THE IMPACT OF TRANSITION ON SPORTS MANAGEMENT

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Abstract:

The question of marketing management, being one of the most important components of sports management in general, is today clearly one of the key issues of funding sports in the transition countries. Eastern European countries are confronting large problems in financing sport as a result of the per capita Gross Domestic Product in most of them being much lower than the GDP of Western countries. The transformation of their companies is relatively slow (denationalisation, moves towards a market economy...), therefore virtually no funding is available from that source to significantly replace the extensive financial resources for sport that came out of the state budgets of the former political system. In part, the same situation applies to Slovenia. Certain answers to global questions of sports marketing in Slovenia have been collected through questionnaires answered to by 156 legal sports entities. We calculated a frequency distribution of those replies separately for each group, and the contingency tables showing the relationships between the groups, while the average of the replies has been calculated with an accompanying analysis of variance. Hypotheses of the differences between groups have been tested with the help of the F test and CHI² test. Zero hypotheses have been rejected by 5% error. Given that the proportion of funds coming from public sources has been relatively stable in Slovenia (albeit compared to the total 1998 budget it has been decreasing), funds emerging from private sources have been significantly increasing. In the opinion of the respondent legal entities, Slovenian companies can no longer manage to give sufficient financial support to top sports, and are too involved in supporting lower ranked levels of certain sports events, whereas their support for sports for all is very poor. In any event, the future of sports should not be completely left to the marketing rules.

Key words: sports management, support of sport, Slovenia

DIE AUSWIRKUNGEN DER TRANSITIONSPERIODE AUF DAS SPORTSMANAGEMENT

Zusammenfassung:

Die Problematik des Marketings, als eines der wichtigsten Teile des Sportmanagements im allgemeinen, ist heutzutage sicherlich eine der entscheidendsten Fragen der Finanzierung des Sports in Transitionsländern. Die osteuropäischen Länder kämpfen mit den großen finanziellen Problemen im Sportbereich, da das Bruttosozialprodukt pro Einwohner in meisten von diesen Ländern beduetend niedrieger als in westeuropäischen Ländern ist. Die Umwandlung der Geschäftsfirmen verläuft ziemlich langsam (Denationalisierung, Marktwirtschaft). Deshalb kommen aus dieser Quelle keine Geldmittel, die zum größeren Teil die ausgiebigen Finanzmittel ersetzen könnten, die in den ehemaligen politischen Systemen für den Sport aus der Staatskasse gegeben wurden. Teilweise bezieht sich das auch auf Slowenien.

Einige Antworte auf globale Fragen des Sportmarketings in Slowenien wurden mittels einer Umfrage an 156 gesetzlichen Sporteinheiten gesammelt. Die Distributionsrate der Antworte auf jede einzelne Gruppe der Fragen, sowie die die Beziehungen zwischen Gruppen darstellende Kontingenztabellen wurden dargestellt. Der Durchschnitt der Antworte wurde mittels der Varianzanalyse gerechnet. Die Hypothesen über die Verschiedenheiten zwischen Gruppen wurden mittels des F-Tests und Chi-Quadrat-Tests geprüft. Die Nullhypothesen wurden mit dem 5-prozentigem Fehler abgewiesen. Hinsichtlich der Tatsache, dass die Finanzierung aus den öffentlichen Quellen in Slowenien relativ stabil war (obwohl im Vergleich mit dem Gesamtbudget für 1998 etwas reduziert), haben die Geldmittel aus Privatquellen beduetend zugenommen. Nach der Meinung der befragten gesetzlichen Sporteinheiten, gelingt es den slowenischen Geschäftsfirmen kaum mehr, genügende finanzielle Unterstützung dem Höchstleistungssport anzubieten. Andererseits unterstützen sie einige Sportarten niedrigerer Qualität zu viel, während ihre Hilfe dem "Sport für alle" sehr arm ist. Jedenfalls sind sich die Befragten einig, dass Sport nicht ausschließlich den Marketinggesetzen überlassen werden sollte.

Schlüsselwörter: Sportmanagement, Unterstützung des Sports, Slowenien

Introduction

The question of what is happening in the area of funding sport in the former real-socialist countries, including the new countries that arose on the area of the former Yugoslavia, is of substantial interest and demands significant research attention (Šugman et. al., 1993). Yet, it is difficult to obtain the relevant information about the money involved even for research purposes. The reasons are varied and, amongst others, two are worthy of mentioning: (a) the continuous general reservation of the Eastern

European countries from the research projects of broader economic significance; and (b) the inaccessibility of data due to business secrets. Of course, it is not difficult to obtain information on the funding allocated to sports from public sources, since it is published in almost all countries (Funding for Eur. Sport, 1977). The paramount question therefore involves marketing and the funding originating from private sources.

The aim and the problem

The main problem to be identified is how the so-called countries of real – socialism can replace the once primary source of funds, i. e. funding from the state budget. The ex-socialist countries today face significant financial problems in almost all areas since the per capita Gross Domestic Product in most of them (in USD) is very low compared to the Western countries. Reforms in their companies have been carried out very slowly, and there is no funding from that source to significantly replace the former budgetary source (Andreff, 1996)[1]. Consequently, we are witnessing a serious decline in top sports, above all in collective sports (Šugman, 1999)[2], in practically all the countries of the former socialist system. The vast majority of clubs and in part even the selections from those countries are these days no longer considered important and even smaller countries such as the Baltic and Scandinavian countries, Switzerland, Austria, etc. can easily compete with them at an international level.

In addition, the Bosman ruling has brought new, almost revolutionary repercussions for sport. Those countries able to pay for athletes from other (mostly economically non-developed) countries have attracted many foreigners. The trend of the professionalisation of sport can be seen only in those economically powerful countries where the GDP exceeds USD 10,000 per capita. According to the National Statistical Office, GDP in Slovenia was about USD 12,500 in 1998, while the estimate for 1999 is about USD 14,000, placing Slovenia in the front position of all the ex-socialist countries. This enables Slovenia to cover the financial needs of sports (from both public and private sources), but the question remains as to how this will effect the development of national sports in the future.

Several research studies have been carried out (since 1997) in the area of sports (Bednarik et al., 1997; Šugman 1997; Bednarik et al., 1998), which shed light on the new, extremely important and increasingly decisive sports domain of market management – without which sport can not exist today. Some conclusions on the significance and role of trade marketing in sport (within civil entities i.e. sports clubs, associations and federations in Slovenia) are also drawn in this article.

Working Methods

We interviewed the appropriate people from (a) 60 national sports associations (NA), (b)

Table 1: Overview of the respondents and the number of answers received

	Sent	Returned	%
a. National Sports Federations	60	28	46.8
b. Sports Associations at Local Communities and Municipalities	58	41	70.8
c. Departments of Social Activities of Local Communities	147	87	59.2
Total:	265	156	58.8

[1] Andreff asserts that the relationship between public and private funds for sport in almost all West European countries is from 25 to 75%, somewhere more somewhere less. Only in Hungary (the only ex – socialist country included in the research) the relationship was 45:55%.
[2] According to information from the sports associations/federations, 642 foreigners with working visas (or even without them) were engaged in Slovenian sport in 1998/9, and Slovenian citizenship was awarded to another 22 foreigners. In total, 664 foreigners were employed (including the 22 who are no longer foreigners). Further, Slovenia is still not a full member of the EU and when/if it becomes one, the Bosman ruling shall be fully implemented here, too. This leads to some other questions, among which the most important is: What impact will the engagement of foreigners in sport have at the national level and for the Slovenian economy as a whole?

68 municipal sports associations (MA), and (c) 147 social area civil services in local municipalities (local authorities - MSACS). We used a postal questionnaire. In total, the questionnaires were addressed to 265 legal entities, and we received 156 replies (a response rate of 58.8%). The sample is considered as representative, and enabled us to elaborate and draw conclusions. A detailed overview of the respondents and the number of answers received is shown in Table 1.

The questionnaire covered a number of areas. Only four questions, or better to say, answers to the complex of questions will be used to outline the problem of trade marketing in this article, i.e. in relation to top sports, sports recreation, financing and management. A five-level scale was offered for possible answers: 1 – I agree; 2 – I partly agree; 3 – I do not agree; 4 – I do not know; and 5 – I do not wish to reply. The answers »I do not know« and »I do not wish to reply« were eliminated from the processing in order to carry out the analysis of variance. At all times we were fully conscious of the fact that the method is very clear but, in some ways, not the most appropriate. For that reason, we also prepared contingency tables and checked the results with the CHI^2 test.

We calculated the frequency distribution and analysed the variance. We note here that the scale values in all the tables are inverted. The data have been processed by the Department of Computer Data Processing at the Department of Psychology at the University of Ljubljana's Faculty of Philosophy.

Respondents provided their views on the following four statements:

V1 - Sports should be left to market rules

V2 - Our economy is incapable of financially supporting top sports

V3 - The economy is too involved in supporting low quality sports

V4 - The economy insufficiently supports »sport for all«

Results

Discussion

Up to 70.9 % of the respondents did not agree that sports should be left to market rules (V1). The mean value obtained for all three groups is very low (from 2.5823 in MSACS to 2.8684 in sports associations in municipalities). There are no statistical differences between the groups and the values speak for themselves in saying that funds coming from sports marketing are insufficient and that the state 'is obliged' to contribute to financing the civil sports movement.

In general, the respondents thought (64.9%) that our economy does not manage to financially support top sports in an adequate way (V2). That is the opinion of all three levels of sports and there are no significant statistical differences among them. The most single-minded in this area are the sports associations (whose mean value is high at 1.2000). Further, the three levels agree that business is too involved in supporting low profile sports (V3). Significant statistical differences between subjects were not noticed, but the values of answers tended to be 'I partly agree', resulting in mean values.

It is the same situation when supporting (or not supporting) 'sport for all activities' as in question (V 4). The groups questioned tended to reply 'I agree' (43.5%), although they also commonly gave two other common answers - 'I partly agree' and 'I do not agree' (in total 45.4%) - implying a general estimation somewhere in the middle (with the typical statistical difference of F.0416 between the groups). The relatively high results of 'I agree' concerning business support of 'sport for all' resulted from the sporting associations and federations with a mean value of 1.6410 and from MSACS with a mean value of 1.6800, but not from NA (a mean value of 2.1364). The typical statistical differences among the groups could be explained by the fact that, at the local level, sports associations/federations and public services are responsible mainly for 'sports for all' and are fully aware of the absence of specific business support for the most widespread sport activity of sport for all. The vast majority of national sporting federations do not deal with sports for all since their main occupation is competitive sport and top sports results. The Sports Union, Alpine Association, Scouts Association and certain others are exceptions to the above classification.
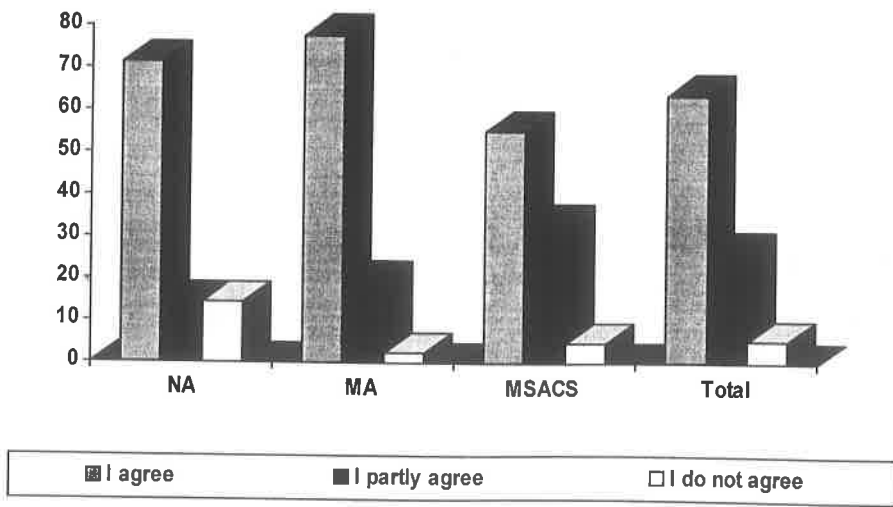
V 1: Sport should be left to market rules

O N E   W A Y

Variable   V1

Analysis of Variance

Source	D. F	Sum of Squares	Mean Squares	F Ratio	F Prob.
Between Groups	2	2.2489	1.1245	3.7110	.0269
With Groups	139	42.1173	.3030		
Total	141	44.3662			

Group	Count	Mean	Standard Deviation	Standard Error	95 Pct Conf		Int. for Mean
Gp 1	25	2.7600	.4359	.0872	2.5801	to	2.9399
Gp 2	38	2.8684	.3426	.0556	2.7558	to	2.9810
Gp 3	79	2.5823	.6526	.0734	2.4361	to	2.7284
Total	142	2.6901	.5609	.0471	2.5971	to	2.7832

Group	Minimum	Maximum
Gp 1	2.0000	3.0000
Gp 2	2.0000	3.0000
Gp 3	1.0000	3.0000
Total	1.0000	3.0000
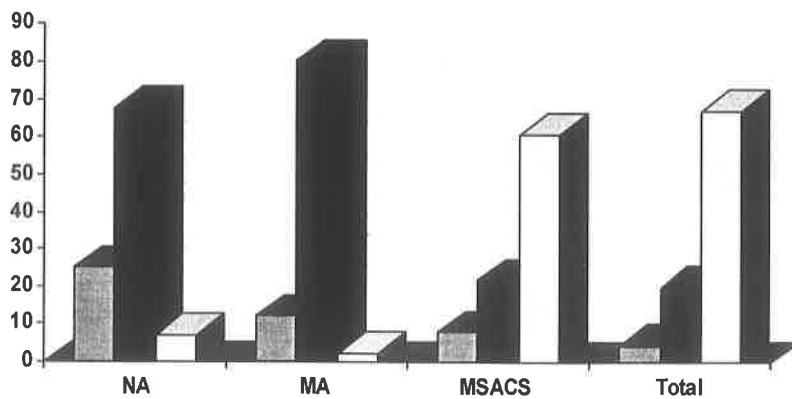
| I agree | I partly agree | I do not agree |

V 2 - Our economy is incapable of financially supporting top sports

O N E   W A Y

Variable   V2

Analysis of Variance

Source	D. F	Sum of Squares	Mean Squares	F Ratio	F Prob.
Between Groups	2	1.8819	.9409	2.7750	.0657
With Groups	145	49.1654	.3391		
Total	147	51.0473			

Group	Count	Mean	Standard Deviation	Standard Error	95 Pct Conf	Int. for Mean
Gp 1	27	1.4444	.7511	.1445	1.1473 to	1.7416
Gp 2	40	1.2000	.4051	.0641	1.0704 to	1.3296
Gp 3	81	1.4568	.5927	.0659	1.3257 to	1.5878
Total	148	1.3851	.5893	.0484	1.2894 to	1.4809

Group	Minimum	Maximum
Gp 1	1.0000	3.0000
Gp 2	1.0000	2.0000
Gp 3	1.0000	3.0000
Total	1.0000	3.0000

Legend: ▨ I agree   ■ I partly agree   ☐ I do not agree

V 3 - Business is too involved in supporting low quality sports

ONE WAY						
Variable V3						
			Analysis of Variance			
Source		D. F	Sum of Squares	Mean Squares	F Ratio	F Prob.
Between Groups		2	1.8293	.9147	1.5451	.2173
With Groups		128	75.7738	.5920		
Total		130	77.6031			
Group	Count	Mean	Standard Deviation	Standard Error	95 Pct Conf	Int. for Mean
Gp 1	26	1.6923	.6794	.1332	1.4179 to	1.9667
Gp 2	37	2.0000	.7454	.1225	1.7515 to	2.2485
Gp 3	68	1.7647	.8125	.0985	1.5680 to	1.9614
Total	131	1.8168	.7726	.0675	1.6832 to	1.9503
Group	Minimum	Maximum				
Gp 1	1.0000	3.0000				
Gp 2	1.0000	3.0000				
Gp 3	1.0000	3.0000				
Total	1.0000	3.0000				
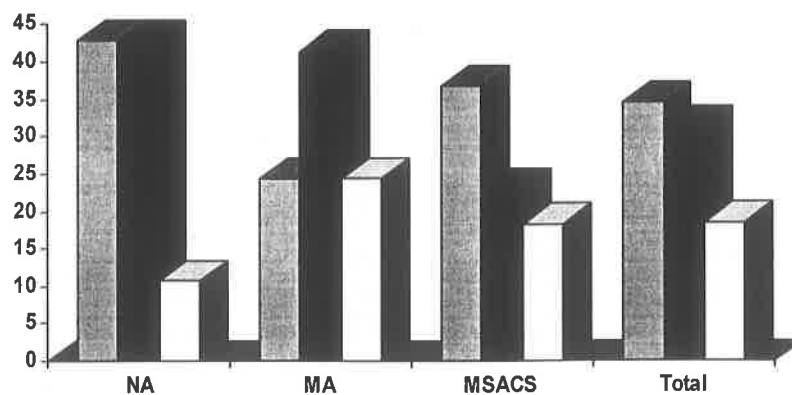
Legend: ☒ I agree   ■ I partly agree   ☐ I do not agree

V 4 - Business insufficiently supports 'sport for all'

O N E   W A Y

Variable   V4

Analysis of Variance

Source	D. F	Sum of Squares	Mean Squares	F Ratio	F Prob.
Between Groups	2	4.1074	2.0537	3.2561	.0416
With Groups	133	83.8853	.6307		
Total	135	87.9926			

Group	Count	Mean	Standard Deviation	Standard Error	95 Pct Conf	Int. for Mean
Gp 1	22	2.1364	.7743	.1651	1.7931 to	2.4797
Gp 2	39	1.6410	.7429	.1190	1.4002 to	1.8819
Gp 3	75	1.6800	.8246	.0952	1.4903 to	1.8697
Total	136	1.7426	.8073	.0692	1.6057 to	1.8796

Group	Minimum	Maximum
Gp 1	1.0000	3.0000
Gp 2	1.0000	3.0000
Gp 3	1.0000	3.0000
Total	1.0000	3.0000

I agree   I partly agree   I do not agree
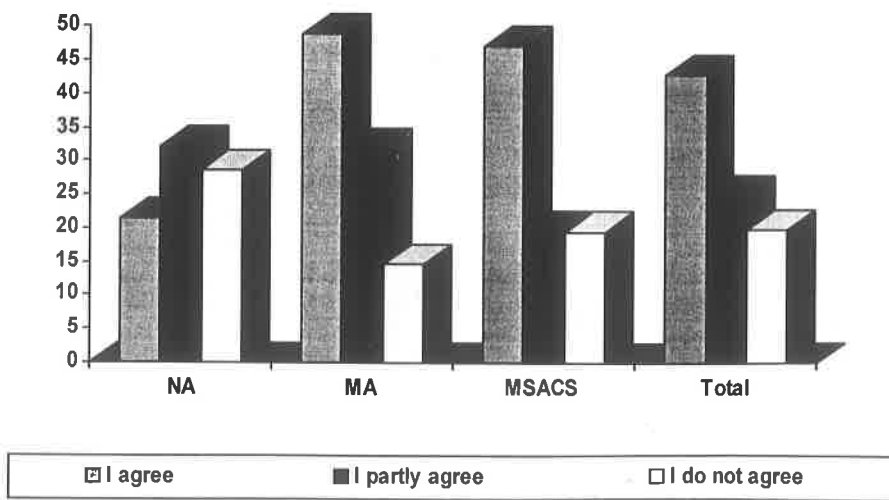
Conclusions

In relation to the funds required by the sports structures for their activities, it should be pointed out that the respondent groups are dissatisfied with the present system of financing and with the share of funds allocated from the central budget for sports at the local and national levels. They believe that more than 0.16% of the central budget should be allocated to sports organisations (in 1996 –6%). Of course, the reality differs significantly from the actual thinking of the sports bodies. What is the main issue? In principle, the voluntary sport activities within the associations depend primarily on the skills of their members. That means they have to provide their own funds, with the state only helping them to find alternative financial sources because the state is convinced that the associations play an important role for both the public and the state. This is also the way it should be in Slovenia, above all at the time when society recovers sufficiently and when the per capita Gross Domestic Product increases. At present, the financing of sports does not follow the model of Western countries (involving the issue of private property) and Slovenia is encountering problems reflected in a simple, general shortage of money (Šugman, 1997)[3]. Not only is the state responsible for this situation, but frequently so are the sports associations/federations by not abandoning the lavish, professionally inadequate, and over-expensive competitions which direct money to low quality sports, especially collective sports where a lot of money is spent on 'show business'. The consequence is a lack of money for early directed work with the young, for thorough expert and research work, for investments and maintenance of sports facilities, for preparations and competitions for selections, including participation at the Olympic Games and World Championships.

From this aspect, the standpoints of individual respondents should also be considered, given that business cannot give support to all sports. Here, the change of economic system should also be taken into account since most companies have already been privatised, leading to the extinction of the traditionally 'rich' source of funding for sport from public companies. The support given today to low profile sports and the very nominal support of sport for all from business can be added to the abovementioned facts.

Clearly the question of sports funding will remain relevant in the future, perhaps becoming even more relevant than it has been in the last few years. The global economic changes and changes in the system of sports funding will have significant impact on sports. Slovenia's real economic power will have to be considered (as in the Eastern European countries) if we want to avoid the total collapse of sport in the next few years.

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[3] Ibid 4. According to figures from the Slovenian Agency for Payment Transactions, financial flows in Slovenian sport amounted up to 32 billion tolars (approximately DEM 320 million) in 1998. The amount represents 3.3% of the state budget for 1999 or 21.2% of the budget funds of the Ministry of Education and Sport. Slovenian sport attracted almost twice the money than the share going for culture in the national budget for 1999 or, in other terms, almost 1/3 more than the money set aside for science in the 1999 budget. Following the research of Dr. Bednarik and his colleagues (Ibid 6.), the funding for 1997 was supposed to total 18 billion tolars, which indicates that the data for 1998 could be accurate since funds have recently been rising quickly.

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