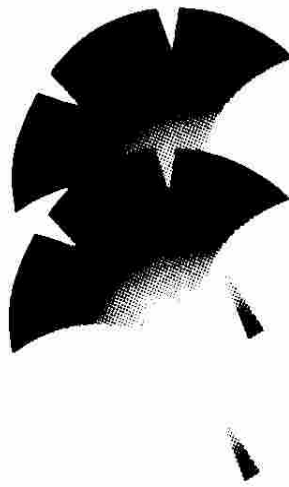


**DEUTSCHES INSTITUT FÜR JAPANSTUDIEN**



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**Implementing a  
Professional Football League in Japan -  
Challenges to Research in  
International Business**

*Working Paper 05/6*

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Erscheinungsort: Tōkyō

2005

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a Professional Football League in Japan -  
- Challenges to Research in International Business<sup>\*)</sup>**

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<sup>\*)</sup> Version: December 2005. This is a revised and extended part of our competitive paper presented at the Euro-Asia Management Studies Association's 2005 annual meeting in Frankfurt/Oder (Germany). Our thanks go to the EAMSA's reviewers who provided valuable comments on the submission.

*Abstract:*

In this exploratory research, we will place professional football in Japan in the context of the global spread of the football business. When, in the late 1980s, the idea of a professional football league started to materialize in Japan (the so called J-League), foundation committee members extensively studied professional sports models in the USA and Europe, finally deciding on a model tailored to their preferences. By taking the implementation as well as the immediate and sustainable success of the J-League during their first decade as a neglected research example, we will challenge existing assumptions about “the game” in Europe with the institutional arrangements, various interests, and parties involved in the practice and consumption of football in Japan. This might shed light – also with reference to other industries - on the conditions as well as the necessities for adjustments of transferring institutional and organizational practices abroad.

*Key Words:*

Globalization of sport, football industry, professional sport, J-League, corporate governance, value capture, club management, sponsorship, sports marketing, brand, merchandise, coevolution theory, internationalization theory.

## **1 Going international – The global spread of sports and related industries**

Sport plays one of the most significant roles in the everyday life of people around the world, for both those who actively participate in it or those who just watch and support it. Reflected by the mass media, sport today has not only become great entertainment, an occupation and a lifestyle, but solid business as well. Sport nowadays is bound up in a global network of interdependency chains marked by various cross-border transactions, which become clear if we consider e.g. the concept of the consumption of sports events. Soccer fans (European football or henceforth football) across the globe regularly view satellite broadcasts of European Champions League or national European top leagues matches. In these games the best players perform drawn from Europe, America, Asia and Africa. The players use equipment – boots, balls, jerseys etc - that are designed by European and American multinational corporations (MNCs) such as Adidas or Nike. This sport equipment is manufactured to a large extent in Asia, before being placed on worldwide markets. Several MNCs are involved in the production and consumption phases of global football, some of whom both own the media companies and have, as in the case of Sky TV, shareholdings in the football clubs they screen as part of what is named in the literature as the “global media sport complex” (Maguire 2005, 2004).

The international spread of sports has several dimensions. These include the migration of sports elite talent, such as players, coaches, and administrators as well as their fans within and between nations and within and between continents; technology transfer and the manufacturing of clothing, footwear and equipment which is a world-wide industry built on the marketing of sport along specific product lines; media with regards to the transfer of images and information between countries that is produced and distributed by newspapers, magazines, radio, film, television, video, satellite, cable and the world wide web; and finally, the ideological dimension of the transfer of values centrally associated with sports and its governing organizations. The trade around the globe of goods, equipment as well as the construction of sports complexes, race courses and arenas has developed into a multi-billion dollar business in recent years and represents the transnational development of sports. The transformation of sports such as football into a global sport is part of this process (as described for the FIFA, Fédération Internationale de

Football Association, World Cup e.g. by Beech & Chadwick 2004; Butler 2002; Horne & Manzenreiter 2002a, 2002b; Dauncey & Hare 1999).

Some points need to be made to capture this global development of sports in research: First, international studies of the sports business must emphasize the interconnected political, economic, cultural and social patterns that contour and shape modern sport (Smith & Westerbeek 2004). Attention also has to be given to how these patterns contain enabling and constraining elements on people's actions. Secondly, in order to describe and analyze the international spread of sports and its related industries, it is useful to adopt a long-term perspective. A historical and comparative approach helps to explain how the present pattern of global sport has emerged out of the past (Dolles & Söderman 2005a; Lanfranchi et al. 2004; Brändle & Koller 2002). The third point concerns the concept of internationalization itself. This concept refers to the growing interconnectedness in a political, economic, cultural and social sense. A multitude of transnational or global economic and technological exchanges, communication networks and migratory patterns characterize this interconnected world pattern (e.g. as described in Ball et al. 2005; Hill 2005; Stonehouse et al. 2004; Johnson & Turner 2003).

Global sport, then, seems to be leading to the reduction in contrasts between societies but also to the emergence of new varieties of sports, e.g. dragon boat racing, fin swimming, speed skating or orienteering.<sup>1</sup> Several of the more recent features of globalization can also be identified, such as an increase in the number of established professional leagues; the development of regional and global competitions; fostered co-operation between national and international sports organizations; the growth of competition between national teams; the world-wide acceptance of rules governing specific sports; and the establishment of global competitions such as the Olympic Games and the men's and women's FIFA World Cups. The 1993 set up of the J-League, Japan's first professional football league, certainly fits into this development.

When, in the late 1980s, the idea of the J-League started to materialize, according to Manzenreiter (2004), the prospect of a professional football league in Japan received only a lukewarm welcome. Football had been played in Japan for more than a century without either establishing a self-sustaining basis or attracting substantial audiences (Horne & Bleakley 2002). It is said that football entered

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<sup>1</sup> For more details, refer to <http://www.worldgames2005.de/en/sportarten/trendsport/>, accessed 20.10.2005.

Japan first in 1873 through a British naval commander who was teaching at Tokyo's naval academy and who started kicking a ball around with students between the drills. Football then spread slowly via academic institutions. The first national championship was held in 1921 soon after the Japan Football Association (JFA) was set up on 10 September 1921 (Moffett 2002). Compared to baseball (the Japanese professional baseball league was established in 1935), football was a minor affair in Japanese sports and the all Japanese championship in football, the Emperor's Cup, was competed in almost exclusively by college and college old-boy teams. However, Waseda University's victory in the 1963 Emperor's Cup was the last for a college because Japanese firms of the 1950's formed sports teams to improve the morale and help employees to identify with their employer. By moving towards mass consumption, company sport was broadcasted to an increasing extent on TV. More than uniting employees, the purpose of sports teams was now to advertise on TV and in newspapers (Manzenreiter 2004; Horne & Bleakley 2002). To increase their competitiveness, players were scouted especially for the teams, finally out-competing college football, with the first win of the Emperor's Cup in 1964 by the Furukawa Electric company team. During the following decade, football in Japan survived only because of the framework of corporate sports, yet it never acquired a competitive stance to challenge the dominant positions of professional baseball, golf and *sumō* in Japan.

The incorporation of the J-League in 1991 and the opening match on 15 May 1993 were meant to change the entire sporting culture in Japan. Foreign ideas about the various ways football should be governed, structured, played and consumed were gradually institutionalized in Japanese sports during this process and the first decade of playing seasons. The development of professional football in Japan thereby provides a promising area for research, which, so far, has not been very well covered. Japanese football, is increasingly becoming part of the global network of interdependency chains in sports and offers a unique perspective to challenge existing theories on the transfer of organizational and institutional practices as well as traditional "westernized" assumptions about how sport is organized.

The chosen methodology reflects the exploratory nature of our research. We have used all sorts of empirical data: websites, biographies and a few interviews conducted with both J-League professionals and the Djurgården Football Club in Stockholm.

We will structure our paper as follows. First we will introduce specific organizational and institutional characteristics of (European) football by applying a conceptual *network of value-captures* for the football business. Next, this framework will be used to highlight distinctive features from the J-League establishment and practice. After that, we will examine whether mainstream *international business theories* could be used to explain the global spread of the football business. Finally, we will discuss implications for theory development, questions for further research as well as cross-over impacts from the football business to other industries.

## **2 The network of value captures in professional football**

The complexity, specificity, and the changing nature of the football business and its environment strains conventional approaches to theory building in management sciences and hypothesis testing. Early sport management research offered no theory for examining the professional football club and its business environment. To advance both knowledge and practice we preferred a framework approach to theory building rather than developing a model of the football business. A model abstracts the complexity of the football business to isolate a few key variables whose interactions are examined in depth. The normative significance of the model then depends on the fit between its assumptions and reality. Porter (1991: 97) concludes: “No one model embodies or even approaches embodying all the variables of interest, and hence the applicability of any model’s findings is almost inevitably restricted to a small subgroup of firms or industries whose characteristics fit the model’s assumptions.”

Instead of developing a model our approach was to build a framework. A framework is particularly valuable as it encompasses many variables and seeks to capture much of the complexity. “Frameworks identify the relevant variables and the questions which the user must answer in order to develop conclusions tailored to a particular industry and company. In this sense they can be seen as almost expert systems.” (ibid: 98) The approach to theory embodied in framework is contained in our choice of included variables, the way we organized the network of value captures, the proposed interrelations among the value captures, and the way in which alternative patterns of value captures and club management choices might affect outcomes. In addition it is a common view that a network describes a number



of entities that are connected. The concept of inter-organizational networks were initially developed in sociology (Park 1996). In this study, however, we have adapted an empirical-based network theory with inspiration from the field of industrial marketing that concerns the real life inter-organizational settings (see Alter & Hage 1993; Ritter & Gemunden 2003).

Our framework of value captures in professional football has three key dimensions: (1) the product and its features, (2) the customers, (3) the business process, strategic vision and intent (see Dolles & Söderman 2005b for a comprehensive explanation of the framework). Having combined the six “offerings” with the five groups of “consumers/customers”, 30 relations appear. Each of these does constitute a value capturing and an equivalent value creation. F meets 1 when the “merchandise product” is sold to the “fan base”. Then the “players” (E) are of interest to the “sponsors” (4) or the “media” (3). Thus a mixture of such relations does constitute the bulk of the football industry, observing that not all lines are equally important. By adding the strategy dimension to our framework of value captures, we introduce the vision and imagination of the future of the game, which influences the football package. The multiple dimensions of the football package are central to the level of strategy aggregation. The network level of strategy (II) is e.g., closely connected with the league’s procedures of promotion and relegation (B), the costs of scheduling games for the club (C), requirements to develop their arenas (D), or a regulated labour market for player movements (E).

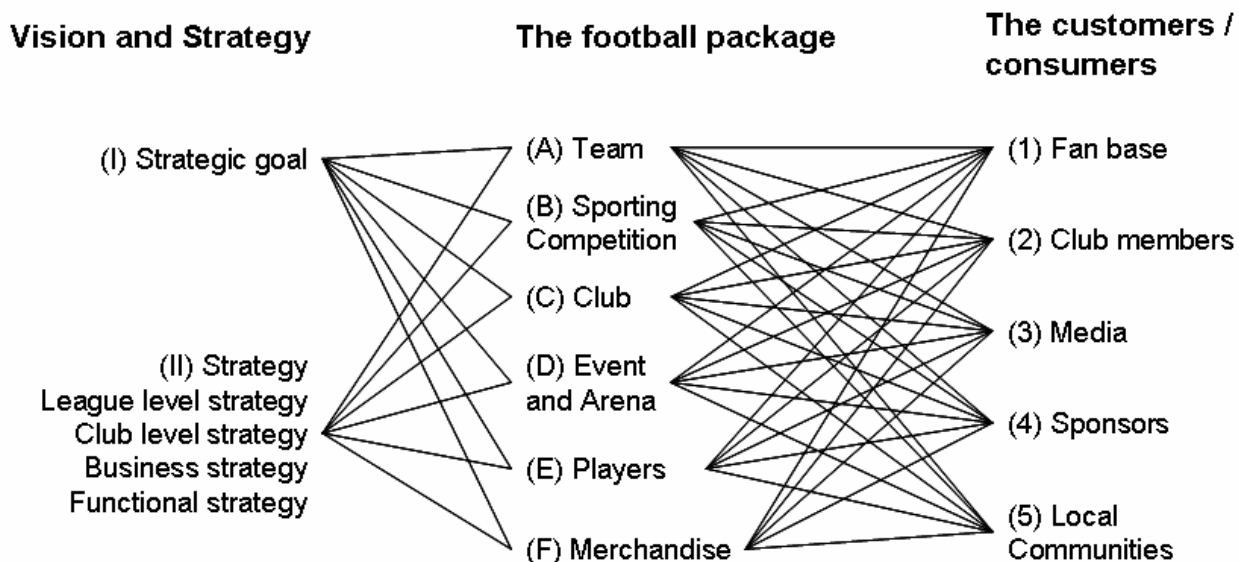


Figure 1: The network of value capturers in professional football.

The problem in defining the product in the football business is partly the result of every individual having his/her own experience and expectation of the game or events around the match - a “something else” associated with the football experience. It is not one single product, service or entertainment that a football club offers. We can consider the following possible “offerings”: (A) team, (B) sporting competitions, (C) organization, (D) event and the arena, (E) stars, and (F) merchandise.

**(A: Team; i.e. top performance team)** Football is a team sport. But eleven skilled players do not necessarily comprise a winning team. A team with superior physical ability alone cannot beat an opponent that has good technique and a carefully planned strategy.

**(B: Sporting competitions; i.e. league structures)** Football as a team sport also requires co-ordination among the contesting teams, because the game involves at least two distinct teams which must agree on the rules of the game. Leagues need to be organized in order to manage competition efficiently, and rules developed for determining a champion.

**(C: Organization; i.e. club)** Hosting a winning team has a dual meaning for professional sports organizations. Not only must the players on the sporting team be able to give their utmost to the cause of winning, but the financial and organizational structure behind it must also work closely to ensure that its business goals will be achieved.

**(D: Event, i.e. the football match and Arena)** A sporting event (football match) is intangible, short-lived, unpredictable and subjective in nature. It is produced and consumed by the spectators in the arena at the same time, mostly with a strong emotional commitment from the fans. In recent years those football games have been transformed into media events for the benefits of millions spectators, few of whom were in attendance at the live event. Such mediatized events affect even the stadium or arena they are attached to. Arenas of most of the top clubs represent the state of the art in sports-leisure multiplex architecture.

**(E: Stars; i.e. top players as assets)** Players and their development are of prime concern to football managers. Football clubs send out their scouts to discover young players in the region and to sign contracts with them, as some of them might later find their way to a professional team.

**(F: Merchandise)** Football merchandise, means goods held for resale but not manufactured by the football club, such as flags and banners, scarves and caps, training gear, jerseys and fleeces, footballs, videos and DVDs, blankets and pillows, watches, lamps, tables, clocks and signs, etc.

Why do supporters choose one team over another? Cost is certainly not the only argument for fans in the football business, rather fun, excitement, skilled players, regional embeddedness might all be good reasons for supporting a team. Consequently, the variety of offerings creates a broader consumer approach in football, addressing (1) the spectators and supporters, (2) the club members, (3) the media, (4) the sponsors, and (5) local communities.

**(1: Spectators and Supporters; i.e. the fan base)** When it comes to “sales” in the football business, the main attention is created by the *supporters*, with regard to ticket sales and merchandising. Fan motivation and behaviour vary depending upon the type of fan. By introducing the international dimension, we distinguish two different types of fans. “Local fans” exhibit their behaviour because of identification with a geographic area, that is either born, living or staying in the home region of the club. “International fans” live abroad and do not get many opportunities to see the team play live. Their attendance is mainly virtual, via the radio, television, or internet.

**(2: Club Members; i.e. membership)**. Football by nature is fun; it involves exercise and is competitive. For this reason the football clubs facilitate opportunities for its *active members* to engage in exercise and to play football on a team. Others may join the football club as *passive members* to support their favourite team.

**(3: Media)** The media is the main sales channel. The importance of football for the media business can be seen in the increasing amounts of money paid for broadcast rights, as well as the growth in the number of sports-oriented radio talk shows and sports oriented TV networks.

**(4: Sponsorship)** Football is a natural area for sponsorship as it carries very strong images, has a mass international audience and appeals to all classes.

**(5: Local Communities)** Football is firmly rooted in the local setting and plays a vital part of the cultural and social make-up of local communities, and as a result, community funds or pooled resources sometimes are used as a last resort to keep

those clubs in business. In this sense football clubs remain largely untouchable by economic forces that determine the fate of other companies.

The highest and broadest level business objective is the *vision of the club* (I). This is a statement of broad aspiration, as it deals with where the club hopes to be in the future. This is not about winning the next game, it is the attempt by the club manager and/or the trainer to define where he expects the club to be in the future: to win the championship, to stay in the league, to make profit, or to go international. With the exception of merchandising, the football business lacks the option of producing and storing inventory for future sale, as the main characteristic of football is its ambiguity and the uncertainty of the outcome of a game. In order to reach the goals attached to the vision where the club should be in the future, what kind of *strategies* should be applied? (II) Strategies can be made for different activities within the club, where the lowest level of aggregation is one specific task, while the highest level of aggregation encompasses all activities within the club. A logical extension of this distinction is the league level strategy.

### **3 The development of professional football in Japan**

Now that the network of value captures in professional football have been articulated, our attention moves to the challenges by the J-League development. We begin by introducing the *strategic vision* and *objectives statements* (I) of the J-League as for today:<sup>2</sup>

- \* To raise the level of Japanese football and promote the diffusion of the game through the medium of professional football.
- \* To foster the development of Japan's sporting culture, to assist in the healthy mental and physical growth of Japanese people.
- \* To contribute to international friendship and exchange.

In addition to those ideas of strategic direction and objectives taken from the J-League official website, it was said that the founders of the J-League in the late

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<sup>2</sup> <http://www.j-league.or.jp/eng/mission/>, accessed 15.10.2005.

1980s had no interest in catching up with Chinese and South Korean football: “they did not want to compete only with other Asians, or become moderately good at anything.” (Moffett 2002: 19) A new professional league would have to spur the national team to a level where it could compete beyond the confines of Asia and turn Japan into a regular FIFA World Cup qualifier – as well as the competition’s first Asian host of this tournament (Sugden & Tomlinson 2002). Certainly, by hosting half the FIFA World Cup successfully, and for the first time in Japanese football history advancing to the best 16 teams, the JFA successfully accomplished their vision. Shortly after the FIFA World Cup in October 2002, targeting “2 million registration of football related people in 3 years”, JFA announced the next “JFA President's Mission”, to further promote and develop Japanese football.<sup>3</sup>

Linking JFA’s *vision* (I) with *strategy* (II) and *sporting competitions* (B) just half a year later after announcing the President’s mission, a variety of measures have been realized.<sup>4</sup> JFA President Kawabuchi Saburo proclaimed: “With the future of Japanese football in our vision and aiming these reforms as a turning point for renewed JFA, we will take in various opinions and accomplish our missions one by one. Collaborating with prefectural football associations in actively revitalizing them, Japan Football Association will strive to be recognized as one of the world top 10 Football Associations, in 10 years.”<sup>5</sup>

By interlinking the strategic *vision* (I) with the *team* (A) and all five *consumer groups* (1-5), one major difference compared to football in Europe will become obvious. Popular enthusiasm for football in Japan is tied to the success of the national squad. “The national team will be good if the local teams are good, the local teams will be good if they are well supported locally, and local support will be strong if the national team does well.” (Probert & Schütte 1997: 15; also Horne & Bleakley 2002)

Another particularity of Japanese football appears by connecting different *levels of strategy* (II), *sporting competition* (B) as well as *media* (3) and *sponsors* (4). The main objective for the J-League during their first decade since its establishment

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<sup>3</sup> <http://www.jfa.or.jp/e/guide/index.html>, accessed 18.10.2005.

<sup>4</sup> Such as the creation of the “JFA PRINCE LEAGUE U-18”, the reforming of the “All Japan Youth (U-18) Football Championship for Prince Takamado Cup” and “Adult Women's National Championship” as well as the introduction of “JFA Kids Programme”, “Futsal Registration System” and “Ambassador for JFA”, see <http://www.jfa.or.jp/e/guide/index.html>, accessed 19.10.2005.

<sup>5</sup> <http://www.jfa.or.jp/e/guide/index.html>, accessed 18.10.2005.

was to survive through extreme simplicity in contracts, organizational structures, and substantial investments in the marketing. The J-League markets itself as an autonomous, non-profit organization, like the Championnat of France and the German Bundesliga. The British Premiership league was founded in 1992 as a limited company and La Liga Espanola is a private organization, independent from the Spanish Football Association (RFEF) of which it is a part. The striking difference is that most of the decisions concerning contracts of sponsorship and licenses are dealt centrally with the management of the J-League, whereas in Europe, the clubs are responsible for their own deals. This is partly due to the fact that football was and is still not yet rooted in Japan's sporting culture. We might assume that the clubs and JFA must therefore work together off the pitch to create sufficient support so that football may become self-sufficient in its essence in order to attract spectators, fans and supporters.

In its first few seasons, the J-League and its members had to cooperate to survive in a country where football was overshadowed by baseball and *sumō*. If the teams were to settle their own sponsorship deals, player and TV right contracts from the start, many teams would have left the J-League with financial problems. By having contracts, sponsorship deals and TV rights all decided centrally, the J-League hoped to accumulate larger sums of money, which it would then distribute equally among its member teams. This synchronised effort at equalling out financial support and public exposure/marketing aimed at increasing support for football overall, not just one or two teams. Following the US model, this was believed to achieve higher competitiveness by giving equal growth opportunities for each individual team. Currently, over 35 companies sponsor the J-League, including MNEs like Nike, Adidas, Mizuno and others. These sponsors cover the same goods and services, competing against each other to become each team's supplier. The US influence on the J-League is also visible in the franchise system of all football merchandise, such as kits, balls, refereeing equipment, nutrition (soda) drinks and all other imaginable *merchandise* (F).

By looking closer at the interconnectedness of *sporting competition* (2) and *strategy aggregation* (II), we see that within the J-League organization, decisions are made centrally at general meetings by the board of directors, established as the highest authority when identifying and choosing the J-League's aims and policies. The J-League has managed to keep rules and paperwork necessary for legal processes as simple as possible, making it a more efficient organization than, say, the Italian Série A. In the Italian first division, club teams are constantly being

found guilty of fraud. Such is the confusion and disorganization in the Italian Football Federation and its individual club teams, that these accused teams never find the necessary paperwork to defend themselves against the accusations, nor does the prosecution find evidence to incriminate them. The J-League has therefore survived all other leagues in terms of organizational purity, due to management performance and cooperation between all levels of the organizational structures of the J-League. The management structure of the J-League consists of a general meeting on top, where decisions will be made by the Board of Directors and supervised by an elected Chairman. The Board of Directors consists of directors and auditors elected at the general meeting. These elected persons are: Chairman, Vice Chairman, Managing Director, Directors and an Auditor. Under the Board of Directors, there are two executive committees, having beside them, several committees with other responsibilities. The authority and responsibilities of each committee are determined by the Board of Directors.

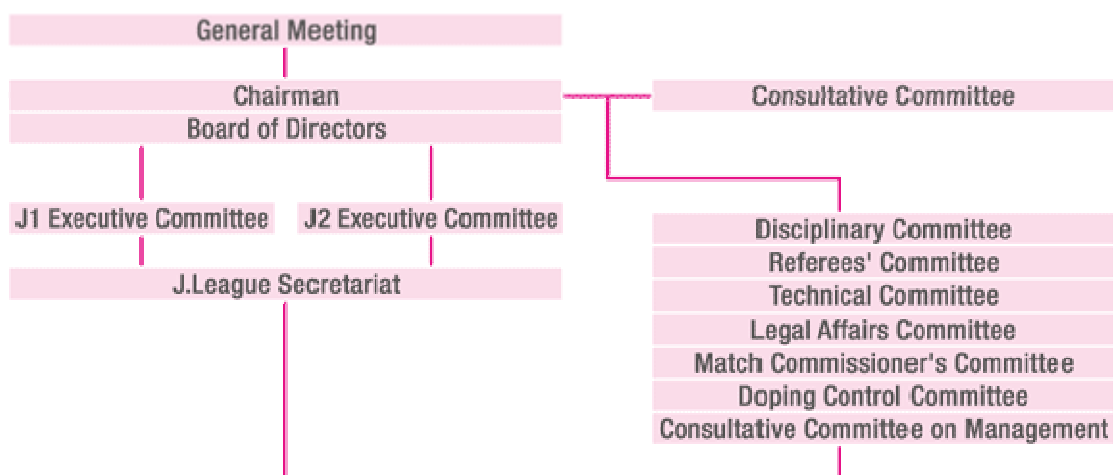


Figure 2: J-League management structure – organizational chart <sup>6</sup>.

The J-League started with a clear belief that the only way to get the general public support which the league needed in the beginning was to create a true “home-town”-system with a close mutual commitment between the football club and the local people (Figure 3, interlinking strategic *vision* (I), *club* (C), and *fans* (1)). The J-League founders wanted to create the sort of atmosphere where local people are

<sup>6</sup> <http://www.j-league.or.jp/eng/organisation/>, accessed 15.10.2005.

passionately involved in the fortunes of the home club, and tried to avoid the franchise type of sports league organization that is common in the US, where a team's home depends on the preference of the legal owner. This home-town-base is still a condition of J-League membership: "Each club must designate a particular locality as its hometown. It must cooperate in sports activities conducted in the area to grow as a club that takes part in activities in the community and promotes sports in the region."<sup>7</sup>

**THE ONE HUNDRED YEAR VISION  
~ The Sports Community For All ~**

The professional league was established not only to improve the quality of Japanese football but also to foster the nationwide development of an environment in which all people can find easy and enjoyable opportunities to participate in sport. This concept is modelled on the community sports of Europe, especially Germany. The German professional football clubs are comprehensive sports clubs where the whole family, from children to the elderly, can enjoy every kind of athletic activity. People of the community enjoy their own sport during the week and turn out as a family to support their professional team on match days. Sports Schule are also found nationwide where practical training is given to future players, coaches, management staff and others in every sport. These, too, contribute to each sport's domestic spread and development.

The J. League aims, through the sport of football, to establish sports clubs like those of Germany that are deeply rooted in the community, for watching sport, playing sport, and developing community ties through sport in an expanding circle of sporting opportunity. These clubs shall be a base, too, for producing top class athletes, bringing new vitality to Japanese football and raising the level of the Japanese game.

*Figure3: J-League – the one hundred year vision.*<sup>8</sup>

A further condition for J-League membership refers to the *arena* (D), as both J-League 1 and 2 clubs must regularly use home-town-arenas, with an evergreen natural grass field. The stadiums must also have floodlights of an average 1,500 lux or more. Stadiums for J-League 1 clubs (J2-clubs) must hold 15,000 (10,000) spectators or more.<sup>9</sup> The *players* (E) are also mentioned in the membership

<sup>7</sup> <http://www.j-league.or.jp/eng/d1and2/>, accessed 15.10.2005.

<sup>8</sup> <http://www.j-league.or.jp/eng/mission/>, accessed 19.10.2005.

<sup>9</sup> <http://www.j-league.or.jp/eng/d1and2/>, accessed 15.10.2005.



conditions because each J-League 1 team must have at least 15 players who have concluded the standard professional contract approved by the JFA, while second division teams must have at least five such players, and coaches employed at all levels should hold the appropriate licence. It is further required that each club should operate a reserve team and teams at the U-18 (youth), U-15 (junior youth) and U-12 (junior) levels (refer to *team (A)* and active *club members (2)*).<sup>10</sup>

In connecting strategic *vision (I)* with the network *level of strategy (II)* and *sporting competition (B)*, it is obvious that the prospect of expanding the influence of the football game to East Asia moved FIFA towards complying with some particularities introduced by the J-League giving local influence to “the game” in the early years. “In order to make the league both easy to understand and exciting for the greatest possible number of people”<sup>11</sup>, the J-League adapted differently to European practices with a two-stage season system and a final play-off between the winners of the two stages. As general understanding of football rose in Japan during the league's first decade and in 2005, J-League 1 will now be played as a single season-long league without separate stages.<sup>12</sup> A one-point system for games ending in a tie was introduced only in 1999 and finally adopted for all J-League matches in 2003. Previously, tied games had been followed by a race for the ‘V(ictory)-goal’ within 30 minutes of overtime and, if still undecided, by a decisive penalty shoot-out (Sakkā Hyōron Henshūbu 1999: 28-29; Manzenreiter 2004: 295).

The J-League started with ten teams in 1991, expanded to 16 in 1996, rising to 20 in 1998 and implemented a two division system in 1999 (J-League 1: 18 teams; J-League 2: 12 teams).<sup>13</sup> Remember membership in the European first leagues is fluid. In Germany for example, the bottom three teams out of 18 drop down to the second Bundesliga at the end of the season, and the top three second-league teams move up to the Bundesliga. It comes even harder, as the bottom four teams drop down from the second Bundesliga into either one of the two German semi-professional regional leagues (North and South). By implementing the two division system and the single long season, promotion and relegation play-off have now been introduced in Japan<sup>14</sup>, but in fulfilling the club’s obligations to the J-League

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<sup>10</sup> <http://www.j-league.or.jp/eng/d1and2/>, accessed 15.10.2005.

<sup>11</sup> <http://www.j-league.or.jp/eng/d1and2/>, accessed 15.10.2005.

<sup>12</sup> <http://www.j-league.or.jp/eng/d1and2/>, accessed 15.10.2005.

<sup>13</sup> For a full description on all Japanese professional teams refer to the J-League Databook (Tsuboi & Yaki 2002).

<sup>14</sup> A promotion and relegation play-off has been added between J1 and J2:

\* The 1st and 2nd placed teams in J2 in 2005 shall be promoted to J1

organization, Japanese professional football clubs will not drop down from the second J-League. Also a J-League 2 club, even if it qualifies on the pitch, can only be promoted if it satisfies the formal requirements for entry to J-League 1. In total European and South American teams play around 80 matches, and Japanese teams only around 50 matches annually.

Looking closer at the individual football *player* (E) in Japan, the former coach of the Japanese national team explains: "... Japanese players have good skills, but lack desire and good decision-making. In the eyes of their [European] team-mates, Japanese players do not show enough fighting spirit." (Troussier 2002: 114). This reflects the difficulties many of the more than 60 foreign managers who coached in the first decade of the J-League faced. They were bought to Japan to pass on their knowledge of skills and tactics, but sometimes found their biggest task was dealing with the mental aspect of the football game. "In the worst cases they found players had been drained of self-confidence and trained not to take the initiative. The history of Japanese sports shows that everything is adjusted to the traditional Japanese way of thinking with lots of coach control." (Moffett 2002: 107).

One major challenge during the establishment of the J-League was that *membership* (2) had to be defined within Japanese society. In most European countries football is organized through clubs, with active members taking part in competition and non-active members, that is, people who do not actually take part, or no longer, pursue football actively. In Japan, however, this was not common at all. Within the American sphere of influence, football in Japan was provided by companies on the one hand, and schools, colleges, and universities on the other hand.

Linking *club* (C), *merchandise* (F), *fans* (1) and *sponsorship* (4) during the planning phase of the J-League, the founders expected their main audience not to be active *members* (2), but merely football fans. "Spectators at the average baseball game were very different from the J-League's target market. Baseball was a very male-oriented game, and most people in the crowd were men over 40 years old who liked to go along and relax with beers and their business friends. Watching the game itself didn't always seem to be the main reason for going." (Probert & Schütte 1997: 9) The J-League aimed at people who played and enjoyed football and who are passionately involved in the action on the pitch. Match attendance

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\* The 17th and 18th placed teams in J1 in 2005 shall be relegated to J2

\* The 16th placed team in J1 and 3rd placed team in J2 shall play off in two matches home and away and the winner shall play in J1 in 20

Source: <http://www.j-league.or.jp/eng/d1and2/>, accessed 15.10.2005.

included not only families – not a hint of the hooligan tendency that keeps young women and children away from visiting the arena – but teenage girls, who came to cheer individual players. Creating a football supporting culture was one of the major tasks of the first decade of the J-League. The hard core of fans could make as much noise as any crowd in the world (see e.g. Shimizu 2002), but “a few rows away, the other side of an invisible line, shouting and singing became as embarrassing as it would be in a shopping centre.” (Moffett 2002: 78) Those fans were for the most part purely spectators, and remained silent apart perhaps from clapping along with the drumbeat.

To handle the *merchandising business* (F), in the early years the J-League engaged only one supplier, Sony Creative Products, a subsidiary of Sony Music Entertainment, to create characters and logo marks for every team, constituting a completely new strategy in the football business. Sony Designers scanned team emblems and mascots used in the NFL, NBA, and European football leagues and came up with animated cartoons: Yokohama Marinos were given a seagull dressed up in a sailor’s uniform, Kashima Antlers got a deer, etc (Ophüls-Kashima 2003). Team stripes for the football clubs were chosen by a J-League committee, and the colours were deliberately jazzy in order to appeal to supporters: bright orange for S-Pulse, lime green and yellow for Bellmare etc..<sup>15</sup>



<sup>15</sup> Refer to the J-League official website for a complete set of team emblems and team colors. On the history of names and cartons of Japanese football clubs, see Ophüls-Kashima (2003).





*Figure 4: J-League – Sample team emblems and mascots.*

## **4 Challenges of the J-League establishment to IB theories**

There are at least four key streams of theory which have influenced our knowledge of operating in global environments: (1) The process of internationalization; (2) Co-evolutionary perspectives; (3) The relationship between global and local developments, including power/dependence relationships; and (4) Marketing strategies. Each of these is discussed in detail below and challenged by the international spread of the football business (i.e. the establishment of a professional football league in Japan).

### **4.1 Internationalization of football**

Much of the IB literature on internationalization deals with the choice between exporting and foreign direct investment (as summarized in Kutschker & Schmid 2005), mainly considering factors like market imperfections (Hymer 1976; Buckley & Casson 1976; Rugman 1981), strategic behaviour (Knickerbocker 1973; Caves 1996), or location advantages (Dunning 1988a, 1988b, 1993). Sequential modes of internationalization of firms were introduced by Vernon's product cycle hypothesis' (Vernon 1966, 1979) or the Scandinavian stages models of entry, coupled with a progressive deepening of commitment of firms to each foreign market as their experience grows (Carlsson 1975; Forsgren & Johanson 1975; Johanson & Wiedersheim-Paul 1975; Johanson & Vahlne 1977). This enables firms to gradually increase its understanding of quality expectations, personnel

requirements, distribution and media structures, and buying behaviour peculiarities on the foreign market.

However, for the football business the situation is different, as football is “process consumption” rather than “outcome consumption” by the supporters. Fans perceive the entertainment process as part of the “entertainment consumption”, not simply the outcome of that process, as in the traditional distribution and sales of physical goods. However, the proliferation of information technology has made it possible to serve the needs of consumers all over the world in sports (Smith & Westerbeek 2004). Today fans are not limited to the geographic location of the football club; the game might be consumed real-time or recorded from virtually any location in the world, delivered by media services. Thus the benefits for the promotion of sports and its commercial partners are significant, as Smith & Westerbeck (2004: 31) point out. “Thousands of companies and millions of products or services could be aligned with each sporting event or organization. When you watch the Super Bowl from your yacht at the Caribbean, the virtual advertising and sponsorship messages will be tailored specifically to your needs.” This leads to the following proposition:

*Proposition 1: The global spread of football as a game is a step by step development, positively related to global media interests and sponsorship activity in recent years.*

It should be obvious by now that football is a global business, rapidly expanding and developing on a worldwide scale. We stated previously that there are two consecutive stages of internationalization of *football as a game*: the prerequisite stage and the exploiting stage (Dolles & Söderman 2005a). Since modern football was developed in some British countries in the 19<sup>th</sup> century, it has become increasingly international. Until that moment, football was only practiced in Great Britain, but some years later it opened out from the British Isles, given that part of the workforce of many companies was sent abroad and international capital was available to finance this expansion. This encouraged people to emigrate, and they exported football wherever they went. The stage of exploitation was driven by the last two decades of the last century by the clubs' need to cover costs, a desire to raise as much revenue as possible and to generate profits wherever practicable. At this stage football clubs increasingly entered the international market, mainly

owing to the need of more profits to gain competitive advantage. Thus, football clubs began to exploit all possible commercial alternatives: they developed strategic alliances with partners in supporting industries such as sports equipment, they started to quote themselves on the stock market, they established cross border alliances among top clubs, they increased international player transactions, and they pushed harder to enter into new and lucrative markets abroad. This development was supported by the implementation and extension of various international competitions in Europe, supported by the football governing body, UEFA (Union of European Football Associations), such as the UEFA-cup, the UEFA Champions League, the Cup winners Cup and the European Championship Finals. The idea of the Japan Professional Football League and the incorporation in 1991 certainly fits into this stage.

Revenues	FX'92	FX'93	FX'94	FX'95	FX'96	FX'97	FX'98	FX'99	FX'00	FX'01	FX'02	FX'03	Budgeted FX'04	Budgeted FX'05
Admission fees and membership dues	0	634	690	706	727	771	870	980	880	940	940	940	880	960
Broadcasting rights	70	1,093	2,19	2,214	1,207	2,056	2,189	2,386	2,221	2,461	4,815	4,818	5	4,903
Sponsorship	157	2,31	2,961	3,799	4,681	4,106	4,032	3,281	4,018	3,876	3,521	3,902	3,564	3,995
Licensing	380	3,601	3,588	2,099	934	473	234	277	237	593	697	739	554	500
Gate receipts from games hosted by J.League*	242	1,129	457	691	474	272	327	249	200	262	505	326	230	248
Others	94	124	136	767	278	338	342	373	454	388	670	729	417	419
<b>Total revenues</b>	<b>943</b>	<b>8,891</b>	<b>10,022</b>	<b>10,276</b>	<b>8,301</b>	<b>8,016</b>	<b>7,994</b>	<b>7,546</b>	<b>8,009</b>	<b>8,52</b>	<b>11,148</b>	<b>10,454</b>	<b>10,645</b>	<b>11,026</b>
Expenditures	FX'92	FX'93	FX'94	FX'95	FX'96	FX'97	FX'98	FX'99	FX'00	FX'01	FX'02	FX'03	Budgeted FX'04	Budgeted FX'05
Operating expenses : Dividends to club	533	6,147	7,647	7,364	5,385	5,128	4,778	4,362	4,623	5,212	7,223	7,667	6,39	6,535
Operating expenses : Others	599	2,258	1,86	1,971	1,91	1,693	1,918	2,057	2,208	2,057	2,618	2,255	2,571	2,649
Administrative expenses	195	319	401	1,12	1,002	1,169	1,277	1,116	1,156	1,234	1,279	1,393	1,564	1,675
Others	5	110	175	105	40	3	11	22	17	15	29	138	117	124
<b>Total expenditures</b>	<b>1,332</b>	<b>8,834</b>	<b>10,083</b>	<b>10,35</b>	<b>8,338</b>	<b>7,993</b>	<b>7,986</b>	<b>7,557</b>	<b>8,005</b>	<b>8,518</b>	<b>11,148</b>	<b>10,453</b>	<b>10,644</b>	<b>10,982</b>

\*rounded numbers, non league tournaments.

Note: In million of Yen. Some numbers do not match due to rounding up of figures.

Figure 5: Summary of J-League's profit-loss statements<sup>16</sup>.

Rowe (2000, 1996) notes that sport and TV have become mutually and internationally indispensable. As mediated events, football matches, "are privileged means of communication for businesses wishing to conquer new markets, improve their image, and enhance brand recognition" (Manzenreiter 2004: 289; Andreff 2000). Japanese football is no exception in this regard, as the major source of club

<sup>16</sup> <http://www.j-league.or.jp/eng/data/>, accessed 19.10.2005.

revenues comes from broadcasting rights (see figure 5). However, by having TV rights, contracts, and sponsorship deals all decided centrally by the J-League Management and distributed equally among its member teams irrespective of performance (Horne & Bleakley 2002), the J-League is challenging prevailing European practices in professional football (and even other sports, like baseball, in Japan) thus far.

In addition, the policy of controlling all broadcasting rights ensures that no team dominates airtime, and no broadcaster dominates the J-League (Manzenreiter 2004). Cut off from direct national TV revenues (they may only deal with the sale of local TV broadcast rights), J-League clubs remain highly dependent on direct sponsorship (see figure 3). “Budget deficits have to be covered by main sponsors, which were in a number of cases identical with the owner companies of the former amateur teams. Urawa Red Diamonds and Kashima Antlers, for example, each received an annual subsidy of 100 million yen from Mitsubishi and Sumitomo respectively.” (Manzenreiter 2004: 303) This kind of commercial sponsorship represents one of the most rapidly growing sectors of marketing communications activity, as it is believed to simultaneously attract, and provide access to, an audience. In fact, with the exception of movie stars and singers, sports teams generate a stronger emotional response from fans than in any other industry (Richelieu 2003) and each sponsored event is capable of reaching differently defined audiences (Meenaghan & Shipley 1999; Thwaites 1995; Javalgi et al. 1994).

Following the initial success – both on and off the pitch – by the J-League, and the good performance of the Japanese national squad, coupled with the rise in football participation in Japan and the increasing global appeal of football, Japanese MNCs increasingly became involved in football sponsorship. Take the upcoming 2006 FIFA World Cup in Germany as an example with Fuji Film and Toshiba, two out of fifteen of the official partners were Japanese Companies.<sup>17</sup> Others, like JCB, Konica, Minolta, Toshiba and Yamaha are sponsoring the Asian Football Confederation (AFC) Asian Cup in 2007, the Asian premier national team competition in football. On the club level, e.g. SEGA Europe was the shirt-sponsor partner of London’s Arsenal FC, to support the launch of its new video gaming

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<sup>17</sup> A full list of the sponsors at the five FIFA World Cups from 1986 to 2002 can be found at Tomlinson (2005: 52-53).



console and the brand in the UK market from 1999 till 2002, following the Japanese company JVC (Rosson 2005).

## **4.2 Coevolutionary perspectives**

In this chapter we challenge some of the essential properties of coevolution and their implications for the global spread of professional football.

Whether an organization shall be guided by its environment or not is a well researched question. The contingency theory is one example. The more competitive the environment is the more resources have to be directed on this “guidance”, often called strategy making. These are obvious conclusions drawn by any executive and are matters of course. The sponsoring organizations mentioned above like JCB, Konica and Minolta perceive strong competition which explains the reason that such large budgets are allocated for football.

Although the coevolutionary construct has been gaining adherents (see special issue in *Organizational Science* in 1999 edited by Lewin), coevolutionary effects are far from being well accepted or understood. Some of the essential properties of coevolution will be described, and their implications for strategic management and organization adaptation research. The focus on the interdependence between the organization and the environment was, for example, endeavoured by the SIAR school and its founder Rhenman (1973). The SIAR researchers claimed already during the 60’s and the 70’s with their strongly empirical findings that there must be a consonance between the company system and its surrounding system (Normann 1977; Rhenman 1975). Rhenman strongly hypothesized the need for supporting systems. It can be remained that “coevolution” later has initiated many etymological creations like co-production and co-sponsoring.

The concept of “coevolutionary”, which seems to appear much later and is summarized (see e.g. Lewin et al 1999; Lewin and Volberda 1999) in five properties: (1) Multilevelness/embeddedness; (2) Multidirectional causalities; (3) Non linearity; (4) Positive feedback; and (5) Path and history dependence.

(1) Multilevelness/embeddedness: Coevolutionary effects take place at multiple levels within firms as well between firms. While coevolution has been studied on a single level of analysis it is argued that coevolution takes place at multiple levels. It is made a distinction between coevolution within the firm and coevolution between

firms and their niche (macroevolution). The J-league had to be accepted by the sponsoring companies in the beginning, by the audience, by the local communities and not least by the local companies. The organizational practices thus had to be changed in many aspects.

(2) Multidirectional causalities: Organizations and their parts do not merely evolve. They coevolve with each other and with the changing organizational environment. Confronted with data from the J-league, it was definitively the case.

(3) Non linearity: As a consequence of indeterminate feedback paths, change in one variable can produce quite counterintuitive changes in another variable. This property is also in line with the J-League case study.

(4) Positive feedback: Organizations systematically influence their environments, and organizational environments fundamentally comprised of other organizations in turn influence organizations. These recursive interactions result in interdependences and circular causality; each firm influencing the other in turn being influenced by the behaviour of the other. Our J-league data is not detailed enough to give support to this property.

(5) Path and history dependence: Adaptation in a coevolutionary process is path- or history dependent. Variation in adaptations among constituent firms in a population may reflect heterogeneity in the population of firms at earlier points in time, rather than variations in niches in the environments or a set of distinct external conditions as generally suggested by contingency theories. This is probably not the case since football clubs do not vary as much as other companies.

Normann (2001: 3) later proposed that the fundamental process of leadership is that of interpreting a (continuously evolving) context, "...formulating our notions of our own identity and the emerging new contextual logic into a set of *dominating ideas* which are both descriptive and normative, and then translate these into various realms of action." This would lead to an assumption that a successful transfer cannot be realized unless a clear vision and full support by the initiators. A fit is required between the dominating ideas of the J-league leaders and their understanding of the preceding environment of amateur football.

Going back to the properties we can assume concerning the *multilevelness/embeddedness* that the transfer of "organizational practice" need to consider influencing forces on different levels in order to be successful. This is highly relevant in the J-league. With reference to the second property, the *multidirectional*

*causalities*, we can assume that the receiving organization needs to change in order to enable transferability from an amateur league to a completely new system from “company teams (amateur)” to “towns teams” Concerning the *non-linearity*, it might be argued that the transferring organization should be flexible and react to sudden changes of direction during the process of transfer but we lack data to prove its relevance. *Positive feedback* certainly assumes that feedback leads to constant redefinitions of the service and the process of transfer. However, in the current type of process we do not know the interdependences between FIFA and the league organizers and the companies, or for example the determined minimum sizes of the towns. The fifth property: *Path and history dependence* could imply that a successful transfer needs to reflect the past experiences of successful and non successful transfers. Many coaches from abroad do not have to lead to immediate successes; a professional league was needed in order to have a base a pool of skilled players playing in a good league. The time was right to launch the J-league. Finally it can be assumed that a successful transfer cannot be realized unless a clear vision and full support by the initiators. The vision was to host the World Cup and challenge the Koreans and this statement is in line with Normann’s expression of a dominating idea. However, the strongest conclusion is about the first mentioned property which can be formulated as:

*Proposition 2: The transfer of “organizational practice” in the football business needs to consider influencing forces on different levels in order to be successful*

### **4.3 Global and local developments**

Since the 1980s, much research has been conducted on the so called “global-local” dilemma. This fundamental conflict is known to be a constituent for every problem of IB and has been dealt with in theory and practice as a “classical problem” (Löhr & Steinmann 1998). It deals with the fundamental question of whether business operations abroad should “conform to the host business system or attempt to inject some degree of change into the prevailing pattern” (Fayerweather 1978: 8). The logic of thinking in such terms stems basically from the expected differences between parent-country and host-country environments and business patterns in

international management and is about balancing local demands and a global vision (Prahalad & Doz 1987). The notion of national cultures assumes that cultures have their particular characteristics shared by members, and are distinct (Hofstede 1984, 1985; Triandis 1994 among others). This generalization is useful in contrasting the two perspectives on the transferability of management and organizational practices: the “universalist” who contend management principles are universally applicable, and the “culturalist” who argue that management and organizational practices are constrained by cultural factors so that widespread transferability would not be possible (see Dolles 1997: 234-259; Osterloh 1994 for a comprehensive overview).

Theoretically speaking, football business could be organized, managed and played the same anywhere in the world if environment and business patterns in Europe, South-America and Asia were absolutely identical. Indeed, one might expect at first glance that because of the nature of the football game, the issue of culture-bound vs. culture-free would somewhat lose its edge in the football business. Thus, we propose the following:

*Proposition 3: Because of the nature of the football game, socio-cultural influences are less important, and football should be transferred universally.*

Pivotal to all questions surrounding the culture-bound vs. culture-free nexus are “dialogues” (Falcous & Maguire 2005: 14) between and within the global development and the various local cultural identities in sports. In sports industry research a range of studies has been made with specific reference to the attempts of North American professional basketball (National Basketball Association) to expand globally (e.g. Jackson & Andrews 1996, 1999; Andrews et al. 1996; Andrews 1997, 1999; Mandle & Mandle 1990, 1994). Jackson and Andrew (1996: 57) argue for the basketball case that American commodity signs do not inevitably lead to the creation of global homogenous or “Americanized patterns” of popular cultural existence. Alternatively, they emphasize “the cultural dialectic at play in relation to the presence of transnational brands and images in influencing local identities and experiences” (Falcous & Maguire 2005: 15).

Viewing the network of value captures in professional football and its applicability to the J-League’s development in Japan in its totality, we will conclude as follows:

1 As a matter of fact, we discovered differences in most elements of our network of value captures and its interlinkages, e.g. organizational structure, franchise system, mode of sporting competition, and playing rules. This is even true for the case how football is performed in Japan, however most of those differences in practices and strategies are a matter of degree rather than of nature, e.g. team and coach. These observations lead to the conclusion on the one hand that football contributes towards the constitution of national cultures in sports.

2 By forging a link to the presence of the football governing organization FIFA and the global spread of football, we argue on the other hand, that notwithstanding such strategies of localization of the football game in the early days of the J-League, the FIFA is more akin to a global product. The recent changes of football rules in the J-League reflect the implicit pressure by the football world governing organization and the FIFA strategy to present a largely consistent product across worldwide markets. On this basis, research on the transfer of institutional practices must include uneven power geometry and disjunctures between local identities and global developments. Following Sugden and Tomlinson's (1998) arguments, football as a world sport relies not only on its appeal to fans all over the world, but also on the power of its main representative units to negotiate between national member organizations and to represent their common interests against the demands of its main financiers. The football governing institutions, like the FIFA, "regulate the legal and logistical conditions that allowed neo-liberal business practices to flourish in football. The associations came to deal with matters outside their immediate sporting sphere, as football's popularity and enormous appeal, its importance for the media and its expanding economic, social, and even political significance all combined to make the sport a vital common denominator for varied interest groups." (Manzenreiter 2004: 291)

#### **4.4 Marketing strategies**

The Penrosian tradition (Penrose 1959; Prahalad & Hamel 1990) reflects the traditional marketing focus on the firm's core competences combined with opportunities in the foreign environment. When considering the implication of product positioning, it is important to realize that positioning can vary from market to market because the target customers for the product may differ from country to country. In confirming the positioning of a product or a service in a specific market

or region, it is therefore necessary to establish in the consumers' perception as to exactly what the product stands for and how it differs from existing and potential competition. In developing a market specific product positioning, the firm can focus upon one or more elements of the total product offer, so the differentiation might be based upon price and quality, one or more attributes, a specific application, a target consumer or direct comparison with one competitor.

Given its importance, it is not surprising that the issue of strategies for servicing foreign markets has been extensively covered in the IB literature. However, as the choice of strategy depends on the product, the characteristics of the market and on the global strategy of the organization, we see the parameters in football are singularly different from those in other businesses. Although football is becoming commoditized, the business rules are still unclear off the pitch. These off-pitch rules should follow "normal" business logic; however, the very nature of the game and the organization of the system enhances the risks. A main factor in uncertainty is also found in the definition of the market; football is a series of markets as developed in our framework of value captures. One of the key ingredients of the business of football also is its local character; in a global football market, this presents special challenges to marketing the brands. In conclusion, this leads to the following proposition:

*Proposition 4: Producing football successfully in Japan needs to find an entry mode and a marketing/management strategy that reflects local cultural preferences on the one hand, but be somehow different from existing sports on the other hand.*

Viewing the network of value captures in professional football and the incorporation of the J-League, we will argue as follows:

1 In our analysis, football is observed to be a "change agent" in Japan influencing the society, its education and politics (see e.g. J-League's "One Hundred Year Vision"). That also includes creating new markets, sports consumers, merchandising, sponsors. The dominating trend in the football business is developing the individual club as a global brand. Simply put, the brand carries enormous weight in the marketplace, standing for everything about a football club, the team and its players that is communicated by the name and related identifiers, like jerseys and logo marks. The core strategic issues for any football club looking

to play on the global stage are, how do you get there - and how do you stay in the floodlight? Football by itself is marketed in Japan as *shinhatsubai*, as a “new, improved product, now on sale”, following a marketing principle well known to Japanese marketing professionals (Watts 1998, Horne & Bleakley 2002). Different to European practices, associated product marketing and merchandising is centralised in the J-League. “The unified marketing system allowed consistent pricing, design and quality, ensuring responsible trademark management and equal exposure for each club.” (Probert & Schütte 1997: 8). This strategy reflects the fundamental principle of the founders of the J-League, that all teams should have an equal chance of exposure and an equal share of the merchandising revenue.

2 Attracted by the huge potential market and their growing fan base in Asia, Europe’s top football clubs, like Manchester United, Real Madrid, FC Barcelona, Bayern Munich, and Hamburger Sport Verein visited Japan in 2005 to play friendlies. Champions League winners Liverpool were originally due to play in Japan too, but will be visiting Tokyo this winter to play in the World Club Championship. FC Barcelona even opened a temporary fan shop in Yokohama during its stay in Japan, which was considered a great success: "Over the last few days, more than 30 people have signed up as members, but the most important thing is that there has been a big flow of visitors and we have given out a lot of information. ... Even more than the players, the Japanese fans stress the value of teamwork, the philosophy of the Club and our one hundred year history. They are highly knowledgeable about the Club and are very loyal.”<sup>18</sup> As a follow up and service to their international fans, Japanese fans are able to keep up with all the FC Barcelona news via the Japanese language version of the Club's website, which also allows them to purchase official Club products online. However, due to the nature of the football business, the problem is still in making money out of that following in Asia, and more precisely, how to convert that attention into revenue for the clubs. None of the top football clubs seem to have found the formula just yet.

3 Finally, reverting to Kostova (1999) and her suggestion that the success of transferring organizational practices abroad resides primarily in the individuals at the recipient unit, as they must implement, as well as internalize, the practice if the transfer is to be successful, we might conclude, that “the game” has been successfully established into sports in Japan. The J-League initiators aimed to strengthen the national squad and to host at least half of the FIFA World Cup finals

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<sup>18</sup> <http://www.fcbarcelona.com/eng/noticias/noticias/n05061401.shtml>, accessed 20.10.2005.

in Japan. Football participation and the number of football spectators have been rising over the last decade, but whether the Japanese public's attention towards football will be sustained is tied to the success of the national squad in Japan. "If the coaches in the football association continue following the same path, Japan could become one of the world's top-15 teams within the next 10 years. However, we must not relax. ... In this era of globalisation, only countries that can catch the new wave of world football – like changes in strategy and the freedom of transfers - can move forward." (Troussier 2002: 162-163)

## 5 Conclusion

This exploratory research focuses on a very well known phenomenon which has been less studied in a systematic manner. The J-league is the case around which the football phenomenon is described and this illustrates the conditions and enables to succeed in transfer of practices from the European context to the Japanese. The football product is not very precisely defined and consequently implies different meanings for various consumer categories. This is shown in our framework of value captures in the football business. The proposed framework helped to a better understanding of the football business and its environment in Japan. Knowing how those value captures are interlinked is of significant practical relevance and importance. As suggested in sports management research (FGRC 2004; Schewe & Littkemann 2002) and by football executives (Mayer-Vorfelder 2005) the sporting success of a football club might increase their revenue potential, however the extent to which this potential is fulfilled depends on the strategy, on sound club and product management, and on good working relations with all customers groups.

But how can this inductive research be related to the existing vast literature of international business theories? Empirical testing is vital for our framework. We therefore focus in the latter part of the paper on four areas of major IB theories and we try to draw conclusions on significant variables and relationships among them. This is done by formulating four propositions which seem to be the relevant characteristics of the implementation of football abroad in modern times.

*Proposition 1: The global spread of football as a game is a step by step development, positively related to global media interests and sponsorship activity in recent years.*



*Proposition 2: The transfer of “organizational practice” in the football business needs to consider influencing forces on different levels in order to be successful.*

*Proposition 3: Because of the nature of the football game, socio-cultural influences are less important, and football should be transferred universally.*

*Proposition 4: Producing football successfully in Japan needs to find an entry mode and a marketing/management strategy that reflects local cultural preferences on the one hand, but be somehow different from existing sports on the other hand.*

Finally, there is the important challenge of crafting empirical research to make further progress in understanding the questions raised in this article. Moreover to study the phenomena of the globalisation of professional football we need detailed case studies covering a wide range of national contexts in order to develop further confidence about the proposed framework of value captures.

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