

STRATEGIC OPTIMIZATION OF THE MANAGEMENT OF SPORTS ORGANIZATIONS

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Abstract:

The ways in which sport organizations monitor their operations and evaluate their performance involves careful analysis with a focus on the special characteristics of sport organizations and how these characteristics create the need for sport-specific performance management models. The purpose of the research is the development of models for the analysis of the management of sports organizations, in order to identify the factors of influence and ways to improve their efficiency and effectiveness, respectively to increase the performance of sports organizations. The importance of using performance management models is highlighted, not only by the need to respond to the conflicting requirements of several interested parties, but also by the need to manage risk. We have found a systematic treatment of performance management to be an essential tool for identifying strengths and weaknesses and discovering ways in which overall organizational performance can be improved. Thus, a performance management model is crucial for the long-term success of sports organizations.

Keywords: sports management, sports organization, performance

1. Introduction

Sports management is perceived as "a set of practices aimed at directly leading, organizing and developing sports organizations of all types" (Barget & Vaillieu, 2008, p. 10).

Management is generally, "a main problem of people how to live in social groups, so as to form a collective, beyond simple individual addition" (Thietart & et al., 1999, p. 1).

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The problem of sport is in the center of attention due to the multitude of people acting in different environments, in a continuous change. In recent years, the field of sports management has experienced a strong development due to the financial influx in amateur and professional sports. This state of affairs determined the practice of efficient management in the management of financial flows. Financial flows bring with them an awareness, but also an accountability on the part of sports leaders and professionals who manage the sport.

The fundamental problem in the analysis of sport management theories is their identification and positioning in the specialized literature. We have to look at this pragmatically, considering that, for research, it is important to know what is its contribution to the understanding of the sports phenomenon and then, its management.

2. Literature Review

Sports management is a multidimensional concept, considered to be a set of analysis tools specific to several disciplines, to understand how sports organizations are managed. Starting from the complexity and multiple dimensions of the concept of sports management, its presentation can be synthesized, highlighting some of the areas addressed by sports management: management of available resources, economy, law, geography, etc. . (Figure 1).

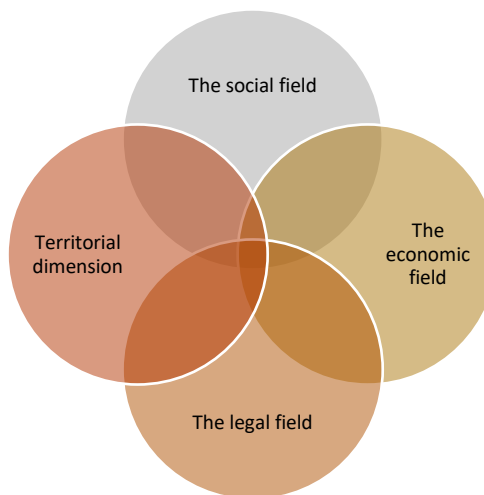


Figure 1. Multidisciplinary approaches to sport management

Source: own processing

Sports management is located at the confluence of several scientific disciplines that form an intersection between reflection and action. The notion that best describes these approaches is "action research" which acts in an effective way on sports management:

- sports law;
- sports economics (approaching sports at the level of macro-financing of sports);
- sociology of sports organizations;

- the territorial dimension of sports management (geography, logistics);
- sport marketing and sports communication;
- strategic management (developing strategic thinking in sports organizations);
- accounting and management control.

Sports management is defined at the interference of the above-mentioned fields, based on the massification of financial flows in sports, which led to the need to change the behavior of the leaders of sports institutions in the direction of professionalizing the function of manager. Thus, new ways of approaching sports management result:

- one-dimensional (economic field - financing of sport by the state);
- two-dimensional (the areas of management of available resources and the law-security of sports buildings);
- multidimensional (fields of management of available resources, economy, law, geography);
- organizing a sports event.

The strategic approach to the management of a sports organization has as its starting point the fact that sport has become, in the current era, a complex phenomenon with economic, political and social connotations. The treatment of the sports organization as a public entity brings attention to the elaboration of a policy in the field, which will make strategic choices available to the sports organizations, which are also obliged to practice a rational and efficient management, in order to achieve strategic and managerial performance.

The definition of the concept of strategy has been widely debated in the specialized literature in a long period of time, since its appearance. The common element of most definitions, given by various specialists, was that strategy is based on the mission of the organization and the planning of actions to achieve the objectives.

The adaptation of the concept of strategy to the management of sports organizations considers the transformation of its managerial methods taking into account the particularities of the business world. One can speak, in the use of the concept of strategy in sports, of "organizational hybridity" (Barget & Vailleau, 2008, p. 170):

- the sports organization is based on its mission;
- the sports organization causes managers to reflect on a convergence between the needs, objectives and aspirations of the parties involved.

The management system of a sports organization assumes particularities that differentiate it from a for-profit enterprise:

- ✓ the market is limited depending on the sports practice and its development;
- ✓ spectators who orient their actions depending on the level of the sporting event;
- ✓ the territorial collectivities that subsidize the sports activity and expect not only financial feedback but also advantages in terms of image and development of the social bond.

The preparation of a decision in the governance of a sports organization can be done using the SWOT analysis, which knows multiple uses in the most varied fields.

Carrying out a SWOT analysis provides the manager with the internal and external information necessary in the process of making the best decision.

Depending on the volume of information and its importance, a ranking is made taking into account the possibility of implementing it.

The configuration of the SWOT analysis is presented in figure 2.

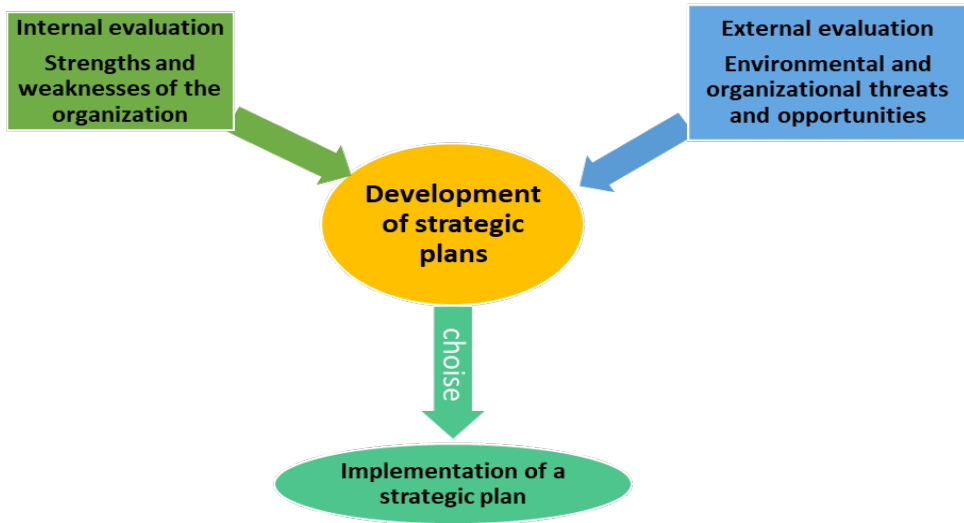


Figure 2. SWOT analysis setup

Source: Adapted from E. Barget, D. Vaillieu, 2008, p.180

The main limitation of this method of analysis could be the degree of subjectivity of the one who uses it, although it is recommended to be objective. SWOT analysis is very necessary and useful in an organization for contributing to the development of strategic thinking within it.

Strategy in a sports organization has a double meaning:

- its knowledge, from the point of view of the organization's mission and the purposes and expectations of the parties involved;
- the existence of the organization as the main actor of economic and social life.

In this context, in accordance with the mission of the organization, its objectives will be established, the necessary resources will be allocated to achieve the objectives in time and space. The needs will be influenced by exogenous and endogenous factors, which will determine appropriate behaviors for the development of the organization. The main determinant of the strategy is the freedom of action that will allow the development of the organization taking into account four fundamental aspects (Figure 3).

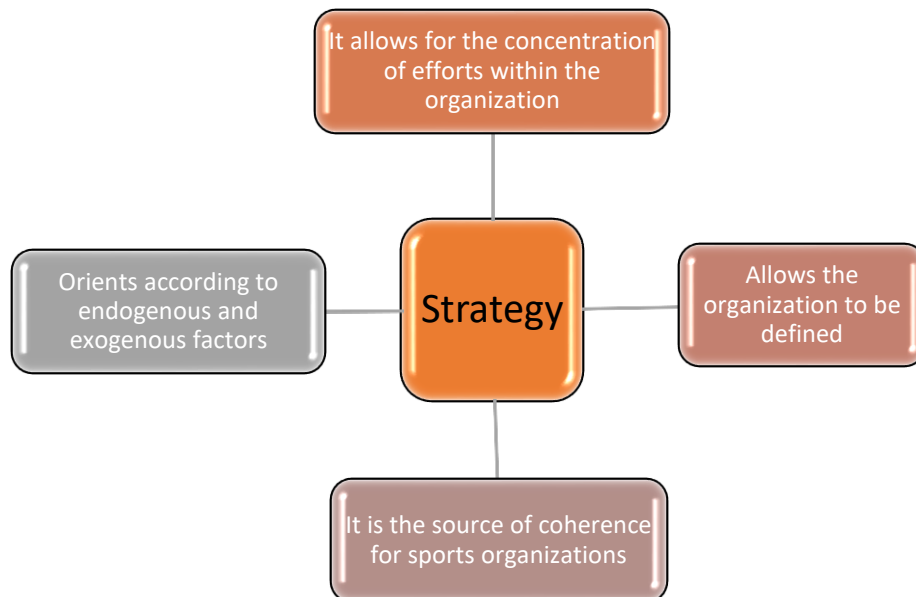


Figure 3. Fundamental aspects of the organization's strategy

Source: Adapted from E. Barget, D. Vaillau, 2008, p.182

The design of the strategy presupposes the existence of an appreciable volume of information explained in terms of content and control at various levels of the organization.

3. Research objectives

The ways in which sport organizations monitor their operations and evaluate their performance involves careful analysis with a focus on the special characteristics of sport organizations and how these characteristics create the need for sport-specific performance management models.

The purpose of the research is the development of models for the analysis of the management of sports organizations, in order to identify the factors of influence and ways to improve their efficiency and effectiveness, respectively to increase the performance of sports organizations.

The importance of using performance management models is highlighted, not only by the need to respond to the conflicting requirements of several interested parties, but also by the need to manage risk.

We have found a systematic treatment of performance management to be an essential tool for identifying strengths and weaknesses and discovering ways in which overall organizational performance can be improved. Thus, a performance management model is crucial for the long-term success of sports organizations.

In order to fulfill the purpose of the preliminary research, we proposed the following objectives:

- the development of models for analyzing the performance of activities and processes, from the sports organizations, from a strategic perspective;

- developing a model for evaluating the performance of a sports organization;
- designing a system for measuring the performance of the sports organization, starting from its strategic objectives
- the elaboration of a specific performance management model, which reflects the special characteristics of the sports organization.

3.1 Methodology of research

Contemporary sport requires new operating and management models.

The starting point in our research is the analysis of performance management from a strategic perspective.

The three key elements underlying the design of a performance management system are: the vision, goals and objectives of the organization (Hums & Maclean, 2009).

The main objectives of sports organizations are quite different from those of business organizations in other fields. While some are focused on maximizing profits, most sports clubs are more concerned with priorities such as winning more games than their rivals and meeting the needs of members. It is not always very clear what the main objective of a sports organization is, or what the best measure is to decide how well the organization has performed.

In general, there is a strong correlation between revenue and success in most professional sports organizations. That being said, the clubs that have a large resource base and the ability to secure the best facilities, the best coaches and the best players will have the best win-loss ratios.

However, we wonder if there are other ways of measuring performance and estimating the success and failures of a sports organization. In some cases, it may also be important to consider process factors, which include items such as staff retention and motivation, player development and overall job satisfaction. However, despite these additional complexities, any performance management system must take into account and should reflect the main objectives of the sports organization.

The development of a model for evaluating the performance of a sports organization involves the approach of the elements, focused on the input-output analysis.

Starting from the classic tools of strategic planning, with a strong preventive character, we will design a system for measuring the performance of the sports organization, with balanced measures, easy to quantify, grouped into four basic dimensions, linked by cause-effect relationships.

4. Results and discussion

Performance management analysis must consider the key stakeholders of an organization (Atkinson, A.; Waterhouse, J.H.; Wells, R., 1997) (Carter, 2011). Different types of sport organizations have their own unique goals and priorities, which in turn influence the ways in which they categorize their stakeholders (Ferrand & Stotlar, 2010) (for example: in a retail business, management and shareholders are satisfied with a profit and high dividends, in a membership-based sports club, success will be more about on-field performance and service to members than high profits).

Stakeholders may often have conflicting needs (eg: sponsors want maximum media exposure and access to players, but clubs have a primary interest in improving

player performance, which may mean less involvement of the player in the activities of the sponsors).

Therefore, sports organizations must balance the often "conflicting" needs and "conflicting interests" of different stakeholders (Chappelet & Bayle, 2005, p. 43), the sports organization having several stakeholders, summarized in Table 1, and their interests must be integrated into its evaluation processes.

Table 1. The main stakeholders of the sports organization and their expectations

Stakeholders	Expectations (interests) in the sports organization
Played	<ul style="list-style-type: none"> • Success on the field • Appropriate salary and benefits • Low rate of accidents
Employees	<ul style="list-style-type: none"> • Adequate salary and benefits • Job security • Professional Development
Equipment suppliers	<ul style="list-style-type: none"> • Reliability of the application • Players' use of equations • Brand recognition
Members	<ul style="list-style-type: none"> • Services and benefits • Overall satisfaction
Owners / shareholders	<ul style="list-style-type: none"> • Return on investment • Public recognition of the club or association
Sponsors	<ul style="list-style-type: none"> • Positive reputation of the club or association • Brand awareness and recognition
Player agents	<ul style="list-style-type: none"> • Player morale • Paying market rates
fans	<ul style="list-style-type: none"> • The quality and excitement of the game • Good win-loss ratio
Community / society	<ul style="list-style-type: none"> • Civic pride • Offers models for adults and youth
Media	<ul style="list-style-type: none"> • Mass market • High level of public interest

A number of additional principles focused on inputs and outputs should be used when developing a performance evaluation model for a sports organization. This involves examining quality, quantity, efficiency, cost-benefit ratios and employee productivity (Anthony & Young, 2003).

This approach allows the essential dimensions of performance to be highlighted, which must be addressed by taking the necessary measures, analyzing not only internal processes, but also the organization's relationships with suppliers and key customers.

A synthesis of the ways in which input-output analysis can be applied to sport organizations is illustrated in Table 2.

Table 2. Output-input analysis

Performance dimension	Measures analyzed
Output: Quantity	<ul style="list-style-type: none"> • New releases • Frequency • Membership • Participation
Output: Quality	<ul style="list-style-type: none"> • Standard of play • Characteristics of the place / facility • Service standard • Overall customer experience
Output: Cost-Benefit	<ul style="list-style-type: none"> • Operational profit • Operation costs • The net economic benefit • Social benefit
Input: Efficiency	<ul style="list-style-type: none"> • The cost of providing the service • Cost of administrative assistance • Waiting time
Input: Staff performance	<ul style="list-style-type: none"> • Customer / Member / Fan Satisfaction Ratings • Staff skills and experience • Staff achievements

4.1. The strategic planning model applied to sports organizations

We analyzed performance management by avoiding emphasizing financial measures, this approach being also exemplified in the Balanced Scorecard (BSC) model designed by Kaplan and Norton (Kaplan & Norton, 1992) (Kaplan, R.; Norton, D., 1996), model that improves external and internal communication and also monitors the performance of an organization based on its strategic objectives.

In the past, the model played the role of a performance measurement framework, and now it is becoming a strategic planning tool. It represents, in fact, a global and complex management tool suitable for concretizing, implementing and controlling the company's strategies. The model has a strong preventive character, the central element being a system of indicators intended to substantiate the decision-making process.

Within sports organizations, the performance measurement tool should not be a "control system" concerned solely with keeping "individuals and organizational units in accordance with a predetermined plan" (Kaplan, R.; Norton, D., 1996, p. 25). Rather it should be a "learning system" concerned with "communication and information".

To this end, it is necessary to design a system for measuring the performance of the sports organization, with balanced measures that are easy to quantify, such as market share, return on investment or staff development.

The objectives and performance indicators are grouped into four dimensions, linked by cause-effect relationships.

The first dimension is the financial perspective, which answers the question "how is the organization perceived by shareholders?" Although we have argued that too much importance has traditionally been placed on the so-called bottom line, financial measures are nonetheless a fundamental starting point for assessing the economic sustainability of a sports organization. These can range from total revenue, ticket revenue, net cash flow, to return on assets, debt-to-equity ratio and net profit.

The second dimension is the customer perspective, which provides an answer to the question "how do sports consumers see us?" In this case, the focus is on identifying the "customer and market segments in which the sports business will compete" and developing measures that will indicate how well the organization is competing in these segments (Kaplan, R.; Norton, D., 1996, p. 26). These measures will include total revenue per segment, market share, expansion of the sports product's consumer base, fan retention and fan satisfaction. For this performance dimension attention should be paid to the factors underlying the levels of satisfaction and retention of sports consumers.

The third dimension is the internal business process perspective, which answers the question "what does the organization need to excel at?" This perspective requires management to identify the "critical internal processes in which the organization must excel" to ensure competitive advantage. It is not just a matter of ensuring that current value adding processes are efficient and streamlined, but that there are also systems in place to improve and redesign existing processes and products.

The fourth dimension is the innovation and growth perspective, which answers the question "can we continue to improve and create value?" This perspective is crucial to the long-term success of sports organizations.

Each of the above perspectives must be linked to an overarching overall objective that ensures consistency and mutually influencing conduct. In other words, the model is more than a "dashboard" of "critical indicators or key success factors" (Kaplan, R.; Norton, D., 1996, p. 29). To be effective, it must reflect the mission and goals of the sports organization, provide a solid framework for conducting an analysis of a sports organization, even the sport or sports league. Moreover, it is just as applicable to a small community club as it is to a major professional sports team.

5. Conclusions

In a competitive globalized business environment, there is an increasing likelihood that the technologies and processes required to sustain market and competitive advantage will outstrip the technical and managerial skills of the personnel who are responsible for managing these technologies and processes. To close this gap, organizations will "need to invest in reskilling employees, improving technology and information systems, and aligning organizational procedures and routines" (Kaplan, R.; Norton, D., 1996, p. 27). Contemporary sport requires new operating and management models.

The starting point in our research is the analysis of performance management from a strategic perspective. We analyzed performance management avoiding an emphasis on financial measures and designed a system for measuring the

performance of the sports organization with balanced, easily quantifiable measures such as market share, return on investment or staff development.

The objectives and performance indicators are grouped into four dimensions, linked by cause-effect relationships: financial perspective, customer perspective internal business process perspective, innovation and growth perspective.

Each of these perspectives is linked to the overall objective and must ensure coherence and conduct. The model represents an extended version of a scoreboard, which contains critical indicators for success. The efficiency of the model translates into the reflection of the mission and objectives of the sports organization, providing a framework of analysis for sports organizations at different levels.

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