

RISK MANAGEMENT STRATEGIES IN LARGE-SCALE SPORTING EVENTS: A STAKEHOLDER PERSPECTIVE

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INTRODUCTION

“Due to its duration, cost and complexity, a major project [or sporting event] is inevitably subject to unforeseen events, to setbacks, and to numerous, major areas of uncertainty that are inevitable because of so many risks that exist” (Chappelet, 2001, p. 7). One of the first authors to apply risk management to sport was Appenzeller in his 1993 book *Managing Sports and Risk Management Strategies*. He defines risk as “an element of danger” (2005, p. 13) and risk management as all “the strategies one can consider for dealing with such risk” (2005, p. 13). In previous research by the presenter a new definition of risk management in large-scale sporting events was proposed. It was defined as “a proactive process that involves assessing all possible risks to the event and its stakeholders by strategically anticipating, preventing, minimizing and planning responses to mitigate those identified risks”. In this research, stakeholders are considered as any “persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future” (Clarkson, 1995, p. 106).

Judging from the topics covered in the literature, one might assume that risk management deals strictly with security and terrorism threats, but risk management is much more than that. Risk is not an issue that can be dealt with independently from the many other aspects of sporting events, especially as a result of events such as 9/11; thus, it is an issue worth further examination. Several researchers (cf. Appenzeller, 2005; Chappelet, 2001) have identified a variety of sporting event aspects that can have risk associated with them: ticket sales, sponsor services, athlete services, hospitality, operations, site management, concessions, finance, support services, advertising, promotions, media relations, insurance and unforeseeable events such as weather. In previous research the presenter identified 15 risk issue categories that were raised by stakeholders of large-scale sporting events when discussing risk management. These ranged from financial and operational concerns to human resource and visibility issues. Now that the risk issues have been identified and categorized, one may ask what strategies do the stakeholders of a large-scale sporting events use to deal with the various risk issues that arise at their respective events. According to Appenzeller (2003), “a strategy is a course of action” (p.13); strategies help to deal with the issues as they arise. To deal with identified risk management issues, it is necessary to create strategies or tactics. Berlonghi (1990) identified 5 approaches that could be used to deal with risk in events: avoidance, reduction, prevention, separation/duplication, and transference. Minimal research is available on specific strategies used to mitigate risk and the majority of strategies found in the literature looked at risk from a security and safety perspective and do not include all of the elements or areas of risk that have been identified in the research as areas of concern.

The gaps identified in the sport event management, risk management and strategic management literatures show the need for more research in the area of organizing committees and stakeholders, as well as the risk management strategies used to deal with the identified risk issues. Thus the main research objective of the study is to further explore the risk management strategies used by organizing committees and stakeholders of large-scale sporting events to deal with risk.

To help address this issue, it is worthwhile to look at Parent’s (2005) combination of the event management literature with stakeholder theory (see Clarkson, 1995; Freeman, 1984; Mitchell, Agle, & Wood, 1997), which provides a strong theoretical foundation and allows for the inclusion of existing literature on risk management and strategic management. Stakeholder theory is concerned with exploring the linkages between the focal organization (the organizing committee) and their stakeholders (Freeman, 1984). Stakeholder theorists are not

only responsible for understanding stakeholders' issues but also for determining strategies for responding to stakeholders' needs and actions (Freeman, 1984).

METHODS

In order to meet the objectives of this research, two case studies were used: a post-event evaluation of the 2006 World Figure Skating Championships, and a pre-event evaluation of the FIFA U-20 World Cup Canada 2007. The case studies were developed using archival material including newspaper articles, organizing committee documents and web site information. A content analysis of 20 interviews from selected organizing committee members and stakeholders was also conducted. Stakeholders interviewed included organizing committee members, security representatives, federal, provincial, municipal government representatives, host sport organizations, media, athletes, sponsors and community members/volunteers.

RESULTS / DISCUSSION

Emerging themes from the archival analysis included an analysis and categorization of the strategies and their sub-components. These resulted in the classification of strategies as avoidance (research, evaluation), prevention (analysis, identification), reduction (planning, staffing, training), re-allocation (transferring risk), diffusion (spreading out the risk to multiple stakeholders), legal (insurance, laws, contracts), and relationship (cooperation, stakeholder engagement) strategy categories. Findings also highlight differences and similarities between strategy usage across stakeholder groups. Thus, this study provides the first sport event risk management strategies framework.

It is clear that there are multiple methods to deal with risk management issues in large-scale sporting events. And since risk issues are subjective and vary depending on the stakeholder group and their relationship to the event, it is important to understand the various strategic options to deal with risk issues in large-scale sporting events. It is therefore important for stakeholders to be cautious of, ask questions about, and be informed on risk management issues and strategies with regards to the organization of large-scale sporting events.

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