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The progress of SHL Sport Ltd, in light of ‘Americanization’, juridification and hybridity

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\textbf{ABSTRACT}

SHL and the Swedish Ice Hockey Federation stand as the principal force or engine behind the commercialization processes in Swedish sport, due to influences from the commercial culture of NHL (i.e., the ‘Americanization’ of sport and society). In addition, the impact of the KHL with regard to player migration has forced the league to look for new commercial alternatives and forms of organization. At the same time, Swedish sport in general is, like ice hockey, basically founded on and ruled by the hegemony of the Swedish Sports Confederation and its basically idealistic values. Thus, SHL is shaped by normative dualism as well as by an incipient commercialization process. The ambition of the following text in this respect is to describe and analyze this dilemma by applying the concepts of juridification and hybridity, in addition to providing general perspectives on the Americanization processes in ice hockey and by testing and illustrating this dilemma by the case of the Växjö Lakers, Ltd/Plc.

\textbf{Introduction}

The Swedish Sport Movement and the Swedish Sports Confederation possess an organizational as well as a cultural and ideological hegemonic position in Swedish sport (Lindroth 1997) in relation to both participant sports and elite sport. The legacy of this supreme position involves virtues such as being a non-profit organisation, voluntarism, integration, fostering and democracy, in addition to contributing to public health. Simultaneously, the stress on being a non-profit has supported a rather disinterested attitude towards various commercialisation enticements (Lindroth 1997).

However, the Swedish Ice Hockey Federation (SIHF) has, in some way, confronted the consensus by being radically enthusiastic towards the ongoing global commercialization of sports. This support is both a historical heritage and has, not least, boomed in contemporary society with ambitions, for instance, to be an actor on the stock market as well as organizing clubs according to business models and their legal forms of association.

Evidently, this is a fertile soil for various debates and conflicts, as well as for entrepreneurial ideas and actions. The image that emerges via the discussions on sports logic...
(unpredictability) and business logic (predictability) indicates that Swedish elite ice hockey is becoming increasingly controlled by a commercial perspective, not only in terms of culture and events (‘Americanization’), but also in organizational, legal and business respects. At the same time, the strong folklore ideology makes itself felt in various debates and in a number of idealistic opinions about Swedish ice hockey’s heritage and ‘open’ series model. One may talk of a type of hybrid organization that balances between what Tönnies, as well as Weber, described by the sociological terms of Gemeinschaft and Gesellschaft. The question is how individual clubs have trusted to this development and how they have managed to maintain balance in this field of normative uncertainty and commercial immaturity or construction. Let us illustrate this.

The following essay will thus present and analyze the objectives of the Swedish Hockey League (SHL) in regard to business as well as sport logics by contextualizing these ambitions in relation to the Swedish sport model and virtues, the legal forms of Swedish organizations, the prominent culture of the National Hockey League (NHL) and, hence, the ‘Americanization of sport’.

There is, oddly, relatively limited international research on the commercial development of ice hockey. Even domestic research on ice hockey which can be linked to sports management (Carlsson and Backman 2015) is very scant. Literature that deals with organizations governed by parallel norm systems, such as elite clubs in SHL, is also scarce (Carlsson 2009a). Nevertheless, the growing organizational research on ‘hybrids’, which looks promising, might contribute with approaches and reasonable starting points. Hence Sport Ltd/Plc, our subject, is a particular type of hybrid that could work beyond the context of sport studies as a generally interesting subject.

Alongside these departures, we are reexamining a limited part of a vast material, presented previously in a dissertation concerning the Americanization of Swedish/Finnish ice hockey (Backman 2018) in another context with a different aim, and within another theoretical framework. In addition to this material, Växjö Lakers (VLH) emerges as a novel case studied through documents, annual reports and legislation.

In the wake of the increasing use of business-adapted solutions in Swedish elite ice hockey, whose activities are becoming increasingly standardized by the internal legal regulations of the sport as well as by external legal rules, it is advisable to exemplify, with the help of the case of VLH, Växjö Lakers, the complex relationship of elite ice hockey, law, business and economics. This ambition has created a mentality and board work characterized by immense economic investments, experimentation with commercial solutions, and difficult sports management (Carlsson and Backman 2015).

Theoretical perspective and departures

In reflecting on our theme, we have been principally encouraged by three different approaches taken from social theory: ‘Americanization’ and the impacts of the concepts of ‘juridification’ and ‘hybridity’ (‘hybrid organizations’ in particular). As follows, we set off with a fairly condensed presentation of these points of departure.

‘Americanization’: an imperative course in the commercialization process of ice hockey

Understandably, the NHL, its commercial logic and its relation to the entertainment industry have, in addition to the quality and the superiority of the product, attracted and influenced
SHL/SIHF in various ways. Thus, the ‘American way’ has influenced the progress of Swedish ice hockey in relation to culture, image and entertainment, although the Swedish style of playing has been more European or, alternatively, more inspired by CCCP hockey.

Still, the American influences on ‘hockey events’ as well as on general thinking are not remarkable, as the ‘Americanization process’ has had a huge impact on society in general. In other words, American impulses have started to make inroads into genuine local and national traditions (Alm 2002). Yet, in Swedish sport, ice hockey has been acclimatized to the ‘American way’ of entertainment to a more exceptional extent than other sports in Sweden (Carlsson and Backman 2015, Backman 2018).

In the world of ice hockey, this process can be grasped in relation to the hegemonic position that the National Hockey League (NHL) has attained globally in comparison with other hockey leagues (Carlsson and Backman 2015). The NHL draft system is an explicit sign of this power, which has also been regulated in a special transfer agreement between the NHL and SHL/SIHF. Regardless of the nature of the agreement, a considerable migration of young talented players has affected SHL/SIHF. Consequently, SHL has received the role of a talent industry and as a benefactor of the economic and cultural hegemony of the NHL.

Without doubt, the cultural impact of the NHL has been substantial. We can find, for instance, brands and logos of clear American or Canadian origin. Other cultural influences include modern multi-arenas with restaurants and conference packages, cheerleaders and offensive tackles, as well as different game and price ceremonies, all introduced in order to produce an event or an entertainment beyond the ‘pure’ game. In this respect, ice hockey differs from other sports in Sweden. Still, not all impulses from the NHL have been incorporated without change but have been adapted to local conditions, which can be conceptualized and understood as a form of ‘glocalization’ (cf. Giulianotti and Robertson 2004).

In spite of the substantial influence from the NHL, it is important to stress that the design of this ‘Americanization process’ in ice hockey is not essentially related to external power, regardless of the force of the – rather biased – talent agreement between SHL and NHL.1 It is thus more closely related to the domestic efforts and ambition to commercialize Swedish ice hockey in accordance with the NHL progress.

In the prolongation, ‘juridification’

Law in the liberal state is becoming increasingly omnipresent. The domain of what is outside legal regulation seems to continuously decrease. As an example, sport has become more and more dependent on the law. Yet, this process – and the law’s impact on sport – is basically due to the development of the latter, and ultimately to social changes. Thus, the increasing juridification of sport is tangible as well as understandable through its professionalization, commercialization and globalization.2 Consequently, ‘play elements’ seem to be on the decline, while the seriousness of sport – and hence the need for predictability – seems to increase simultaneously. Thus, with this increasing ‘seriosity’ in sport, formal predictability appears to be necessary in a context in which both its phenomenology and its ideology support unpredictability – with ‘the sweet tension of uncertainty’ (Loland 2002) as its emotional as well as its functional basis. Thus, we will find growing juridification, which is internally prepared as well as externally dictated.

A great many socio-legal scholars have used ‘juridification’ in a fairly limited one-dimensional sense to describe the increasing intervention by law in a social field. Actually, ‘sporting bodies learn to follow basic principles of fairness and to act in a judicial way’
In this respect, juridification ‘is more domestication rather than colonization’ (Foster 2006: 158), i.e. the intrusion by law into sport. Consequently, domestic juridification is an internal process of readjustment, allowing the internal law to reassert its own relative autonomy and thereby offering a more complex version of this process. Of course, one of the most interesting aspects of juridification ‘is the way in which the internal micro regulatory system adjusts to external pressure’ (Foster 2006: 161, cf. Carlsson 2009b: 482) or to its possibilities.

In the wake of ever-increasing commercialization – ‘Americanization’ – and professionalization, Swedish ice hockey, like NHL, has become progressively more ‘serious’ and has consequently a need for supplementary and stringent governance with ‘juridification’ as a possible natural outcome. Still, this progress takes place in the field of Nordic sport models with its tradition and values. Consequently, the legal development and its practices have to consider two different parallel norm systems: one system founded in the regulation of non-governmental organizations (NGOs) and the voluntary sector, and another that governs the market and the business. In the governance of sport, the dialectics inherent in these parallel norm systems have, in consequence, generated a novel form of organization beyond the logics of current legal association forms. The outcome that we have to handle is Sport Ltd/Plc – something of a hybrid in legal terms.

Hybridity and hybrid organizations

The problems of parallel norm systems could be grasped, for instance, in light of the concept of hybridity. However, hybridity appears, ironically, to be a hybrid concept. Yet, for us, the pilot attraction lies in its dealing with dualism and binarity. It is thus stated that ‘hybridity has emerged as one of the all-purpose theoretical lenses, meant to reflect the everyday complexity of the world’ (Lemay-Hébert and Freedman 2017: 3), ‘in a pluri-ontological world’ […] of ‘a non-linear world’, in order to ‘help account for ambivalence and fluidity characterizing the stances of the subject of social change’ (Lottholz 2017: 18, 25).

In addition to the general dualism of human–nature and non-human elements, the concept focuses – as a conceptual lens – on other binaries, such as modern–traditional, international–local and us–them binaries. Furthermore, hybridity might deal with the problems and perspectives of bottom-up vs top-down, internal vs external, center vs periphery and Western vs non-Western, as well as open vs closed system, which brings the concept to governmental, socio-legal and organizational studies, in addition to its foot in cultural studies, post-colonial analysis and human rights (cf. Lemay-Hébert and Freedman 2017).

The common starting point is generally ‘the focus on the wide register of multiple identity, cross-over, pick-n-mix, boundary-crossing experiences’ (Lemay-Hébert and Freedman 2017: 4).

However, as stated by Homi Bhabha (1994), hybridity should not be handled as the resolution of the tension between two cultures, for instance, as a third term. On the contrary, as a conceptual lens, hybridity grasps ‘the tension of the opposition and explores the spaces in-between fixed identities through their continuous reiterations’ (Bhabha 1994, Lemay-Hébert and Freedman 2017: 5).

In the field of socio-legal studies, hybridity as a lens has supported the studies of interactions between multiple legal orders and parallel norm systems – from the local to the global level, from customary law to cultural laws and from formal to informal law – and
has enabled the analysis to scan contrary claims to authority and legitimacy. Thus, the analysis of the blend of legal and normative pluralism in Swedish ice hockey – as well as its juridification and Americanization processes, in a soil of traditions and cultural inertia – will probably benefit by this ‘lens’. By the lens of hybridity, power relations, domination and hegemonic cultures will, consequently, receive a more solid focus.

Scholars in the field have identified three types of hybridity: complementarity, rivalry, and transformation (Burca and Scott 2006, Wilson 2017). Thus, within social and cultural studies, the interest in hybridity has come to ‘signify the interweaving processes between different social bodies enduring the three types of hybridity’ (cf. Visoka 2017: 301), i.e., collusion, complementarity and transformation. From our initial understanding of Swedish ice hockey as a challenging subject, it contains and is formed by all three forms of hybridity, due to a mix of traditions, ambitions and external influences, such as various shareholders and values.

The mixed ‘sporting organizational model’ (Sport Ltd/Plc) creates a breeding ground for innovative solutions for association law, so-called ‘hybrid organizations’ (Carlsson and Backman 2015, Carlsson-Wall and Kraus 2018). Hybrid organizations in Swedish elite ice hockey also face challenges when confusion between the non-profit and commercial is not adapted for collaboration (Carlsson and Backman 2015, Carlsson-Wall and Kraus 2018).

**The progress and the move towards SHL: restricted openness**

Ever since the Swedish Ice Hockey Federation (SIHF) was established in 1922, the federation has been the head of Swedish ice hockey, with the aim to promote, develop and administer ice hockey, as well as being the rights holder to the Swedish championship in ice hockey. Even though the first championship was played in 1922, no trophy was awarded to the champion before 1925/1926. Notably, the trophy wore the American film director Raoul Le Mat’s insignia, with financial support from Metro Goldwyn Meyer, which can be seen as a form of ‘Americanization’ (Stark 2010: 198–99) from the very beginning. This is quite remarkable, in view of the general landscape of the Swedish sport movement’s national position and characters.

Certainly, 1973 is an important year in the progress of Swedish ice hockey. This year, SIHF initiated a developmental plan for a new model of the league due to 1) the increased professionalization and commercialization, 2) player movement to the NHL and WHA, as well as 3) the domination of CCCP at the international rinks. The aim was, of course, to maintain ice hockey’s national popularity and to secure and maintain Sweden’s position in the world top. The result of the reform was the creation of Elitserien, the premier league, which was first played 1975/1976 (SIHF, Swedish Ice Hockey Federation, 1974). In 2013 it was renamed the Swedish Hockey League (SHL).

From the beginning, the basic construction of Elitserien/SHL has been an ‘open’ series model, with promotion and relegation, according to the European Sport Model. However, this model has regularly been adjusted by different forms of qualification series. These adjustments have been made for both sporting and financial reasons (Fahlström 2001, Backman 2018).

A first step to eliminate direct relegation was made before the start of the 1977/1978 season. As a result, the second last team in the regular season was to play in ‘the qualification group’, while the last team was to be relegated, which was a small step towards the more
‘closed’ NHL-model (Backman 2018). The model was further altered prior to the 1986/1987 season. Presently, the last team in the regular season also has to play in ‘the qualifiers’ group, instead of relegation. This can be regarded as a supplementary step towards a ‘closed’ league (Stark 1997, Backman 2018).

The next step in this dialectical progress arose when the clubs in Elitserien (SHL) presented a relatively controversial proposal previous to the annual SIHF meeting in 1999. They wanted, essentially, to close Elitserien. The reason for the proposal was financial, involving the ambition to offer the elite clubs an opportunity to improve the management as well as dealing with the liquidity. However, in order to avoid ‘cementing’ the premier league, the annual meeting decided – after extensive lobbying – that two teams should be given the chance to qualify (Hockey, no. 6, 1999, cf. Backman 2018). An open series model – i.e., the European sports model – was also advocated among supporters, which found its expression in a newspaper article arguing that it would be death of Swedish hockey if Elitserien was closed and if the NHL’s business logic should intrude into Swedish sports and ice hockey’s inherited practices of promotion and relegation would be relegated to the history books (Hockey, no. 6, 2002: 16).

At the start of the 2014/2015 season, Swedish elite ice hockey was once again reorganized to further the ambition to strengthen the brand of SHL, the Swedish Hockey League. With a mandate from SIHF, SHL and AHF, Hockeyallsvenskan Ltd (which is an associated company for the clubs in the second division) had worked hard to find an agreement to generate a holistic solution for the development of Swedish ice hockey. Important ingredients – in addition to increased collaboration between the leagues – concerned the future conditions for a club for maintaining an elite license, finances in general and arena development. In this agreement, the ‘open’ series model with its possible promotions and relegations, the DNA of Swedish sports, was also acclaimed. Yet, as a later response, SHL introduced ‘parachute agreements’ to reduce economic cutbacks for the SHL clubs that were relegated. The intention behind this financial safeguard – the ‘parachute’ – is to ensure that an unwelcome relegation to Hockeyallsvenskan for former SHL-clubs will be somewhat easier to deal with economically.

Furthermore, this general reconstruction of the leagues resulted in two new ‘team positions’ in SHL involving that, from the 2015/2016 season onwards, SHL and Hockeyallsvenskan should consist of fourteen teams each. In order to maintain the ‘sporting logic’ with promotion and relegation, proper qualification matches should be played between the two winning teams from Hockeyallsvenskan against team 13 and team 14 in SHL. The two winning teams in the best of seven matches would play in SHL in the following season (Hockey, no. 3, 2014). In this perspective, the stakeholders of Swedish elite ice hockey maintained the deeply rooted sport logic/value, at least ideologically. Yet, in reality it has become increasingly difficult to advance to SHL, while the risk of being relegated seems to be rather insignificant. Thus, in practice, SHL seems to have gradually changed into a closed system, reflecting NHL. At the same time, the European sports model has essentially become obsolete.

Consequently, the rationality of economy, security and predictability seems to have ‘colonized’ the management of SHL and current elite clubs, whereas the virtues of ‘uncertainty of outcome’ seem to play a less significant role in the board rooms and in the governance of SHL. Without doubt, in the context of two parallel norm systems, this progress has been a fertile soil for various business models and more or less hazardous business endeavors (Carlsson and Backman 2015). Still, the introduction of the ‘parachute’ and the declining
fear of being relegated seem to have moderated hazardous business attempts in ‘risk clubs’ (cf. Carlsson and Backman 2015).

Naturally, there are financial discrepancies between the clubs in the first (SHL) and second (Hockeyallsvenskan) divisions. This difference has, currently widened greatly in regard to revenues. In the 2015/2016 season, the total annual turnover of SHL was close to €170 million, according to the Ernst & Young accounting firm. The main reason for the increased turnover was television and the agreement between C More and SHL, as well as AHF Hockeyallsvenskan, for the 2014/2015–2017/2018 seasons. Thus, the TV agreement for the 2015/2016 season, for instance, gave an established SHL club €2.6 million, whereas a newly-promoted SHL-club received €2 million, while clubs in ‘Hockeyallsvenskan’ collected approximately €250,000. After the TV deal was extended by six seasons (2018/2019-2023/2024) it has annually increased financially. Although Hockeyallsvenskan, like SHL, receives more for its broadcasting rights, SHL's increase is relatively stronger. In the 2018/2019 season, the agreement stands for €37 million and will annually increase to €50 million at the end of the contract period (2024). This financial growth will lead to a significant cash contribution to the SHL clubs, each of which will receive approximately €5 million from SHL annually during the 2018/2019–2023/2024 period. Thus, Swedish elite ice hockey's TV deal with C More will give progressively more money to the SHL clubs, which will help the maintenance – closure – of SHL, and make it harder for clubs in lower divisions to fulfill their sporting aspirations.

Besides, new license requirements have been introduced, simultaneously with the increased revenues, from the start of the 2016/2017 season as a way of producing economic predictability. It was thereby stated that the equity for a club playing in SHL should be €400,000 and rise to €1 million in 2022. In addition, a club in SHL must also present and confirm its compliance with the requirements of the arena, facilities, organization and youth activities. In this respect, an SHL club is obliged to provide an arena for 5,000 spectators, of which 3,500 should be seated. It is argued that these conditions will enhance the TV production, as well as creating an improved experience for audiences, sponsors and those who work and play in the arena (SIHF, Swedish Ice Hockey Federation and SHL, Swedish Hockey League Ltd 2015, SIHF, Swedish Ice Hockey Federation 2017). Hence, the stakeholders of SHL have the ambition to maximize the experience and the convenience in resemblance to a more stable economy. On the other hand, the demands on the arenas run the risk of leaving several clubs in rural areas on the periphery of the hockey landscape.

**Dealing initially with the dualism of idealism and commercialism: a novel association form**

During the 1990s, due to the intensified commercialization and professionalization processes in Swedish elite ice hockey, the stakeholders of SHL began to search for forms of organization that were better adapted to business logic. Of course, the legal tools of limited liability companies (Ltd/Plc) came into sight as an attractive option. However, the issue was not an easy one. To be successful, the legal formula had to be applied within the framework of the Swedish sports movement and its traditions, taking into consideration its strong anchoring in non-profit associations.

We have, of course, to remember that the 1990s was largely shaped by a remarkable general upswing on the stock market, which can partly explain the attraction and interest
in this form of legal rulings. Thus, the act of limited liability companies appeared natural to the actors in SHL at the time, in addition to several entrepreneurs and ‘Maecenases’ such as Percy Nilsson in Malmö Redhawks and the Ejendal family in Leksands IF, who had quite early added market logic to elite ice hockey in Sweden. In addition to some local patriotism, these entrepreneurs had probably been tempted by the fact that, basically, ice hockey had been from the very start more commercial and Americanized than other national sports (Carlsson and Backman 2015).

By incorporating the rules of limited companies, the boards of the clubs strived to separate the ‘non-profit’ youth ice hockey from the strict commercial business, while at the same time increasing the supply of capital and acquiring access to the distinct tax rules, including the right to deduct income, incoming and outgoing VAT, as well as assembling funds. What is fascinating is that the SHL clubs that had proceeded the furthest in their planning, due to a profound interest in limited liability companies (Ltd/Plc), were two clubs whose geographical roots and, consequently, markets were completely different: metropolitan Stockholm (with Djurgården IF Ice Hockey Club [DIF IHC], a ‘non-profit club’) and the small rural town of Leksand (Backman, 2018). In this article the reasoning behind the objectives of Djurgårdens IF (DIF IHC) will be briefly reported. 4

Initially, it was at the annual meeting in 1997 that the board of DIF IHC presented its proposal to introduce Djurgården Hockey Plc on the Stockholm Stock Exchange (Hockey, no. 10, 1997). At the time, the club’s application for a license to operate as a limited liability company had already been granted by SIHF (Hockey, no. 10, 1997). Besides, stock market experts saw DIF Plc’s listing in 1997 as the beginning and that an increasing number of ice hockey clubs would follow. However, the Swedish Social Democratic Minister for Sports was naturally more ambivalent to DIF Plc’s introduction on the stock market in stating: ‘Maybe they have to do something to keep up. But then they cannot count on any contributions from the state’ (Expressen 1997-10-10, p. 43).

In the application, DIF IHC argued that the aim was to ‘transfer the business to the plc, and all associated assets and liabilities which are associated with the club’s elite activities […]. This includes match arrangements, advertising and sponsorships, and merchandising, i.e. selling souvenirs, etc.’ (Hockey, no. 10, 1997: 28). Despite the fact that DIF IHC’s intention was to take the step into the stock market, the club still desired to continue as a non-profit club whose values should have ‘a significant influence over the company’s operations’ (Hockey, no. 10 1997: 28) and would accordingly, as a member of the Swedish Sport Confederation, receive the tax reliefs of a popular non-profit movement. In sum, DIF IHC seems to have operated, naively or intentionally, to take advantage of two parallel systems. Alternatively, the hegemonic and consensual sports model and its firm organization made it hard to pursue a ‘business strategy’ as the main policy.

The process of introducing DIF Hockey Plc on the stock market ran smoothly, and the club’s application was confirmed on October 20, 1997. The interest in subscribing to the shares, at €7.5, was so huge that it exceeded the number of shares available. Thus, the ambition to receive €4.5 million through the shares was realized. Through the conversion, DIF IHC had converted its debt of €750,000 into a substantial surplus which made DIF Hockey Plc currently become the elite club in SHL with the largest capital.

However, critical voices began to be heard (Expressen, 1997-09-18), particularly from the Swedish Football Federation, which has by tradition been loyal to the Swedish sport
model and its organization. As a result, DIF IHC became a target for exclusion from Elitserien (SHL). As a consequence, the Swedish Sport Confederation decided to investigate this kind of ‘corporation development’ and concluded that DIF’s actions actually violated its statutes. Thus, DIF IHC was instantaneously threatened with exclusion from SIHF. In an attempt to rectify the problem and boost the aura of a non-profit club DIF IHC changed its operating agreement with DIF Hockey Plc. Thus, in this proposal, the non-profit club (DIF IHC) should have the ultimate decision on both sporting arrangements and competition issues. Besides, its sports director should be employed by the non-profit club (Expressen, 1997-10-13). Nevertheless, these changes received no response from the Swedish Sports Confederation. Accordingly, DIF IHC had to conform to the ‘hegemony’. This stock market failure forced DIF Hockey Plc. to repay all of the €4.5 million, plus interest corresponding to €600,000 to the shareholders (Hockey, no. 10, 1997; Backman, 2018; Expressen, 1997-10-17; Expressen, 1997-10-19).

Despite this backlash, the Swedish Sports Confederation had been affected by the debate and had, possibly, considered DIF IHC’s attempts and ambitions as a serious signal of a forthcoming problem. The Confederation thus made a historic decision, by a statutory amendment, to admit that sports federations could allow members (i.e. sport clubs) to offer the right to participate in competitions to a sports limited company. The condition was, however, that the club should hold a majority vote in the sports limited company, according to the so-called 51-percent rule. The Sports Confederation found it hard to combine the increasing commercialization with a non-profit association. Thus, in order to continue as a uniform and all-embracing sports movement, the 51-percent rule was seen as necessary. Still, this historical decision had to some extent changed the basic conditions within Swedish sport (Backman 2018, Malmsten and Pallin 2005, Carlsson and Backman 2015).

At the same time, it may be discussed whether the plans, on the part of the ice hockey club(s), have been as thoroughgoing as has been claimed.

The design of sports ltd/plc (as a ‘pseudo-consensus’)

The business logic, however, has grown stronger and become more distinct in Swedish elite ice hockey during the 2010s, when several clubs have transformed their operations and their governance in accordance with a legal perspective that supports corporation, subsidiaries and holding companies. The commercial purpose of a holding company is to be the parental enterprise in a group containing several legally independent firms by owning a number of voting shares in each of them. In Swedish elite ice hockey, a holding company can act as a parental enterprise for companies that conduct ice hockey activities, property management, souvenir sales, as well as running a restaurant, a kiosk or conference activities and even mail-order business.

The trend is clear. In seven out of fourteen SHL clubs, the business has become organized as a corporate, and the use of subsidiary firms is custom. In addition, several clubs have formed holding companies. It should, however, be noted that DIF Hockey Plc is a public limited liability company but is not registered for trading on a regulated market (the stock exchange). This also applies to Leksands IF Ice Hockey Plc. (which was once again relegated from SHL in 2016/2017, due to failure in the ‘qualifies’). The remaining sports clubs are private limited companies.
In Swedish elite ice hockey, the transition from the tax-favored non-profit sector to the fully taxable business sphere has been driven for financial reasons and by international influences. By incorporating the legal aid of a limited liability company and combining these benefits with international influences, the representatives of Swedish elite ice hockey strive to become increasingly competitive. At the same time, Swedish tax legislation creates challenges for Swedish elite ice hockey due to the 51-percent rule, which can result in unpleasant tax consequences in case of insufficient plans and unforeseen reorganizations (Ågren 2011). This means that international influences with regard to taxes are not automatically transferable and applicable within Swedish elite ice hockey. Accordingly, Swedish tax law will not allow capital transfer between a non-profit activity and a limited liability company without tax consequences.6

Thus, in order to gain a clearer and more concrete insight into the problems surrounding the commercial development of elite ice hockey in Sweden and its governance, it can be illustrative to highlight one club that has demonstrated inventiveness, organizational development as well as contemporary success. Our example comprises Växjö Lakers and the VLH project, respectively.

**Case: the rise of the Växjö Lakers ice hockey (business) group**

Växjö HC, located in the city of the same name, is a club that had played more or less permanently in division II or III. In 1997 the club was reconstructed, due to bankruptcy, and additionally relabeled Växjö Lakers,7 reflecting the general Americanization process in Swedish ice hockey (see above). A few years later, in 2012, after having failed in ‘the qualifies’ three times in a row, the club fulfilled its aspiration to attain the premier league and has thereafter gradually progressed to become one of the more effective clubs in SHL with a first championship in 2014/2015. Still, the history of the club is rather week, and so is its ‘cultural capital’. Besides, the production of home-grown talents is mediocre. However, the Småland region to which it belongs is characterized by being a rural landscape with a long tradition of a number of minor hockey clubs and small indoor rinks, going back as far as the 1960s. In that respect, the ‘VLH project’ could have matured in a fertile soil of substantial ‘hockey culture’. Regardless of this legacy, the progress of Växjö Lakers with its sporting triumphs in recent years is due to instrumental management, organizational development and clever recruitment of ‘ice hockey mercenaries’, during the current season.

The scheme below presents the organizational structure of Växjö Lakers Hockey (VLH) ice hockey (business) group. Undeniably, Växjö Lakers is at the forefront when it comes to business development in Swedish elite hockey. The example will indicate how group solutions in Swedish elite ice hockey generate new conditions, which even open up the prospect of ‘profit maximization’, as in NHL, despite Swedish sports’ deep and solid foundation in the principle of ‘utility maximization’ (cf. Storm 2009). Consequently, the increasing commercialization within Swedish elite ice hockey creates new solutions organizationally, financially and legally.

In 2017, the non-profit Växjö Lakers Hockey (VLH) club owned the private limited company Växjö Lakers Sport Ltd (founded in 2008) by holding 51 percent of the votes. This club, conducting child and youth ice hockey, is also the overall owner of Växjö Lakers Real Estate Ltd, which possesses and manages Vida Arena, the training hall and the old but slightly renovated ice rink. Thus, Växjö Lakers Sport Ltd is – if the 51-percent rule is
maintained – the holder of an elite license and has, in view of that, the right to participate in the Swedish ice hockey league systems, as well as in SHL.

The private Sport Development Sweden Ltd (SUSAB) holding company, founded in 2014, following the rules for Sport Ltd/Plc, is a minority owner in Växjö Lakers Sport Ltd (Smålandsposten, 2016-06-01). In the arrangement, this private holding company shall, according to the registration in the Swedish Companies Registration Office, ‘conduct business development and holding operations in restaurant and sports activities and thereby compatible activities’ (InfoTorg Company, 2017-12-21). Major owners of SUSAB Ltd, the holding company, are Anders Öman Holding Ltd and Egostocks Ltd, each with 25 percent. The other 50 per cent are distributed among several shareholders (Backman 2018).

The commercial advantage of this organizational body, as in the Växjö Lakers group, is that limited companies provide new possibilities for strengthening equity, for instance, when a limited company proffers new shares to be subscribed by existing or new shareholders. SUSAB Ltd, the holding company, can also ‘buffer up’ equity through new offers, which can be contributed in the form of shareholders’ inputs, if necessary. Hence, the owners have to contribute with capital, thereby improving the company’s financial position (Backman 2018).

On the other hand, the transition from a non-profit organization to a company increasingly based on business generates certain technical difficulties in relation to assessments and bookkeeping. A crucial point is how to economically evaluate the granted elite license, when a non-profit organization is converted to a Sport Ltd/Plc. A second problem, related to the model of promotion and relegation, is how the license should be valued and accounted for, if the club is relegated – in a sense, downgraded – from SHL. Actually, a transition to a company-based activity must be analyzed wisely, not only sportingly. An analysis must likewise be completed in relation to tax law and the canons of sober bookkeeping (Ernst and Young 2016). The progress of the Växjö Lakers group – as well as that of other SHL clubs – illustrates a move from the traditional structures of Swedish sport to more business-adapted solutions. The shift towards deeper business manners is, additionally, reinforced by the enhanced investment of risk capital in Swedish elite ice hockey. Investments of this kind are, intrinsically, an effect of the problem of non-profit clubs to find enough

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**Figure 1.** Växjö Lakers group: The organizational structure of Växjö Lakers. Hockey (VLH), 2017 (Backman 2018: 185).
(new) capital through share prospects. Still, the clubs that have been converted into Sport Ltd/Plc have the opportunity to offer (new) shares. Despite this opportunity, it has been hard to attract investors – venture capitalist – to a necessary extent, because of the Swedish 51-percent rule (Nilsson 2010, cf. Backman 2018).

Växjö Lakers stands, in this respect, as a testimony of a modern hybrid organization in SHL that had generated successful sporting results, primarily due to its increasing business rationality, despite lacking the regularly endorsed roots in a hockey culture. In this respect, material capital has outdone cultural capital – at least temporarily. The management group has been creative in increasing capital supply as well as managing to utilize the ‘tax-technical advantages’ that each form of association legally encompasses – a Ltd/Plc as well as a non-profit organization.

Yet, the well-inherited sporting logic of an ‘open’ series model seems to generate huge player compensation, particularly in a culture that supports and relies on ice hockey mercenaries on the international arena. Thus, Lakers’ tour to ‘top the class’ has been quite costly. Besides, the sporting logic is generally a breeding ground for emotional board decisions, rather than decisions based on business rationality (cf. Storm 2009), particularly in relation to an open series. Although the Lakers management seems to have operated very soberly in this respect with a chain of fairly successful player recruitment, this has still been rather expensive.

**Analysis and reflections**

The development of ice hockey in North America, notwithstanding the former powerful CCCP hockey, has not only been a model for the development of hockey in Sweden, as well as in Europe at large, but has largely influenced its culture, consciousness and visions. Still, this ‘Americanization’ was previously more related to the culture and the ‘event’, and not so much to business, the economy or the organization and its legal aspects. In Sweden, despite a variety of commercial entrepreneurship, the governance of ice hockey has been adapted to the rules and policy of non-profit associations. However, from the start in 1990, the attempts to commercialize elite ice hockey has been profoundly intensified and directed, as apparent in various ways from the cases of DIF Hockey Plc and Växjö Lakers, with a focus on the stock market (DIF) and/or the organization of the club according to solid business models (VLH). Still, both alternatives have been conducted without radically challenging the consensus and, thus, the hegemony of the Sport Confederation. Yet, the character of the situation is that of a ‘pseudo-consensus’, due to a deeper commercial interest in SHL, which lies far beyond the regular norms in Swedish sport.

In this respect, Swedish ice hockey has been more receptive to various commercialization efforts and initiatives. The cultural relationship to NHL and its ‘Americanization processes’ has made SIHF/SHL into significant actors and strong alternatives to the regular Swedish sports movement and its governance, organization and general perception of Swedish sports needs and basic values. Thus, Swedish ice hockey has been more acclimatized to the legal principles of EU Post-Bosman, for example with regard to free competition. As a consequence, we have observed that elite ice hockey clubs are increasingly operating in a market, promoting organizational and governance models derived from the business world, while at the same time striving to be rooted in social values derived from the traditional Swedish
sports model with its focus on amateurism, child and youth sport, integration, democracy and education. This mixture and amalgamation of commercialism and idealism has generated the legal hybrid of Sport Ltd/Plc. Still, despite the historical inertia, the development is gradually and inevitably leading to a more market-oriented logic.

Regardless of the more or less unavoidable market logic in the future progress of SHL, current elite clubs seem to have settled down and become almost contented with the structure of Sport Ltd/Plc and its ideological foundation. Naturally, one must consequently question why the representatives of Swedish elite ice hockey do not work more energetically to remove the ‘pseudo-consensus’ of the 51-percent rule. First of all, the benefits of a full business adaptation are several: for instance, raising capital is facilitated by an expanded ownership structure while, at the same time, the financial risk is spread. In addition, the desire of making investments usually increases in limited liability companies (Ltd/Plc), given that investors do not have personal responsibility.

However, there are two sides to the coin. The disadvantage of a fully-owned business is that an expanded structure of ownership might erode the local identity and divide member and supporter commitment, while one or a few owners receive (majority) control. Besides, a new owner can ‘Americanize’ a team, change its colors, logo or even move, which may be viewed as harmful considering traditions, sports logics as well as fan basis and hockey culture.

One reason for the implicit contentment among the clubs in SHL, regarding the running of a ‘Sport Ltd/Plc’ and the rule of 51 percent, might be the blend of a ‘hegemonic’ context and pragmatism among the elite clubs. Thus, like other sports organizations in Sweden, SHL is firmly anchored in the tax-favored non-profit sector. The Swedish sports model, with the Swedish Sports Confederation as the governing body for all sport in Sweden, has been amazingly strong. Undoubtedly, the representatives of the elite ice hockey clubs have been loyal to the Swedish sports movement (regularly presented as a ‘family’), despite the financial conditions of forming an autonomous league. In contrast, there is no real interest in changing this order, at least not at the time. Due to the construction of a Sport Ltd/Plc, the clubs can benefit taxwise by receiving parts of the economy related to the non-profit sector.

Still, in light of organizational experiences, the governance of SHL and the elite clubs is fundamentally paradoxical and ought to be hard to endure, from a modern legalistic perspective. Yet, the unlikelihood of this hybrid model of organization and governance, caused by diverse rationalities and values, is actually, and remarkably, ‘the zip’ that weirdly makes the governance workable in a post-modern perspective. In this respect, in a (post-modern) society shaped by pluralism, migration, dualistic values, multi-culturalism and ambivalence, a hybrid and contradictory, organization model – such as Sport Ltd/Plc – might be the governing solution for handling the diverse logics of commercialism and idealism, and for ‘amalgamating’ the dualism of Gemeinschaft and Gesellschaft.

In sum, although the European sport logic of promotion and relegation has been a sign for Swedish elite ice hockey, there is currently a gradual shift towards NHL’s ‘closed’ league. This is made clear by the fact that since the 1987/1988 season, the last two teams in Division 1 (Elitserien/SHL) have not been literally relegated but have to play in a qualifier series that varies over time and which was further strengthened prior to the 2015/2016-season.

A final question that arises is whether the representatives of the Swedish elite ice hockey clubs in the future will break out of the established Swedish sports model and run their own
league and business. In that case, SHL would probably become a closed league and monop-
olgy, and the economic differences in regard to the lower divisions would be even larger.
These clubs will simply lose the sporting ambitions and become suppliers of talents to the
SHL clubs. Some of these, such as the Stockholm-based AIK team, might be attracted to
join KHL. In some sense, the Swedish 51-percent rule together with the ‘hybridity’ stand
as an organizational as well as an ideological safeguard to these alternatives. Consequently,
‘pseudo-consensus’ and ‘hybridity’ will govern the progress of Swedish ice hockey.

Regardless of this general trend of ‘Swedishness’, the SHL league will in reality come
progressively closer to NHL/KHL and to Americanization, by turning into a ‘closed system’
with more predictable finances in the incorporated clubs and with less uncertain sport
outcomes (i.e. the fear of relegation). Nevertheless, probably as a ‘hybrid’.

**Postscript**

Against all probabilities, in April 8, 2019, IK Oskarshamn put a wedge in SIHF’s ambition
to adopt a business concept with solid economy and predictability among the clubs in
SHL. Surprisingly, together with Leksands IF, which finally returned to SHL after years
of failure, IKO managed, in the ‘qualifies’, to master those two teams from SHL at risk of
relegation. Despite rather poor sporting results and a series of failures in recent years,
the stakeholders of the league have been longing for LIF because of the club’s cultural
capital, arena capacity and fan base. Besides, in spite of the club’s rural location, LIF was
one of the first clubs to become established as a Sport Plc and has since worked with
entrepreneurial ideas in the legal limbo of normative uncertainty (Carlsson and
Backman 2015).

In contrast, IK Oskarshamn could be regarded as ‘the ugly duckling’ with its rather
modest facilities and restricted budget, as well as being ruled as a non-profit organization.
Thus, despite high and authorized demands from the SIHF on arena standards, on the
budget and on the organization, as well as a commanding ‘elite license evaluation’ of the
clubs annually, IK Oskarshamn has simply, due to sporting success – e.g. sporting unpre-
dictability – reached the premier league. The unthinkable does happen!

IKO’s extraordinary success story evidently contradicts the thesis that the Americanization
process and the juridification of SHL have, in practice, generated a more or less closed
league. At the same time, the unexpected – unpredictable – triumph supports the ‘thesis of
hybridity’, the problems of parallel norm systems, as well as the ‘the blend of normative
uncertainty and commercial immaturity in SHL’ (Carlsson and Backman 2015).

**Notes**

1. In response to this talent drain, SHL fills the gap with a number of second-rate players from
North America, some of whom hope that their play in SHL should work as a mirror and a way
of marketing of their qualities.

2. Juridification ‘is used to transcend the dichotomy of internal, voluntary, self-regulation and
external, compulsory, legal regulation’ (Foster 2006: 156, cf. Carlsson 2009b: 481). In this re-
spect, the social field is becoming more ‘legal’, by imitating the form of law, following its own
‘internal law’ and introducing the rule of law into its practice. In short, ‘the social field is both
passive and active; it is juridified and it juridifies itself’ (Foster 2006: 156, cf. Carlsson 2009b:
481). As juridification emerges as a process of interaction between internal regulation and
external law, it becomes important, in a socio-legal perspective, to illuminate how internal statutes are altered or readjusted by legal intervention or by a supplementary juridical world view.

3. For instance, ‘if “[w]e are all hybrids”, and if everything is hybrid, then how can hybridity help us to understand the world?’ (Lottholz 2017:17)

4. ‘The rise and fall’ of Leksands IF stands as the illustrative case in Carlsson and Backman (2015), which deals with hazardous management in a context of commercial immaturity as well as normative uncertainty.

5. The only sports club/company in Swedish elite sport in general that was listed on the stock exchange in 2017 was AIK Football Plc., at the Nordic Growth Market (NGM).


7. For the reason that Växjö is surrounded by plenty of small lakes (‘sjöar’, in Swedish).


9. Today the NHL, amazingly, stands as the archetype for KHL, the Russian league, despite the sharper political ambitions in KHL.

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