

Sports Organizations Adapt to Economic Changes

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Abstract: The development of sports is inseparable from the prosperity and development of the economy. The change of economy and the development of sports are inseparable. And sports organizations are naturally inseparable from the economy. However, there is yet to be any relevant literature that can thoroughly study the conclusion of this subject, so it is necessary to synthesize some relevant literature from Chinese and foreign scholars and critics to conduct a review study. It is found that the adaptability of sports organizations to economic changes is mainly related to the support of policies and the construction degree of sports culture, as well as people's ideological acceptability and coping ability in the face of diversified development. After exploring, we can study and judge how sports organizations will change accordingly through economic changes and make appropriate regulations and controls so that organizations can be more comfortable in the face of various changes.

Keywords: Sports management, sports organizations, economic changes

1. Introduction

The growth of sports, as a type of human social practice, is synchronous with the growth of society and has a fundamental causal connection to human economic activity. The level of economic development, on the one hand, limits the growth of sports, and on the other, it must pass the social practice test. The material and social foundation for developing sports endeavors is the degree of economic development and social requirements. Sports organizations are naturally inseparable from economic development. Studying how sports organizations adapt to economic changes can improve our understanding of the relationship between sports and the economy and enable sports organizations to play a better role in sports and make even more contributions.

Nevertheless, some issues continue, and new difficulties and dangers to international sports have appeared. It is vital to consider the lengthy and diverse list of issues the modern global sports industry faces.

The integrity of sporting competition is well worth mentioning. A few of the issues that endanger the values and very character of sport are the use of performance-enhancing drugs (PEDs), match-fixing, and the abuse of benefits resulting from the application of new technologies, like Nike's AlphaFly running shoe. Integrity is crucial because it is a fundamental principle of sports. If the result of a sporting event is in any way predetermined—to use the example of match-fixing—the controversial cultural practice is no longer regarded as a "sport" [1].

Athlete welfare is also essential. This problem spans from overtraining to sexual harassment and abuse to the growing understanding of the impact of concussions, which have been linked to

Alzheimer's disease and early death. Former athletes from various sports have responded by filing class action lawsuits [2].

Besides, the knowledge of, opposition to, and advocacy against prejudice in sports based on gender, racism, indigenous rights, sexual orientation, and disability are all rising. Additionally, the ethics and morality of giving hosting rights to nation-states with a history of violating human rights are being questioned increasingly concerning the Olympics, FIFA World Cup, and other sporting mega-events [3].

Sports are under pressure to have a smaller environmental impact, especially those that utilize a lot of water and dangerous chemicals, including golf and auto racing [4].

Terrorism is also a critical issue. Sport is increasingly used as a venue and tactic for the recruitment of radical political extremists due to its global visibility and significance. This is due to the fact that terrorist groups do not simply target sporting events [5].

Finally, the monopolization and consolidation of global sport and associated media platforms concentrate influence and control in the hands of a select group of quickly expanding, fiercely competitive businesses. An excellent example was the divisive 2021 idea for a 12-team European Super League comprising the top football teams from England, Spain, and Italy. UEFA and the current Champions League competition would have been directly and immediately threatened by the planned new league, which would have brought together the world's wealthiest and most successful football teams. Additionally, the new rebel league was seen by many devoted supporters as an effort by wealthy, self-centered owners to pursue their interests at the expense of history, tradition, and community.

This is by no means an exhaustive list of the challenges, but it should provide insight into the breadth and range of issues the world's elite professional sports business is currently dealing with.

The sports industry is built based on social and economic development, and the social and economic development conditions have the functions of guiding, driving, coordinating, and standardizing the development of the sports industry, which determines that the development orientation of the sports industry is dynamic, just like the social production mode. Its development direction and goals are bound to change according to its internal contradictions and external environment (mainly referring to social and economic development conditions). In other words, the attributes of the sports industry and the requirements of social and economic development are the fundamental factors that cause the transformation of the development of the sports industry [6].

Therefore, the impact of constant economic changes on sports organizations and even the sports industry is present and predictable. Studying this impact is a prerequisite, and it is more important to discover how the sports industry adapts to change. After exploring, we can study and judge how sports organizations will change accordingly through economic changes and make appropriate regulations and controls so that organizations can be more comfortable in the face of various changes.

2. Sports Management

Sports management, also known as sports administration. Some scholars believe that sports management integrates all skills related to planning, organization, guidance, budgeting and control, leadership, and evaluation used by organizations or departments that produce or provide education-related products or services. The course was introduced at Ohio University in 1966. From 1945 to 1959, the University of South Florida offered a course in Baseball Management. In 1964, Careers and Opportunities in Sport first raised the concept of a job or career in sports management. 20 American schools and institutions provided master's degrees in sports management 1980. Sports management is growing rapidly in the international scope. Sports management courses and majors have been set up in many countries and regions, such as Japan, South Africa, Italy, China, Greece, France, the

United Kingdom, Sweden, Singapore, Spain, Germany, Norway, Ireland, India, the Netherlands, Scotland, China, Hong Kong, etc.

The development of sports must be in harmony with the economic development of the country. The scale and rate of sports development and the internal organization and distribution of sports endeavors are all influenced by the amount of social material production. "Man always proposes only those tasks which he is capable of solving because a closer look indicates that the task itself only appears when the physical prerequisites for solving it already exist, or are at the very least in the process of being created. On the one hand, the extent and pace of sports development are reliant on the reproduction of specific material and the provision of such material guarantees for its development, i.e., to ensure the necessary financial resources, to provide regular expenses, to provide sports infrastructure costs, to provide venues, equipment, books, etc. The 1984 Olympic Games medal distribution and the economic standing of the winning nations were compared by foreign academics, who concluded that 98% of the medals went to nations with more significant financial status and longer life expectancies. This demonstrates that the gross national product, national average income, and other fundamental variables are necessary for developing sports in a nation or region [7].

On the other hand, it is based on how much labor is needed for social reproduction. This demand establishes the proportional link between the various labor forces as well as the total number of labor forces. The total number of labor forces determines the scale and speed of the development of sports undertakings, and the proportion of various labor forces determines the existence of sports systems and structures.

The rate and magnitude of economic development determine the scope and trajectory of sports growth. The manner and degree of material reproduction constrain and ultimately determine the quality of sport, i.e., restrict and ultimately determine the labor force's requirements, and as a result, also establish the requirements and direction of talent development in sports training. While mass sports and school sports are more directly impacted by the average national income and other fundamental factors, the growth of competitive sports can be more significantly influenced by a country's or region's GNP. As social production broadens and deepens in the new century, increasing amounts of material and spiritual wealth are made available to people, greatly enhancing their quality of life. On this foundation, as more people move into affluent societies, society will support sports development more.

3. Diversification of revenue streams

Revenue is the sum a sporting organization earns from selling goods and services. It includes revenue from non-profit sports organizations, government sports revenue, and commercial sports revenue [8].

Here is a list of the eight revenue sources that U Sports, Canada's national collegiate sports governing organization, has recognized. This illustration from their annual report shows eight different sources of funding. Let us talk about some of them.

U SPORTS
 Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Member dues	\$ 1,513,686	\$ 1,460,805
Events/competitions	811,279	741,923
Funding	806,929	898,829
International	728,753	471,923
Marketing	597,498	676,469
Other	272,063	101,285
Donations	30,000	400
Merchandising	7,083	600
	4,767,291	4,352,234

Figure 1: Eight revenue streams of non-profit sports organization [9]
 Source: U Sports, Canada's national sports governing body

As Figure 1 shown, the member dues are the most significant one. U Sports received \$1,513,686 in member dues in 2018. However, from where does all of this money come? After joining, members must pay a \$50,000 initiation fee in order to become a part of U Sports. After that, to keep their membership, individuals must periodically pay a charge, perhaps annually. The majority of U Sports' income comes from membership fees, which it collects from users.

Competitions and events are another source of income. Let us examine one U Sports event as an example to see where their funding originates from.

U Sports organizes the U SPORTS University Athletics Tradeshow each year. It is a gathering for Canadian university athletic departments' top decision-makers to acquire goods and services that would ultimately benefit their students and the neighborhood. So, how does this event generate revenue? They receive a large portion of their revenue from sponsors, such as their morning workout and lunch sponsors. Fees for having an exhibitor booth are another source of income for them. You may view the particular prices for these on their website. These are just a few of the methods used by U Sports to make money.

Funding is also essential. Several entities provide funding to U Sports. Canadian Heritage, a federal government division, provides financing to U Sports. U Sports sponsors its initiatives through income, sometimes called Canadian Heritage Funds.

And contributions. Last year, \$ 30,000 in donations were made to U Sports. U Sports gets donations in various ways, including through U Sports colleges that provide initiatives where parents, graduates, and companies can donate to funds designated for U Sports. This sum of money is regarded as revenue because U Sport is the recipient [10].

Sports agents provide a good illustration of commercial sports earnings. Forbes' ranking of the Most Valuable Sports Agencies has always been topped by the sports agency Creative Artists Agency. It made \$8.5 billion in total revenue in 2017. Their sports branch is quite successful, despite the fact that they also represent persons in areas other than sports, including the film, television, and music industries. So, from where does all of this money come [11]?

4. Case Study: Rugby in New Zealand

Although rugby is not the most popular or largest sport in the world, it does offer some unique insights into the challenges that the future of the global sports sector will face. Rugby, for instance, has a lengthy history that extends back to the 1800s, but it was not until 1995 that it was made as a professional sport. The outcome is that rugby is a useful case study for analyzing the development and challenges of a still-emerging professional sport internationally. For a number of reasons, we concentrate on the New Zealand rugby instance here: Without a doubt, rugby is frequently regarded as the national sport; with a 75% winning percentage spanning more than a century, the men's national

team, the All Blacks, is arguably the most successful sporting franchise in history. The country is physically distant and has a modest economy and a five-million-person population, respectively.

We begin by outlining the economics of rugby in general and the All-Blacks' significance as New Zealand Rugby's (NZR), the corporate organization in charge of overseeing the national sport, primary revenue generator. FitzSimons referred to the early 1990s conflict between competing media titans Kerry Packer and Rupert Murdoch as the "Rugby War." To recruit the best rugby players from South Africa, Australia, and New Zealand, Kerry Packer's World Rugby Corporation (WRC) relentlessly pursued lucrative contracts and broadcast agreements before the 1995 Rugby World Cup. In response to and to thwart Packer's master plan, the New Zealand Rugby Football Union (NZRFU), as it was then known (later becoming the NZRU and ultimately rebranding as the NZR), along with the Australian and South African Rugby Unions formed (SANZAR, which became SANZAAR in 2016 with the addition of the Argentina Rugby Union), signed a 10-year, \$800+ million international broadcast deal with Rupert Murdoch's News Limited [12]. The agreement, which gave the NZRFU millions of dollars, was a pivotal period for rugby in general and the national sport of New Zealand in particular. The broadcast agreement contributed to grassroots growth and gave top young players the necessary finances to stay with the team. Unsurprisingly, sponsorship opportunities quickly arose due to the News Limited broadcast agreement, which was carried out in New Zealand through the Sky Network Television network. Global sportswear manufacturer Adidas signed one of its largest team sponsorship deals, worth more than \$100 million over five years, and officially sponsored New Zealand Rugby in 1999. Adidas made the partnership as part of a strategic choice to (a) a new team or sport expected to succeed outside of Europe and North America should be capitalized on and (b) utilize the lucrative marketing potential of rugby media coverage. The All Blacks developed into a tremendously appealing "brand" as a global athletic commodity (and the most dominant rugby team in the world). Indeed, according to Saatchi and Saatchi, advertising executive Howard Greive, in charge of creating the first fresh Adidas advertisement, said that "the All Blacks can deliver something to the [Adidas'] brand that no other team or individual can in sport". Adidas has remained a steadfast sponsor, and its most recent agreement, which runs from 2017 to 2023 and is expected to cost \$ 10 million annually, attests to this as proof of the All-Blacks' ongoing value to the business.

In many respects, NZR was saved—or maybe more appropriately, sustained—by the agreements with Adidas and Sky TV. However, over time, this significant infusion of cash was insufficient. Furthermore, not everyone agreed with it. For instance, Laidlaw, a former All-Black and New Zealand ambassador, cautioned in 1999 that:

The authority of the game in New Zealand is in real danger of shifting away from the country's authority. The nation's overall personality is at risk, and we risk handing it over to McWorld in exchange for a few silver dollars. However, the only way to maintain that sovereignty was through enormous deals with significant sponsors [13].

One may need to negotiate a contract that cedes some control and ownership to foreign interests to secure enough funding to survive in the long run, as illustrated by Laidlaw's remarks. The All Blacks, a sports franchise that competes in the modern global economy of sport, and modern Zealand as a country continue to encounter difficulties due to this paradox, which has recurred throughout the past 20 years. For instance, American Insurance Group (AIG), a significant international corporate sponsor, joined Adidas in 2012. With over 90 years of expertise, over US\$60 billion in annual revenue, 88 million clients in 130 countries, and around 50,000 employees, AIG has a substantial global presence. Its interest in the All Blacks was sparked by another significant worldwide sporting development in addition to the distinctive benefits that the team offered business partners. The International Olympic Committee declared in 2009 that rugby sevens would be included in the 2016 Games [14]. Nations competing for one or more of the six new medals (gold, silver, and bronze for women and men) increased their investment in the sport and its international development [15].

Additionally, being the biggest sporting event on earth, the Olympics gave corporate sponsors unrivaled brand exposure. As a result, AIG agreed to a nine-year contract (2012–2021) worth an estimated \$US14 million year. The middle of the All-Blacks' jersey, which had remained empty for more than a century and which some people would view as sacred, was one of the primary requests AIG made in exchange for this large expenditure. The All Blacks, Mori All Blacks, Black Ferns, Men's and Women's Sevens teams, and the Under-20 Men's Squad were all rebranded as part of the sponsorship agreement they signed. The issue involving the Olympic Sevens Rugby and later AIG sponsorship demonstrates not just the competence of worldwide sports governing bodies, Like the IOC, which has the authority to define what constitutes a legitimate sport, but also their potential to influence national investments in the growth of a particular sport, and the links to the sport-media complex (such as corporate sponsorship and broadcast rights) on the other [16].

Change ideas and carry out institutional reform. Since sports is an industry, it is necessary to establish and operate according to the modern enterprise system. The separation of government affairs, government enterprises, and government groups should be implemented, and sports administrative agencies should strengthen social management functions and establish industry management departments so that sports can enter society and enter the market. Emancipate the mind and take the road of enterprise. Sports departments, especially grassroots units, should take the enterprise route; they have the right to use and manage state-owned assets such as sports venues and equipment facilities, and they should undertake the obligation to maintain and increase the value of these state-owned assets. They should be independent accounting units, have the right to control people, money, and materials, and have a legal personality to mobilize enthusiasm and improve economic efficiency fully [17]. Establish a joint mechanism of scientific research and training, scientific research to provide paid services for sports teams so that sports science and technology from public welfare to management. Establish a joint mechanism for scientific research and training, scientific research to provide paid services for sports teams, so that sports science and technology, from public welfare to management, face the society, the market, meeting demand, participating in the competition, accelerate the commercialization of technical and scientific advances, encourage the interest of the scientific and technological staff, maximize the benefits of scientific and technological training, and promote the development of sports.

5. Conclusion

The results show that the adaptation of sports organizations to economic changes mainly depends on the support of relevant government policies and the effective construction of sports culture, as well as people's ideological acceptability and coping ability in the face of diversified development.

Make clear the important role of sports culture. In developing the sports economy, sports culture can effectively expand the influence on people's participation in economic activities and stimulate the swift evolution of the sports economy. While doing so, sports culture helps people to form correct sports values [18]. It guides people to the proper consumption behavior, which can make the sports economy develop rapidly and sustain growth. In terms of the investment efficiency of the sports economy, sports culture can play a correct guiding role, which further determines the development direction of the sports economy.

Cultivate sports economic management talents. In the development of the sports economy, sports management talent is also scarce, and the training of talent teams is a crucial way to promote the rapid growth of the sports economy. As the sports economy and culture develop harmoniously, sports economic management talents can be the leading practitioners and executors of sports culture. Under the current circumstances, we should introduce a group of talents with excellent professional level and management quality, and secondly, strengthen personnel's cultural and moral training. Only in this way can these excellent sports economic management talents promote the stable development of

the sports economy [19]. Under the correct future development trend, according to their excellent advanced ideas and the study of foreign advanced experience, sports culture can better promote the development of the sports economy.

Strengthen the support of the sports economy. To support the sports economy, the government should first rely on the government. The government should revise and formulate laws, regulations, and systems that can support the development of the sports economy, promote the growth of the sports industry's economy in accordance with its economic regulations to formulate relevant industrial regulations, especially the regulations on the supervision of sports development, and promote the comprehensive utilization of sports financial resources.

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