

Implications of austerity measures on National Sport Federations: Evidence from Greece

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Introduction

Austerity has been an on-going debate since the global financial crisis in 2008. Due to the current financial situation in the European Union, financial leaders and governments were forced to adopt austerity measures and policies as a way out for the heavily indebted economies. Greece is a typical case where austerity policies were implemented in order to remove economic and moral impropriety and reduce public debt. The complex and largely debated issue of austerity affects the sport segment as well. Austerity measures have unavoidable consequences on: (a) the current state-of-play within sport development, (b) sport policy and institutional reforms, and (c) stakeholders of the greater sport industry. While effective elite sport development models are still under exploration and state intervention in the sport sector is on the rise, decreased government funding often reflects a deliberate political change towards confined public support in sport and in charity organizations (Bingham & Walter, 2013), especially in countries under austerity measures. Sport organizations face a new fiscal reality with multiple resource dependencies and associated complexities.

Theoretical background

The Resource Dependence Theory (RDT) offers a theoretical platform for understanding organizations' behavior operating in environments with shifting sources of funds. Based on this theory, an entity's survival depends primarily on its ability to secure resources and manage associated dependencies (Pfeffer & Salancik, 1978). Tangible and intangible resources may derive mainly from three areas: state activities, commercial activities, and private contributions (Froelich, 1999). Based on RDT, there are two pivotal implications for organizations from the continual imposition of the austerity environment. First, it is imperative to consider diversifying their resource acquisition strategy to secure vital resources for survival in the years ahead (Froelich, 1999; Malatesta & Smith, 2014). Second, managerial action towards resource diversification needs to be accompanied by an in-depth understanding and managing of the organizations' dependency relationships associated to existing and new streams of resources (Bingham & Walters, 2013).

Aim of paper

This paper examines implications of austerity measures and reduced public spending on elite sport development through the case of National Sport Federations (NSFs) in Greece. In this context and guided by the Resource Dependence Theory (RDT), the study discusses reactive strategies and organizational reforms employed by federations upon a prolonged recession and decreased public funding. The investigation was conducted through analysis of financial data acquired from the General Secretariat of Sport (GSS) in

Greece, as well as primary qualitative data via interviews with key stakeholders from selected Greek NSFs and the GSS.

Methodology

Research objectives were addressed in an exploratory manner by compiling data from two different sources. First, we acquired financial data from the GSS to examine allocated public funding to NSFs between 2007 and 2014. The sampling frame included 17 NSFs that collectively represented the highest state-funded sport organisations. Quantitative data were complemented by semi-structured interviews performed with key stakeholders from selected federations: prominent board members of larger and smaller NSFs ($n = 3$), national coaches ($n = 3$), administrative staff ($n = 3$), and a state official from the GSS. For the qualitative data analysis, a purpose-specific coding scheme was developed and crosschecked for consistency. Specifically, open, axial, and selective coding were employed for identifying key themes.

Discussion of findings

The contribution of the Greek government reached its peak in 2009. Aquatics, athletics, basketball, and football were the NSFs consistently receiving higher amounts of public funding. Due to the economic recession, the government initiated continuous cutbacks in high-performance subsidies starting in 2011. The extent of the reduction was more than 60% between 2009 and 2014 for sampled NSFs. This resulted in a notable decline both in elite sport performance, as demonstrated by medal count in international sport events, and the sport talent identification process alike. The qualitative output was organized under three major categories: strategies, risks, and opportunities. In accordance with RDT, the prolonged economic recession in Greece has triggered strategies towards alternative resources of funding and resource dependencies particularly in the sport sector. Notably, Greek NSFs have started reconsidering their operations and initiating new sources of revenue either by engaging in commercial activities and/or by cultivating in new strategic co-alliances in the realm of sport development, facilities, and event management. Results illustrated a new organisational and managerial mentality for the sport setting, where sport federations and clubs in Greece continue to invest in marketing-driven directions to create an attractive environment for commercial sponsorship acquisition. Directions for future research will also be discussed.

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