

Day Four

Introduction To Sport Management

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What is a Non-Profit Organisation

Blurred lines here ...

The rules for defining the non-profits are easy enough to state, but a little more difficult to apply in all circumstances

What is a Non-Profit Organisation

We tend to divide the world of organisations into two types or sectors:

- government and business

We tend to overlook a third, distinct sector, commonly called the non-profit sector

Non-profit organisations (or 'non-profits') are the product of commitments by groups of people to provide a service for themselves or others, to represent their interests or lobby on behalf of others, or to practice a religion

They are not part of government, even though they may perform a public service; neither are they established or operated to make a profit for their owners

What is a Non-Profit Organisation

[Opera Australia](#) is an example of a non-profit organisation

*“We believe opera is for everyone. **And we’re on a mission to play to more people in more places.** We’re Australia’s national opera company, putting on over 600 performances each year; from opera seasons in Sydney and Melbourne to more unexpected locations like harbours, beaches, city streets, remote towns and school halls. We celebrate tradition while breaking new ground. Performing the world’s most loved operas and musicals, bringing new opera to Australia and, of course, commissioning brand new pieces.*



Opera Australia is **assisted by the Australian Government** through the **Australia Council**, its arts funding and advisory body, the **NSW Government** through Arts NSW, the **Victorian Government** through Arts Victoria, a multitude of corporate sponsorships, and a number of innovative programs

<https://opera.org.au/>

What is a Non-Profit Organisations

Non-profit organisations:

- They are **organisations**. They have a set of rules or a constitution that gives it a life beyond the group that began it
- They may be **formally incorporated**. A legal term meaning that the organisation has a legal identity independent of its members
- Are **private organisations, institutionally separate** from the State. That is, they are not directly subject to government control or direction
- Operate on a **'not-for-profit' basis** (do not return profits to owners). While in some respects they are like private, for-profit companies, they differ from the latter in that they do not distribute any surplus or profit they might make to their members
- Possess significant elements of **voluntary contribution**. Most non-profits rely entirely on work performed without pay by their members or supporters
- With very few exceptions, non-profit organisations are member-owned organisations and are therefore **self-governing**.
- The **financing of non-profits is complicated** (more so than for government or for-profit organisations of similar size)

Non-Profit Organisations and Sport

Formally Incorporated Non-Profit Sporting Organisations

If you aim to generate profit then your organisation must be formally incorporated. This means that the organisation exists as a legal entity apart from its members.

If the organisation is not formally incorporated, it is called an unincorporated voluntary association and does not exist as a legal entity apart from its members. It cannot contract, sue or be sued in its own name, take part in legal proceedings, own property or hold a lease

Further Information: An organisation should become formally incorporated when it wants to make a profit. If a non-profit organisation such as a sporting club does not become incorporated, however, it does not exist in the eyes of the law as an entity apart from its separate members. This means that the club may not enter into a contract, sue or be sued in its own name, or take part in any legal proceedings on its own behalf. The courts have devised a variety of ways of getting around the problem to determine the rights and liabilities of parties. However, the approach taken in any particular case will depend on the facts involved. This means that the outcomes will not be certain, and liability may not fall where those involved in the running of the organisation would have chosen or expected.

Non-Profit Organisations and Society

Non profit organisations **exist to develop communities**, meet the needs of identifiable and discrete groups in those communities, and **work for the public good rather than wealth creation**

They have evolved to **fill gaps in the provision of services** such as welfare assistance that are not provided by the State or market sector

They are also **largely driven by the efforts of volunteers** with occasional paid support staff

Non-profit organisations play a pivotal role in **encouraging and enabling people to engage** in social, religious, charitable, and sport related activities

Source: Hoyer et al, 2012

Volunteers

Volunteering Australia defines a volunteer as

“*a person who chooses to contribute their time, skills and experience, for no payment (other than reimbursement for out-of-pocket expenses), to benefit the community*”

People become volunteers for two primary reasons – to help others and the community and because they have some form of personal or family member involvement in the cause

Non-Profit Organisations and Society

Non-profit organisations are usually focused on **delivering services to a very specific population group** or within a **defined geographical location**

There is often an **inherent social and value driven focus** within a lot of these organisations

Non-Profit Organisations and Society

The Big Issue

“An independent, not-for-profit organisation dedicated to supporting and creating job opportunities for homeless, marginalised and disadvantaged people. Simply put, [they] help people help themselves

[The Organisation runs] social enterprises to create employment for people who are unable to access mainstream jobs. These enterprises operate much like traditional businesses, except all revenue is put back into the enterprises for the benefit of the individuals involved and broader community

[Their] social enterprises include [The Big Issue magazine](#), the [Women's Subscription Enterprise](#) and [The Big Issue Classroom](#). We also run the [Community Street Soccer Program](#) and this year launched [The Big Idea](#) national competition for university students



Women's Hockey Association (WHA)

Prior to its merger with Australian Hockey Association (becoming Hockey Australia), the Women's Hockey Association (WHA) **guided the growth and popularity of women's hockey in this country.** The organisation's primary objectives (ever since its foundation in 1910) have been to:



- provide women with the **opportunity to participate** in a structured competitive sport
- raise the profile of women's hockey as a **healthy, recreational, and social team sport**
- preserve WHA's high global profile (**global domination of women's field hockey**)

*“The WHA mission is to provide sport and recreation for women and girls in Australia. That's what I am interested in, to be able to have them exercise and enjoy recreation. I don't care whether they're elite, **I just want them to play the game**”*

(Marg Ryan, Coaching and Technical Manager, Women's Hockey Association, *in Gilson et al., 2001*)

Non-Profit Organisations and Society

However they are **not without their problems ...**

- The **larger organisations** such as independent schools, colleges, and hospitals **receive the majority or the funding** and almost half of the funding for most non-profit organisations comes from the government
- The **resourcing** of non-profit organisations is **often inadequate** and they often **struggle to keep up with demand** (especially in areas of welfare such as housing and charitable services)
- They often **struggle to fulfil their missions** due to **problems securing adequate numbers of volunteers**, finding suitable board members, and attracting enough sustainable funding

Non-Profit Organisations and Society

Not For Profits Under Pressure!

Amy Bainbridge. ABC News. 13 Jun 2013. <http://www.abc.net.au/news/2013-06-13/new-report-shows-not-for-profits-under-pressure/4750634>. Accessed 8.10pm 27th March 2014

A new survey of 362 chief executive officers (CEOs) in the not-for-profit sector (four key areas) has found the majority feel negative about the future, and they are struggling to cope with increasing demands for services. **Seven out of ten not-for-profit industries have a negative outlook for the future.**

*“What this survey is doing is highlighting for government and for all stakeholders what the issues are. The issues are not just funding. **The issues are the underlying level of demand, the inability to attract people**”*

(Mark Reading, PriceWaterhouseCoopers, 2013)

Non-Profit Organisations and Sport

“The non-profit or voluntary sector, made up of community-based clubs, governing associations and international sport organisations that provide competition and participation opportunities, regulate and manage sporting codes, coordinate volunteers at club level, manage facilities, develop players officials and coaches, organises major events, and essentially sustains the system (Hoye et al,2012)

Non-Profit Organisations and Sport

The International Classification of Non-Profit Organisations (ICNPO) has a designated category for sports and recreation organisations (**which includes three broad groups**):

1. **Sports** including amateur sport, training, fitness and sport facilities, and sport competitions and events
2. **Recreational and social** clubs such as country clubs, playground associations, touring clubs and leisure clubs
3. **Service clubs** such as Lions, Rotary, and Apex clubs

Of particular interest are those organisations that operate on a non-profit basis in sport including **professional service organisations, industry lobby groups, sport event organisations, and sports governing bodies**

Non-Profit Professional Service Organisations

Organisational Type	Primary Roles
Professional Service Organisations	<ul style="list-style-type: none"> Set standards of practice Provide professional accreditation Provide professional development opportunities Return profits to members
Industry Lobby Groups	<ul style="list-style-type: none"> Promote interests to government Promotes interests to other sport industry players Operate on an international level
Sport Event Organisations	<ul style="list-style-type: none"> Large and influential Operate through government funding and commercial revenue International Olympic Committee Commonwealth Games Federation
Sports Governing Bodies and Sports Clubs	<ul style="list-style-type: none"> Provide sporting competition opportunities Provide event participation opportunities Manage professional development, marketing, and sponsorship Regulate competition rules

Non-Profit Organisations and Sport

Professional Service Organisations

The **Australian Council for Health, Physical Education and Recreation (ACHPER)** is a national non-profit professional association representing people who work in the areas of health education, physical education, recreation, sport, dance, community fitness or movement sciences. The association works to promote sport opportunities, provide professional development, and accredit and train people

<http://www.achper.org.au/>

Non-Profit Organisations and Sport

Industry Lobby Groups

The **Central Council of Physical Education (CCPR) in the UK** is a leading example of an industry lobby group. They act as an independent umbrella organisation for national governing and representative bodies of sport and recreation in the UK to **promote their interests to the government and other players** within the industry

In Australia this role is undertaken by **Sport Industry Australia**

“ Sport Industry Australia aims to be an influential and respected player in the sport and recreation industry. Sport Industry Australia exists to maximize the contribution that sport and recreation makes to the health and well being of individual Australians, their community and the Australian economy. Sport Industry Australia will provide leadership in building the capacity of the existing sport system so that sport services, programmes and facilities are better delivered to all Australians and their communities

Non-Profit Organisations and Sport

Sport Event Organisations

The **International Olympic Committee (IOC)**, founded in 1894 by Baron Pierre de Coubertin, is an independent non-profit organisation that serves as the umbrella organisation for the Olympic Movement. **The IOC's primary role is to supervise the organisation of the Summer and Winter Olympic Games.**

<http://www.olympic.org/ioc>

Non-Profit Organisations and Sport

Sport Event Organisations

Similarly, the primary role of the **Commonwealth Games Federation (CGF)** is to facilitate a major games event every four years, however, it also provides education assistance for sports development throughout the 53 Commonwealth countries

*“The Commonwealth Games Federation (CGF) is the organisation that is responsible for the direction and control of the Commonwealth Games. As a means of improving society and the general well being of the people of the Commonwealth, the CGF also encourages and assists education via sport development and physical recreation. Underlying every decision made by the CGF are three core values: - **HUMANITY - EQUALITY - DESTINY**. These values help to inspire and unite millions of people and symbolise the broad mandate of the CGF within the Commonwealth.*”

<http://www.thecgf.com>

Non-Profit Organisations and Sport

International Sports Federations

International Sports Federations co-ordinate the **development of sport across the globe**, facilitate **rule changes**, and act as a **liaison between countries** on issues like international competition

Example: The Federation Internationale de Ski (FIS) is the governing body for international skiing and snowboarding. FIS sets the international competition rules for its disciplines. FIS is committed to the global promotion and development of recreational and competitive skiing and snowboarding. The fight against doping remains an important focus for FIS, through a zero-tolerance policy on doping and cheating in sport. The vision of FIS is for skiing and snowboarding to be the first choice among winter sport and recreational activities.

<http://www.fis-ski.com>

Non-Profit Organisations and Sport

National and State Sporting Organisations

National sporting organisations **regulate the rules** of the competition in a country, **co-ordinate** national championships between state or provincial teams, **manage** elite athlete programs, and undertake many other tasks that facilitate participation in sport (like strategic direction of the game)

NSO Roles: National competitions / Liaison with the Commonwealth Government and international parent body / National development programs including talent development schemes / Selection of national teams / Fund-raising for Australian teams participating in international competitions / Strategic direction of the sport

SSO Roles: State competitions / Identification of state standard athletes for talent development schemes / Selection of state teams for participation in national championships / Liaison with State governments / Leadership to clubs / Maintenance of membership data

Non-Profit Organisations and Sport

There are three types of sport organisations operating at the National level (NSO's):

1. **Traditional National Sport Governing Body** (Basketball Australia, Australian Rugby league)
2. **Corporate National Sport Organisation** (National Basketball League, National Rugby League)
3. **National Leagues** that fulfil both Traditional and Corporate roles (Team sport like the Australian Cricket Board and individual sport like Tennis Australia)

Non-Profit Organisations and Sport

The common elements amongst all these organisations is

- That they have an **inherent non-profit focus**
- That they exist to **facilitate sporting opportunities** for their members
- That they are **interdependent on each other**
- And that they are **highly reliant on volunteers**

Case Study Netball

*“Netball is just like a central government structure, with the three tiers of federal, state, and local government. **We have a national approach a range of things:** overall branding, elite player development, sponsored national and international competitions, playing rules, and coaching and umpiring accreditation. Activities more specific to the states include coaching and development, scouting, and regional competitions. And then **the local associations and clubs** are the final level of operation, they **are the grass roots of the netball community**”*

(Pam Smith, National Executive Director, Netball Australia, *in Gilson et al., 2001*)

Case Study Netball

The sport governing bodies of Netball include:

- International Netball Federation Limited (IFNA)
- Netball Australia
- Netball Victoria
- Regional Associations
- Clubs and or teams

Each organisation has a distinct role to play in developing, marketing, promoting, and organising the sport

Case Study Netball

International Netball Federation (INF)

- 39 members (national associations)
- 5 regions – Africa, Asia, Americas, Europe, and Oceania
- Each region elects 2 members to direct the activities of the world governing organisation (representative board)

Roles of INF

- Rules
- International competitions
- Promote good management in the regions
- Seek Olympic accreditation
- Increase participation

<http://www.netball.org>

Case Study Netball

Netball Australia

- 350,000 registered players
- 541 affiliated associations
- 6 states and 2 territories are members of NA
- State delegates system

Roles of Netball Australia

- Rule communications
- National competitions – Commonwealth Bank Trophy
- Promote good management in the states
- Increase participation nationally
- Bid to host world events

<http://netball.com.au>

Case Study Netball

Netball Victoria

- 110,000 registered players
- 250 affiliated associations
- 21 Regions and 6 zones
- Association and regional delegates system

Roles of Netball Victoria

- Rule communications
- Coach, official and player development
- Manage state competitions
- Promote good management in the clubs
- Insurance coverage, facility development
- Bid to host national events; Run two NNL teams

<http://vic.netball.com.au>

Case Study Netball

*“I honestly believe that the major reason for Australian netball success **has been the fact that it has been run and led by women***

(Pam Smith, Board Director, Netball Australia, *in Gilson et al., 2001*)

*“We have a proactive board. It is a mostly female board. All debate is open, frank, and to the point. We are all busy people with other lives and **we can't afford to pussy foot around***

(Sue Taylor, National President, Netball Australia, *in Gilson et al., 2001*)

Non-Profit Organisation Challenges

What are some of the **major challenges for the non-profit sporting sector ...**

Non-Profit Organisation Challenges

- Retaining and recruiting volunteers (Coaches)
- Retaining and recruiting volunteers (Administrators)
- Retaining and recruiting volunteers (Officials)
- Increasing costs of participation (insurance, etc.)
- Trend towards informal, unstructured physical activity
- Increased leisure options and competitors (particularly for young)
- Increased time and work demands (particularly for workers and parents)
- Suitability of the venue
- Cooperation with other similar organisations (such as clubs in a league)
- Cumbersome consultative decision making processes
- Complexities of the governance and management requirements
- Requirement to comply with regional/state/national organising bodies
- Difficulty judging performance