



CATEGORY: Sports Management &
Sponsorship



SPORTS BUSINESS MANAGEMENT AND SPORTS GOVERNANCE IN INDIA

Dr. KONDRU SUDHEER KUMAR

Asst. Prof, Dept of Commerce & Business Administration, Acharya Nagarjuna University, Guntur, A.P.

Email – sudheerkumarb4u@gmail.com, Cell: 7396993390

Abstract:

Sports are all forms of usually competitive physical activity which, through casual or organized participation. Usually the contest or game is between two sides governed by adjudicators. Sports business is projected to grow \$290.6 billion between 2015-2020. Sport products can be goods, services, people, places, or ideas. Sport management is the study and practice involved in relation to all people, activities, business and organizations involved in producing, facilitating, promoting, organizing any product that is sport. It is important to understand the factors that have influenced the growth and development of the industry.

The sport business professional must constantly analyze what is affecting the industry as such influences may affect the success or failure of a product or business. If the sport businessman studies and understands how the factors affect the product or business, he or she can develop decisions and strategies that will lead to success. The sports governance structure in India comprises of the government and autonomous bodies established in compliance with the Olympic Charter. The Ministry of Youth Affairs and Sports (MYAS), under the Government of India, is responsible for administering the Department of Sports. Government bodies under MYAS are responsible for providing financial assistance, training and infrastructure support to various autonomous bodies of sports. The Sports Authority of India (SAI) is the field arm of MYAS in the promotion of sports in India through the implementation of various schemes relating to sports. Despite a strong governance structure, there are certain issues that hinder effective sports governance in India. Government of India had drafted Sports Development Bill 2013 to strengthen sports and its bodies in India

Keywords: Sports, Sports Management, Sports Business, Sports Industry, Segments of Sports & Sports Governance in India.

1. Introduction:

The wide range of sports and recreation businesses constitute a multi-billion dollar industry globally. According to ABS data, over 275,000 people are employed in sport and or recreation organizations.

Sports business management had a range of perspectives, linking theory and practice while drawing on contemporary research and issues in sports business, including sustainability, globalization, corporate social responsibility and corruption. At the same time, core business management disciplines - including management, finance, strategy, operations and economics – and their application to sport.

Sports business management is both a sophisticated and complex international business and a mass participatory practice run largely by volunteers and community organizations. This authoritative and comprehensive introduction to the theory and practice of sports management helps to explain the modern commercial environment that shapes sport at all levels and gives clear and sensible guidance on best practice in sports management, from elite sport to the local level.

2. Need for the Study:

Sports business is projected to grow \$290.6 billion between 2015-2020. The sports industry is flourishing with opportunities in all areas including: sports marketing and sponsorship, sports media

International Journal of Law, Education, Social and Sports Studies (IJLESS)

A Peer Reviewed (Refereed) International Research Journal

Homepage: www.ijless.kypublications.com

Vol. 2. Supplementary issue 3.2015 (October)



(traditional and social media), sports facilities and even higher education institutions which are growing at faster than average projected rate of 15%. As there are numerous opportunities in sports these days it is important to study the area of sports business.

3. Meaning: The meaning of Sports, Sports Management, Sports Business and Sports Industry are defined below:

3.1. Sports:

Sport are all forms of usually competitive physical activity which, through casual or organized participation, aim to use, maintain or improve physical ability and skills while providing entertainment to participants, and in some cases spectators. Usually the contest or game is between two sides, each attempting to exceed the other. Some sports allow a tie game; others provide tie-breaking methods, to ensure one winner and one loser. A number of such two-sided contests may be arranged in a tournament producing a champion.

Sports are usually governed by a set of rules or customs, which serve to ensure fair competition, and allow consistent adjudication of the winner by judges. Winning can be determined by physical events such as scoring goals or crossing a line first.

3.2. Sports Management:

Sport management implies a much broader concept. Therefore, the contemporary definition of sport management is as follows:

Sport management is the study and practice involved in relation to all people, activities, business and organizations involved in producing, facilitating, promoting, or organizing any product that is sport, fitness, and recreation activity and all related products. Sport products can be goods, services, people, places, or ideas.

3.3. Sports Business:

The sport business is the market in which the businesses and products offered to its buyers are sport related and may be goods, services, people, places, or ideas.

3.4. Sports Industry:

An "industry," as defined by Porter (1985), is "a market in which similar or closely related products are sold to buyers". Some industries may contain only one product. It is more typical that an industry comprises a variety of product items sold to many existing or potential consumers, who vary demographically and psycho-graphically, and who may change in need, want, desire, or demand.

The tennis racket industry is an example of a single-product industry. Within this industry, there are different variations of tennis rackets ranging in size, color, material, and price to meet the demands of the many different consumer markets. Additionally, the tennis racket industry is part of a multi-product industry, the sporting goods industry.

4. Sports and Sport Management:

The term *sport* has a very different meaning than *sports*. According to the North American Society for Sport Management (NASSM) (Parks and Zanger, 1990), "sports implies a collection of separate activities such as golf, soccer, hockey, volleyball, softball, and gymnastics-items in a series that can be counted"

To classify an enterprise as a sport business, then, doesn't necessarily mean it is a business that sells sports. It might be a company in the business of sport marketing research, a sports tourism business that sells snow ski packages, a web sport company that sells Women's

World Cup souvenirs via the world wide web, a sponsorship management business specializing in handling sports sponsorship packages, or a sporting goods company that manufactures Mountain-climbing gear.

Television coverage of sports events, the sports section in the newspaper, and the sports report on TV news broadcasts is sports activities as they take place or a report of the outcome-the final score and who won.



Sport management implies a much broader concept. Therefore, the contemporary definition of sport management is as follows:

Sport management is the study and practice involved in relation to all people, activities, business, and organizations involved in producing, facilitating, promoting, or organizing any product that is sport, fitness, and recreation related. Sport products can be goods, services, people, places, or ideas.

This is what *sport* means when used in the context of sport management, sport marketing, and the sport industry. It is an all-inclusive term representing every person and business involved in producing, facilitating, promoting, or organizing sports, fitness, play, leisure, or recreation activity and all related products.

5. The Sport Business Industry:

We may now put the two words together and define the term *sport industry*. The Research of Pitts et al. (1994), a study by *The Sporting News* and Wharton Econometric Forecasting Association Group (Comte and Stogel, 1990), the books of Parks, et al (1998), and a study by Meek (1997) provides descriptions of the many different products and businesses that comprise the sport industry. The products and businesses focus on sports, fitness, recreation, or leisure products.

There are many different groups of consumers for these products, and they can be largely categorized as either end consumer or business consumers.

Based on this research and the definitions of *sport* and *industry* presented earlier, the definition of *sport industry* is as follows:

The *sport industry* is the market in which the products offered to its buyers are sport, fitness, recreation, or leisure related and may be activities, goods, services, people, places, or ideas.

5.1. Some of the Examples of the Types of Products Offered in the Sport Industry:

- i. Sports are products and can be offered as a participation product such as participation in a women's recreational basketball league.
- ii. Sports can be offered as a spectator product (entertainment) such as the offer to watch a field hockey game, a snow-boarding competition, or the X-Games.
- iii. Equipment and apparel are sport products needed or desired to participate in sports and fitness activities such as softball uniforms, ice-hockey pads, bodybuilding apparel, in-line skates, and bicycle helmets.
- iv. Promotional merchandise is a sport product used to promote a sport business, a sports league, a sports event, or fitness activity such as logo caps and shirts, fitness club shirts or towels, stadium cushions and blankets with the company logo.
- v. Sports facilities are sport products needed or desired for producing sport such as the construction of a new sport stadium or the remodeling of racquetball courts to accommodate volley ball; the design and the construction company for the facility are also products.
- vi. Service businesses offer such sport products as sport marketing research, tennis racket stringing, or golf course care.
- vii. Recreational activities are sport products sold as participation products such as mountain bicycling, hiking, camping, horseback riding, boating, cross-country skiing, sailing, and mountain climbing.
- viii. Complete management and marketing professional services are sport products offered for a variety of markets such as the management of a large marathon, the promotion and management of a sports tourism package, or the management and marketing for an athlete; and
- ix. Sport media businesses offer such products as magazines about specific sports such as *Runner's World* magazine and trade magazines targeted to industry business such as *The Boat Dealer*. There



also are these products and companies: sports television companies, sports radio shows, and internet sports companies.

6. Factors Influencing the Growth and Development of the Sport Business Industry:

The sport business industry is large and diverse. There are numerous kinds and types of businesses and organizations. Your career in the sport industry will be greatly enhanced if you understand why the industry is so large and diverse and what drives its growth. To gain this understanding, it is important to understand the factors that have influenced the growth and development of the industry in the past, those that affect it currently, and those that will have an influence in the future (see figure 1).

The sport business professional must constantly analyze what is affecting the industry because such influences may affect the success or failure of a product or business. If the sport business person studies and understands how the factors affect the product or business, he or she can develop decisions and strategies that will lead to success.

Fig: 1 Various Segments of Sports and Its Revenue

Sl. No	Spectator Sports Segment	Estimated Value % of Total (in \$)	Total in %
1	Travel transportation, accommodations, meals of spectators, colleges, the 'big four' leagues, other	\$44.47 billion	20.92
2	Advertising. telecasts, cable, regional, print, signage, radio	. \$28.25billion	13.29
3	Equipment, apparel, footwear sportswear in competition	\$24.94 billion	11.73
4	Gate receipts. admission, concessions, merchandise, parking	\$22.56 billion	10.61
5	Team operating expenses 'big four' player salaries and operating expenses; colleges; others	\$19.23 billion	9.05
6	Legal gambling wagers, horses, dogs & internet etc.	\$18.55 billion	8.73
7	Licensed goods. apparel, footwear, house wares, media, miscellaneous	. \$15.1 billion	7.10
8	Professional services agents, sport marketing firms, facility management, financial, legal, and insurance services	\$14.03 billion	6.60
9	Media broadcast rights. 'big four,' college, other, radio telecasts	\$10.57 billion	5.0
10	Sponsorships. events, teams, leagues, broadcasts	. \$5.09 billion	2.40
11	Medical treatment baseball, football, basketball, soccer, softball, other	\$4.1 billion	1.93
12	Facility construction. stadium, track, arena construction	\$2.49 billion	1.17
13	Publications/videos, magazines, videos, video games, books	. \$2.12 billion	1.0

International Journal of Law, Education, Social and Sports Studies (IJLESS)

A Peer Reviewed (Refereed) International Research Journal

Homepage:www.ijless.kypublications.com

Vol. 2. Supplementary issue 3.2015 (October)



14	Endorsements. value of top 80 athletes and coaches	\$730 million.	34
15	Internet	\$300 million.	14

Source: (*Sports Business Journal*, USA, December 20–26, 2013)

Note: The study by the *Sports Business Journal* included only these few segments of the industry. The methodology included selected organized sports: those that are defined as ‘spectator sports’ and their related industries, as listed above.

7. Sports Governance in India:

The sports governance structure in India is well-defined. Broadly, it comprises of the Government and autonomous bodies established in compliance with the Olympic charter. The Ministry of Youth Affairs and Sports (MYAS), under the Government of India, is responsible for administering the Department of Sports. The Sports Authority of India (SAI) is the field arm of MYAS in the promotion of sports in India through the implementation of various schemes such as the National Sports Talent Contest Scheme (NSTC), SAI Training Centers Scheme (STC) and Center of Excellence (COX) scheme. SAI also operates several regional centers and sports institutes such as the NetajiSubhash National Institute of Sports Patiala and the LaxmiBai National Institute of Physical Education, Thiruvananthapuram.

Government bodies under MYAS are responsible for providing financial assistance, training and infrastructure support to autonomous bodies such as the Indian Olympic Association (IOA), various national sports federations (NSF) (recognized by IOA and their respective International Federations as per the Olympic charter), sports federations that operate under the aegis of recognized NSFs and various State Olympic Associations (SOA). In return of the investment made by Government bodies, NSFs, SOAs and IOA are responsible for organizing sports competitions, holding international sporting events and providing Indian sportspersons with an adequate platform to showcase their talents. IOA is the apex sport’s governing body in India for Olympics sports and the NSFs and SOAs report to it. It acts as a link between the Government, NSFs and SOAs for various sports, and is also responsible for the promotion of the Olympic spirit for various sports. Various sports associations at the state level are in turn affiliated to their respective SOAs and NSFs. A similar structure is in place for non-Olympic sports as well, except for the fact that respective NSFs are not part of IOA.

7.1. Key Issues:

Despite a strong governance structure, there are certain issues that hinder effective sports governance in India:

- i. There have been several incidents of non-compliance by some national sports federations and the IOA with the International Olympic Committee (IOC) Charter, which is essential to guarantee Indian representation at international sporting events. In December 2012, the IOA was suspended by the IOC for its failure to amend its constitution to bar officials accused in some cases from contesting the IOA elections. The IOA and several NSFs also have been found defying IOC guidelines on age and tenure parameters and are said to have a non-transparent election process.
- ii. Another major problem witnessed by Indian sports is the tussle amongst federations for recognition to be the representative governing body. This has an adverse effect on players’ morale, as they find themselves in the middle of the mud-slinging by warring parties. The suspension of the Indian Hockey Federation (IHF) on account of poor team performance and corruption charges by the IOA in 2008 and the subsequent establishment of Hockey India (HI) as the national federation for hockey in India is still a matter under sub judice. Several hockey players have found it difficult to select their priorities with the IHF organizing the lucrative World Series Hockey event. In fact, the Indian hockey team’s performance has degraded over the years with India coming in last at the 2012



London Olympics. Similarly, gymnastics, a medal-intensive sport, did not have a national sports federation as of June 2013, with two parties battling it out for affiliation as the ultimate governing body for the sport. This administrative in-fighting is believed to have affected players' training sessions. To resolve issues hampering effective sports governance, the Government has recognized the need for putting forward a Sports Bill.

8. Salient features of the Draft Sports Development Bill 2013:

To overcome from the above problems, Government of India had drafted Sports Development Bill 2013 to strengthen sports and its bodies in India.

The following are the salient features of the Draft Sports Development:

8.1. Professionalism:

- i. Impose duties on the National Olympic Committee (NOC) to function as a public authority under the RTI and submit reports to the Parliament.
- ii. Establish a Sports Election Commission to conduct free and fair elections to NOC, NSFs and the Athletes Commission.

8.2. Transparency:

Introduce an Appellate Sports Tribunal with a selection committee consisting of the Chief Justice of India, Secretary of the Department of Sports and President of the NOC to resolve NSF/NOC disputes.

- i. Bar charge-framed individuals to contest NOC/NSF elections and bar individuals from holding the post of office bearers of two NSFs simultaneously.
- ii. Establish an Athletes Commission within six months in each NOC/NSF.
- iii. Fix the retirement age at 70 years and tenure limits in compliance with the IOC Charter on the office bearers of each NSF/NOC, besides a directive for the inclusion of at least 25 per cent athletes in the executive body and the involvement of the athletes (nominated by the Athletes Commission) in the decision-making process of the executive body of NSFs. The addition of a lower limit on the percentage of athletes in the executive body goes a step further than the IOC's efforts in ensuring athlete participation in the IOA.

Conclusion:

Sports are not only a physical activity game; but sports had many dimensions of business like sports industry, sports business, sports management. The sport business professional must constantly analyze what is affecting the industry as such influences may affect the success or failure of a product or business. The sport business industry is large and diverse. The sports governance structure in India is well-defined. Government of India had drafted Sports Development Bill 2013 to strengthen sports and its bodies in India.

References:

- [1]. Delpy, L. (1998). An Overview of Sport Tourism. *Journal of Vacation Marketing*, 4(1), P-23–38.
- [2]. *Sports Business Journal, USA* published in Dec 20–26, 1999 issue, 1999, Volume 2, issue 35, pages 23–30
- [3]. TNN, "IOA-IOC Impasse Worries Sports Ministry", The Times of India, 29th October, 2013.
- [4]. TNN, "Gill sacked, IHF dissolved", The Economic Times, 29th April 2008.
- [5]. "A SAI-JSW Group initiative", The Hindu, 4th June 2013.