

Gender diversity and financial sustainability in professional football: A competitive strategy and proposed interdisciplinary research agenda

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There is a strong body of work in the financial corporate governance realm that analyses the impact of gender diversity on financial sustainability and suggests commercial implications of the inclusion of women in decision-making. Sport governance research has yet to consider the financial benefits of greater gender diversity and the research pool of knowledge is predominantly focused on skills benefits. This commentary offers a brief summary of the business and sport governance literature and proposes an interdisciplinary research agenda that aligns financial and diversity aims. A wider research pool of knowledge around the impact of diversity in governance on football clubs is recommended. Research in this area can support football executives' understanding of increasing gender diversity (on boards and in other areas) as a form of competitive advantage and financial sustainability.

Keywords: Gender diversity; financial sustainability; interdisciplinary research; football governance

Introduction

Academic investigations and media attention around the lack of women on boards of directors in professional football clubs is not new. Football has consistently had low board gender diversity (i.e., equitable or fair representation of people from different genders). This is theorised to be a result of its sexist history, structural discrimination, and extremely gendered organisation of men's club football (Bradbury et al. 2011; Bryan et al., 2021). With the exception of a few studies (e.g., Strittmatter & Skirstad 2017), there has been limited consideration by academics of the impact of board gender diversity in professional football despite research from wider business domains indicating commercial and financial benefits. The aim of this article is to provide a brief summary from business literature as applied to football that we argue calls for greater

research on board gender diversity and financial sustainability within football, and more broadly sport. We also present a short synopsis of the sport governance literature for context. Thus, our intention is to both stimulate further interdisciplinary academic investigation and prompt football executives to consider increasing their gender diversity (on boards and in other areas) as a form of competitive advantage.

Organisational value of gender diversity

There is a strong body of work in the financial corporate governance realm that analyses the impact of gender diversity, particularly in the boardroom and in senior management, on organisational value (Carter et al., 2003; Terjesen et al., 2009), although causation is not clearly established (Carter et al., 2010). These research findings of positive relationships between proportion of female board members and firm value are focused on corporates (such as Fortune 1000 or FTSE 500 firms) and has not previously addressed the sport industry, as well as concentrating on quantitative analysis at the expense of in-depth case-studies (Widyahayu Warmmeswara et al., 2022), creating a number of gaps for future research.

The impact of gender diversity on firm performance is influenced by whether diversity is mandated (such as through a required quota) or recommended (Yang et al. 2019), with quotas increasing representation but firm-wide accepted diversity providing better integration and results, suggesting emphasis on transition and inclusion for football clubs as a financial success tool over blunt and sharp reform. The relevant power wielded by women on the boards in question – three or more women on the board was found to be most beneficial and seen as a “critical mass” for both quality of experience and influence – is also a key consideration for gender equality and organisational value in football clubs (Konrad et al., 2008). Women tending to make different financial decisions to men (Charness & Gneezy, 2012) furthers the potential to

affect risky decision-making and financial unsustainability in football (Philippou & Maguire, 2022). This is supported by industry research on the holistic performance of firms where equality, diversity and inclusion (EDI) is integrated into firm governance (Hunt et al., 2020), and suggests that gender diversity and inclusion in football clubs should be considered as organisational strategies relating to financial performance. This importance of diversity and inclusion in organisational performance was recognised as a priority by some UK financial regulators in their quest for stability in the financial sector (FCA et al, 2021), creating scope for interdisciplinary applications between traditional finance and sport literature.

Gender diversity, financial sustainability, boards and football

To the authors' knowledge, no study of diversity and financial sustainability has been conducted in football with respect to gender or other social identities. As such, we offer a brief synopsis here of the gender diversity in football, the financial sustainability in football, and gender diversity in sport governance literatures. Gender diversity in football literature concentrates on sociological and structural gender constructs (e.g., Bryan et al., 2021; Strittmater & Skirstad, 2017) rather than commercial and financial ones, the latter providing gaps ripe for research. Women on football boards have received relatively less attention than women in other leadership roles like coaching (e.g., Clarkson et al., 2019). Bryan et al. (2021) examined women in football leadership roles over a 30-year period, finding only 8% of board members were women, and concluding that women were only peripherally included in football leadership. Strittmatter and Skirstad (2017) interviewed two women on football associations' executive committees and noted cultural developments following their appointments, but also linked their arrival to success in women's football.

Literature on financial sustainability in football concentrates on financial distress, cost control, and competitive balance (see Plumley et al., 2021) rather than diversity, while sport governance literature focuses on the skills benefits that board diversity brings (Hoye & Cuskelly, 2007), the positive impact of gender quotas in advancing gender diversity (Adriaanse & Schofield, 2014), the reduction of organisational problems (Wicker et al., 2020), and the importance of inclusion of women on boards as part of good governance (Chappelet & Mrkonjic, 2013; Geeraert, 2016). Again, the gaps in the literature are evident. Wicker et al.'s (2020) longitudinal analysis of a German sport club, its boards and its organisational 'problems' represents one of the few sports studies investigating board gender diversity and finance. The authors found that the more gender diverse the board was, the smaller the financial problems. This work extended Wicker and Breuer (2013) who found that individuals' perceptions of financial problems were less in clubs with a higher gender ratio. There are also commercial implications of inclusion for on-pitch performance in football, as liberal countries (often correlated with diversity and inclusive business practices across industries) see more goals in their leagues (21st Club 2019). This latter aspect brings in marketing and performance literature into the potential mix of interdisciplinary research discussed here.

From a policy perspective, the UK Government Fan Led Review of Football Governance (2021) recommended (and the Government response (2022) accepted this) a skills-based approach to board recruitment (over the personal and social network approach traditionally used), as well as a requirement for club EDI plans. In light of this direction, research into the interaction between gender diversity and football governance is imperative from both a research and policy perspective. The current limited research

sphere restricts informed decision-making by, and commercial prospects of, football clubs, further strengthening the need for research in this area.

Research agenda proposal

Situated within a corporate governance framework, the interaction between board gender diversity and financial sustainability has much to offer collaborative research agendas for the future. As gender and governance in sport by its nature encompasses research areas of management, business, finance, sport, and sociology (amongst others), an inter-disciplinary approach is required to synthesise all necessary information. Our recommendations include the following to enable a stronger body of work around the impact of diversity governance on football clubs:

- 1) Develop an inter-disciplinary collaborative agenda around the existence of and reform requirements with regards gender diversity in the financial sustainability dialogue to bridge the gaps discussed above.
- 2) Collect data to inform future research on the topic from across countries and leagues as well as across individual clubs to ensure global deficiencies and reform requirements are captured, as well as country- or league- specific ones, reflecting the global reach of the sport.
- 3) Perform quantitative data analysis around the impact (or lack of) gender diversity on both sport governance and leadership with regards financial sustainability of football clubs and leagues, creating an empirical evidence base for industry use.
- 4) Collect qualitative data and analyse lived experiences of the issue of gender imbalance in decision-making in football, across both men's and women's football, to better understand the issues policy enhancements need to address at government level.

5) Assess and compare communication and implementation of EDI policies to research in other areas of the diversity (e.g., Bradbury & Conricode, 2021) and corporate governance policy implementation fields (e.g., Ferreira, 2015) to help strengthen this area of research.

Conclusion

Financial sustainability of clubs is a major issue of concern for both practical and policy perspectives, yet there is a major gap in the research aligning financial and diversity governance aims. Our proposed agenda aims to bridge the gap between the two by stimulating debate and interdisciplinary collaborations in the area. Further research in this field is imperative to ensure all areas of potential improvement are considered by governing bodies, executives, and government in addressing the financial sustainability concerns in football.

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