

Tvrtko Galić

Josip Juraj Strossmayer
University of Osijek
Faculty of Education Osijek
Cara Hadrijana 10,
31000 Osijek, Croatia
tgalic@fozos.hr
Phone: +38598833387

Marija Baban Bulat

Law Office Marija Baban Bulat
Ljudevita Posavskog 12a,
21000 Split, Croatia
marija@ouvs.org
Phone: +385912222715

UDK: 005.915:796.035](497.54)

Original scientific paper

Received: January 29, 2019

Accepted for publishing: March 5, 2019

This work is licensed under a
Creative Commons Attribution-
NonCommercial-NoDerivatives 4.0
International License



Zdravko Tolušić

Josip Juraj Strossmayer
University of Osijek
Faculty of Economics in Osijek
Trg Ljudevita Gaja 7,
31000 Osijek, Croatia
zdravko.tolusic@efos.hr
Phone: +385959155569

FINANCIAL MANAGEMENT AS A TOOL FOR SUSTAINABLE DEVELOPMENT OF NON-PROFIT SPORTS ORGANIZATIONS – ANALYSIS OF FUTSAL COMPETITIONS IN EASTERN CROATIA

ABSTRACT

The aim of this paper is to establish the impact of revenue and expenditure management on sports events organized by non-profit sports organizations. The subject of the case study is futsal, a team sport known also as five-a-side football which is popular at the recreational level in the Republic of Croatia, has a long history and relatively low organizational costs. The geographical area of the analysis includes five eastern counties of the Republic of Croatia, while the analyzed format of the competition is the one where teams compete for several months, i.e., an entire season. These are amateur competitions where the goal set by the organizer is the development and popularization of the sport, rather than profit. The primary research included in-depth interviews with responsible persons within county football centers and subsequently the organizers of the competitions being held. After the information was obtained, the revenue and expenditure structure, as well as costs of an individual team per played match, were analyzed. Based on this information, through secondary research, publicly available data on individual costs when organizing a sports competition were obtained, and a projection of a sustainable budget was made by balancing its revenue and expenditure aspects. The analysis of the expenditure structure established fixed and variable costs as well as their effect on project sustainability. In accordance with all the results obtained, the main factors of financial difficulties for the sports organizations organizing such competitions were detected, while the conclusion suggests several specific measures possible for overcoming such difficulties.

Keywords: Financial management, sustainable development, sports organizations, recreational sport, Eastern Croatia, futsal

1. Introduction

Every sports organization, as well as any other entity, must have high-quality financial management. Financial management is a process which requires a lot of responsibility, systematic approach and planning. When looking at financial and cost management systematically, in the context of life, it brings us to a conclusion that cost management begins during youth when all individuals must manage their own costs and organize the allowance received from their parents. Over time, incomes of individuals begin to grow, as well as their needs, which in turn increases their costs. After that, personal costs become an element of household finances and household costs, where the costs of the individual are added into household costs and are correlated with household revenues, regardless of whether or not all family members contribute to the budget.

The principle is the same with financial management within a business entity where every business unit or every individual has its own costs which are summed together and correlated with the total revenues of a business entity. Even though it can simply be concluded that one cannot spend more than one earns, and that this golden rule of long-term sustainability is very simple, it is obvious through many examples that poor financial management and poor planning result in a discrepancy between revenue and expenditure in favor of the expenditure, which must not be the case. In such situations, the business balance is disrupted and ultimately leads to bankruptcy of both the natural person and the business entity. The aforementioned is exactly why everyone can have a clear perception of the importance of cost management, regardless of the level on which it is discussed.

Sports organizations, as well as all business entities acting in the field of sports and the sports industry, have their specificities regarding the financial structure through own sources of revenue, public funding sources, financing by financial institutions, shareholding or other forms of financing. However, the rule for long-term sustainability, i.e., the fact that expenditures cannot be higher than revenues, must be at the business core of all sports organizations.

Sports finance can be defined as the study of the effective management of cash flows by sports organizations in pursuit of their organizational objectives. This definition highlights the four key aspects of this

subject, and those are: effective operation of sports organizations, effective management, concern with cash flow and coverage of sports finance (Beech, Chadwick, 2010: 155). The four aforementioned aspects reflect the importance of high-quality financial management for every sports organization.

In the case of football and futsal, Adams, Morrow and Thomson state “providing a generalized understanding of how football clubs determine their objectives and how they are structured, managed, financed and governed has proved difficult to capture with prior research suggesting that football is a site of complex social interactions” (Adams et al., 2017: 1).

For the effectiveness of financial management to be as high as possible, sports organizations increasingly use digital technologies and are transforming their operations towards a higher level of digitalization. Through research, this paper will try to identify the digital tools and digital technology which have an effect on financial management in sports organizations. Additionally, the paper will try to establish the intensity with which each digital tool affects a certain element in the structure and the method of financial management of sports organizations. A chronological perspective on the development of sports organizations, budget size and management methods easily lead to the conclusion that the development of sports organizations would inevitably mean a budget increase as well, and an increase in the complexity and extent of tasks through financial management.

For the effectiveness of financial management to be as high as possible, sports organizations must approach each business segment responsibly and analytically. The research of this paper will try to analyze the financial structure of sports organizations and perceive the relationship of certain costs, and with it the possibility of affecting them by applying particular strategies for better financial management. Within the structure of their costs, all sports organizations have certain costs which can be controlled, and some which cannot. Similarly, there are costs which cannot be avoided in order to organize sports organization activities, and these cannot be controlled, which technically means that they are a prerequisite for carrying out activities. Consequently, before carrying out a sports activity, a sports organization must determine those organizational costs that are essential to this activity, their

amount and the way they will be secured from the revenue.

Investigation into how sports organizations manage their finances has not been done so far in the Republic of Croatia, so there is no current research on this topic. The main reason is the fact that sports organizations are for the most part non-profit associations of citizens. Because of that fact, they do not have clearly defined mechanisms of financial control, and the mechanisms that exist are not effective. The only research that exists is the general study on sport financing in the Republic of Croatia, which gives only a general overview of sports in the country.

2. The Theoretical Part of the Paper

2.1 Sports Organizations and Their Structure

Discussing sports and those participating in it primarily implies athletes and sports organizations that compete in certain competitions or are organized in order to develop the sports activity of their members. However, the sport industry consists of far more entities, i.e., it consists of all those who in any way participate with their products and services in the process of carrying out sports and sports activities. Sports organizations and sports in general have a specific character, unique only to this human activity. Despite some general rules when managing sports organizations which are identical for all business entities, sports still have a specific quality that make them distinct, and therefore complex when it comes to management. This fact concerns sports in terms of a competition where the result is uncertain at the very beginning. Regardless of how hard the management structure tries to be successful in managing a sports organization, a major, perhaps even decisive impact, will be that of the result the team has on the field, and the sports organization management cannot influence this directly. Precisely this cooperation between the participants on the playing field and the sports organization management is key to ensuring the best possible sports result on the field. In terms of organization, sports can be divided into four areas (Bartoluci, 2003: 38):

- Physical education (area of education)
- Competitive sports (of all types and categories)
- Sports recreation (sports for all)
- Kinesiotherapy and adaptive sports.

There are certain divisions within each area, but for the purposes of this paper we will focus on competitive sports which cover the greatest number of sports organizations, and precisely this segment is usually in question when discussing management of sports organizations. Competitive sports can be divided into professional and amateur sports.

From the perspective of the sectors in which sports organizations operate, they can be sorted into three different categories. These are (Tomić, 2007: 57):

- Public (state) sector
- Volunteer (non-profit) sector
- Commercial (professional) sector.

What is particularly important to note is the great interdependence of certain organizations with regard to the sector of their operation. In certain segments of their work, many organizations combine two or even all three sectors.

Beech and Chadwick (2010: 155) define that, in the financial context, sports organizations include the direct providers of participation or spectator sports opportunities as well as the support providers supplying the multitude of ancillary goods and services required by sports organizations and their users/customers. Furthermore, these authors state that all those sports organizations may be large profit-seeking businesses or publicly-funded bodies or member clubs. It is important to note what all those sports organizations, regardless of their size, structure and function, have in common: it is the fact that they require financial management in order to achieve their goals.

2.2 Non-profit Sports Competitions

As stated above, sports organizations can be categorized on a different basis and, for the purposes of this paper, sports organizations that act in the category of competitive sports will be observed. Competitive sports can further be split into professional, i.e., amateur sports. For the purposes of this paper, the focus will be on amateur competitive sports.

Professional sports cover competitions, organizations and athletes that are receiving a salary for sports activities, and it is the primary source of income for them. Also, sports organizations have a goal of maintaining the best possible financial result. Amateur sports include all other types of competition at all levels where engaging in a sports activity is not the primary source of income for the com-

petitors. In the Republic of Croatia, it is amateur sports that are represented to the greatest extent when discussing sports activities. In some clubs, certain groups of competitors compete in professional sports, while other groups compete in the sphere of amateur sports within the same organization.

Analyzing sports organizations further, it may be said that amateur sports organizations organize competitions in which the ones who compete are athletes that do not receive a salary for participating in that competition. With this division, it is possible to differentiate between sports organizations that organize competitions with:

- the aim of making a profit by organizing an amateur sports competition
- the aim of developing a certain sport by organizing an amateur sports competition without making a profit.

Sports organizations that organize competitions with the aim of making a profit can be categorized into the profit sector, and they are characterized by a high degree of organization and structure. On the other hand, sports organizations that organize competitions with the aim of developing sports, without making a profit, are usually organizations for which the term “kitchen table” is used. “Kitchen table” organizations, as defined by Beech and Chadwick (2010: 203), are organizations where most decision-making in the organization and administration typically occurs around the kitchen table or something similar. The same authors state that these organizations typically share the following characteristics: an absence of a central office location and paid staff, heavy reliance placed on volunteers who hold a number of different roles within the organization, a structure with few hierarchical levels, little specialization of volunteer roles or tasks, sports organization is governed by few formal rules, and the decision-making is centralized around a few people.

Precisely in such non-profit sports organizations that organize amateur sports competitions there are frequently difficulties in financial management due to the fact that people organizing the competition, i.e., managing the non-profit sports organization lack adequate competences or tend to be overloaded with tasks. “When the sports institutions and organizations are considered as the businesses producing service in public field, it is necessary for these enterprises to adopt a valid quality management un-

derstanding in order to increase service quality and efficiency and to meet the expectations and needs of customers” (Yüceland, Karatas, 2019: 423).

2.3 *Financial Structure of Sports Organizations*

The costs of a sports organization may vary depending on the sport played by the athletes in that organization, but what they all have in common is the classification according to the following general criteria (Bartoluci, Škorić, 2009: 128):

- capacity utilization (fixed and variable)
- origin (subject of work, resources for work, manpower, service, taxes and contributions)
- locations and effects (direct and overhead)
- effect amount (total, individual, border).

Fixed costs are those costs that appear irrespective of the part of year, i.e., regardless of which part of the competition season the team is in and whether it is competing or is in the preparatory phase of training. When discussing sports events organized for team competitions in certain cycles, and their duration is often shorter than a month, there are certain fixed costs in those cases as well. In sports organizations such costs are frequently considered to be overhead expenses. Such costs can mostly be estimated for an upcoming period, making it easier to define the budget more precisely considering that these are the costs that appeared in the past period as well, and it may be assumed that they will also appear in some future period.

Unlike fixed costs, variable costs depend on which part of the organizational or competitive process this sports organization is in and what its short-term goals for a certain period are. If, for example, sports facilities are considered to be year-round fixed costs, it can be said that a certain part of the sports facilities costs is variable after all. This, for example, can be due to an unplanned repair of the building or sports equipment in a sports facility, unplanned costs as a consequence of unfavorable weather conditions or increased costs when organizing a certain sports event. If a sports organization organizes all its activities outdoors, in case of a certain competition and during unfavorable weather conditions, the competition may have to be held in an alternative indoor area, which will produce additional costs for the sports facility that have not been foreseen by the fixed costs, since it is not used throughout the year.

With sports organizations that are organizing sports competitions, variable costs also depend on the number of participants, since a bigger number of participants requires greater organizational costs as well, such as a bigger number of officials or greater costs for the officials, such as delegates or referees in a competition, increased costs of using sports facilities, increased travel, as well as meal and accommodation costs for both participants and officials.

Certain authors even introduce an additional division of costs, hence Karić (2008:9), based on cost response to the range of production, which for sports organizations would be the amount of sports activities organized or participated in, divides costs into:

- constant (fixed)
- changing (variable)
- mixed.

Naturally, when analyzing their costs, each sports organization can see to what extent a certain group of costs affects the total costs, i.e., what is the amount of these costs, regardless of whether they are fixed or variable. If a certain cost is fixed, but its part in the total costs of a sports organization is small, then the effort invested in its reduction will result in a smaller reduction of total costs, i.e., its increase will not result in significant harm in terms of total costs. Instruments of digital technology are precisely the ones that make detailed revenue structure analysis significantly easier and, in that way, make determining the focus of future activities of management structures of a certain sports organization easier.

2.4 *System of Financing and Financing of Sports in the Republic of Croatia*

“Sports finance can be defined as the study of the effective management of cash flows by sports organizations in pursuit of their organizational objectives. This definition highlights the four key aspects of this subject, and those are: effective operation of sports organizations, effective management, concern with cash flow and coverage of sports finance” (Beech, Chadwick, 2010: 155).

Effective operation of non-profit sports organizations that organize amateur competitions is reflected in successfully organizing and carrying out sports competitions. What is especially important here is the extent of financing of an amateur sports competition that is reflected in the structure of

revenues, which, as the research will show, greatly determines the quality, as well as the course of the competition itself.

In the Republic of Croatia, the sports umbrella organization is the Central State Office for Sport. Its primary task is to make a long-term strategy for the development of sports in the country and, through legal instruments and authorized legal persons, control the implementation of the strategy at all levels¹. In the institutional sense, the highest sports association in the Republic of Croatia is the Croatian Olympic Committee. Its mission is to permanently contribute to the promotion of sport as a universal civilization heritage; spreading of Olympic principles, as well as ethical and moral standards in sports; creating the top sports achievements of the Croatian athletes; promotion of the Republic of Croatia as a democratic state; fair relationships among the participants in sports². Despite the fact that the sports system in Croatia is organized well in the formal and theoretical sense, in practice, sports organizations are mostly left to their own devices, and in many aspects these organizations only survive thanks to the efforts and dedication of a small number of enthusiasts. Such a poorly organized approach is the most common reason for many difficulties in the financing of sports organizations, which ultimately leads to their termination. Such examples showcase the poor management of sports and sports organizations and hence, the non-existence of systematic sports development that can be implemented in practice. “It is not possible to identify the origins of funding in sport, i.e. the share of private and public sources. This is mostly due to the insufficiency of statistical data concerning sport” (Borbély, 2015: 32). Also, it should be noted that sports, in the more developed European countries, earn much more in the market compared to what the state invests in them. Sports organizations in developed countries, in terms of financing, are much more focused on the commercial sector by establishing cooperation with the business world, i.e., by generating revenue through certain commercial activities that provide funding for the development of sports activities they organize. Naturally, for such an approach, an educated staff that will manage sports organizations is necessary, as well as institutional support in terms of the legislative framework and cooperation with the sports umbrella organizations.

2.5 *Financial Management in Sports*

Theoretically, cost management can be defined as a “set of interconnected managerial tasks and activities focused on collecting money for financing of an organization and, based on the analysis of fund flows in an organization, consultation on how to use these funds” (Bahtijarević-Šiber, Sikavica 2001: 622). In line with this, cost management “can be defined as a proactive process of establishing the cause of costs with the fundamental aim of reducing total costs associated with providing products and services” (Potnik Galić, 2015: 11).

According to their legal structure, most sports organizations in the Republic of Croatia act as non-profit organizations in the form of citizens associations; therefore, legal regulations on accounting for non-profit organizations apply. According to these regulations, depending on the amount of annual turnover and the active years of an association, sports organizations are obligated to keep their financial records pursuant to these regulations³. Details of these regulations will not be mentioned here, but only the things relevant for this paper, i.e., that each sports organization needs to regularly record their revenues and expenditures. If cost management should be defined, then a definition applicable to cost management in sports may be used, which states: “Cost management can be defined as achievement of business goals on the basis of optimal costs in certain operating conditions” (Škrtić, 1997: 99).

2.6 *Financial Management through Cost Reduction*

In the context of financial management, maximum results can be achieved in two ways, one by reducing costs and the other by increasing revenue. Variable costs can often be influenced to a greater extent than the fixed costs, although it should be taken into consideration that reducing certain costs may cause a greater negative effect in terms of reducing revenue than if cost reduction had not been implemented. Whereas variable costs reduction can have a short-term effect on the finances of a sports organizations, reduction of fixed costs has a long-term effect because this is a cost that will, in reduced amount, be generated in the upcoming period. In the context of variable costs that can be influenced, several examples in sports will be provided that, through poor planning and poor management decisions can cause a negative effect and, ultimately, result in reduced revenue or, due to this reduction, produce other costs that will be greater than the amount of the ini-

tial reduced cost. In the same way, poor planning of fixed costs reduction and poor management of fixed costs can ultimately lead to unfavourable financial effects for the sports organization.

Investment in marketing and promotional activities is one of the costs that is frequently mentioned as a variable cost subject to correction, and it is frequently among the first on the list when it comes to economic rationalization, if the organization-level costs need to be reduced. However, it is vital to conduct an analysis of the marketing costs structure and assess the revenue they generate with regard to this structure. If, for instance, a sports organization generates most of its revenue through online activities and online ticket sales, it would not make any sense for them to reduce digital activities costs, since they generate most of the revenue. In the context of rationalization and optimization of costs, careful considerations should be made before reducing marketing costs so as not to, for example, reduce sports events ticket sales, or revenue generated by the sales of promotional merchandise sold through the online store.

Another item that can be considered as cost reduction are the costs of paying players, as well as the costs of agreed premiums and bonuses, depending on their performance. This can often cause poorer results if the cost reduction causes a player to leave or if players of lesser quality are bought who will not be able to accomplish the goals set for them.

Utilities costs are an example of fixed costs that can reduce total costs to a certain extent in the long term. However, it is important to see to what extent the reduction in utilities costs affects total costs, i.e., whether reducing costs will reduce the level of service. If, in the example of telecommunications, this means reducing the speed of the Internet that will hamper the work of the administrative staff, the question is how the reduction of this cost is justified and whether it makes sense.

Reducing security costs can lead to incidents at sports events that will later cause more far-reaching consequences for the sports organization in all aspects of operations, even financial ones. Reducing security costs can also result in injuries of match participants, and certainly nobody wants that.

There are many costs that can be influenced by a sports organization; however, one should be careful when it comes to the effects of a particular cost. These can be the costs of investing in the comfort

and maintenance of sports facilities, as well as their renting, costs of preparatory activities of a club or costs of demonstration activities.

Volunteering, on the other hand, can affect cost reductions of certain activities for which members or supporters of a club can be recruited with no financial reward. This style of operation is common in small and non-profit organizations where members and participants frequently do maintenance tasks for sports facilities, transport participants and carry out other organizational activities to improve the sports organization they are involved with.

2.7 Financial Management through Revenue Increase

As already stated, the financial result, besides reducing costs, can also be influenced through more efficient management with the aim of increasing revenue. Increasing revenue often entails certain investments and costs, however, ultimately, investment in an activity whose aim is increasing revenue must result in a financial gap between the invested amount and the result of that investment. In this context, there is a wide spectrum of activities that can result in revenue increase, but also, as is the case with financial management through costs reduction, it takes an analytical approach and responsible management to ensure that no negative effect occurs, i.e., that all efforts invested in revenue increase do not cause an increase in costs that surpasses the increase in revenue.

Marketing activities can surely lead to a revenue increase by improving sports event attendance, which will therefore lead to an increase in revenue generated by ticket sales. Furthermore, it is possible to increase the sales of the club's promotional merchandise by opening different advertising, sales and distribution channels.

The revenue increase can be ensured by enhancing the availability of consumable content within a sports facility, which may or may not require certain costs. If this is undertaken in a partnership with an operator that deals primarily in this activity, then the sports organization can leave the entire organization and additional content sales to another business entity and generate revenue through commission, depending on the amount of sold products. These can be different types of promotional merchandise, drinks or food.

In the context of the analyzed futsal competition, funding comes from private sources of income. "Pri-

vate financing may happen by means of participation, when an athlete finances sport activity on his own. In this case, more than fifty percent of the income for the owner of sports activity is financed by the athlete himself. The other case of private financing is external, where not only the athlete, but also other actors supply the greater part of returns (for instance sponsor or media)" (Becky-Nagy et al., 2015: 20). Efforts regarding the increase of revenue with sports organizations are frequently tied to a partnership with a business entity that has a certain interest in that cooperation as well, as explained in the aforementioned example. However, this cooperation can be achieved in a whole series of different forms, therefore it can work through sales of merchandise, advertising of products and services, through renting a part of the sports facility owned by the sports organization to a business entity for its needs or for activities organized by it, through different types of sponsorships, etc. "Sport organizations should investigate how to increase their brand attitude through sponsorship to increase revenue" (Alonso-dos-Santos et al., 2016: 34).

3. Research Part of the Paper

3.1 Research Methodology

For the purpose of this paper, in terms of methodology, primary and secondary research has been done. The aim of the research was to establish the revenue and expenditure structure of all futsal sports competitions that unfold over the course of several months during the year in eastern Croatia. By establishing the revenue and expenditure structure, it was attempted to establish the intensity of certain costs and how they affect total costs and, hence, the sustainability of revenue and expenditure part of the sports competition budget. The primary research was based on interviews with responsible persons in the Croatian Football Federation in all counties included in the analysis and additional interviews with responsible persons in competitions that are currently being held. The secondary research was based on finding publicly available and accurate data on certain cost items in the expenditure structure, such as renting a sports hall. All data received analytically will lead to certain conclusions that will, at the end of the paper, be specified as the final result of the research and theoretical parts of this paper.

For the purposes of this paper, seasonal amateur sports competitions in futsal were analyzed. In this region it is still known as five-a-side football, despite the fact that, in practice, these are two completely different sports. The geographical area of analysis is the east of the Republic of Croatia, i.e., the five counties in Slavonia:

- Osijek-Baranja County
- Vukovar-Srijem County
- Virovitica-Podravina County
- Požega-Slavonia County
- Brod-Posavina County.

The defining of the expenditure structure for the purpose of this research was based on information received from the organizers of the competitions and publicly available data on sports hall rental costs and, as a representative example, data on the preferential tariff for sports hall rental in the city of Osijek was used⁴. The preferential rental price refers to the lower rent based on the fact that the hall is reserved for training sessions of the members of the Union of Sports Associations of the City of Osijek. Considering the complexity of the calculation and the competition system, a figure of 10 teams per one competition that participate in a double-round system was considered. Most of the teams proportionally increase revenues and variable competition costs.

A limiting factor in the research is primarily the fact that not all geographic areas have a competition. Even more important is the low level of financial transparency. This is a characteristic of the entire sports system in the Republic of Croatia: since the functioning of the system is not fully defined, there is no transparency in revenue and cost records.

3.2 Research Results and Discussion

Amateur competitions in futsal can be divided into short-term tournament competitions during the summer and winter periods and continuous competitions taking place over an entire season. The challenges regarding the organization of amateur seasonal competitions prompted us to analyze these competitions and their financial structure. Seasonal competitions can include competitions that last several months or year-round. They have a clearly defined structure, competition system and rules pursuant to the official futsal rules of competition. It is interesting to note that in all five Slavonian counties there were only three active competitions in the last three competition seasons.

As can be seen from the table below, the competitions that are held are the County Futsal League of Vukovar-Srijem County (hereinafter: County League VSC), the County Futsal League of Požega-Slavonia County (hereinafter: County League PSC) and the Catholic Futsal League of Roman Catholic Archdiocese of Đakovo-Osijek. The Catholic Futsal League (hereinafter: CFL) is the greatest in number by far.

Table 1 Number of teams in the organized amateur futsal competitions in eastern Croatia

	CFL	County League VSC	County League PSC
Number of teams in season 2018/2019	54	8	16
Number of teams in season 2017/2018	45	9	17
Number of teams in season 2016/2017	52	8	17
Number of players per team	11	10	15
Matches per team in season	16	14	24
Total matches in a season	432	56	240

Source: Authors' research

If the income structure refers to revenue from registration fees paid by the teams exclusively, a certain difference in the registration fee amount can be noticed, however, if the registration fee paid by the team is considered in terms of matches they can play for this amount, then it can be noticed that

teams participating in the County Futsal League of Požega-Slavonia County have the highest cost per match played, while the teams in the Catholic Futsal League have the lowest cost per match, i.e., they can play the most matches for the money invested, i.e., for the paid registration fee.

Table 2 Revenue and costs ratio per match based on team registration fees

	CFL	County League VSC	County League PSC
Number of players per team	11	10	15
Matches per team in a season	16	14	14
Total matches in a season	432	56	112
Registration fee per team	1,500.00 HRK	1,500.00 HRK	2,500.00 HRK
Total revenue generated from the registration fees	81,000.00 HRK	12,000.00 HRK	40,000.00 HRK
Team cost per match	93.75 HRK	107.14 HRK	178.57 HRK
Organizer's revenue generated by registration fees per match	187.50 HRK	214.29 HRK	357.14 HRK

Source: Authors' research

As stated above, the costs and revenue projection was based on the double-round league system with 10 teams participating, i.e., paying the registration fee in the amount of 1,500 HRK each year. From Table 3 it can be noticed that the total revenue gener-

ated by the registration fees is insufficient to organize competitions. For the organizer to completely cover the costs with the revenue generated by the registration fees, the registration fee would have to be increased to 2,700 HRK per year, i.e., by 80%.

Table 3 Calculation of total revenue, expenditures and costs per match played

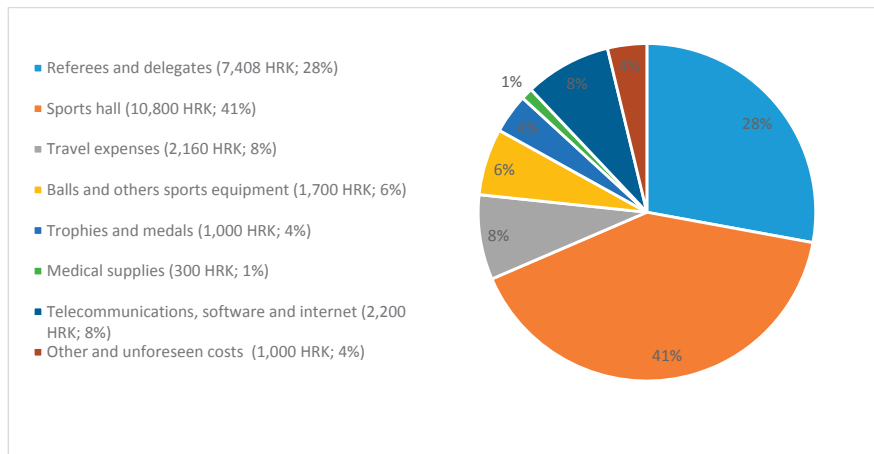
	Realistic situation	Sustainable situation	Without sports hall costs
Number of teams	10	10	10
Competition system	double-round	double-round	double-round
Matches in a season – total	90	90	90
Matches in a season – per team	18	18	18
Number of players – total	110	110	110
Number players – per team	11	11	11
Registration fee per team	1,500.00 HRK	2,700.00 HRK	1,500.00 HRK
Organizer's revenue generated by registration fees	15,000.00 HRK	27,000.00 HRK	15,000.00 HRK
Total expenditure	26,568.00 HRK	26,568.00 HRK	15,768.00 HRK
Team cost per match	83.33 HRK	83.33 HRK	83.33 HRK
Organizer's costs per match	295.20 HRK	295.20 HRK	175.20 HRK
Organizer's revenue generated by registration fees per match	166.67 HRK	300.00 HRK	166.67 HRK

Source: Authors' research

The analysis of the expenditure structure has shown that the greatest item in terms of costs is the renting of a sports hall, as much as 41% of total costs, fol-

lowed by the costs of official referees and delegates without whom it would be impossible to hold the competition⁵.

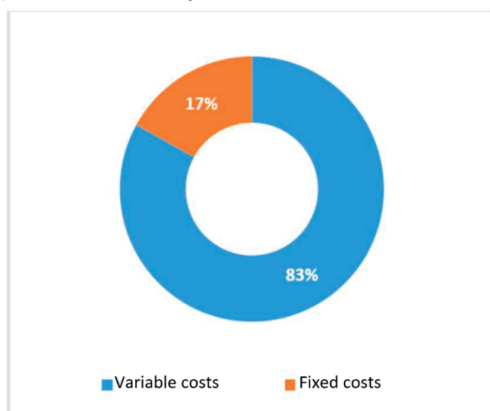
Figure 1 Structure of expenditures per items



Source: Authors' research

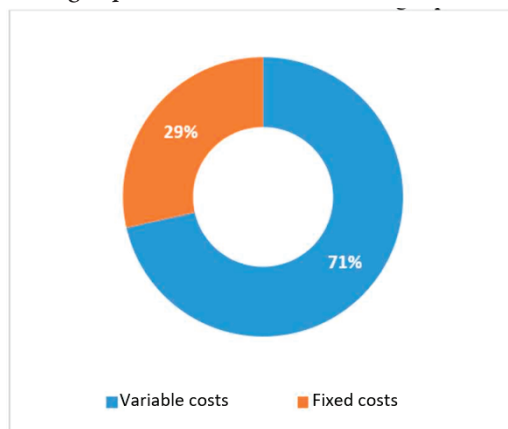
Looking at the dependence of the variable costs in Figure 2 (costs of referees and delegates, hall rental, travel expenses for officials, balls and other sports accessories), which change depending on the number of teams and fixed costs, it can be noticed that the variable costs amount to 83% of the total costs, and precisely these costs should be emphasized. Figure 3 shows that, if the costs of sports hall rental were to be removed, it would make the financial structure entirely sustainable based on the revenue generated by the team registration fee of 1,500 HRK, as presented in the last column of Table 3.

Figure 2 Representation of a realistic relationship between fixed and variable costs pursuant to the defined costs



Source: Authors' research

Figure 3 Representation of a relationship between fixed and variable costs without the costs of renting a sports hall



Source: Authors' research

If costs of referees, delegates and their travel expenses, that make up a significant 36% of the costs were to be represented in a similar manner, similar results would be shown, i.e., the system would be sustainable in the long term. Since this is not a realistic option, then the sustainability of the competition through financial management must be ensured by increasing revenue through larger registration fees for the teams or by ensuring revenue from some other sources. This increased revenue would ensure the settlement of sports hall rental

costs, otherwise all other possibilities would damage the regularity and quality of the competition.

4. Conclusion

As elaborated both in the theoretical and the research, i.e., practical part of the paper, financial management is a very important tool for long-term sustainability in all organizations. The same could be said for any sports organization that organizes a sports competition with the sole goal of organizing an amateur competition among participants for the purpose of popularizing a sport, in this case, futsal. With such organizations, where financial gain is not the purpose of the organization's activities, volunteers take on a large portion of the responsibility. Since these are non-commercial competitions, the public sector should have an interest in popularizing this type of sports since these competitions are the foundations on which higher ranks of competitions are built, all the way up to national teams. In this way, continuity in the work and development of a certain sport is generated. What is clear in this example is the fact that such competitions can be made sustainable in a very simple way, by having the public sector, as the owner of a sports hall, ensure free use of the sports hall and thus allow for the revenue to cover the total costs.

The second way of ensuring the sustainability of amateur sports competitions is through increased activity of the organizer in the market, finding a partner and ensuring a mutually beneficial cooperation. In this way the organizer can increase revenue for the organization and enable revenue for the partner through distribution of products or services during the competition. Corporate sponsors and donors that see a direct/indirect benefit for their company, employees or the broader community can be sorted in this category.

The third way of achieving sustainability of amateur sports competitions is by increasing the registration fees revenue, i.e., costs dispersion to teams, which drives the team to find additional sources of income by increasing personal donations of players or by finding a sponsor that will be prepared to settle greater costs of organization. This case is

not rare, however, the question of its sustainability lies in the ability of individuals in each team and how skilled they are in finding additional sources of funding, which cannot be directly influenced by the organizer or under the organizer's supervision.

The fourth way of achieving sustainability in amateur sports competitions, futsal specifically, as can be observed in the presented examples, is impairing competition quality as a way of compensating for the reduced revenue amount. An example of this is the Catholic Futsal League that gave up on organizing competitions in sports halls and is now organizing all its competitions at outdoor public playgrounds where there are no direct usage costs. It seems that such a model is sustainable in the area of eastern Croatia since the aforementioned competition has the greatest number of participants. It may be assumed that transferring the competition into a sports hall, while maintaining costs, would improve competition quality.

Finally, it may be concluded that this paper, after analyzing finances, presented several specific suggestions of solutions for long-term sustainability of amateur futsal competitions as well. There is a particular emphasis on the responsibility in financial management that is associated with competencies of persons organizing futsal competitions and their ability and willingness to make extra efforts in financial management. One of the reasons for the small number of amateur competitions in futsal in the eastern part of Croatia can be found in this fact. Another reason certainly lies in the fact that there is no systematic support by the national institutions for the development of futsal. However, some good examples showed that, with additional efforts, it is possible to manage costs and develop futsal competitions in the eastern part of Croatia.

In future research, the analysis needs to be extended to the entire country to see differences in the development of futsal and the number of participants in the regional context. Future research should also involve the participants themselves in order to analyze their needs, but also to determine their financial potential for the future development of futsal competitions in Croatia.

REFERENCES

1. Adams, A., Morrow, S., Thomson, I. (2017), "Changing Boundaries and Evolving Organizational Forms in Football: Novelty and Variety Among Scottish Clubs", *Journal of Sport Management*, Vol. 31, No. 2, pp. 161-175.
2. Alonso-dos-Santos, M., Calabuig-Moreno, F., Montoro-Ríos, F. J. (2016), "Effectiveness of the sponsors and sporting events website", *International Journal of Sport Management, Recreation and Tourism*, Vol. 25, pp. 22-44.
3. Bahtijarević-Šiber, F., Sikavica, P. (2001). *Leksikon menadžmenta*. Zagreb: Masmedia.
4. Bartoluci, M. (2003). *Ekonomika i menadžment sporta*. Zagreb: Informator, University of Zagreb, Faculty of Kinesiology.
5. Bartoluci, M., Škorić, S. (2009). *Menadžment u sportu*. Zagreb: Odjel za izobrazbu trenera Društvenog veleučilišta u Zagrebu, University of Zagreb, Faculty of Kinesiology.
6. Becsky-Nagy, P., Dékán, T., Szoke, R., Bács, Z. (2015), "The relevance of sports financing", *Applied Studies in Agribusiness and Commerce – APSTRACT*, Vol. 9, No. 1/2, pp. 19-22.
7. Beech, J., Chadwick, S. (2010). *Sportski menadžment*. Zagreb: Mate d.o.o.
8. Borbély, T. (2015), "Sports financing in Croatia", *AgEcon Search*, Vol. 9, No. 1-2, pp. 31-34.
9. Karić, M. (2008). *Upravljanje troškovima*. Osijek: Josip Juraj Strossmayer University of Osijek, Faculty of Economics in Osijek.
10. Potnik Galić, K. (2015). *Strateško upravljanje troškovima*. Požega: Polytechnic of Požega.
11. Škrtić, M. (1997), "Obračunavanje i upravljanje troškovima", in Pavlović, J., Škrtić, M. (Eds.), *Mikroekonomika*, Zagreb: Mikrorad, pp. 99-140.
12. Tomić, M. (2007). *Sportski menadžment*. Belgrade: DATA STATUS.
13. Yücel, A. S., Karatas, Ö. (2019) "Analysis on the Opinions of Employees Working in Provincial Directorates of Youth and Sports Regarding Six Sigma Management Model", *Universal Journal of Educational Research*, Vol. 7, No. 2, pp. 422-435.

ENDNOTES

- 1 Central State Office for Sport, "Djelokrug", available at: <http://www.sdus.hr/o-nama/djelokrug/> (Accessed on: September 18, 2018)
- 2 Croatian Olympic Committee, "O Hrvatskom olimpijskom odboru", available at: <https://www.hoo.hr/hr/hrvatski-olimpijski-odbor/o-hrvatskom-olimpijskom-odboru/1299-hrvatski-olimpijski-odbor> (Accessed on: September 18, 2018)
- 3 Institute of Public Finance (2012), *Financiranje sporta u RH*, Zagreb: Institute of Public Finance.
- 4 Športski objekti, available at: <https://www.sportski-objekti.hr/index.php/objekti/sd-zrinjevac> (Accessed on: September 28, 2018)
- 5 Isplate.info, available at: <https://www.isplate.info/kalkulator-ugovor-o-djelu-2017.aspx> (Accessed on: September 28, 2018)

*Tvrtko Galić
Zdravko Tolušić
Marija Baban Bulat*

UPRAVLJANJE FINANCIJAMA KAO ALAT ODRŽIVOG RAZVOJA NEPROFITNIH SPORTSKIH ORGANIZACIJA – CASE STUDY FUTSAL NATJECANJA ISTOČNE HRVATSKE

SAŽETAK

Cilj je ovoga rada utvrditi utjecaj načina upravljanja prihodima i rashodima na organiziranje sportskih događaja koje organiziraju neprofitne sportske organizacije. Studija slučaja rađena je futsalu, timskom sportu poznatom kao „mali nogomet“, kao sportu duge povijesti, relativno niskih troškova organizacije i sportu koji je u Republici Hrvatskoj na rekreativnoj razini izuzetno popularan. Geografsko područje analize je pet istočnih županija Republike Hrvatske, dok je analizirani format natjecanja onaj u kojem se ekipe natječu u višemjesečnom, odnosno cjelosezonskom natjecanju. Natjecanja su amaterskog tipa te organizator kao primarni cilj postavlja razvoj i popularizaciju sporta, odnosno profit nije cilj organizacije. Primarno istraživanje obuhvatilo je intervjuiranje odgovornih osoba u županijskim nogometnim sjedištima te nakon toga i intervju s organizatorima natjecanja. Nakon dobivenih informacija napravljena je analiza strukture prihoda i rashoda te troškova pojedine ekipe po odigranoj utakmici. Na temelju tih podataka kroz dodatno sekundarno istraživanje dobiveni su javno dostupni podatci o pojedinim troškovima prilikom organizacije sportskog natjecanja te je napravljena i projekcija održivog proračuna kroz uravnoteženje njegove prihodovne i rashodovne strane. Analizom strukture rashoda utvrđeni su fiksni i varijabilni troškovi te njihov utjecaj na održivost projekta. Sukladno svim dobivenim rezultatima utvrđeni su glavni čimbenici financijskih poteškoća sportskih organizacija koja organiziraju ovakvu vrstu natjecanja te je u zaključnom dijelu kroz nekoliko konkretnih mjera predloženo i na koji način se takve poteškoće mogu prevladati.

Gljučne riječi: upravljanje financijama, održivi razvoj, sportske organizacije, rekreativni sport, istočna Hrvatska, futsal

