



ISSN: 2456-0057  
IJPNPE 2019; 4(1): 1488-1490  
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www.journalofsports.com  
Received: 25-11-2018  
Accepted: 27-12-2018

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## Sport management: Strategic planning of the resources for the welfare of athletes

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### Abstract

Managing sport organizations at the start of the twenty-first century involves the application of techniques and strategies evident in the majority of modern business, government and non-profit organizations. Sport managers engage in strategic planning, manage large numbers of paid and voluntary human resources, deal with broadcasting contracts worth billions of dollars, manage the welfare of elite athletes who sometimes earn 100 times the average working wage, and work within highly integrated global networks of international sports federations, national sport organizations, government agencies, media corporations, sponsors and community organizations. Students seeking a career as a sport manager need to develop an understanding of the special features of sport and its allied industries, the environment in which sport organizations operate, and the types of sport organizations that operate in the public, non-profit and professional sectors of the sport industry. The remainder of the paper is devoted to a discussion of these points and highlights the unique aspects of sport organization management.

**Keywords:** Sport industry, strategic planning, community organisations

### Introduction

Sport employs many millions of people around the globe, is played or watched by the majority of the world's population, and, at the elite or professional level, has moved from being an amateur pastime to a significant industry. The growth and professionalization of sport has driven changes in the consumption, production and management of sporting events and organizations at all levels of sport. Countries with emerging economies such as Brazil, hosts of the 2014 World Cup for football and the 2016 Olympic Games, increasingly see sport as a vehicle for driving investment in infrastructure, for promoting their country to the world to stimulate trade, tourism and investment, and for stimulating national pride amongst their citizens.

### Sport Management Environment

Globalization has been a major force in driving change in the ways sport is produced and consumed. The enhanced integration of the world's economies has enabled communication to occur between producers and consumers at greater speed and variety, and sport has been one sector to reap the benefits. Consumers of elite sport events and competitions such as the Olympic Games, World Cups for rugby, cricket and football, English Premier League Football, the National Basketball Association (NBA), and Grand Slam tournaments for tennis and golf enjoy unprecedented access through mainstream and social media. Aside from actually attending the events live at a stadium or venue, fans can view these events through free-to-air and pay or cable television; listen to them on radio and the internet; read about game analyses, their favourite players and teams through newspapers and magazines in both print and digital editions; receive progress scores, commentary or vision on their mobile phones or tablets through websites or social media platforms such as Twitter; and sign up for special deals and information through online subscriptions using their email address or preferred social media platform.

Changes in telecommunications have already been highlighted, but further changes in technology are evident in areas such as performance enhancing drugs, information technology, coaching and high performance techniques, sports venues, sport betting and wagering, and

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sporting equipment. These changes have forced sport managers to develop policies about their use, to protect intellectual property with a marketable value, and generally adapt their operations to incorporate their use for achieving organizational objectives. Sport managers need to understand the potential of technological development but also the likely impact on future operations.

### Three Sectors of Sport

In order to make sense of the many organizations that are involved in sport management, and how these organizations may form partnerships, influence each other's operations and conduct business, it is useful to see sport as comprising three distinct sectors. The first is the state or public sector, which includes national, state/provincial, regional and local governments, and specialist agencies that develop sport policy, provide funding to other sectors, and support specialist roles such as elite athlete development or drug control. The second is the non-profit or voluntary sector, made up of community based clubs, governing associations and international sport organizations that provide competition and participation opportunities, regulate and manage sporting codes, and organize major championship events. The third sector is professional or commercial sport organizations, comprising professional leagues and their member teams, as well as allied organizations such as sporting apparel and equipment manufacturers, media companies, major stadium operators and event managers.

These three sectors do not operate in isolation, and in many cases there is significant overlap. For example, the state is intimately involved in providing funding to non-profit sport organizations for sport development and elite athlete programs, and in return non-profit sport organizations provide the general community with sporting opportunities and as well as developing athletes, coaches, officials and administrators to sustain sporting participation. The state is also involved in commercial sport, supporting the building of major stadiums and other sporting venues to provide spaces for professional sport to be played, providing a regulatory and legal framework for professional sport to take place and supporting manufacturing and event organizations to do business. The non-profit sport sector supports professional sport by providing playing talent for leagues, as well as developing the coaches, officials and administrators to facilitate elite competitions. Indeed, in some cases the sport league itself will consist of member teams which are technically non-profit entities, even though they support a pool of professional managers and players. In return, the professional sport sector markets sport for spectators and participants and in some cases provides substantial funds from TV broadcast rights revenue.

### What is different about sport management?

Sport managers utilize management techniques and theories that are similar to managers of other organizations, such as hospitals, government departments, banks, mining companies, car manufacturers, and welfare agencies. However, there are some aspects of strategic management, organizational structure, human resource management, leadership, organizational culture, financial management, marketing, governance and performance management that are unique to the management of sport organizations.

### Strategic management

Strategic management involves the analysis of an

organization's position in the competitive environment, the determination of its direction and goals, the selection of an appropriate strategy and the leveraging of its distinctive assets. The success of any sport organization may largely depend on the quality of their strategic decisions. It could be argued that non-profit sport organizations have been slow to embrace the concepts associated with strategic management because sport is inherently turbulent, with on-field performance and tactics tending to dominate and distract sport managers from the choices they need to make in the office and boardroom. In a competitive market, sport managers must drive their own futures by undertaking meaningful market analyses, establishing a clear direction and crafting strategy that matches opportunities. An understanding of strategic management principles and how these can be applied in the specific industry context of sport are essential for future sport managers.

### Organizational structure

An organization's structure is important because it defines where staff and volunteers 'fit in' with each other in terms of work tasks, decision-making procedures, the need for collaboration, levels of responsibility and reporting mechanisms. Finding the right structure for a sport organization involves balancing the need to formalize procedures while fostering innovation and creativity, and ensuring adequate control of employee and volunteer activities without unduly affecting people's motivation and attitudes to work. In the complex world of sport, clarifying reporting and communication lines between multiple groups of internal and external stakeholders while trying to reduce unnecessary and costly layers of management, is also an important aspect of managing an organization's structure. The relatively unique mix of paid staff and volunteers in the sport industry adds a layer of complexity to managing the structure of many sport organizations.

### Human resource management

Human resource management, in mainstream business or sport organizations, is essentially about ensuring an effective and satisfied workforce. However, the sheer size of some sport organizations, as well as the difficulties in managing a mix of volunteers and paid staff in the sport industry, make human resource management a complex issue for sport managers. Successful sport leagues, clubs, associations, retailers and venues rely on good human resources, both on and off the field. Human resource management cannot be divorced from other key management tools, such as strategic planning or managing organizational culture and structure, and is a further element that students of sport management need to understand to be effective practitioners.

### Leadership

Managers at the helm of sport organizations need to be able to influence others to follow their visions, empower individuals to feel part of a team working for a common goal, and be adept at working with leaders of other sport organizations to forge alliances, deal with conflicts or coordinate common business or development projects. The sport industry thrives on organizations having leaders who are able to collaborate effectively with other organizations to run a professional league, work with governing bodies of sport, and coordinate the efforts of government agencies, international and national sport organizations, and other groups to deliver large-scale sport events. Sport management students wishing to work in

leadership roles need to understand the ways in which leadership skills can be developed and how these principles can be applied.

### **Organizational culture**

Organizational culture consists of the assumptions, norms and values held by individuals and groups within an organization, which impact upon the activities and goals in the workplace and in many ways influences how employees work. Organizational culture is related to organizational performance, excellence, employee commitment, cooperation, efficiency, job performance and decision-making. However, how organizational culture can be defined, diagnosed and changed is subject to much debate in the business and academic world. Due to the strong traditions of sporting endeavour and behaviour, managers of sport organizations, particularly those such as professional sport franchises or traditional sports, must be cognizant of the power of organizational culture as both an inhibitor and driver of performance. Understanding how to identify, describe, analyse and ultimately influence the culture of a sport organization is an important element in the education of sport managers.

### **Financial management**

Financial management in sport involves the application of accounting and financial decision-making processes to the relatively unique revenue streams and costs associated with sport organizations. It is important for sport managers to understand the financial management principles associated with membership income, ticketing and merchandise sales, sports betting income, sponsorship, broadcast rights fees, and government grants and subsidies. Sport managers also need to understand the history of the commercial development of sport and the ways in which sport is likely to be funded and financed in the future, in particular the move to private ownership of sport teams and leagues, sport clubs being listed on the stock exchange, greater reliance on debt finance, and public-private partnerships.

### **Sport marketing**

Sport marketing is the application of marketing concepts to sport products and services, and the marketing of non-sports products through an association with sport. Like other forms of marketing, sport marketing seeks to fulfil the needs and wants of consumers. It achieves this by providing sport services and sport-related products to consumers. However, sport marketing is unlike conventional marketing in that it also has the ability to encourage the consumption of non-sport products and services by association. It is important to understand that sport marketing means the marketing of sport as well as the use of sport as a tool to market other products and services.

### **Sport and the media**

The relationship between sport and the media is the defining commercial connection for both industries at the beginning of the twenty-first century and at the elite and professional levels sport is becoming increasingly dependent on the media for its commercial success. Managers of professional or commercial sport organizations and events need an understanding of the structure of the sport broadcast industry, the implications of media diversity and convergence, the valuation of media rights, and the restrictions that government policy and regulation has in some cases. The explosion in the use of

social media platforms by consumers demands that sport managers know how to use these platforms to communicate, engage and ultimately influence consumer decisions in relation to their product, service or brand.

### **Governance**

Organizational governance involves the exercise of decision-making power within organizations and provides the system by which the elements of organizations are controlled and directed. Governance is a particularly important element of managing sport organizations, many of whom are controlled by elected groups of volunteers, as it deals with issues of policy and direction for the enhancement of organizational performance rather than day-to-day operational management decision-making.

Appropriate governance systems help ensure that elected decision-makers and paid staff seek to deliver outcomes for the benefit of the organization and its members and that the means used to attain these outcomes are effectively monitored. As many sport managers work in an environment where they must report to a governing board, it is important that they understand the principles of good governance and how these are applied in sport organizations.

### **Conclusion**

Sport organizations over the last 30 years have undergone an evolution to become more professionally structured and managed. Sport organizations have applied business principles to marketing their products, planning their operations, managing their human resource and other aspects of organizational activity. The unique nature of sport organizations and the variation in missions and purposes has led to the development of a variety of criteria with which to assess the performance of sport organizations. Sport management students need to understand the ways in which organizational performance can be conceptualized, analysed and reported and how these principles can be applied in the sport industry.

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