

Understanding the Sport Management Environment

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Three Key Sectors



Public Sector: Government funding and policies.



Nonprofit Sector: Community clubs and governing bodies.



Professional Sector: Leagues, teams, and commercial entities.

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Group Activity



Dividing the class into 3 groups

- Group A: Public Sector
- Group B: Non-Profit Sector
- Groups C: Professional Sector

Outline the following for your sector

- Key Goals & Objectives
- Key Challenges faced
- Management Issues that need addressing

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Public Sector: Objectives & Roles

- ▶ **Public sector organizations operate under government control to promote sport participation and public health.**
- ▶ **Key Objectives:**
 - ▶ **Increase Sport Participation**
 - ▶ **Promote Health and Well-being**
 - ▶ **Infrastructure Development**
 - ▶ **Social Equity:** Ensure access to sport for underrepresented groups

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The Public Sector – Challenges & Management Issues

- ▶ **Key Challenges:**
 - ▶ **Budget Constraints**
 - ▶ **Balancing Stakeholders**
 - ▶ **Inclusivity Issues**
 - ▶ **Political Influence changes priorities**
- ▶ **Management Issues:**
 - ▶ Measuring effectiveness (KPIs like participation rates or facility usage).
 - ▶ Maintaining facilities and aging infrastructure.
 - ▶ Ensuring accountability and transparency in public spending.

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The Nonprofit Sector – Objectives & Role

- ▶ Volunteer-driven organizations fostering grassroots sport participation and community building.
- ▶ **Key Objectives:**
 - ▶ **Community Engagement:** Foster social ties and inclusivity through sport.
 - ▶ **Grassroots Development:** Build pathways for participation and skill progression.
 - ▶ **Volunteerism:** Encourage community ownership through volunteer-driven programs.
 - ▶ **Preserve Tradition:** Uphold local sport traditions and values (e.g., club-based culture).

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The Nonprofit Sector – Challenges & Management Issues

- ▶ **Key Challenges:**
 - ▶ **Volunteer Retention:** High reliance on unpaid labor can lead to burnout.
 - ▶ **Resource Constraints:** Difficulty accessing consistent funding and maintaining financial sustainability.
 - ▶ **Competition:** Rising competition with professional sport entities for resources and attention.
 - ▶ **Governance Issues:** Lack of professional training in leadership roles.
- ▶ **Management Issues:**
 - ▶ Attracting sponsors and grants.
 - ▶ Effective volunteer management (recruitment, retention, and training).
 - ▶ Balancing tradition with innovation to keep clubs relevant to younger demographics.

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The Professional Sector – Challenges & Management Issues

- ▶ **Key Challenges:**
 - ▶ **Commercialization Risks:** Over-commercialization can alienate traditional fans.
 - ▶ **Ethics and Scandals:** Issues like doping, corruption, or match-fixing.
 - ▶ **Player Welfare:** Managing athlete health (mental and physical) amidst a demanding commercial schedule.
 - ▶ **Market Saturation:** Growing competition among leagues and digital platforms for fan attention.
- ▶ **Management Issues:**
 - ▶ Balancing profitability with long-term sustainability.
 - ▶ Ensuring corporate social responsibility (e.g., diversity initiatives).
 - ▶ Negotiating broadcasting and sponsorship deals in a digital-first media landscape.

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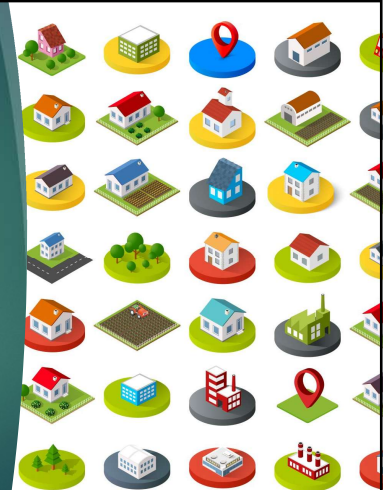
Role of Government in Sport

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Why Should Governments Engage with Sport?

Key Reasons:

- **Health Promotion:** Address public health issues (e.g., obesity, mental health) through active lifestyles.
- **Social Cohesion:** Promote inclusion and community building through grassroots sports.
- **Economic Growth:** Stimulate tourism, infrastructure development, and job creation via major events (e.g., Olympics, World Cups).
- **National Pride:** Enhance international reputation and unity through elite sport success.



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Reasons for Government Intervention

01

Address Market Failures:

- Private sector often neglects grassroots or marginalized groups (e.g., children, rural communities, disabled athletes).

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Promote Equity:

- Ensure gender equality, disability access, and Indigenous participation in sport.

03

Protect Integrity:

- Combat issues like doping, corruption, match-fixing, athlete welfare and violence in sport.

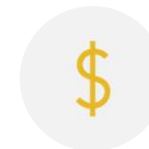
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Forms of Government Intervention



LEGISLATIVE:

ENACTING LAWS TO REGULATE SAFETY AND EQUALITY IN SPORT (E.G., ANTI-DISCRIMINATION POLICIES).



FINANCIAL:

PROVIDING GRANTS, SUBSIDIES, OR TAX BREAKS FOR SPORT ORGANIZATIONS' AND INFRASTRUCTURE.



POLICY DEVELOPMENT:

CREATING FRAMEWORKS FOR SPORT PARTICIPATION, ATHLETE WELFARE, AND TALENT PATHWAYS.

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Ideology and Government Participation

Understanding Ideology:

- ▶ Ideology refers to the set of beliefs, values, and principles that shape policies and practices.
- ▶ influences decisions on funding, equity, and regulation.
- ▶ How does a government's ideological stance shape its participation in sport?

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Ideological type	Features	Implications for sport development
Conservatism	Private ownership of business Regulation of social practices	Arms-length association with sport. Sport is seen as a private activity that grows out of the community, and is managed by the volunteer sector
Reformism	Mixed economy Regulation of both social and economic affairs	Direct involvement in sport facility construction and community sport participation
Neo-liberalism	Emphasis on the market De-regulation of industry	Most resources go to the elite end of sport development and its commercial outcomes.
Socialism	Limited scope for the market Central planning Bureaucratic control over resource allocation	Direct involvement in all aspects of sport development. Often tightly regulated. Both community and elite sport are resourced.

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Professional Sport



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Understanding Professional Sport

- Professional sport refers to sports organized and played for profit, involving paid athletes, structured leagues, and commercialized operations.
 - ▶ Commercial focus: Revenue generation through tickets, sponsorships, media rights, and merchandise.
 - ▶ High performance: Focused on elite-level athletes and competition.
 - ▶ Entertainment-driven: Fans as primary consumers.
 - ▶ Economic: Multi-billion-dollar industry globally.



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Sport Circuits in Professional Sport

Structured competition frameworks for professional leagues, tournaments, and international events.

• Key Components:

- Regular season and playoffs for leagues.
- Tours and qualifiers for tournaments.
- Rankings and promotion/relegation systems in global circuits.

ACTIVITY!

What are some of the challenges in sustainably Managing Sport Circuits?

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Challenges in Sustainably Managing Sport Circuits

1. Financial Sustainability:

- **Revenue Volatility:** Dependence on broadcasting deals, ticket sales, and sponsorships creates risk during economic downturns or poor team performance.
- **Cost Management:** High operating costs for venues, travel, and athlete salaries.

2. Environmental Impact:

- **Carbon Footprint:** Extensive travel for global circuits (e.g., Formula 1, ATP Tour) contributes significantly to emissions.
- **Venue Sustainability:** Maintenance of facilities with eco-friendly practices (e.g., solar panels, waste management).

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3. Competitive Balance and Integrity:

- Ensuring fair play despite financial disparities among teams or countries.
- Combating doping, match-fixing, and corruption in high-stakes circuits.

4. Athlete Welfare:

- Addressing physical and mental health concerns due to packed schedules and travel demands.
- *Example: Naomi Osaka's withdrawal from tennis tournaments citing mental health issues.*

5. Fan Engagement:

- Sustaining viewership in a fragmented media landscape with competing entertainment options.
- Adopting digital innovations to attract younger audiences.

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Ownership Structures in Professional Sport

Types of Ownership:

Private Ownership: Individuals or corporations owning teams	Public Ownership: Teams owned by the public or community through shares	Consortiums: Groups of investors or companies owning franchises.	Franchise Model: Leagues where teams are licensed franchises rather than independent entities.
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Key Roles of Owners?

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Revenue and Business Models in Professional Sport

What are the Challenges?

Primary / Traditional Revenue Streams:

- Broadcasting rights (e.g., EPL's \$10.5 billion TV deal).
- Sponsorships and partnerships.
- Ticket sales and memberships.
- Merchandise and licensing deals.

Emerging Revenue Opportunities:

- Digital streaming platforms (e.g., Amazon Prime, DAZN).
- NFTs and blockchain-based fan engagement.
- Sports betting partnerships.

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Governance and Regulation in Professional Sport

Challenges?

Regulatory Bodies

such as FIFA, WADA, League Commissions

Ensure competitive balance (e.g., salary caps, draft systems).

Uphold integrity (e.g., anti-doping measures, match-fixing prevention).

Protect athletes' rights (e.g., collective bargaining agreements).

Oversee broadcasting and commercial agreements.

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Interconnections Between the Sectors

• The three sectors often collaborate:

- Public sector provides infrastructure for grassroots and elite sports.
- Nonprofit sector nurtures talent that transitions to professional leagues.
- Professional sector contributes to government and nonprofit initiatives through corporate social responsibility programs.
- Examples?



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Future Trends?



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Our To-Do List

▶ To Prepare for Thursday Class:

- ▶ Re-read Assignment 1
- ▶ Read the two short Case Studies from our text.