

Does HRM matter for professional soccer organizations?

A research on the HRM-Performance relationship for PSO's

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Management summary

In every professional sports competition there are teams that over- or underperform in terms of their available resources. The non-fiction book 'Moneyball: the art of winning an unfair game', written by Michael Lewis (2003), describes the story about a relatively small baseball team that manages to compete with the bigger teams by implementing a unique HRM policy.

In light of the Moneyball story this research analyzes the HRM-Performance relationship for five Dutch professional soccer organizations (PSO's). This is done both qualitatively and quantitatively, on the basis of the well-known HRM-Performance model of Paauwe and Richardson (1997) that is adapted to fit the professional soccer industry. The PSO's that have been investigated are: Ajax, AZ, FC Twente, Feyenoord and PSV. These are the five biggest PSO's of the Netherlands in terms of support and ambition. The qualitative part of the research entails the analysis of HRM related interviews with relevant club officials in over 400 magazines of 'Voetbal International' covering the past decade (2001-2011), the analysis of over 25 documents published by the PSO's during this time period (e.g. annual reports) and the corroboration of the assumed views on HRM by means of an interview with a former head coach and director of football. The quantitative part of the research entails collecting and analyzing seven years of statistical data about the HRM outcomes and sports outcomes of the individual PSO's. The data contains over 1900 player records (including market value, age, years at club, national and international experience, etc.) describing over 600 individual players and the sports outcomes of the five PSO's in the league, cup and European competitions.

The results of the research show that all of the investigated PSO's at some point in time created a long term view for the club. Without exception these long term views included policies for recruitment and selection with a focus on scouting talented young players that have development potential and maintaining a steady inflow of youth players into the first team from the youth department. Policies for player compensation are often in place but are mostly mentioned in combination with a restructuring to cut the budget. Other policies remain relatively underexposed. The continuation of the policies and the adherence to the long term view have proven to be a problem for most PSO's. This is often in retrospect attributed to the external pressure of media and supporters. The only PSO that has generally adhered to its original long term view and policies is FC Twente resulting in a steady growth from an almost bankruptcy to a championship in seven years' time. The direct influence of the HRM policies, on both the HRM outcomes and the sports outcomes is demonstrated by the analysis of the data. When a deviation from the HRM policy arises, either intended (i.e. policy changes) or unintended (i.e. conflict, financial distress, opportunism), the implementation time is almost zero because of the high volatility of the soccer industry. This is an advantage when unexpected things happen such as injuries, but it is also a disadvantage since a few changes can have a large impact on performance. The possibility of reverse causality is considered and the relationship seems to be negative rather than positive. When the sports outcomes are good the PSO's seem less inclined to strictly implement their policies. This can be regarded as a dangerous pitfall for PSO's when it comes to their HRM policy. Finally the research has shown that the HRM outcomes (i.e. employee skills, attitudes and behaviors) significantly influence the sports outcomes of a PSO.

Preface

With this research I will complete the master program for Industrial Engineering & Management at the University of Twente, the Netherlands. This report is the end result of my research on the HRM-Performance relationship for professional soccer organizations.

During my search for an assignment in the financial sector to complete my master program, a friend of mine pointed out that his former professor was performing research in the field of professional soccer. The possibility of combining my master thesis with my lifelong passion for soccer was a notion I could not get out of my mind. Therefore I contacted Martijn van Velzen and after an interesting introductory meeting I was given the opportunity to perform a research on the HRM-Performance relationship for professional soccer organizations, which I happily accepted. During the initial phase of the research it became clear this would not be a straightforward project. Due to the uniqueness of the setup and the almost unlimited boundaries it took some time to really delve into the subject. After the scope had been established and the literature review was completed, the data collection phase presented some challenges of its own. Next to the uncountable hours of data gathering from over 400 magazines of 'Voetbal International' and on more than 600 unique players it turned out to be more difficult than expected to entice executives from the soccer world to participate in this research. Even though these challenges presented themselves I have been able to gather sufficient data to draw meaningful conclusions. Now the report is finished I am happy with the end-result and I can look back on a very satisfying graduation period.

For presenting me with the opportunity to perform this research I would like to thank my supervisor Martijn van Velzen, who has guided me along the way and helped me in realizing this report. Furthermore I would like to thank my second supervisor Jasper Veldman for his input and feedback.

Finally I would like to thank my family, friends and especially my girlfriend for the feedback and the support they gave me during the course of this research.

I hope you enjoy reading this report and equally enjoy this quote of the most famous Dutch soccer player of all times which I came across during this research:

"It is better to fail with your own vision than to fail with another man's vision" - Johan Crujff

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Index

1. Research background	1
2. Dutch soccer market	3
2.1. Competition setup	3
2.2. Club structure	3
2.3. Sources of playing talent	4
2.4. Financial health	4
2.5. Revenue and costs	6
2.6. Player trade	7
3. HRM and its effect on performance of PSO's	9
3.1. HRM and performance	9
3.2. Performance in PSO's	12
3.3. HRM in PSO's	14
4. Methodology	17
4.1. General research model	17
4.2. Sample	17
4.3. Variables	18
4.4. Data collection	21
4.5. Analytical method	22
5. Results	25
5.1. HRM policies in PSO's	25
5.2. Influence of HRM policies in PSO's on HRM and sports outcomes	32
5.3. Influence of HRM outcomes on sports outcomes	40
6. Conclusion and Discussion	43
6.1. Conclusion	43
6.2. Discussion	44
6.3. Scientific relevance	45
References	47
Appendices	51
Appendix I - Elaboration of the Dutch soccer market	51
Appendix II - Interview plan	56
Appendix III - Elaborated club policies	59
Appendix IV - HRM outcomes overview per club	89
Appendix V - SPLS model	92

1. Research background

The book “Moneyball” by Lewis (2003) created a huge upheaval in the baseball world. It describes a way of recruitment for baseball teams using sabermetrics (from SABR: Society for American Baseball Research), a statistical approach to analyze player skills using past performance. The book also describes the way this method has led to increased performance for the Oakland Athletics which was the first team to implement this method. This team increased its on-pitch performance by using a radically new approach to design their human resource management (HRM) policies. It investigated which specific skills a selection of players needs to be successful in the game of baseball. It turned out that some players with those specific skills were relatively cheap to attract. The specific HRM policies, which were developed in line with these findings, helped the team to compete with the biggest and wealthiest teams of the Major League Baseball while having a much smaller available budget. When Billy Bean (Oakland A’s general manager) was asked, “How do you, as a \$40 million bankrolled team, compete with the Yankees and its \$226 million potential?” Beane gave the smart, yet simple answer: “What you don’t do is what the Yankees do. If we do what the Yankees do, we lose every time....” (Lewis, 2003, p. 119).

The impact on performance caused by changes in the HRM policies of an organization has been a topic of discussion in recent years. In his review of the past 20 years of research on the HRM-performance relationship, Guest (2011) argues that a lot has been accomplished but there are still no answers to the core questions about the relationship between HRM and performance, which is attributed to the limited amount of research that is longitudinal. A frequently cited problem with most of the research on HRM and performance is that it is cross-sectional (i.e. analyzing observations regarding a population at one specific point in time) which makes it difficult to be confident about cause and effect (Guest, 2011). Wall and Wood (2005) also emphasize the importance of additional longitudinal research. They state that not only prospective research designs but also retrospective research designs could contribute to this field of research. The sports industry is particularly interesting for this kind of retrospective longitudinal research since sports organizations are relatively transparent due to large media attention and the data on historical sports performance (and the financial performance as well) is often readily available.

Sport organizations come in multiple shapes and sizes. For example the small, community-oriented organizations such as local sport clubs that compete in regional leagues and the large professional organizations such as Fédération Internationale de Football Association (International Federation of Association Football or in short: FIFA) that organizes large international soccer tournaments. Next to these examples many other organizations can be regarded as a sport organization. For example sport gear manufacturers, resellers, national associations and professional and semi-professional sport clubs. Despite of the variation between these organizations, Slack and Parent (2006) argue that there is no difference between sports organizations and any other organization. Keidel (1984) already had acknowledged this fact and regarded professional team sports (in this case baseball, football and basketball) as “a fertile laboratory for managers because they mirror business”. The most striking parallels are (1) the need to compete externally, (2) the need to cooperate internally, (3) the need to manage human resources strategically and (4) its generic (team) structure (Keidel, 1984). Taking these parallels into account and the subsequent availability of (sport) input and performance data it

is interesting to research the HRM-performance link for a professional (team) sport organization. Since soccer (also known as “association football”) is the generally accepted to be the most popular sport in the world and in many ways comparable to the American team sports baseball, football and basketball, this research will focus on professional soccer organizations (PSO’s). A PSO is a social entity that consists of a number of soccer teams supported by a coordinating management team. The goal of a PSO is to let the individual teams collectively strive to compete on the highest possible level. This requires a structured activity system that is provided by the management team. The management team needs to develop a strategy that facilitates being competitive and optimally utilizes the available resources.

The current situation for many PSO’s in the European soccer industry can be compared to the situation of the Oakland A’s, in which they had to compete with much wealthier competitors. Every year the Sports Business Group of Deloitte releases the “Deloitte Football Money League”, in which they profile the highest earning clubs. Deloitte (2008) concluded that the gap between the tenth and eleventh placed clubs increased from 1.4 million Euro in the 2002/’03 season to 48.3 million Euro in the 2005/’06 season. They predicted the top ten to dominate the near future of European soccer (regarding both earnings and on-pitch performance) and did not anticipate any changes in the composition of the top ten in recent years (Deloitte, 2008, p.31). This prediction has come true for the most part. The top ten of the Football Money League remained the same except for the tenth place (in the 2010/’11 season Schalke 04 overtook Juventus due to their strong run in the UEFA Champions League). Furthermore the top ten teams claimed the UEFA Champions League title every year and claimed fourteen out of sixteen available league titles (since the 2008 Deloitte prediction). Up till the 2009/’10 season the gap in earnings between the number ten and eleven increased with a maximum of 52,2 million Euro (Deloitte 2011). After Schalke 04 overtook Juventus for the tenth place in the 2010/’11 season this gap decreased to 21,4 million Euro (Deloitte 2012).

The trend of the “rich getting richer” seems to make it increasingly difficult for smaller clubs to compete. Whether or not this is actually the case, can be questioned. In every competition there are teams that over (or under) perform in terms of available financial resources. In light of the Moneyball story it is interesting to look at the causes of this over (or under) performance and if this can be traced back to different HRM policies or the way these policies are being implemented. In this context the top PSO’s of the Dutch Eredivisie (the highest soccer league in the Netherlands) are suitable to investigate since a number of those PSO’s have relatively over (or under) performed in recent years. For example Feyenoord, a the traditional top three club in terms of performances and finances, has not managed to finish higher than third place (four times) during the last ten years. Furthermore other traditionally smaller clubs (AZ and FC Twente) have both managed to become champions in recent years.

The goal of this research therefore is to investigate the relationship between the HRM policies of the top PSO’s of the Eredivisie and their performance.

To investigate this relationship this report contains a review of the Dutch soccer market (chapter 2), a literature review of HRM and its effect on performance of PSO’s (chapter 3), a description of the research methodology (chapter 4), an overview of the research results (chapter 5) and the conclusions and discussion about the research (chapter 6).

2. Dutch soccer market

This chapter will briefly describe the most significant developments of recent years in the Dutch soccer market and the current market circumstances in which Dutch soccer clubs have to operate. This chapter covers the following subjects: competition setup, club structure, financial health, revenue and costs, sources of playing talent and player trade. For additional information on one of these subjects and a short history of professional soccer in the Netherlands see Appendix I.

2.1. Competition setup

The Dutch premier division (called Eredivisie) consists of eighteen PSO's and during the regular season each team plays each opponent two times (i.e. one home game and one away game). When the regular season is over (i.e. after 34 playing rounds) the team in first position wins the national championship and qualifies for participation in the UEFA Champions League. The teams in second to fourth position also qualify for international competition (i.e. third qualifying round for the UEFA Champions League, playoff round for the UEFA Europa League and third qualifying round for the UEFA Europa League respectively). The teams in fifth to eighth position participate in a playoff for the last available international competition spot (i.e. second qualifying round for the UEFA Europa League). Furthermore the cup competition consists of several knock-out rounds and ends with two teams playing the final in the Feyenoord Stadium (also known as "De Kuip") in Rotterdam. The winner of the KNVB Beker also qualifies for international competition (i.e. the playoff round for the UEFA Europa League).

2.2. Club structure

Each PSO traditionally has a first team, a reserve (or prospect) team and a youth department which trains young players to eventually contribute to the first team. The so-called "A-selection" is the group of players from which the "match selection" is made. Players from the A-selection that do not participate in the first team match during a certain playing round are often selected to play in the reserve team to gain (or retain) match fitness. The average A-selection of the eighteen Eredivisie PSO's consists of 26 ($\bar{x} = 26,28$) players (Transfermarkt, 2012). When this amount of players proves to be insufficient, for example due to injuries, the selection is supplemented with players from the youth department.

Up till a few years ago each individual PSO had their own youth department. However for smaller PSO's with lower budgets the youth department was a large financial burden with often low returns. Larger PSO's would attract the most talented players from a smaller PSO at a relatively young age yielding the smaller PSO no return since the younger players are not yet contract bound. For this reason the PSO's were willing to cooperate with other PSO's to increase the efficiency of the player education and reduce costs. The KNVB supported this initiative because it was looking for ways to increase the efficiency of player development as well. This led to the creation of thirteen so-called Regional Youth Development centers (in Dutch: Regionale Jeugd Opleiding (RJO), for an overview of the RJO's see Appendix I). The KNVB stimulates further centralization of the youth departments to increase the efficiency of player education for the Dutch market (and eventually the Dutch national team).

2.3. Sources of playing talent

In soccer the most coveted players are often those with the most playing talent. Although the term talent is a subjective phenomenon it is used daily in the soccer industry. Players who are deemed to possess above average playing talent are often scouted at a very young age by a local PSO and asked to enter their youth program. If all goes well during the years in the youth program, the player will develop the skills and mentality needed to make it to the first team. For most PSO's their youth department is the primary source of playing talent. When the flow of talent from the youth academy into the first team is insufficient, or more experienced players are required, players can also be bought from other PSO's (or amateur clubs) during the two transfer windows each season (during the summer and winter break). So basically all PSO's can be categorized along the line between educating playing talent on one end and buying playing talent on the other. Educating as well as buying playing talent requires a lot of resources, so the adopted policy in this area of management is essential for any PSO.

2.4. Financial health

In recent years the financial health of the soccer industry has been much discussed. With a reported combined net loss of 1,641 million Euro for the highest soccer divisions in Europe in the financial year 2010 (UEFA, 2011), this discussion has intensified. In 2009 the UEFA (Union of European Football Associations) has announced the introduction of the so-called Financial Fair Play Regulations. These regulations aim to achieve financial fair play in UEFA PSO competitions and in particular: increase transparency and credibility, protect creditors, introduce more discipline and rationality, encourage clubs to operate on the basis of their revenues, encourage long term responsible spending and protect the long term viability and sustainability of European professional soccer (UEFA, 2010). The Financial Fair Play Regulations will be implemented stepwise beginning in the 2011/'12 season.

In the light of these developments the KNVB decided to publish the financial results of the Dutch professional soccer leagues to increase transparency. The report about the 2010/2011 season was the second publication after the introductory report about the 2009/2010 season. It includes data from previous seasons to be able to identify possible trends.

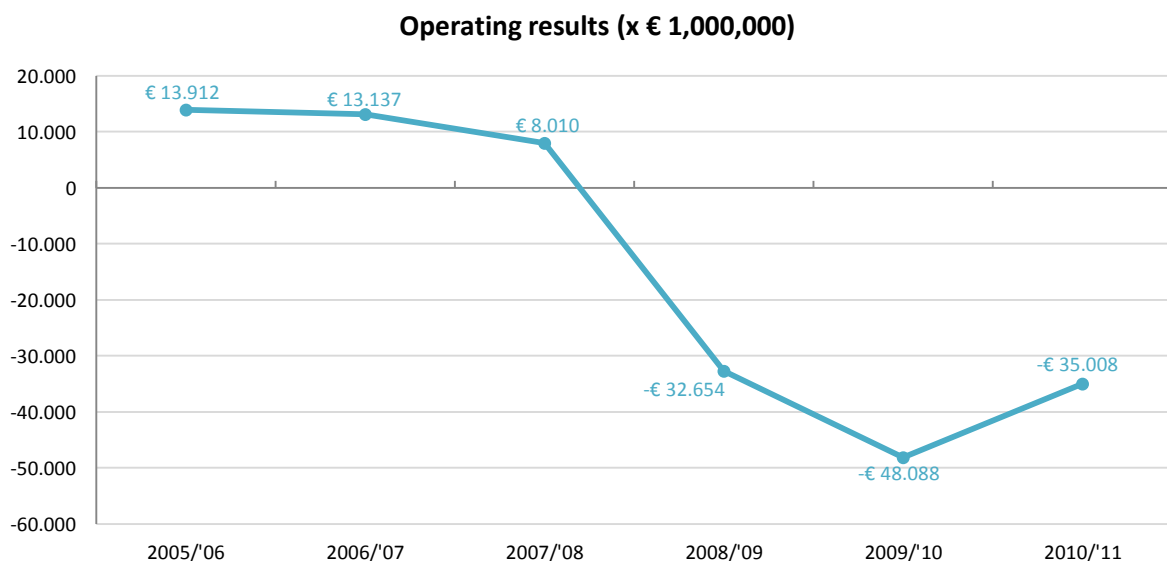


Figure 2.1: Combined total operating results of all Eredivisie clubs (KNVB Expertise, 2010; KNVB Expertise, 2011)

Figure 2.1 shows a total operating loss for all Eredivisie PSO's in the 2010/'11 season of 35.0 million Euro. The operating result is the turnover minus the operating expenses of a club from regular business activities (i.e. excluding depreciation, transfer fees and other non-regular expenses). From the 2008/'09 season onward the Eredivisie PSO's structurally operated at a loss. These losses are mainly caused by decreasing short term income while having long term obligations (e.g. long term player contracts with high salaries and long term lease contracts for accommodations). The 2010/'11 season shows an improvement of around 13 million Euro over the 2009/'10 season. This is mainly due to the fact that clubs are cutting costs (e.g. by selling (or not extending the contract of) high earning players). The KNVB enforces a strict licensing system which coerces PSO's not to overspend (e.g. by prohibiting them from buying new players) and to pay off their debts.

Next to the operating loss of 35.0 million Euro the Eredivisie PSO's incurred incidental losses on depreciation and transfer fees of 14.4 million Euro. Together with other incidental impairments, interest costs and taxes, this lead to a combined total net loss of 58.6 million Euro (see figure 2.2). Although 58.6 million Euro is a large loss, the yearly net total loss decreased with 18.3% from 71.8 million Euro in the 2009/'10 season indicating a the first step in turning around the negative trend of the last two years.

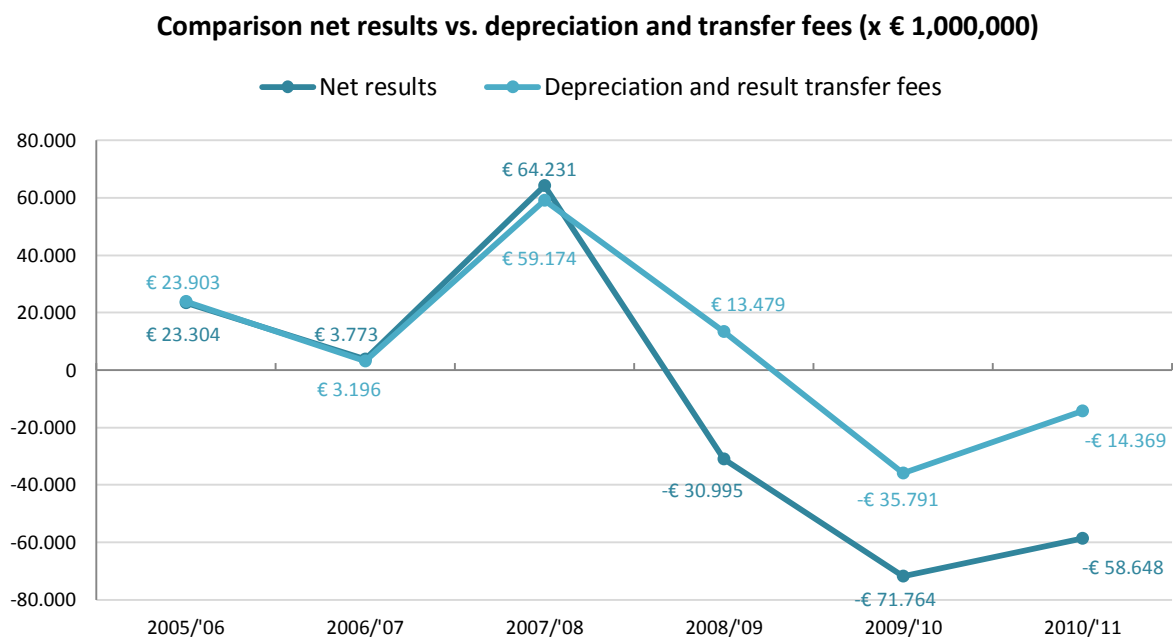


Figure 2.2: Comparison net results vs. depreciation and transfer fees (KNVB Expertise, 2010; KNVB Expertise, 2011)

Apart from the net results, figure 2.2 also shows the result on depreciation and transfer fees, which basically indicates the result on player transfers. When a player is bought and a transfer fee is paid, this fee will be linearly depreciated during the contract length. When a player is sold the remaining book value of the player is depreciated at once. In most of the cases at least this loss will be compensated by the buying party by paying a transfer fee. When the player's market value increased during the stay at the PSO this fee will generally be larger than the original cost and vice versa. During the period from 2005 till 2008 the net results were more or less running synchronously with the result on depreciation and transfer fees. This means the PSO's were breaking even on their

operational activities and the profit made came from player trade. From 2008 onwards the global financial crisis lead to lower short term income and especially a decreasing number of player transfers, which had a big impact on the financial results for the Dutch PSO's in the past years. This becomes even clearer when regarding the combined equity of the Eredivisie PSO's which has decreased from 149.2 million Euro at the end of the 2008/'09 season to 26.7 million Euro at the end of the 2009/'10 season (graph available in Appendix I). A positive note is that the losses of the past season have been taken without affecting the equity of the Eredivisie clubs (combined equity at the end of the 2010/'11 season was 26.5 million Euro). This can be explained by investments made by companies or individuals. For example Vitesse is currently investing heavily in infrastructure and playing talent and the incurred costs will be paid by the owner of the PSO.

One of the best examples of a Dutch PSO in financial distress is Feyenoord. Traditionally a top three PSO in the Netherlands but in recent years often competing for the fifth to eighth place. The problems started when a push was made to revitalize their title aspirations by bringing in a handful of experienced highly paid players, but the results on the pitch were far from what was expected. Without having the income from international cup competitions the salaries formed a heavy burden on the budget which eventually led to large losses and consequently large debts. To stimulate the PSO to become financially sound once more the KNVB prohibited the PSO to spend money on transfer fees to bring in new players. Feyenoord reacted by gradually letting the highly paid players go and filled in the gaps with youth players and players brought in on loan from other PSO's. This led to a tenth place finish in the 2010/'11 season. During that season other PSO's became interested in buying some of the best performing young players on the squad. Feyenoord consequently sold several players during the summer transfer window and again replaced them with youth players since the transfer fees that Feyenoord received could not be spent on new players due to the prohibition of the KNVB.

2.5. Revenue and costs

The KNVB (KNVB Expertise, 2011) defines two types of revenue for PSO's: incidental and non-incidental. All the non-incidental revenue is the net turnover which comprises match-day revenue, sponsoring, media related revenue, grants, gifts, merchandising (and other business to consumer activities), catering and all remaining small sources of revenue. This means the net turnover excludes transfer related revenues. The combined net total turnover for the Eredivisie PSO's in the 2010/'11 season was 431.0 million Euro, which results in an average 23.9 million Euro per PSO (graph available in appendix I).

The three largest revenue sources for PSO's are match-day revenue (on average 31%), sponsoring (on average 45%) and media related revenue (on average 10%) (graphs available in appendix I). Eredivisie PSO's are to a relatively large extent dependent on revenues from sponsoring, in comparison to other European countries, and also perform very well in this area. The Dutch Eredivisie PSO's managed to generate 11.60 Euro per capita in sponsoring revenues for the 2010/'11 season. In comparison to other top competitions this is relatively high, for example: Spain € 9.99, England € 8.79, Germany € 6.26 and France € 2.82 (KNVB Expertise, 2011). The media related revenue is relatively small but still the third largest revenue source for Dutch PSO's. In 2008 the eighteen Eredivisie PSO's decided to start their own digital channel called 'Eredivisie Live' to market their live broadcasting rights. Recently the media related revenue has declined, despite growing net turnover.

This can be explained by a stepwise reduction of the bank financing used for the exploitation of Eredivisie Live (KNVB Expertise, 2011). The Dutch Eredivisie PSO's managed to generate 3.26 Euro per capita in media related revenues for the 2010/'11 season. In comparison to other top competitions this is relatively low, for example: Spain € 15.71, England € 20.34, Germany € 6.19 and France € 9.61 (KNVB Expertise, 2011). This indicates, assuming similar consumer behavior, that the possibility to realize revenue growth should exist for this revenue source.

The operating costs of a PSO comprise wage costs, sales costs, housing costs, match costs, training costs, depreciation costs and general costs. In recent years operating costs have been increasing up till the 2009/'10 season (graph available in appendix I). During the 2010/'11 season a slight reduction in operating costs was realized to a total average of 25.9 million Euro per PSO. The largest component of the operating costs for PSO's is the wage cost. These wage costs include contract players, staff, management and other personnel. The reduction in operating costs has been realized due to a reduction of 3.9% in wage costs for the 2010/'11 season. Especially the wage costs for contract players have been significantly reduced. This resulted in an average total wage cost/revenue ratio for the 2010/'11 Eredivisie season of 63% and a reduction of 6% in comparison to the 2009/'10 season (KNVB Expertise, 2011). This ratio is used by the UEFA as a part of the review process to obtain a license for international cup participation. A ratio below 60% is considered to be healthy for a PSO and yields maximum points in this process, on the other hand a ratio of more than 70% is considered to be an indicator of financial instability (UEFA, 2011).

2.6. Player trade

For PSO's acquiring playing talent involves trading players. As can be seen in figure 2.2 most of the profit generated by the Eredivisie PSO's during the 2005-2008 period came from player trading. After 2008, when the number of trades fell (UEFA, 2011), income from player trading diminished while costs kept increasing which left most PSO's with significant deficits. These deficits force PSO's to sell their players more quickly at a reasonable price instead of retaining the playing talent for another period or waiting for a higher offer. This has led to a diminished competitive playing level for the Dutch league since the playing talent is leaving the country at an increasingly younger age to be able to compete in the more demanding European top competitions (also known as the "big five" being: England, France, Germany, Italy and Spain). This is illustrated by the fact that the last time a Dutch team survived the group phase of the UEFA Champions League was during the 2006/'07 season (PSV eventually got knocked out in the quarter final by Liverpool). The "big five" countries have a larger domestic soccer market which results in much higher income for PSO's compared to the Dutch market. Therefore PSO's from these countries can afford much higher wages and can attract the best playing talent from sub-top countries, such as the Netherlands, relatively easily. The Eredivisie has in practice become a nursery for playing talent for the "big five" competitions without being able to benefit from their training activities on a European level. On the other hand the quality of the player training programs in the Netherlands is undisputed since the national team is relatively successful regarding the size of the country and the number of inhabitants.

A relatively new phenomenon for the Dutch Eredivisie is the subsidiary club (also often called farm club). This means that a PSO from a "big five" competition enters a cooperation agreement with a Dutch team in which young players from the parent are loaned out to the subsidiary to gain experience (e.g. FC Twente and Manchester United, ADO and Chelsea FC). Additionally more and

more young players are being loaned from larger PSO's simply because the Dutch PSO's often lack the resources to buy such players themselves. This means when these players perform well, the increased market value of those players will only benefit the PSO that owns the player and not the PSO that created the added value (e.g. Alex (played for PSV, owned by Chelsea FC), Miroslav Stoch (played for FC Twente, owned by Chelsea FC), Nemanja Matić (played for Vitesse, owned by Chelsea FC). This leads to even more inequality between the Dutch competition and European "big five".

Currently the Dutch Eredivisie can be regarded as a competition just below the top of European soccer, or sub-top. This generally means players that leave the competition are transferred to PSO's from the "big five" competitions. In those competitions both top teams and sub-top teams can afford higher wages than the Dutch PSO's. In turn the Dutch PSO's buy players from competitions beneath the sub-top such as Norway, Denmark, Sweden, Finland, Poland, Slovakia, Hungary, Bulgaria, etc. Due to the globalization of professional soccer more and more PSO's are also looking for relatively cheap playing talent from other continents. When such a player develops well he will eventually be sold on to "big five" PSO. The international market for playing talent can thus be regarded as a pyramid with a few top teams competing for the best players. In recent years a number PSO's have shown the ambition to reach the top of the pyramid by investing heavily. These investments are without exception financed by the owners of the PSO, who often have the ambition to compile a successful selection of players which can compete for the UEFA Champions League title. These billionaires tend to overspend on playing talent, instigated by the selling PSO's who drive the prices up, and pay exorbitant wages to lure the most talented players to their often low prestige PSO's. Roman Abramovic is the first much discussed 'oligarch' who bought Chelsea FC in 2003. Since then he allegedly invested more than eight hundred million Euro, which resulted in three English league titles, several wins in other cup competitions and eventually the much desired UEFA Champions League title in 2012. Other examples of clubs with high spending owners are Manchester City FC (owner: Sheikh Mansour bin Zayed Al Nahyan), Paris Saint Germain FC (owner: Qatar Investment Authority) and FC Anzhi (Suleyman Kerimov).

The PSO's from the "big five" countries who are at the top of the talent pyramid (and high spending teams aspiring to reach the top) often set the international player trade in motion. When a PSO from a top competition buys a player from a Dutch PSO, this PSO will need a replacement. Either this club will promote the second player for that position and fill the gap with a youth player, or the club buys a replacement. A replacement will often be a player from a lower rated Eredivisie club, a lower league club or a foreign club. This process needs to be managed carefully since players can practically leave overnight, which means a contingency plan should always be in place. Managing this process is one of the most important tasks of a PSO since it can directly affect its performance, which will be elaborated in the next chapter.

3. HRM and its effect on performance of PSO's

The link between HRM and performance is a subject that has been widely discussed by scholars during the past decades. The empirical research conducted regarding this subject was mostly focused on the more traditional organizations. This research investigates the relationship between HRM and performance for PSO's. In this chapter relevant literature will be discussed which will serve as the theoretical framework for this research.

3.1. HRM and performance

The nature of the interaction between HRM and performance, and particularly the search for conclusive evidence of the decisive positive impact of the former on the latter, is for many the whole subject area's 'Holy Grail' (Boselie et al., 2005). Guest (1997) emphasized that to improve the understanding of the impact of HRM on performance it is essential to form a theory about HRM, a theory about performance and a theory about how they are linked.

The majority of the authors of HRM and performance literature define HRM in terms of HR practices or systems/bundles of practices (Paauwe and Boselie, 2005). There is not one fixed list of generally applicable HR practices or systems of practices that define or construct HRM. Boselie et al. (2005) identified a top four of practices most often included in research into this field: recruitment and selection, training and development, performance management (including appraisal) and payment and reward schemes. These might thus be seen to reflect the main objectives of most conceptualizations of a HRM program; namely to identify and recruit strong performers, provide them with the abilities and confidence to work effectively, monitor their progress towards the required performance targets, and reward them well for meeting or exceeding them. For the subsequent performance it is more sensible to use the term 'outcomes' instead of 'performance', as the former better reflects the broad range of dependent variables used in studies (Guest, 1997). Dyer and Reeves (1995) make a distinction between three types of outcomes, namely: financial outcomes (e.g. profits, sales, market share), organizational outcomes (e.g. output measures such as productivity, quality, efficiencies) and HR-related outcomes (e.g. attitudinal and behavioral impacts among employees, such as satisfaction, commitment and intention to quit).

The dependent variables that are being used in recent studies can generally be linked to two different approaches to measure firm performance: the shareholder approach and the stakeholder approach (Paauwe and Boselie, 2005). A tacit recognition in many studies is that financial measures are the best indicators of organizational success and sustainability (Boselie et al., 2005). The use of financial indicators emphasizes a shareholder approach to the concept of performance (Paauwe and Boselie, 2005). However, using only financial indicators in an HRM setting is quite problematic as they are being influenced by a whole range of factors (both internal and external) that have nothing to do with employees and their related skills or human capital (Paauwe and Boselie, 2005). Guest (1997) argues that the distance between some of the performance indicators (e.g. profits, market value) and HR interventions is simply too large and potentially subject to other business interventions (e.g. research and development activities, marketing strategies), which impedes identifying a causal relationship between the two. This implies that it is important to look for more proximal instead of distal indicators of performance. Both organizational outcomes and HR-related

outcomes can be considered more proximal and thus more suited to measure performance. Of these organizational and HR-related outcomes, productivity proved the most popular outcome variable overall (Paauwe et al., 2005). However, in the shareholder approach, the organizational and other related outcomes are still considered to be a means to an end (i.e. contribution to bottom-line performance of the firm). Such a financial meaning can be criticized as being 'too limited' (Truss, 2001). Therefore, in addition to the shareholder approach, there is the stakeholder approach to the concept of performance. It offers a different perspective by taking into account the goals of other interest groups regarding the HRM activities of an organization and its subsequent performance. It implies moving away from an exclusive concern with standard measures of performance, such as productivity, sales and profits, to a wider definition (Paauwe, 2009). This definition may include legitimacy and fairness (Paauwe and Boselie, 2005; Paauwe, 2009) and multiple aspects of employee well-being such as satisfaction, stress and job security (Peccei, 2004). Taking relevant stakeholders of an organization into account (e.g. shareholders, employees, customers, trade unions, local government) and combining the shareholder approach with the stakeholder approach leads to a multidimensional approach using multiple measures of performance in order to do justice to the multiple goals of HRM and to the different parties involved, both inside and outside the firm (Paauwe and Boselie, 2005).

As was stated in the first chapter a large amount of research has been dedicated to provide insight in the relationship between the concepts of HRM and performance. Wright et al. (2005) identified positive relationships between HRM and performance although the causal direction of this relationship could not be determined with certainty. Aside from the direct impact of HRM on performance, acknowledging the impact of HRM on intermediate outcomes is essential when researching the HRM-performance link (Becker and Gerhart, 1996). A study by Paul and Anantharaman (2003) shows that even if an HR practice does not show direct causal connections, it can significantly influence organizational outcomes indirectly through mediating variables. An HR practice can also influence performance directly and indirectly at the same time and thus have complementary effect (Youndt et al., 1996; Purcell and Hutchinson, 2007). Paauwe and Richardson (1997) captured these relationships in a model which will form the basis for this research (see figure 3.1). This model acknowledges the possible presence of reversed causality, which implies that not only HRM influences firm performance but also that firm performance can influence the firms' HRM activities. Paauwe (2009) stresses the importance of a focus on (reversed) causality in HRM-performance research. Future studies need the right research design to be able to link HR practices both to past performance, in order to check whether that past performance causes HR outcomes, and to subsequent performance, in order to assess whether HR practices are indeed causally related to subsequent performance (Paauwe, 2009).

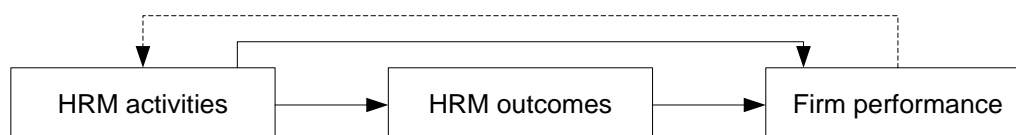


Figure 3.1: HRM activities in relation to HRM outcomes and performance (Paauwe and Richardson, 1997).

Taking this model into account it can be argued that between the input (i.e. some form of HRM activity) and output (i.e. some outcome indicator) lies what HRM does to improve performance (be it

directly or indirectly). This stage is popularly referred to as the 'black box', so-called because little is known of what actually happens at this stage (Boselie et al., 2005). Boselie et al. (2005) conclude that the three most commonly used theories used to provide the necessary linkage between HRM and performance are contingency theory, resource based view (RBV) and the AMO framework. The contingency theory assumes that HRM influences performance through contextual factors that lie outside the scope of the HRM system such as business strategies (Schuler and Jackson, 1987). The resource based view emphasizes that HRM influences performance through the human and social resources an organization has at their disposal (Barney, 1991). Finally, the AMO framework assumes that HRM influences performance through employees' skills and competences (A = abilities), their motivation (M) and their opportunity (O) to participate (Appelbaum et al., 2000). Two different areas of focus can be perceived when looking at these three theories. Contingency theory and RBV focus on the examination of HRM at the organizational level and are mainly interested in its performance effects from a business perspective (Paauwe, 2009). Whereas the AMO framework focuses on the importance of taking variables into account at the level of the individual, having its foundations in industrial/organizational psychology (Boselie et al., 2005; Paauwe, 2009).

Although these theoretical perspectives are often used to explain the HRM-performance relationship they do not provide a precise framework for defining the specific mechanisms through which HR practices influence firm performance (Wright and Gardner, 2003). These specific mechanisms are argued to represent what is happening inside the black box, which is most commonly treated as a linear casual process consisting of one or more smaller boxes (Wright and Gardner, 2003). Several models suggest different boxes that contain mediating variables influencing the HRM-performance relationship. The model (see figure 3.1) shows that HRM outcomes are regarded to be the relevant mediating variables between the HRM activities and firm performance. Becker and Huselid (1998) argue that employee behavior influences firm performance which can be influenced by different HR practices. Wright and Snell (1998) argue that HR practices influence employee skills which in turn will influence employee behavior and subsequently firm performance. Becker et al. (1997) argue that HR practices influence employee skills, behaviors and attitudes which will form discretionary effort (the difference between the minimum effort a task requires and the effort an employee is capable of bringing), which will subsequently influence firm performance. Combining these arguments Paauwe and Boselie (2005) and Lepak et al. (2006) categorized HRM outcomes as employee skills (employee competences, cooperation), employee attitudes (motivation, commitment, satisfaction, trust) and employee behaviors (employee turnover/retention, absence/presence).

According to the model (see figure 3.1) these HRM outcomes are being influenced by the HRM activities. The role that the HRM activities play is that of building the human resource pool and stimulating the kinds of human behavior that contribute to creating a competitive advantage (Wright et al., 1994; Boxall and Steeneveld, 1999; Paauwe and Boselie, 2005). Although a firm's human resource pool may be a source of sustained competitive advantage, 'it is virtually impossible for HR practices to be rare, inimitable and non-substitutable' (Wright et al., 1994, p. 318). The resource based view (Barney, 1991) argues that the competitive advantage will largely be created by exploiting the inimitable characteristics of the human resource pool. Guest (1997) argues that only when all HRM outcomes are achieved, which influences the human resource pool, higher performance can be expected. Lepak et al. (2006) suggest different HRM systems consisting of three distinct policy domains that directly influence the three HRM outcomes based on the AMO

perspective which distinguishes between employees ability to perform, motivation to perform and opportunity to perform (Appelbaum et al., 2000). Harney and Jordan (2008) state that the type of HRM practices that form the HRM system give an indication of the conditions of the 'black box'. The three policy domains are based on the description by Gardner et al. (2001): (1) mechanisms to ensure the workforce has the appropriate skills and abilities, (2) mechanisms to energize and motivate the workforce to engage in desired behaviors, apply discretionary effort, and prevent and resolve process exceptions, and (3) work systems that empower employees to contribute their individual and collective efforts toward organizational outcomes.

The first policy domain, 'Resourcing and Development', directly influences employees' ability to perform by improving their knowledge, skills and abilities. The second policy domain, 'Compensation and Incentives', directly influences employees' motivation to perform by shaping their attitudes of motivation, commitment, and satisfaction. The last policy domain, 'Involvement and Job Design', directly influences employees' opportunity to perform by shaping their behaviors such as employee retention and presence. Although it is argued that each of the three policy domains directly influence one HRM outcome category they may also influence the two remaining categories (Katou and Budhwar, 2010; Lepak et al., 2006).

Combining the theory on HRM activities, HRM outcomes, Performance and the model of Paauwe and Richardson (see figure 3.1) leads to the following model which will form the basis for this research in which it will be adjusted for the professional soccer market and tested in a market in which it has not been tested before. This adds to the insight regarding the HRM-performance literature for professional sports markets.

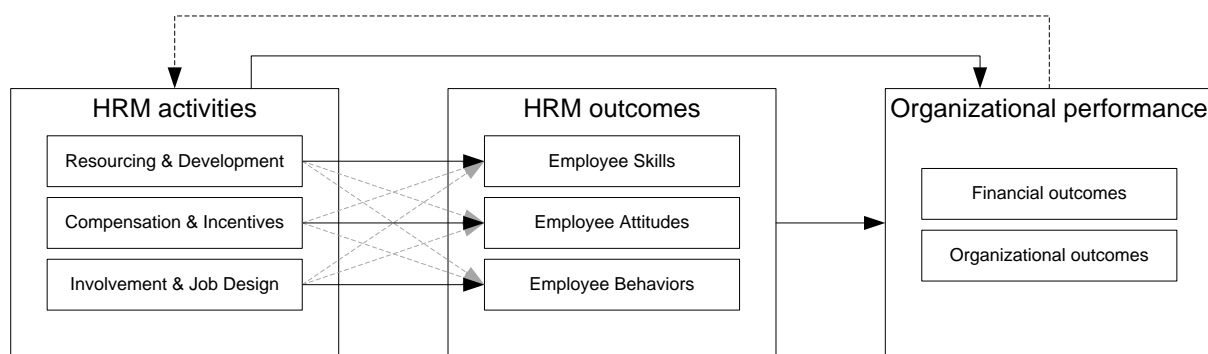


Figure 3.2: HRM activities in relation to HRM outcomes and performance

3.2. Performance in PSO's

After describing the HRM-performance link and elaborating the various individual components, it is essential to determine how these theoretical concepts compare to the professional soccer industry, starting with performance. Sport organizations, like any other organization, assess their performance using predetermined goals. Lewis (2003) states that winning is the most important goal of a sport organization, although they may have many additional objectives such as increasing revenue from merchandising, ticketing and branding. In this case sports outcomes can be seen as the organizational outcomes since the output measures, such as productivity, quality and efficiencies (see paragraph 3.1.) resemble the on-pitch performance of a PSO. The sports outcomes are the most

important for PSO's although this cannot be achieved (or sustained) without adequate financial outcomes. As was mentioned in chapter 1 Deloitte publishes the Football Money League in which the highest earning PSO's are profiled. 'The Money League is published nine months after the end of the season, and is therefore the most contemporary and reliable analysis of clubs' relative financial performance' (Deloitte, 2011, p. 2). It uses revenue as the most easily available and comparable measure of financial wealth. This indicates revenue is a suitable indicator for the measurement of the financial outcomes of a PSO. These **financial outcomes** can be divided into three categories: **revenue from match-day, broadcast** and **commercial sources** (Deloitte, 2011, p. 6).

In production and efficiency studies regarding PSO's (Carmichael et al., 2001; Barros and Leach, 2006; Espitia-Escuer and García-Cebrián, 2010; Kern and Süssmuth, 2005) team output is conventionally measured in terms of team success and is reflected in winning performances in individual matches or during a season's competition (Carmichael et al., 2001). For Dutch PSO's these sports outcomes consist of performances realized in different competitions. First of all the national league (i.e. the Eredivisie), secondly the national cup competition (i.e. the KNVB Beker) and finally (for the teams that have qualified) the European competition (i.e. the UEFA Champions League and UEFA Europa League). In most of the earlier mentioned studies sports outcomes are measured only by the achievements in the national league. For this research it is desirable to include performances from all competitions since the PSO's that qualify for the European competition know that additional resources will be available for next season which can lead to changes in their HRM policy. Furthermore additional matches will have to be played in which case a larger squad may be required. Therefore the **sports outcomes** for this research are divided into three categories: **league performance, national cup performance** and **European performance**.

In recent years an effort has been made to gain insight into the possible linkage between the financial and sports outcomes of PSO's. Research has shown the existence of a statistical relationship between sports outcomes and revenues for PSO's (Barajas et al., 2005; Szymanski and Kuypers, 1999; Szymanski and Smith, 1997), as well as a statistical relationship between player salary spending and sports outcomes (Forrest and Simmons, 2002; Hall et al., 2002). From this it can be concluded that sports outcomes positively influence financial outcomes and in turn financial outcomes positively influence sports outcomes. This is shown in the model in figure 3.3. in which 'Organizational performance' is substituted with 'PSO performance'.

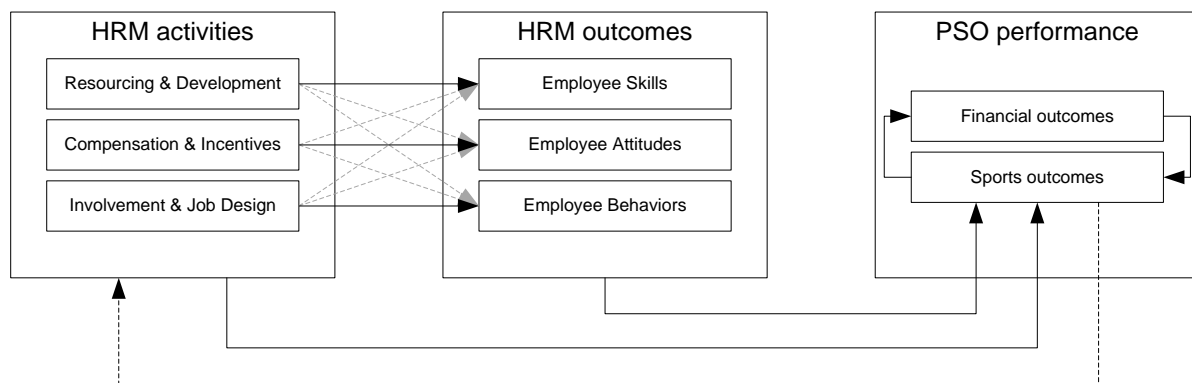


Figure 3.3: HRM activities in relation to HRM outcomes and performance for PSO's

In this model the HRM outcomes do not directly influence PSO performance but only the sports outcomes, since the first team only directly influences the sports outcomes which in turn influence the financial outcomes. Therefore the financial outcomes will be excluded from this research. This is in line with the combined shareholder/stakeholder approach mentioned in paragraph 3.1. since the sports outcomes indirectly cover the goals of the employees and customers (supporters) as well as the financial outcomes which are directly linked to the sports outcomes.

3.3. HRM in PSO's

The HRM activities and HRM outcomes in the model (see figure 3.3.) are the inputs for the eventual performance. The HRM activities of a PSO result in a selection of players which will be called a team (or first team). The team which has certain characteristics (e.g. average age, average experience, market value, etc.) will eventually be responsible (together with the head coach) for the on-pitch performance and thus the sports outcomes. Continuing the elaboration of the model in a backward fashion the HRM outcomes are described first, followed by the HRM activities.

3.3.1. HRM outcomes

Employee skills, attitudes and behaviors make up the HRM outcomes (see figure 3.3). The playing skills of a soccer player are difficult to describe in terms of (for example) technique or scoring ability without performing an in-depth individual statistical analysis of the games he played. An alternative indicator for the playing skill of a player is their wage (Barros and Leach, 2006), but unfortunately the required data is not available for the Dutch competition. An indicator of skill that is readily available is the market value of the players. Even though the market value is influenced by several properties of the player, such as age, wage, current club/league, name or personal successes, it is mainly seen as an indicator of performance potential (i.e. playing skill) (Transfermarkt, 2012). Since this research is restricted to the Dutch Eredivisie market values are comparable because the market circumstances are identical for every PSO in the top five. Another type of skill a soccer player (or a group of players) possesses is experience. Like in every other job a player will perform his duties more routinely and with less errors when he is more experienced. Like the famous saying goes: 'Experience comes with age'. This is of course true but age versus gained experience can differ from player to player. It is possible to have relatively young players with relatively high on-pitch experience and relatively old players with relatively low on-pitch experience. Therefore there are different types of indicators to consider when it comes to experience in soccer: age and on-pitch experience (meaning first team match experience). The on-pitch experience can be divided into national and international experience (regarding both club and national team matches). In the soccer industry the experience gained on an international level is generally deemed more valuable than standard first team experience since internationally the playing level is generally higher. The tactical education of a player is a type of skill that is difficult to measure. Each soccer team uses different kinds of tactics and new players often need time to adjust to the new playing tactics. During the educational process many of the youth departments use the same playing tactics as being used by the first team. This is done to make sure that a youth player knows exactly what to do when he needs to play in the first team. This form of prolonged tactical training is expected to have a positive effect on performance. Therefore the number of youth players in the first team is used as an indicator of (tactical) skill. This leads to a total of five **skill variables** for this research: **market value**, **national experience**, **international experience**, **age** and **youth players**.

The attitudes (i.e. motivation, commitment, satisfaction) of soccer players is difficult to measure because this requires insight in the mental state of the player. This could best be measured by surveying the players themselves, which is not feasible due to their low accessibility and the media attention. However the number of years a player spends at the PSO is a suitable indicator for the satisfaction and commitment of a player. Therefore the **attitude variable** for this research is: **years at club**.

The behavior of soccer players has often proven to be unpredictable. Players can pronounce they will not leave the team for at least another year and be transferred to another club the next day. This impedes the planning for a talent pool with a consistent level of competence. In the soccer industry “keeping the team together” is often regarded as one of the factor that will positively influence next years’ results. To create this consistency, which in turn is expected to influence the performance, it is important to a club to have the ability to retain players. Retention can be measured by the yearly (out)flow of players. Therefore the **behavior variable** for this research is: **player flow**.

3.3.2. HRM activities

Three policy domains make up the HRM activities: resourcing and development (R&D, compensation and incentives (C&I) and involvement and job design (I&JD) (see figure 3.3). In the resourcing and development domain the primary task for a PSO is the recruitment of playing talent. Decisions need to be made whether to buy or to educate (or a combinations of both) the players for the first team. The decisions on this front are mainly resource dependent but can also be based on a specific vision for the PSO. Furthermore the selection of players that may or must leave is an important task for the HRM department. The term in Dutch for this process is ‘doorselecteren’ which basically means ‘ongoing selection’. When a young player is ready to enter the first team and has more potential than the current, often older, first team player, the decision can be made to sell the older player to make way for the younger player. When this is done gradually a big loss in experience can be prevented and the younger players coming into the team can be supported by the older remaining players ensuring a consistent competence level. Performance appraisal is also part of the abovementioned process. Each player has a contract with a limited maturity. When a contract is nearing its end a decision needs to be made whether or not to extend it. The renewal (or improvement) of a contract can also take place when there still is a long time to maturity. This often happens when a player has done well during the past period. The career perspectives are an important issue regarding the renewal decision for the player. The HRM department’s task in this matter is to create a clear image of the career planning and perspectives for the player. This also includes training, which is of the utmost importance for a PSO since it needs to develop its player potential and on a professional level the smallest detail can make a large difference. The HRM department does not provide the training of the players directly but hires a training staff. The staff basically forms one entity together with the group of players and are collectively responsible for the sports outcomes. The only exception is that the head coach often is involved in the HRM department’s decisions regarding the players. Almost all of the abovementioned HRM tasks also need to be fulfilled to compile (or retain) a suitable training staff. This leads to the following **individual resourcing and development policies** for this research: **recruitment, selection, performance appraisal, career planning and training**.

The compensation and incentives domain generally consists of wages, which forms an important issue in the soccer industry. As was mentioned earlier the UEFA considers spending 60% of the

revenues on wages as being ‘healthy’ for a PSO. The HRM department needs to determine a payment structure which keeps players happy and the club healthy. The compensation of players can involve fixed and variable forms of wages. This variable part can be an incentive for players to perform well. For example: on top of a basic wage a player can earn a goal bonus, clean sheet bonus or at the end of the season a bonus for achieving the objectives the club had previously set (e.g. a championship or cup win). This means the **individual compensation and incentives policies** for this research are simply: **compensation** and **incentives**.

The head coach basically determines the level of involvement or participation of the players. This is true for both the basic participation during games and the involvement in determining training forms, match tactics, etc. The only influence the HRM department has in this area is when hiring the coach. The philosophy of the club should fit the philosophy of the coach to prevent future problems. This is also the case when it comes to health and safety issues such as injuries. The intensity and method of training (which can cause or prevent injuries) is determined by the responsible staff that is hired by the HRM department. Other health and safety issues such as personal health, dealing with fame and subsequent media attention should be addressed by the club. Therefore the **individual involvement and job design policies** for this research are: **participation** and **health and safety**.

This leads to the following theoretical model for this research:

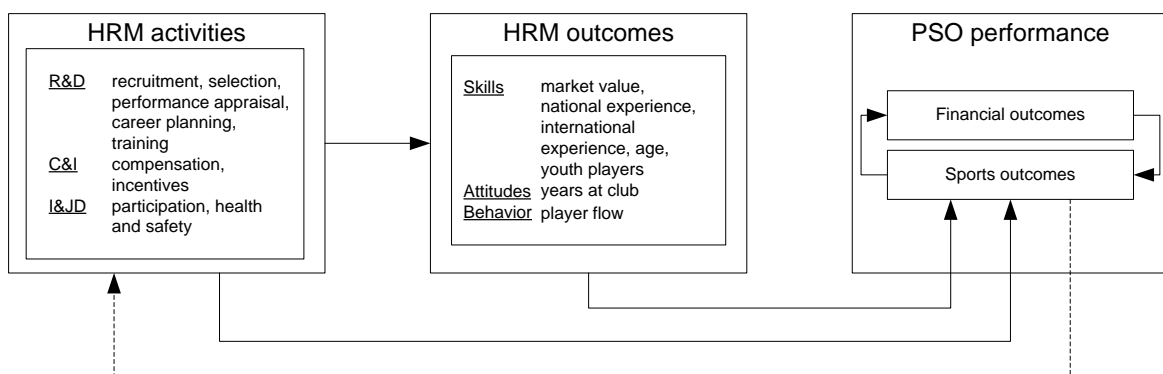


Figure 3.4: Theoretical model HRM-performance link for PSO's with individual policies and outcomes

With the research goal (investigate the relationship between the HRM policies of the top PSO's of the Eredivisie and their performance) and the theoretical framework in mind the following **main research question** can be formulated:

What is the influence of the HRM policies on the sports outcomes of the top PSO's of the Eredivisie?

From this main research question three central research questions can be derived:

1. What HRM policies are being used by the top clubs of the Eredivisie?
2. What is the influence of the HRM policies on the HRM outcomes and sports outcomes?
3. Which HRM outcomes significantly influence the sports outcomes?

4. Methodology

4.1. General research model

The research into what HRM policies are being employed by the top clubs of the Eredivisie and whether these policies influence their sports outcomes can be divided into three phases. The first phase is the orientation phase designed to get acquainted with the research topic. The second phase is the research phase which entails a qualitative analysis of the link between the HRM activities and the HRM outcomes by means of desk research and interviews and the collection of longitudinal data to investigate the link between the HRM outcomes and the sports outcomes. The third and final phase of the research is the solution phase during which the gathered data will be linked to the theoretical model.

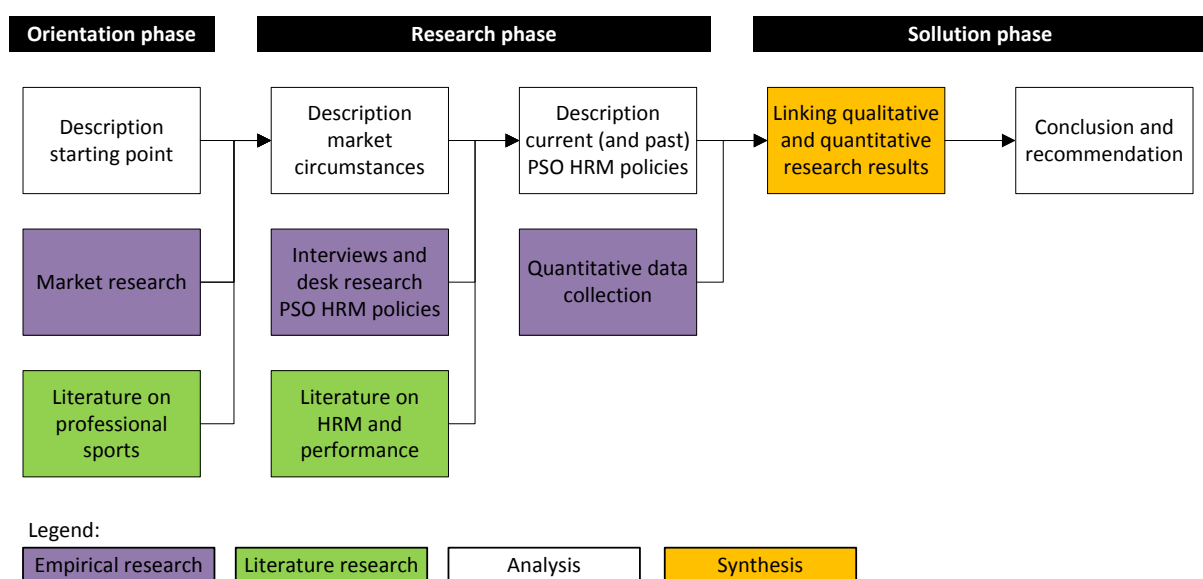


Figure 4.1: Research design

4.2. Sample

The sample will include the top five of the Eredivisie which means: AZ, Ajax, FC Twente, Feyenoord and PSV. These clubs are particularly interesting because they all try to reach the same goal: becoming champions. Even though this common goal the clubs are very different. Two clubs have been at the top for years (Ajax and PSV), two clubs have experienced a remarkable growth process in recent years and both became champions during this period (AZ and FC Twente) and one team has always traditionally been a top three contender in the Netherlands but in recent years failed to compete due to financial distress (Feyenoord). It is interesting to compare their HRM policies and analyze what went well and what went wrong.

The longitudinal data mentioned in paragraph 4.1. will include the seasons 2004/'05 up till 2010/'11 with a measurement point after each transfer window (August and January). This has been done since the composition and thus the strength of a team can be significantly different after each transfer window. The HRM outcomes will exclude the head coach since he often influences the HRM decisions made by the club.

4.3. Variables

This paragraph describes the variables used in the quantitative analysis of the relationship between the HRM outcomes and the sports outcomes. The variables used for the qualitative analysis (i.e. the HRM policies) are evaluated on the basis of their description in chapter 3.

4.3.1. Dependent variable

The sports outcomes represents the dependent variable and has been defined as the first teams' results in three competitions: the Eredivisie, the national cup and the European competitions. To aggregate the performances of the different competitions for the PSO's Kern and Süssmuth (2005) constructed one variable that takes into account the performances in every competition. Economic implications are not reflected in the creation of the variable and it clearly discriminates between the marginal impact of reaching the final and winning it since this is what on-pitch success is all about.

This research will use the model of Kern and Süssmuth to create three indicator variables of sports outcomes for the abovementioned competitions. This way the basic idea for scoring multiple competitions stays intact. However the results will not be aggregated but used as indicator variables for the latent variable 'sports outcomes' (see paragraph 4.5). The indicator variables will be constructed to represent the sports outcomes and will take into account the performances of the PSO's in the Eredivisie, the KNVB beker (national cup) and the European competitions (the UEFA Champions League (UEFA-CL) and the UEFA Europa League (UEFA-EL)). The UEFA-CL is the most prestigious prize in European soccer so winning this competition will relatively have the most importance. The national title and the UEFA-EL often seem equally significant in the Netherlands but in the end the national title is the most important. Therefore the national title is ranked second and the UEFA Europa League third. Finally the Dutch cup is regarded to be a less important prize than the former three and will thus be ranked fourth. Also reaching the final stages of the Dutch cup is relatively easy for the top five teams so relatively few points will be awarded for this performance. The Dutch Super cup will be excluded from this research since it does not have enough significance. This ranking will form the basis of the scoring system for the sports outcomes indicator variable, with the a UEFA-CL win being ten, Eredivisie nine, UEFA-EL eight and KNVB beker seven points.

Since this research uses a half-yearly interval to measure sports outcomes, the points gained during the cup competitions, which are played during the entire season, will be equally divided between the two halves. This does not reflect the possibility to buy and sell players in the mid-season transfer window and therewith influence the eventual performance. This impurity in the measurement of the performance will be ignored since players who play for one team in a particular cup competition are not allowed to play for another team in the same competition during the second half of the season. Players who leave during a season can still be replaced by players who did not yet play in that particular cup competition.

In the Eredivisie the teams play 34 matches against each other and collect three points for a win, one for a draw and zero for a loss. Kern and Süssmuth (2005) transform the points in the league rather than using the final position on the table to reflect performance. This way on-pitch success is mapped more exactly. As was said earlier the winner can receive nine points when finishing in first place. To reach a total of nine points the PSO must win the first and second half of the competition.

Points per half season per club are determined according to the following equation:

$$Competition\ performance_i|_{league} = 3,5 \left(\frac{league\ points_i}{league\ points_L} \right)$$

Where $i = 1, \dots, 5$ and $L = leader$

The leader will receive three-and-a-half points and the lower ranked PSO's receive points relative to the amount of points of the league winner. This way the league performance is benchmarked to the winner with the restriction that no other team can collect more than seven points in total. Additionally a bonus of two points is awarded to the champion and a bonus of one point to the runner up. The bonus points are divided between the two season halves on the basis of points collected in each half divided by the total number of points at the end of the season. This method makes it possible to differentiate between a good or bad half season performance. The bonus for the second place is given because this gives a PSO the right to participate in the qualification rounds for the UEFA Champions League next season. In the Netherlands the qualification for the UEFA Champions League is of such importance this can be seen as a prize on its own, hence the bonus performance point. To indicate the relative importance of playing in the champions league and to differentiate between reaching the 1/16-final of the UEFA-EL via the group stage of the UEFA-CL or via the group stage of the UEFA-EL, three points will be awarded when this is done via the UEFA-CL. When the PSO should be knocked out in the 1/8-final of the UEFA-EL their performance will remain the same with three awarded points.

This leads to the following overview of receivable points for all competitions:

KNVB beker		UEFA-EL		Competition		UEFA-CL	
Winner	3.5	Winner	4	Winner	4.5 (max)	Winner	5
Runner-up	2.5	Runner-up	3	Runner-up	4 (max)	Runner-up	4
Semi	1	Semi	2.5	3rd	equation	Semi	3.5
Quarter	0.5	Quarter	2	4th	equation	Quarter	3
1/8	0	1/8	1.5	5th	equation	1/8-final	2
3rd round	0	1/16	1 < CL	6th	equation	3rd group	1.5 > EL
2nd round	0	Group	0.5	7th	equation	4th group	1
1st round	0	Play-off	0	8th	equation	Play-off	0

Figure 4.2: Receivable sports performance points for all competitions

4.3.2. Independent variables

The independent variables used to investigate the causal relationship with the sports performance variable can be divided into three categories: employee skills, employee attitudes and employee behaviors. These categories have been assigned seven indicator variables: first of all market value, national experience, international experience, age and youth players for employee skills, secondly years at club for employee attitudes and finally player flow for employee behaviors. Each indicator variable is represented as an average of the entire first team. Furthermore every indicator variable

will also be calculated “per game”. This provides insight in which variables have been used on-pitch most often. For example the average age of the first team is 24.0 years and the average age per game is 25.5 years means that the older players have been on the pitch relatively more often than the younger players. In the following section each category will be briefly discussed.

Employee skills

The **market value (MV)** is the value as determined by transfermarkt.de. This website is a community based site which keeps track of all transfers of soccer players around the world. A standardized market value is used to value the players which can be traced back to the start of the 2004/'05 season. The market value differs from the transfer value because it will not diminish until it reaches zero together with the contract length. Every player represents a certain value for the club and the contract length is a component of his current market value, as well as his performance potential, age, wage, club/league, name or personal successes (Transfermarkt, 2012). As was mentioned before, the market value is mainly seen as an indicator of player skill (see paragraph 3.3.1.). The fact that the variable also is influenced by other player attributes such as experience and age could lead to multi-collinearity between the independent variables. To verify whether this is a problem a test for multi-collinearity will be done before any other statistical analysis will be performed. The indicator variables that will be used related to the market value are: **average market value (Avg. MV)** and **average market value per game (Avg. MV pg.)**. The former is the average market value of the entire first team. The latter is the market value of a player multiplied by the number of games the player has played, summed for the entire first team and divided by the total number of played games. All other variables that are mentioned are calculated in the same manner.

The on-pitch **experience (EX)** of the players has been divided into national and international experience. National experience is the total number of matches a player has played in national competitions for a PSO during his career, which include regular competition games and national cup games. The international experience is the total number of games a player has played in international competitions with a PSO during his career, which include UEFA-CL, UEFA-EL and national team matches. These variable are also prone to multi-collinearity because they are closely related to age. The indicator variables that will be used related to on-pitch experience are: **average national experience (Avg. Nat. Ex.)**, **average national experience per game (Avg. Nat. Ex. pg.)**, **average international experience (Avg. Int. Ex.)** and **average international experience per game (Avg. Int. Ex. pg.)**. The third indicator variable that is used related to player experience **average age (Avg. Age)** and **average age per game (Avg. Age pg.)**.

The last employee skills related indicator variable is **youth players (Youth)**. The youth players who are part of the first team will be represented by a percentage of the total selection. The indicator variables that will be used related to the youth players are: **percentage of youth (Youth)** and **percentage of youth per game (Youth pg.)**.

Employee attitudes

Number of **years spent at the club (YaC)** will be measured in contract years with half year steps. A player who leaves the club to be loaned to another club will, on his return to the club, start with zero years at the club. The indicator variables that will be used related to the years at the club are: **average years at club (Avg. YaC)** and **average years at club per game (Avg. YaC pg.)**.

Employee behaviors

The **player flow (PF)** is measured in terms of players who stayed relative to the selection size. For example: when first team consists of 25 players and during the next transfer window 5 players leave and 6 players join the first team the value for players who stayed will be $(20 / 25 =) 80\%$ with a new first team size of 26. The indicator variable that will be used related to player flow is: **percentage of players who stayed (PF)** and **percentage of players who stayed per game (PF pg.)**.

4.4. Data collection

The data used to answer the research questions was collected during the months April and May 2012, by means of desk research and focused interviews.

Desk research

The desk research consists of two components: a qualitative component and a quantitative component. The qualitative component consists of the analysis of HRM related interviews with people who hold (or did hold) a relevant function with the PSO's under investigation. The source for these interviews is the magazine 'Voetbal International' (Soccer International) which discusses the Dutch soccer industry and publishes on a weekly basis. Unfortunately the editorial office of Voetbal International refused cooperate with this research in general and therefore no access was granted to their archives. However the magazines for the relevant time period are (partly) available at the Royal Dutch Library in The Hague. The time period that is analyzed is 2001-2011, excluding 2006-2007 due to unavailability. Even though the years 2006-2007 are not available for analysis the available years still give a solid indication on what HRM policies were being used during the selected time period. It is expected that recovered information is mainly about recruitment and selection policies because this is the topic that generally has the most media attention. The other policies under investigation are relatively underexposed. The eight available years of Voetbal International (over 400 magazines) are primarily evaluated by scanning the index for relevant interviews. Promising interviews are read in detail and interesting quotes saved for later analysis (see 4.5.1.). This yielded 62 articles and 149 quotes (see figure 4.3). The data collected from Voetbal International is supplemented with official documentation of the PSO's, such as annual club reports or internal analyses.

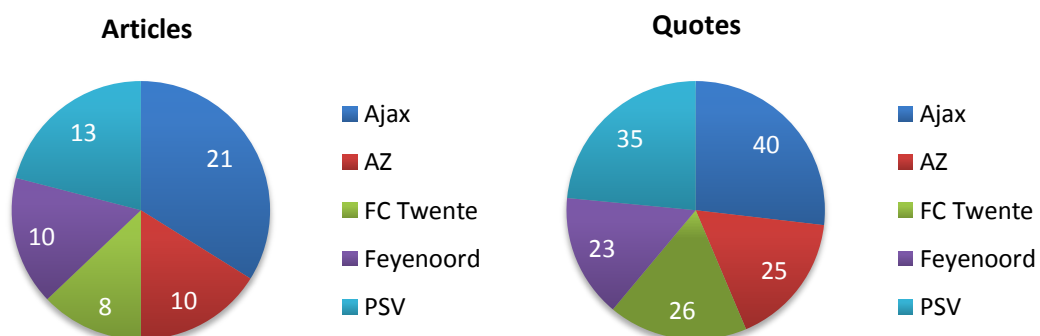


Figure 4.3: Specification of hits per club in 'Voetbal International'

The quantitative component consists of the data underlying the dependent and independent variables that were discussed in paragraph 4.3. The data for the sports outcomes indicator variables, collected for five individual PSO's comprising seven years of half yearly measurements (2004-2011),

is collected from the Wikipedia sites related to the respective Eredivisie season results, UEFA-CL results, UEFA-EL results and KNVB cup results (Wikipedia, 2012). The Eredivisie results are checked with the official Eredivisie website (Eredivisie, 2012). This dataset contains fourteen measurements per club per competition, adding up to a total of $n=70$ measurements for each competition. The data for the independent variables is collected mainly from the Transfermarkt sites (Transfermarkt, 2012), Wikipedia individual player profiles (Wikipedia, 2012) and National Football Teams individual player profiles for their national team experience (National Football Teams, 2012). Data is gathered for every individual player which plays or has played at one of the PSO's under investigation during the past seven years (2004-2011). This means seven years of half yearly data which on average contains 28 players per club or in total roughly 1960 player records ($5 \text{ clubs} * 14 \text{ season halves} * 28 \text{ players}$). With an average of 1.53 year at their club (i.e. 3 season halves) approximately 650 unique players are profiled. From these half yearly first team overviews the averages for the indicator variables (see paragraph 4.3.) are calculated and used in the eventual quantitative analysis (see paragraph 4.5). Although the crowd-sourcing of the abovementioned data via Wikipedia, Transfermarkt and National Football Teams is not optimal for academic research in terms of reliability and flawlessness, these sites form one of the most extensive and complete sources for sports related data and therefore it is used as main data source for this quantitative research.

Focused interviews

Interviews with people who hold (or did hold) a relevant function within the clubs under investigation are used to corroborate the data on HRM practices collected during the desk research. Since the purpose of the interview is to corroborate certain assumptions about the HRM policies but also to keep an open-ended structure to ask for the interviewees opinion on a specific topic, a focused interview will be used (Yin, 1994). The interviews are conducted following the interview plan included in Appendix II. The interview is constructed on the basis of the identified HRM policies and the questions are carefully worded, preventing leading and compounded questions. The main goal of the interview is to corroborate to which extend different HRM practices are being employed by the top five Eredivisie clubs and how these practices influence performance according to the interviewee. The first part of the interview has a more open-ended structure to make the interviewee feel at ease and let the him speak about his experiences in his role as a manager and which HRM practices he used during his work. The second part of the interview is be more focused on the specific HRM practices identified for the theoretical model (see Figure 3.4). The interviews are be recorded and subsequently elaborated. The elaboration of the interviews is done following the initial theoretical model (see Figure 3.4) used to describe the case study. This descriptive approach can be used to identify an overall pattern of complexity (Yin, 1994).

Due to the low transparency in the soccer industry at management levels and the unwillingness to participate of key interviewees, only the view on two clubs was corroborated by one interviewee.

4.5. Analytical method

The analytical methods for this research consist of two parts: first of all a qualitative analysis regarding the employed HRM policies and their influence on the HRM outcomes and sports outcomes and secondly a quantitative analysis of the influence of the HRM outcomes on the sports outcomes. The two individual methods that are being used are elaborated in the following two paragraphs.

4.5.1. Qualitative analysis

To analyze the data acquired with desk research and the interview, the qualitative data analysis methods of Miles and Huberman (2002) are used. The so-called 'meta-matrix' method is used which first of all involves a detailed examination of each observation, in this case one specific year of data for a PSO, after which case-based matrices are developed to show the individual variables for the individual observations. Using chronological tabulation to construct the meta-matrix (combining all observations in one matrix) enables systematic comparison of the gathered information for every club. On the basis of these meta-matrices each individual case study is elaborated. Each individual variable, or in this case policy, in the meta-matrices is given a score (when no relevant information is found the cell remains empty) during the abovementioned process. The responsibility of the management of a PSO for creating the HRM policies and facilitating their implementation is the basis of the scale on which this score is based. When a PSO has created and implemented a clear policy at a certain point in time it was awarded the score of ++ (with a clear policy being a documented guideline which has been accepted the entire top management of the PSO). In the media PSO's often indicate what is being changed or what has to be changed in the near future regarding their HRM policies. This means the PSO has clear direction regarding their HRM policies but did not yet implement the policy for the long term. When this is the case the PSO is awarded the score of +. When the club does not have a policy but the head coach implemented a policy without being told to by the club the PSO is awarded the score o. This score is neutral since the fact that it is positive that a policy has been implemented by the head coach, but this is compensated by the fact that the management of the PSO did not initiate this process. Furthermore a score of - is awarded to the club when the club has a clear policy but acted differently or opportunistically. For example this can happen when a PSO is not performing according to expectations and the management tries shift the balance by buying one or more players that do not fit the recruitment policy of the PSO (i.e. acting opportunistically). When a PSO has never considered the importance of a certain policy it is awarded the score of --. This leads to the following scale:

- ++ = Club has clear policy
- + = Club has clear direction (but no long term policy)
- o = Head coach responsibility
- = Dealt with to opportunistically
- = Never considered by the club

The results of this process are then compared to the quantitative data to investigate if the HRM practices employed by the top five Eredivisie PSO's actually can be recognized in the data set. For example if a manager states he will focus on youth inflow for the next three years and with this rejuvenate the first team, this policy can be verified by looking at the data set. The expectation is that this analysis will mainly focus on the recruitment and selection policies of the clubs since the other policies are relatively underexposed.

4.5.2. Quantitative analysis

The first step of the quantitative analysis is a test for multi-collinearity, since some of the variables are expected to be correlated with each other. This is done by calculating the Variance Inflation

Factor (VIF) of the independent variables with 'IBM SPSS statistics 20'. A VIF > 5 is an indicator of multi-collinearity and the critical value is VIF > 10 (Hair et al., 2007).

The relationship between the HRM outcomes (independent variables) and the sports outcomes (dependent variable) is analyzed by identifying a latent variable path model with Partial Least Squares (PLS) regression. PLS path modeling represents a well-substantiated method for estimating complex cause-effect-relationship models (Gudergan et al., 2008). In recent years the PLS procedure has been gaining interest and use because of its ability to model latent constructs under conditions of non-normality and small to medium sample sizes (Chin, 2003). This is the case, since the data set consists of only n=70 observations and some of the indicator variables have skewed distributions indicating non-normality (e.g. Avg. YaC has a skewness of 1.389 (1 to -1 indicates a normal distribution)). Being a components-based structural equations modeling technique, PLS is similar to regression, but simultaneously models the structural paths (i.e. theoretical relationships among latent variables) and measurement paths (i.e. relationships between a latent variable and its indicators) (Chin, 2003). A PLS path model consists of a number of latent variables and a number of indicator variables and is described by two models: a measurement model relating the indicator variables to their own latent variable and a structural model relating some endogenous latent variable to other latent variables (based on Tenenhaus et al., 2005). Rather than assuming equal weights for all indicators, the PLS algorithm allows each indicator to vary in how much it contributes to the composite score of the latent variable, which will lead to lower weightings for indicators with a weaker relationship to the latent construct (Chin, 2003). The model used for this research is created and analyzed with specialized PLS software called SmartPLS 2.0 M3 (or SPLS).

The 'employee skills', 'employee attitudes' and 'employee behaviors' have proven to be difficult to measure since they are part of the HRM outcomes which have been characterized as the "black-box" of HRM (see chapter 3.1.). Therefore the predictor variables (i.e. employee skills, employee attitudes and employee behaviors) which are used for the PLS procedure cannot be measured directly and are thus viewed as latent variables (Chin, 2003). As was indicated earlier seven indicator variables have been identified to be able to measure the related latent variables. The partial least squares (PLS) path modeling methodology allows reflective and formative computations with respect to the measurement of latent variables (Gudergan et al. 2008). The indicators can be seen as functions of the latent variable, whereby changes in the latent variable are reflected (i.e. manifested) in changes in the observable indicators or indicators can be viewed as causing rather than being caused by the latent variable measured by the indicators, in which case the indicators are known as formative (or causal) (Diamantopoulos and Siguaw, 2006). For all the indicators used in this research the latter is the case since the indicator variables are being influenced by the PSO and its HRM activities but not by the latent variables, therefore only formative indicators are used to measure the latent variables.

Validity and reliability

The validity and reliability of the measurement model cannot be given due to the formative nature of the indicators. To evaluate the structural model the construct validity can be demonstrated by the assessment of R-squared, which indicates the amount of explained variance, for the endogenous latent variables. R-squared values of 0,67, 0,33 and 0,19 can be described as substantial, moderate and weak, respectively (Chin, 1998).

5. Results

The research results are presented in three parts: an overview of the HRM policies used by the PSO's during the past decade, the effects of the HRM policies on the sport and HRM outcomes over the past seven years and the influence of the HRM outcomes on the sports performance of the PSO's.

5.1. HRM policies in PSO's

The HRM policies used by the five PSO's under investigation will be presented individually in the following five paragraphs and will provide the answer to the first central research question: 'What HRM policies are being used by the top clubs of the Eredivisie?'. But first a short insight in the dynamics of soccer management which came to light during the interview with Fred Rutten.

A PSO's ability to maintain and execute a long term vision is naturally depending on the people who are in power at that time. 'A number of people within a club will generally guard and maintain the long term view. But when at least one of those people leaves the club this can change drastically. Certainly at the clubs I have worked for because they do not have their policies in writing' (Fred Rutten, 2012). Fred Rutten is skeptical about the progress that can be made regarding this issue in the volatile soccer industry: 'That can be difficult. I think progress can be made but only when the people who construct the long term view stay with the club for at least ten years' (Fred Rutten, 2012).

The obvious solution to the abovementioned problem, to hire people who support the long term view and the current policies of the club, is not as obvious as it seems. 'In the corporate world this would be an ordinary part of business, but not for the soccer industry. When a head coach, who endorsed the long term view of the club, wants to sign a certain player that does not fit the clubs' profile, this creates a certain dynamic within the club. These are completely different processes than those that occur in the corporate world. So when a head coach has to report to a director or manager, an excellent interpersonal relationship is needed to be able to implement those policies. The ability to create a structure to rely on is always depending on the competences of the people who work at the club. Furthermore the execution is always subject to the emotions of the game. When you lose tomorrow, your policies are flawed in the eyes of the public. So it is the responsibility of the people at the club to remain calm and to maturely deal with possible changes' (Fred Rutten, 2012).

In general it can be said that the expectation of finding mostly relevant information on the recruitment and selection policies, due to the relatively high media attention for these subjects, came true. Therefore the main focus will be on the recruitment and selection policies. Even though in some cases a head coach, director of football or the clubs' yearly report provided useful and detailed information on other policies as well. Therefore the choice has been made to present the entire matrices a large number of empty cells remain, indicating that no relevant information was found regarding those policies during that time period. The available information on the individual HRM policies of the PSO's has been elaborated extensively, therefore the results have been summarized below for each individual club and the elaborated results can be found in Appendix III.

Ajax

Ajax went public in 1998 which obligates them to publish a yearly report. These reports were still available for every year of the past decade. Historically Ajax always relied on their youth department for a steady inflow of talent. After a few years of unsuccessfully trying to prolong the success period of the nineties the club has now decided for the long term to focus on youth development again. Ajax uses the following long term view: 'Ajax has to continuously be a part of the top of Dutch professional soccer and European club soccer. A ambitious goal which the club wants to realize with a selection of first team players in combination with young talent with international experience. Sometimes when the own youth inflow stagnates, via the scouting department extra attention needs to be paid to sign foreign reinforcements. To guarantee the club is recognizable for fans and sponsors, attention needs to be paid to a large core of self-educated players. To reach these goals, Ajax will need to continuously analyze its youth department and scouting' (Ajax yearly report, 2002, p. 7). This long term view has been used in the same way ever since, but it was not always implemented properly.

During the 2004/'05 season a conflict arose between head coach Ronald Koeman and director of football Louis van Gaal about the implementation of the policies of Ajax. Koeman was dissatisfied about the lack of routine in his team, but Van Gaal refused to do something about it and wanted to continue focusing on young players. This eventually resulted in both men leaving the club and a discontinuation of the main club policies. This can be illustrated by a quote from the yearly report in which the executive board states the following: 'Different ideas about the soccer specific policies have had an important role in the emergence of the controversy between director of football, Louis van Gaal, and head coach, Ronald Koeman. Ajax supports the basic principles of their plans. Attracting and educating young players will contribute more to the net result than buying players. This does not mean there is no room for incoming transfers. Players need to be scouted for positions that cannot be filled with players from the youth department. When doing so it is important to keep the importance of routine in mind' (Ajax yearly report, 2005, p. 15).

After the turbulent year, the club made a fresh start with a new director of football (Martin van Geel) who introduced clear policies based on the renewed long term view of the club, which still incorporated the basic principles the club had always used. He wanted to create a balanced selection regarding age, experience and background. Furthermore it had to consist of at least fifty percent of self-educated players. During the start of the 2007/'08 season this long term view was abandoned once more because the club acted too opportunistically regarding the sale and replacement of a key player (Wesley Sneijder) during the last days of the transfer window. An adequate replacement could not be found due to time limitations and the backup player had previously been sold as well, which resulted in an unbalanced selection. The following years the absolute power over the soccer department fell into the hands of Marco van Basten (2008/'09) and Martin Jol (2009/'10). The long term view for the club was adjusted but still the main principles remained unchanged. The opportunistic way the club subsequently tried to change the poor performances did not adhere to this long term view. The following quote of general director Henry van der Aat illustrates this fact. He comments on activities during the 2008 summer transfer window: 'Last summer we had two choices. Either cut back on spending and wait for the next generation of youth players, or invest and break the vicious cycle. We opted to do the latter. We will keep investing in players and player education. If we want to compete on a European level we have to pay large salaries. This is one thing on which we

cannot cut back, so we will have to do that over the full width of the club' (Voetbal International, 43:43, 22 October 2008, p. 128). After Martin Jol left during the 2010/'11 season Ajax appointed Frank de Boer as head coach. He indicated that Ajax should use its youth departments potential and return to the basic principles of youth development and education.

Ajax	2001 /'02	2002 /'03	2003 /'04	2004 /'05	2005 /'06	2006 /'07	2007 /'08	2008 /'09	2009 /'10	2010 /'11
Recruitment	++	++	++	-	++	++	-	-	-	++
Selection	++	++	++	-	++	++	-	-	-	++
Perf. Appraisal							+	+		
Career planning		++	++	-	++	++	++	-	-	++
Training										
Compensation							+	+		
Incentives			-							++
Participation		++	++	-	++	++	++	-	-	++
Health and safety										

Figure 5.1: Overview of the HRM policies of Ajax during the past decade.

AZ

During the first few years of the past decade AZ mainly focused on reorganizing the structure of the club and investing in the preconditions needed to grow. With the arrival of Martin van Geel as the director of football the policies with which AZ would try to reach the top were given shape. About the recruitment and selection Van Geel says the following: 'Currently we have a selection that is of-balance, with older players and thus more sensitive to injury' (Voetbal International, 38:44, 29 October 2003, p. 23). 'We have a lot of expiring contracts, and there is a chance other clubs will buy our players. We want to have six youth players in a selection of 22 players. Of course you will need the space to fit them in. By buying a lot of players, you will block the inflow. But next year ten contracts are expiring so anything can happen' (Voetbal International, 38:44, 29 October 2003, p. 22). From this it can be concluded that rejuvenating and re-balancing the selection and the inflow of youth players (at least 6 out of 22) were main focus points during those years. Furthermore the normalization of the salary structure had become a priority.

In the summer of 2005 Martin van Geel left the club and was replaced by Marcel Brands. Unfortunately not a lot of information was found about the first three years of his stay at AZ, but what is known is that the club wanted to continue the process it had started. During the 2007/'08 season the club received criticism about the seemingly unnecessary rejuvenation of the squad. At the start of the season the two experienced strikers of AZ, Danny Koevermans and captain Shota Arveladze, leave the club and are replaced with two newly signed expensive foreign high potentials. Louis van Gaal is not worried: 'Experience is not related to age. The departure of an older captain does not have to be a big disadvantage. This also works as a stimulant for the new selection' (Voetbal International, 43:8, 20 February 2008, p.84). This indicates a deviation from the policies being employed during the past seasons, when "keeping the team together" and "giving own youth a chance" was the main focus. This indicates opportunism to make the final push for the top.

During the 2008/'09 season the club indicated it had learned from its mistakes and changed its recruitment and selection strategy back to what it was before: looking for young talent and

developing it internally to become first team regulars. Over a year later (October 2009) the company of chairman and financier Dirk Scheringa went bankrupt which led to a large deficit for AZ. The club had to cut costs and did this rigorously, by selling its top earners and changing the compensation structure. Even more than before it focused on young player development and for the first time released a yearly report in which this long term view was elaborated: 'With the soccer vision of AZ, which is based on development of players and their careers, it is a fact that every season multiple transfers will take place of players who take the next step to another club or foreign competition. AZ has proven to be able to handle these situations. The scouting and youth department play a vital role when it comes to supplementing the selection to be able to compete in the sub-top in the Netherlands. Recent developments show more and more players from the youth department flow into the first team. Our vision is to encourage and expand this trend' (AZ yearly report, 2011, p. 7).

AZ	2001 /'02	2002 /'03	2003 /'04	2004 /'05	2005 /'06	2006 /'07	2007 /'08	2008 /'09	2009 /'10	2010 /'11
Recruitment		+	++	++			-	++		++
Selection		+	++	++			-	++		++
Perf. appraisal			++	++						++
Career planning				+				+		++
Training								+		++
Compensation		-	++	++				++		++
Incentives		-	++	++				+		++
Participation				+				+		++
Health and safety		+								

Figure 5.2: Overview of the HRM policies of AZ during the past decade.

FC Twente

Rejuvenation of the selection is one of the main focus points for FC Twente during the first years of the past decade. It mainly wants to achieve this with the inflow of youth players and a number of young signings. Two years later the club let those ambitions go. Due to the financial restrictions the club acted opportunistically because it did not have much choice and had to make do with the player potential that was available to them. Chairman, Joop Munsterman comments: 'The coming period a lot will depend on creativity, luck and perseverance. The previous transfer period was just like a game of poker. The soccer budget has to be cut, so the player salaries are going down' (Voetbal International, 39:6, 4 February 2004, p. 31). After the biggest financial problems were solved, the club restored their long term view and started building a team for the future. When Fred Rutten was appointed at the start of the 2006/'07 season some changes were made. Especially regarding the inflow of youth players by means of internship positions and a training method that not only focused on the team but also on developing the individual (initiated by the head coach). During that period FC Twente had very clear policies for recruitment and selection. These policies were part of the long term view to bring FC Twente back to the sub-top within three years and afterwards take the next step to the top. Fred Rutten comments on the policies FC Twente used to reach those goals: 'We looked for players that could help us in the short term but also for players that could help us in the long term. The policy was: when the absolute top talent, that could eventually bring in a large transfer fee, was not available internally we would go and get it abroad in the age category of fifteen to sixteen year olds, which we did. Furthermore we extended the contracts of older players to give our own youth players the opportunity to steadily develop. In the long run these younger players

would gradually take over the role of the older players. So this was supported by a very well-defined policy' (Fred Rutten, 2012).

After two years of growing and developing the player potential the club qualified for the play-off stage of the UEFA Champions league. It also had the ambition to become champions of the Netherlands but it is difficult to compose a selection, on the basis of the current compensation policy, that is wide enough to compete on three fronts. One season later the club celebrates their first championship but it becomes clear the club deviated from their long term view by supplementing the selection with expensive foreign players, which did not contribute very much and at the same time blocked the inflow of youth players. At the start of the 2010/'11 season, after Steve McClaren accepted a job offer from VfL Wolfsburg, Michel Preud'homme was appointed as his successor. Voetbal International editor Peter Wekking comments on the appointment of the new head coach/director of football: 'The 51-year old Preud'homme has been given the assignment to restart the inflow of youth players during the next three seasons. During the past two years, Steve McClaren flooded the selection with expensive foreigners who, although they increased the training level, never got a lot of playing time. The selection no longer contained room for youthful talents to participate in training session, let alone matches' (Voetbal International, 45:25a, 21 June 2010, p. 46).

FC Twente	2001 /'02	2002 /'03	2003 /'04	2004 /'05	2005 /'06	2006 /'07	2007 /'08	2008 /'09	2009 /'10	2010 /'11
Recruitment	++		-	++	++	++	++	++	+	++
Selection	++		-	++	++	++	++	++	+	++
Perf. Appraisal						o	o			
Career planning						o	o			
Training						o	o			
Compensation			-			++	++	++		
Incentives						++	++			
Participation						++	++		-	
Health and safety						+	+			

Figure 5.3: Overview of the HRM policies of FC Twente during the past decade.

Feyenoord

At the start of the 2001/'02 season the youth department of Feyenoord delivered a number of promising talents to the first team and head coach Bert van Markwijk comments on the inflow of youth players: 'The club has shown it gives youth players a chance. Feyenoord has to continue this trend, simply because we have a solid youth department. It is the final step that matters. That is why it is important that Excelsior (farm club for Feyenoord) gets promoted to the Eredivisie. This way young players can get used to the higher playing level. One year of Eredivisie experience makes a world of difference' (Voetbal International, 37:3, 16 January 2002, p. 22). Even though the long term view does not seem to be specifically recorded, this indicates a clear direction for the youth department and subsequent inflow of youth players. This policy was not as successful as the club had hoped and the director of football in the 2003/'04 season, Rob Baan, did not have a clear solution to this problem for the long term. During the next few years Feyenoord started publishing its yearly report but those did not mention any long term view or current policies regarding the composition of the first team.

In the 2008/'09 yearly report the board of directors present their vision for the future of Feyenoord. This long term view has been the guideline for the soccer department of the club since 2007: 'The recovery of the competitiveness of Feyenoord is based on three pillars: A professional sport atmosphere throughout the entire club, a distinctive youth department, and an efficient scouting department. The scouting department has undergone a specific change: age categories and specific scouting areas have been defined much more precisely. Feyenoord is especially looking for players who can further develop during their stay at the club and eventually produce a certain transfer value' (Feyenoord yearly report, 2009, p. 16). This indicates clear policies have been developed to eventually reach certain long term goals. Even though the club has these clear policies for the long term the club deviated from this path regarding the recruitment and selection. Iwan van Duren and Tom Knipping, both Voetbal international editors, criticize the policies of Peter Bosz: 'A top sport atmosphere, scouting and own youth; those were the new values of Feyenoord. Subsequently the resulting transfer policy was set aside to be able to sign experienced veterans with exorbitant salaries' (Voetbal International, 43:50, 10 December 2008, p. 127). General director Eric Gudde defends the policies: 'You say we should focus on building a team with younger players. We already want that for quite a while. We already started that process previous season. Peter Bosz has seen the potential in our youth department which we will use. We already invested heavily in the preconditions such as trainers, a gym, etcetera. Especially the players in the middle group are missing, which are difficult to find in a country that mainly develops players for bigger competitions such as the Netherlands. The experienced players should help the younger players grow into that category' (Voetbal International, 43:50, 10 December 2008, p. 127).

Due to financial unrest Feyenoord had to choose a different direction for the 2009/'10 season, but their main policies of previous years remained unchanged. The inflow of youth players remained a focus point but the club changed its scouting strategy to find only affordable players from inside the European Union. During the 2010/'11 season the compensation structure of Feyenoord was adjusted to their new financial reality.

Feyenoord	2001 /'02	2002 /'03	2003 /'04	2004 /'05	2005 /'06	2006 /'07	2007 /'08	2008 /'09	2009 /'10	2010 /'11
Recruitment	+		-				-	-	++	++
Selection	+		-				-	-	++	++
Perf. Appraisal										++
Career planning	+									
Training							++	++	++	++
Compensation										++
Incentives										
Participation	+									
Health and safety										

Figure 5.4: Overview of the HRM policies of Feyenoord during the past decade.

PSV

At the start of the past decade the future of PSV is uncertain since a number of top players are expected to transfer to a bigger club within two years' time. Director of football Frank Arnesen reacts: 'We will have to make sure not too many of the top players will leave at once. But when they indicate that they are ready for the next step, this should not be inhibited' (Voetbal International,

37:4, 23 January 2002, p. 23). 'My primary task during the next few years is to keep looking for players. We have very strategically attracted young talents which we subsequently sent on loan to their former club. In case of a raid - that is how I call it when a foreign club suddenly attracts one of your players - we already have to have players which have the potential to develop into a worthy successor' (Voetbal International, 37:4, 23 January 2002, p. 23). PSV also actively strives for youth inflow and has made room for younger players to develop within the first team. Even though these policies were well defined and had worked for PSV in the past, they failed one year later due to a collapse of the transfer market. This meant at the top of the first team no players were sold but at the bottom the talents, that were initially on loan, flowed in. This resulted in an excessively large first team. Forced by the financial necessity to cut costs on player compensation, PSV set a clear direction to reduce the number of selection players. From the 2003/'04 season and onwards the yearly reports of PSV are available. This report mentioned that during that season PSV still tried to reduce the selection size and normalize the payment structure. Clear policies regarding the inflow of youth players and individual player development became focal points for PSV. 'Quick inflow of youthful talents remain the main task. It is of the utmost importance young players participate in training sessions and matches of the A-selection. The development of youthful talent remains an important pillar of our soccer policies' (PSV yearly report, 2004, p.12). 'The specific training of talent via individual training session, preferably given by ex-players, will also continue next season' (PSV yearly report, 2004, p.12). During the next few years these policies were continued under the successful reign of Guus Hiddink. During the 2006/'07 season Ronald Koeman took over as head coach and continued the policies of his predecessor. One year later the club adds a passages to the long term view of the club which indicates that the club strives for a balanced selection to guarantee quality, preserve identity and maintain market value. Furthermore the focus for the scouting department will be placed on Dutch talents.

PSV	2001 /'02	2002 /'03	2003 /'04	2004 /'05	2005 /'06	2006 /'07	2007 /'08	2008 /'09	2009 /'10	2010 /'11
Recruitment	++	+	+	++	++	++	++	-	++	++
Selection	++	+	+	++	++	++	++	-	++	++
Perf. Appraisal									o	o
Career planning									o	o
Training			++	++	++	++	++	++	++	++
Compensation		-	+						+	++
Incentives									+	++
Participation	++	+	++	++					++	++
Health and safety									+	+

Figure 5.5: Overview of the HRM policies of PSV during the past decade.

Even though there are indications of internal struggle within PSV, during the 2008/'09 season, regarding the implementation of the policies, the yearly report indicates that PSV still continues the same policies. Sef Vergoossen, interim head coach during the last part of previous season, indicates he is not surprised: 'I have to say I saw the disappointing results coming. Therefore I have made some recommendations to the board of directors at the end of last season. But sadly nothing has been done with that. During the last period a lot of money flowed into the club. I do not oppose to people who take their responsibility and decide to repay some of the loans, but you cannot lose sight of the soccer side of the picture. You will have to invest in certain positions, which I also indicated. Although

the main cause is: it is a complex group. Different cultures, different characters. After a few weeks it became clear to me that this was not an ideal situation. When there are too many elements that do not 'click', the team as a whole becomes very vulnerable' (Voetbal International, 43:47, 19 November 2008, p. 127). This indicates the club did not implement their own long term view for a balanced and mainly Dutch selection. At the start of the 2009/'10 season Fred Ruiten became head coach and was given the task to restore the long term view and give more chances to youth players.

5.2. Influence of HRM policies in PSO's on HRM and sports outcomes

The influence of the HRM policies on the HRM and sports outcomes over the past seven years will be presented in the following order: first of all the influence of the HRM policies on the HRM outcomes and secondly the influence of the HRM policies on the sports outcomes. These results will give an answer to the second central research question: What is the influence of the HRM policies on the HRM outcomes and sports outcomes?

5.2.1. Influence of HRM policies on HRM outcomes

The influence of the HRM policies, used by the five PSO's under investigation, on the HRM outcomes will be presented per individual club. A comprehensive overview of all HRM outcome variables can be found in Appendix IV.

Ajax

At the beginning of the 2001/'02 season Ajax announced it would focus on youth development for the long term. After three years the percentage of youth players in the selection was almost fifty percent. The long term view has remained the same ever since, which is reflected in the high percentage of self-educated players in the selection throughout the years (see figure 5.6). The conflict between Ronald Koeman and Louis van Gaal during the 2004/'05 season is reflected in the data. Ronald Koeman (head coach) wanted replacements for the experienced players who left but Louis van Gaal (director of football) wanted to focus on the inflow of own youth players which he deemed more profitable in the long run. This resulted in the youngest first team (22.5 years on average) of the entire data set (see figure 5.7) and one of the highest percentages of player mutations (50%).

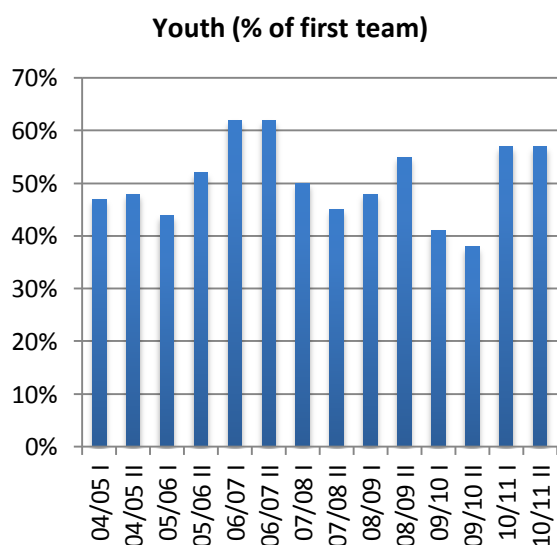


Figure 5.6: Percentage of youth players at Ajax

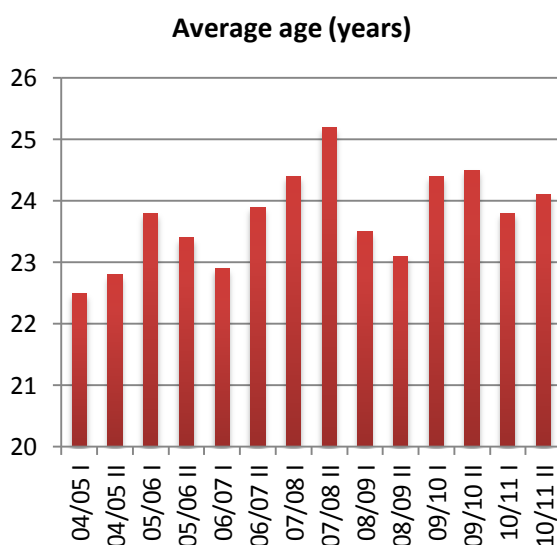


Figure 5.7: Average age at Ajax

After the arrival of Martin van Geel (new director of football) in 2005, the club advocated a balanced selection regarding age, experience and background together with a youth percentage of at least 50 percent. Over the course of three years the influence of this policy can be recognized in the data. Besides from a dip during the 2006/'07 season the selections age gradually increased from 22.8 years on average to 25.2 years on average (see figure 5.7). Furthermore the experience (see figures 5.8 and 5.9), and especially the international experience, increased together with youth player criterion that has been met up till the second half of the 2007/'08 season. The criticism regarding the transfer of Wesley Sneijder leading to an unbalanced selection cannot directly be seen since this mainly focused around one specific position in the team.

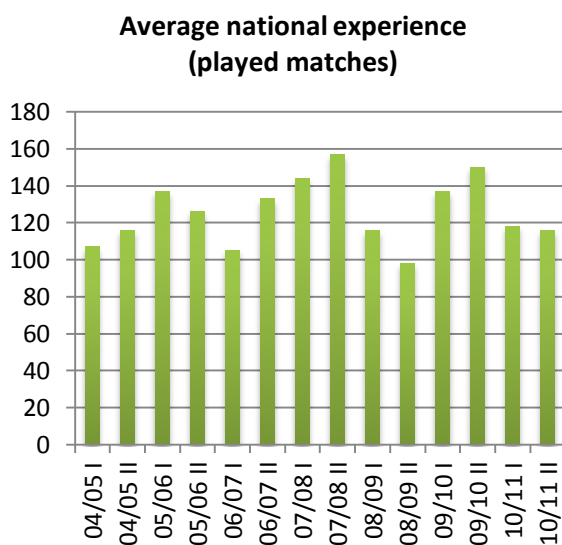


Figure 5.8: Average national experience at Ajax

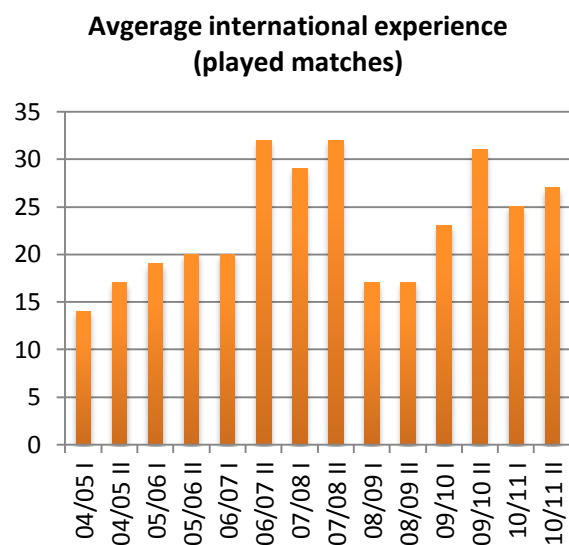


Figure 5.9: Average international experience at Ajax

In 2008 Marco van Basten announced he would start focusing more on the own youth again. This is reflected in the data by a drop in average age and experience but not by an increase of the percentage of youth players in the selection so most of the younger players were attracted externally. When Martin Jol took over this was changed again. A steep drop in self-educated players can be noted, together with a relatively large average age and experience increase. During the 2010/'11 season this was normalized once more and after Frank de Boer took over as head coach, the club announced for the future it wants to rely even more on the youth department than before.

AZ

In 2002 AZ indicated it wanted to grow to become a steady sub top competitor. This ambition was given shape by director of football Martin van Geel in 2003. Rejuvenation and re-balancing the selection and the inflow of youth players (at least 6 out of 22 = 27%) were the main focus points (see figure 5.10 and 5.11).

When Marcel Brands took over as director of football in 2005, the rejuvenation process had just started. The initial high percentage of youth players was mainly caused by old long serving veterans (who started their career at AZ) and youth players who rarely played a match. Marcel Brands continued this process and a steady growth of market value can be noted (see figure 5.13), together with a steady decrease of the average age. However the pursued percentage of youth players in the

A-selection was never reached. The criticism that Marcel Brands took the rejuvenation process too far cannot be recognized in the data. With the exact same average starting age one season later the club eventually became champions.

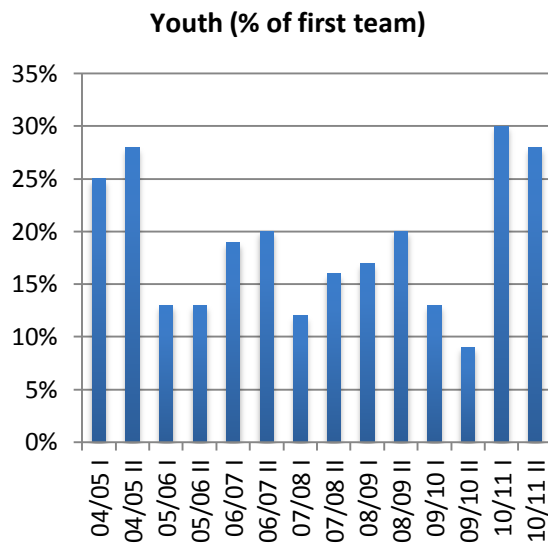


Figure 5.10: Percentage of youth players at AZ

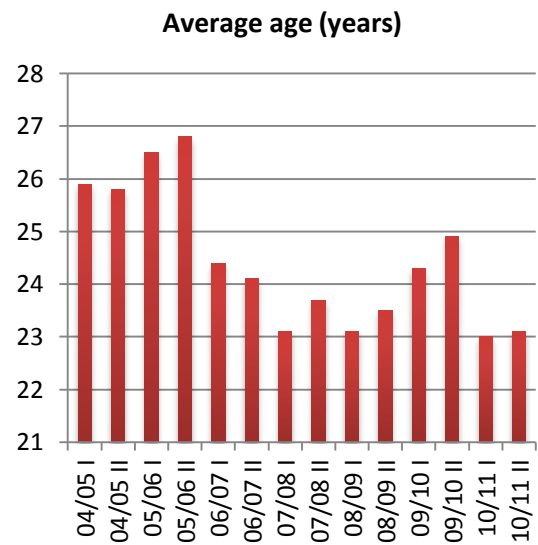


Figure 5.11: Average age at AZ

After the company of Dirk Scheringa went bankrupt the club had to drastically cut costs and sell their best players. Even more than before it focused on young player development. This is reflected in the data by the steep decrease of average age, market value and experience. Furthermore the percentage of youth players increased from 9% to 30% during the summer transfer window.

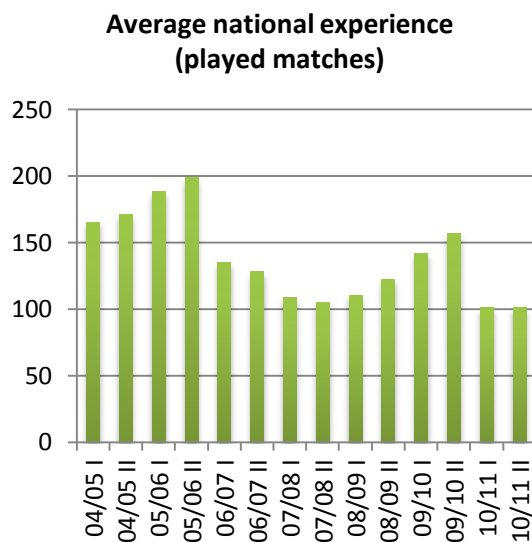


Figure 5.12: Average national experience at AZ

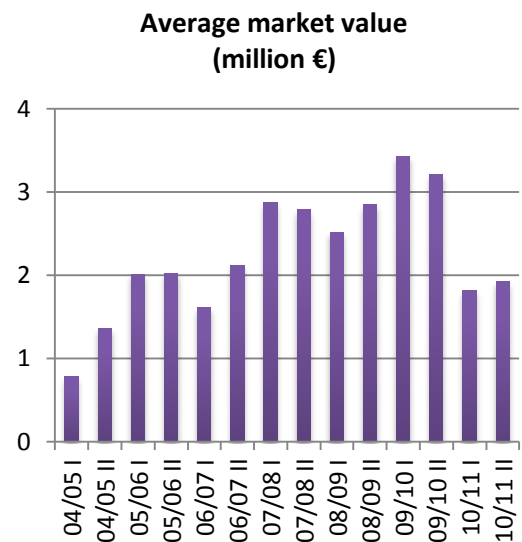


Figure 5.13: Average market value at AZ

FC Twente

At the start of the past decade FC Twente announced it would start to rejuvenate the selection, with a focus on the youth department. After a year of opportunism due to financial distress the club restored their long term view and started building for the future. With 33% youth players (see figure 5.15), a relatively young average age (see figure 5.15), short average stay at the club (0.7 years) and

more than half of the players leaving the club (52%), the results of this process can clearly be seen by looking at the data at the start of the 2004/'05 season.

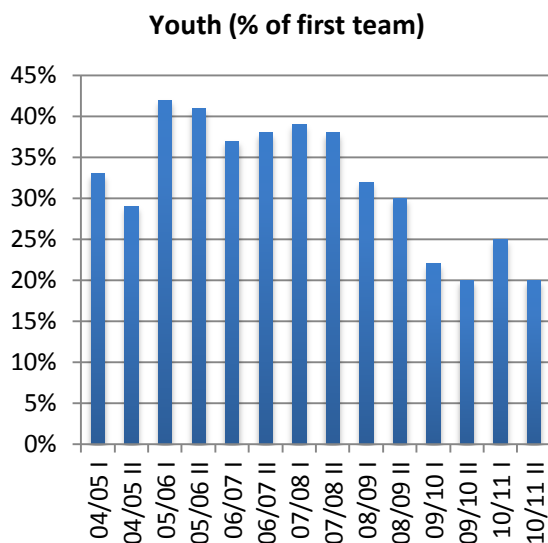


Figure 5.14: Percentage of youth players at FC Twente

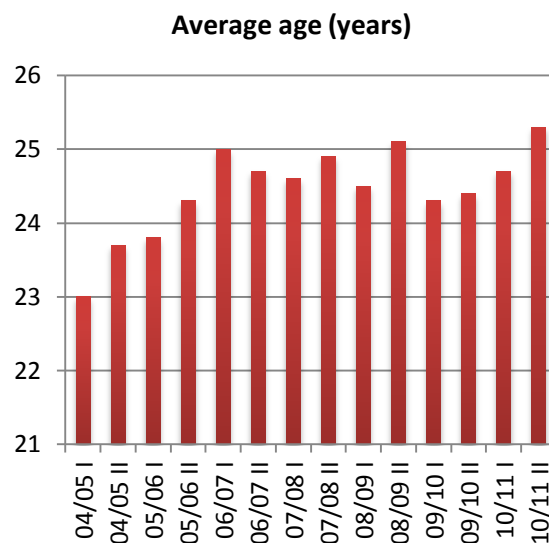


Figure 5.15: Average age at FC Twente

The focus on youth inflow and player development was continued by Fred Rутten and Steve McClaren which led to steady market value growth of the selection (see figure 5.16). The increasing player skill within the selection makes it harder for youth players to catch on. This is reflected in the slowly decreasing number of youth players in the selection.

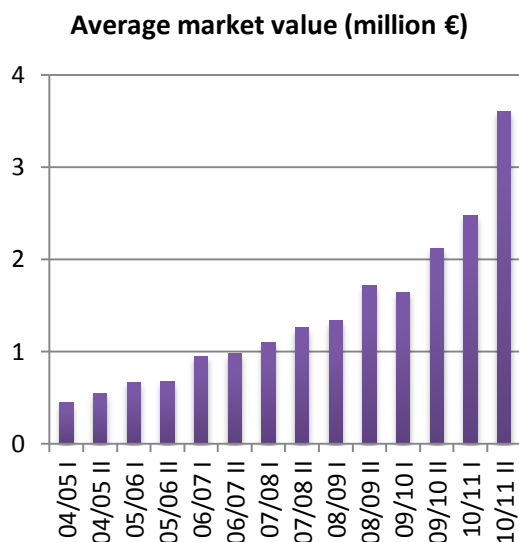


Figure 5.16: Average market value at FC Twente

After the championship year in 2010 the selection had become too wide which blocked the inflow of youth players. The new head coach Michel Preud'homme was given the task to restore this. This is not directly reflected by the increase in youth players in the selection, but the fact that almost half of the selection left the club indicates room was made for future inflow.

Feyenoord

During the 2001/'02 season a number of promising players came through the ranks of the youth department. Feyenoord wanted to continue this trend, but a few years later it turned out this had not happened. This did not change until the 2007/'08 season when director of football Peter Bosz initiated a change which led to a documented recruitment and selection policy. The club wanted to focus on young talents and increase the inflow of own youth players. The renewed policy can clearly be recognized in the data with an increase of youth players from 21% to 37% (and a subsequent steady growth to 52% in the 2010/'11 season). The focus on additional young talents was not implemented since the club attracted a number of expensive experienced players instead. This is reflected by the fact that the average age remained roughly the same while the number of youth players increased (see figure 5.17 and 5.18). Due to financial distress Feyenoord was forced to choose a different direction, which included scouting only young European talents and even more focus on the inflow from the youth department. This is clearly to be seen in the last season in which the percentage of youth players reached its highest level yet and the average age drastically decreased.

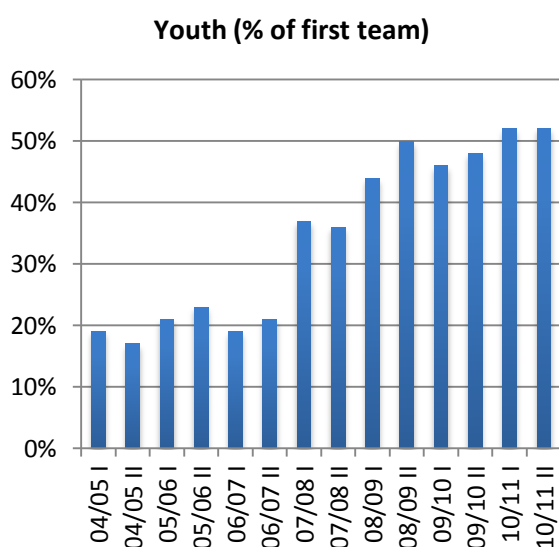


Figure 5.17: Percentage of youth players at Feyenoord

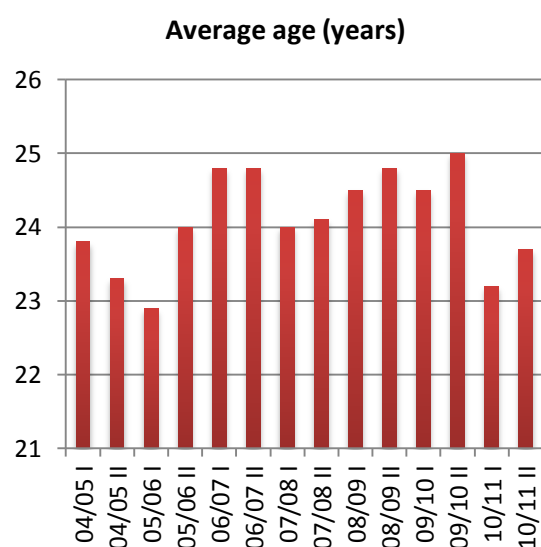


Figure 5.18: Average age at Feyenoord

PSV

During the first few years of the past decade PSV mainly focused on buying young Dutch talents at a young age and letting them further develop at their former club by means of a loan construction. Those players would in term be ready to replace the top players which were expected to be sold in a few years' time. This policy failed due to the collapse of the transfer market which prevented the top players from leaving. After this the club had to reorganize and pronounced that the inflow of own youth players would become the main focal point of their policies. PSV has received a lot of criticism about the lack of efficiency of their youth department, but still they managed to increase the percentage of youth players gradually over the years (see figure 5.19). In 2006 the board of directors added a passage to the long term view of the club in which it states that the club strives to maintain the market value of the selection. It can be seen that despite of some small fluctuations the club has been successful in doing so since it fluctuates around a 3 million Euro average (see figure 5.20).

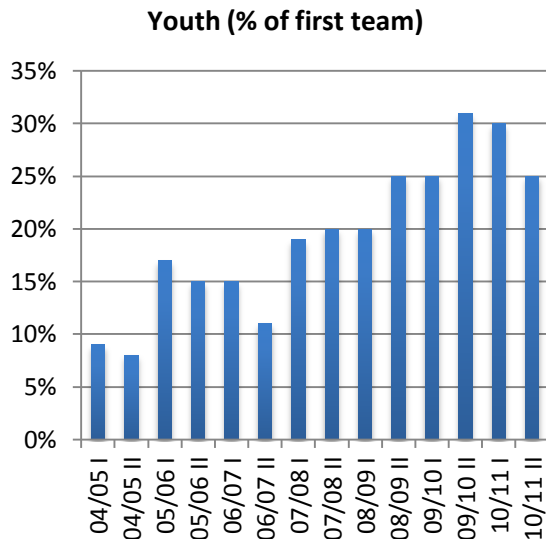


Figure 5.19: Percentage of youth players at PSV

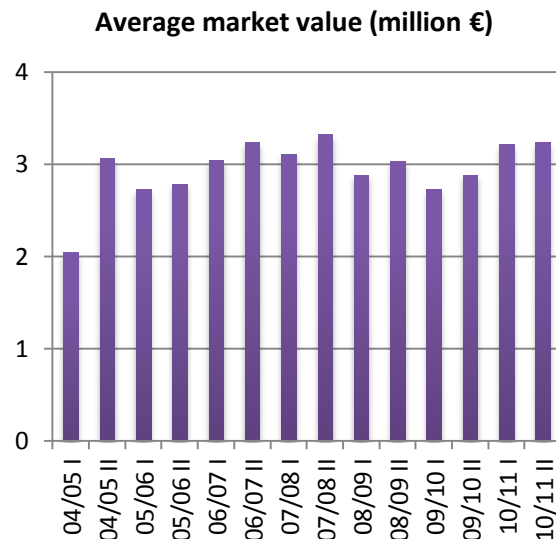


Figure 5.20: Average market value at PSV

The internal struggles that were reported during the 2008/'09 season cannot be recognized in the data mainly because these were focused around cultural issues which do not lie within the scope of this research. After that turbulent season Fred Rutten was appointed as head coach for the 2009/'10 season and was given the task to restore the long term view and once more focus on giving more chances to youth players and to increase the efficiency of the youth department. Even though the percentage of youth players slightly increased at first it cannot be concluded this trend will be structural.

5.2.2. Influence of HRM policies on sports outcomes

The influence of the HRM policies, used by the five PSO's under investigation, on the sports outcomes will be presented per individual club.

Ajax

The worst performances in the league were recorded during the 2005/'06 season (see figure 5.21). However, these performances were somewhat compensated by the performances in the cup and in the European competitions.

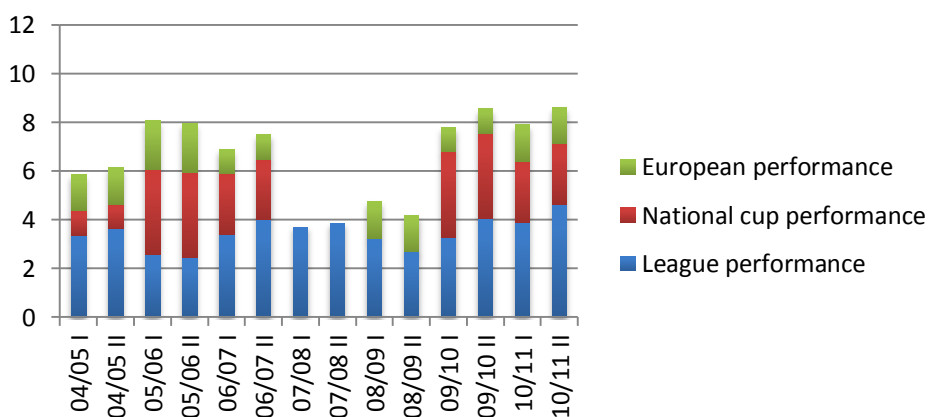


Figure 5.21: Sports outcomes of Ajax

It is interesting to see that the bad competition results came the year after the conflict between head coach Ronald Koeman and director of football Louis van Gaal. Even though they had both already left the club, the consequences of the discontinuation of the policies may have come a year later. The next disappointing results came in the 2007/'08 season after Martin van Geel failed to successfully find a successor for one of the key players which he (as a part of the board of directors) sold just before the summer transfer deadline. This form of opportunism and deviation from the club policies seems to have had a direct influence on the performances during the season. The following years of opportunistic reign of Marco van Basten (2008/'09) and Martin Jol (2009/'10) resulted in one bad season (2008/'09) and one good season (2009/'10). Even though the 2009/'10 season was regarded to be a good season, Martin Jol did not adhere to long term view of Ajax. When Frank de Boer took over he restored the long term view and was immediately successful. This could indicate a form of reversed causality, first getting the results and means (income from the UEFA Champions League qualification) and afterwards building or restoring the clubs long term view.

AZ

After the initial growth period of AZ associated with steady HRM policies and a clear long term view, two steady sub top performances were recorded during the 2005/'06 and 2006/'07 season (see figure 5.22). During the summer transfer window of 2007 the club wanted to take the final step in rejuvenating the selection and replaced two older first eleven players with young expensive foreign high potentials. This was not in line with their general policy of buying young players and gradually developing them into first eleven replacements for the older players. The results during the following season were disappointing which could have been caused by the opportunistic rejuvenation. After that incident the club announced it had learned from what had happened and would focus once more on younger less expensive players which the club could further develop.

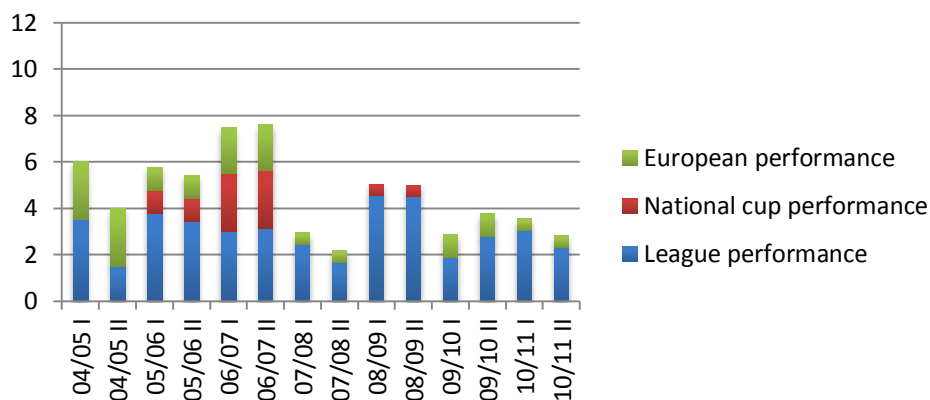


Figure 5.22: Sports outcomes of AZ

At the end of 2009 the bankruptcy of the company of chairman and financier Dirk Scheringa, led to financial distress for the club and subsequently drastic budget cuts. The top players of the club were sold and in line with their policies young players were given a chance, most of which were already owned by the club. A drastic decrease in performance was held off which is an indication the steady policies of the club influenced the subsequent performance.

FC Twente

Since 2004 Joop Munsterman has been chairman of FC Twente. With his firm control over the club, FC Twente has had the same long term view during this entire period. Only minor changes were made by the different head coaches, but this did not lead to major deviations from the long term view. The fact that the data shows that FC Twente has gradually developed into a top performer, can be seen as an indication for causality between a steady HRM policy, combined with strict implementation, and sports outcomes (see figure 5.23).

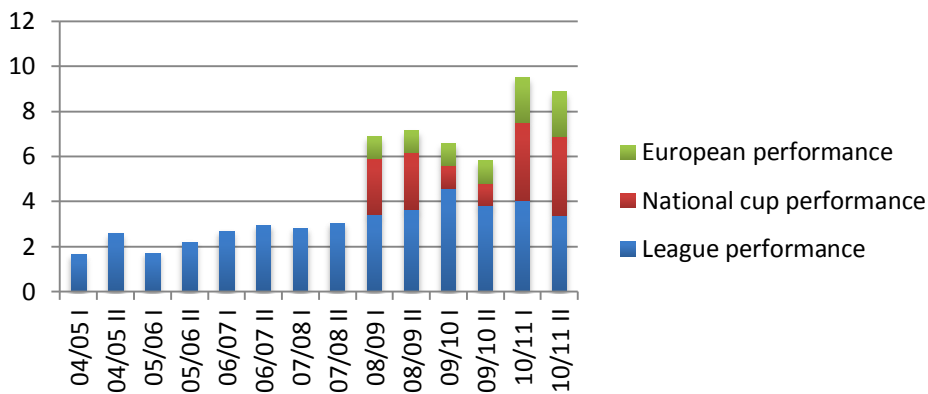


Figure 5.23: Sports outcomes of FC Twente

Feyenoord

Little has been found on the HRM policies of Feyenoord during the first period of the past decade. From the summer of 2007 and onwards the club communicated a vision for the future which was not followed by a strict implementation of the associated policies. Even though the club has been successful in the cup competition twice, the competition and European performances have been disappointing (see figure 5.24). This could indicate that deviating from the clubs' long term view could influence the sports performances.

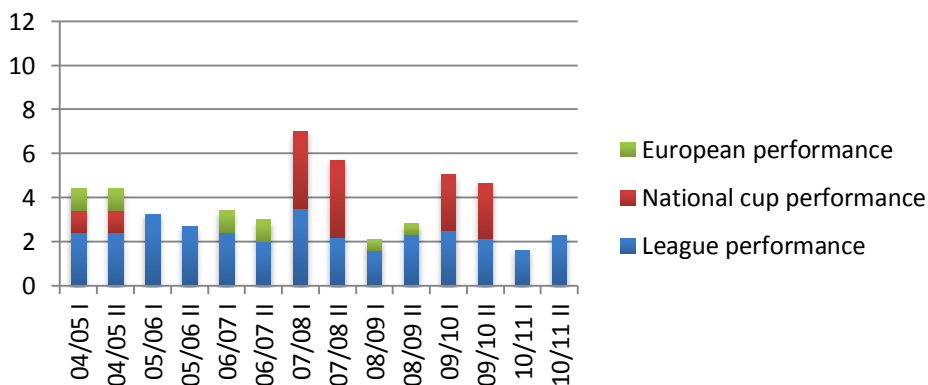


Figure 5.24: Sports outcomes of Feyenoord

PSV

During the entire decade PSV advocated the inflow of youth players into the first team and a focus on young talents, but the youth department never reached the desired efficiency. During the 2004-2008 period the club was extremely successful with four consecutive championships together with cup win and compelling performances in the European competitions (see figure 2.25). Even though

the club knew the goals affiliated with the long term view regarding the HRM policies were not achieved the club changed neither the policies nor their level of implementation. When the performances deteriorated the club reviewed their policies and hired a new head coach to revitalize the youth department and restart working towards their long term view. It seems when the sports outcomes were good the club did not bother whether or not their policies were correctly implemented. So in this case the performances seem to influence the HRM policy.

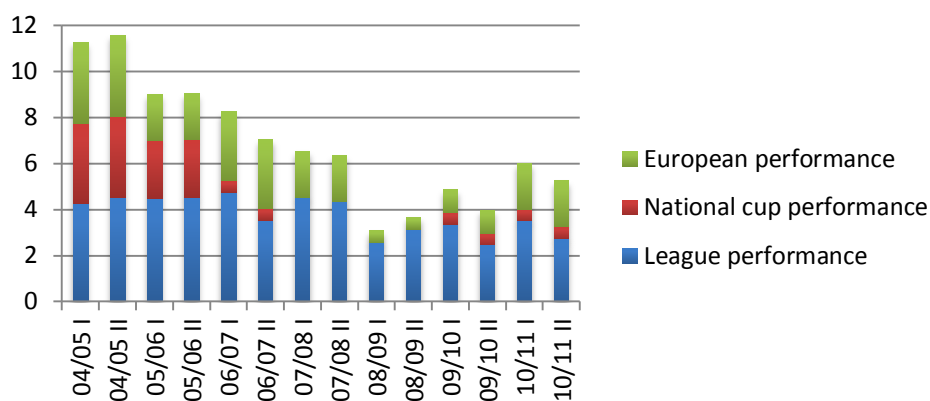


Figure 5.25: Sports outcomes of PSV

5.3. Influence of HRM outcomes on sports outcomes

In this paragraph the results of the quantitative analysis are presented to answer the third and final central research question: Which HRM outcomes significantly influence the sports outcomes? As was mentioned before (see paragraph 4.3.2.) the analysis will be performed on two sets of data: the first set represents the entire first team (FT) and the second set represents the average contribution of each variable per game (PG).

Because the indicator variables of the latent variable ‘employee skills’ are expected to correlate, the variance inflated factor (or VIF) has been calculated to test for multi-collinearity. The results of the test show an indication of multi-collinearity for both data sets, especially when it comes to age and national experience. But with all values smaller than the critical value of 10 and the fact that the partial least squares regression (PLS) technique is robust regarding this inadequacy (see paragraph 4.5), the analysis will be done without any changes to the variables.

VIF	Indicator variable	First team (FT)	Per game (PG)
Employee Skills	Youth	1,193	1,182
	Avg. Int. Ex.	3,530	3,695
	Avg. MV	2,459	3,748
	Avg. Nat. Ex.	6,820	5,788
	Avg. Age	5,719	4,385

Figure 5.26: The variance inflation factor for the indicator variables of the latent variable employee skills.

The structural model that was built in SPLS calculates the relevant variables using a bootstrap procedure. The bootstrapping procedure is a re-sample of the available observations, which results in a larger sample size (in this case 500).

Measurement model

After the calculation of the model (see appendix V) with SmartPLS the standard procedure is to check the validity and the reliability of the measurement model, but in this case the validity and reliability of the measurement model cannot be given due to the formative nature of every indicator. The indicator weights (see figure 5.27) are examined to assess the relative impact on the latent variable. In this case only the weights of the indicators for employee skills are given since the other latent variables only have one indicator (with a weight of 1.000)

Weights	Indicator variable	First team (FT)	Per game (PG)
Employee Skills	Youth	-0.407	-0.525
	Avg. Int. Ex.	0.463	0.583
	Avg. MV	0.525	0.350
	Avg. Nat. Ex.	-0.103	-0.342
	Avg. Age	0.178	0.287

Figure 5.27: The indicator weights for the latent variable employee skills.

The negative weights for the youth indicators are unexpected. It is assumed youth players will perform better at the club which educated them because of the familiar playing style and culture of the club. This result indicates that the fact that the player is educated at the club does not mean this will positively contribute to the employee skills. The relatively high weight of the international experience indicators for both models confirms the importance of international experience regarding the employee skills. Furthermore it is the indicator with the highest weight meaning it relatively influences the employee skills variable the most. The positive weights for age and negative weights for national experience are contradictive, since the test has shown an indication of multi-collinearity for both variables. The problems with high multi-collinearity regarding the market value with respect to experience and age, were less than initially expected. So it can be said the market value is mainly an indicator of playing skill, but is also influenced by experience and age. As was expected the market value has a positive weight for both data sets and which means playing skill positively contributes to the employee skills.

Structural model

The outcomes of the structural model show that for FT 41.3% and for PG 47.9% of the variance in sports outcomes is explained by the 'HRM outcomes' latent variables. The construct validity is therefore regarded to be between moderate and substantial. This can be regarded as a good result for this research since the sports performance of a PSO is influenced by many factors aside from the included variables. The path coefficients associated with the structural model can be found in figure 5.28. The outcomes clearly show that the expected positive influence of employee skills on sports performance can be verified: the path is positive ($\beta = 0.579$ for FT and $\beta = 0.659$ for PG) and significant ($p \leq 0.01$) for both data sets. The beta of PG is slightly higher than the beta of FT which means a focused increase of employee skill on the pitch will have a larger effect on sports outcomes than the same increase in employee skill divided over the entire first team.

The expected positive influence of the employee attitudes on sports performance can be verified: the path is positive ($\beta = 0.250$ for FT and $\beta = 0.318$ for PG) and significant ($p \leq 0.05$) for both data sets, but with less certainty than the employee skills. Since employee attitudes was measured by the

number of years at the club it can be concluded that it is important to retain players for a longer period of time.

	First team (FT)		Per game (PG)	
Path	Path coefficient	t-value	Path coefficient	t-value
Employee skills → Sports outcomes	0.579	7.447	0.659	8.124
Employee attitudes → Sports outcomes	0.250	2.028	0.318	2.554
Employee behaviors → Sports outcomes	-0.276	2.050	-0.223	2.128

Figure 5.28: Impact of the HRM outcomes on sports performance.

And last but not least the expected positive influence of the employee behaviors on sports outcomes turns out to be negative ($\beta = -0.276$ for FT and $\beta = -0.223$ for PG). The relationship is however statistically significant ($p \leq 0.05$). Since the underlying indicator variable is player flow this result means that 'keeping the team together' is not the optimal goal to pursue for a PSO and letting a few players go each transfer window seems to have a positive influence on the sports outcomes. Comparing this result to the results regarding the employee attitudes it can be concluded that it is optimal for a PSO to have a group of core players that stay loyal to the club for a prolonged period of time while at the same time the players that do not belong to this core get exchanged more often.

6. Conclusion and Discussion

6.1. Conclusion

The following conclusions can be drawn regarding the main research question: What is the influence of the HRM policies on the sports outcomes of the top PSO's of the Eredivisie?

1. *The adherence to a long term view and strictly implementing the associated policies has a positive influence on performance.*

The continuation of the policies and the adherence to the long term view have proven to be a problem for most Dutch PSO's. This is often in retrospect attributed to the external pressure of media and supporters. The only PSO that has generally adhered to its original long term view and policies is FC Twente resulting in a steady growth from an almost bankruptcy to a championship in six years' time.

2. *The HRM outcomes and the sports outcomes are both directly influenced by the HRM policies.*

The direct influence of the HRM policies, on both the HRM outcomes and the sports outcomes, is clearly reflected in the data. When a deviation from the HRM policy arises, either intended (i.e. policy changes) or unintended (i.e. conflict, financial distress, opportunism), the implementation time is almost zero because of the high volatility of the soccer industry. This is an advantage when unexpected things happen such as injuries, but it is also a disadvantage since a few changes can have a large impact. Trying to combine this volatility with adhering to a long term view complicates the jobs of the head coach and director of football. It is essential that the people filling these positions have a good interpersonal relationship because the HRM outcomes and the sports outcomes can be directly influenced by a conflict about the implementation of the policies.

3. *The possible reverse causality between the sports outcomes and the HRM policies seems to be negative rather than positive.*

When the sports outcomes are good the Dutch PSO's seem less inclined to strictly implement their policies or to handle issues that are not going according to plan. This can be regarded as a dangerous pitfall for PSO's when it comes to their HRM policy.

4. *The HRM outcomes (i.e. employee skills, attitudes and behaviors) have a statistically significant influence on sports outcomes.*

5. *A focused increase of employee skills on the pitch will have a larger positive effect on sports outcomes than the same increase in employee skills divided over the entire first team.*

6. *For a PSO to increase its performance it is optimal to have a group of core players that stay loyal to the club for a prolonged period of time while at the same time the players that do not belong to this core get exchanged more often.*

7. *The indicators international experience and market value have the largest positive influence (i.e. weight) on the variable employee skill and therefore on the sports performance.*

This means a Dutch PSO should strive to maximize the international experience and market value of the first team.

8. *The fact that a player is educated at the club (i.e. youth player) does not mean this will positively contribute to the employee skills.*

It is assumed youth players will perform better at the club which educated them because of the familiar playing style and culture of the club but this is not the case. Therefore it is striking that all of the PSO's that were investigated in this research included the focus on the inflow of youth players into the first team in their long term view. When this is purely based on financial considerations (i.e. youth players are a relatively cheap source of playing talent) the choice is understandable, if not the PSO's should possibly re-evaluate their long term view and associated policies.

6.2. Discussion

In this research the HRM policies of five Dutch professional soccer organizations (PSO's) are investigated to provide insight in their relationship with the performance of the organization. This is done both qualitatively and quantitatively, on the basis of the model of Paauwe and Richardson (1997) that is adapted to fit the professional soccer industry. The PSO's that have been investigated are: Ajax, AZ, FC Twente, Feyenoord and PSV. These are the five biggest PSO's of the Netherlands in terms of support and ambition. Therefore they relatively receive the most media attention which facilitates the data collection.

The qualitative part of the research entails the analysis of HRM related interviews with relevant club officials in over 400 magazines of 'Voetbal International' covering the past decade (2001-2011), the analysis of over 25 documents published by the PSO's during this time period (e.g. annual reports) and the corroboration of the assumed views on HRM by means of an interview with a former head coach and director of football. Due to the low transparency in the soccer industry at management levels only the assumed HRM views on two clubs are corroborated by one interviewee. Ideally the quantitative research results would have been corroborated for every club during the entire time period. As a result of the unwillingness to participate of key interviewees a sizable amount of policy data remains incomplete and uncorroborated which leaves it exposed to the bias of the researcher. The fact that only Voetbal International is analyzed can also entail a certain bias, since the magazines only publishes what the readers want to read (i.e. articles about the most popular clubs) to increase their sales. Including multiple data sources, such as other soccer magazines and newspapers, would solve this problem, but due to the scale of this research this was not possible.

The quantitative part of the research entails collecting and analyzing seven years of statistical data about the HRM outcomes and Sports outcomes of the individual PSO's. The data contains over 1900 player records (including market value, age, years at club, national and international experience, etc.) describing over 600 individual players and the sports outcomes of the five PSO's in the league, cup and European competitions. The data is gathered using half yearly intervals to increase the number of measurements from n=35 to n=70. This is suitable for the independent variables (i.e. the player variables) since the in- and outflow of players occurs during the half yearly summer and winter

transfer windows. However the half yearly intervals create a problem when it comes to the dependent variables (i.e. the sport outcomes) when it comes to national cup and European cup results. The cup competitions run for an entire year and therefore it is not possible to attribute the right amount of 'earned performance' to the right season half. The choice is made to equally divide the earned sports outcome points between both halves of the season.

The choices for the indicators of the independent variables is influenced by the fact that the data has to be readily available for collection. For this reason only one indicator for employee attitudes and one indicator for employee behaviors is included. This also led to the choice of market value being the indicator for playing skill, which results in the restriction of the dataset to the interval 2004-2011, and thus the relatively small data set of $n = 70$ (this is when the source for this indicator (Transfermarkt.de) started to include the market value of players in their data). Furthermore the market value of a player shows indications of multi-collinearity with other indicators that are used such as age and experience. This can be avoided by using other indicators for playing skill such as salary. However the salaries of the players are not very transparent, especially when you are looking for longitudinal data.

6.3. Scientific relevance

This research presents a comprehensive analysis of the HRM-Performance literature and applies this to the professional soccer industry for the first time. The model of Paauwe and Richardson (1997), theorizing the HRM-Performance relationship, which has been widely used in the HRM-performance literature has been adjusted for the Dutch professional soccer market and was tested in a setting it has not been tested before. The results show that the construct validity is between moderate to substantial which means the model has a solid explanatory value. This can be regarded as a good result for this research since the sports performance of a PSO is influenced by many factors aside from the variables that were included in this research. This adds to the insights regarding the HRM-performance literature for professional sports markets.

The notion that this research is the first of its kind brings forward the need for additional confirmatory research for the Dutch market. Prior to the start of such research it is recommendable to find third parties who commit themselves to the project as a data source. This will enable the researcher to build a comprehensive database not only for retrospective but also for prospective research designs. When the proposed model would be tested in multiple professional soccer markets, this would give an insight into the differences between those markets. Conclusions could be drawn on the comparison of the HRM policies that are being applied, the impact of the applied HRM policies and most importantly their relationship with performance. This would lead to an overview of the HRM policies that work best in each respective country.

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Appendices

Appendix I - Elaboration of the Dutch soccer market

History of professional soccer in the Netherlands

The first Dutch soccer club was founded in 1879 and was called “HFC” (Haarlemsche Football Club) which started playing football with rugby rules. Since 1883 they have been playing association football. The founder of HFC, Pim Mulier, also founded the Dutch Football and Athletics Union (NVAB) in 1889 which since 1929 is known as the Royal Dutch Football Union (KNVB). Although most soccer associations in European countries introduced professional soccer shortly after the Second World War, the KNVB did not introduce professional soccer until 1954 (KNVB, 2012). Since then Dutch soccer has been fairly successful with several European cup victories (Feyenoord in 1970, Ajax in 1971, 1972, 1973, 1995 and PSV in 1988) and a European championship of the national soccer team in 1988. Since these successes the European soccer market has undergone some radical changes which also had a significant impact on the opportunities for success of the Dutch soccer clubs.

Competition setup

The Eredivisie is not the only competition in Dutch professional soccer. One level below the Eredivisie is the first division (called Eerste Divisie or more recently Jupiler League). The Jupiler league also consists of eighteen PSO's. The team in eighteenth position in the Eredivisie is directly relegated to the Jupiler League and the teams in sixteenth and seventeenth position participate in a playoff, together with six teams from the Jupiler League, to secure their place in the Eredivisie. The champion of the Jupiler League wins direct promotion to the Eredivisie and the number eighteen relegates to the highest amateur division (called Topklasse).

All of the professional and a number of amateur teams participate in the Dutch cup (KNVB Beker) each year. Every August the winner of the Eredivisie plays the winner of the KNVB Beker regarding the Dutch super cup (called the Johan Cruijff Schaal) which is the official opening of the new season.

Club structure

The eighteen PSO's participating in the 2011/'12 Eredivisie competition have different organization structures. At the start of the professionalization process of soccer in 1954 most PSO's (or associations) changed their organization structure to a foundation. This was done because an association has members who are in control by means of voting during a general assembly. This is not practical when dealing with managerial decisions on a day to day basis. A foundation on the other hand has no members and a board that has full executive power. In recent years soccer organizations grew larger which made it more interesting for investors to start participating in the industry. The disadvantage of a foundation in this case is that it does not have shareholders, any potential profit must benefit the goal of the organization (i.e. cannot be paid as dividend) and they cannot (by law) have any paid executives (only expenses may be compensated). Therefore most soccer organizations have changed their organization structure once again into private companies (i.e. “besloten vennootschap”) or limited liability companies (i.e. “naamloze vennootschap”). In most

cases the shares of these companies are owned by the old foundations to make sure the club's identity will be preserved.

From the eighteen PSO's participating in the 2011/'12 Eredivisie competition there are seven private companies with all shares held by a foundation (De Graafschap, Heracles, NAC, NEC, RKC, FC Twente and VVV), four limited liability companies with all shares held by a foundation (AZ, sc Heerenveen, PSV and Roda JC), one private company with all shares held by a holding company (FC Groningen), one traditional foundation (SBV Excelsior), one limited liability company that is publicly traded (27%) on the stock exchange and all remaining shares (73%) are held by a foundation (AFC Ajax), one limited liability company partly (30%) owned by a consortium of private investors and all remaining shares (70%) held by a foundation (Feyenoord), one private company with a majority (63%) shareholder and all remaining shares (37%) held by a foundation (FC Utrecht), one limited liability company with all shares held by one person (ADO Den Haag) and one private company with all shares held by one person (Vitesse).

Figure A.1 shows the thirteen RJO's with from the north to the south and the west to the east: FC Groningen (with SC Cambuur and SC Veendam), sc Heerenveen (with FC Emmen), AZ (with Telstar), AFC Ajax, FC Twente (with Heracles and Go Ahead Eagles), ADO Den Haag, FC Utrecht, Vitesse (with AGOVV), Sparta, Feyenoord (with Excelsior), NEC (with FC Oss), Willem II (with RKC) and PSV (with FC Eindhoven) (KNVB RJO, 2012). The KNVB would like to see one more RJO being created in the south-east of the Netherlands to have full coverage for all districts but the application of VVV and Helmond Sport to start an RJO was rejected. Clubs that were not mentioned still have their own individual youth departments but often do cooperate with other clubs to save costs (e.g. Almere City with AFC Ajax, FC Dordrecht with ADO Den Haag).



Figure A.1: RJO's in the Netherlands (KNVB RJO, 2012)

Financial health

The combined equity of the Eredivisie PSO's shows a steep decline after the 2008/'08 season due to the losses incurred in the 2009/'10 season (see figure A.2). The losses incurred during the 2010/'11 season have been absorbed by third parties such as investors or PSO owners.

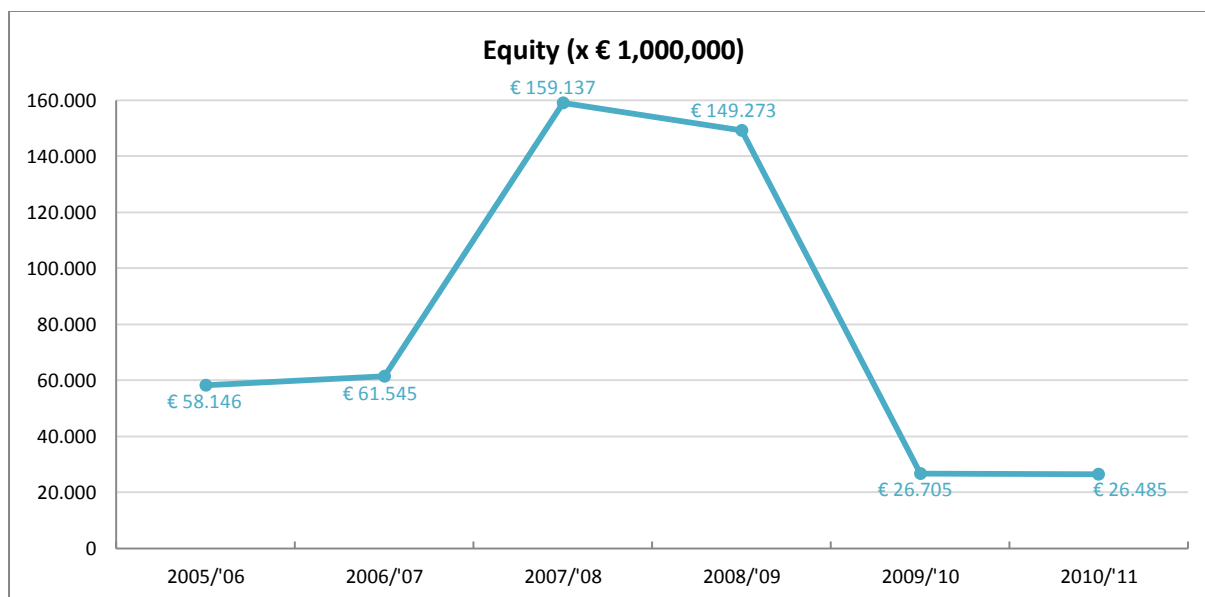


Figure A.2: Combined equity of all Eredivisie clubs (KNVB Expertise, 2010; KNVB Expertise, 2011)

Revenue and costs

The average turnover per club has been stable for the past four years. This indicates that the Dutch soccer market is almost saturated, and limited growth opportunities are available.

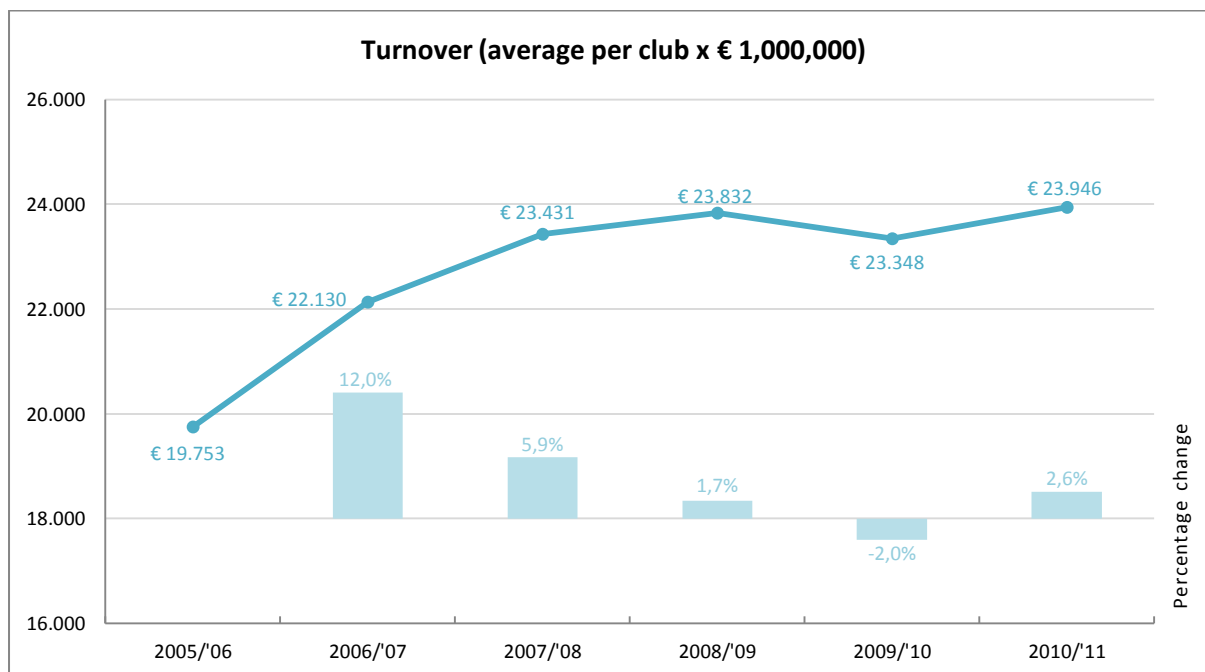


Figure A.3: Average turnover for Eredivisie clubs (KNVB Expertise, 2010; KNVB Expertise, 2011)

For the 2010/'11 season match-day revenue increased with 26.6% with respect to the 2009/'10 season (see figure A.4). The increase can be largely explained by the performances in the European cup competitions, which means the increase will generally benefit the clubs that participated in those competitions.

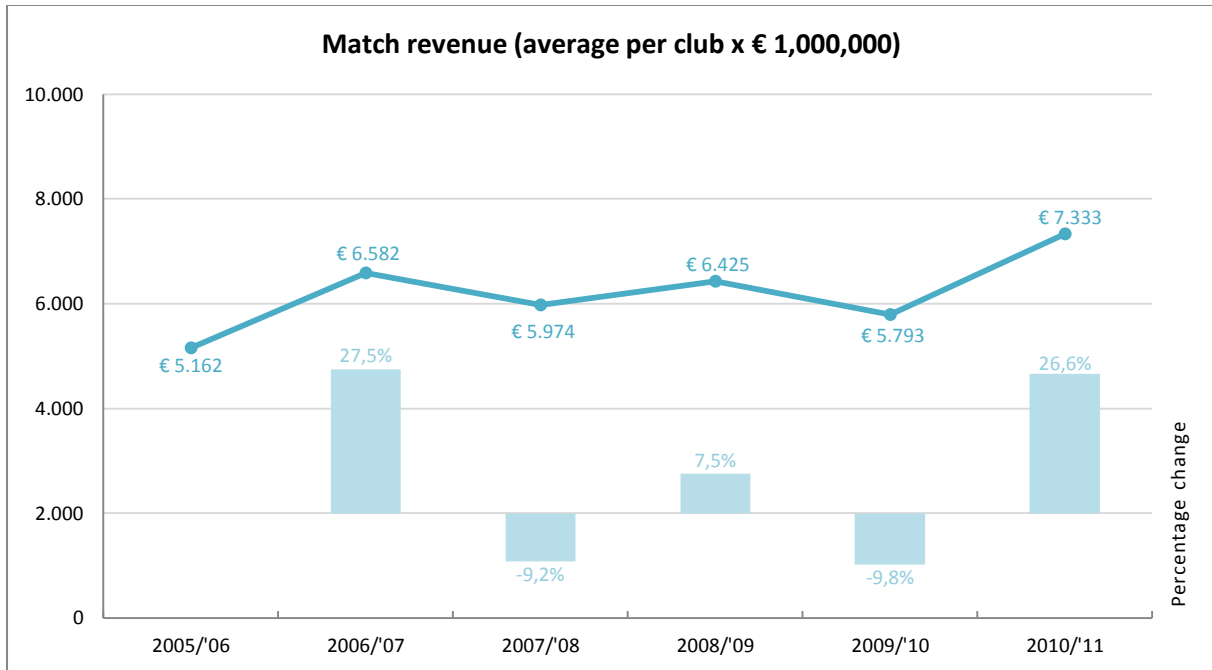


Figure A.4: Average total match revenue for Eredivisie clubs (KNVB Expertise, 2010; KNVB Expertise, 2011)

Despite of the harsh financial climate the Eredivisie clubs managed to maintain their level of sponsor revenues (see figure A.5).

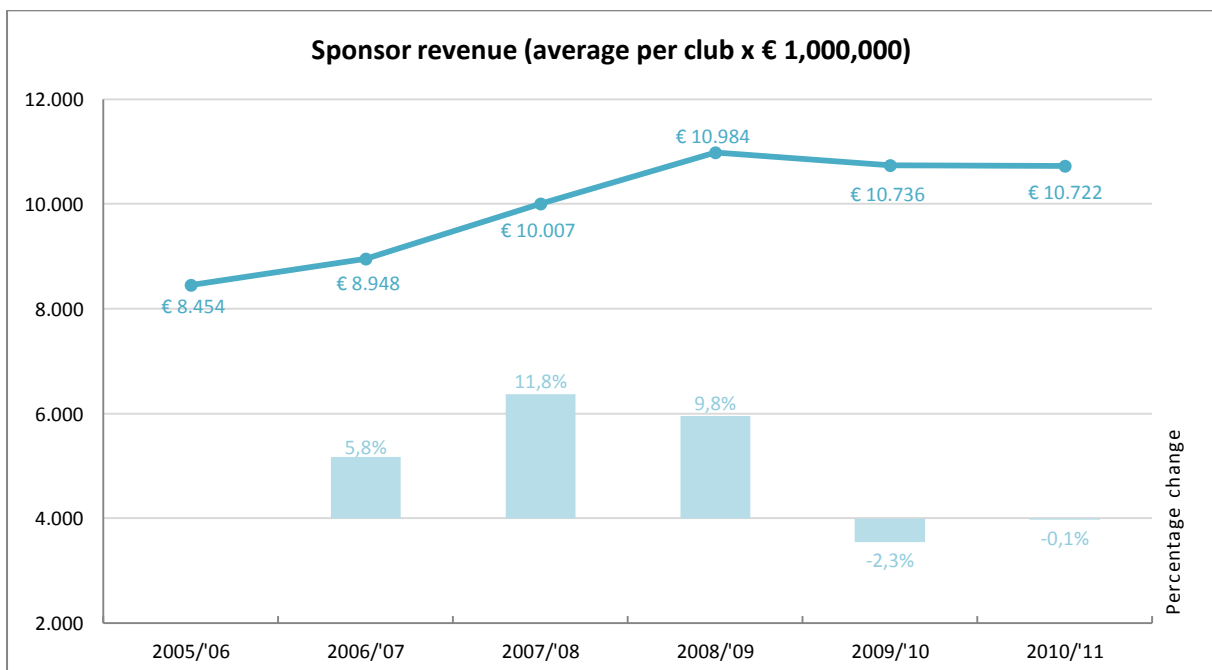


Figure A.5: Average total sponsor revenue for Eredivisie clubs (KNVB Expertise, 2010; KNVB Expertise, 2011)

The third largest revenue source for Eredivisie clubs is media, which includes revenue from TV, radio and internet rights sales.

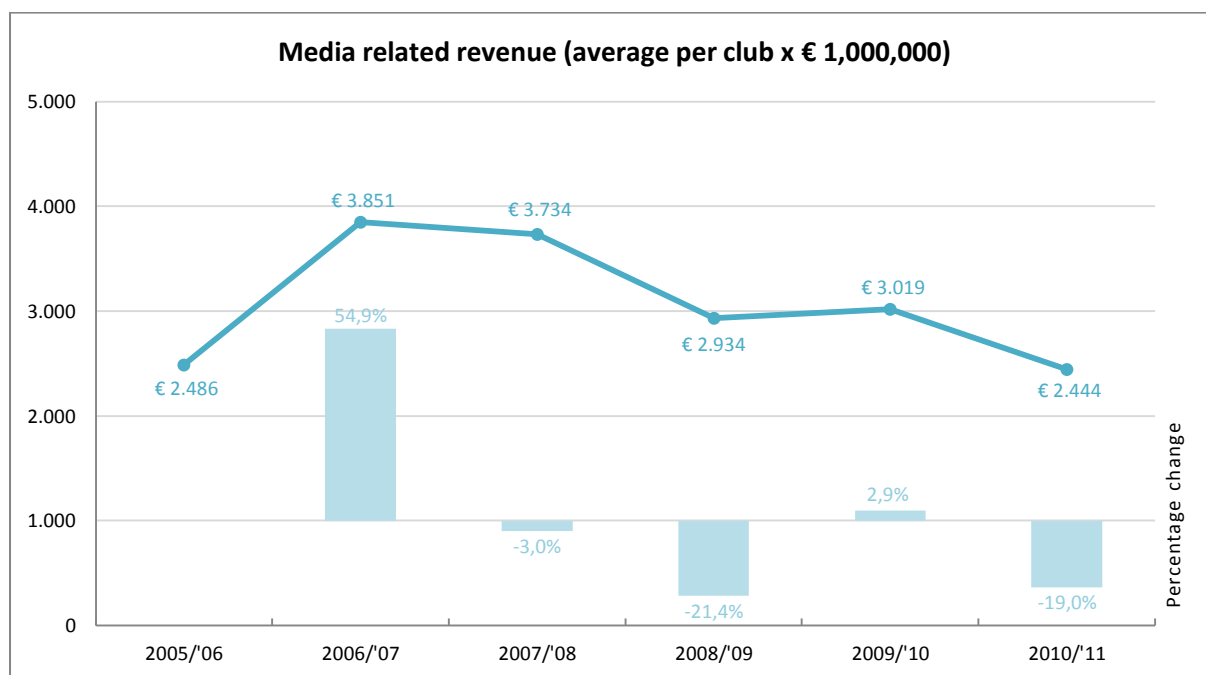


Figure A.6: Average total media related revenue for Eredivisie clubs (KNVB Expertise, 2010; KNVB Expertise, 2011)

Operating costs have been increasing for the Eredivisie PSO's up till the 2009/'10 season. During the 2010/'11 season a slight drop can be noticed which is largely due to the reduction in wage costs realized by the PSO's (see figure A.7)

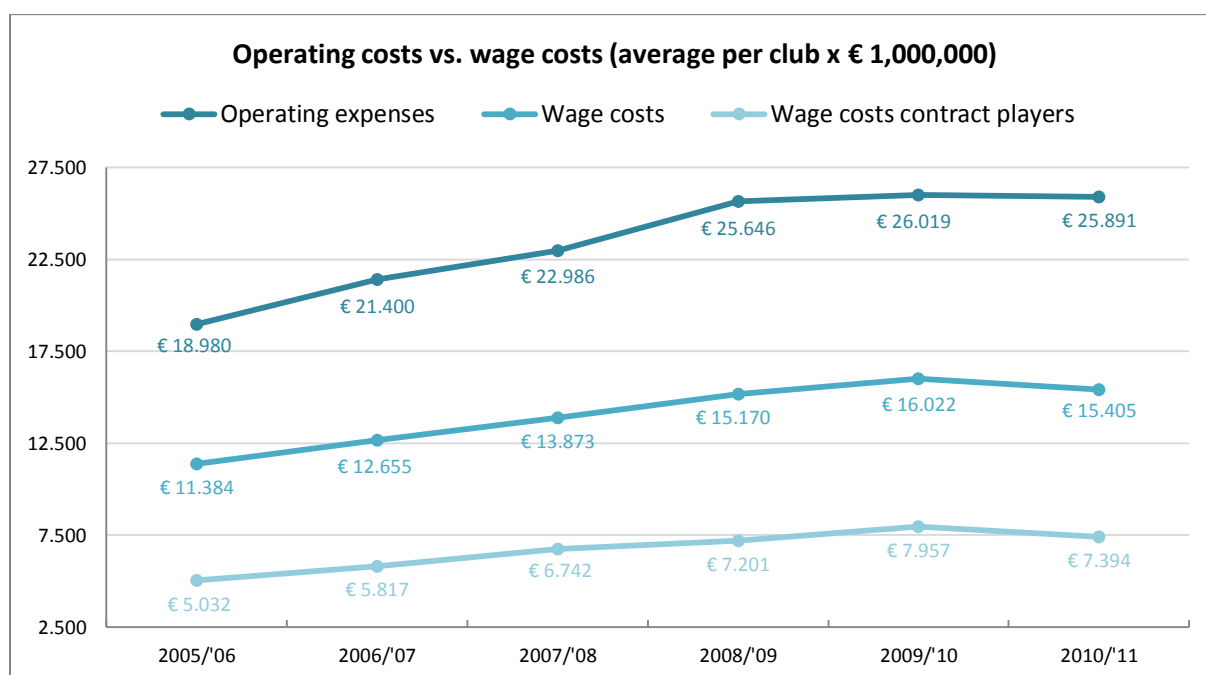


Figure A.7: Operating costs vs. salary costs for Eredivisie clubs (KNVB Expertise, 2010; KNVB Expertise, 2011)

Appendix II - Interview plan

Introduction:

This interview is part of an academical research and the findings will possibly be published. Do you object to the possibility of being cited and being mentioned by name?

Do you object to the fact that this interview will be taped?

Framework:

During this interview the focus will be on the HRM policies that were being employed by the PSO('s) you have worked for during the past decade, and especially about the non-financial policies.

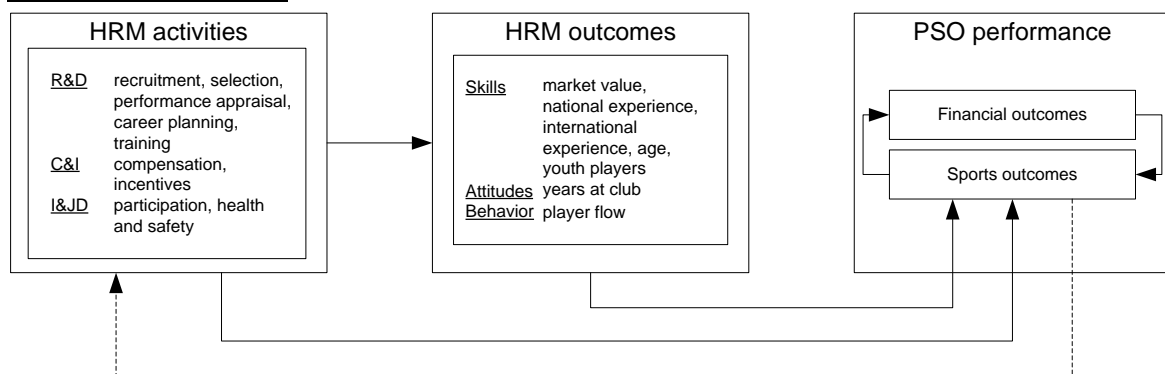
Goal of the research:

Investigating the relationship between the performances of the top five Eredivisie clubs and their individual HRM policies regarding the first team.

Goal of the interview:

To identify the HRM policies of the relevant club and to find out the opinion of the interviewee regarding the influence of these policies on the sports outcomes.

Theoretical framework:



Questions:

HRM activities

1. Which components comprise the HRM policy that is being used by the relevant PSO?
 - Can you elaborate these components?
 - What term is being used for these policies?
 - Which of these components influence the sports outcomes (disregarding the available training staff and other preconditions).

Possible follow-up questions regarding the HRM activities

2. What were the policies regarding the recruitment and selection of the first team?
 - What term is being used for these policies?

- What influence do these policies have on the sports outcomes (disregarding the available training staff and other preconditions).
3. What was the policy regarding the performance appraisal of the players?
 - What influence does this policy have on the sports outcomes (disregarding the available training staff and other preconditions).
 4. Is there a general policy for training and development of players or is this primarily managed by the head coach?
 - What influence does this policy have on the sports outcomes (disregarding the available training staff and other preconditions).
 5. Which compensation and incentive structures are being used?
 - What is, according to you, the best compensation and incentive structure to motivate the players?
 - What influence does this policy have on the sports outcomes (disregarding the available training staff and other preconditions).
 6. Is there a policy to actively provide guidance to the players for planning their careers?
 - What does this policy entail?
 - Do the players that play relatively few matches receive equal guidance?
 - What influence does this policy have on the sports outcomes (disregarding the available training staff and other preconditions).
 7. Is there a policy that specifically deals with the health and safety issues regarding the profession of professional soccer player?
 - What does this policy entail?
 - What influence does this policy have on the sports outcomes (disregarding the available training staff and other preconditions).

HRM outcomes

8. Does the club use a rule of thumb regarding the average age of the first team?
 - What is the purpose of this rule?
9. Does the club use a rule of thumb regarding the available experience in the first team?
 - What is the purpose of this rule?
10. Does the club use a rule of thumb regarding the number of players from the youth department in the first team?
 - What is the purpose of this rule?
11. Does the club take the market value of a player into account before taking a decision about a player?
 - How?

12. Is there a predetermined maximum for in and outflow of players during the transfer windows?

- Why?

Appendix III - Elaborated club policies

Ajax

2001/'02

Head coach: Co Adriaanse/Ronald Koeman

Director of Football: Leo Beenhakker

In their yearly report Ajax presents their vision for their soccer activities: 'Ajax has to continuously be a part of the top of Dutch professional soccer and European club soccer. A ambitious goal which the club wants to realize with a selection of first team players in combination with young talent with international experience. Sometimes when the own youth inflow stagnates, via the scouting department extra attention needs to be paid to sign foreign reinforcements. To guarantee the club is recognizable for fans and sponsors, attention needs to be paid to a large core of self-educated players. To reach these goals, Ajax will need to continuously analyze its youth department and scouting' (Ajax yearly report, 2002, p. 7).

Leo Beenhakker about his transfer policy: 'Ajax did not have any successes the last couple of years so we could not afford the time to rebuild the team. In the current soccer environment, with a lot of players with different cultures, building a team has become increasingly difficult. Furthermore, keeping the team together for a few years is difficult as well. We have to accept we are educating players for the top-competitions' (Voetbal International 37:19, 8 May 2002, p. 64).

Head coach Ronald Koeman said the following about his first team: 'The first team selection is skewed. We have too many central defenders, but too few wingers. The disturbed balance reduces my options since I prefer playing with wingers' (Voetbal International 37:19, 8 May 2002, p. 22).

Danny Blind, at that time head of the youth department commented on the transfer policies of the past years: 'After the glory period (1992-1997) the club tried to maintain that exceptionally high level. Understandable, but not very realistic. Ajax tried to stay at the top by buying players but not by relying on the youth department. Maybe the players that were bought were better than the own youth at that time, but in the long run the youth players could have had more potential. The club was blinded by the success and therefore the youth became stuck in the waiting room' Voetbal International, 37:6, 6 February 2002, p. 56). For the long term Ajax always relied on their youth department. This indicates that this was not the case the last couple of years, but now the club has started to follow the view the board of directors has formulated once more.

Summary: The club has a clear policy when it comes to recruitment and selection (recruitment ++, selection ++)

2002/'03

Head coach: Ronald Koeman

Director of Football: Leo Beenhakker

In the yearly report the same long term view is used as was stated in the 2001/'02 yearly report. Furthermore it is stated that two youth players became full members of the first team and a number of players have been sold or loaned out to downsize the selection (Ajax yearly report, 2003, p. 6-13).

Danny Blind, head of the youth department, critical about the long term view and stresses the importance of gradualism: 'We do not have to pretend to be on top for years on end, because that is not possible anymore. When we have built a talented team, those players will be bought by other clubs. It is not possible to easily replace four or five of your best players. That is why you should not try to force this by buying players. Fifty percent of the players a club buys will not be successful. That is not a disqualification of any club whatsoever, it is just a fact. Not everyone can adjust to a different culture and the different way of playing' (Voetbal International, 38:12, 19 March 2003, p. 25).

Leo Beenhakker about his selection policy: 'In the beginning I had to prioritize. I started with evaluating the group of players, since the player policies are most important. It turned out the team was too large and unbalanced. Understandable, because the panic reaction after the Bosman-ruling was signing long term contracts with players. At that time 63 to be exact (September 2000). But the most important was the fact that there were, for example, one left defender and seven right defenders. This misbalance meant we had to reduce the current number of contracts and simultaneously increase the norm for keeping and attracting players. This was also the case for the norm for scouting and the youth department. When you attract a foreign player, it should be an absolute top-talent. Otherwise it is better to look closer to home. This way you slowly but steadily work both ways: reducing the quantity of the selection and increasing the quality. That is a long term process' (Voetbal International, 38:17, 23 April 2003, p. 23). This indicates the Director of Football was working according to the long term vision of the club. The next quote serves as an example for this fact. Leo Beenhakker: 'Last winter during the transfer window, we tested two Romanian players. About one of the players, Petre, the staff was extremely positive. I attended the training camp and I fully agreed. At the same time you know that a number of youth players are almost ready for the first team, while the group already contains two similar players. If we would have signed Petre we would have made the same mistake we made in the past: having too many players for one position. Even though Petre was further along in his development, so if I had been the trainer I would have wanted him a well, he would have blocked the inflow of our own youth'(Voetbal International, 38:17, 23 April 2003, p. 24).

About the youth department and the consequences of their recruitment and selection policies Leo Beenhakker says the following: 'Maybe it sounds a little arrogant, but Ajax has the best youth department of Europe. Maybe even of the world. Because there are no other clubs that creates the same amount of space for the inflow of youth players. A lot of clubs have a solid youth department but when the players reach the age of eighteen or nineteen they do not make the next step to the highest level. At Ajax we say: "When you are good enough, you are old enough". When a player fails, they are still so young, they will only get stronger due to that experience. An excellent youth department also has one disadvantage: the team will remain relatively young. You will never have a very experienced team. That is why it essential that this team plays in the UEFA Champions League every year. Not qualifying for the UEFA Champions League would be three steps back in our development. So experience is not exclusively related to age' (Voetbal International, 38:17, 23 April 2003, p. 25).

Summary: Clear policies for recruitment and selection issued by the club, high participation opportunities especially for youth and career planning to make the next step to the absolute top of European soccer (recruitment ++, selection ++, career planning ++ and participation ++).

2003/'04

Head coach: Ronald Koeman

Director of Football: Leo Beenhakker/Louis van Gaal

In the yearly report the same long term view is used as was stated in the 2002/'03 yearly report. The new director of football Louis van Gaal reinforces the strategic choices of Ajax and added the following to this view: 'Attracting and educating young players will both sportively and financially add more to the net result than buying older players. In case of attracting young players, Ajax will look for an opportunity to first loan the player. If after one year the player has adjusted to the Ajax culture an playing style, he will be offered a contract. Of course the opportunity for incoming transfers exists. If the first team needs a player that is not available in the youth department the club will attract a player from outside the club' (Ajax yearly report, 2004, p. 16).

Head coach Ronald Koeman talks about how he manages the first team: 'I spend a lot of time trying to teach my players how I think they can reach the top. Both on and of the pitch' (Voetbal International, 38:46, 12 November 2003, p. 21). 'My most important goal is improving the players, but I also think I should take care of the players' happiness at the club. Despite all moments of disappointment – not playing or being substituted – the coach needs to make sure the players will give their all for each other. I need to convince them that we cannot do it with eleven players and that is not always easy. Most of the time soccer players behave egoistically, but they have to learn to work together. That process was started by Ruud Krol and me when we came to the club and we feel good about the current behavior of the team. During that process the people who thought they were more important than the group have dropped out. That is unfortunate but necessary. A good atmosphere is crucial to achieve good performances' (Voetbal International, 38:46, 12 November 2003, p. 21).

Summary: The new director of football continues the policies used by his predecessor (recruitment ++, selection ++, career planning ++ and participation ++). The coach had to start the process of disciplining and motivating the group because the club has no clear direction on this point (incentives -). The coach embraced the career planning ideas of the club (career planning ++).

2004/'05

Head coach: Ronald Koeman/Tonny Bruins Slot & Ruud Krol (ad interim)

Director of Football: Louis van Gaal/Ronald Koeman

In the yearly report the same long term view is used as was stated in the 2003/'04 yearly report. The executive board adds the following after director of football Louis van Gaal left during the season: 'Different ideas about the soccer specific policies have had an important role in the emergence of the controversy between director of football, Louis van Gaal, and head coach, Ronald Koeman. Ajax supports the basic principles of their plans. Attracting and educating young players will contribute more to the net result than buying players. This does not mean there is no room for incoming

transfers. Players need to be scouted for positions that cannot be filled with players from the youth department. When doing so it is important to keep the importance of routine in mind' (Ajax yearly report, 2005, p. 15). The biggest change with previous year is not to focus on offering a one year loan to young foreign talent but instead look for experienced players who can bring routine to the team.

Ronald Koeman comments on the availability of routine in the first team: 'You can ask yourself whether some the players missed a certain development because there are not enough older players to help them. The presence of experienced players can give young players the opportunity to become better players. With Ajax the young players are already the stars of the team, so sometimes that is difficult' (Voetbal International, 39:52, 21 December 2004, p. 108). 'For the last two years we have been looking for some routine. In the past the door at Ajax was always open to experienced players such as Richard Witschge, Aron Winter and a little further back Frank Rijkaard. But it is not easy. Experienced foreign players are even more difficult to sign, and certainly because of the price tag. The opportunities are limited' (Voetbal International, 39:52, 21 December 2004, p. 108).

After Louis van Gaal left the club, Ronald Koeman became responsible for both main soccer related functions within the club: director of football and head coach. So he was also responsible for the signings in the winter transfer window. Ronald Koeman: 'Buying players is done together with Arie van Eijden (general director) and Jeroen Slop (financial director), and of course the scouting department. Not long ago I had to deal with the veto of the director of football, but not at the moment. None of the players will be signed if we do not all agree. The staff indicates the positions and produces the names, Van Eijden and Slop analyze if the deal is possible. So we decide together' (Voetbal International, 39:52, 21 December 2004, p. 112).

After Ronald Koeman was fired due to the bad performances of the first team Voetbal International editor Thijs Slegers reacted: 'Koeman was often hindered by the fact that the economic balance in most cases was more important than the competitive progress. Every year he lost key players and it turned out that finding suitable replacements was not his strongest asset'. 'The weak buy side of the transfer balance is not only Koemans fault. He follows up on the advice of the scouts, who have been hired by the board of directors, and gives an opinion after he has watched the player. Then the board of directors gives the final judgment, because the deal also has to comply with the financial requirements' (Voetbal International, 40:9, 2 March 2005, p. 24-26).

Summary: Even though the long term vision on recruitment and selection for the club has not changed, there has been friction between the people who were responsible for putting this vision into practice. This resulted in two people leaving the club prematurely and a discontinuation of the used policies (recruitment -, selection -, career planning - and participation -).

2005/'06

Head coach: Danny Blind

Director of Football: Martin van Geel

After the turbulent past year, under the guidance of new director of football Martin van Geel, Ajax introduced a new long term view including a plan for the next five years. 'Ajax wants to realize its goals by working with a selection that is carefully balanced. Especially when it comes to age,

experience and background. This is of the utmost importance when the club signs players. The basic rule for composing the first team selection is that it has to consist of self-educated players for at least fifty percent. Furthermore players who are familiar with the Dutch language, soccer culture and especially the club and soccer culture of Ajax. By using this as a guideline the recognizability of Ajax for supporters and sponsors will be guaranteed' (Ajax yearly report, 2006, p. 9). The difference with the previous version of this view is the emphasis on balance, since a lot of the problems from the past were attributed to a misbalance in the selection. The goals for player development, youth participation and scouting have remained practically the same.

Summary: The club made a fresh start by hiring a new director of football who introduced clear policies based on the renewed long term view of the club, which still incorporates the basic principles the club has always used (recruitment ++, selection ++, career planning ++ and participation ++).

2006/'07

Head coach: Henk ten Cate

Director of Football: Martin van Geel

After the evaluation of previous season with head coach Danny Blind the club decided to replace him with Henk ten Cate, since the player development and on-pitch performances were not as was expected. The long term view stated in the five year plan remained unchanged in comparison with the 2005/'06 season. The only slight difference is even more focus has been put on the inflow from self-educated players (Ajax yearly report, 2007, p. 9).

Summary: A continuation of the policies introduced in 2006 (recruitment ++, selection ++, career planning ++ and participation ++).

2007/'08

Head coach: Henk ten Cate/Adrie Koster (ad interim)

Director of Football: Martin van Geel

Since Henk ten Cate left in October to join Chelsea FC as assistant coach, Adrie Koster took over as head coach (ad interim). The long term view stated in the five year plan remained unchanged in comparison with the 2006/'07 season, although the competitive goals were reassessed (Ajax yearly report, 2008, p. 8) after another year of disappointing performances.

Halfway through the season the Chairman of the of the non-executive board, John Jaakke, announced during his new year's speech: 'We will reinforce the team in 2008. The necessary financial means will be made available, because we think that the clubs capital should be on the pitch' (Voetbal International, 43:5, 30 January 2008, p. 42). Voetbal International editor Simon Zwartkruis assesses the situation regarding the succession of Wesley Sneijder who left at the end of the summer transfer window to join Real Madrid C.F. for a fee of 27 million euro: 'During the search for a successor of Wesley Sneijder, Martin van Geel faced strict investment restrictions. Although Ajax has more than enough cash after the summer transfer window, the club decided that no more than ten million euro should be paid for one single player. The board of directors mutually decided that Ajax would rather buy two players costing ten million euro each than one player costing twenty million

euro' (Voetbal International, 43:5, 30 January 2008, p. 40). When a key-player is sold, the long term view of Ajax dictates the successor should already be educated or otherwise scouted to prevent major drops in performance. This was not the case and Ajax struggled to fill the gap Sneijder left behind.

To interrupt the string of disappointing results in recent years director of football Martin van Geel wants to try to entice key players to increase their stay at the club: 'We want to be able to bind key-players for a longer period of time and make it more interesting for players we want to attract. During negotiations we have noticed that competitive level is still very important to a player. But we also have to acknowledge the fact that the financial perspective weighs heavily in the decision of a player' (Voetbal International, 43:12, 19 March 2008, p. 18). This indicates a change in salary structure to be able to give players more financial perspective when signing a new or improved contract.

Summary: Even though the long term view for recruitment and selection has not changed the club acted to opportunistically regarding the sale and replacement of one of its key players (recruitment – and selection –). The career planning and participation perspectives most probably will not have changed since the long term view of the club did not change (career planning ++ and participation ++). A change was made towards the future payment structure and to be able to bind key players for a longer period (performance appraisal + and compensation +)

2008/'09

Head coach: Marco van Basten/John van 't Schip (ad interim)

Director of Football: Marco van Basten

After another disappointing season with poor performances the club decided it was time to form a committee which would analyze the performances of the past ten years. This committee was called "Committee-Coronel (named after the chairman of the committee) and produced a report called "Ajax, the road to victory".

Five conclusions of the Committee-Coronel report relevant to this research are (Voetbal International, 43:8, 20 February 2008, p. 99):

1. Since the start of his employment the director of football has not been able to give structure to the functioning of the scouting department.
2. The scouting department does not feel it has been taken seriously.
3. During the second half of the evaluation period increasingly more players have been signed to increase the width of the selection because no or only a small transfer fee was owed, instead of players who could demonstrably bring Ajax to a higher level.
4. A number of players have been signed without a full scouting report.
5. The signing of players to increase the width of the selection prevents the inflow of self-educated players and should be avoided.

The report also contained 38 recommendations on various subjects of which the management structure, transfer policy, scouting and youth department (Ajax: De weg naar winst, 2008) are most relevant for this research. One of those recommendations was to choose between two different

approaches to organize the soccer related management positions, because there had been too much friction between the directors of football and head coaches in the past. The first option was to combine the function of director of football and head coach so one person had full responsibility supported by a general manager with a background in soccer, the second option was to have a strong director of football who would be responsible for the entire soccer department (including recruitment and selection) and a head coach who would be solely responsible for training, coaching, line-up and tactics of the first team. On the basis of this recommendation Ajax chose the first option for which Marco van Basten was appointed.

After this decision Martin van Geel announced his departure and his five year plan, written in 2006, was revised: 'The youth department is a focus point in the strategy of Ajax. The inflow of self-educated players is crucial both competitively and financially. As long as there are no regulations, like the proposed 6 + 5 rule (six native players + a maximum of five foreign players in the first team line-up), Ajax cannot structurally be a part of the top of European club soccer. The ambition still is to accost to this top. This will only be possible by acting innovatively and by reducing the lag by other means than money. Therefore the focus on the youth department will be even more important to the future of the club. Next to the youth department, scouting is of the utmost importance. With a well-structured organization Ajax will need to find the right composition of the selection, in every age category' (Ajax yearly report, 2009, p. 8). This indicates a continuation of the same principles used in the previous long term view for Ajax, although the guidelines are less well-defined then before.

Voetbal International editor Simon Zwartkruis comments on the new situation with Marco van Basten in charge: 'This summer Ajax was more than ever involved in the transfer market, which is a direct result of the attitude of Marco van Basten. The head coach even included a number of clauses in his contract to assure himself of the trend change which was instigated this transfer period. Previous seasons Ajax did not spend large amounts of money, but Marco van Basten insisted on signing direct and thus expensive reinforcements' (Voetbal International, 43:35, 27 August 2008, p. 110). Marco van Basten subsequently sent a number of A-selection players, who were signed by his predecessor Martin van Geel, back to the reserve team to eventually be sold.

Adrie Koster, the head coach of Young Ajax (the reserves team), commented on this selection method: 'Marco van Basten has distinctly chosen for the younger players for which he will have a good reason. A number of the younger players did well during the pre-season and have been awarded accordingly. The fact that some of the of the other players will have to leave the A-selection is logical, since working with a group that is bigger than 30 players is not optimal' (Voetbal International, 43:35, 27 August 2008, p. 110).

General director Henry van der Aat comments on activities during the previous summer transfer window: 'Last summer we had two choices. Either cut back on spending and wait for the next generation of youth players, or invest and break the vicious cycle. We opted to do the latter. We will keep investing in players and player education. If we want to compete on a European level we have to pay large salaries. This is one thing on which we cannot cut back, so we will have to do that over the full width of the club' (Voetbal International, 43:43, 22 October 2008, p. 128). Furthermore he indicated: 'On the long term we try to compose a first team that, for sixty to seventy percent, consists of self-educated players' (Voetbal International, 43:43, 22 October 2008, p. 125). This

indicates a clear direction for the future, but the needed “trend change” or “breaking of the vicious cycle” does not indicate solid club policies for the past period of time.

Marco van Basten comments on the inconsistency of the team: ‘One of the characteristics of young players is that there are not always as consistent. This is a group of players which still has a lot to learn. That was also the case when I started my playing career at Ajax. The difference is the in the balance of the team. We had two to three players who were older than 30, two to three who were at the end of their twenties, two to three who were at the beginning of their twenties and a number of talents who were younger than twenty. In the current group we have sixteen players of 22 years or younger. That is a fact we have to deal with. We cannot afford the experienced players who are good enough to play at Ajax, so we are forced to work with a young selection. That only has to do with money’ (Voetbal International, 43:43, 22 October 2008, p. 125).

Summary: The long term view for the club was revised again but still the main principles remained unchanged. The opportunistic way the club tried to change the poor sports performances does not adhere to this long term view (recruitment -, selection -, career planning - and participation -). The view about the salary structure to be able to retain key players has not changed (performance appraisal +, compensation +).

2009/’10

Head coach: Martin Jol

Director of Football: Martin Jol

Marco van Basten handed in his contract three matches before the end of the season because the championship was out of reach and he did not see enough possibilities for improvement. Therefore Ajax signed Martin Jol to take over. In the yearly report the same long term view is used as was stated in the 2008/’09 yearly report (Ajax yearly report, 2010, p. 9).

Head of the youth department, Jan Olde Riekerink, comments on the inflow possibilities for young players: ‘It is a fact that the large size of the A-selection impedes the inflow of youth players. We are actively trying to downsize the A-selection. The step to the first team should be made easier’ (Voetbal International 45:21, 26 May 2010, p. 85). ‘We try to compose a first team selection of which fifty percent of the players are self-educated’ (Voetbal International 45:21, 26 May 2010, p. 85).

Summary: Although the long term view has not changed there is no indication this view is actively being pursued (recruitment -, selection -, career planning - and participation -).

2010/’11

Head coach: Martin Jol/Frank de Boer

Director of Football: Martin Jol/Frank de Boer

In the yearly report the same long term view is used as was stated in the 2009/’10 yearly report (Ajax yearly report, 2011, p. 9).

After Martin Jol handed in his contract in December 2010, general director Rik van den Boog commented: ‘Every time we are tempted to deviate from the methods that have brought Ajax all the

successes of the past. The past ten years a lot of head coaches were signed who were taught to be a logical choice for Ajax. It turned out that in many of those cases these people often wanted to make their own mark, on the playing style, the transfer policy, and so on. The next head coach will need to follow the line we have drawn at Ajax. If he cannot identify himself with our soccer vision, he is not suitable. From now on we will no longer give one person the full responsibility regarding the soccer department. Head coaches are often transients, so the policies and culture need to be guarded by a director of football or manager of football. The past couple of years have taught us that' (Voetbal International, 45:51, 21 December 2010, p. 126). He also elaborated on the changes that would be made regarding the recruitment policy: 'In the future we will be looking at fifteen or sixteen year old talents, who we can further develop in our youth department. We would rather risk ten times one-hundred-thousand euro, than having to pay eighteen million for one player' (Voetbal International, 45:51, 21 December 2010, p. 126).

Frank de Boer was appointed as the successor of Martin Jol and commented on his new function: 'My most important issue during the contract negotiations was that I would be given the opportunity to work in such a way that can be associated with Ajax and me personally. This means developing and fitting self-educated players into the first team. This club develops players for the rest of Europe, we should not deny that. Educating players has always been the main strength of Ajax, so that philosophy should never be renounced' (Voetbal International, 46:2, 12 January 2011, p. 108). 'My contract also includes a passage in which is said that when a player is sold, a part of the transfer fee may subsequently be used to reinforce the selection. Although this does not automatically have to be the case. In the ideal situation, we already educated the successor. That is the main idea' (Voetbal International, 46:2, 12 January 2011, p. 108).

About participation and incentives for the players Frank de Boer says the following: 'Preferrably I work with an A-selection of 22 players to prevent creating a group that is not involved enough. Everyone in the selection should have the feeling he is close to being in the lineup. Especially for the younger players this is really important. I want to offer our talents hope and perspective. The recent inflow of young talent into the A-selection has had an enormous positive effect on the atmosphere within Young Ajax, because they see it pays off to bring out the best in themselves and chances will come. That feeling of perspective has been gone for a while due to certain player signings. That had a demotivating effect for a lot of youth players, while that are the players Ajax will need most' (Voetbal International, 46:2, 12 January 2011, p. 112-113).

Summary: After a few years of opportunism, Ajax seems to have returned to what have always been the basic principles of the club: youth development and education (recruitment ++, selection ++, career planning ++, incentives ++ and participation ++).

Ajax	2001 /'02	2002 /'03	2003 /'04	2004 /'05	2005 /'06	2006 /'07	2007 /'08	2008 /'09	2009 /'10	2010 /'11
Recruitment	++	++	++	-	++	++	-	-	-	++
Selection	++	++	++	-	++	++	-	-	-	++
Perf. Appraisal							+	+		
Career planning		++	++	-	++	++	++	-	-	++
Training										

Compensation							+	+		
Incentives			-							++
Participation		++	++	-	++	++	++	-	-	++
Health and safety										

AZ

2001/'02

Head coach: Henk van Stee

Director of Football: Henk van Stee

2002/'03

Head coach: Henk van Stee

Director of Football: Martin van Geel

By means of the investments of owner Dirk Scheringa, AZ went through a reorganization phase. The goal of the reorganization was to create a club structure to gradually catch up with their competitors for European qualification and eventually the Eredivisie title. Henk van Stee about the lack of organization within the club: 'The club only invested in players, but not in preconditions' (Voetbal International, 37:29, 17 July 2002, p. 34). The restructuring of the clubs' organization indicates a clear direction for the club. It included a new director of football, additional scouts, professionalization of the youth department and a larger medical staff.

After the restructuring of the club plans were made to rejuvenate the first team. Henk van Stee: 'A rejuvenation of the selection is the next step of the growth process. The players who have been here for a long period of time will definitely not be written off, but they will have to show us they want to be a part of this process. We have a list of five to ten possible new players and we will not hesitate to sign some of them if necessary. I don't expect European qualification, but at least I expect good performances. Who does not perform to our standards will drop out' (Voetbal International, 37:29, 17 July 2002, p. 35). The first step in the rejuvenation process was made in the summer transfer window of 2002. Henk van Stee about his new players: 'Last season I sometimes missed a real winners mentality. Therefore we specifically invested in mentality. The new guys are first and foremost character players' (Voetbal International, 37:29, 17 July 2002, p. 35).

Voetbal International editor, Iwan van Duren, criticizes the way Dirk Scheringa tried to reduce player salaries. 'During the season Dirk Scheringa threatened to "pull the plug" on AZ and Martin van Geel started asking players to accept a thirty percent salary cut. If not, the club would seize existing. Van Geel believed this really was the case, but eventually player after player declined and nothing happened (Voetbal International, 40:26, 29 June 2005, p. 19). This indicates opportunism, which is not good for the credibility of the management.

Summary: Investment in club structure: director of football, youth department and scouting, rejuvenation of selection, investment in mentality (Recruitment + and Selection +). Investment in club structure: medical staff (Health and safety +), asking players to accept salary cuts for the continuity of the club (compensation - and incentives -)

2003/'04

Head coach: Co Adriaanse

Director of Football: Martin van Geel

Martin van Geel: 'This is my second year, the first was to make an inventory. This summer we created a vision for 2008. At that time we structurally want to play for a place in the sub-top' (Voetbal International, 38:44, 29 October 2003, p. 21). The first thing he wanted to change to achieve this goal was the club culture. 'The club didn't have a culture, only an image. Expensive cars and high salaries, yes, but performance, no. That is what we want to change by starting with small things. We made a rulebook. Nothing strange actually, only normal things: being on time etc. Furthermore we are introducing normal contracts. You have to earn your money on the pitch. We will not include all sorts of guarantees anymore' (Voetbal International, 38:44, 29 October 2003, p. 21-22). 'The new rules apply since August 1st 2002. I tell the new players other players have old contracts. That's a thing from the past and will eventually fade away. We want to restore the incentive: the player who plays gets this, the substitute gets that and players who does not play get nothing. The times of offering a little extra to a player you really want to sign are over' (Voetbal International, 38:44, 29 October 2003, p. 22).

About the recruitment and selection Van Geel says the following: 'Currently we have a selection that is of-balance, with older players and thus more sensitive to injury' (Voetbal International, 38:44, 29 October 2003, p. 23). 'We have a lot of expiring contracts, and there is a chance other clubs will buy our players. We want to have six youth players in a selection of 22 players. Of course you will need the space to fit them in. By buying a lot of players, you will block the inflow. But next year ten contracts are expiring so anything can happen' (Voetbal International, 38:44, 29 October 2003, p. 22). Furthermore: 'We have a "shadow list" for the entire first team. You sign such a player from that list, after he has been watched extensively for years by six people. That minimizes the risk. We do not gamble' (Voetbal International, 38:44, 29 October 2003, p. 22).

Summary: general discipline demands (performance appraisal ++), payment restructuring (Compensation ++ and Incentives ++), rejuvenation, 6 youth players out of 22 and a contingency plan for player departure (Recruitment ++ and Selection ++).

2004/'05

Head coach: Co Adriaanse

Director of Football: Martin van Geel

The owner of the club, Dirk Scheringa, reacts to the recent successes and the fact that some players may leave during the summer transfer window: 'If a top-club would show interest and it would mean a real improvement for the player, you should not make the player stay. But still we want to try to keep the team together. Within the Netherlands players cannot improve their situation on competitive grounds. But maybe Ajax and PSV can afford higher salaries which would make a transfer on economic grounds possible' (Voetbal International, 40:5, 2 February 2005, p. 95). This means AZ will adhere to their compensation policy when another club offers the player a larger compensation and will not try to keep the team together at all cost.

Youth players are not getting enough chances in the first team. Dirk Scheringa: 'AZ has invested a lot in the youth department, which has to have a certain level of efficiency. We are looking for opportunities to loan these players to other clubs, but we think "adopting" one specific club would not be wise' (Voetbal International, 40:5, 2 February 2005, p. 95). This indicates active involvements in the players' career planning and of course his level of participation.

After his move to Ajax, Martin van Geel gives his vision on the current situation at AZ: 'AZ is ready for the future. With a group of players which both qualitatively and quantitatively is focused on the future. With normalized contracts for three or four years and collective deals for cars and bonuses' (Voetbal International, 40:26, 29 June 2005, p. 17). This indicates a continuation of the policies of the previous season, at least during the 2004/'05 season.

Summary: Try to keep the team together but not at all cost (selection ++, career planning + and compensation ++), create more chances for youth at own club or elsewhere (career planning +, participation +), continuation of policies (recruitment ++, selection ++, performance appraisal ++, compensation ++ and incentives ++)

2005/'06

Head coach: Louis van Gaal

Director of Football: Marcel Brands

2006/'07

Head coach: Louis van Gaal

Director of Football: Marcel Brands

2007/'08

Head coach: Louis van Gaal

Director of Football: Marcel Brands

At the start of the season the two experienced strikers of AZ, Danny Koevermans and captain Shota Arveladze, leave the club. Louis van Gaal is not worried: 'Experience is not related to age. The departure of an older captain does not have to be a big disadvantage. This also works as a stimulant for the new selection' (Voetbal International, 43:8, 20 February 2008, p.84). This indicates a deviation from the policies being employed three seasons ago, when "keeping the team together" and "giving own youth a chance" was the main focus. This indicates opportunism to make the final push for the top.

Summary: Replacing two older first eleven players with expensive young foreign high potentials (recruitment -, selection -).

2008/'09

Head coach: Louis van Gaal

Director of Football: Marcel Brands

Since the transformation of AZ into a top-club started, the focus has been on youth development. Unfortunately the youth department does not produce the desired results. Youth players leave for bigger clubs relatively easily and the remainder of the players in general do not have enough talent to make it to the first team. Head of the youth department Aloys Wijnker: 'We will have to focus on mental guidance. Creating a bond with players based on trust, looking for ways to exert influence to prevent players from leaving at a young age' (Voetbal International, 43:38, 17 September 2008, p. 106). 'In 2010 we want to deliver two self-educated players to the first team each year and 75 percent of the youth players should eventually be able to earn a living by playing professional soccer' (Voetbal International, 43:38, 17 September 2008, p. 106). This indicates an interest in mental training, clear guidelines for player selection and interest in improving youth player participation.

Dirk Scheringa about their transfer policy: 'For Dutch clubs it is unwise to buy players for amounts between eight and twenty million. That category of players has such a high level that competition will be fierce. And nine out of ten times you will lose out against clubs with more financial power. So strategically it has no use to look for players in this category. At a certain point we analyzed our transfer policy and came to the conclusion we needed to be smarter and more creative. Searching for players in categories in which the chance of success is also big, maybe even bigger' (Voetbal International, 43:47, 19 November 2008, p.25). 'The best strategy for the business of soccer is being creative. What we did with transfer free players is a good example. Or letting youth players flow into the first team' (Voetbal International, 43:47, 19 November 2008, p.27). Marcel Brands added a few months later: 'A lot of money is not always leading. We have learned. It is not about the individual, it is about a collective. Top players will not come to AZ. First of all we do not pay enough and secondly we do not play in the European competitions' (Voetbal International, 44:6, 4 February 2009, p.34). 'We have been doing it this way for a lot of years. They do not have to cost a lot. Of course we look at the potential but most importantly at the character' (Voetbal International, 44:6, 4 February 2009, p.34). Louis van Gaal added: 'What is the use of signing someone for the short term, while taking other players' perspective away? Then they will never blossom. Players can only develop when they actually get the opportunity in moments of need. This is what I believe. And for the players this is a stimulus' (Voetbal International, 44:6, 4 February 2009, p.34). This indicates the club has restored the previous policies for recruitment, selection and compensations after a period of opportunism, and tries to introduce non-financial incentives for players who are not first team regulars.

Summary: Interest in mental training (training +), clear guidelines for player selection and interest in improving youth player participation (selection ++, participation + and career planning +), return to previous recruitment and selection policies (recruitment ++, selection ++) and introducing non-financial incentives (incentives +)

2009/'10

Head coach: Ronald Koeman/Dick Advocaat

Director of Football: Marcel Brands

2010/'11

Head coach: Gertjan Verbeek

Director of Football: Earnest Stewart

The new director of football Earnest Stewart about the relatively large size of the selection: ‘The selection includes a number of players from “Young AZ” (the second team of AZ). We think it is important that young players can catch on. This way they will follow certain programs and will grow into the philosophy’ (Voetbal International, 45:25b, 26 July 2010, p. 21). This clear policy improves young player participation.

After the company of owner Dirk Scheringa went bankrupt, AZ needed to reorganize the whole organization because of a large deficit which would normally be financed by Scheringa. General director Toon Gerbands commenting on the new situation: ‘Years ago contracts have been signed which we need to respect and thus included them in our budget. But our current payment structure is simply too high for this budget. To be clear: payments in new contracts will approximately be half of what they are now’ (Voetbal International, 46:17, 27 April 2011, p. 93). ‘To become financially healthy again we have calculated that we still need five transfers in two years. This is not really exceptional. The previous nine seasons it has not been different. The only thing we do is build a selection and subsequently sell players’ (Voetbal International, 46:17, 27 April 2011, p. 93). ‘The only large budget which has not been cut is the youth department. We even spent two-hundred-thousand extra. We want more youth players to flow into the first team. We try to distinguish ourselves. When you have to lower player compensation, the better the developmental opportunities must be. When the club is successful with this approach, it will in term fill our savings account. This indicates an adjustment to the new situation with clear policies for recruitment, selection, performance appraisal, career planning, training, compensation, incentives and participation.

This view is supported by the vision stated in the yearly report: ‘With the soccer vision of AZ, which is based on development of players and their careers, it is a fact that every season multiple transfers will take place of players who take the next step to another club or foreign competition. AZ has proven to be able to handle these situations. The scouting and youth department play a vital role when it comes to supplementing the selection to be able to compete in the sub-top in the Netherlands. Recent developments show more and more players from the youth department flow into the first team. Our vision is to encourage and expand this trend’ (AZ yearly report, 2011, p. 7).

Summary: Clear policy for participation of youth (participation ++) and clear policies to adjust to the new financial situation (recruitment ++, selection ++, performance appraisal ++, career planning ++, training, compensation ++, incentives and participation ++)

AZ	2001 /'02	2002 /'03	2003 /'04	2004 /'05	2005 /'06	2006 /'07	2007 /'08	2008 /'09	2009 /'10	2010 /'11
Recruitment		+	++	++			-	++		++
Selection		+	++	++			-	++		++
Perf. appraisal			++	++						++
Career planning				+				+		++
Training								+		++
Compensation		-	++	++				++		++
Incentives		-	++	++				+		++
Participation				+				+		++
Health and safety		+								

FC Twente

2001/'02

Head coach: John van 't Schip

Director of Football: Jaap Uilenberg

Director of football Jaap Uilenberg illustrates his long term view for FC Twente: 'One of our main tasks during the next few years is restructuring the team into a new, young team. The competitive ambitions of FC Twente should be adjusted accordingly. We have analyzed for which of the positions the youth department can deliver new players. There are five to six players who have the required potential for the next step. The rest we will have to attract from other clubs. From now on we will only look for players with a maximum age of 23 to 24 years' (Voetbal International, 37:5, 30 January 2002, p. 24-25).

Summary: On the long term the club wants to focus on youth inflow and has defined certain restrictions for other signings (recruitment ++ and selection ++)

2002/'03

Head coach: René Vandereycken

Director of Football: Jaap Uilenberg

2003/'04

Head coach: René Vandereycken

Director of Football: Johan Plageman

Due to the bad financial situation at FC Twente new players could only be loaned or financed by supporter initiatives. Chairman, Joop Munsterman comments: 'The coming period a lot will depend on creativity, luck and perseverance. The previous transfer period was just like a game of poker. The soccer budget has to be cut, so the player salaries are going down' (Voetbal International, 39:6, 4 February 2004, p. 31).

Summary: It becomes clear that the policies that were being used two years ago have made way for opportunism, due to the financial restrictions the club has to deal with (recruitment -, selection - and compensation -).

2004/'05

Head coach: Rini Coolen

Director of Football: Johan Plageman

After the biggest financial problems of the club had been solved, Rini Coolen took over as head coach. He comments on the long term view of the club: 'We have laid down our policies in a three year plan. We chose to attract a high number of new young players right now. Players who will still be here in three years' time and will have become better. When this works out we will only need a few players to reach our goals: sub-top and compete for European qualification. The past two years a lot of players left the club who brought us to a higher level, but that was a conscious decision. To

grow we are now building something that has to be finished in three years' (Voetbal International, 39:35, 25 Augustus 2004, p. 22).

Summary: The club clearly restored their long term view and has started building for the future (recruitment ++ and selection ++).

2005/'06

Head coach: Rini Coolen/Jan van Staa (ad interim)

Director of Football: Johan Plageman

FC Twente continued to follow their new direction by keeping most of the squad together. Rini Coolen: 'The gains have to be in the constancy. To improve what we already have' (Voetbal International, 40:32, 10 August 2005, p. 43). Director of football, Johan Plageman, is worried about keeping the team together for a prolonged period of time: 'The soccer industry has become a lot more volatile. Players sign contracts with a maximum of two to three years. Carefully building a selection is not possible anymore. The only thing you can do is compose the best possible team right now, and keep a couple of options in mind in case something happens during the season. A longer view is no longer possible unfortunately.

Summary: The club wants to carefully build a team according to their long term view but the director of football is worried this will not work out (recruitment ++ and selection ++).

2006/'07

Head coach: Fred Rutten

Director of Football: Fred Rutten

When Fred Rutten arrived at the club in the summer of 2006 he held the double function of head coach and director of football. He indicated during the interview that FC Twente during that period had very clear policies for recruitment and selection. These policies were part of the long term view to bring FC Twente back to the sub-top within three years and afterwards take the next step to the top. Fred Rutten talks about the policies FC Twente used to reach those goals: 'We looked for players that could help us in the short term but also for players that could help us in the long term. The policy was: when the absolute top talent, that could eventually bring in a large transfer fee, was not available internally we would go and get it abroad in the age category of fifteen to sixteen year olds, which we did. Furthermore we extended the contracts of older players to give our own youth players the opportunity to steadily develop. In the long run these younger players would gradually take over the role of the older players. So this was supported by a very well-defined policy' (Fred Rutten, 2012).

With regard to performance appraisal of players Fred Rutten indicated he operated on the basis of a certain policy, but that policy was mainly composed by him and not specifically a policy of the club. 'This consisted of half yearly appraisal meetings with the players and with regard rewarding the players I used a certain framework. However this framework was not always written down. Sometimes it was written down in the individual contracts, but not as an official club policy. This process could have been better documented and should actually be monitored' (Fred Rutten, 2012).

Fred Rutten indicates he has always been very active in guiding his players with regard to their careers. Again this was instigated by himself rather than by the club. 'I have always guided the players very directly by means of a personal development plan (in Dutch: persoonlijk ontwikkelings plan or POP). Not only regarding their technical abilities for the short term but also their career on the long term' (Fred Rutten, 2012).

The personal development plan (POP) was linked to the training policy Fred Rutten developed for Twente. 'Every club should develop a policy for the training of the players. At FC Twente this was the case, especially regarding the individual training and the required professionals specialized in developing the individual. We looked for qualified people who could give the individual a certain boost so the main development process, especially of the younger players, was speeded up which made it easier secure a place in the first team. This was done twice a week during special POP training sessions, which focused especially on the individual. I do not know whether this policy is still being used by the club at this moment. That is very much dependent on the current head coach' (Fred Rutten, 2012).

FC Twente used a strict compensation policy. 'The club had a salary structure that had different categories. This was all carefully documented. The lowest category were the younger players, the middle category consisting of players who flowed in from the lower category or players who stayed there and which would have to leave the club in one or two years, the top category which represented the economic value of the selection. The latter category are the top earners. Those player had to be sold one or two years prior to the expiration date of their contracts. Players were informed in which category they were and each category had a certain negotiation margin. A player who did not have the capacities to be in the top category, would actually not get there. When a player became unsettled the player would be sold. So this was all very well defined' (Fred Rutten, 2012).

In terms of incentives for the players there was a strict club policy as well. 'Every match premiums could be earned with a larger end of season bonus when season goal (European qualification) was achieved. I think this is the best way to do it. Even though the salaries of the players are already enormous, it motivates people to receive something extra at the end of the month rather than having to wait for only a large end of season bonus. This can definitely influence the short term performances' (Fred Rutten, 2012).

The chances of participating have been actively created at FC Twente, for first team as well as youth players. 'A selection consists of a core of regular players and a number of younger players which would alternately play for the either the first or second team. The club also created internship positions for young players. When after half a year those players had not adjusted to the level of the first team they would flow back into the second team and eventually leave the club' (Fred Rutten, 2012).

Issues regarding health and safety of the players is mainly documented in the player contracts. 'Regarding injuries everything is solidly documented in the contracts. The club should try to make the policy regarding the behavior of the players a part of the club culture. For example when it comes to drug test. This does not exude a lot of confidence in the players but it is part of the top sport

mentality of the club. Of course this is also done to protect the players against themselves whereas they are under immense pressures of the media and public. These kinds of things should be put to writing, but currently this only happens in details in the individual contracts. If something goes wrong this influences the performances heavily so it should be prevented' (Fred Rutten, 2012).

Summary: The club actively used certain well defined policies (recruitment ++, selection ++, compensation ++, incentives ++ and participation ++). Other elements mainly were the responsibility of the head coach/director of football and were not instigated by the club (performance appraisal o, career planning o and training o). For Health and safety the club had a clear direction but no long term view (health and safety +).

2007/'08

Head coach: Fred Rutten

Director of Football: Fred Rutten

During the interview Fred Rutten indicated that the policies he described were followed during his entire stay at the club. Chairman Joop Munsterman comments on the activities during the winter transfer window: 'In the past the club often had to sell players, but now we are financially healthy' (Voetbal International, 43:4, 23 January 2008, p. 26). 'What do we gain? When we would sell our star player, maybe we would be able to buy two or three new players, but the times of preferring quantity over quality have past (Voetbal International, 43:4, 23 January 2008, p. 26).

Summary: A continuation of the policies and an indication that sufficient financial resources are available to be able to execute these policies (recruitment ++, selection ++, compensation ++, incentives ++, participation ++), performance appraisal o, career planning o, training o and health and safety +).

2008/'09

Head coach: Steve McClaren

Director of Football: Steve McClaren

After Fred Rutten accepted a job offer from Schalke 04, Steve McClaren was appointed as his successor. Joop Munsterman talks about the ambitions of FC Twente after another season of good performances: 'Of course Twente wants to become champion one day. When you do not have that ambition, you should quit. But this will never go hand in hand with excessive financial risks. When you have enough money available it is easy to spend it. But we will not be tempted to pay compensations at the level of Feyenoord, Ajax and PSV. If you want to give eighteen players two-hundred-thousand more, that is 3,6 million in total. What AZ does is therefore extremely dangerous. We have looked at these options but have decided not to do it' (Voetbal International, 43:44, 29 October 2008, p. 128). 'To take the next step we need to excellent strikers. That is something we cannot afford right now. When you are competing in European competitions, it is possible you will pay the price on a national level, that is why we strive for a wide selection. But that is difficult in practice, because sub top players often cannot handle being on the bench' (Voetbal International, 43:44, 29 October 2008, p. 128).

Summary: FC Twente is trying to adapt their “growth policies” of the previous years to eventually become a top club. But at the same time wants to preserve their realistic salary structure, to prevent overspending (recruitment ++, selection ++ and compensation ++).

2009/'10

Head coach: Steve McClaren

Director of Football: Steve McClaren (executive manager: Cees Lok)

Summary: see next season (recruitment +, selection +, participation -).

2010/'11

Head coach: Michel Preud'homme

Director of Football: Michel Preud'homme (executive manager: Cees Lok)

After Steve McClaren accepted a job offer from VfL Wolfsburg, Michel Preud'homme was appointed as his successor. Voetbal International editor Peter Wekking comments the appointment of the new head coach/director of football: ‘The 51-year old Preud'homme has been given the assignment to restart the inflow of youth players during the next three seasons. During the past two years, Steve McClaren flooded the selection with expensive foreigners who, although they increased the training level, never got a lot of playing time. The selection no longer contained room for youthful talents to participate in training session, let alone matches’ (Voetbal International, 45:25a, 21 June 2010, p. 46). This indicates that, like Joop Munsterman said two years ago, FC Twente tried to widen the selection but in the end blocked the inflow of own youth and signed expensive players who did not add much to the performance of the team. Even though it probably was part of the policies to make the final push for the top, the long term view with which the club had worked for years was abandoned (For the 2009/'10 season: recruitment +, selection +, participation -).

To gain easier access to playing talent FC Twente created partnerships with clubs from Paraguay, Peru, Hungary, Ghana, USA and Brazil. The latter is Desportivo Brasil which is a soccer academy affiliated with Manchester United. Chairman Joop Munsterman elaborates on the partnership: ‘The players will get a normal contract at FC Twente. After three or four years Manchester United has the first right to buy them for a predetermined transfer fee. Last season we loaned Miroslav Stoch from Chelsea FC and after one season he was sold to Fenerbahce for six million euro. In the future FC Twente will also benefit from the development of such a talent’ (Voetbal International, 46:11, 16 March 2011, p. 33).

Executive Manager Cees Lok comments on the goals of the partnerships: ‘All of the partnerships have roughly the same philosophy: educate as many players as possible for a good job in the soccer industry. Wherever that maybe. One and a half years ago Bruin Ruiz cost us a large transfer fee. In the future those players should come to FC Twente via the partnerships, in a much earlier stage and at lower costs’ (Voetbal International, 46:11, 16 March 2011, p. 34). Joop Munsterman adds: ‘The talents of the future will be accommodated in a boarding school. In the vicinity of the training facilities an apartment complex will rise to house the foreign players. The fundamental qualities of the players in the youth department and Young FC Twente should be increased to such a point that the A-selection will eventually consist of self-educated players for 80 percent or more. In the past

there were seasons during which we had to attract twelve to fourteen players, also just for the width of the selection. That should not happen in the future. Our educational model together with the partnerships should result in only having to pay for one or two players with extra skill' (Voetbal International, 46:11, 16 March 2011, p. 35).

Summary: FC Twente is preparing for the future by trying to guarantee a steady inflow of talent for the club and at the same time reducing the cost of this talent. Furthermore a head coach/director of football was hired to restart the inflow of talent into the selection, which deteriorated the last few years. It seems Twente has revitalized their long term view (recruitment ++ and selection ++).

FC Twente	2001 /'02	2002 /'03	2003 /'04	2004 /'05	2005 /'06	2006 /'07	2007 /'08	2008 /'09	2009 /'10	2010 /'11
Recruitment	++		-	++	++	++	++	++	+	++
Selection	++		-	++	++	++	++	++	+	++
Perf. Appraisal						o	o			
Career planning						o	o			
Training						o	o			
Compensation			-			++	++	++		
Incentives						++	++			
Participation						++	++		-	
Health and safety						+	+			

Feyenoord

2001/'02

Head coach: Bert van Marwijk

Director of Football: Rob Baan

Head coach Bert van Markwijk comments on the inflow of youth players: 'The club has shown it gives youth players a chance. Feyenoord has to continue this trend, simply because we have a solid youth department. It is the final step that matters. That is why it is important that Excelsior (farm club for Feyenoord) gets promoted to the Eredivisie. This way young players can get used to the higher level. One year of Eredivisie experience makes a world of difference' (Voetbal International, 37:3, 16 January 2002, p. 22). This indicates a clear direction for the youth department and subsequent inflow of youth players.

Summary: The club gives young players a chance to gain experience at a farm-club. It want to continue the trend of young inflow into the first team. The long term view does not seem to be specifically recorded (recruitment +, selection +, career planning + and participation +).

2002/'03

Head coach: Bert van Marwijk

Director of Football: Rob Baan

2003/'04

Head coach: Bert van Marwijk

Director of Football: Rob Baan

Rob Baan comments on criticism on the transfer policy and the criticism regarding his recent signing of Jean Carlos Dondé: 'The decision to sign a player are made under pressure because of the competitors. You don't have time for a psychological test to discover his mentality. That would be a lesson for the future' (Voetbal International, 38:41, 8 October 2003, p.97). 'The problem is that the club can no longer attract affordable players with the qualities needed for Feyenoord. The gap between the sub-top and top has become too large. We are forced to focus on players from abroad or the second echelon in the Netherlands' (Voetbal International, 38:41, 8 October 2003, p.97). This indicates a short term view when it comes to recruitment and selection.

Summary: The director of football seems to have a short term view. He never mentions the possibilities to solve the problem of keeping the quality of the selection up to standards with limited means (recruitment -, selection -).

2004/'05

Head coach: Ruud Gullit/Erwin Koeman

Director of Football: Mark Wotte

2005/'06

Head coach: Erwin Koeman

Director of Football: Mark Wotte

The yearly report of Feyenoord does not mention any long term view or current policies regarding the composition of the A-selection (Feyenoord yearly report, 2006).

2006/'07

Head coach: Erwin Koeman/Leo Beenhakker

Director of Football: Peter Bosz

The yearly report of Feyenoord does not mention any long term view or current policies regarding the composition of the A-selection (Feyenoord yearly report, 2007).

2007/'08

Head coach: Bert van Marwijk

Director of Football: Peter Bosz

The yearly report of Feyenoord does not mention the details of the long term view or current policies regarding the composition of the A-selection. However it does mention that the policies regarding the soccer activities, introduced in 2007, have been analyzed (Feyenoord yearly report, 2008).

Summary: In the yearly report of the 2008/'09 season the details of the policies are elaborated (see next section). This has led to investments in the training structure but the transfer policies have been too opportunistic (recruitment -, selection - and training ++).

2008/'09

Head coach: Gertjan Verbeek/Leon Vlemmings
Director of Football: Peter Bosz

In the yearly report the board of directors present the vision for the future of Feyenoord. This long term view has been the guideline for the soccer department of the club since 2007: 'The recovery of the competitiveness of Feyenoord is based on three pillars: A professional sport atmosphere throughout the entire club, a distinctive youth department, and an efficient scouting department. The first successes in improving these three areas have been achieved. Player monitoring and guidance in terms of physical training has been optimized due to the collaboration with the Erasmus Medical Centre. In the youth department specialists have been hired to oversee the periodization, video-analysis and running, strength and stabilization training. The scouting department has undergone a specific change: age categories and specific scouting areas have been defined much more precisely. Feyenoord is especially looking for players who can further develop during their stay at the club and eventually produce a certain transfer value' (Feyenoord yearly report, 2009, p. 16). This indicates clear policies have been developed to eventually reach certain long term goals.

At the start of the 2008/'09 season Peter Bosz comments on his transfer policy: 'Normally speaking the top players will leave at the age of 24 to 25 years, the so-called "middle group", to join foreign top-clubs. That is why we are looking for young players who have the potential to grow into that difficult middle group. That is why we need older players. They need to help the younger players, and the club to eventually find the balance it needs within the selection. That is why I contest the fact that the team is old' (Voetbal International, 43:32, 6 August 2008, p. 22). Furthermore: 'I experience our scouting first hand. Those people have been told for years they should only look for transfer free players. That very much limits the options. Nevertheless I think the scouting department should continue to develop itself. We are going to introduce a different structure' (Voetbal International, 43:32, 6 August 2008, p. 23).

Iwan van Duren and Tom Knipping, both Voetbal international editors, criticize the policies of Peter Bosz: 'A top sport atmosphere, scouting and own youth; those were the new values of Feyenoord. Subsequently the resulting transfer policy was set aside to be able to sign experienced veterans with exorbitant salaries' (Voetbal International, 43:50, 10 December 2008, p. 127). General director Eric Gudde defends the policies: 'You say we should focus on building a team with younger players. We already want that for quite a while. We already started that process previous season. Peter Bosz has seen the potential in our youth department which we will use. We already invested heavily in the preconditions such as trainers, a gym, etcetera. Especially the players in the middle group are missing, which are difficult to find in a country that mainly develops players for bigger competitions such as the Netherlands. The experienced players should help the younger players grow into that category' (Voetbal International, 43:50, 10 December 2008, p. 127).

After Peter Bosz handed in his contract, the chairman of the non-executive board of directors, Dick van Well, comments on the question if the policies of Peter Bosz will be discarded: 'No, because those policies were not Peter Bosz' but Feyenoords'. The new director of football does not need to adopt those policies indiscriminately. He and the head coach have the right to discuss the future policies with us. Someone who indiscriminately follows the plans of his predecessor is not the right candidate for us. It is all about the direction' (Voetbal International, 44:5, 28 January 2009, p. 129).

Summary: The club has clear policies for the long term, but regarding recruitment and selection it deviated from this path (recruitment -, selection - and training ++).

2009/'10

Head coach: Mario Been

Director of Football: Leo Beenhakker

In the yearly report the same long term view is used as was stated in the 2008/'09 yearly report. The board of directors added: 'It is no longer realistic to sign players from outside the European Union, because regulations require those players to receive high salaries. Therefore our scouts will only focus on talents from the Netherlands, Belgium, Scandinavia and middle and eastern Europe' (Feyenoord yearly report, 2010, p. 5). The inflow of youth players stays a main focus point, also because of financial restrictions.

Summary: The main policies of previous years have been continued, and no opportunistic deviations have occurred. Furthermore the scouting has changed its strategy to find only affordable players to match the limited financial resources to compensate players (recruitment ++, selection ++, training ++ and compensation ++)

2010/'11

Head coach: Mario Been

Director of Football: Leo Beenhakker

In the yearly report, in contrast with previous years, no specific long term view was proposed. When the report was written the director of football, Leo Beenhakker, had already left the club and his successor, Martin van Geel, had already signed his contract. Maybe the old policies had not yet been reviewed by the new director of football. It seems unlikely that this will lead to many changes since the chairman of the non-executive board of directors, Dick van Well, said that the long term direction for the club is not depending on the ideas of one person.

The new director of football for the next season comments on the many expiring contracts: 'Of course Feyenoord should prevent that players leave on a transfer free status, but not at all cost' (Voetbal International, 46:13, 13 April 2011, p. 129). This indicates a realistic performance appraisal policy to adhere to the current salary structure of Feyenoord.

Summary: Most likely the long term view of Feyenoord will be continued because the financial restrictions the club has to deal with leave them no other option, but with a new director of football this is not certain. The salary structure has been reformed to fit the new financial reality of the club (recruitment ++, selection ++, performance appraisal ++, training ++ and compensation ++).

Feyenoord	2001 /'02	2002 /'03	2003 /'04	2004 /'05	2005 /'06	2006 /'07	2007 /'08	2008 /'09	2009 /'10	2010 /'11
Recruitment	+		-				-	-	++	++
Selection	+		-				-	-	++	++

Perf. Appraisal										++
Career planning	+									
Training							++	++	++	++
Compensation										++
Incentives										
Participation	+									
Health and safety										

PSV

2001/'02

Head coach: Erik Gerets

Director of Football: Frank Arnesen

Frank Arnesen comments on the recruitment method used at PSV: 'Before you buy someone you go through an entire process. You have performed an analysis of the team together with the head coach, and then the question arises: what kind of player do we need? Subsequently you look whether you have already got the talent you need in the second team or the youth department. If not, you will have to look externally. And then the analysis starts again. What is his character, does he match with the PSV culture? But only after you have signed someone you can see if you were right about him. And it is very interesting if this is not the case, because this gives you the opportunity to learn' (Voetbal International, 37:4, 23 January 2002, p. 21).

After previous season a number of players left who were regarded to be useful for the width of the team during the current season. Frank Arnesen: 'I have never agreed with the criticism. I would not say those players would not be suitable for PSV right now, but if we had kept them then they would have become unsettled if they did not play. You can only demand this from players for a limited time period. Furthermore they would have blocked the inflow and growth of younger players. Which would have made the problems even worse' (Voetbal International, 37:4, 23 January 2002, p. 22).

The future of PSV is uncertain since a number of top players are expected to transfer to a bigger club within two years' time. Frank Arnesen reacts: 'We will have to make sure not too many of the top players will leave at once. But when they indicate that they are ready for the next step, this should not be inhibited' (Voetbal International, 37:4, 23 January 2002, p. 23). 'My primary task during the next few years is to keep looking for players. We have very strategically attracted young talents which we subsequently sent on loan. In case of a raid - that is how I call it when a foreign club suddenly attracts one of your players - we have to already have players which have the potential to develop into a worthy successor' (Voetbal International, 37:4, 23 January 2002, p. 23).

Summary: The club has very specific policies to be able to absorb the possible loss of one or more of their top players. Furthermore the club has a clear policy on youth inflow and has made room for younger players to develop (recruitment ++, selection ++ and participation ++).

2002/'03

Head coach: Guus Hiddink

Director of Football: Frank Arnesen

Voetbal International editor, Marco Timmer, comments of the recruitment and selection policies PSV used during the previous seasons: 'The enormous size of the selection is a consequence of the policies the club has followed during the past few years. Young players were signed for a number of years and got the chance to further develop themselves at their former club. That can only be a success if players leave at the top. The policy was focused on selling the best players. That was what happened in the past, but now that has become impossible due to the collapse of the transfer market' (Voetbal International, 37:32, 7 August 2002, p. 17).

Head coach Guus Hiddink comments of the state of the compensation structure: 'The club is trying to remain healthy, but there are disproportions between performing and earning. Average players have also become top earners. Before the collapse of the transfer market, a long contract was a guarantee that a club could get a good price for the player. Right now that is not happening anymore' (Voetbal International, 38:4, 22 January 2003, p. 24).

Guus Hiddink about the inflow of young talent: 'When you attract an expensive player from outside of the EU, that player should be able to compete on a first team level at the age of eighteen. Otherwise isn't it better to continue with Dutch players? When I look at the youth department I have to be honest. When you look at the amount of money that is spent, the efficiency is disappointing. We will have to analyze this very carefully and critically' (Voetbal International, 38:4, 22 January 2003, p. 25). Guus Hiddink indicates he wants to be a big influence in this process: 'I am not the kind of coach that says: give me a selection of players and I will work with it. That is why I am creating internship positions. I want to analyze and test the younger players, to carefully look at the available options' (Voetbal International, 38:4, 22 January 2003, p. 25).

Summary: The recruitment and selection policies of the past couple of years have failed due to a collapse of the transfer market. The club has a clear direction to reduce the number of selection players and increase the participation options for all, and especially younger, players. Furthermore the club needs to restructure its salary structure to remain financially healthy and reduce the disproportions between players (recruitment +, selection +, compensation - and participation +).

2003/'04

Head coach: Guus Hiddink

Director of Football: Guus Hiddink (executive manager: Stan Valckx)

In the yearly report 2003/'04 PSV states the same thing Marco Timmer said one year ago. 'With a number of strategic signings the club anticipated on the departure of a number of core players, but that departure was held off. Therefore the expected transfer fees did not come in, while the player salaries as a whole ended up on a level that is too high to maintain' (PSV yearly report, 2004, p.12).

With regards to recruitment and selection the club states the following: 'Scouting remains important for PSV in all sections of the club. The market circumstances allow for players to be extensively scouted before giving a definitive advice' (PSV yearly report, 2004, p.12). 'Quick inflow of youthful talents remain the main task. It is of the utmost importance young players participate in training sessions and matches of the first team. The development of youthful talent remains an important pillar of our soccer policies' (PSV yearly report, 2004, p.12). 'The specific training of talent via

individual training session, preferably given by ex-players, will also continue next season' (PSV yearly report, 2004, p.12). This all indicates that PSV is going to pay more attention to the inflow of youth players from the youth department.

Summary: PSV has a clear direction to try to decrease the size of the A-selection and normalize the payment structure. Clear policies regarding the inflow of youth players and individual player development have become focal points for PSV (recruitment +, selection +, training ++, compensation + and participation ++).

2004/'05

Head coach: Guus Hiddink

Director of Football: Guus Hiddink (executive manager: Stan Valckx)

In the yearly report the same long term view is used as was stated in the 2003/'04 yearly report. The board of directors added: 'PSV strives to create an optimal balance in the A-selection, to create the space for young talents. Past season multiple youth players have regularly participated in first team training sessions. This policy will be continued during the running season' (PSV yearly report, 2005, p.12).

Guus Hiddink talks about the ideal selection for the long term at PSV: 'Preferably you want the section to be as Dutch as possible, but the fact is that the sport is globalizing. You look for the best quality. If that is someone with a Dutch passport, that is best, for the club and Dutch soccer. But when you cannot find the right player within the Netherlands or the player is blocked, then you will have to look abroad' (Voetbal International, 39:53, 29 December 2004, p. 22). Furthermore: 'I think we will have to work very hard to increase the number of Dutch players in the selection from the bottom up. That is possible by investing in the youth department. Ideally you would be able to periodically add six to eight self-educated players to the a selection 23, of which eventually two or three would be able to take the next step' (Voetbal International, 39:53, 29 December 2004, p. 22).

Summary: PSV continues their policies and has a clear recruitment and selection policy (recruitment ++, selection ++, training ++ and participation ++).

2005/'06

Head coach: Guus Hiddink

Director of Football: Guus Hiddink (executive manager: Stan Valckx)

In the yearly report the same long term view is used as was stated in the 2004/'05 yearly report.

Chairman Rob Westerhof comments on the (imminent) sale of a number of key players: 'It is try we need to create new capital. That is a fact. That is absolutely not easy, because in the current market curve the talents that perform well will leave for a bigger club at an increasingly young age. Therefore we will also need to attract players at an increasingly young age and give them the time to develop' (Voetbal International, 40:43, 24 August 2005, p. 97). Our future capital will have to come from new talents. But for the current selection there is no time to slowly fit players in, we directly need replacements for some of our key players who will be ready to perform immediately. If we do

not, we would be talking about transition years. That is what we do not want' (Voetbal International, 40:43, 24 August 2005, p. 97).

To reinforce the long term view regarding the importance of the youth department, Guus Hiddink comments: 'We have asked ourselves the question: For once do we explicitly want to put our money on the youth department? To which the reactions were very enthusiastic, also from the non-executive board who gave the green light to the construction of a new accommodation. When this happens you can also start making demands. Right now there is a top sport atmosphere at the club and we drew a clear line for the future' (Voetbal International, 40:45, 9 November 2005, p. 43).

Summary: Although at this moment in time too many key players left at once which could not all be replaced by self-educated players the same policies will remain to be used (recruitment ++, selection ++ and training ++).

2006/'07

Head coach: Ronald Koeman

Director of Football: Stan Valckx

In the yearly report the same long term view is used as was stated in the 2005/'06 yearly report.

Summary: PSV continues the same policies (recruitment ++, selection ++ and training).

2007/'08

Head coach: Ronald Koeman/Jan Wouters (ad interim)/Sef Vergoossen (ad interim)

Director of Football: Stan Valckx

In the yearly report the same long term view is used as was stated in the 2006/'07 yearly report. The specific passages were slightly modified by the board of directors: 'PSV strives to maintain a good balance for the A-selection: a mix of excellent international players, a number of experienced players and talented young players. This way the quality of the selection can be guaranteed, the own identity preserved and the market value of the selection maintained' (PSV yearly report, 2008, p. 11). And with regards to the scouting: 'The scouting of talented players will be intensified all over the world. Besides this PSV wants to sign as many Dutch talents as possible, by which the own Dutch playing style and attitude will be preserved' (PSV yearly report, 2008, p. 12).

Summary: PSV continues the same policies. The club strives for a balanced selection to guarantee quality, preserve identity and maintain market value. Furthermore the focus will be placed on Dutch talent in the scouting department (recruitment ++, selection ++ and training ++).

2008/'09

Head coach: Huub Stevens/Dwight Lodeweges (ad interim)

Director of Football: Adrie van Kraaij

In the yearly report the same long term view is used as was stated in the 2007/'08 yearly report. The board of director indicated the goals of the youth policy had been tightened: 'The goal is to deliver

two youth players per season to the A-selection of PSV, two youth players to professional soccer on a Eredivisie level and three on a first division (Jupiler League) level' (PSV yearly report, 2009, p. 18).

The new director of football, Adrie van Kraaij, elaborates on the changes the club has made in the process of buying or selling a player: 'Not a single player will be bought or sold unless the decision is made unanimously. In the past that was not always the case. Not everybody supported the decision in every case' (Voetbal international, 43:35, 27 August 2008, p. 21). Furthermore he states that: 'In the past we had a lot of players from other teams in our selection (loaned players), but this was due to our financial situation. Financially the future looks a lot brighter now. In the past some players were bought which should not have happened. Financially unacceptable risks' (Voetbal international, 43:35, 27 August 2008, p. 23). This indicates there have been internal struggles about the policies but no clear indication they have changed.

Sef Vergoossen, interim head coach during the last part of previous season, indicates he is not surprised by the current disappointing results: 'I have to say I saw the disappointing results coming. Therefore I have made some recommendations to the board of directors at the end of last season. But sadly nothing has been done with that. During the last period a lot of money flowed into the club. I do not oppose to people who take their responsibility and decide to repay some of the loans, but you cannot lose sight of the soccer side of the picture. You will have to invest in certain positions, which I also indicated. But the main cause is: it is a complex group. Different cultures, different characters. After a few weeks it became clear to me that this was not an ideal situation. When there are too many elements that do not 'click', the team as a whole become very vulnerable' (Voetbal International, 43:47, 19 November 2008, p. 127).

Chairman Jan Reker reacts: 'The disappointing results have to do with routine. During the last couple of years PSV has lost a of experienced players, mostly protectors of the PSV culture. Now every match we play with five to six players younger than 22 years old. Of course we have searched for experienced and qualitatively solid players. But the players we wanted, were too expensive or did not want to join PSV. In the past PSV bought players from other Dutch top clubs, but that is not possible anymore. Even players of SC Heerenveen, FC Groningen and FC Twente are almost not feasible anymore' (Voetbal International, 43:47, 19 November 2008, p. 128).

Summary: Even though there is an indication of internal struggles about the policies, the yearly report indicates PSV continues the same policies. The complexity of the group indicates the club did not adhere to their own long term view of a balanced selection (recruitment -, selection - and training ++).

2009/'10

Head coach: Fred Rutten

Director of Football: Fred Rutten (executive manager: Adrie van Kraaij)

In the yearly report the same long term view is used as was stated in the 2008/'09 yearly report.

When Fred Rutten arrived at the club in the summer of 2009 he held the double function of head coach and director of football. He indicated during the interview that PSV did not use their specific policies for recruitment and selection. Fred Rutten talks about the situation at PSV when he arrived: 'PSV is a top club. So the road to the top need not be traveled, but also at PSV changes were made. When I came there the club had been buying players mostly for the short term, and I was given the task to begin working on the long term again by attracting the best talents and slowly but steadily letting them flow into the first team'(Fred Rutten, 2012). 'At PSV the policies did not positively influence the sports performance but it did positively influence the economic performance. So the economic performance quickly increased however the sports performance did not. At the moment the club has to choose to sell a player because of the economic circumstances this can cause a delay in competitive development of the team, but not on the individual since it did yield a return.

With regard to performance appraisal of players Fred Rutten indicated he operated the same way at PSV as he did at FC Twente. Based on a policy that was mainly composed by him and not specifically a policy of the club. His policy consisted of half yearly appraisal meeting and a framework to reward players.

The career planning was done the same way as it was done at FC Twente, with personal development plans (POP) for every player. Not instigated by the club but by the head coach himself.

The training was also done the same way as it was done at FC Twente. With focus on individual training, which PSV also advocates in their development view.

The compensation structure at PSV was non existing: 'At PSV the proportions with respect to performance and salary had completely were crooked. There were players who did not add value to the team whatsoever but they earned the most. I tried to tackle that problem when I came there by making the players without any added value leave. Afterwards we created a salary structure for which we signed Marcel Brands one year later. The reasoning behind that appointment was that we needed someone to repair the disproportions with regards to the compensation of the players' (Fred Rutten, 2012).

Regarding the player incentives: 'At the beginning at PSV players had completely different premium structures added in their contracts, compared to others. I think when a team delivers a performance everyone should get the same premium, this goes for a place in the starting line-up or the fact that the player has been selected. As a team you should have one goal to play for. This has since been repaired at PSV. Now there is a premium structure based on an end of season bonus. This premium would be divided in accordance with the contribution of each player' (Fred Rutten, 2012).

Participation was done the same way as it was done at FC Twente with ample chances for younger players and internship spots in the selection for youth players.

Health and safety was done the same way as it was done at FC Twente, with a clear direction but no long term view.

Summary: The club actively used certain well defined policies (recruitment ++, selection ++, training ++ and participation ++). Other policies were restructured by the club without a clear long term view (compensation +, incentives + and health and safety +). The rest of the policies were mainly were the responsibility of the head coach/director of football and were not instigated by the club (performance appraisal o and career planning o).

2010/'11

Head coach: Fred Rutten

Director of Football: Marcel Brands

In the yearly report the same long term view is used as was stated in the 2009/'10 yearly report. Furthermore Fred Rutten indicated the policies from previous year were continued throughout his stay at the club.

Voetbal International editor, Thijs Slegers, criticizes the efficiency of the youth department: 'The efficiency of the youth department is dramatic. The club want to deliver two youth players to the A-selection each year, but this has not worked out for years. For a club that invests four million euro on a yearly basis to educate professional soccer players, two half successful but well sold youth players in five years' time is nevertheless a poor yield' (Voetbal International, 45:25b, 26 June 2010, p. 33).

Fred Rutten analyzes the current financial restrictions and comments: 'We will have to let players from Young PSV participate during training sessions even more often than we already did. Some of those players cannot learn anymore at that level and need to take the next step. Maybe we will let some of those players flow into the A-selection definitively' (Voetbal International, 46:2, 12 January 2011, p. 102).

Summary: Marcel Brands started working for the club and implemented a new compensation and reward structure (see previous season). For the remainder PSV uses the same policies as they did one year ago (recruitment ++, selection ++, performance appraisal o, career planning o, training ++, compensation ++, incentives ++, participation ++ and health and safety +).

PSV	2001 /'02	2002 /'03	2003 /'04	2004 /'05	2005 /'06	2006 /'07	2007 /'08	2008 /'09	2009 /'10	2010 /'11
Recruitment	++	+	+	++	++	++	++	-	++	++
Selection	++	+	+	++	++	++	++	-	++	++
Perf. Appraisal									o	o
Career planning									o	o
Training			++	++	++	++	++	++	++	++
Compensation		-	+						+	++
Incentives									+	++
Participation	++	+	++	++					++	++
Health and safety									+	+

Appendix IV - HRM outcomes overview per club

Ajax	Avg. Nat. Ex.	Avg. Int. Ex.	Avg. age	% Youth	Avg. MV	Avg. YaC	% Stayed
2004/2005 I	107	14	22,5	47%	2991667	1,4	50%
2004/2005 II	116	17	22,8	48%	3064815	1,8	87%
2005/2006 I	137	19	23,8	44%	3020370	1,8	78%
2005/2006 II	126	20	23,4	52%	2773148	1,7	81%
2006/2007 I	105	20	22,9	62%	2778448	1,2	63%
2006/2007 II	133	32	23,9	62%	3241346	1,6	79%
2007/2008 I	144	29	24,4	50%	2643333	1,2	65%
2007/2008 II	157	32	25,2	45%	2801613	1,4	90%
2008/2009 I	116	17	23,5	48%	3108065	1,2	65%
2008/2009 II	98	17	23,1	55%	2903448	1,6	87%
2009/2010 I	137	23	24,4	41%	3543103	1,7	79%
2009/2010 II	150	31	24,5	38%	4040385	1,9	79%
2010/2011 I	118	25	23,8	57%	3880000	1,6	73%
2010/2011 II	116	27	24,1	57%	3239286	1,9	83%

AZ	Avg. Nat. Ex.	Avg. Int. Ex.	Avg. age	% Youth	Avg. MV	Avg. YaC	% Stayed
2004/2005 I	165	10	25,9	25%	775000	2,9	88%
2004/2005 II	171	14	25,8	28%	1361000	3,0	86%
2005/2006 I	188	21	26,5	13%	2004167	2,6	68%
2005/2006 II	199	25	26,8	13%	2017391	3,0	88%
2006/2007 I	135	20	24,4	19%	1611538	1,0	48%
2006/2007 II	128	22	24,1	20%	2116000	1,3	85%
2007/2008 I	109	18	23,1	12%	2868000	1,2	64%
2007/2008 II	105	19	23,7	16%	2782000	1,6	92%
2008/2009 I	110	14	23,1	17%	2511458	1,1	65%
2008/2009 II	122	15	23,5	20%	2845000	1,5	96%
2009/2010 I	142	15	24,3	13%	3422917	1,7	80%
2009/2010 II	157	21	24,9	9%	3206818	2,1	88%
2010/2011 I	101	12	23,0	30%	1818939	1,3	82%
2010/2011 II	101	16	23,1	28%	1925000	1,7	85%

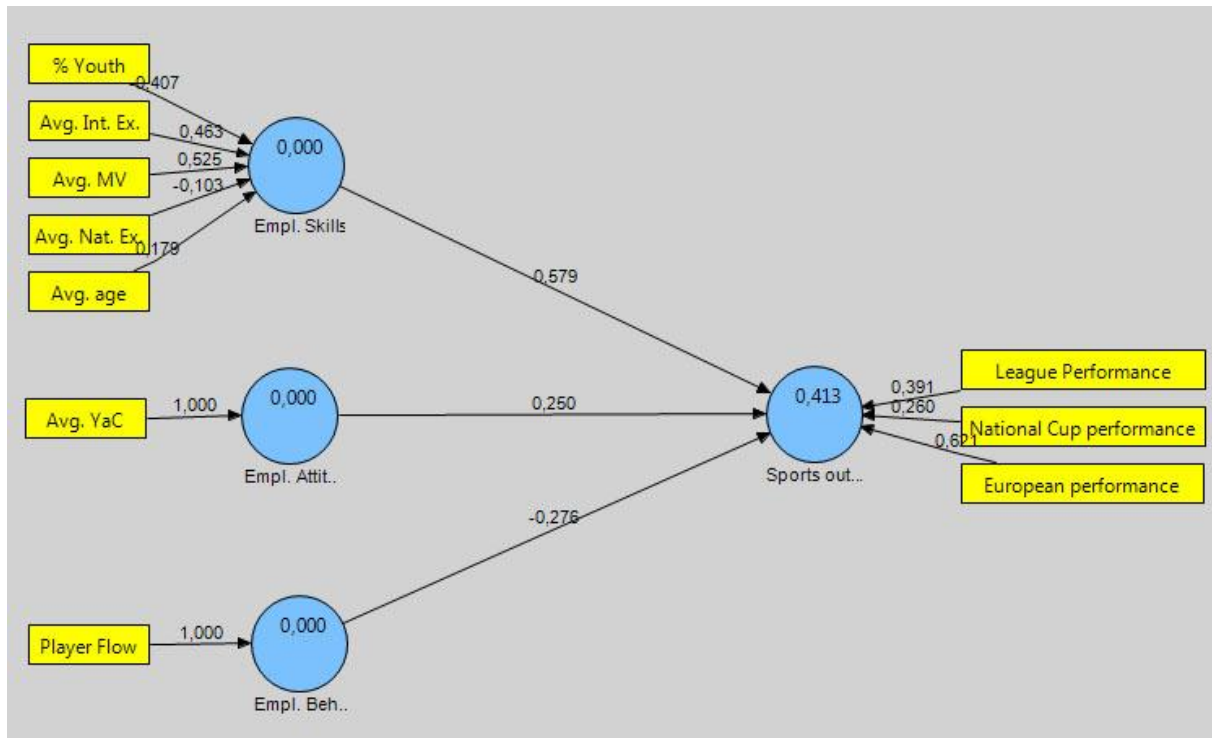
FC Twente	Avg. Nat. Ex.	Avg. Int. Ex.	Avg. age	% Youth	Avg. MV	Avg. YaC	% Stayed
2004/2005 I	103	9	23,0	33%	446875	0,7	48%
2004/2005 II	117	11	23,7	29%	545833	1,1	96%
2005/2006 I	125	10	23,8	42%	666346	1,2	75%
2005/2006 II	132	11	24,3	41%	676852	1,6	96%
2006/2007 I	160	14	25,0	37%	949074	1,6	74%
2006/2007 II	154	15	24,7	38%	981250	1,6	78%
2007/2008 I	155	14	24,6	39%	1094565	1,6	63%
2007/2008 II	158	15	24,9	38%	1254167	1,9	96%
2008/2009 I	151	15	24,5	32%	1334000	1,7	79%
2008/2009 II	160	21	25,1	30%	1714130	2,1	84%
2009/2010 I	144	24	24,3	22%	1637037	1,4	65%
2009/2010 II	149	25	24,4	20%	2116000	1,6	89%
2010/2011 I	165	25	24,7	25%	2472917	1,1	52%
2010/2011 II	184	34	25,3	20%	3602500	1,7	79%

Feyenoord	Avg. Nat. Ex.	Avg. Int. Ex.	Avg. age	% Youth	Avg. MV	Avg. YaC	% Stayed
2004/2005 I	136	17	23,8	19%	2072115	1,4	54%
2004/2005 II	128	16	23,3	17%	1922414	1,3	77%
2005/2006 I	111	13	22,9	21%	1702941	1,3	76%
2005/2006 II	137	17	24,0	23%	2329808	1,6	68%
2006/2007 I	151	17	24,8	19%	1762903	0,8	65%
2006/2007 II	154	20	24,8	21%	1973214	1,2	81%
2007/2008 I	149	23	24,0	37%	2585185	0,8	50%
2007/2008 II	172	28	24,1	36%	2712000	1,2	82%
2008/2009 I	164	26	24,5	44%	2192188	1,0	75%
2008/2009 II	164	29	24,8	50%	2076563	1,4	94%
2009/2010 I	169	28	24,5	46%	2396154	1,4	59%
2009/2010 II	177	31	25,0	48%	2570000	1,9	92%
2010/2011 I	125	17	23,2	52%	2022000	1,6	65%
2010/2011 II	136	18	23,7	52%	1624138	1,7	88%

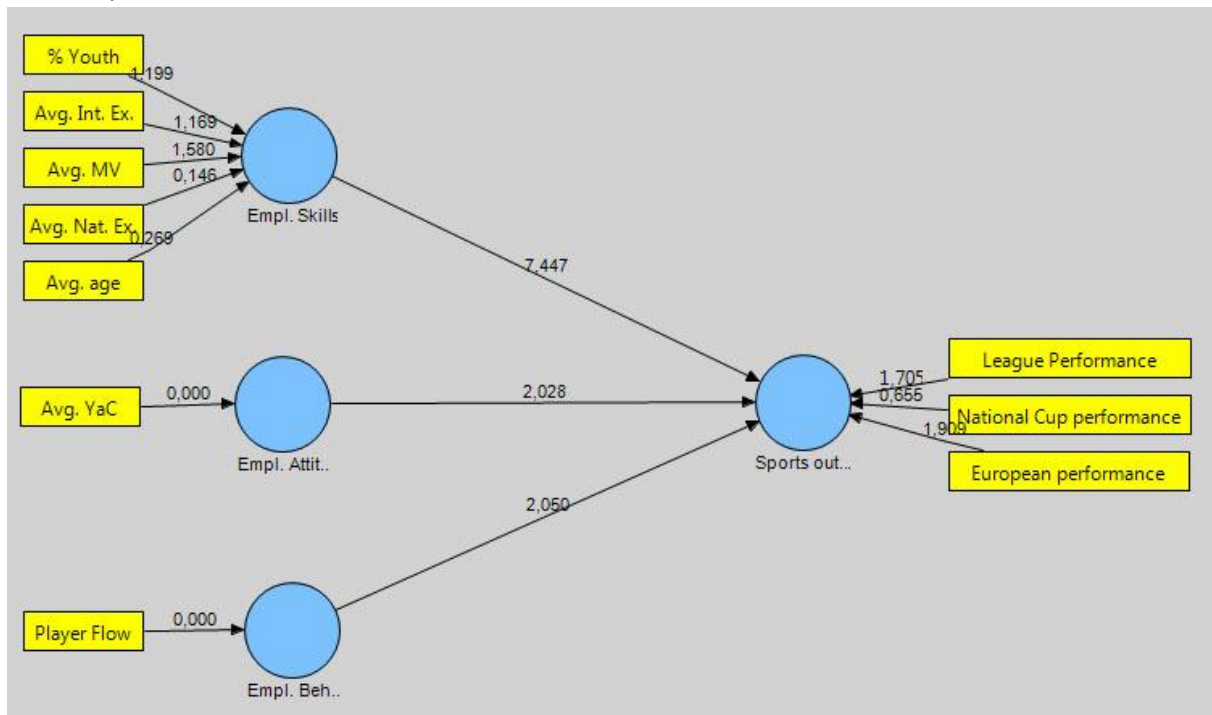
PSV	Avg. Nat. Ex.	Avg. Int. Ex.	Avg. age	% Youth	Avg. MV	Avg. YaC	% Stayed
2004/2005 I	141	23	23,8	9%	2040625	1,5	60%
2004/2005 II	169	30	25,0	8%	3065385	2,0	75%
2005/2006 I	160	28	24,8	17%	2729310	1,1	65%
2005/2006 II	174	33	25,4	15%	2784259	1,6	86%
2006/2007 I	183	30	25,1	15%	3048148	1,0	67%
2006/2007 II	182	32	25,2	11%	3242593	1,3	85%
2007/2008 I	146	21	24,3	19%	3111111	1,1	56%
2007/2008 II	145	23	24,2	20%	3320000	1,4	89%
2008/2009 I	138	22	24,2	20%	2884000	1,2	64%
2008/2009 II	155	26	24,7	25%	3037500	1,4	80%
2009/2010 I	138	22	24,1	25%	2730357	1,3	83%
2009/2010 II	157	31	25,1	31%	2884615	1,7	82%
2010/2011 I	136	26	23,9	30%	3222222	1,4	69%
2010/2011 II	146	32	24,4	25%	3237500	1,6	85%

Appendix V - SPLS model

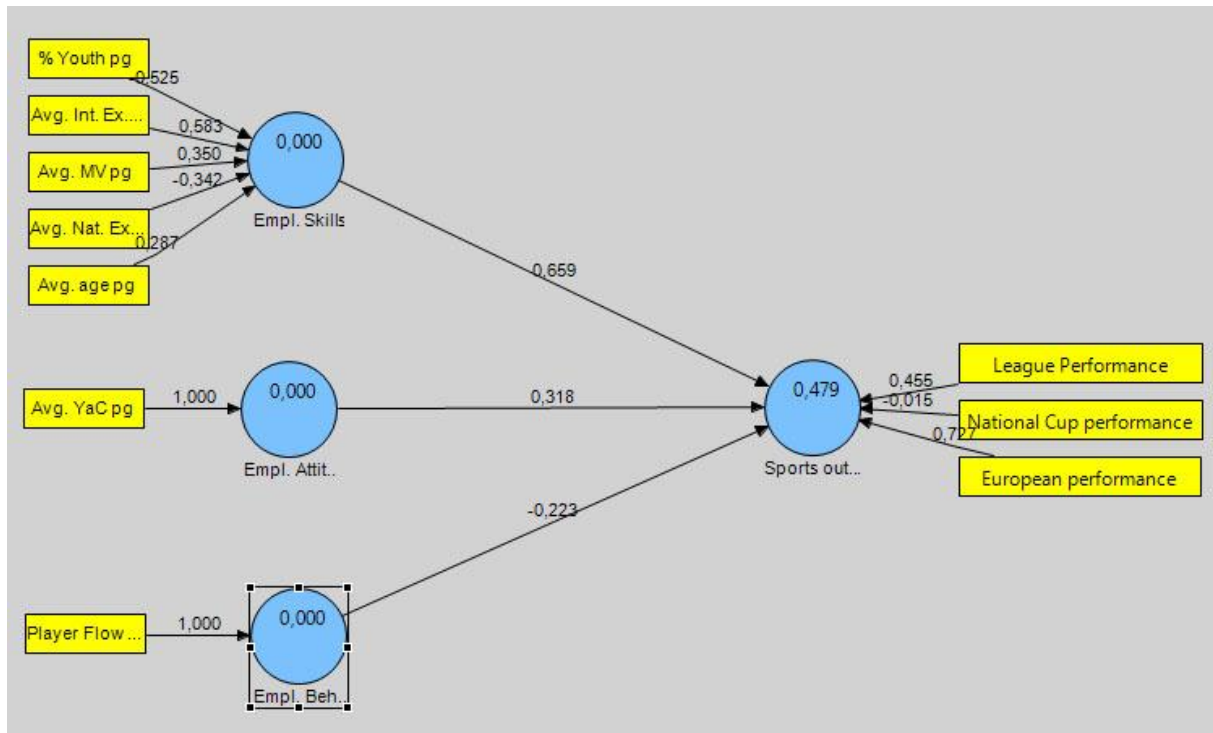
PLS algorithm calculation (First team (FT))



Bootstrap calculation (First team (FT))



PLS algorithm calculation (Per game (PG))



Bootstrap calculation (Per game (PG))

