

# Rapid Development of Sport and Sport Management at the Beginning of the Third Millennium

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**Abstract**—Most people know through experience and intuition what the word „sport“ means. Sport includes a combination of these configurations when it involves team competitions, tournaments, or matches in dual sports or individual sports. Sport management - it is an area of professional endeavor in which a variety of sport-related managerial careers exist and it is also an area of academic professional preparation. Exists three unique aspects of sport management: sport marketing, sport enterprise financial structures and sport industry career paths. The aim of the paper was to highlight the growing importance of sport in contemporary society, especially to emphasize its socio-economic benefits and refer to the development of sport management and marketing. The article has shown that sport contributes 2-3% to gross domestic product in the Czech Republic and that the demand for experts, specialists educated for the sports manager profession is growing.

**Keywords**—management, sport, sport management, marketing

## I. INTRODUCTION

THE most frequent types of entrepreneurial activities in sport are: offering advertising services, renting sports venues, selling refreshment, holding events of entertainment and exhibition nature, providing hostelry services, providing consulting services, selling sports goods, providing services in the area of regeneration and relaxation, offering the possibilities and developing movement skills, in-service training.

At the beginning of the 21st century sport has become one of the most noteworthy phenomena of the present period of the evolution of mankind. Sport as a part of physical culture is characterized both by its specific characteristics, and its position and functions in relation to other areas of social life. Numerous links between sport and other scientific disciplines, characterized by formative effect, are reflected in state policy, they influence education and art as well as physical and psychological development of an individual. Sport plays a considerable part in satisfying needs of individuals and at the same time it attracts attention and interest of general public.

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## II. SPORT

At present sport is a significant social phenomenon at the beginning of the third millennium. It presents a very important area of human activity profiling as a cultural – social phenomenon with a significant economic – political contribution [1].

Sport has a significant social character, it is an inseparable part of social activity and a reflection of the way of life of wide population. It can fulfill the task of active amusement for sportsmen who are practicing it as well as passive amusement for the spectators.

Most people know through experience and intuition what the word „sport“ means. For most of us, sport implies having fun, but it can also be work (professional athlete), a means of employment (sport tourism), or a business (sport marketing agency). Sport takes many forms. It might include many participants, as in team sports such as soccer and volleyball, two participants, as in dual sports such as tennis and badminton, or one person, as in individual sports. Sport includes a combination of these configurations when it involves team competitions, tournaments, or matches in dual sports or individual sports. What criteria qualify games or activities to be classified as sport? Sport is defining as competitive human physical activity that is governed by institutional rules. Parks (1998) was more definitive: „Sport is a competitive physical activity, utilizing specialized equipment and facilities, with unique dimensions of time and space, in which the quest for records is of high significance“

J. B. Parks provided another perspective with his suggestion that sport should:

- be playlike in nature,
- involve some element of competition,
- be based on physical prowess,
- involve elements of skill, strategy and chance,
- have an uncertain outcome [2].

Clearly, we can conceptualize sport in a variety of ways. Sport is any activity, experience, or business enterprise focused on fitness, recreation, athletics, or leisure. In their view, sport does not have to be competitive, nor does it always require specialized equipment or rules, sport includes activities such as working out, running, and dancing.

There is a number of factors influencing the present development and socially-economic significance of sport. These factors include e.g.:

- rise in new types of sports and movement activities,
- variedness and range of population engaging in sport and movement activities,
- rational management of leisure time by the contemporary population, sport is becoming an important leisure time activity,

- rise in the awareness of sport as a part of healthy lifestyle,
- rise in competition with companies and facilities offering the same or similar movement activities,
- rise in production of goods related to sport,
- establishing new sports venues and sports facilities, maintaining the existing ones,
- rise in new production technologies for goods related to sport,
- increasing the importance of service as a sports product,
- development of marketing in sport connected with the development of sport advertising,
- rise in individual forms of sponsoring in sport,
- rise in mass media interest in sport and sports environment,
- rise in the number of journals, magazines and publications, from professional to popular ones,
- rise in the possibilities of education in sport,
- rise in the number of job vacancies created by sport,
- development of sport as sphere of activity for entrepreneurial activities,
- development of transport,
- development of tourism,
- globalization of sport [3].

### III. THREE ASPECTS OF SPORT MANAGEMENT

Sport management exists in two forms. First, it is an area of professional endeavor in which a variety of sport-related managerial careers exist. It is also an area of academic professional preparation-a major-in many institutions of higher education.

In the United States, the inspiration for sport management curricula began in 1957, when Walter O. Malley, owner of Los Angeles Dodgers, wrote a letter to James Mason at Ohio University in which he asked the following question: Where would one go to find a person who by virtue of education had been trained to administer a marina, race track, ski resort, auditorium, stadium, theater, convention or exhibition hall, a public camp complex, or a person to fill an executive position at a team or league level in junior athletics such as basketball, football, scouting, and youth activities, etc.?

As a result of that inquiry, Ohio University started a masters level sport administration program in 1966. This program was the first applied sport management program in the United States. Although several universities had been offering professional preparation programs in athletics administration for many years, the Ohio University program was the first recorded attempt to study sport management in the private sector emphasizing practice and internships as well as academic course work. By the early 1990s, there were more than 200 graduate and undergraduate sport management programs in the United States and Canada.

There are exist three unique aspects of sport management:

- sport marketing,
- sport enterprise financial structures,
- sport industry career paths.

These three aspects of sport management make sport different from other business enterprises and justify sport management as a distinct area of professional preparation.

A fourth unique aspect of sport that we would add to Parks's (1998) list is the enormous power and influence of sport as a social institution.

### IV. SPORT MANAGEMENT STUDY PROGRAMME AT THE FACULTY OF ECONOMICS AT THE VŠB-TECHNICAL UNIVERSITY OF OSTRAVA

Sport management study programme is a bachelor branch of the Economics and Management study programme at the Faculty of Economics at the VŠB-Technical University of Ostrava (VŠB-TUO). The VSB-TUO Department of Physical Education and Sport participate in teaching of physical education subjects. The establishment of this branch at the Faculty of Economics, VŠB-TUO was based on the existing structure of study programmes and the long-term conception of the faculty. Teaching in the Sport Management study programme started at the Faculty of Economics, VSB-TUO in the academic year 1997/1998. The study programme was established because of the needs of practice, in response to an important position and role of sport in the society nowadays. Students will acquire necessary knowledge and skills related to his/her expertise during the studies so that the graduate is able to put acquired knowledge into practice. The graduate should know the basic economic principles and legal norms related to this field; he/she should become an expert of the general sport issues, know the technical and methodological aspects of selected sport disciplines and have a personal assumptions and deep interest in the chosen field and the study programme as well.

Work Exercise of the Graduate is very wide - from the functions on different organizational levels in the existing sports clubs, associations and organizations from local and regional to national, in institutions and facilities that provide recreational, rehabilitative, and leisure-oriented programs (fitness, wellness), in advertising and marketing agencies in the area of sport services, in companies that manufacture and sell sports goods, in organizations specialized in sport events organizing (competitions, tournaments, meetings, etc.).

In the future, enlightened sport managers will become more aware of their social responsibilities and will deliver their services in ways that reflect this understanding. For example, professional child care services will become routine in sport facilities, something we have already begun to see. Sport managers will become more conscious of environmental concerns and will incorporate this understanding into their business practices. Sport managers of the future will use previously untapped and undertapped target markets, such as women and people of differing ages, abilities and sexual orientations. They will also recognize the importance of keeping the sport experience accessible to all socioeconomic groups.

### V. SPORTS MARKETING

Sport is changing rapidly as it competes for the consumer entertainment dollar and leisure choices become more varied and complex.

Sport is different from the regular consumer products or services. Effective sports marketing can bring many benefits. These include raising awareness of the sport, persuading people to try the sport for the first time or to switch from another code, build confidence, loyalty, commitment and warmth, offer incentives and build knowledge. Marketing can also influence tasks such as raising funds, recruiting members, ensuring a positive perception and main training loyalty to a sport.

The marketing process needs to be managed. Information is the foundation of successful marketing - particularly information about the stakeholder, consumers and competitors. A sports product is the game or event itself - the sport. Sport has tangible and intangible elements, which is what marks it a unique product to market. The tangible elements include such things as the type of sport it is, who plays - the participants, the make up of the team(s) and the type of competition.

Promotion is often seen as the exciting part of the marketing mix but can be confused with marketing itself. Sports promotion methods include:

- advertising (print, television, radio, internet),
- sponsorship,
- direct marketing,
- special deals,
- special packages involving other goods and services,
- pre-match entertainment,
- media,
- corporate boxes,
- merchandising (caps, key rings, collectibles, posters, clothing, etc.),
- game programmes,
- meet-the-players days,
- exhibition games,
- old-timer days,
- autographed photos,
- competitions,
- coaching clinics [4].

Sports marketing means more than just sale, promotion, public relation, it represents a complex function. It is a process, a method leading to setting and implementing activities for production, setting price, promotion and distribution of sports events so that the needs of customers were satisfied. By a customer we mean a person interested in any activity of a physical cultural and sports organization / its active and passive members, spectators, sponsors, relevant state authorities.

Sport has certain characteristic features which make a sports product unique and different from other goods and services. It also enters the market in a unique way. Sport is non - material and subjective. Experience with sports products is different from the point of view of every individual. Further on sport is nonconsistent and results are unpredictable that is why marketing experts cannot influence a range of factors (for example weather, result, injury of players). A sports event is transitory, sports product is often produced and consumed at the same moment (a match, competitions).

## VI. THE POSSIBILITIES OF FUND-RAISING IN SPORTS ENVIRONMENT

Most Czech sports organisations have a legal form of citizens association and comply with the essence of non-profit organizations.

Non-profit sport organizations are usually understood as organizations established for welfare activities that have irreplaceable importance in society. The former sports clubs have taken over a legal form of a citizens association and at present many of them are being transformed into companies with their own conduct of business. In practising the same sports activity there is a substantial difference in tax treatment of a citizens association and a company, decidedly more advantageous for a company.

There is a number of possibilities for sports clubs and organizations to get finances necessary for their successful functioning:

- means from public budgets (state budget, regional and municipal budgets),
- means from the resources of the Czech Union of the Physical Education,
- means gained from state lotteries or those with state licence,
- means gained by sports associations from commercial partners,
- income from membership fee,
- income from entrance fee,
- receipts from selling promotional material,
- sports clubs' income following from so called compensation, educational allowance and loan spells,
- income from broadcasting rights,
- means from European Union funds,
- means following from entrepreneurial activities of the sports club.

Many sports clubs and organizations practise entrepreneurial activities aiming at gaining additional financial means necessary for meeting their goals. The most frequent types of entrepreneurial activities in sport are:

- offering advertising services,
- renting sports venues,
- selling refreshment,
- holding events of entertainment and exhibition nature,
- providing hostelry services,
- providing consulting services,
- selling sports goods,
- providing services in the area of regeneration and relaxation,
- offering the possibilities and developing movement skills, in-service training.

## VII. THE ANALYSIS OF SPORT FINANCING IN THE CZECH REPUBLIC IN THE PERIOD FROM 1989 TO 2009

The Ministry of Education, Youth and Sports in cooperation with the Czech Olympic Committee elaborated a detailed study on sport financing called The Analysis of Sport Financing in the Czech Republic (2009). Among other things, this analysis shows that before the revolution in 1989, sport was a considerably favoured area, although it was strongly influenced by the ideology and politics of that time.

After 1989, there was a steep decline in the amount of finances channelled into sport, which lasted until 1998 [5]. In the period between 1998 and 2001 the financial means for the sport environment were gradually increasing. The time of swift economic growth was not reflected in higher public expenditures on sport which paradoxically started to decline in the long run. At present the volume of financial means channelled from the state budget into the sport environment has reached an all-time low in relation to the state budget [6]. Fig 1 shows the development of public expenditures on sport in the period from 1989 to 2008 in relation to public expenditures (lower curve monitors the same in relation to GDP).

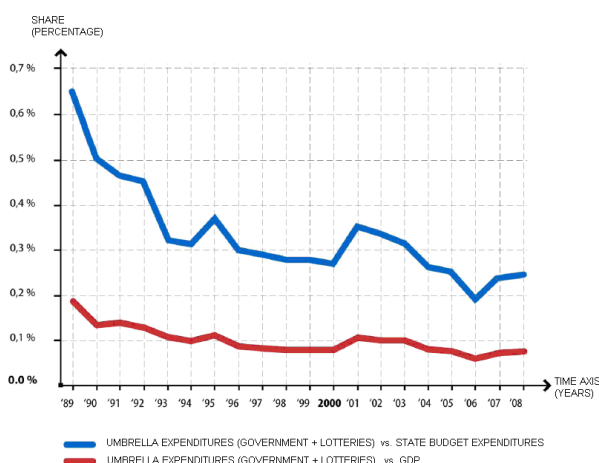


Fig. 1 State budget expenditures (including transfers from lotteries) on the area of sport in the period from 1989 to 2008

Source: The Analysis of Sport Financing in the Czech Republic (2009)

The authors of The Analysis of Sport Financing in the Czech Republic (2009) are grounded in important documents and studies published in the last few years. It was an Austrian study dealing with sport financing in the EU countries and published during the Austrian EU presidency (2006), the same topic was also covered by a French study realized during the French EU presidency (2008). Other data on the given issue was stated in the White Book on Sport (2007) and the results of the Economic Forum in Davos (2007). All the above mentioned studies are related to the volume of sports market.

The French study is based on the expenditures of the citizens of the EU countries per capita. Its authors determined average expenditures of EU citizens on sport to be 117 Euros [7]. In this comparison, Czech Republic was placed third from the bottom of the scale, which means that it has the third lowest public expenditures out of 26 monitored EU countries. Only Malta and Bulgaria have lower public expenditures on sport than the Czech Republic. The country with the highest public expenditures on sport is France, then Luxembourg, Finland, the Netherlands, Denmark. Approximately in the middle of the scale of the comparative Fig we can find Slovakia, Slovenia, Rumania, Ireland, Great Britain (see Fig 2).

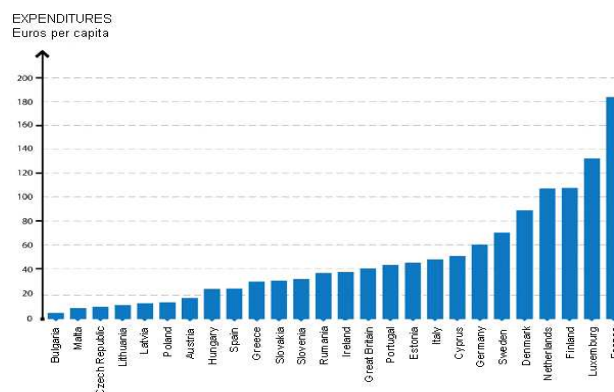


Fig. 2 The EU countries – comparing public expenditures on sport per capita

Source: The Analysis of Sport Financing in the Czech Republic (2009)

The French study also shows that households contribute to sports environment 49.7%, state 11.9%, regions and municipalities 24.3% and companies 14.1%. It is supposable that in the Czech Republic the situation is comparable (see Fig 3). The result of the calculation of the state budget income arising from sport based on the data published in the White Book on Sport are rather different. It states that sport has a 2% share in creating GDP (the same percentage for the Czech Republic was also presented at the Economic Forum in Davos in 2009). It is safe to say that the value of 2% is rather conservative, because for the other EU countries this item is much higher, it reaches the amount up to 3.7%.

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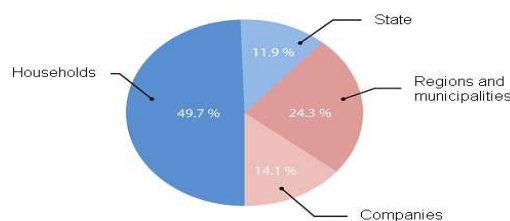


Fig. 3 The structure of sport financing according to the French study *Study of Public and Financing of Sport in Europe* (2008)

Source: The Analysis of Sport Financing in the Czech Republic (2009)

In the White Book on Sport the data on the volume of sport market in the EU countries are transferred to percentage from GDP [9]. The authors rely on the results of the Austrian study from 2006 stating that in sports environment of the EU countries, the added value was created at an average value of 406 billion Euros, which corresponds to 3.7 % of EU GDP. The value of sports market in the Czech Republic is estimated to be 2 % of GDP, which is a very sober, even conservative figure with regard to the stated European average (3.7 % of GDP).

On the basis of the above mentioned assumptions and materials used, including the latest studies dealing with sport financing and sports market, it is possible to observe that state budget income arising from sport in the Czech Republic range between 8.8 and 11.4 billion CZK, while public budgets expenditures on sport in absolute figure amounted to 7.7 in 2008. In conclusion it implies that sports environment is a clear payer into state budget with negative balance from 1.1 to 3.7 billion CZK.

#### VIII. CONCLUSION

Sport addresses at present nearly 50% of the world population. It is universal, it does not form differences in culture of individual countries, there are no language barriers. Sport is an integral part of human culture. Crowds of people come to sports grounds and arenas, they communicate, exchange their opinion, form their attitudes. It is possible to say that people connected in a way to sports belong to the most active part of the population. They influence opinion of fellow - citizens, share then value orientation.

Proportionally, as new kinds of sports are appearing, the field of physical education is becoming wider and of better quality. As the interest in sports is growing in the population and it is possible to practise sports for the others interested in it, the development of sports is significant economic and political activity with inseparable social aspect.

Sport is any activity, experience, or business enterprise focused on fitness, recreation, athletics, or leisure. Sport management is both an area of professional endeavor and an academic program of study. Sport managers tasks might be associated with organization management, information management, or exercise and sport science. The four unique aspects of sport management are sport marketing, the sport enterprise financial structure, sport career paths, and the power of sport as social institution. Well-prepared sport managers are needed because of the proliferation of sport enterprises and their economic impact.

Sports marketing means more than just sale, promotion, public relation, it represents a complex function. It is a process, a method leading to setting and implementing activities for production, setting price, promotion and distribution of sports events so that the needs of customers were satisfied. The marketing process needs to be managed. Information is the foundation of successful marketing - particularly information about the stakeholder, consumers and competitors. Sports marketing is different from marketing regular products and services, but some modern marketing techniques can be used in sport.

Statistic and information offices in the Czech Republic do not use the term sport industry and do not register sport as an independent industrial branch. Nevertheless, sport contributes to the gross domestic product (hereinafter referred to as GDP) and has a significant share in creating new job vacancies. Economic and statistic data from sport area are difficult to get and often they even do not exist at comparably defined indicators, because sport is not an independent statistically monitored branch.

Statistical yearbooks also include only summary data common to sport and culture, or for leisure time activities. It applies to the Czech Republic as well as for most European Union countries.

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