

THE POWER OF SPORTS BUSINESS: CHANCES AND RISKS OF A “SECOND PRIVATIZATION” OF SPORTS ASSOCIATIONS IN GERMANY

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Context

In Germany most sports take place within voluntary associations, especially when people want to compete. This philosophy is acknowledged by the state insofar as it gives subsidised means to the associations directly and indirectly (as Heinemann & Horch said in 1981 because of their particular characteristics, notably voluntary work and fulfilling wishes of the public for independent action). But the sports system changes. Talented top athletes, of course, invest in and profit by these changes, so they are the real producers (von Weizsäcker, 1969) and sometimes entrepreneurs (Krüger, 1972). After 1981 - the year of the IOC Congress in Baden-Baden - the Olympic sports professionalized also. Athletes and sports associations and (con)federations were allowed to go into the market. At every level, sports persons and organisations tried to operate with the new possibilities. Many popular athletes (like Boris Becker) became professionals and entrepreneurs. But the voluntary organisations could not do it directly; they had to do out-sourcing, and with lucrative offers of what they owned - among others, the athletes, teams, events, licences or rights. The second privatization (to the markets for private earnings) followed the first privatization (into society with public utility). I will describe some relevant models and the state of the art.

Methods

Sports Branch Analysis (public, commercial, voluntary - Trosien, 2000) is my starting point. The observations show privatization at all levels of the former homogeneous system. Freedom of association leads to a variety of registered/incorporated voluntary sports associations. Some say, we have 90,000 sports associations inside the German Sports Confederation, while some research shows 215,000, if we include the sports federations. All are non-profit sports organisations.

Table 1: Privatization of sports associations and sports federations through out-sourcing

German Sports Confederation	German Sports Partner Ltd.
National Olympic Committee	Income from Licences (see next line)
Foundation German Sports Aid	German Sports Marketing Ltd.
State Sports Council Nordrhein-Westfalen	Different „daughters“ Ltd.
German Athletics Federation	Athletics Marketing Ltd.
Single Soccer Top-League Associations	Since 2000 possible in status of corporations, for example Borussia Dortmund on stock exchange or Bayern München outside the stock exchange (sometimes with ongoing „daughters“ Ltd.
Other Top-League Associations	for example: Hockey Mannheim Eagles Ltd.
Some Top Sport Leagues itself	German Hockey League Ltd. German Basketball League Ltd. German Soccer League Ltd.
Single Activities in Sports Associations	Outsourcings of single activities like Marketing-, Merchandising-Ltds. or outsourcings of Health- and Fitness Clubs Ltd.

I differentiate between associations and clubs. I subsume clubs as capital companies with registered trade-marks. So, a lot of associations and federations out-source their attractive and lucrative offers. Some do it in the form of private limited liability companies (GmbHs), some do it in the type of public corporations (with and without shares on the stock exchange. Table 1 shows the possibilities in Germany for out-sourcing of registered sports associations and sports federations (see also: Trosien, 2003a, 2003b). What are the consequences for the sports system, and above all, for the sports staff?

Results

Athletes became more professional and now we can see that structures follow. The fields for sport management are deepening. Former voluntary athletes (amateurs) become vocational job nomads - partly with worldwide engagements and recognition. Former part-time coaches become job nomads in a similar way. Former honorary functionaries become more and more sports managers with different duties and responsibilities. So the sports labour markets change dramatically; sports 'made in Germany' become as valuable as its engineering.

Discussion/Implications

We have seen, that professional sports go more and more onto the sports market: Attractive and lucrative sports – for example persons (sports stars) or sports organisations (clubs, leagues, facilities); so sports management becomes more significant. What will or has to change, what will or has to stay? The fact is the responsibilities change from sports associations to corporations! So, voluntary and honorary leading and work as well is reduced. In markets, all parts have to professionalize – they have to look for effectiveness and efficiency! Professionalism requires professional managers. And they get other gratifications than the honorary functionaries! New hierarchies are coming up and everybody is looking for new and further possibilities on markets and businesses. The unity of general usefulness will divide – some parts need further public promotion and support of all state levels (municipalities, states, and federal republic), some parts go to business and entertainment! Former members of the voluntary sports associations become more and more customers of the new sports club system. Do we turn into a “Sports-Americanisation” (see: Trosien 1998), with a traditional sports movement and a new, strong sports market?

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