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Opportunities to Increase the Resilience of Sports Organisations Through Risk Management



Abstract: - In today's highly globalised world, organisations face a range of risks and challenges on a daily basis. Much of this is determined by the environment in which organisations do business and operate. With the rapid development of sport as a phenomenon of modern times, the impact of such an environment on the business of sport organisations is growing. Thus, in order to meet their objectives, sports organisations are forced to look for ways and tools that will enable them to face new challenges and survive in such an environment. This study will therefore focus on the analysis of the current state of the sports sector, the analysis of the significant influences acting on sports organisations and the importance of implementing elements of risk management in the field of sports business as an important tool for increasing the resilience of sports organisations. The aim is to create a framework overview of the current state of the issue and to identify opportunities for improving the resilience of sports organisations. By being prepared to face future risks, it is possible to ensure the sustainable development of sport organisations, which represent a significant social and economic position in contemporary society.

Keywords: sport, risk management, sports business, monitoring

I. INTRODUCTION

Nowadays, sport and its related activities are increasingly perceived by the general professional and lay public as one of the hallmarks of our time. Sport carries both a social and a cultural context and is an essential part of modern society. However, the position of sport and its social significance can be seen from a number of perspectives, which complement each other and underline the integral importance of this sector. Sport, in the form of leisure-time amateur activities, plays an important role in maintaining an optimum level of physical and mental health in a broad spectrum of the population. In addition, it helps to build and maintain healthy and functional interpersonal relationships, which are indispensable in the process of the sustainable development of society. In addition to the tasks described above, professional sport is a very important part of the economic and economic sphere of the state, within which it creates a large number of jobs and generates economic results at local, regional and national level [1].

However, the sports business sector, like all other business sectors, is exposed to various influences that have more or less significant impacts on its overall functioning and prosperity. These impacts manifest themselves in different ways and are of different nature. It is the inherent instability of the environment within which sports organisations operate that has a high potential to influence, in both negative and positive ways, the factors affecting the functioning and sustainable development of sports organisations. For this reason, it is desirable that sports organisations have appropriate tools at their disposal to enable them to counter these influences in an effective way and thus ensure appropriate conditions for their development. With the growing popularity of both professional and amateur sport, the importance of sports entrepreneurship as a specific approach to the activities of sports organisations is growing. This is also linked to the gradual globalisation of the sector, which brings with it an increasing level of competition not only at national but also at international level. This competition is most evident in the struggle for fans, sponsors, financial resources and, last but not least, for athletes who are able to deliver quality sporting results for the organisation. This fact also underlines the need for sports organisations to have the tools that will ultimately help them to assert themselves in these situations. One of the options that could substantially help sports organisations to increase their resilience to negative impacts and their preparedness to face adverse events is the application of risk management elements and tools in the sector. The impacts operating in the

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field of sports organisations are similar in nature and mechanism of causation to those known from other business sectors. In this respect, it is therefore possible to look for parallels between the application of risk management tools and elements in the sports sector along the lines of other business sectors. However, the environment of the sports business carries a number of specific features that make it fundamentally different. Therefore, when discussing the application of risk management elements and tools in the sports business sector, it is important to take these specificities into account. With this in mind, this article discusses the current situation of the sports industry in selected countries and the differences in the organisation of sport at national, regional and local levels. The aim is to show how these differences affect the possibilities of applying risk management in sport organizations and, consequently, how it is possible to proceed to the effective implementation of these elements in the management practice of sport organizations with a view to ensuring sustainable development and increasing the level of their preparedness and resilience [1], [2], [3].

II. ANALYSIS OF THE CURRENT STATE OF THE SPORTS SECTOR

Like businesses, sports organisations operate in a competitive environment that brings a range of risks affecting their operations. In the context of risk management, scope is created for the application of early warning systems whose primary role is to identify possible changes as potential sources of risk in the internal and external environment of the organisation. This system helps to adapt current actions so that the organization, based on warning signals, is able to take the necessary measures to treat a specific risk in a timely manner [4]. One of the frameworks that can be understood as a complex containing, among other things, risk management is the field of strategic management of sports organizations, which has been addressed by several authors. In this case, strategic management is perceived as a whole covering several activities and managerial functions that touch on several aspects of sport organisations. One of them is Adámik (2018), who developed a model and process of strategic management of sports clubs optimized for the organization of sport in the Slovak Republic environment. However, this also does not provide a specific risk management framework or approach. His model discusses the so-called critical points, which represent the main groups of risks for the strategic management process, while his work also proposes an approach to managing and minimising these risks. Among the most significant of these in this case he ranks:

- Insufficient managerial skills and low knowledge of the environment,
- inadequate assessment of the achievement of objectives,
- changes in legislation,
- sporting sanctions,
- the level and objectives of competition,
- inappropriate management ambition,
- limited resources [5].

However, it should be noted that he presents these groups of risks in his work primarily in the context of possible barriers to the implementation of the strategic management model of a sport organization. However, for the purposes of applying risk management in the sport organization environment, there is currently no clearly defined specific framework that focuses specifically on this issue. Processes and practices based on risk management are themselves gradually becoming a trend in mainstream businesses, and yet, they are only very slowly finding a place in the common practice of sport organisations. The topic of risk management in the sport environment in Slovakia can be encountered almost exclusively in the context of the physical safety of athletes, the physical safety of fans

and in terms of the physical safety of property and sport facilities. Risk management in terms of a broader framework monitoring risks of various nature arising from the internal and external environment of an organization based not only on the physical safety of selected elements of the organization but also on the impact on its very functioning and survival is not specifically defined or applied [5], [2].

In this area, it is possible to use principles and knowledge based on general standards and approaches, or standards designed for enterprise risk management. The authors Varmus, Ferenc and Kubina (2019) discuss that when European and American cultures converge in the management of sports organizations, three groups of their objectives emerge (Fig. 1):

- profit making - commercial purpose,
- achievement of sporting results - performance sport,
- profit making and sport performance [6].



Fig. 1 The cyclical relationship between aspects of sports business [6]

On this basis, it can be concluded that the goals of sports organisations and the goals of enterprises, but above all the ways of achieving them, have common overlaps in many factors. This opens up the possibility of using established procedures and processes in the field of enterprise risk management also in the field of risk management in the environment of sports organisations. However, as there is no clearly defined specific standard or norm in this area, it also opens up the possibility of implementing new approaches and optimising them specifically for the needs of sports organisations in order to make them as effective as possible in practice.

In the Slovak environment there is a relatively wide range of principles, standards and procedures that can be implemented in the risk management process in general. Among these can be included the standard STN ISO 31000:2019, which is generally widely used and applied on a global scale. This particular standard is a very comprehensive tool that can provide organisations with detailed guidance on how to approach risk. In practice, the standard is applied across all types of businesses. Taking into account the similarities between business entities and sports organisations operating in the sports business, it is possible to find some parallels that could be used to consider the application of this approach in a sports organisation environment. The advantage of ISO 31000:2018 in this case is precisely its broad applicability, which allows it to cover the activities of sports organisations. Other approaches that represent potential resources for the application of risk management in the environment of sports organisations in the Slovak Republic include the ARMS and, in the case of large sports organisations, the EWRM approaches. However, organisations of this scale are very rare in Slovakia [7].

III. ENVIRONMENTAL FACTORS OF SPORTS ORGANISATIONS

In order to better understand the effects of the environment on sport organisations, it is necessary to further explore the components of the environment itself and their interactions. It is not only in the field of sport organisations that the specific characteristics of the external environment have an impact directly on the internal environment of the organisation and thus on its individual functional components. Hence, it can be concluded that the resilience of a sports organisation depends to a large extent on its ability to cope with the conditions of the environment in which it operates [2], [5].

Based on the traditional view, the environment itself in which a sport organization implements its activities and objectives can be divided into the external environment, which primarily includes factors originating from outside the organization, and the internal environment, which includes factors originating from within the organization. The fundamental difference between these two components is manifested, among other things, in the ability and capacity of the sport organisation to actively influence them. The external environment, which consists primarily of factors of the globalised market and national or international relations, can almost never be directly influenced by the organisation itself. An exception could be international sports associations and federations, which have a global reach and a strong influence in the sports sector. However, organisations at club level do not have these possibilities. On the contrary, the internal environment can be changed and shaped to a large extent by the organisation according to its own needs, provided it uses appropriate tools [2], [6], [8]. One crucial aspect that is largely related to the influences of factors is precisely the characteristics of the sport organization itself. Some factors affect almost all organizations in general, others have more or less influence only on organizations in a certain sector or with a specific focus. In the case of sports organisations, several specificities can be observed that distinguish these entities from ordinary business entities and thus are also reflected in the specificities of the external and internal environment (Fig. 2). Bugarová et al. further divide internal and external environmental factors into three categories according to their origin and the way they affect the organization itself. In this context, based on the categories of environmental influences, it is possible to define the influences on sport organizations:

- **Macroenvironmental factors** - are primarily related to the actions and decision-making of the managers of a sport organisation, but at the same time may not fundamentally affect its functional areas and activities. One of the most significant macro-environmental factors in the sport organisation sector in Slovakia is the legislation, which mainly regulates funding.
- **Sectoral factors** - have a direct impact on the actual functioning and activities of sports organisations, and thus also influence the objectives set. These factors are of great importance in the strategic management of a sports organisation, they are dynamic and change variably over time. They may include the influence of competition, the interests of the athletes, the interests of other members of the organisation, etc.
- **Internal environmental factors** - closely linked to the nature of the organisation itself, determining its direction and identity. This area further includes other sub-categories of factors: internal documents, resources and club traditions. In particular, club traditions and values can influence the external environment as they are very closely linked to the fan base, potential sponsors and other stakeholders [2].

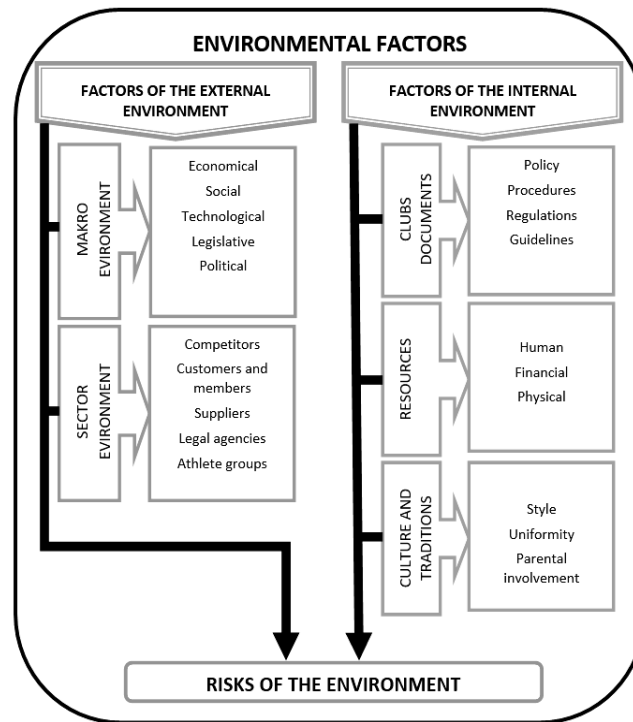


Fig. 2 External and internal environmental factors influencing sports organizations [2], [6]

The factors of the external and internal environment of a sport organisation can be considered as a source of risks that the organisation encounters during its operations. In this context, it is therefore necessary for sport organisations to have the ability to proactively face and manage these risks in order to minimise threats and maximise opportunities. The main prerequisite for this capability is precisely an understanding of the functioning and dynamics of the organisation's environment, on the basis of which the right procedures and tools for dealing with risks can be selected.

However, there are currently few countries that have risk management elements or even comprehensive risk management frameworks in place in their sport organisation system. Given that a comprehensive risk management framework for sports organisations is not clearly defined and established, this opens up a number of possibilities for applying existing methods and techniques or developing new ones specifically designed for use in the sports sector.

IV. RISK MANAGEMENT FRAMEWORKS APPLIED IN THE SPORTS SECTOR

The implementation of risk management principles and approaches in sport is strongly linked to the system of organisation and funding of sport in a given country. In general, it can be stated that with the increasing level of funding from and orientation towards the private sector, the sport system requires the implementation of risk management principles in their activities. Another feature that plays a significant role in this area is the size of the sports organisation and the resources at its disposal.

In the case of the Australian sport organisation system, the quality and safety requirements of sporting activities have been implemented into the statutory requirements for umbrella organisations (COMs, SSOs, SSODs), highlighting the need for effective risk management. This system further identifies the main groups of risks acting on legal and natural persons in sport that are covered by the risk management programme in this country and that are covered through this programme in umbrella organisations:

- physical risks - injury and property damage,

- legal risks - damages caused by legal proceedings due to the negligence of sports organisations,
- financial risks - loss of financial stability, loss of property value, medical costs, compensation costs, increased administrative costs [9].

In practice, the Australian sport organisation system sets out a recommended framework that is available for implementation in sport organisations. This framework is based on the globally known and utilised ISO 31000:2018 standard, which contains risk management guidelines that are adapted in practice to meet the needs of individual organisations. An important component is the desire for flexibility in the system, allowing individual organisations to tailor the system to their individual needs. For this reason, there is no single strict framework. The system is mandatory in Australia for all large sporting organisations and associations in the country. Its application for individual clubs is so far only recommended, but it is anticipated that there will be an increase in interest in its implementation in practice [9], [10].

Unlike the Australian system, the Canadian system does not provide a recommended standard but consists of a loose guide on what steps to follow in the risk management process and what details to focus on. In principle, it is based on three main supporting activities:

- Identification - contains the approach by which Canadian sport organizations identify risks and a description of the major risk areas in that environment.
- Measurement - contains the processes associated with risk assessment, building on the traditional concept of assessment based on the likelihood of occurrence and potential consequences of a risk.
- Control - the processes associated with dealing with risk, with four basic strategies used in sport organisations being predefined:
 - Risk maintenance - in the case of acceptable risks that are only monitored,
 - Risk reduction - the application of appropriate measures to reduce the likelihood of occurrence or consequences of a risk,
 - Transfer - the sports organisation, through contracts or insurance policies, transfers risk to another entity,
 - Avoidance - in the case of high-risk activities or situations, the sports organisation does not even engage in such activities or situations [11].

One of the most widespread uses of risk management in sport is precisely the prevention and management of athlete injuries related to the training process or performance of elite sport, to which several frameworks and methodologies related to its application and use are associated. This approach is quite common in sport organisations abroad, irrespective of the organisational and financial system of the sport, as it represents an important element of a proper approach to sporting activity. Within this framework, risk management in sport is understood as a tool for assessing and managing or controlling risks, and this process includes the necessary subsystems of assessment and consequence minimisation. In this context, a framework consisting of the following components is developed:

- Risk assessment - the first phase of the process, composed of the following stages:
 - Risk Identification and Description - includes the processes of identifying the risk and describing it in the context of how and to what extent the risk relates to stakeholders in a particular organisation.

- Risk impact - defining the impacts of the risk on the process participants and process objects in which the risk has occurred.
- Risk estimation and assessment - this process involves evaluating the level of risk for each group of participants, using quantitative terms as appropriate.
- Mitigation - represents the second phase of risk management in sports organisations, where the design of measures to reduce risk exposure is approached. Different exposure levels depending on the specific group of participants need to be taken into account. In this case, it is possible to develop a framework of generic measures aimed at the average participant with an average level of experience and a framework of specific measures designed for specifically vulnerable groups of participants. At this stage, two basic approaches to mitigation are distinguished:
 - Risk acceptance - the affected participant groups are informed about the presence of risks and their characteristics, including possible consequences, and are willing to accept this fact.
 - Risk mitigation - affected stakeholder groups are informed of the risks and specific measures are taken to reduce the likelihood or consequences of the risk. These can be divided into measures of a preventive nature (injury prevention, preventive intervention) or measures of a reactive nature (therapeutic intervention, rehabilitation).
- Crisis communication - as the final stage, it concludes the risk management process, particularly in the area of injuries in the sports sector. In this phase, the stakeholders are informed about the risks, their nature, how to reduce them and the current values. If the value of an already identified risk rises to an unacceptable level, the stakeholders exposed to the risk will be re-informed of this fact. Risk communication also plays an important role in the process of transferring experience and knowledge regarding risks in the internal environment of the organisation between the various stakeholders who may come into contact with them. Risk communication also plays an important role in communicating risks to the wider sporting community should an organisation decide to take this step [12].

The presented framework for injury risk management in sport organisations provides a specific tool for the purpose of risk analysis in terms of its sources and root causes, designed for the qualitative analysis of these factors. The Haddon matrix focuses on three main categories of factors causing sport-related injuries, the effects of which are further analysed in terms of timeframes in the pre-event, during-event and post-event periods. Based on this, a chain of critical moments related to an adverse event can be traced to create a clear system to determine the relationships and the most significant sources of risk in a given area. In this way, the Haddon matrix generates inputs for the root cause analysis subsystem of the adverse event and thus streamlines the implementation of the risk management framework (Fig. 3) [12].

Prevention strategies			
Injury causation factors			
Time	Physical	Management	Human
Pre-event	Condition of playing surface	Training programme	Playing tactics
Event	Shoe design	Competition rules	Tackle mechanism
Post-event	Neck brace	Surgery	Rehabilitation programme

Fig. 3 An example of the application of the Haddon matrix in sport [12]

A specific case of the application of risk management systems in sport is that of large international organisations covering specific sports. An example of such an organisation is FIFA, which covers football at international level and is the organiser of many major events, including the football World Cup. This organisation has long

implemented an internal system for managing the risks associated with injuries to athletes at their events. FIFA sets up a committee, the so-called F-MARC, which brings together stakeholders, assesses potential risks and decides how to deal with them. The committee then evaluates the best strategies to dilute these risks based on scientific research results and publications in the field. In its practical work, the F-MARC makes extensive use of so-called epidemiology, which has examined all FIFA tournaments since 1998 in order to detect and understand the mechanisms by which risks arise, spread and affect professional players, amateur players and referees. The results of this process are continuously updated based on the collection and processing of new volumes of data. In 2011, a summary of the results of this data collection and processing for the years 1994 to 2010 was published to illustrate this approach in practice. In this case, the review of the evidence base focuses on sources from which more information on a particular risk can be obtained. In this case, the F-MARC distinguishes between two categories of sources: literature (L) and research (R). Finally, it should be noted that the F-MARC operates as an independent body that is not influenced by external parties or by the FIFA organisation itself, which establishes it, thus ensuring the required degree of objectivity [13], [14].

CONCLUSION

In terms of the risk management system, it is possible to observe the occurrence of this framework in those countries that are characterised by an increased level of private sector involvement in the organisation and management of sport. This trend is manifested by attempts to gradually implement a risk management system for sports organisations into the standard base of strategic management of sports organisations and by emphasising the need to have such a tool. From a traditional perspective, the standard implementation of modified risk management systems can be widely observed in the context of sports injuries and risks related to the rehabilitation of athletes for the purpose of their rapid return to active participation. This area is a key link between the activities of a sports organisation and the achievement of sporting results, which can attract new sponsors and fans to the organisation. From this perspective, sport injury risk management systems can also be seen as attempts to manage the risks of the organisation through this area. However, a specific and comprehensive risk management framework optimised for use in the sports sector is not clearly defined, although some attempts can be traced towards its gradual development. Awareness of the need to implement a risk management framework in the sport organisation environment has been underlined by the series of crises to which sport organisations have recently been exposed:

- The COVID-19 pandemic - the pandemic has affected the sport sector in terms of almost complete disruption of sport organisations' activities, the associated loss of revenue, loss of athletes, threats to the long-term health of athletes or reduction in government support for the sector.
- The energy crisis - the increase in inflation following the end of the pandemic has created problems for sports organisations in terms of rising energy and commodity prices and therefore increased costs of running sports facilities and delivering sporting activities. Public interest in the implementation of sports activities may also have decreased. For this reason, again, the organisations have not been able to fully implement their activities.
- The war in Ukraine - Russian aggression in Ukraine had a negative impact on the field of sporting events, from which a number of athletes were excluded. The political background of the conflict could have made it very difficult for sports organisations to operate, especially if athletes or sports professionals from the countries involved in the conflict were in important positions in the organisations [15], [16].

Nowadays, sport is a phenomenon that fundamentally influences the whole society and its direction. In the European environment, this area is also one of the main concerns of states and their authorities, as it represents several integral functions for social groups at all levels of society. However, at present, sport, like other sectors, is being affected by an unstable environment which has the potential to negatively influence its future direction. To this end, it is therefore appropriate to address the issue of sport and further develop methods, techniques and frameworks in the future that will help sport organisations operating in this environment to meet their stated objectives with a view to their long-term and sustainable development.

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