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## STABILITY OF EMPLOYMENT OF THE NON-PROFIT ORGANIZATION MANAGER AND ITS RESULTS

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The aim of the paper is to consider the classical principle of staff stabilization – especially the employment stability of the chief executive – and whether it is still valid in the case of non-profit organizations. The first part of the article presents the theoretical background, which underlines the relation between the period of employment of the chief executive and results achieved by the organization. The second part presents the results of empirical research performed in order to verify the assumed hypothesis. The research is based on the analysis of football clubs from Premier League as an example of non-profit organizations operating in a turbulent environment. The third part of the article interprets empirical results; in the conclusion the research hypothesis is formulated.

**Keywords:** stability of employment, football clubs, non-profit organizations, organizational results

### 1. INTRODUCTION

Fayol, a leader of managerial thought, wrote that “...a moderately gifted manager who stays in his position for a long time is far more than very talented managers

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who are changed” (Kurnal, 1972, 310). He was convinced that the management staff of well-functioning organizations is usually stable, while the ill-functioning one is liquid, and the liquidity of this staff is the cause and the result of failures. At the same time, he emphasized the need for moderation in the application of the stabilization principle due to unavoidable changes, caused by for example age, illness or retirement.

The relation between the stabilization of the managerial staff, including the employment stabilization of the chief executive and organizational performance was and still is the subject of research, also empirical. However, the results raise certain doubts, mainly due to differences in defining organizational performance and its measurement. In addition, the research samples are usually composed of enterprises, and there are very few studies of non-profit organizations functioning in a dynamic environment. Moreover, the obtained results can be interpreted differently.

Therefore, it can be assumed that there is a research gap and its (even partial) fulfillment is the aim of this article. That is, to determine whether the classical principle of staff stabilization – especially the employment stability of the chief executive – is also valid in case of non-profit organizations operating in a turbulent environment.

Football clubs were chosen as the research subjects of this study. Their goal is to win, and the most reliable, unquestionable measure of their achievements is the position and points scored in the final table. They function more as non-profit organizations than as enterprises, and their role is primarily to serve society while maintaining financial liquidity. Although this does not seem particularly difficult, only a few manage to achieve this. They also seem to be a model stage of the process of organizational improvement. The best clubs manage their resources efficiently, constantly updating and renewing them. They are also highly flexible, so they can use the weaknesses of opponents, control their strengths and develop in an extremely turbulent environment.

The study has been divided into three main parts. In the first one, the results of the analysis of literature reports concerning the discussed problem are presented. The second one presents the method and results of empirical research (correlation and regression analysis), while the third part is devoted to their interpretation.

## **2. THEORETICAL BACKGROUND**

The principle formulated by Fayol was studied by Park and Shaw (2013). Their meta-analysis shows that the relation between the stabilization of the enterprise’s staff and organizational performance is usually statistically significant and negative, i.e. the higher the liquidity of the managerial staff, the worse the performance. These studies also reveal a statistically significant and negative relation between

the employment stabilization of the Chief executive and organizational performance ( $\rho = -0.13$ , 95% CI [-0.22, -0.03];  $n = 11\ 196$ ).

That last relation is the basis of the model often cited in the literature, developed by Simsek (2007), which was verified by the research conducted on a sample of 365 enterprises operating in the US, published by Luo, Kanuri and Andrews (2014). They indicate that there is a statistically significant, positive relationship between the chief executive's work time and organizational performance. It turned out that the longer the time of his work, the more knowledge, which is characteristic for a given enterprise is accumulated, and consequently more rational decisions are made. At the same time, the authors of the study emphasize that with the passage of time, the chief executive is less sensitive to changes taking place in the environment and gets used to routine behaviors.

Those findings correspond, to a certain extent, with Hambrick and Fukutomi (1991), who state that both too short and too long periods of work of the chief executive have no positive effect on organizational performance. A too short period of time is the reason for limited insight into the company's situation, while a too long period of time limits the chief executive's abilities and willingness to process new information. Instead, he is basing work on the usual schemes. As a consequence, organizational performance deteriorates.

The relation between the Chief executive's work time and organizational performance was also studied by Dikolli, Mayew, Nanda (2014), who showed that the decision of shareholders to extend their employment contract with the chief executive depends primarily on the results achieved by him. The better the results, the less likely the dismissal, and thus the greater the chance of remaining in the position. The results of research conducted among 228 enterprises from the catering industry carried out by Henderson, Miller, Hambrick (2006) also lead to very similar conclusions.

Boyne et al. (2011), analyzed English local self-government units and revealed that changes in the top management correlate positively with organizational performance if the earlier effectiveness of the unit was small, and correlate negatively, when it was large. Similar results were achieved by Lausten (2002) analyzing the rotation of the top management in Danish enterprises in the years 1992-1993. He stated that there is a negative correlation between their results in a given period and rotation in the post of the manager in the next period. In turn, Leker and Salomo (2000), based on the research of 88 German enterprises, showed that there is a relation between organizational performance and the type of change in the position of the chief executive (e.g. dismissal, voluntary departure).

In the literature, there is also a discussion on the employment stabilization of basketball teams' trainers (Grusky, 1963; Gamson, Scotch, 1964). However, the conclusions drawn from those studies do not give grounds for unambiguous determination of the relation between stat stabilization and the results achieved by these teams. The Eitzen and Yetman (1972) research is somewhat different, as they showed that the relation between the period of employment of US basketball

league team coaches (in the years 1930-1970) and the results obtained by them is curvilinear. The longer the employment, the better the teams' results, but only up to a certain point, because after about thirteen years the results start to deteriorate.

Summing up, it can be stated that non-profit organizations operating in a turbulent environment were very rarely analyzed considering the relation between the employment stabilization of the chief executive and organizational performance. Moreover, the obtained results differ, even when the conducted research concerned the same type of sports organizations, i.e. basketball teams.

Following that trail, this article assumes that the issue of the employment stabilization of the chief executive will be considered on the example of sports organizations – football clubs. Therefore, the research, to some extent, replicates similar studies. However, it is based on organizations more complex than the basketball teams from one of the European countries.

### **3. THE RELATIONSHIP BETWEEN THE EMPLOYMENT STABILIZATION OF THE FOOTBALL CLUB MANAGER AND ITS RESULTS – THE RESULTS OF EMPIRICAL RESEARCH**

The aim of the research was to verify the relationship between changes in the position of club manager and club performance. The current study addresses three main research questions:

- RQ1. What is the relation between changes in the position of the club manager and club performance?
- RQ2. What is the relation between expenditures on player salaries and club performance?
- RQ3. What phenomena – changes in the position of the club manager or the expenditures on player salaries – affect club performance more?

The research sample covered English Premier League clubs. Their choice can be justified by the fact that:

- the English league is widely regarded as one of the best in the world. It is also the most popular;
- the responsibilities of managers (not trainers) of English clubs include not only the implementation of tasks related to running the team, but also their sporting and organizational development (Bolchover, Brady, 2002).

The research covered Premier League clubs in the 2012/2013 – 2017/2018 seasons, and the source of the data was the portal Transfermarkt (<https://www.transfermarkt.co.uk/>).

The research assumes that the results of the clubs are calculated based on scored points throughout the football season, determining their position in the final table of matches (Tab. 1).

Table 1. Descriptive statistics for the variable: points in the final table

	N	Minimum	Maximum	Average	Std. deviation
Point in the final table	120	17	100	52.26	17.682

Own work.

The stability of the club manager's employment was analyzed using:

- 1) the variable 'changes in the position of the club manager in the season', measured on the scale: the occurrence of changes in the manager's position in the season and lack of them (Table 2 contains data on the total frequency, and Table 3 contains the rates referring to the dichotomic variable);

Table 2. Number of managerial changes in individual seasons

Club	2012- -2013	2013- -2014	2014- -2015	2015- -2016	2016- -2017	2017- -2018	Total
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
AFC Bournemouth							
AFC Sunderland	1	2	1	1			5
Aston Villa			2	3			5
Brighton & Hove Albion							
Cardiff City		2					2
Chelsea FC	1			1			2
Crystal Palace		2	3		1	1	7
FC Arsenal							
FC Burnley							
FC Everton				1		2	3
FC Fulham		2					2
FC Liverpool				1			1
FC Middlesbrough					1		1
FC Reading	2						2
FC Southampton	1					1	2
FC Watford						1	1
Huddersfield Town							
Hull City					1		1
Leicester City					1	2	3
Manchester City	1	1					2
Manchester United							
Newcastle United			1	1			2
Norwich City		1					1
Queens Park Rangers	1		1				2
Stoke City						2	2
Swansea City		1		2	3	2	8

Table 2 continue

1	2	3	4	5	6	7	8
Tottenham Hotspur		2					2
West Bromwich Albion		2	2			3	7
West Ham United						1	1
Wigan Athletic							

Own work.

Table 3. Frequency analysis for the variable ‘changes in the club manager position in the season’

	Frequency	Percent	Percent of significant	Cumulative percent
Lack of changes	78	65	65	65
One or more changes	42	35	35	100
Total	120	100	100	

Own work.

- 2) the variable ‘time of manager’s work’, referring to what is the longest period of time within a season without changes in the position of the club manager:

$$\text{Time of manager's work} = \frac{\max(\text{number of days on manager position of manager } i \text{ in club } j \text{ in season } k)}{\text{number of days in season } k} \quad (1)$$

Table 4 contains descriptive statistics for this variable.

Table 4. Descriptive statistics for the ‘time of manager’s work’ variable

	N	Minimum	Maximum	Average	Std. deviation
Time of manager’s work	120	0.387	1.000	0.87698	0.190973

Own work.

### Stabilization of managerial employment and club performance

The relation between changes in the position of the club manager and club results was identified in two ways:

- 1) The U Mann-Whitney test was used to test differences between two independent groups. It was examined whether there are differences in results obtained by clubs (variable ‘points in the final table’) depending on changes made in the

manager's position or a lack of them (variable 'changes in the position of the club manager in the season'). The analysis revealed that the differences between those groups are statistically significant  $U = 750.00$ ;  $p < 0.001$  (asymptotic bilateral significance). In the situation of changes in the manager's position, the average club performance in the season ( $M = 42.26$ ,  $SD = 13.89$ ) turned out to be lower than in case of a lack of those changes ( $M = 57.64$ ,  $SD = 17.22$ ). The results are presented in Table 5.

Table 5. U Mann-Whitney test

	Changes in the position of the club manager in the season	<i>N</i>	Average rank	Sum of ranks
Points in the final table	Lack of changes	78	71.88	5607.00
	One or more changes	42	39.36	1653.00
	Total	120		

Own work.

- 2) A correlation analysis was carried out – the  $r$  Spearman test was used (Table 6). It was examined whether there is a relation between employment stabilization (variable 'time of manager's work') and club results (variable 'points in the final table'). The correlation coefficient between variables was:  $r = 0.467$ ;  $p < 0.001$ . The correlation turned out to be significant – there is a moderate positive relation between those two variables. In particular, this result means that greater stabilization of the manager's employment (the longer the person remains in the position) is accompanied by better results.

Table 6. Correlation analysis ( $r$ -Spearman<sup>1</sup> correlation test)

		Points in the final table
Time of manager's work	Correlation coefficient	0.467**
	Significance	0.000
	<i>N</i>	120

\*\* Significant correlation 0.01 (bilateral).

Own work.

Both analyses show that there is a relation between changes in the position of the club manager and its results. Moreover, better results are accompanied by lower liquidity of employment of managers and longer periods without changes.

<sup>1</sup> The interpretation of the  $r$ -Spearman factor: 0–0,3 means that the correlation is weak or nonexistent, 0.3–0.5 moderate, 0.5–0.7 strong, 0.7–1.0 very strong.

### Expenditures on player salaries and club performance

In this light, it seems logical to ask does a relation between the results of the Premier League clubs and expenses on player salaries appear? According to Kuper and Szymański (2009), it also seems to explain the position of the club in the final table. In order to verify this dependence (descriptive statistics for the variable ‘salary’<sup>2</sup> were included in Table 7), a correlation analysis was performed – the Spearman r-test was used (results are shown in Table 8).

Table 7. Descriptive statistics for the salary variable

	N	Minimum	Maximum	Average	Std. deviation
Salary	100	29.00	264.00	104.1940	59.55195

Own work.

It was examined whether there is a relation between expenditures on salaries (variable ‘salary’) and club performance (variable ‘points in the final table’). The correlation coefficient between the variables was  $r = 0.690$ ;  $p < 0.001$ .

Table 8. Correlation analysis (r-Spearman correlation test)

		Points in the final table
Salary	Correlation	0.690**
	Significance	0.000
	N	100

Own work.

The correlation turned out to be significant – there is a moderate positive relation between both variables. In particular, this result means that the higher the salary expenses, the better club results.

<sup>2</sup> The expenses (in £ million) for individual Premier League clubs in the 2012-2013 – 2016-2017 season were taken into account. The source was given to David Conna's reports in The Guardian for each season: <https://www.theguardian.com/football/2014/may/01/pre78mier-league-accounts-club-by-club-david-conn> (season 2012-2013); <https://www.theguardian.com/football/2015/apr/29/premier-league-finances-club-by-club> (season 2013-2014); <https://www.theguardian.com/football/2016/may/25/premier-league-finances-club-by-club-breakdown-david-conn> (season 2014-2015); <https://www.theguardian.com/football/2017/jun/01/premier-league-finances-club-by-club> (season 2015-2016); <https://www.theguardian.com/football/2018/jun/06/premier-league-finances-club-guide-2016-17> (season 2016-2017).



### Stabilization of managerial employment, player salaries and club performance

In order to determine the relation between the results of clubs (variable 'points in the final table'), the expenses on salaries in the season (variable 'salary') and the stabilization of managerial employment (variable 'time of manager's work'), a regression analysis was performed. The model considering both predictors turned out to be statistically significant ( $p < 0,001$ ) and well suited to the data  $F(2,97) = 78.606$ ;  $p < 0.001$  (Tab. 9). The adjusted R2 is 0.611 (Tab. 10).

Table 9. ANOVA

	Square sum	Df	Average square	F	Significance
Regression	18 689.526	2	9344.763	78.606	0.000 <sup>c</sup>
Rest	11 531.474	97	118.881		
Total	30 221.000	99			

Dependent variable 'points in the final table'. Predictors: (constant), salary, time of manager's work.

Own work.

Table 10. Regression model summary for club performance (points in the final table)

R	R <sup>2</sup>	Corrected R <sup>2</sup>	Std. deviation
0.786 <sup>b</sup>	0.618	0.611	10.903

Predictors: (constant), salary, time of manager's work.

Own work.

Both predictors predict the level of a dependent variable in a significant way (Tab. 11), although it is worth noting that the „salary” is a stronger predictor (beta = 0.686,  $p < 0.001$ ) than the stabilization of managerial employment (beta = 0.274,  $p < 0.001$ ).

Table 11. Coefficients

	Non-standardized		Standardized	t	Significance
	B	Std. error	Beta		
(constant)	8.781	5.358		1.639	0.104
Salary	0.201	0.019	0.686	10.736	0.000
Time of manager's work	25.472	5.944	0.274	4.285	0.000

Dependent variable 'points in the final table'.

Own work.

#### 4. INTERPRETATION OF RESULTS

The research revealed the two following relations:

- between changes in the club manager's position and club performance;
- between expenses on players' salaries and club performance. It turns out this is basically also the relation between the quality of players and the results of the club, because the market of football salaries is very effective: the better the player, the more he earns. However, this is explained not by the fact that good wages result in good results, but that high wages attract good players (Kuper, Szymański, 2009).

In the light of this research, and more precisely, in the light of the results of the regression analysis, it can be assumed that the quality of players seems to have a greater impact on the club's performance than the stability of the manager's employment.

Is Fayol's stabilization principle therefore valid for Premier League clubs? It seems that it is not. In the clubs with good results, the stabilization of employment of their managers is greater than in those with weaker results. However, it would be difficult to agree with the statement that the liquidity of employment is the cause and the result of failures. While the club's poor results are indeed the cause of changes in the manager's position, the results seem to depend primarily on the quality of the players, which is measured by the expenditures on their salaries.

The above findings are illustrated by the results of a comparative analysis of the final table and club expenses for player salaries in the 2017-2018 season. Chelsea won the championship, ahead of Tottenham Hotspur, Manchester City, Liverpool, Arsenal and Manchester United. Hull City, Middlesbrough and Sunderland fell to the lower class of the competition. Expenses on the salaries of players of the leading clubs were many times higher than on the players of clubs, which ended up in the last three places in the table. For example, Chelsea expenditures equaled £ 218 million, Manchester City – £ 225 million, and Hull City – only £ 25 million. All changes made in the position of managers during the season concerned clubs that ended the season below 14th place. In the case of two clubs, the change in the manager was made twice: Swansea City (15th place) and Hull City (18th place). It is also worth noting that there was no manager change at the Sunderland club (20th place).

The following hypothesis may be true: poor club performance is usually the reason for changes in the manager's position. Their lack, however, does not necessarily mean good results, because they depend primarily on the expenses on players' salaries, which are a measure of their quality. It seems that this may also apply to non-profit organizations other than football clubs operating in a turbulent environment, especially in those where:

- the skills of the organization's members have a greater impact on the obtained results than, for example, the technology used or ke in football clubs, almost everything (mainly due to the media) is visible to the public, and managers can

- be subjected to systematic vivisection (changes in football club managers are also sometimes made under the pressure of fans),
- the activities of individual members of the organization are largely interdependent.

## 5. CONCLUSIONS

The classic principle of stabilization of managerial staff does not seem to apply to football clubs operating as non-profit organizations. Although the stabilization of employment of managers of Premier League football clubs with good results is generally higher than among those with worse results, it depends primarily on the quality of players. The reason for poor results is not so much the liquidity of the managerial staff as less talented footballers, paid less than those of the best clubs. Incidentally, the fate of football managers is highly uncertain – it is at the mercy of a diverse and very demanding stakeholder.

It seems that the above-mentioned conclusions also apply to non-profit organizations other than football clubs. They concern mainly those organizations, which resemble football clubs to a certain extent, e.g. some cultural institutions (theaters), Rapid Reaction Teams in hospitals (in Poland they are teams responsible for quick identification and treatment of patients at risk of deterioration of the general condition and cardiac arrest), operational units of special forces of the army (such as FORMOZA or GROM) carrying out missions in hostile territory, Extraordinary Search and Rescue Teams (conducting operations in areas affected by disasters such as earthquakes, hurricanes or tsunamis), fire departments or research and development units. As results from the conducted research, the performance of such organizations, focusing on supporting public (or private) good, depends primarily on how talented their members are. Another characteristic of these organizations is the specific role of the management subsystem focused mainly on employing the right people. Therefore, the recipe for managerial success is not so complicated, but its implementation is not straightforward.

The carried out research is not free from limitations. First of all, the research sample was not representative, and what's more, it was a sample of specific organizations, such as football clubs. Though this was due to the conscious decision to obtain a sample of organizations with the characteristics that would allow a full understanding of the nature of the relationship under consideration. However, future research should include non-profit organizations other than football clubs. Secondly, the investigated relation should be verified in other, not only European, contexts. Finally, the research refers only to two phenomena – *stabilization of managerial employment* and *player salaries* – in relation to club performance. Including other factors would be undoubtedly an attention-grabbing direction for future research.

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**STABILIZACJA ZATRUDNIENIA KIEROWNIKA NACZELNEGO  
ORGANIZACJI NON-PROFIT I JEJ WYNIKI**

Streszczenie

Celem artykułu jest rozważenie, czy klasyczna zasada stabilizacji personelu, a właściwie stabilizacji zatrudnienia kierownika naczelnego, jest właściwa w odniesieniu do organizacji non-profit. W pierwszej części opracowania omówiono wyniki analizy doniesień literaturowych dotyczących związku między stabilizacją zatrudnienia kierownika naczelnego i wynikami organizacji. W drugiej części przedstawiono wyniki badań empirycznych zorientowanych na weryfikację postawionych hipotez badawczych. Obiektami badań były kluby piłkarskie Premier League stanowiące przykład organizacji non-profit funkcjonujących w turbulentnym otoczeniu. W trzeciej części artykułu podjęto próbę interpretacji wyników empirycznych, której rezultatem jest sformułowanie hipotezy badawczej.

**Słowa kluczowe:** stabilizacja zatrudnienia, klub piłkarski, organizacja non-profit, wyniki organizacyjne

