

# **The Financial Feasibility, Sustainability and Profitability of University High Performance Centres within a Tertiary Institution Environment**

**Kotze, Francois Pieter**

University of Stellenbosch, South Africa

francoiskotze@sun.ac.za

## **Aim and Background**

High Performance Centres (HPCs) at Universities in South Africa are seen as a fairly new discipline, although these centres have been in operation internationally for much longer. The same can be said for commercial HPCs in the South African context, with the Sport Science Institute of South Africa opening the doors in 1995; the first of its kind in South Africa. Universities in South Africa are under increased pressure to be self- sustainable and to rely less on government funding and generate more third stream revenues. The aim of this research is to establish whether University HPCs can be feasible, sustainable and profitable. A comparison will be drawn between the business models of private commercial facility and government- funded facility compared to a SA university HPC. Financial ratio analysis (Altman, 1968; Barnes, 1987) will be used to compare the financial results of the HPCs. In South Africa, University HPCs are seen as a strategic support service that needs to be continuously funded by a central cost centre budget. The research will further determine the role that University HPCs can potentially play in the national sport structures locally in South Africa and internationally. The business models and frameworks of HPCs in South Africa, Australia, Canada, Netherlands, Germany, Netherlands and the United Kingdom will be investigated. Centres from Finland, India and Italy have also participated in the research study.

The primary objective of the study is to determine to what extent the high performance training facilities at South African Universities can be financially feasible, economically sustainable and profitable businesses. Secondary objectives of the study:

- To compare the primary goals and objectives of high performance centres at Universities in South Africa and selected Universities internationally to high performance centres from a European ‘stakeholder’ theoretical perspective (Ooghe and De Langhe, 2002).
- To analyse the primary and secondary roles that high performance training centres play in University High Performance sport systems in South Africa and internationally.
- To analyse the sustainability and profitability of high performance training centres South Africa and internationally, through simple financial ratio analysis
- To determine the various commercial target markets of an HPC to drive revenues and profitability.
- To compare the environmental, monetary and institutional constraints, if any, that these centres have to deal with within a tertiary institutional environment.
- To develop the optimum business framework that will allow University High Performance Centres to be feasible, sustainable and profitable in the national, and international sport environments.

## **Research Design and Data Analysis**

For this study, an inductive, exploratory, mixed- method approach was followed to gather both quantitative and qualitative data to provide a contextual understanding of HPCs and to determine whether such centres can be financially feasible, sustainable and profitable. The sample population consists of: University HPCs in South Africa, Commercial HPCs in South Africa, and HPCs affiliates to the Association of Sport Performance Centres (ASPC), which includes private, government-funded and university HPCs. A discussion on other critical success factors business, including marketing and operations will follow the financial ratio analysis of HPCs. The generation and presentation of a business framework will follow a process of discovery and exploration (Kuhn, 2018). A mixed- method approach was chosen to cross- validate and corroborate research findings. Both quantitative (online questionnaire as research instrument) and qualitative data (semi- structured interviews) collection techniques were used in this study in a sequential, exploratory manner in a mixed- method research approach. In addition, secondary financial data are also collected (yearbooks, annual reports, website information). The questionnaires and interviews will gather key financial information to perform simple ratio analysis to analyse previous financial results and possibly predict future financial sustainability of centres.

### **Results and Discussion**

The quantitative element of the research will be completed and ready for discussion and presentation at the EASM conference in September 2018. All the statistical data needed to complete simple financial ratio analysis of the financial performance of participating HPCs have been collected and is in process of statistical processing. This element can be presented at the conference. The qualitative research element will unfortunately not be ready for presentation, as this will only be completed during the thirds and fourth quarters of 2018.

### **Conclusion and Implication**

Several authors in researched literature elude to the fact that training facilities are of paramount importance to ensure sporting success of national level athletes (Bohlke & Bahr, 2015; De Bosscher *et al.* 2010). From a European (continental) perspective (Ooghe & De Langhe, 2002), it appears that funding from national governments and NSOs are more readily provided, as opposed to an Africa perspective where funding is severely limited/ restricted. This research can highlight the role that tertiary institutions can play in supporting national sporting success, with limited or no funding received from national governments and sporting federations.

### **References**

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