Case Study

Newham and Sports Governance

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The ability to bid for, and host, a successful Olympic Games, requires a momentous logistical effort in terms of balancing all resources available to the host city. Amongst the most important– and potentially difficult – resources to co-ordinate are the voluminous number of local, regional and national Governmental, non-governmental and private sector organisations that need to combine their human resources in order to produce a successful event.

In this respect, London is no different from any other host city, having to balance the needs of many different groups with competing (and, often, complementary) agendas. One major stakeholder in the Games is Newham Council, the council for whom the Games will be most pertinent. This is because the site of the Athletes Village, the Olympic Stadium – and the very heart and soul of the 2012 Games – will be located directly within their jurisdiction.

**Identifying Stakeholders**

A stakeholder can be defined as: “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984).

Use of stakeholder theory is valuable within the context of the 2012 Games, as it allows us to identify who the key players are within the hosting of the Games. Gaining a more proficient understanding of this network of interests helps us gain a clearer understanding of the economic, social, financial, health-related, environmental & political impact of the Games, and allows us to understand if legacies within each area – for each stakeholder – have been met. One might ask; is the game a success if it generates profit for the Government and for private businesses? A logical answer would be yes. But the Government and private sector companies are only two groups of shareholders – what about local residents? Will they gain access to better sports facilities and a cleaner, safer environment, or will these legacy goals fail to be met?

Stakeholder theory reminds us that gauging the success of a mega event such as the Olympics can only be assessed on a stakeholder by stakeholder basis if we are to perform a successful analysis.

**Newham Council**

Newham Council have made a clear statement that they are only willing to provide a significant investment to the Games fund if they are also afforded a meaningful role in the management of the Olympic Stadium.

Newham are wisely leveraging their position as their contribution could provide crucial to the ability of a post-Games legacy. Their contribution – originally cited as £40 million – would have allowed the stadium to be adapted into a 60,000 seater arena that would meet the needs of a football club – at the time named as West Ham FC

(something that has now been thrown into doubt give the recent financial wrangling of West Ham FC and Tottenham Hotspur FC). Newham Council was previously a partner of West Ham FC, but the situation has had to be revised following the failure of the West Ham FC deal to be secured. This has, effectively, moved the goalposts (in more ways than one). As a result of the failure of West Ham to secure the arena, the Olympic Park Legacy Company (OPLC) have decided that the stadium should now remain in public ownership. However, they have still requested that the Council contribute to the £100 million cost of converting the Stadium.

Newham have leveraged the importance of their negotiating position to ask for a share of the revenue generated and also seats on the management board that are proportionate to the investment it makes.

The Council is considering the viability of an operating company running the Stadium, with West Ham (or, notionally, another football club) becoming one of many tenants who will effectively rent space in the Stadium to the tune of around £2 million per annum. West Ham FC responded with some disappointment, stating their continual and repeated interest in securing the arena, but also voicing concern that they do not know what they will now be bidding for if they do apply to rent the Stadium as their home ground.

Their concerns include the potential need to install

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more temporary seating, to the tune of £10 million, in order to allow fans to sit closer to the

pitch than the current design allows. Concerns have also been raised that (due to conversion costs), the number of glass-fronted corporate hospitality boxes will have to be reduced. Corporate hospitality boxes remain a major source of income for football clubs. Tottenham Hotspur FC have bowed out of discussions altogether, citing the necessary retention of the athletics track around the pitch as a deal breaker.

**Discussion**

* This discussion starter raises the importance of an understanding of stakeholder analysis and interest in the negotiation process. Using the links provided in the ‘Further Information’ section below, attempt to identify what a stakeholder is, and how organisations identify key stakeholders.
* Who are the key stakeholders in the governance of sport in the capital?

**Further Information**

* Freeman, R.E (1984). “Strategic Management: A stakeholder Approach”. Boston, MA: Pitman.
* Freeman, R.E (1999). “Response: Divergent Stakeholder Theory”, *Academy of Management Review*, 24/2: 233-36.
* Freeman, R.E (2004). “A Stakeholder Theory of Modern Corporations”, *Ethical Theory and Business*, 7th edn.
* Friedman, A.L. and Miles, S. (2006). “Stakeholders: Theory and Practice”, *Oxford University Press.*

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WOMENS PARTICIPATION IN THE OLYMPIC GAMES

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