost of no-shows is lower, transportation is not a factor if people can use computers or laptops and the fear of the space being too big or too small disappears. If GSC’s want to engage SME sponsors through events, thought needs to be undertaken as to how the event, physical or virtual, will reach the SME’s audience or fit with their objectives.

When adjusting the means for the level of risk associated with each type of marketing activity undertaken and exclude Conference and Events, the mean level of risks for each business’ marketing activity drops dramatically. A second factor to consider for GSCs in relation to lowering the risk of events, is the perceived level of controllability – not only of the inputs but also of the

outputs such as turnout and reaching the right audience so that the business gets the level of exposure to potential customers. The ability to be able to significantly control the outcomes no matter which marketing activity is undertaken, resonated with each of the business owners.

An example of low risk and controllability in marketing activities is described below by Interviewee E and R:

“Going to sports events the same as the CFO lunches? Well, I would, but if you separate them out, yet again, they are still really low risk, because you are going to, yeah they’re all in London, they’re all close by, so they are never really kind of, there is no real risk attached to them and the worst somebody can do is “I didn’t enjoy that rugby match or something”, but usually they have had a couple of beers along the way so generally most people enjoy themselves. There’s not that many risks.” (Interviewee E)

Interviewee R describes a low risk activity:

“Ok, so if the webinar has the right people on it, the level of risk on that is like a (2). Because, you know, it’s basically, I follow a script, I have done it dozens of times, so really the only problem is if, maybe the internet goes down, your voice cracks up, or not that this has ever happened, but I suppose you could have a crazy person who just, I don’t know, distracts you or something, I don’t know. So the risk there is really low.” (Interviewee R)

As Interviewee E and R describe, from the business’ perspective, the risk of adverse consequences in relation to these marketing activities is very low with this type of marketing activity. For Interviewee E the event is for client enjoyment and networking, with the aim of supporting future recruitment needs. The level of engagement and the level of effort required to organise are low with this marketing activity. Similarly, for Interviewee R, the webinar has been practiced over time and typical results are expected. These activities are an example of low risk marketing strategies for each of the business owners.

Where the business needs to organise their own events on the other hand, require too much upfront investment of time with no clear and controllable outcome are deemed higher risk marketing activities.

Each of the business owners were asked what rating they would give the level of risk of sponsoring a GSC. Four (i.e. Interviewee C, I, R and V) of the five interviewees gave a rating that was significantly higher than for any of the other marketing and sponsorship activities they currently undertake. The following draws out why that might be the case.

Lack of Knowledge and Experience to Draw Upon

Three (i.e. Interviewees I, R and V) of the four business owners did not articulate further as to why they thought the risk was significantly higher than other activities. As mentioned above, their assessment of risk could be related to the use of heuristics to make decisions in their business. However, Interviewee C provides some insight to understanding the hesitation and the higher risk rating for investing in GSCs:

“I don’t know to be quite honest, I suppose because I have never invested in a sports club I wouldn’t know how to even answer that...I don’t think it would be more risky [than current activities they undertake], I think it would just be uncharted waters for us so there would be a medium risk in there I would think. Because it something that we haven’t done before, so it’s a new area. It would be interesting, but, it would be a medium risk of (5).”
(Interviewee C)

What Interviewee C has identified here is a lack of knowledge and information available about GSCs to make a judgment and an informed sponsorship decision. This lack of knowledge might be due to many reasons, such as not having previous experience sponsoring a GSC, the activities of local GSCs, what a GSC might be able to offer in terms of sponsorship opportunities and the benefits that would accrue to the business. Additionally, as a business owner, not knowing what outcomes to expect adds to the riskiness of any investment, which can explain why these SMEs are reluctant to change their current sponsoring programmes. With limited resources (see Section 2.4), SMEs can be less willing to take risks on new activities.

With any new marketing proposal, the business owner needs time and resource to be spent developing the proposal, understand what can be offered in terms of sponsorship resources such as financial or non-financial resources, what are the benefits and limitations of this sponsorship engagement, how will outcomes be measured and evaluated and is there a guarantee of any return on the investment. Many of the marketing practices each of the businesses undertake, they do so because they know why they are doing it, how to do it, what to do, and importantly what results to

expect. Any new activity can be perceived as risky when compared to existing activities because embarking upon new sponsorship relations may mean SMEs find themselves in “unchartered waters”.

Overall, interviewees assessed that in their situations, sponsoring a GSC is considered too risky especially when it is unclear how it could be related to their business activities and whether they can reach customers by such an investment. As SMEs have limited resources themselves, a high level of financial risk for an uncertain ROI for their business cannot be justified. The challenge these business owners face is this: if they change their current marketing and/or sponsoring strategy, what is the opportunity cost for doing so and how would this decision affect the risk of not achieving their required ROI? At this point it is valuable to assess why these businesses are happy working with their current community based organisations and sponsorship partners.

The Marketability of SMEs Through Charities and Opportunity Cost

Following on from the risk posed by a trying to develop a new type of activity, is identifying the opportunity cost for SMEs of not undertaking one of their already established and presumably successful activities. That is, what each business could lose by transferring their current investment into a GSCs which is an unknown for them. Each of the existing activities has a proven track record in delivering customers, revenue and marketable impact. Four (i.e. Interviewees C, E, I & V) of the five businesses describe in detail, successful existing partnerships within their community through charities and local community organisations.

Interviewee E noted the following regarding how their current sponsorship and marketing activity impacts their brand positioning:

“... about the brand positioning, which is really valuable to candidates and clients, so effectively are one and the same thing to us. So people have a really positive view on [the company]. It’s also I think important when we are attracting staff, and actually from a business benefit point of view, it’s definitely the biggest win for us, we are naturally then going to attract the people that who are interested in this type of stuff, rather than the very selfish people, who we all kind of hate in recruitment industry”. (Interviewee E)

Interviewee I regarded community support as a key principle in how they have established their company culture and how they seek out partners when providing their services to customers:

“...we share a strong principle of supporting the community in which our business is located and we widen that to, you know, a lot of central London. And that value is borne from the people who are involved at all levels of the business. And second, with a commercial hat on, it is important for all businesses to support their community and equally we look to our suppliers to do the same. We certainly are more likely to use suppliers that share our values, than not”. (Interviewee I)

It seems that SMEs are reluctant to change their sponsorship activities because their current investments are useful for their businesses. Using Demir & Söderman, (2015) conceptual framework for strategic sponsorship decision making, both interviewee E and I have taken a brand alteration approach to sponsorship. A brand alteration approach is one where the sponsor uses and transfers the goodwill generated by the association and relationship of the sponsored organisation, in order to gain a competitive advantage against competitors.

Interviewee V linked business and community aspects in terms of what they currently gain from their sponsorship and marketing activities and how it helps them:

“Charities are an important part of the community. We get to meet all different kinds of people and then hopefully we are top of mind when they need some moving services. We do get some work from them but we provide it at a lower rate”. (Interviewee V)

Interviewee C also articulated of the importance of community, inclusion and providing a safe and supportive environment in terms of how they wish to brand and differentiate their business from competitors:

“We like to be all inclusive so we’d like to be sure that people see our space as a café obviously, but also as a community space where they can come and feel comfortable. Because there is such a diversity in London, people and, how people think and what they perceive we want them to come to us and feel that they can be any body and they can feel comfortable in that space. So whether they’re wealthy, whether they’re poor, whether they’re gay, whether they’re straight, whatever it is, we want them to feel they can come in and that they will be embraced in a way that maybe some other spaces wont embrace them.” (Interviewee C)

The focus for interviewee C and V is the ability to cater for the needs of others in their community using an activation approach to sponsorship, thereby encouraging patronage. An activation approach, is to be integrated with the community organisation in a way that promotes the business with the objective to influence purchasing decisions of members, families, or other networked partners.

Interviewee R had more of a personal rationale but felt it reflected well on their view of who they are as a person and business owner:

“I just happen to like the charity or organisation, I think it is a charity actually, I went, ok let’s, you know, I’m happy just to do that for them”.

(Interviewee R)

Within Demir & Söderman, (2015) conceptual framework for strategic sponsorship decision making, interviewee R seems to take a philanthropic approach and mindset to sponsorship activities because in general they believe they cannot measure the exact ROI for their business. A philanthropic approach to sponsorship is one where the sponsor grants the use of financial or non-financial resources to the sponsored organisation, in order to gain a competitive advantage against competitors, and transferring the goodwill by being associated, but with no clear business objectives. Interviewee R stated that:

“... my background is really in direct response marketing, where, you know, the goal is, that you can kind of clearly measure all the response you get from your marketing. And while I can see there can be a value in sponsorship, it’s one of those kind of woolly things, as I see it, where usually, unless you do it in a clever way, it’s very difficult to discover whether the ten thousand you paid for the sponsorship or [another amount], or whatever it is, whether you actually got value for money from it. So that’s the reason I don’t do them, it’s because the value is often hard to measure.”

(Interviewee R)

However, how the five businesses chose the current organisations they sponsored was very different. Interviewee C noted:

“... it depends on who comes and asks. It depends on what vibe I get from the other people. I mean some people I will say no to, because we have already maybe supported some other charity, but I don't have criteria in how I or how we actually say yes or no to somebody, it just depends on the day”. (Interviewee C)

This suggests an openness to being approached for sponsorship opportunities, but also that a GSC looking for support has to be prepared to talk through a thought out plan and provide clear information about what they do and how an SME could benefit by working with them.

The other business owners took a more pragmatic approach to deciding which organisations they will work with. For example, both Interviewee E and I said they had criteria to consider suitable organisations. Interviewee E said:

“... we made a list of criteria as to what we wanted to achieve with the Foundation, so we wanted to choose one that was focused on getting people into work, given we are a recruitment business. We wanted to focus on something that gave us an international bias because we now place [people in work] in twenty-two countries so we wanted something international, to kind of, balance with that. And we also wanted something that we all care passionately about”. (Interviewee E)

Interviewee I noted:

“... the likelihood of high impact. One of our first charities helped young people who are on the fringe areas of the city, into work with city firms. And it was certainly felt that by working with them, and improving things like website engagement, online PR, that more young people were going to be aware of the scheme, charity, and more, younger people would find employment within City [banking] based firms”. (Interviewee I)

For Interviewees R and V, it was more a personal decision based upon factors that were within their local community and family.

Interviewee R noted:

“...I read in the paper they got burgled and they had a laptop nicked and I had a laptop brand new from the business, but I didn’t get on with it, and so I donated that to them”. (Interviewee R)

For interviewee V the decision to support was more family orientated:

“My children are involved in brownie and girl guide activities, so we decided to not only as parents but as a business to support these organisations”. (Interviewee V)

Whilst the interviewees might have had different reasoning and rationale for being involved in community based organisations, what is common amongst all the interviewees is that the way they supported the charities or community based organisations was considering how their core product or service offering could be beneficial to the organisation and to their business. For example, Interviewee C is offering a setting for the community based organisation to hold important meetings via a café setting with a separate room and to be seen as a supportive business. Interviewee E is offering recruitment services for those organisations they are involved in to so as the community based organisation can optimise the type of candidates that are accepted into roles within each organisation and to be seen as contributing directly to the lives of people. Interviewee V would offer assistance in moving equipment or other such goods for the benefit of the Brownies or Girl Guide organisations because it was linked to their children’s activities and would help with people making recommendations. None of the interviewees provided services or funding that was not connected to their core business offering. In this way, their contribution to the organisation becomes meaningful and measurable. As highlighted by Vail (2007) who researched increased participation in Canadian tennis via clubs reaching out to other organisations within the community, GSCs generally struggle to engage with community partners in an effective manner not because local businesses do not want to participate in and with community organisations but because the relationship and expected outcomes are generally not well established.

By working in collaboration and in partnership, local businesses may take the opportunity to invest in their local community via GSCs which can help them realise their organisational goals. If GSCs want sponsorship in the form of money for club purposes, they must provide a plan and this can be developed either separately or in partnership. A different way for GSCs to think about the issue is what resources do they specifically need to operate successfully as a club and which SMEs have the relevant experience in delivering these resources so both organisations can achieve their strategic sponsorship goals and objectives. This is one way in which a GSC can start to look to

involve the community in securing resource solutions with non-financial sponsorship. Minimising the perceived risk of working with a GSC is paramount to a successful sponsorship relationship with SMEs.

4.4. What are some specific barriers to SME Sponsorship of GSCs?

As a reminder, none of the five business owners interviewed sponsor GSCs. The business owners were then asked to identify key issues they felt would assist them in determining whether financial or non-financial sponsorship of a GSC would be suitable to meet their business objectives. The common challenges in relation to the development of a sponsorship relationship are discussed below. There are two main challenges for GSCs to overcome, two challenges for SMEs to address and finally one shared challenge.

GSC Financial Security

The first challenge in developing a sponsorship relationship as identified by the business owners is financial position of GSCs. This was an issue that was brought up by three (i.e. Interviewees C, E & I) of the five business owners as being a consideration that needed to be taken into account when making a sponsorship decision. As an example, interviewee C noted why sponsoring a sport club had not been part of their marketing and branding strategy:

“I suppose what would help us support a grassroots sports club would be, I think, I suppose I don’t see grassroots sports clubs as a charity, I see them as an organisation and I suppose that makes it a little bit different, because in reality, they need money just as much as anybody else, I feel that those grassroots sport clubs ... have some money. It not that they’re totally poor, they’re not, dependant totally on donations. So I think that’s one of the reasons why I have never really thought about grassroots sports club. But I’m sure they probably do need money just like everybody else, so I don’t know, I haven’t really thought about them that much to be quite honest.”

(Interviewee C)

The assumption that GSCs already have funds to support their work, is contrasted by the Club Survey 2018 report, where almost half of the clubs responded having financial constraints. The concerns that clubs have in regards to their financial position, are not well known to the general

public. More work needs to be done to convey the message of all the benefits GSCs bring to the community, and that the valuable work they do comes at a cost and that they are operating under financial constraints.

Alternatively, a more cautious theme arose from two (i.e Interviewees E and R) of the business owners in regards to understanding the financial position of a sport team or GSC as well as the context, for example, within a recognised league, social or competition, in which they operate is something that needs to be understood before undertaking a sponsorship. For example, Interviewee E noted in relation to the context of a potential sponsorship arrangement:

“[I]t would be interesting to know, because if you’re a five-a-side- football team, the only five people you are supporting are those five people that are playing, then it is probably it’s not going to work is it?” (Interviewee E)

What Interviewee E was trying to explain was that they wanted to understand what the financial outlay might be and what it might be used for. For example, is the team part of a bigger league, or will the sponsorship be spent on registration of the team within the league, or just to purchase team shirts. Importantly, who will be exposed to the business as a result of these activities. This information could help the business owner determine the benefit of their financial sponsorship of the team.

Interviewee R was more pragmatic in their approach in terms of getting the full value of any sponsorship relationship. Their concern was whether the GSC would exist in the long term:

“I think, do I like the people who are involved, do I trust them? I mean if it’s a football club or whatever, am I confident that if I sponsor it, it is not going to fold [close] halfway through the season. You know, stuff like that. I suppose, is it a well-established club, is it in tune with your values, are you a good fit in that respect?” (Interviewee R)

This indicates that at some level, Interviewee R is aware of the financial position of GSCs. The ability of GSCs to operate also increases the financial risk for a SME in that having spent financial or non-financial resources with a GSC, if the GSC closes during the sponsorship period, then the SME is unlikely to be in a position to capture the full benefits of being associated with that GSC. Therefore, there needs to be a compelling reason why a business would re-direct scarce resources away from established marketing and branding practices to sponsor a GSC especially when there is little information available about them. Therefore, for a sponsorship relationship to begin, an

SME would like to understand the financial position and future prospects of the club to determine if starting a sponsorship relationship is worthwhile.

GSC Assets

The second challenge that business owners identified the need to understand what the GSC had to offer in return for sponsorship support. Probing each of the business owners to provide specific examples of the types of assets they could leverage by engaging in the sponsorship activity and establishing a competitive advantage for their business. As none of the business owners had experience of sponsoring a GSC specifically, they drew upon their experience of sponsoring other community based organisations.

The first key theme that emerged from the interviews is understanding the landscape in terms of who the other organisations the GSC interact with locally. By understanding what other organisations the GSC works with and are within their networks can help business owners establish if there is a symbiotic relationship with other organisations who they may come in contact with. The ability to utilise the networks of other sponsor and supporters was considered important because it could provide new opportunities for business. Interviewees C and V both said that before they make a decision on whether to support a GSC they need to know who else in the community is associated with them in case they can form strategic alliances. Interviewee C noted:

“I would like to know what the sports club itself did, you know, how it got involved in the rest of the local community as well, because if they are community based they must have involvement in other community areas as well.” (Interviewee C)

Interviewee V mentioned the importance of networks of those already involved with the club, for example participants, coaches, officials, board and social members and how they were viewed in the community as likely to affect their sponsorship decision:

“The standing the club has in the community, not only its members, but the officials as well. And what other things they are involved in.” (Interviewee V)

These comments are important because both interviewee C and V have businesses that rely on a high percentage of customers who are in the local area, such as a café, and local transportation and

removal services. Each of these businesses need a high number of customers to make the business profitable and want a strong brand for their business. Therefore, part of the marketing strategy is to ensure their marketing activities reach as many people as possible which can occur if the GSC has networks they can work with. In terms of geographical location both businesses recorded most of their sales in the local area and to make the most of the sponsorship, they need to know to what extent other businesses are aligned with the GSC in order to broaden their business' brand awareness.

The desire to identify other organisations SMEs could work with as result of being involved with a GSC and how far or narrow the GSC involvement was in their local community, is important in terms of understanding potential resource needs and returns from sponsorship. Wanting to know who else is in the network of the GSC is consistent with findings of Wagner & Persson (2017) where they found 60% of respondents preferred doing business with those organisations within their network.

Also, the business owners whose customers are other businesses, placed more importance on networking opportunities than those who had customers who were individuals. For example, Interviewee I noted:

“If our clients and potential clients were also involved at that level, [and] so then have access to those sports, if they were involved in those organisations somehow, that would be about exposure to our existing and current clients via sponsorship.” (Interviewee I)

There are a variety of ways to network. Despite Interviewees C and R expressing reservations about their business hosting events, the other interviewees expressed interest in being invited to events, or participating in some way at events, to understand more about the club environment, its members and other networks. This is a similar finding to Lamont & Dowell, (2008) where SMEs sponsored local events. For example, Interviewee V said:

“If the club host some type of event, where we can have a meaningful presence then that would be good to know. It depends on the type of opportunity. Something tangible or just a name on a shirt.” (Interviewee V)

Sponsoring by putting a name on a shirt as mentioned by Interviewee V, was seen as a low return activity on their marketing spend and was a common response among the other business owners. All business owners wanted more from their marketing such as further introductions to people,

businesses, or the wider community to showcase, their impact and involvement. Demonstrating impact and creating talking points to participants, other businesses or other people involved in the GSC network resonated strongly with business owners.

Charities and community organisations generally have support networks such as local, metropolitan, regional or national offices, where their reach is spread further than the immediate area in which they operate. Sponsors of these organisations can have the added benefit of additional recognition via this interconnected network, not only promoting themselves as a champion for the community, but generally demonstrating their core product offering to others within the wider network. As noted by Cousens, Babiak, & Braadish, (2006) inter-organisational relationships are a key objective and necessary outcome to some sponsorship relationships and this was also the case in this study. The expected outcome of potential sponsorship in this case, is the potential of reaching new audiences and potential customers not previously available to the SMEs in this study.

The second theme related to assets to emerge from the interviews was to understand more about the number of people actually involved with the GSC. For example, the number of club members came up but the importance placed on having that knowledge differed between the interviewees. For example, Interviewee C wanted more details about members:

“The number of members I suppose they had, how many of the members are local.” (Interviewee C)

As a café owner, not only were the number of members important to know but also their location in relation to the location of the café was important. The importance of location in this sense is understanding how many potential new customers might be coming to the café as a result of a new sponsorship relationship.

Similarly, Interviewee R was focused on the types of people involved in the GSC can how they could benefit the business:

“So for example, if I sponsor the local football team, let’s say, is that going to help me because the people who are involved in the club are in my target market? So is it going to give me exposure, or connections with the kind of people that I want to be exposed to?” (Interviewee R)

In this case, Interviewee R has an online business and the object of marketing is to engage potential customers that are themselves business owners. The links to potential customers through GSCs is not straightforward without further information about the members. Information about the members of the club, and the types of business they are engaged in, as well as if members are employed, self-employed, retired, or unemployed will be valuable to assist in the sponsorship decision.

However, others thought that member numbers were a factor but was not sure whether or not it was a high consideration. Interviewee I notes:

“Members would be a factor, but to what degree I don’t know. Because I’d like to think it does not have to be huge. But it would be a factor, yes.”

(Interviewee I)

In this case, the customer base for Interviewee I is businesses, not individuals. Additionally, Interviewee I’s business does not rely on a high volume of clients and customers, but working with select customers over a long period of time. The turnover of customer is low, unlike a café, which is high. It may not be a high consideration but Interviewee I notes that understanding the membership base is required before making any sponsorship decision.

Business owners were asked about the importance they placed on having elite sportspeople within the GSC and whether that would help determine whether they would sponsor a GSC. In terms of elite sport representation Interviewee E noted:

“Yeah I mean that goes back to business impact, if you had a well-known name in that arena, then that would help with the value you would be able to get from it. So yes it would definitely help.” (Interviewee E)

Interviewee R noted in what circumstances it might be beneficial to have elite sport representation:

“I think if your goal, so let’s say, if you were selling insurance, and you just wanted to know more men in the local area, because they were your market, then it doesn’t matter if one of them is Tiger Woods, but on the other hand, if you’re sponsoring stuff, then yes, that probably would be a big attraction, because there is a chance that you would get associated with, these high profile people.” (Interviewee R)

However, Interviewee C while seeing a potential benefit was less convinced that elite representation was necessary to make a sponsorship decision for their business:

“Elite representation probably would. I suppose if I got into conversation with somebody who was an elite athlete and they maybe introduced me to that whole, sort of world, because I’m not involved in that world, I don’t know enough about it. So I suppose I can’t make a really educated decision on it.” (Interviewee C)

The third theme to emerge was the club and their reputation within the community. The interviewees were all concerned about how the reputation of the club and people associated with it might affect their brand. This is also consistent with Crompton (2014) findings that reputational risk was a strong consideration in sponsorship decision-making. Interviewee V mentioned that it was important to know the standing of everyone involved in the club:

“The standing the club has in the community, not only its members, but the officials as well. And what other things they are involved in. And if the club has a bad name.” (Interviewee V)

When an SME is making a decision to sponsor a GSC, knowledge and greater understanding about the GSC’s assets such as their networks, the people associated with the GSC and the reputation of club are important for their decision making. Explaining and describing these assets properly could enhance the opportunity for GSCs to develop a sponsorship relationship with SMEs.

SME Financial Position and Sponsorship Request

Business owners identified their own financial position and the resources they were able to offer in order to sponsor a GSC as a consideration. Interestingly, four (i.e. Interviewee C, E, I and V) of the five businesses had a relationship with a community based organisation indicating that they were not closed to sponsorship in general. Interviewee E noted the concerns for their business:

“... money and time. So I think we would need somebody internally to administer it, to lead it, to promote it, and so on. And at the moment we don’t have a marketing professional working with us. And we are all pretty stretched in terms of trying to get our personal productivity up, or our teams productivity up. Productivity in our terminology meaning making

placements basically. So I think that's the reason why time would be a bit of a challenge, especially at the moment with everything we've got going on with the Foundation. And then, money. So at the moment being blunt, our business is performing well, but not so well that it is chucking up tonnes and tonnes of cash. And then ultimately, if we were in an environment where we were making loads more money, then it will make it a much easier decision about supporting local clubs and so forth." (Interviewee E)

SMEs are faced with high levels of constraint on their financial and non-financial resources (see section 2.4 above). Resources need to be allocated properly to provide the opportunity for the best return on investment. Sponsorship activity for an SME may increase the workload for people undertaking the responsibility to research, plan, execute, and evaluate the activity. So when it comes to sponsorship, a clear business benefit needs to be demonstrated before resources are allocated.

Interviewee R specifically noted the potential increase in workload:

"Yeah, another one, is it going to be easy for me to get involved, or is it going to be a headache or is it create a load of work?" (Interviewee R)

Interviewee C also highlighted limited money:

"The only other factor that would stop me would be, if we didn't have enough money. It's a money issue. If we had a lot of money and there was spare money to be, to get involved in grassroots sports clubs then definitely I would not worry so much about it but because I have never been involved in grassroots sport clubs, I would need to have extra cash to think about it on a more serious basis". (Interviewee C)

Additionally, Interviewee I raised the issue of what amount of sponsorship GSC requires:

"...if they are looking for investment, the level of investment is important. If they said "Give us one hundred pounds, and we would do this, or has this impact, well that's not very much money so maybe worth it. So I think the level of investment is always going to be important." (Interviewee I)

Zinger & O'Reilly (2010) notes that while resources are limited for many small enterprises, there may still well be untapped sponsorship opportunities, as they seek cost-effective marketing and public relations vehicles and sport properties (particularly at amateur level) search for relief from persistent funding shortages. However, this research has found that SMEs may only engage in sponsorship of GSCs if they have surplus time, money and resource capacity.

SME Return & Impact

Business owners also identified the ROI for the sponsorship activity as important as well the intended impact that it would create within the organisation, community and for the participants. Four (i.e. Interviewees C, E, I and V) of the five business owners were sponsoring community based organisations and expressed that knowing what impact their time, effort, resources or skills were providing to benefit those within the organisation or the wider community was critical. The types of benefits business might look for were many and varied. For example, what would be the level of engagement by the decision-makers and/or staff? Interviewee E specifically noted the ability to be immersed in the activity as participants:

“...I think in any decision you need [Business Owner 2] and I and [Business Owner 3] really involved in that sort of thought.So I would imagine if I was a local athletics club, just using that as an example, you getting local businesses and business owners and so on to experience the training evenings, experience what that club can do and so on, would be a valuable way of getting people to commit to it.” (Interviewee E)

Another impact valued by several of the business owners was how the activity engaged their staff members and could they, as owners, fully engage with the GSCs themselves. Again Interviewee E notes:

“[T]hat there has to be something more to us as an organisation. Which is why the Foundation exists. That the supporting a local club, I think, it would be something where we would want to engage our staff, in using the facilities as well, so that they felt truly connected to it. By engaging our team in it, which is an important point, we would then help to push that message out into social media, and then therefore, help to continue to push the concept of [Business Name], being a nice brand and a nice business to work with, rather than just to place people.” (Interviewee E)

Interviewee I also supported the attribute of staff engagement as well as the impact on the community as being critical in their sponsorship decision making process:

“The factor that would help would probably be the same factors that help us work with any organisations ...And if, and I’m not sure how it would be, but, if we all had children and they were all based, or had parts to play in sports community organisations, or if some or all of us were personally involved in helping out outside of the office, it’s very much led internally. External point of view, is how big an impact sports community organisations have in the local economy, the local area. And that would have an impact on whether or not we would support or sponsor them.” (Interviewee I)

Other factors business owners focused on were identifying the direct benefits to the business such as increased customers, market or revenue. As an example, is Interviewee R who said:

“So for example, if I sponsor the local football team, let’s say, is that going to help me because the people who are involved in the club are in my target market. So is it going to give me exposure, or connections with the kind of people that I want to be exposed to. So that would be number one.

I think it depends on what kind of deal you have with them. For instance, it might be possible, to strike a deal, with a sports club where you get quite specific promotion. And on the other end of the scale, it could just be we are just going to sponsor the sport club, we are going to put the logo on the football team shirts and kind of that’s it. So I think it really depends.”

(Interviewee R)

Additionally, Interviewee I notes the importance of knowing whether existing and potential customers are involved with the GSCs to help make their sponsorship decision:

“If our clients and potential clients were also involved at that level, so then to have access to those sports, if they were involved in those organisations somehow, that would be about exposure to our existing and current clients via sponsorship or investment.” (Interviewee I)

Other business owners were more general or unclear about their need to understand how the club would give back to the business in return for sponsorship support of the GSC. The level of demonstrable impact is important for SMEs, not only from a personal level but also a business marketing level. The ability to measure outcomes easily and a feel good factor for all involved demands that there is a high level of impact as a result of working with an organisation. As Parker and Fink (2010) note, image transfer is an important benefit of sponsorship. The feel good factor can be transferred to the sponsoring organisation with client, customer and suppliers knowing they are working with are not just profit focussed but also focused on working together with people and the community.

Knowledge, Planning and Strategy

The final theme to emerge regarding specific barriers to GSC sponsorship was that each of the business owners either mentioned or indicated that they had a lack of knowledge in regards to sponsoring a GSC when compared to other marketing activities. A significant challenge seems to be related to the meaning of “sponsorship”. For example, at the conclusion of the five interviews, it appeared that underlying the responses each of the business owners was the assumption that the word “sponsor” only referred to providing financial resources. When GSCs refer to sponsorship, they need to be clear that it includes both financial and on-financial resources. They also need to emphasise that sponsorship can form part of CSR activities as this can sometimes be how businesses would describe non-financial support such as the training that Interviewees E and I mentioned. Interviewee C also talks about providing café space and Interviewee V talks about moving goods around for people. When asked to classify their activities which support community based organisations, Interviewees C and V specifically described it as “marketing” and Interviewees E and I described it as “CSR” – none mentioned “sponsorship”.²

As none of the business owners interviewed has sponsored a GSC, all of them admitted to not having enough knowledge about GSCs and how any form of support would lead to them gaining any tangible benefits from the relationship. The knowledge barriers included a lack of understanding of a GSCs involvement in community, the potential wider benefits to members and participants of sponsorship and whether or not a GSC has similar values to the SME. Similarly, there seemed to be a lack of knowledge about the types of strategic sponsorship approaches that would best suit their business objectives. Additionally, questions raised were would the SME be able to use the established tools they already use with other community based organisations, what

² Interviewee R referred to this activity as being a “one-off” as they do not engage in any on-going CSR or sponsorship activity at all.

offers would be proposed to the GSCs, and how would the sponsorship enhance the SME brand position? SMEs already engage with charities or other community organisations and have established programmes, practices and objectives which they are reluctant to change. Due to the already mentioned lack of time and resources of SMEs, coming up with new marketing programmes and plans is very time consuming and perceived as risky, posing a barrier to engaging with a GSC.

It is important to note that the SME business owners who were interviewed think that GSCs are an important part of the community and play a role in community life (see Appendix 2 for more detail). However, unless a GSC can clearly demonstrate the value of sponsorship by putting forward a proper plan and business case, clubs will find it increasingly difficult to gain sponsorship from SMEs, as was noted by Vance et al (2016).

This research suggests that SME businesses are open to investing in GSCs but that investment is dependent on several factors. These factors need to be understood by GSCs. The GSC needs to demonstrate how its assets such as member base, inclusive experience, local, regional or national networks and associated partners or its geographical reach will assist in the SMEs positioning itself with current and future clients.

Currently, SMEs are more inclined to partner with charities and similar community organisations, due to the fact that they can clearly see the impact their role has played in assisting those directly related to the charity. Charities are already well recognised as a marketing vehicle and are good at demonstrating how business support impacts branding (e.g. benevolence) and provides a competitive advantage for SMEs. Many charities have developed a wide variety of opportunities for different businesses to become involved and participate in their activities, can easily demonstrate how they can widen the networks and reach of businesses associated with the charity. GSCs will need to demonstrate similar attributes to entice sponsorship from SMEs. Through a wider understanding of GSC benefits, all members of the community - from GSCs volunteers to SME employees – GSCs and SMEs can organise meaningful relationships that contribute beneficial initiatives (Charlton, 2010) not only from an SME perspective but importantly from a GSC perspective.

As Földesi (2014) noted, the need for GSCs to have robust planning and be able to adapt to an ever changing economic, social, cultural and political environment, without the fear of closure is paramount. GSCs are under increasing pressure to remain financially viable. Without a sustainable operating model, GSCs will not be able to fulfil their role in society and face the prospect of disappearing from the community landscape. SME sponsorship opportunities are one

way of further enhancing the value GSCs provide their communities and ensuring their financial success but GSCs must convince SMEs that they will benefit from a sponsorship relationship.

4.5. Limitations and Future Research

There are several imitations of this thesis findings. Firstly, due to the small sample size, many of the findings may not be able to be extrapolated and may not represent larger populations so care must be taken when making any generalisations.

Secondly, none of the SMEs sponsor a GSC or had any experience in doing so. Therefore, despite their extensive knowledge working with charities and other community based organisations, their responses may have been different if these SMEs had sponsored GSCs. What the findings do highlight is that there is a lack of knowledge about GSC sponsorship and this is important because with more information, SMEs may become more interested in sponsoring GSCs.

Thirdly, as the business owners were known to me or recommended by a friend, there is the possibility of response bias. The researcher tried to avoid this by reminding the interviewees that there was “no right answer” and that only their opinions were being sought. Also, their answers would be anonymous so they had the freedom to say what they really felt.

The possible future research based on this study are significant. For instance, one of the findings shows that GSCs need to more effectively communicate better information about their members, their networks and how SMEs could benefit from working with them. This requires GSCs to put proper plans and business cases together as well as develop data capture systems. They can also approach SMEs in their local area to find out who they could work together for mutual benefit rather than simply asking for money. This knowledge transfer could benefit both GSCs and SMEs. Future research could consider ways in which GSCs and SMEs communicate and share information about what benefits they can provide the other.

Also, as the world becomes more internet based and geographical location becomes less important, GSCs need to consider how they interact with internet based companies who fall outside of the notional definition of community. SMEs who potentially do not see themselves as part of any physical community but are more aligned with online communities could still provide valuable sponsorship opportunities but the GSCs must work to identify sponsorships that can benefit them (e.g. describe membership base and demographics). Additionally, further research could also consider what types of SMEs and in what industries do sponsor GSCs. It might be that the types of business explored in this thesis were not appropriately matched to GSCs sponsorship but worth

exploring which SMEs could be. This can be helped by ensuring both GSCs and SMEs effectively share information.

5. CONCLUSIONS

Personal experience within a UK based GSC and its need for financial and non-financial resources led the researcher to explore the topic of GSC sponsorship. Since sport sponsorship is seen as valuable and used by large corporations, it seems reasonable to explore whether this could occur at smaller and more community based level. There is some research about how SMEs are involved in sports organisations but not much is known. This thesis tries to fill this gap.

GSCs are valuable assets to the community, providing a wide range of opportunities to participate in community life and gain experiences not available elsewhere. In the UK, there is pressure on GSCs to maintain high levels of sport experiences but these are coming at ever increasing costs and less government funding. To keep GSCs alive, they can try to find willing sponsors in the community through SMEs to provide some financial stability for the club. When SMEs understand how they can benefit by sponsoring GSCs they may be more open to a sponsorship relationship. The influence of the SME owner over the business decision to sponsor with either financial or non-financial resources will depend on their personal and business interests, the location of the GSC in relation to their business, their business and marketing strategy and what knowledge they have about the GSC and the benefits of sponsorship. If GSCs can approach SMEs and provide the necessary information, they may increase their chances of finding sponsorship from SMEs. This might result in similar benefits experienced by sponsorship relationships between large corporates and sport organisations which has been well researched.

As a student in Finland, it is very interesting to see how Finland maintains such a high ranking in the EU Eurobarometer reports for sport and physical activity participation levels. One of the core reasons Finland has such high participation rates in sport and physical activity opportunities is due to the low cost barrier for individuals to participate and the nature of the activities supported. GSC participation in Finland is well supported by central government and local municipality funding. However, in the UK, knowledge of how GSCs build community capacity, the benefits of having GSCs for members and the public as well as the high financial cost of providing these services is not well understood by the general public or by SMEs. The SMEs, if they had more knowledge may benefit from being involved with GSCs by way of financial or non-financial sponsorship. Finnish GSCs can learn from the difficulties experienced by UK GSCs and avoid the problems they face by starting to speak more widely about the benefits of GSCs, encouraging life-long GSC membership and encouraging SMEs to become involved and share knowledge. By making plans and communicating the benefits of working with them, Finnish GSCs can ensure their future is bright and that Finland's GSC culture remains strong. This thesis therefore, highlights the importance of knowledge transfer between GSCs and the wider community.

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APPENDICES

Appendix 1. Tables

TABLE 7. Interviewees role in their business and view on community based organisations

Interviewees Business and Personal Views on Investing in Community Based Organisations					
	Interviewee				
Question	C	E	I	R	V
Role in Organisation	Director/ Owner	Director/ Owner	Director/ Owner	Director/ Owner	Director/ Owner
Decision Maker	Yes	Yes	Yes	Yes	Yes
Interviewee Involved in Sport/ Activities	Yes	Yes	Yes	Yes	No
Family Involved in Sport/Activities	No	Yes	No	Yes	Yes
Is sport an activity you would advocate for children/youth?	Yes	Yes	Yes	Yes	Yes
Does your business support community-based organisations or charities in the business' local community?	Yes	Yes	Yes	Yes	Yes
How would you characterise your degree of involvement within the local community?	Medium	Medium	Low	Low	Medium
Do you personally support community based organisations or charities in your local community?	Yes	Yes	No	No	Yes
Important to support community based organisations	Yes	Yes	Yes	Yes	Yes
Importance of GSC in community	Quite	Fundamental	Important	Rural = Very Metro = Less Important	Very
Has the business invested in a GSC?	No	No	No	No	No

TABLE 8. Interview responses to the types of marketing activity currently undertaken and the perceived level of risk associated with them

Perceived Level of Risk of Marketing Activities (0-10) 0=Very Low, 10=Very High																				
Interviewee	Current Marketing and CSR Activities																Mean Risk Factor Current Activities	Mean Risk Factor (excl C&E) Current Activities	Risk of Investing in a GSC	
	Word of Mouth	Business Forums	Social Media	Own Website	Webinars	Promotional Vehicle	Newspaper	Local Business	Networking	Client Lunches	Email	Own Foundation	Blogging	Conf & Events	Charities	Community Organisations				
C E I R V			3.0					3.0						8.0	3.0		4.3	3.0	5.0	
			3.0						1.0		4.0				1.0		2.3	2.3	2.0	
			4.0						4.0			4.0	4.0	4.0	4.0		4.0	4.0	8.0	
			6.0		2.0						4.0				8.0	1.0		4.2	3.3	8.0
	1.0	1.0	1.0	2.0		3.0	5.0								1.0	1.0	1.9	1.9	8.0	

Appendix 2. Pre-Interview Questionnaire

Questions:

1. Does the business employ less than 250 employees? **Yes/No**

2. Is the business' annual turnover less than £50m? **Yes/No**

3. Is the value of the Total Assets of the business less than £50m? **Yes/No**

4. What is your position in the business? _____

5. Are you involved in the marketing decision process? **Yes/No**

6. What is the business' mission statement? _____

7. Is your business product or service based? **Product/Service**

8. Does your business have a physical location? **Yes/No**

9. Does your business have a community engagement policy? **Yes/No**

10. Does your business have employee well-being programme? **Yes/No**

11. In terms of % of sales, where are your customers geographically based?

Local Metropolitan Regional National International Other

12. What % of your marketing spend is allocated to all these geographical segments?

Local Metropolitan Regional National International Other

13. Does your business support community-based organisations or charities in the business' local community? **Yes/No**

14. Does your business currently support a local grassroots sports club? **Yes/No**

15. Is sport an activity you personally would advocate for children/youth? **Yes/No**

16. How would you characterise your personal degree of involvement within the local community? **Please circle below.**

None Low Medium High

17. Do you personally support community based organisations or charities in your local community? **Yes/No**

Appendix 3. Interview Questions & Guide

1. Customers and Segments

- 1 Who is your ideal customer?

2. Businesses Approach to Marketing

- 2 Why do you undertake marketing activities? [what]
- 3 How does your marketing fit into your business strategy? [why]
- 4 What types of marketing techniques does the business use? [how]
- 5 How does your business evaluate marketing campaigns and what factors do you measure?
- 6 On a scale of 1-10, how risky do are the marketing activities your business is involved in?

3. Community Organisations

- 7 Does your business support community-based organisations or charities in the business' local community?
- 8 How would your business class this strategy?
- 9 If so, how does the business support community based organisations or charities?
- 10 If your business supports community based organisations or charities, how did it decide to support that particular organisation?
- 11 On a scale of 1-10, how risky do are the/would you consider marketing activities for your business through community organisations?

4. Grassroot Sport Clubs as a Marketing Tool

- 12 Does your business currently support a local grassroots sports club?
- 13 What factors helped in deciding whether (or not) your business would support a grassroots sport club?
- 14 Under what circumstances would investment in a grassroots sports club be considered a useful/ valuable marketing tool for your business?
- 15 Specifically, in relation to sports clubs, what would you consider appropriate ways to measure outcomes?
- 16 What factors would/ did prevent your business from investing in a local grassroots sport club?
- 17 What other information/factors would encourage your business to invest in a grassroots sports club?
- 18 On a scale of 1-10, how risky is investing in a local sports club to the business

5. Personal Questions

- 19 What sports are you/have you been involved in?
- 20 Describe your experience with these sports / sport in general
- 21 Is sport an activity you would advocate for children/youth?
- 22 If not sport, what activities would you advocate for children/youth and why?
- 23 How would you characterise your degree of involvement within the local community?
- 24 Do you personally support community based organisations or charities in your local community?
- 25 If so, how do you support community based organisations or charities?
- 26 If you support community based organisations or charities, how did you decide to support that particular organisation over another?

- 27 In your opinion, how important are community based organisations to the local community?
- 28 What about the importance of grassroots sport club to the community?
- 29 How important do you think it is to support community based organisations?