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THE ROLE OF STAKEHOLDERS AND THEIR IMPACT ON THE RISK ENVIRONMENT OF SPORT ORGANISATIONS IN SLOVAKIA

VÝZNAM STAKHOLDEROV A ICH VPLYV NA RIZIKOVÉ PROSTREDIE
ŠPORTOVÝCH ORGANIZÁCIÍ NA SLOVENSKU

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Autor pôsobí ako interný doktorand na Fakulte bezpečnostného inžinierstva Žilinskej univerzity v Žiline. Vo svojom výskume sa venuje problematike systémov včasného varovania na monitorovanie rizík pre oblasť športových organizácií na Slovensku.

The author works as internal PhD students at the Faculty of Security Engineering, University of Žilina. In his research he deals with the issue of early warning systems for risk monitoring in the field of sports organizations in Slovakia.

Abstract

As the social and economic importance of sport and sport business grows, so does the need to ensure the sustainability and resilience of sport organisations. This requirement is proving to be crucial for the sustainability of the sports sector, especially in the context of increasing globalisation and the unconventional threats to sport arising from the current evolution of its environment. In order to better understand the specific aspects of the functioning of sport business, this article examines the importance of stakeholders as a significant part of the sport industry and their impact on the functioning, stability and development of sport organisations in Slovakia. The importance of stakeholders in the sports industry depends on a number of factors that shape the entire environment of the sports organisations themselves. To this end, empirical research methods were applied, through which significant facts necessary for forming research conclusions and a better understanding of the position of stakeholders in the sports sector were identified. The results of this research create space for a better understanding of the connections, synergies and overall context of the functioning of the sports sector in Slovakia, which significantly contributes to the stated objectives of the author's dissertation research.

Key words: risks, sports organizations, stakeholders, sport environment

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Abstrakt

S rastúcim spoločenským a hospodárskym významom športu a športového podnikania rastie aj potreba zabezpečiť udržateľnosť a odolnosť športových organizácií. Táto požiadavka sa ukazuje ako kľúčová pre udržateľnosť športového odvetvia, najmä v kontexte rastúcej globalizácie a nekonvenčných hrozieb pre šport vyplývajúcich zo súčasného vývoja jeho prostredia. V záujme lepšieho pochopenia špecifických aspektov fungovania športových podnikov sa v tomto článku skúma význam zainteresovaných strán ako významnej súčasti športového odvetvia a ich vplyv na fungovanie, stabilitu a rozvoj športových organizácií na Slovensku. Význam zainteresovaných strán v športovom odvetví závisí od viacerých faktorov, ktoré formujú celé prostredie samotných športových organizácií. Na tento účel boli použité metódy empirického výskumu, prostredníctvom ktorých boli identifikované významné skutočnosti potrebné pre formovanie záverov výskumu a lepšie pochopenie postavenia stakeholderov v športovom odvetví. Výsledky výskumu vytvárajú priestor pre lepšie pochopenie súvislostí, synergií a celkových súvislostí fungovania športového sektora na Slovensku, čo významne prispieva k stanoveným cieľom dizertačného výskumu autora.

Kľúčové slová: riziká, športové organizácie, zainteresované strany, športové prostredie

Introduction

Sport as a social activity plays a key role in creating and maintaining interpersonal relationships and in nurturing the physical and mental health of individuals. At a professional level, sport is an increasingly important part of the national economy, creating a significant number of jobs and generating profits through the organisation of various professional sporting events. As this economic segment continues to develop, sports organisations are increasingly inclined towards the need to combine the traditional notion of sport with a proactive entrepreneurial approach to ensure the long-term sustainability of this segment. Sports organisations are therefore engaged in what is known as sports business, which, like ordinary business, takes place in a fundamentally unstable competitive environment with a wide range of risks. This specific business space brings many challenges that organisations have to face effectively. To this end, it is essential to explore the means and systems that make this possible. In particular, a detailed examination of the factors that affect not only the stability of the business environment in sport, but also the organisations themselves, is an important step in this endeavour. Based on an understanding of these contexts and patterns, it will then be possible to define and identify practices, tools and frameworks that will enable sports organisations to effectively face new challenges, build a resilient structure and pursue a path of sustainable development (Bugarová 2022, Bugarová 2021, Tükel 2020).

In order to gain a deeper understanding of how the environment influences sport organisations, it is necessary to examine the different components of the environment and their interactions in more detail. The specific characteristics of the external environment affect not only sport organisations, but also their internal environment and individual functional components. Therefore, it can be stated that the resilience of a sport organisation largely depends on its ability to adapt to the conditions of the environment in which it operates (Bugarová 2021, Adámik 2020). We also consider how organisational culture and leadership can influence an organisation's ability to respond to external change to be an important factor.

A strong, adaptive culture can foster a rapid and effective response to challenges, while a weak or rigid culture can limit these capabilities. To effectively manage these influences, we believe it is important to implement strategies that take into account both external and internal factors. Overall, the ability of sports clubs to adapt to changing environmental conditions and effectively manage their internal processes is key to ensuring the resilience and long-term sustainability of their activities. This can make these organisations more resilient and able to achieve long-term success.

The field of sports business operates on similar principles as ordinary commercial business. However, it differs from it in some important specific ways. One of the most significant is the strong dualistic character of this segment, where sports business carries two fundamental directions (Varmus 2019) (Fig. 1):

- The economic aspect - making a profit.
- The sporting aspect - achieving sporting results.

These two directions are interdependent, and both underpin the successful operation of sports clubs. According to the authors Varmus, Ferenc and Kubina (2019), it is possible to observe a gradual evolution in this area, mainly due to the increasing globalization and convergence of European and American management culture in sports organizations. However, it must be stated that, depending on different aspects and conditions in specific countries and regions, the share of these two directions is not the same, and one of them may come to the fore within sports clubs.

Figure 1 – The scheme of action of the dualistic nature of the objectives of sports clubs
Adapted from: Varmus et al. 2019

Traditionally, the environment in which a sport organization operates can be divided into two main components: the external environment, encompassing factors outside the organization, and the internal environment, comprising factors within the organization. The key difference between these components lies in the organization's ability to influence them. The external environment, which includes elements of the global market and national or international relations, is typically beyond the direct control of the organization. Exceptions to this are international sports associations and federations with global influence in the sports sector. However, club-level organizations generally lack this capability. Conversely, the internal environment can be significantly shaped and altered by the organization according to its needs, provided it employs appropriate tools. However, the environment of sports

organisations and sports business is fundamentally different from that of ordinary commercial business in key areas. These differences also apply to the issue of the environment of these organisations. Accordingly, it is appropriate to view the external environment of sports clubs in the context of two main areas: macroenvironmental factors and sectoral factors (Buganová 2021, Varmus 2019, Varmus 2021, Robinson 2010). Thus, the dualistic nature of the objectives of sports clubs and the specific characteristics of the environment in which the organisations carry out their activities can be considered as decisive factors determining the influence and role of interest groups on the issue of the risk environment of sports organisations. In general, it can be argued that the composition of interest groups mirrors the various factors of the internal and external environment of a sport organisation. Conversely, the interest of individual stakeholder groups is linked to the dualistic goals of sport organisations, with the dominant interest being, as a rule, linked to one of them.

Aim and methodology

Sports organisations currently operate in a highly volatile global environment. On the one hand, this situation brings new opportunities and possibilities for their development, but on the other hand it places increased demands on their ability to withstand threats and crises. The governance system of sports organisations therefore needs to integrate elements that enable them to manage risks effectively, through which sustainability can be actively enhanced. The aim of this paper is to explore the importance of stakeholders and their influence on the risk environment of sport organisations in Slovakia. This is because previous research in the field of sport business and the functioning of sport organisations shows that different systems of organisation and funding of sport at the national level directly influence the actions of different actors and groups in sport. Understanding the influence of stakeholders in different national systems of sport organisation and funding contributes significantly to understanding the current functioning of the sport business environment and its dynamics. Such insights will be of considerable importance in the further pursuit of dissertation research to design an early warning system for risk with a focus on the sport organisation environment. Given that the position and influence of stakeholders in the sports industry appears to be one of the key factors, it is highly appropriate to address it in further follow-up research conducted in the future in pursuit of the dissertation research objectives.

To achieve the stated research objective contained in this article, primarily exploratory empirical research methods were used. These were applied to previous research and professional scientific publications of other domestic and foreign authors, who in their works deal with the field of sports organizations and sports business. Using analytical methods, their conclusions, and assertions regarding the operation of stakeholders in the sports business environment were examined. Subsequently, by comparing and synthesizing the authors' views and their research outputs, the new findings presented in this article were formulated. Based on these, it was possible to construct a comprehensive framework describing the relationships between sport organisations and stakeholders from both their internal and external environments. These findings will subsequently be applied in the further continuation of the author's dissertation research in line with the long-term goal of building the resilience and sustainability of sport organisations in Slovakia.

The role of stakeholders in the sports sector

An important specificity of the sports business is its dual nature described in the previous section. Given that this feature is characteristic of the sport sector, it also significantly influences the activities of the interest groups that directly depend on it. The main stakeholders of the sports business can be identified from research on the internal and external environment of sports clubs. In the external macro-environment, mainly governmental organisations and the general public are active. From the sectoral environment (external environment specified for a particular sport or type of activity) come groups of fans, non-profit organizations, sponsors, who are tied to a particular specification of a given sports club (type of sport, importance of the club, history of the club, level of competitions...). Traditionally, groups of athletes, interest associations, staff (employees, sports experts) and possibly parents come from the internal environment of sports clubs, if the sports club also deals with junior categories of sport. These stakeholder groups have different interests and requirements towards the sports club, and they also bring different benefits to the sports club. However, in relation to the dual nature of the objectives of sports organisations, the interests of stakeholders can be generalised and related to the fulfilment of the respective objectives: to achieve sporting results and to make a profit. The sporting aspect of achieving good sporting results is contingent on the power of fans, sponsors, public authorities, and other stakeholders as potential sources of financial and other resources for the organisation's functioning. The commercial aspect of achieving good organisational results is conditioned by the interest and motivation of athletes, the quality of staff, the interest of parents, the quality of sports and training facilities and other factors. These two aspects are strongly influenced by environmental factors that are transmitted to the organization either directly or through stakeholders (Figure 2) (Čáslavová 2020, Varmus 2019, Beech 2004).

Figure 2 - The dual nature of sports business with respect to stakeholder engagement
Source: author

Based on this, it is possible to characterize the general roles of the two main stakeholder groups, which stem from their relationship with the sports club and the degree to which its main objectives are achieved:

- Group 1 - is interested in the good economic results of the club and helps it to achieve quality sporting results.
- Group 2 - is interested in the club's good sporting results and helps the club to achieve good economic results.

The above shows the cyclical nature of the relationship of the stakeholder groups' demands to the sports club, with the degree of their interest and willingness to associate with the club depending primarily on the degree to which they are met.

Beyond the defined general interests of the two stakeholder groups, it is clear that each will have specific interests and demands towards the sports organisation. In the same way, the actual benefits that these groups can bring to the club itself will also differ. These differences and specificities arise from the nature of the individual stakeholder and their position (Table 1). Based on the current situation in which a particular club finds itself and the objectives that a particular club has set itself, a certain degree of importance is attributed to each stakeholder. This indicator is specific to individual clubs and is variable over time.

	Stakeholders	Requirements for the club	Benefits for the club
GROUP 1	Staff	attractive and stable work conditions	growth in quality and club performance
	Parents	a quality environment for the development of young talent	the acquisition of young promising talent
	Athlete groups	reliable and fair approach to athletes	supply of new athletes
	Athletes	quality environment for performance growth and long-term development	improving the club's long-term results and advancing in competitions
GROUP 2	NGOs	long-term cooperation	advertising for the club and prestige growth
	Sponsors	good promotion for products and services	financial and material resources for the club
	Fans	stable quality sports results	long-term support and attendance at events
	Public	appropriate approach to social issues	spreading the good name of the club
	Government organisations	international prestige	financial, material and organizational support for the club

Table 1 - Relationship between individual stakeholder groups and the sports club

Source: author

National systems of funding and organising sport also play a major role in the relationship between stakeholders and sport organisations. These systems largely determine the salience of different stakeholder groups, especially those from outside the sport club environment. It is the funding system that plays an important role in determining the dominant source of funding for sports clubs. This funding may come from the private sector or the public sector, to which

clubs need to adapt their relationship with these stakeholders. In practice, almost all systems of funding and organising sport use a combination of these two sources of funding, with the proportion and influence varying substantially between systems. At present, four main systems for the organisation and funding of sport at national level can be distinguished (Figure 3) (Adámik 2020, Baroš 2018, Brázda 2020, Čáslavová 2020, Fuller 2004, Topsportklimaatmeting 2023, KPMG 2018, Statistics 2022, Zákon č. 440/2015 Z.z.):

- State sector (Slovakia) - dominant influence of state funding, characterised by a high degree of centralisation and political influence on sport.
- Private sector (United Kingdom) - dominant role of private and business resources from organisations, clubs focusing on sponsorship collaborations, with the sector itself centrally managed.
- Voluntary sector (Kingdom of Denmark) - funding from local government and NGO sources combined with sponsorship, significant influence of the general public and high degree of decentralisation.
- Active society (Kingdom of Netherlands) - balanced participation of public and private funding sources, significant role of non-profit and non-governmental organisations with a fair degree of centralisation.

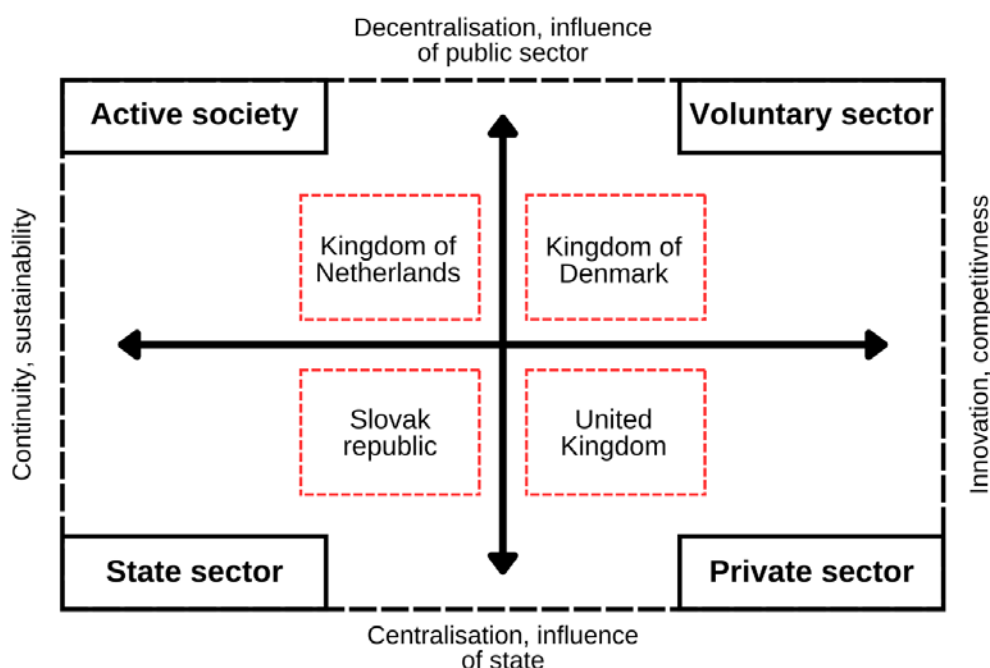


Figure 3 - Systems of organisation and financing of sport in selected countries
Adapted from: Adámik 2020

Stakeholder influence on the risk environment of sport organisations in Slovakia

The current environment of sport organisations and sport business faces a wide range of risks and resulting threats, many of which are linked to the specific characteristics of the sport sector. These risks originate in the three main components of the sport organisation environment and are tied to the technical, economic, human, organisational and social processes that directly affect sports clubs (Beech 2013, Ratten 2018). In almost all of these

areas, it is possible to observe the direct or indirect influence of stakeholders who influence the functioning of sports clubs and also pursue their own interests within the framework of cooperation with them. Given that the degree of stakeholder influence on the functioning of a sports club varies across different systems of organisation and funding of sport, it is possible to note the impact of these differences on the set of risks that sports organisations face in their practice.

The research on the conditions prevailing in the environment of sports business in Slovakia shows, first of all, the dominant position of the state as the most influential entity in the system of organisation and financing of sport. It is public funding and its redistribution to sports clubs that represents the dominant form of financial income. The state as the dominant stakeholder creates a strongly centralised environment. This provides clubs with a relatively stable basis for their functioning. On the other hand, however, there is considerable flexibility in terms of innovation and competitiveness between clubs. Another dominant stakeholder is the fans, whose importance has been particularly evident during the period of sporting restrictions associated with the COVID-19 pandemic. Fans represent a non-negligible source of finance for their club through ticket sales and club merchandise. They also play an important role in popularising and spreading awareness of the club itself. Within the environment of sports organisations in Slovakia, sponsors also figure prominently, although the funding of clubs from this source is still a minority. Sponsors are also important partners for clubs in terms of supplying goods and services that clubs need for their activities. The primary interest of sponsors is to associate their brand with a club that has sufficient sporting results and sufficient attention from fans or the general public. Given the size of the sports sector and fan base, only a certain group of sports clubs within the Slovak Republic is of interest to potential sponsors. For this reason, it can be very difficult for most clubs to find capable sponsors. In terms of internal stakeholders, the prestige, level, and quality of the sports clubs with which they cooperate is a decisive factor for athletes and sports professionals. A large part of them go to foreign clubs that are better able to satisfy their demands, which in most cases domestic clubs cannot compete with (Escamilla 2020, Hudáková 2022).

Surveys indicate that the most common reason for the decline of sports clubs (organizations) in Slovakia is the lack of funding to sustain their activities. Approximately 67% of defunct sports organizations cite cuts in funding and insufficient funds as the primary reason for their closure (Adámik 2020). This environment's lower attractiveness compared to international settings is also evidenced by the emigration of top athletes and sports professionals. The lack of funding, combined with the existing sports funding system, presents additional risks for sports organizations regarding their ability to compete in the globalized sports market.

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