

The Management Approaches of Sports Direct International Plc

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Introduction

This essay will be looking at the contemporary approaches to management using Sports Direct as a case study. This essay will be outlining its approaches to organisation and management, work motivation and satisfaction, perception and communication and organisational context in Sports Direct. It will apply theories, models and frameworks to the above areas to analyse and explain the impact on Sports Direct and the effect on the company's aims, goals and objectives and their Human Resource Management (HRM) in the face of conflict.

Approaches to organisation and management

Management theory is at the centre of organisational development and thinking. A manager's understanding and application of theory may bring about change in behaviour. This may influence the attitude towards management practice. This is important because it helps to understand the interrelationships and better understanding of the principles underpinning the process of management. Such theories are open to interpretation and may evolve in response to organisational environment changes (Mullins, 2016).

Every managerial act rests on assumptions, generalizations, and hypotheses – that is to say, on theory. Our assumptions are frequently implicit, sometimes quite unconsciously, often conflicting; nevertheless, they determine our predictions that if we do a, b will occur. Theory and practice are inseparable (McGregor, 1987, p. 6).

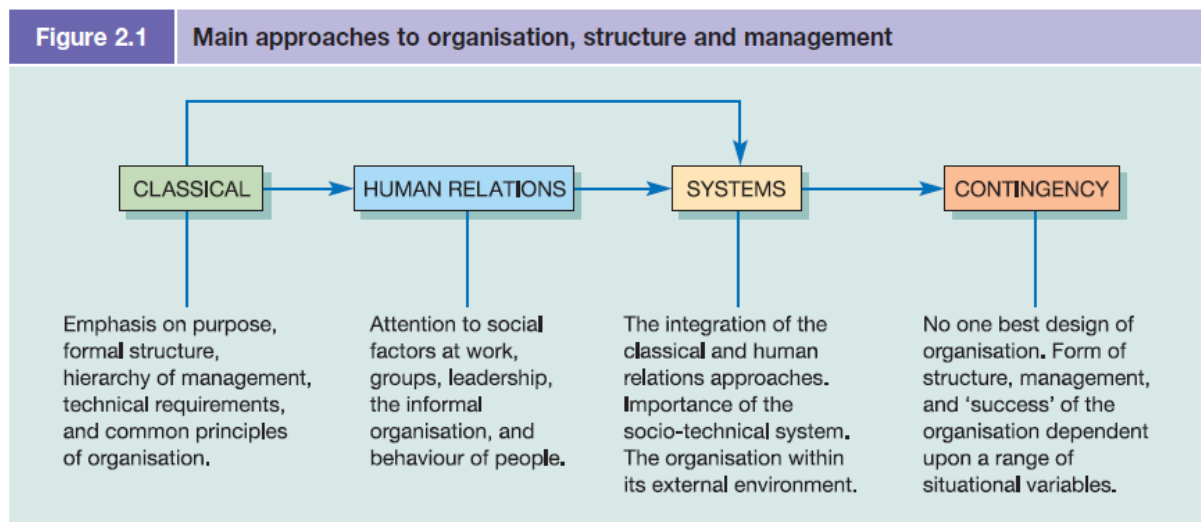
See Appendix 1 for company background information. Sports Direct (SD) was a private enterprise organisation, as outlined in Mullins (2016) such organisations are owned and financed by individuals, partners or shareholders who, in turn, are accountable to their owners or members. Following huge success and expansion, Sport Direct has grown into a Public Limited Company whose aim is of a commercial nature. This supports their business model as stated on their website (Mullins, 2010; Sports Direct Plc.com, 2017, p.1) of elevating their retail position to become the 'Selfridges' of sports retail, to showcase the very best products of their brand for long-term profitability. With such quick expansion comes organizational and structural issues that get out of hand, causing problems “the company has got too big to control” (Ashley, 2016) during an enquiry in front of the governments Business, Innovation and Skills committee (BIS) 2016.

Mike Ashley started as a sole trader, and the company has a structure using a classical approach to management. Management is the cornerstone of organisational effectiveness, and to be successful, to achieve the aims and objectives of the organisation, requires good coordination of the staff. Underpinning this it is key to have a good organisational structure in place to outline tasks, responsibilities, role, relationships and good communication (Mullins, 2010, p. 49; Taylor, 1947; MarketLine, 2017).

SD uses scientific management and bureaucracy approaches in the organisation (MarketLine, 2017), among the other methods such as human relations, systems and contingency (Figure 1). Mullins (2010, p. 823) defines bureaucracy approach as ‘a form of structure based on specialisation of tasks, hierarchy of authority and decision-making, systems of rules and regulations and an impersonal orientation from officials’. Weber (1964) and Stewart (1999) supported the theory of a bureaucracy approach. Where Stewart (1999) summarised bureaucracy as a specialisation, hierarchy of authority, system of rules and

impersonality, Weber (1964, as cited in Mullins, 2016, p.50) pointed out that a bureaucracy approach is the ‘definition of tasks and responsibilities within the structure of management giving rise to a permanent administration and standardisation of work procedures, notwithstanding changes in the actual holders of office’. As identified, SD grew too big too quickly creating management problems where Ashley lost control. Roles needed restructuring as the business was having problems managing itself under the bureaucracy approach (BIS, 2016; Chartered Management Institute (CMI), 2016a, b).

Figure 1: The main approaches to organisation, structure and management.



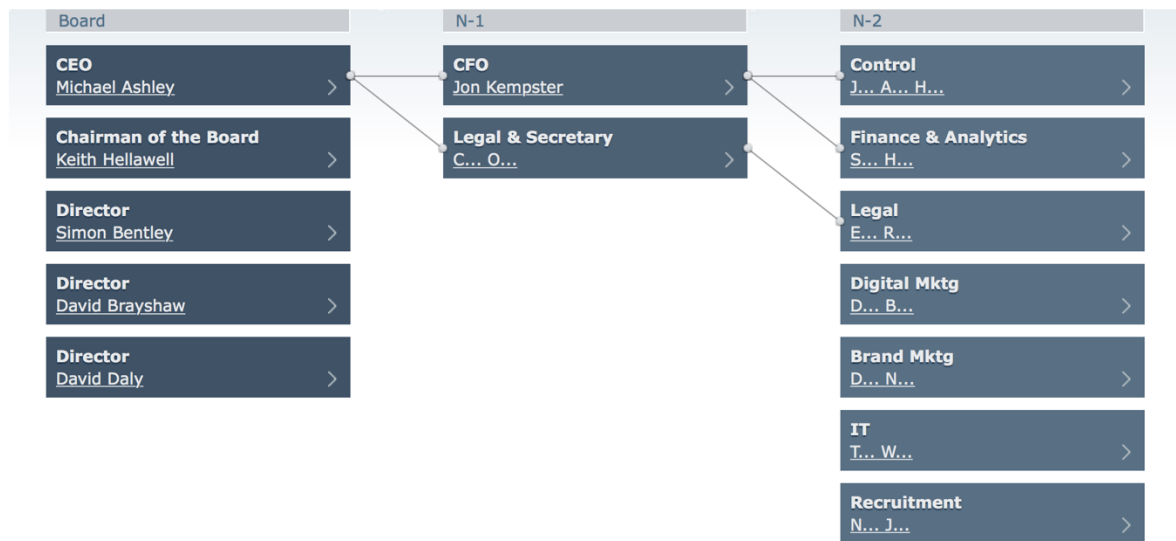
Mullins, 2010, p. 43.

There are three aspects to the structure of the company, in the head office, in Shirebrook, a more bureaucracy approach to management is practiced. In the warehouse, management is using both the scientific and bureaucracy approach, and in the retail sector using bureaucracy approach (Sports Direct Plc.com, 2017; Sports Direct.com, 2017a, b, c, d, e, f; CMI, 2016a).

Scientific management theory known as Taylorism and developed by F. W. Taylor (1947) is a classical approach to management, analysing work processes, breaking them down into individual tasks to find the simplest approach. Which in turn increases productivity and gives financial gains (Mullins, 2005; Taylor, 1947). In order for the warehouse operations to function effectively and efficiently, the various aspect of work processes will have to be broken down. This approach to management made the Shirebrook warehouse key in the success and growth of SD, as it is central to its distribution and logistics (Ruddick, 2014).

As shown by SD (Sports Direct International Plc, 2017, see Figure 2, 'A hierarchical organisation has narrow spans of control and a relatively large number of levels of authority' (Mullins, 2005, p. 82). SD organisational structure is a complex structure since it has many levels of hierarchy and span of control. There are many managers, and each manager is in charge of a group of people (Magloff, 2017). In any bureaucracy, official duties are allocated to various positions and at SD, there is a clear division of labour and specialisation. A hierarchical authority is evident in all departments, in either the warehouse, retail or the Head Office. Furthermore, there is uniformity, and established rules and regulation, and these enable the co-ordination of various activities within the organisation (Blau & Scott, 1966).

Figure 2



The Official Board, 2017.

SD is now adapting to the contingency approaches to organisation and management using the new independent working practices layout report prepared by the Reynolds Porter Chamberlain LLP (RPC, 2016; Sports Direct International plc, 2017) in response to the criticisms and allegations laid out against the company (BIS, 2016; CMI, 2016a). Mullins (2010) on contingency approach commented that the structure of an organisation and its success could be dependent on the nature of undertaken tasks and environmental influences. Therefore, organisations structure and management must be dependent upon the contingencies of the situation confronting them.

Perception and communication

Mullins, (2005) people select information that supports their own point of view and choose not to acknowledge any contrary information or view.

‘Perception is the dynamic and complex way in which individuals select information (stimuli) from the environment, interpret and translate it so that a meaning is assigned which will result in a pattern of behaviour or thought’ (Mullins, 2005, p. 435).

SD problems emerged through poor communication and management and are negatively perceived and stereotyped as a poor employer in UK for pay and working practices, reinforced by media and public, and not their successful sales achievements. SD’s poor corporate governance and unfair employment working practices were uncovered through a trade union campaign and an undercover investigation by the Guardian newspaper (CMI, 2016a; Butler & Kollwe, 2016). Consequently, the public has attributed this particular negative stereotypic perception to SD.

SD’s perception, based on past behaviour and intentions is known as Attribution theory. Heider as cited in Mullins (2010, p. 237; Heider, 1958) ‘suggests that behaviour is determined by a combination of perceived internal forces and external forces’. Internally, there is a mixed review of more positive than negative feedback in perception among SD Staff (see Appendix 2-8). SD has to deal with the External forces such as the press and public opinion that led to a parliamentary enquiry to working practice (BBC News, 2016; CMI, 2016a, b; BIS, 2016; Butler & Kollwe, 2016).

Since the enquiry, SD communicates with the warehouse staff monthly and the company has a rolling dialogue with staff via ‘Your Company, Your Voice’ (Sports Direct International Plc, 2017). The warehouse and retail arms have their clear managers and management teams. The attitudes of warehouse managers could have led to ‘us vs. them’ feeling among staff at the warehouse (MarketLine, 2017) that may have created the problems. The poor communication

and management at SD has resulted in issues with work motivation and satisfaction of staff.

Work motivation and satisfaction

The company says, it is their policy to treat all 29,000 staff with dignity and respect. The SD Board's review of the Working Practices report was published in September 2016 by the legal advisor, RPC, and since then, a number of existing practices have been strengthened and new ones introduced (Sports Direct Plc. Com., 2017). Some of the practices at their warehouse were appalling prior to the review (Ruddick, 2014). SD have adapted methods to give their workers job satisfaction and looking out for workers wellbeing. Molthan-Hill argued that

‘wellness and wellbeing are concepts which are not usually mandated by law but which can help organisations save on healthcare costs, protect business continuity and improve employee morale and productivity, while also improving their impacts on society’ (Molthan-Hill, 2015, p.158).

There are different types of motivating theories (see figure 5). However, SD appears to utilise many theories such as Maslow's (1943) hierarchy of needs model and Herzberg's (1959) two-factor theory that attempts to explain specific ideas and ways to motivate the individual at work.

SD motivates its staff to improve job performance by paying competitive remuneration, an idea seen in Taylorism (1947) and using the Expectancy theory (Sports Direct Plc. Com, 2017). Expectancy theory believes that job motivation and satisfaction can be influenced by pay and rewards (Mullin, 2010). The Company reported that it would pay above the National

Minimum Wage from 1 January 2016 to over 25's (Sports Direct Plc. Com, 2017). Nonetheless, it can be questioned, what happened to the under 25s that do the same job are they been paid equally with the same rate as the over 25s? Does this resolve or reinforce conflict?

In 2009, the company introduced a shares scheme as a way of attracting, motivating and incentivising their existing and future employees and giving them the opportunity to participate in the success of the organisation. These policies satisfy the physiological and safety needs of staff according to Maslow Hierarchy of Needs theory (1943). Maslow suggested that 'people's behaviour is determined by their desire to satisfy a progression of physiological, social and psychological needs' (Maslow, 1943; Mullins, 2005, p. 480). SD is also meeting the love need theory (Belonging) and Self-actualisation need theory of their staff according to Maslow by allowing a Workers' Representative to attend all scheduled meetings of the Board, and this policy is contributing to a healthy and constructive dialogue in the company (Sports Direct Plc. Com., 2017). Both Steers & Porter (1991) and Thomson (2016) proposed the application of Maslow's Hierarchy of Needs Theory to HR responsibilities putting workplace theories into practice in the diagram below. (Figure 3, 4)

Figure 3: Maslow's Hierarchy of Needs Model

The image below also highlights how the Hierarchy of Needs can work in an organisation.



Thomson, 2016

Figure 4: Applying Maslow's Needs Hierarchy

Needs levels	General rewards	Organisational factors
1 Physiological	Food, water, sex, sleep	a Pay b Pleasant working conditions c Cafeteria
2 Safety	Safety, security, stability, protection	a Safe working conditions b Company benefits c Job security
3 Social	Love, affection, belongingness	a Cohesive work group b Friendly supervision c Professional associations
4 Esteem	Self-esteem, self-respect, prestige, status	a Social recognition b Job title c High-status job
5 Self-actualisation	Growth, advancement, creativity	d Feedback from the job itself a Challenging job b Opportunities for creativity c Achievement in work d Advancement in the organisation

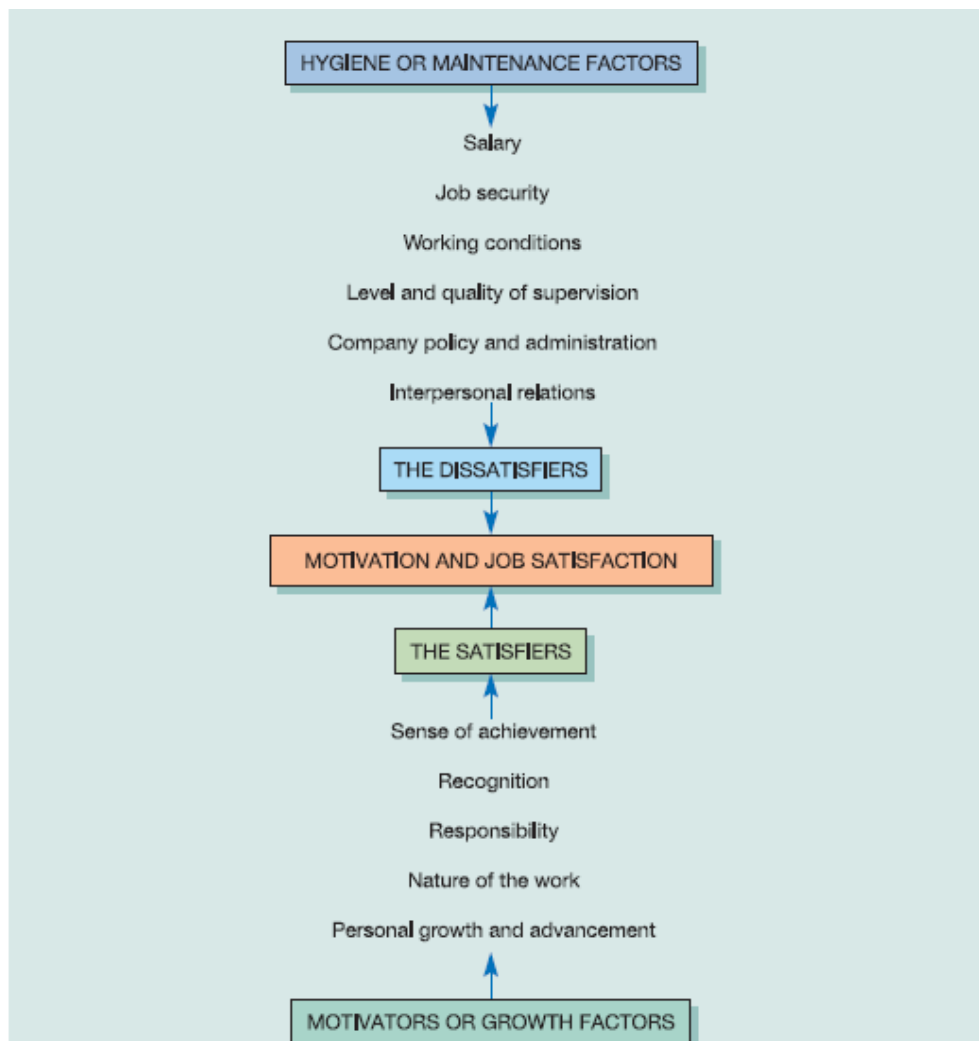
Source: Steers, R. M. and Porter, L. W. *Motivation and Work Behaviour*, fifth edition, McGraw-Hill (1991), p. 35. Reproduced with permission from the McGraw-Hill Companies.

Mullins, 2010, p. 263

The introduction of a feedback system allows staff to write feedback to senior management, which led to improvement in working arrangements (Sports Direct Plc. Com, 2017). Whenever staff feels their voice is 'heard', it promotes a positive mood and working environment. Mullins (2010) claims that staff may make constructive suggestions and if acted on, can give opportunities to develop a better work environment. He further recommended that staff want to be consulted, not just directed, especially in the knowledge driven economy. This is evident in the SD internal survey, the retail staff, seem to have more job satisfaction as indicated below see (Appendices 3-8; Sports Direct. Com, 2017d, e, f).

Herzberg's hygiene factors (see Table 5) indicated that for workers to give their best, managers must attend to the motivators or growth factors in order to avoid unpleasantness at work and to deny unfair treatment. Hygiene factors are vital because other variables do motivate people and can lead to good performance, better job satisfaction, rather than the reverse (Mullins, 2010, p.).

Figure 5: Representation of Herzberg's Two-Factor Theory



Mullins, 2010

Sports Direct is making progress in work arrangements for casual staff to comply with the UK employment regulations (The Agency Workers Regulations, 2010). Ensuring minimum changes are made to scheduled hours and the flexibility of working arrangements. Amazingly, SD research found that the majority of casual staff wish to remain on flexible work arrangements, and the survey of warehouse staff on job satisfaction levels, showed that the majority of staff feel treated with respect by their supervisors (Sports Direct Plc. Com., 2017).

These survey results satisfy the physiological and safety needs of the staff. The Staff feel secured at the company and this is contrary to the public perception.

The launching of a health and wellbeing service, intended to facilitate training for a team of people who will become welfare guardians for their fellow staff. The company liaised with Derbyshire Police who provided advice about anti-drugs policies and anti-hate crime initiatives. SD provide a Chaplaincy Service that offers confidential help and advice to staff. All these efforts by SD are for the benefit of staff's mental and physical wellbeing, which satisfies their physiological, safety and self-esteem (Sports Direct Plc. Com., 2017). Adams (2007) reported that the most important moderator of job performance was morale, and morale increases when companies invest in staff's wellbeing.

SD gives opportunities to staff to develop their skills and progress their careers within the Group. Notably, the majority of store managers were promoted from within, and over a third of them started as casual sales staff. (See Appendix 8-11; Sports Direct Plc. Com., 2017). This career opportunity and training meets all the five steps of Maslow (1943) theory of need from physiological to self-actualization. The new SD policies will create positive mood and positive mood plays an important role in work motivation consequently influencing staff performance as outlined by George & Brief (1992).

Organisational context

Mullins (2016) states that when using a hierarchical structure, it can be criticised if management practices are not flexible in response to the organisational environment.

One of the strongest critics of bureaucratic organisation, and the demands it makes on the worker, is Argyris (1964). He claims that bureaucracies restrict the psychological growth of the individual and cause feelings of failure, frustration and conflict. Argyris (1964) suggests that the organisations environment can provide a high degree of responsibility and self-control for staff, making them more productive, committed to organisation goals and the staff can work to full abilities.

There are many factors that contribute to environmental influences on an organisation see Fig. 6. Analysing, SD showed they responded to the lack of work motivation and satisfaction of staff, created by poor management and fast growth that influenced the working environment, which, in turn brought about the enquiry. SD responded by putting systems and strategies in place to address the issues raised. In addition, SD adapted models and frameworks to respond to the operating environment, to be flexible in their working practice and enable collaborative work among staff to achieve a synergy for effect. This enabled the company objectives to be achieved.

It is management's role to coordinate every facet of the organisation's activities, and should reconcile the needs of people at work to the requirements of the organisation. Thus, good communication is vital in the organisation in order to serve the external environment in which the organisation is operating.

Bureaucracy is formed on a formal and clearly defined and hierarchical structure. However, if there are rapid changes to the external environment, such as breaking down of organisations,

empowerment and increased meeting of the needs of satisfying customers, in response, there is an increasing need to for flexibility and greater communication (Mullins, 2010).

Mullins (2010) further suggested that technology affects a workplace location, the pace and intensity of work, job security and workforce management. SD has shops across UK and a huge online presence (Sports Direct. Com, 2017c). SD utilises extensive technology well, as it is a major e-commerce business. The SD warehouse is located at Shirebrook that gives SD a centralised logistic location (MarketLine, 2017).

At SD, there are many specialist functions in different departments. There could be conflicts among the individuals and departments that can result into stress. The conflicts at SD was with Warehouse staff (Ruddick, 2014). The internal and external factors that were affecting SD staff due to bad working practices could bring stress into the organisation. Arnold and Feldman (1986, p.459) define stress as ‘the reactions of individuals to new or threatening factors in their work environment’. It took government intervention to force SD to resolve their conflicts.

Figure 6. Environmental influences on the organisation



Conclusion

The HRM function, part of structure and management, centred on people's needs in an organisation and looking for ways in which their work promotes or frustrates the fulfilment of these needs. The practice of modern HRM is directed towards providing conditions under which people work willingly and effectively, and contribute to the success of the organisation. This involves concern for employee motivation and job satisfaction. SD failed in its responsibilities to the agency staff and that led to bad publicity. However, the company has taken steps to rectify this, by motivating workers with incentives and improved working environments in compliance with the work practice review. This will enable people to perform to their best and the company could expect more in the form of productivity,

quality and service. Without public outrage, the company did not seem to notice their error.

The HRM team could and should have done more for all staff including the agency staff.

Organisations should not be rigid in their management approach, but must be flexible, have good understanding and a good communication system.

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Appendix 1

Mike Ashley who is now the Chief Executive, founded Sports Direct International Plc. He started the standalone sports store in Maidenhead in 1982, which has now grown into Sports Direct International plc (Sports Direct, Group or the Company) and is now one of the UK's leading and largest sporting goods retailer with a diversified portfolio of sports, fitness, fashion and lifestyle fascia's and brands (Sports Direct International plc, 2017).

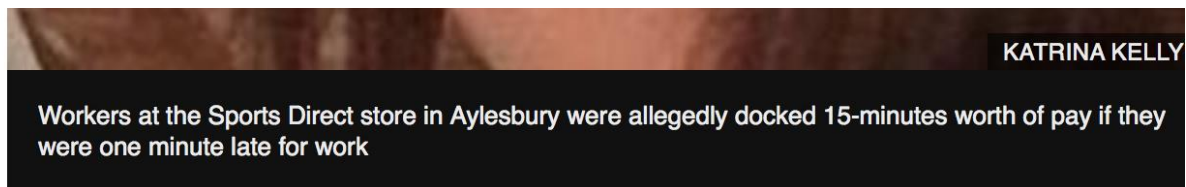
SD aimed to be the leading sports and lifestyle retailer globally and is striving to deliver sustainable growth for its shareholders. SD has over 29,000 staff work to serve customers and communities (Sports Direct Plc.com, 2017).

Furthermore, SD headquarter and the central warehouse distribution is in Shirebrook, Derbyshire and the company has distribution centres in Europe especially in Belgium and Austria. The company further provides free home delivery, gift card and replacement warranty services (Sports Direct Com, 2017a).

Appendix 2

Sports Direct Warehouse worker spoken to the BBC about their experiences.

Katrina Kelly former workers of Sports Direct for six



"It was a horrible place to work," she insisted. "There were several occasions that I believe we were treated extremely inappropriately by the powers-that-be.

"Our shop would close at 8pm weekdays," she said. "We were only paid until 8pm, even if we were often still mopping and cleaning at 9pm."

Katrina remembers one particularly bad stock-take shift when she was 17 years old.

"I started work at 8am, and worked through until 4am when I was only allowed an hour's break for the whole shift."



BBC News. (2016).

Appendix 3

Sports Direct Warehouse worker spoken to the BBC about their experiences.

Fingerprints were scanned

After Katrina had been with the company for three years, she said they set up a fingerprint-scanning system for people to sign into and out of work.

"The fingerprint scan matched with your staff ID number. They then introduced a rule that if you were one minute late you were deducted 15 minutes of pay.

"We also had to buy our uniforms out of our own wages. It would be deducted from our payslips."

The inconsistency of shifts was also a big problem for her.

"Sometimes on my zero-hours contract, I would end up working for 10 days in a row, for 10 hours a day. On other weeks I would get given only one three-hour shift the whole week. There was no routine."

Adrian Walker had a positive experience with the firm

Adrian Walker worked for the company between 1996 and 1998.

"It was a lovely place to work," he says. "I worked in stock control when the head office and warehouse were in Dunstable."

Adrian met Mike Ashley once or twice a week, and insists that he was treated well both by other staff and by Mr Ashley.

BBC News. (2016).

Appendix 4

Sports Direct IT- Anna Hercer

Anna Hercer - IT

I started work at Sports Direct in June 2004 as a warehouse operative, employed via an agency. The Company was based in Dunstable back then and I was one of those ladies sticking labels on the products. After 10 months, I was offered a job in the IT workshop to help with a large IT upgrade, where we were changing the till system at that time. I still remember the pain in my thumbs after two weeks of changing memory sticks in till computers. Being part of the IT Workshop team helped my understanding on how the tills systems work and my IT background proved useful as well.



When the Company moved to Shirebrook I was offered a full time position as an IT Trainee. It didn't take long before I was promoted and moved to be a part of the IT Helpdesk team. Whilst working on the IT Helpdesk, I was responsible for looking after all the stores' IT needs as well as head office and the warehouses. I was exposed to a vast array of technologies, systems and people - I loved my time here. It felt as though my brain was growing every day, as each day brought new challenges and new skills to learn.

I found one particular area of IT fascinating, SQL and databases, our entire company is built around these technologies and wouldn't function without them. I spent a lot of my own time researching SQL and trying to put what I learned into practice in the work environment. My increased knowledge was being noticed by my colleagues (and my manager) and I started to get lots of project work in this area.

Source Sports Direct. Com. (2017e).



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Through natural business growth, a position arose within the SQL \ Database team, I spoke to my manager and asked how he felt about putting my name forward; he had already put my name forward! The rest is history.

It feels like the Company has really looked after me over the years. I've been sent on lots of training courses and worked with some of the best brains in industry, most of all I love the people I work with and the social aspect of work. I now see some of my colleagues as family rather than just people I work with.

Source Sports Direct. Com. (2017e).

Appendix 5

Sports Direct Store Manager- Dhiren Patel

I joined Sports Direct in 2008 as a Store Manager in our White City Store, Westfield. From the minute I joined, it felt so right for me. I love the Sports Direct approach to business, and I feel the company valued and continues to value my contribution. The opportunities to progress at Sports Direct are excellent. After 6 months with the company, I was given the chance to demonstrate my ability as Store Manager of the Oxford Street store – one of the Flagship Stores with one of the highest turnovers in the business.. The company's attitude and care towards development are second to none. In 2010 I moved on from Oxford Street to set up a new store in Camden, my performance at Camden helped me earn a promotion to Area Manager.

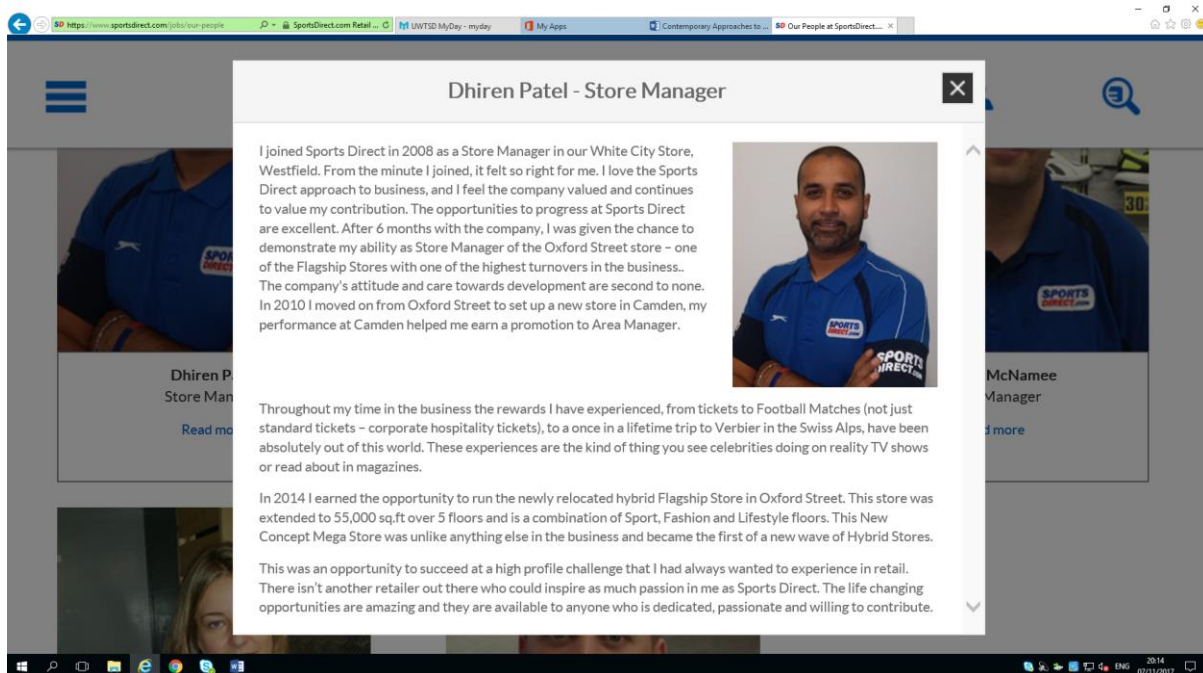


Throughout my time in the business the rewards I have experienced, from tickets to Football Matches (not just standard tickets – corporate hospitality tickets), to a once in a lifetime trip to Verbier in the Swiss Alps, have been absolutely out of this world. These experiences are the kind of thing you see celebrities doing on reality TV shows or read about in magazines.

In 2014 I earned the opportunity to run the newly relocated hybrid Flagship Store in Oxford Street. This store was extended to 55,000 sq.ft over 5 floors and is a combination of Sport, Fashion and Lifestyle floors. This New Concept Mega Store was unlike anything else in the business and became the first of a new wave of Hybrid Stores.

This was an opportunity to succeed at a high profile challenge that I had always wanted to experience in retail. There isn't another retailer out there who could inspire as much passion in me as Sports Direct. The life changing opportunities are amazing and they are available to anyone who is dedicated, passionate and willing to contribute.

Source Sports Direct. Com. (2017e).



Source: Sports Direct. Com. (2017e).

Appendix 6

Sports Direct Store Manager - Dumi Talos

Dumi Talos - Store Manager

With a big passion for retail, in 2009, I joined two of the top high street retailers including Sports Direct as a casual sales assistant. Juggling two jobs wasn't easy, but soon realized I have actually joined a great family and a very fast pace environment. It wasn't long until I accepted a full-time position in Sports Direct. Since then, with the support of this dynamic team (SD family), I have gradually worked my way up to Store Manager Level in the fastest growing and most rewarding company in the UK. What I enjoy about working for this company is the strong sense of teamwork we have, to work with other managers who all have the same vision, goal, and passion for this business.



The benefits and rewards available go hand in hand with the support I receive to motivate me to improve standards, service, and results. Here, no two days are the same. I have worked for a few different companies, but none are as challenging and rewarding as Sports Direct. I know if I work hard, I will get the rewards I deserve.

Always thirsty for success, my aim is to keep my team on the top spot but also looking forward to taking over bigger turnover stores or even expand my experience into Europe.

Sports Direct. Com. (2017e).

Appendix 7

Sports Direct Area Manager – Paul






As an Area Manager you will spend two weeks at our head office in Shirebrook, this is broken into one week with our training team followed by a second week in the head office spending time working with the department heads. After head office, you will then spend time working in a Flagship store as well spending time shadowing another Area Manager.

We currently have over 1000 stores within the Sports Direct International group, including Sports Direct, Field & Trek, USC, Cruise, Pulp, Van Mildert across the UK and Europe. This coupled with an on-going expansion programme means we will soon have a new store on your doorstep ensuring Sports Direct or one of our other fascia's remains at the forefront of retail.



Paul - Area manager

I've been an Area Manager with Sports Direct now for just over a year and what a learning curve it has been! Although I was initially apprehensive stepping from food retailing into the world of fashion and sportswear, I benefitted massively from a superb two-week induction at Head Office.

Many of the skills gained from my previous employment were instantly transferable such as wage control, compliance and a solid work ethic while others that I was less familiar with, I learned in my first few months in the job.

After a year in the role I can now fully appreciate how far I've come and how far this company is going to go in the future. It's an amazing time to be part of the Sports Direct family with the company always expanding and looking for more challenges, and I look forward to putting as much into the business as the fantastic amount I get out of it.

Despite my initial concerns, it has been the best career move I've made!

Sports Direct. Com (2017f).

Appendix 8

Sports Direct Human Resources Administrator - Julie Hind

Julie Hind - Human Resources Administrator



I originally joined the Company in July 2006 working in the Warehouse in Shirebrook in the Pricing department. In mid-2007, I was asked to go up into Human Resources in order to help with the filing in the department and in November 2007, I was then offered the opportunity to become a HR Administrator.

During my time with the Company, I have received the bonus share scheme which has allowed me to visit places like New York, and have a luxurious holiday in Dubai, both of which wouldn't be possible if I hadn't joined Sports Direct. I am extremely proud to work for Sports Direct and thankful to them for providing me the means to be able to travel to these amazing places!



The people I work with are some of the best around and I couldn't imagine working with a better bunch of people! I am proud to be a part of the Company's success and I am excited to see what the future holds for this Company.

Source from: Sports Direct. Com. (2017e).