Governance Practices, Commercial and Social Relations in Brazilian Soccer Clubs

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Abstract— It may be assumed that Brazilian soccer clubs should broaden their horizons in terms of their economic and social maintenance through more effective commercial activities. This can be done through greater transparency of their strategic activities in terms of their relationships with partners such as investors, supporters, governments and the public. This study focuses on the following research question: how can the adoption of governance practices by the main soccer clubs in Brazil create new business relationships? The study analyzes the adoption of governance practices and the relationship with partners in 14 soccer clubs with the highest revenues in the country. The method was a multiple case study with a qualitative and quantitative analysis approach. The data were compiled in 5 dimensions with 48 indicators of the Brazilian Governance Institute. The description resulted in a suggestion for adapting the structure and practice of governance of soccer clubs through transparency, advice, norms and social actions as a framework for economic and social sustainability through better business relationships with direct and indirect partners.

Keywords— sport governance, corporate club, business relation.

I. INTRODUCTION

Understanding the current governance and management profile imposed to the clubs over the last decade raises the question of why some entities adopt strategies that lead to expected economic and social outcomes, while other entities do not. The importance of governance [1],[2] on the outcomes of the organizations is already broadly known. However, there is little empirical evidence of how the adoption of governance practices impacts relationships with various partners, which for this study is between the Brazilian soccer clubs and their business partners.

Different from other economic sectors, the origin of soccer was a combination of single international, national, regional and professional entities; and it is responsible for a great portion of the economic activity on the sports and entertainment market, not only by employing coaches, athletes and officers, but also by engaging different people directly and indirectly related to the show.

According to Somoggi (2017), the balance sheet (2015/2016) of the 20 clubs with the largest revenues in Brazil had an increase of 30.2% when compared to 2015, which means nearly R$ 4.9 billion (91% of the total domestic revenue), and the Brazilian market of soccer clubs reached R$ 5.4 billion in 2015, emphasizing the broad representativeness of such 20 clubs in comparison to the all the 776 registered professional clubs [3],[4].

Even when considering such scenario of business opportunity, effective actions or changes are not observed in the management behaviour or the organizational structure of the federation, confederations or soccer clubs, which would justify the revision of the instruments that enable them to achieve financial health [5].

Despite the time gap of the analyzed period (2007/2017), current data show the repetition of the same mistakes throughout the reference period. According to Somoggi (2017), those 20 clubs with the largest revenues in Brazil present a 'hyper-dependence' on television revenues, representing 51% of the total revenues assessed in the period of 2015/2016; the remaining revenue is complemented by sponsorship, advertisement, partnerships, ticket sales and trade of athletes [3].

The lack of professional qualification on sports and governance has allowed for controversial actions by entities and clubs, which resulted in the Parliamentary Commission of Investigation in the Brazilian Congress. Such fact compromised the clubs' images, as the discussion raised concerns on the management of sports institutions, which should have had transparency as reference for their relationship with the government.

Conmebol (South American Football Confederation), by means of the Circular Proceeding 06/2015, of 07/29/2015, introduced the 'Compliance Program', elaborated to ensure greater efficiency and transparency to the activities of the confederation and, consequently, its affiliates, requiring management transparency and governance in order to improve its processes and operations' integrity, since they demand that clubs involved in championships organized by Conmebol have in place management models that comply with legal and administrative requirements.

The purpose of this research may be outlined as 'to describe the model to adopt governance practices and their possible effects on new business relations' for the 14 clubs with greatest national projection (CBF Ranking/2017) and revenue ([6],[3]), as shown on Table 1 (revenues in descending order).

Table 1: Revenue without athlete transfer - 14 Clubs

RK 2016	CLUBS	STATE	Revenue 2015 (in millions of reais)	Revenue 2016 (in millions of reais)
1	Palmeiras	SP	344	469
2	Flamengo	RJ	323	382
3	São Paulo	SP	265	346
4	Corinthians	SP	281	309
5	Grêmio	RS	185	225
6	Atlético MG	MG	231	300
7	Cruzeiro	MG	269	218
8	Internacional	RS	224	206
9	Fluminense	RJ	164	176
10	Santos	SP	168	245
11	Vasco da Gama	RJ	183	205
12	Botafogo RJ	RJ	115	153
13	Atlético	PR	129	147
14	Coritiba	PR	81	102

Note. Source: Itau BBA. Financial and Economical Analysis of the Brazilian Soccer Clubs https://www.dropbox.com/s/s4p8ne63k53w0jt/Analise%20Preliminar%20de%202016%20Itau%20BBA.pdf?dl=0# Entry in 07.06.2017. This projection takes some assumptions into account: non-receipt of gloves, athletes sales movements (data spread by spoken and written press)

Specifically, we seek answers to the following questions: What are the main governance characteristics of the researched soccer clubs regarding transparency, committees, audits, standards, councils, and social and environmental actions? What is the interference of the internal stakeholders: Decision-Making Council, Board of Directors, Advisory Board, Fiscal Committee, as well as Executive Management? What is the interference of external stakeholders: Brazilian Federal Government, Brazilian Soccer Confederation, State Federations, media and sponsors? What governance practices are recommended in order to expand the commercial perspectives of the researched clubs?

Below, the theoretical grounds that support the data analysis for this research are presented. After that, there is a report about the methodology and procedures and the data analysis itself. Finally, the final considerations and proposals for future studies are presented.

1.1 Soccer clubs management models in Brazil

According to Leoncini and Silva (2001), the management of soccer clubs in Brazil is influenced by internal and external forces, which influence their management models [7]. External forces such as effective legislation and industry practices affect the clubs, such as the Pelé Law, which causes significant changes to the management method.

As for internal forces, influences refer to economic and sports outcomes, the admission of new agents, poor performance in the field, athletes being sold, the pass-on law, the stadiums' awful conditions, among many other factors.

As there have not been major changes to such practices, this background shows signs of the internal management conditions of the Brazilian soccer clubs. In this regard, Aidar, Leoncini, and de Oliveira (2002) suggest that there are different management models in Brazilian soccer, and that each of them meets certain characteristics and interests of the involved parties [8]. That model is then chosen to meet short-term financial goals, rather than more detailed mid and long-term analyses, such as those listed below:

a) Co-management – Its main characteristic is to establish rights and duties for both parties, e.g. the club and its sponsor;

b) Trademark Licensing and Soccer Department Outsourcing – When the social club grants the investor with rights to use the trademark;

c) Acquisition – When the club and the investor create a new company, which becomes the holding company and the owner of the soccer team;

d) Creation – When the investor creates the soccer team already as a company, in which all assets belong to the club-company and its revenue results from the club's business.

In the authors' opinion, this is a pre-established set of principles and duties of an organization, which directs its funds in favor of achieving its purposes, without ever clarifying the formalization of the governance practices that would establish a transparent relationship between the club and its partners.

1.2 Governance

Governance, for the purposes of this study, is the basis that guides the managerial model and business model rules. In this sense, the Brazilian Institute of Corporate Governance (BICG) considers governance as a system through which organizations are managed and monitored, involving the shareholders and quota holders, as well as the Board of Directors (BOD), the Board of Executive Officers, Independent Audit Companies and the Fiscal Committee. The purpose of governance is to increase the company's value, facilitate access to capital, as well as contribute to its perpetuity. According to the Institute

(Brazilian Governance Institute) the principles and practices of a good Corporate Governance apply to organizations of any nature (any size or type of control) [9].

The concept of governance allows one to view the structuration of organizational processes that govern the relationships between shareholders, managers and other partners [10]. In a recent period, discussions on corporate governance started including not only the managers' control for the organizational unit, but also the relationship with all stakeholders. Thus, good governance shall drive the organization towards achieving effectiveness, considering the interests of the parties that are involved and affected by managerial actions. According to Rese (2012), the organizations' multi-faced nature and their relationships cause conflicts of interest, management and governability, leading the organization to the preeminence of creating a governance mechanism that outlines and establishes the roles of each agent in this setting, ensuring that the different interests of the involved parties are met [11].

In this regard, the best corporate governance practices recommended by the Organization for Economic Cooperation and Development may be summarized in the following items [12]:

a) Transparency in meetings (accountability), ownership structures (established and legitimized), control groups (identified and acknowledged) and equity interest (regardless of the number);

b) Clearly established structure and liability for the Board of Directors (not only meeting the interest of an emerging political group);

c) Protection of minority equity holders;

d) Audits, legal compliance, statements of evaluation indicators and transparency in relationships (periodic control actions).

It is noteworthy that in the case of Brazilian soccer clubs, the boards comprise various elements (businesspeople, politicians, independent professionals, etc.), representing the various political forces of the club, which emerge according to the performance in the field achieved during the current management. Summarizing, such fluctuation hinders investment raising, for it drives the shareholder (and/or stakeholder) away from the soccer's business dynamics due to legal and corporate characteristics in force in Brazil, which prevent non-profit institutions to have a more active participation in the management of the clubs.

On the other hand, clubs in Europe are often incorporated as a company, since ownership structures are more favorable to proposals of governance.

In Brazil, soccer clubs are incorporated as non-profit entities, and their management is assigned to partners elected as executive officers, and there is no direct connection with having the necessary competence to exercise the position. Thus, it is noteworthy to mention the position of Hoye, Nicholson, and Houlihan (2010) on the aspects that must be considered regarding third-party activity regulation [13]. The authors mention that the lack of control and transparency in the documentation of decision-making processes, as well as the inability to punish managers, are some of the observed deficiencies and they are directly related to sports organizations. In this regard, Chelladurai and Madella (2006) state the need for a bureaucratic essence to sports organizations, since there must be a well-established work division, as well as clear authority lines, in addition to formalized procedures and rules [14]. Managers' autonomy, as pointed out by Viana and Fontes (2011), can establish better governance and management practices for clubs, since it requires an improved relationship with stakeholders, especially for consolidating implemented strategies and actions [2]. However, clubs would be required to present proper structures to the financing agents, seeking transparency in fund allocation and in their actions.

Ferkins and Shilbury (2010) use defined professional management and bureaucratic processes as starting point, resulting in the following topics: shared leadership (with an interesting discussion on the effective participation of all stakeholders involved in the club's management, since the participation in professional management is deemed as certain, thus reducing the passionate connection of managers in routine decisions of sports organizations) [15]; motivation (internal and personal aspects), rules (regulatory standards) and structure of the Board (encouraging and strengthening the participation of professional managers, especially voluntary managers who observe the lack of recognition and time, issues that interfere with the quality of interventions by the Board).

Next, based on the proposed objectives, there is a description of the methodology used in this investigation, as well as the procedures for data analysis and collection.

II. METHODOLOGY

The research may be characterized as a mixed-method research [16]. In order to meet the research's characteristics, a sequential exploratory strategy was chosen, involving a first stage of collection and analysis of qualitative data (structured questionnaire), followed by a second stage of collection and analysis of quantitative data (statistical analysis), developed based on the first-stage results [17].

Based on the theoretical definitions and the use of a structured questionnaire (Appendix 1) for the 14 clubs with the largest revenue in Brazil (Table 1), a study of multiple cases has started, and it enabled a better definition of the profile of practices involved in the constructs of this work. The information was researched along with provided documents and reports that are available to the public at the clubs' official websites. The instrument of collection was a questionnaire structured with 5 Dimensions and 48 reflection points, as per the IBG's indicators (Brazilian Governance Institute), disposed as follows: Transparency (D1/16 indicators); Boards and Audit (D2/18 indicators); Regulatory Standards (D3/4 indicators); Meeting (D4/3 indicators) and Return on social investment/SRIU (D5/7 indicators).

III. DATA ANALYSIS

The following statistical analyses have been performed: calculation of Spearman's correlation coefficient (r_{ij}), in which i and j represent the dimensions; Bartlett's test for sphericity hypothesis; principal component analysis; factor analysis and cluster analysis. The factor analysis was performed through a correlation matrix. The clubs' cluster analysis used the centroid method and, as dissimilarity measure, the Euclidean distance. As for statistical analyses, they were performed in the R software [18].

IV. RESULTS AND DISCUSSION

Through the calculation of the Spearman's correlation coefficient between dimensions, it was noted that the following dimension pairs presented moderate positive association and significant correlation (with 5% significance): D2 (boards and audit) and D4 (Meeting) (0.545); D3 (Regulatory standards) and D4 (Meeting) (0.631). Thus, as there is an increase in D4 score, there is also an increase in D2 and D3 scores. The D2 (boards and audit) and D5 (SROI) dimensions also presented a moderate reverse association (-0.406), but not significant at 5% of likelihood. In short, as D2 scores increase, D5 set of variables (dimensions) decreases. Other dimension pairs presented a poor association, with no significance at 5% of likelihood.

Considering the results presented by the correlations, Bartlett's Sphericity test was significant with 5% of significance (p-value < 0.05). According to Johnson and Wichern (1998), this result ensures the relevance and reliability of the results that will be presented by principal component analysis (PCA) and factor analysis (FA) [19].

Based on the Principal Component Analysis (PCA) two components were selected, which, considering the

dispositions of Ferreira (2008) and Jollife (2002), consist in the analysis of principal components that achieved an eigenvalue equal to or higher than 1, that is, the accumulated ratio of total variance explained by the two first principal components is equal to or higher than 70% [20],[21].

Through the referred analysis, it was noted that the first principal component was responsible for the higher explanation percentage of the total rating variability for the 5 dimensions (44.02%) followed by PC2 (31.87%).

The Biplot graph presented in Picture 1 presents the associations between each pair of principal components that were considered in the analysis. In this scatter graph, each point represents scores of the principal components of each researched individual. Also, the arrows in this graph represent the intensity and the direction of the influence for each dimension, as follows: (1st) arrow parallel to the axis of each principal component represents that this variable has bigger influence in this PC, and (2nd) the direction of the arrow indicates if such influence is direct (direction equal to the increase of PC values) or reverse (direction opposite to the increase of PC values). The direct influence of a variable under a PC represents that individuals with high values for such variable will have high values in the referred PC. On the other hand, the reverse influence of a variable under a PC represents that individuals with high values for such variable will have low values in the referred PC [21].

Picture 1 presents D3 (Regulatory standards) and D4 (Meeting Standards) exercising a higher influence in the generation of PC1, and such influence is reverse. Clubs that attributed higher ratings in all questions about conduct and conflict of interest and stakeholders presented a low PC1 score.

Thus, it is noted that the majority of the clubs achieved intermediary values for PC1. However, São Paulo and Cruzeiro clubs presented the highest values for PC1 (Picture 1(a)) and, consequently, those were the clubs with lowest ratings attributed to conduct and conflict of interest and stakeholders.

As for the results on PC2, it is noted that D5 (SROI) dimension exercises a higher positive influence in the generation of such component and D1 (Transparency) and D2 (boards and audit) dimensions presented higher negative influence on PC2. Thus, PC2 represents a comparison between the ratings attributed to the questions for SROI and the ratings attributed to disclosure and boards and audit.

Thereby, it is noted that the majority of the clubs achieved intermediary values for PC2. However, Vasco and Atlético Paranaense presented higher values for PC2
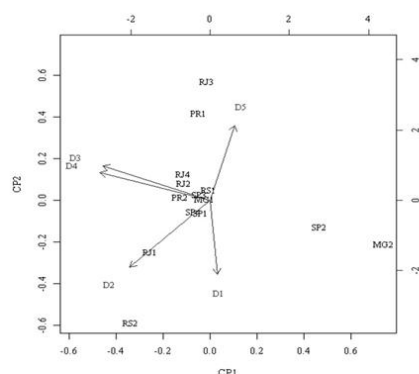
(Picture 1(a)) and, consequently, those were the clubs with the lowest ratings attributed to 'Transparency' and 'boards and audit' and with the highest ratings to SROI.
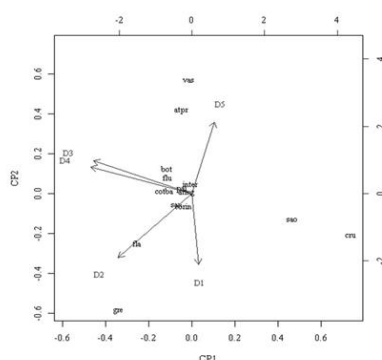
Picture 1a. Clubs *versus* State
Biplot graph to each pair of principal component (pc), in which individuals are named after (a) the club and (b) the state they belong to.
Source: Authors

Picture 1b. State
Biplot graph to each pair of principal component (pc), in which individuals are named after (a) the club and (b) the state they belong to.
Source: Authors

Grêmio and Flamengo were the ones with the lowest PC1 and PC2 values (Picture 1(a)) and, consequently, presented high ratings attributed to 'Regulatory Standards' and 'Meeting'; they also had the highest ratings for 'Transparency' and 'boards and audit' and the lowest ratings for SROI. However, it is noted that there is no relation between the scores of principal components and the States represented in the study (Picture 1(b)).

Using the technique of principal components, a factor analysis was also performed with varimax rotation and cluster analysis in order to establish the groups of dimensions with similar scores if compared to the total researched clubs. Table 2 presents factor loadings of the two first factors in common that, similarly to principal components, respectively represent 44.02% and 31.87% of the total data variability. Through both factors, it is noted that the highest factor loadings were observed in Factor 1 with the D3 (Regulatory Standards) and D4 (Meeting) dimensions, and in factor 2 with D1 (Transparency), D2 (boards and audit) and D5 (SROI) dimensions.

Thus, two groups were created: group 1 (D3 and D4) and group 2 (D1, D2 and D5). The same result was found in the analysis of principal components (Picture 1).

Table 2: Factorial Loads Obtained by Factor Analysis

Dimensions	D1	D2	D3	D4	D5
Factors					
Factor 1	-0,269	0,470	**0,963**	**0,963**	0,000
Factor 2	**0,662**	**0,808**	0,000	0,000	**-0,742**

Note. Numbers in bold represent factor loadings that are, in components, bigger than 0.5.

Source: Authors

The cluster analysis has been performed, and the clustering method chosen was the centroid method with dissimilarity measure equal to the Euclidean distance. The cluster analysis performed was considered efficient, since it achieved a cophenetic correlation coefficient equal to 0.9362 (near 1,[22]).

Taking into account the greatest variation that occurred between the Euclidean distance as cutting point [20], the clubs were divided into four groups (Picture 2(a)): Group 1 (Grêmio, Flamengo, Corinthians, Palmeiras, Internacional, Atlético Mineiro, Santos, Atlético Paranaense, Coritiba, Fluminense and Botafogo), Group 2 (Vasco), Group 3 (Cruzeiro) and Group 4 (São Paulo). Such result indicates that the clubs with fewer similarities with other clubs were: Vasco, Cruzeiro and São Paulo. It is important to note in the graph that, when clubs are renamed by their State of origin (Picture 2(b)), there is no relationship between groups and States.
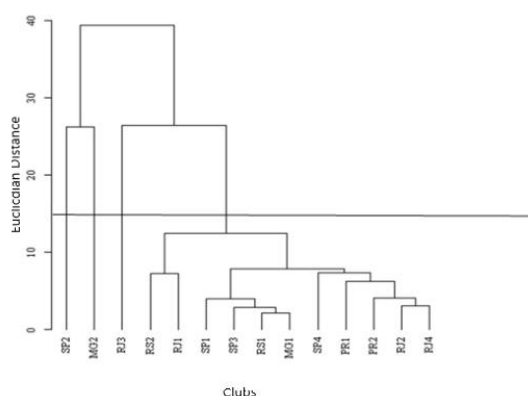
Thus, two groups were formed: group 1 (D3 and D4) and group 2 (D1, D2 and D5). This same result was noted in the analysis of principal components (Pictures 2a and 2b)

Picture 2a. Clubs' cluster
Dendrogram obtained by clubs' cluster analysis, named by (a) its own name and (b) its home state.
Source: Authors.
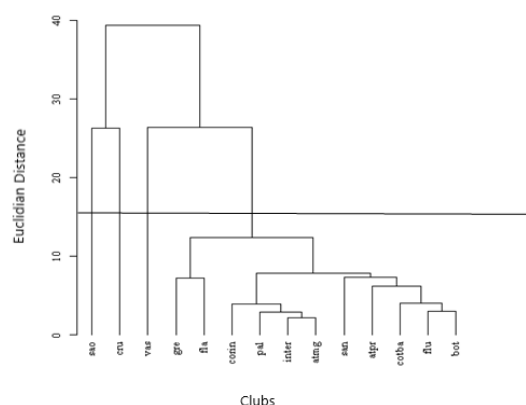
Picture 2b. State's cluster
Dendrogram obtained by clubs' cluster analysis, named by (a) its own name and (b) its home state.
Source: Authors.

Considering the 14 clubs with largest revenues in the Country (Table 1), the following results are noted for the purposes of this work:

4.1 Regarding the main governance characteristics of the researched soccer clubs

Data shows the prioritization of Transparency, that is, disclosure of information to investors and Board members. The information prioritize the compliance with CFC Resolution nº 1.429, (2013) and CFC Resolution nº 1.005 (2004) [23],[24]. However, it is important to point out that explanatory notes are not being fully disclosed, jeopardizing the compliance with CFC Resolution nº 1.429 (2013), which highlights rights, revenues and existing contracts with athletes and other tax and legal obligations [23]. Such aspects are mentioned by Walters and Tacon (2010), who indicate that transparency about what occurs in the organizational environment, whether internally or externally, is critical for management, since knowing all data and information is primal [25]. The quality with which managers run their teams, not only in the field, but also when managing their revenues, directly impacts their success [26]. Such data, according to Melo Filho (2011), may refer to the applicable salary caps, the balance between revenue and expense, as well as other parameters that indicate the club's good financial management [27].

The lack of transparency is noticeable in greater or lesser scale in all clubs, according to accounting statements disclosed at the official webpage of each association, as well as other investigation data. Lack of sufficient information, as seen, hinders the club's credibility before current partnerships and prospects.

4.2 Regarding the interference of internal stakeholders

The prioritization of the internal agent, the partner, either as director or supporter, was noted. Thus, other possible external stakeholders are not properly taken into account, such as governments, society and sponsors.

The attention to voting partners is limited to the election of decision-making body and board of executive officers; directors (Decision-Making Body and Fiscal Council) and officers (some of them receive compensation) are responsible for maintaining the club's administrative and operational structure. The Board of Directors does not exist in 12 of the 14 clubs studied, except for Grêmio/RS and Clube de Regatas Flamengo/RJ, which presented a properly formalized and institutionalized board.

The ombudsman, an important in the relationship with external stakeholders, prioritizes the relationships with partners, limiting itself to the management of operational demands. It agrees with the statement by Parent and Deephouse (2007) and Sotiriadou (2009), which emphasizes that clubs generally try to attribute greater importance to the organization's internal participants [28],[29].

4.3 Regarding the interferences observed in the governance practices in the current management model, it is noted that:

1) Registered supporter: has institutionalized rights and duties; acts through direct election in the composition of board of members, legitimizing, in a certain way, their participation in the club's management;

2) Decision-Making Body (DMB): is the body through which the associates may jointly manifest themselves, and they are responsible for voting the strategic planning, in addition to matters under their responsibility, such as discussing and voting the annual budget, assessing the trial balance sheets, deciding on financial proposals, supervising members of the DMB, the Advisory Board (if applicable) and Fiscal Committee, as well as other committees. For Grêmio/RS and Clube de Regatas Flamengo/RJ, which have a Board of Directors, the DMB shall resolve on their proposals, as well as decide on budgetary supplementation;

3) Board of Directors (Grêmio/RS and Clube de Regatas Flamengo/RJ): among various supporting activities to the (legislative and executive) management, it is responsible for providing the Fiscal Committee with requested information and documents, as well as for resolving on financial and budgetary matters;

4) Fiscal Committee: supervisory board for the club's financial administration, through periodic analysis and issuance of technical opinions;

5) Advisory Board: the frequency of this board's actions was not verified for the clubs analyzed in the sample;

6) Executive Management: paid position for areas such as Legal Marketing, Planning, Business, Soccer, etc.

According to KASZNAR and FILHO (2002), the figures suggest that clubs' managers do not seem to understand their importance to the clubs' supporters, as well as to the society in general, whether by loving the club or by their relevance within the sports productive chain. [30],[31], [32],[33].

4.4 Regarding the interference of external stakeholders

According to Andrade and Rossetti (2007), the administration literature is full of examples evidencing the presence and interference of groups of interest (internal: employees, officers, directors and auditors; external: suppliers, consumers, organized and civil society, government, etc.) together with the organization's routine, such as: Barney & Hesterly, 2007; Johnson, Scholes, & Whittington, 2011; Jones, 2004; Lacombe & Heilborn, 2008; Motta & Vasconcelos, 2006; Peng, 2008; Sobral & Peci, 2008; Stoner & Freeman, 1995, among others, who seek to understand the engagement of these players in the organizations' management, their level of influence in decisions, as well as their impact [34], [35], [36], [37], [38], [39], [40], [41], [42].

The external stakeholders of soccer clubs exercise an influencing and determining role in the preparation and organization of championships (confederations and federations), in the increase of the clubs' revenues (media/sponsor/supporters/clients) and in the regulation of their tax and labor obligations (government), as follows:

• Federal Government: interference in terms of (tax and labor) debts of Brazilian soccer clubs. In this regard, Provisional Measure n° 671 (2015) provides for the management modernization and Brazilian Soccer's Tax Liability, directly impacting the clubs' management and its relationship with supervisory and regulatory bodies (tax relationships, taxes, labor relationships, sponsorships, etc.), having the Brazilian Soccer Confederation as partner of the clubs (with representativeness and autonomy to rule on domestic soccer) [43];

• Brazilian Football Confederation (CBF - Confederação Brasileira de Futebol): influences the organization and performance of the main championships in the country (Brazilian Championship - Brasileirão – A/B/C/D Series; Brazilian Cup – Copa do Brasil, etc.); it is the entity that represents the Brazilian soccer in the continent and globally; it acts as legislator and manager, at State level, it is represented by the respective federations;

• State Federations: located at each of the federation's states, they are responsible for organizing and executing regional championships (Rio Grande do Sul's Championship, Rio de Janeiro's Championship, São Paulo's Championship, Minas Gerais' Championship, Paraná's Championship, among others), providing conditions so that smaller clubs are allowed to survive, at least for some months during the year; they also act as intermediary between clubs and the CBF, regarding the legislative and administrative aspects involving the club;

• Television media: through funds individually negotiated with the clubs, it is currently one of their main sources of revenue. Its influence is noticed at the scheduling of matches during hours that are not favorable to the supporter, such as at 10:00 pm, in the middle of the week, which aims to primarily meet the television channel's schedule and their commitment with sponsors, not directly extending its performance to the club's management.

• Sponsors: after the 2014 World Cup in Brazil and the construction of big stadiums, the clubs started seeking stronger sponsors (financially and with brand equity) to assign their naming rights for a limited time to their arenas. For example, Palmeiras' Multipurpose Arena/SP, named Allianz Parque, as a result of Palmeiras' partnership with an insurance company. It is also important to emphasize that the clubs seek sponsors to print their brands in the team's uniforms, displays at the stadium, among others. However, the relationship between club and sponsors is limited to the exchange of image and strength of the brand, upon pecuniary exchange.Regulatory agents (federal government, federations and confederations) and the local community (sponsors, supporters and clients) are crucial to the club's activities, thus, generating their influence and urgency power [15], [44],[45].

Thiel and Mayer (2009) consider stakeholders part of the club's decisions, however, they state that their interests shall not supersede the clubs' purposes [47].

4.5 With respect to the transparency of control and management information instruments adopted by the clubs and their contribution to good governance practices

Absence of an Audit Committee, the (decision-making and fiscal) boards are responsible for superficially acting in such process. In 86% of the researched clubs, there was no Board of Directors, except for Grêmio/RS and Clube de Regatas Flamengo/RJ. Pursuant to the Brazilian Rules of Corporate Governance, this board has the duty to be the connection between ownership and management, in order to guide and monitor the relationship between management and other stakeholders, since it has a key role in the decision-making process and strategic guidance, which are essential elements for developing good governance practices [47].

According to the IBGC (2009), the role of the audit committee is to verify the financial statements and

their transparency against the company's current status [48].

Thus, the expansion of Brazilian soccer clubs' commercial activities goes primarily through good governance practices driven by transparency and compliance with the market's demands.

The Board of Directors, an independent audit company or the fiscal committee may comply with some of these demands. The adoption of such practices allows for the expansion of the clubs' credibility and conversation, according to [15].

Although managers are aware of the importance of instruments that may assist in the clubs' control and management, no concrete action has been taken by them [48].

The investigation suggests that governance initiatives oriented to the club environment context may cause changes as to how clubs are perceived and managed, whether through better allocating funds or adjusting the organizational structure, as well as through the implementation of a clear management model, adopting the dimensions of the Brazilian Governance Institute. In this regard, Table 3 shows a contribution to studies on sports governance, since it aims to address the gap noticed between the management of good governance practices (IBGC) and the current management of the referred clubs, as follows:

Table 3: Sports governance model to Brazilian soccer clubs

Dimension	Characteristics
Transparency	. Adoption of professional management at all executive levels of the club, as well as in the mediation of other councils and committees, which count on the partners and advisors' participation. . Usage of standard documents, such as annual and financial reports required by law (among others NBCT 10.13 and Resolution CFC 1.005/2004), which intend to meet the club's characteristics and requirements, as well as the other market agents (prioritizing governance items and the current legislation) . Transparency and frequency in communicating financial reports, as well as contracts (partners, sponsors, athletes among others) to all stakeholders involved. . Definition of management and control procedures; establishment of an internal (formally established and operating) and external (staffed by professionals without any identification to the club) audit.
Assembly/Counseling and Audit	. Inclusion of Ombudsman as assistance entity of the Hearing Committee, which takes over the auditing and validation of activity results of various hierarchy levels (assembly, counseling and executive management). . Requirement of the Executive Board, replacing the Management Board, meeting the requirements of governance procedures, as well as professionalizing the mediation between the General Assembly and the Deliberative and Fiscal Board. . Formalization and frequency of the internal inspection activities on the clubs through the effort of the internal audit (formally established and operating) as well as the external audit (staffed by professionals not connected to the club), aiming to create performance indicators that reflect on conducting the governance standards that meet the sport particularities.
Mediation Standards	. To increase the number of external participants in the Councils and Committees (supporter, sponsor, confederation, auditors and financial managers not connected to the club) aiming that the clubs professionalize the ways of conducting and solution of conflicts. This factor becomes a regulatory framework for club interests because it focuses on political impartiality in the management process.
SROI (socioenvironmental actions)	. To define performance indicators that encourage the good behavior on socioenvironmental practices which should meet health, education, and sport needs through specific actions (extension projects that meet the socioeducational demand, in conjunction with the ultimate goal, the professional athlete) that result in quality of life improvement of that very environment. . Requirement of a socioenvironmental report as a way of proving the investments made by the club and, consequently, its impact on society.

Source: Authors.

The reflection about the validation of governance aspects and good management practices, established based on macro and microeconomic indicators that meet the needs of the sports segment, contributes to further developing and understanding the matter.

V. CONCLUSION

The main contribution of this work is the identification of forms to adopt governance practices according to the analyzed factors, that is, their commercial and social relations with different partnerships. It is mentioned that the commercial interest and the interest in meeting demands from different audiences may be greatly impacted with transparency of information, the management by the boards and the enforcement of social actions and rules.

External contexts, such as debates conducted in Europe about the clubs' direction, have influenced the critics regarding bad practices being performed in Brazil. However, the search for external management models, which attribute greater administrative transparency to clubs in their relationship with new investors, have contributed for the consolidation of a better image of Brazilian clubs abroad, as well as for a possible closer relationship with their supporters.

However, it is necessary to point out that, through the analyzed data, there are indications that the capacity for governance structuring and main strategic decisions on the researched soccer clubs are subject to systematic interferences from stakeholder groups. An example of such are the boards, which restrict the manager's autonomy, as well as relationship strategies with excessive emphasis in registered supporters (programs that have no relation to the society and its needs), which relegates the supporter-consumer to a background (market actions meeting the supporter-client needs – broadly emphasized in European clubs – were not observed). Another negative factor pointed out is the permissive interference of groups elected in the appointment of executive positions, with no direct relation to the qualification required to exercise the role. Based on such information, it is possible to imply that soccer clubs grant opportunities guided by personal interests, hindering the partnerships' reliability and, as a result, the fund raising process, affecting the soccer business dynamics.

When considering the search for new opportunities for the survival of soccer clubs through activities of economic sustainability, there is a systemic need for changes, since it involves the clubs' governance and commercial activities, as well as relationships with all stakeholders, including other sports organizations, sponsors, government, press,

supporter-consumer, among others. It is understood that such relationships expand the proposals of change and adjust actions related to legislation and good governance practices, with the purpose of meeting economic and financial vulnerability of Brazilian clubs through effective administrative solutions [48].

It is important to point out that Proni and Zaia (2007) emphasize the impossibility of a single management model, which would require from the manager a deep analysis of the organizational context of each club, as well as a reflection about the best form of conduction [26].

Thus, this work, when describing the current governance setting, suggests actions for the adjustment of soccer clubs to the needs of investment and consumer markets, especially by improving the relationships with different direct partners, in addition to the adjustment of their governance and management structure.

Based on the analysis of the data collected in this research and works of Alves and Pieranti (2007) [49] and The Football Association (2005) [50], the following practices are suggested in order to expand the possibilities of greater reliability for the clubs' commercial activities:

1) Complying with legal demands and mediating conflicts between different political groups comprising the bases that enable the management of sports entities;

2) Addressing the partners' perspectives by allowing them to vote and have their representative at the boards;

3) Making the club's performance clear to intermediaries with economic and financial interests, as well as sponsors;

4) Promoting strategies and actions that include the wishes of the community and the professional qualification of amateur athletes and social projects;

5) Encouraging the union between the boards, as well as voluntary or professional stakeholders, with different competences and skills, so they may contribute to the monitoring (Fiscal Council and External Audit), control (Board of Directors) and management of sports processes.

It is necessary to emphasize the distance between the power of such clubs' trademarks and the credibility of their action, which results from the incompetency and lack of commitment of current managers with subsequent managers, which do not prevent the proposition of conceptual aspects allowing a better reflection based on current management models [53],[54].

However, it is important to point out the future theoretical and research possibilities regarding the concept of governance under the perspective of its practices divided into sectors. With this research, it was possible to verify strong indications of historical influence in the holders of power and their practices on matters related to the studied topics, such as transparency information instruments and administrative models with the participation of stakeholders.

As a limitation, this study may not be generalized to other Brazilian soccer clubs, making the re-application of this study necessary for further generalization. Future works, under this scope, must verify a possible extension of results upon the inclusion of other clubs that were not researched in the sample.

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