

NATURE AND DEVELOPMENT OF THE MANAGEMENT RELATIONSHIPS IN THE PHYSICAL EDUCATION AND SPORT

(Professional paper)

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Abstract

The author analyses the principles of financing in sport in the European Union. He compares the state of financing average for the EU with the state in Bulgaria. The findings give the author the possibility to recommend certain actions to be taken for improving the financing of sports, and to link those recommendations with certain EU discussion that are being held.

Keywords: *professionalism in sport, amateurism in sport, types of sports, sports funding, market economy, sports law, sports services*

Introduction

With the development of the society two processes are observed. On the one hand the relative portion of the relationships in the physical education and sport is growing, and on the other hand – their professionalization too is growing. This determines the decrease of the spontaneous settlement on the account of fast increase in regulation through contemporary management methods. The main criteria for dividing the sport relationships in different types and genres are firstly: the subject, nature of the relationship, as a goal and result, and secondly – the method and the way they are regulated, resource backed and fulfilled.

According to the subject the sport relationships are corresponding to the main types of sport: professional, amateur, academic and sports in the free time, which on its part is being organized and unorganized.

The methods that are used in the settlement of the sport relationships are the imperative, characteristic at first place for the public authorities, as a method of the inequality, of the authoritarian government, and the method of equality, of the self-governance, characteristic to the civil subjects.

In the practice of the countries in the European Union the two methods are in relation and are complementing each other. The consolidation between them is showed in the contents of the structure securing sport as a phenomenon. This structure is consisting of the following elements:

1. Human resource – from the athlete to the manager at public level
2. Financial resource for all types of sport and all stages of the sports activity.
3. Sports infrastructure, providing conditions for sports in the free time and professional sports.
4. System of events and forms for realization of the sport product.

The main goal that we have in the current research is to analyze the financial resource and the problem with financing in sports. It is defined by the common conditions in the European Union, imposed by the free market economy. It requires sport to be examined as a product that has social and economic value, as an investment process and its rate of return.

Exposition

The financial means are spent for the realization of the following principles, around which the countries of the EU are united:

1. Supplying as wide as possible access to sport activities with the aim to promote social rapprochement and the maintaining of the public health.
2. Effective management, performed by the sport organizations for access of high level in sports and a dignifying national representation.
3. Interrelation and solidarity between the amateur and the professional sports
4. Government finance to be examined as a

common wealth and the ministers of sports to take on the responsibility to define priorities and secure the balance in the sports system.

In 2008 the Council of Europe has conducted a study among its members toward financing of sport regarding its structures. The study has encompassed 27 countries and is a base for discussion and debating.

I. Macro-economic effect of sports

In the EU the macro-economic effect of sports is measured by the following indices:

1. Sport creates added value of about 400-450 billions of Euro per year, which represents 3.7 – 4% of the GDP of the union.

2. It creates jobs for 15 million people, which is about 5.4-5.5% of the workforce.

3. In the meantime the financing of sport is taking up to 1.76% of the GDP.

II. Government contribution to the financing of physical education and sport

The financing of sport by the government is carried out through the ministry or another agency that is responsible for sport, as well as from the other ministries that have sport programs.

1. **Direct financing.** On average in EU the share of the country in financing sports is 11.9% of the total financing or around €2 900 million Euro per year, which is around 6 euros per citizen. Where are we? Bulgaria is among the countries with the highest government contribution in sports, around 36%. In this index the income of bets and lotteries is included. They represent around 30% of the public financing. The government pays special attention to the sports infrastructure. Its share is on average 66% of the finances for its development, as 22% are from the national government and 44% are from the local government. This way the public nature of the built facility is ensured. The rest of the means are income from the sport organizations and trade subjects. Solutions for including the citizens in this process are looked for. According to the sport organization the government finances are steered mainly to the federations that develop elite sports, as the relative share is around 41% of the finances. In Bulgaria there are 8 euros per person for sports, and 6 out of them are from the government. Where is the difference? With 6 Euro on average per person for the EU, in France the added finances from the municipalities and the other sources this sum represents 192 Euro. We can easily conclude that we are behind in the process of consolidation of the separate sources for financing sports and we rely mainly on the government support.

2. **Indirect financing.** These are schemes for relieving taxes and lowering fees for sport activity. Such are regulated in 21 of the countries in the EU, and Bulgaria is one of them. The problem is that they are not used by the sport organizations and there is no account for its application.

III. Local government as a source of financing

the physical education and sport

The second source in its relative shares is the local government. Their share is around 23.3% of the total amount. The means are aimed mainly to the amateur competitive sport through clubs and federations – 25% of the finances on average. In the federal countries with high relative share of the local government, the means that they provide for sport is 23.2 times higher than those, provided by the national government. In Bulgaria the process is inversed, and the local governments are financing with 0.004 according to the government finances.

IV. Contribution of the trade subjects for financing the physical education and sport

The contribution of these subjects is 14.1% of the total. This source is the most hard to track. In its part of media, buying TV rights of a certain sport product, is constantly growing. The companies are paying mainly for the elite sports. In Bulgaria there is regulative basis for this process and the first contracts are already made. The law states that the TV can broadcast up to 3 minutes for free.

V. Financial means from the citizens for the physical education and sports.

The financial means for sports given from the citizens (households) are **main source** of financing in sports. They are **49.7%** of the total financing or **177 Euro** per citizen of the EU. This index is a result of a consistent policy mainly that **sport is a basic right of the citizen** of the EU and he is the subject that has the resources, securing this right. The citizens spend resources mainly for sport goods and services, and also for benefits for sport in the free time and sport as a form of entertainment. In the countries with high standards the private financing is around 70% of the total amount. To this financing the volunteer work should be added as a value. It is not developed in Bulgaria and there is no system for motivation for it.

Main findings

From the completed analysis the following findings can be defined:

1. The different types of sport, professional, amateur and sport in the free time are independent and use different financial sources.

2. The differences in the financing of the types of sports are increasing and this requires redistribution.

3. The access of the separate person to quality sport activity depends on its financial abilities and the conditions in the public sector.

4. The abilities of the government to support financially sports are decreasing in the conditions of the new priorities, as a sustainable, without crisis, development and environmental protection. The government will be more and more in the role of a regulator, defining the conditions and performing redistribution.

Conclusion

In the end we will take the liberty to make the following recommendations for providing finances in sports:

1. The relative share of sport financing from the citizens to be increased. This is the way to insure the sport as a basic constitutional right and to define the citizen as a main, primary, determinant subject. The right to choose where and how he will perform sports should be his.

Actions discussed in the EU:

- Tax preferences. I.e. the sport services of sport organizations with non-commercial purpose are free of VAT.

- The government to make redistribution as a given part from excises and taxes, including local taxes, to be determined for purposeful financing in sports.

- To reduce the tax for citizens and households that support sports.

2. Sport to develop own sources of financing. The sport product to be valued also as an intellectual property. A legislative regulation is required in analogy to other social relationships.

Actions, discussed in the EU:

- Motivations of sport organizations that can find own financial sources.

- Provision of sport facilities with preference and in facilitated conditions for sport organizations. This is realized in Bulgaria with the new changes of the law for physical education and sports.

- Defining standards and indicators for the sport services.

3. To develop the internal solidarity through federations and the redistribution performed by the public authorities between the “basic” and “upgraded” sports.

4. To increase the relative share of the financing with resources from the local governments.

5. To find a way to keep the income from sporting bets and lotteries.

6. To develop indices and factors for monitoring the structure of financing the sport on national and European level.

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