THE INFLUENCE OF PROFESSIONAL MANAGEMENT ON THE BUSINESS RESULTS OF SPORTS ORGANIZATIONS

Miloš Tošić¹

Abstract: Management plays a crucial role in the smooth functioning of sports organizations. Effective management is essential for setting goals, coordinating efforts, and maintaining discipline within the organization. It ensures that resources are optimized and allocated strategically for maximum results. Moreover, management plays a crucial role in attracting sponsors, fans, and revenue, ensuring the financial viability of the team. Hence, it is evident that management is of utmost importance in sports organizations for achieving success on and off the field. Effective management ensures that all aspects of the organization are coordinated and optimized for maximum results.

Key words: management, sport, financial success; sports organizations sports clubs

Introduction

The influence of professional management on the business landscape cannot be understated. The presence of skilled and proficient managers in an organization can significantly impact its overall success. Effective management ensures that the company's operations run smoothly and purposefully, leading to increased productivity, profitability, and overall growth. With their expertise in areas such as resource allocation, strategic planning, and employee motivation, professional managers contribute to generating innovative ideas, fostering a positive work environment, and achieving organizational goals.

One key aspect of professional management is its impact on resource allocation. Competent managers possess the necessary knowledge and experience to efficiently

¹ PhD, Senior lecturer, College of Vocational Studies “Milutin Milanković” Belgrade, Serbia, Phone: +381692713536, E-mail: to.milos@yahoo.com, ORCID ID (https://orcid.org/0000-0002-9989-7115)
allocate the organization's financial, human, and physical resources. By prioritizing and distributing resources appropriately, they can optimize productivity, minimize wastage, and maximize the return on investment. Professional managers also play a crucial role in strategic planning, as they assess market trends, identify potential opportunities or threats, and develop strategies for business growth. Their analytical skills assist in formulating long-term plans, defining achievable objectives, and establishing a clear direction for the company’s future.

Additionally, professional management has a significant influence on employee motivation. Skilled managers have the ability to inspire and motivate their teams, creating a positive work culture and fostering employee engagement. Through effective communication, managers provide clear instructions, set achievable goals, and provide regular feedback, which helps employees understand their roles and feel valued within the organization. A motivated workforce leads to increased employee satisfaction, enhanced productivity, and improved customer experiences. Professional managers can also identify individual strengths and weaknesses, provide necessary training and development opportunities, and promote a supportive and collaborative work environment.

The importance of management in sports organizations cannot be precisely, accurately overstated, as it directly impacts the team's success and growth. Effective management contributes to the overall success of the organization by providing a clear direction, coordinating efforts, and maintaining discipline. Without proper management, teams may struggle to set and achieve their goals, leading to uncoordinated efforts and ultimately failure. Additionally, management in sports organizations also plays a vital role in attracting sponsors (Ratković, 2023; Ratković, Dašić, 2023), fans, and revenue, which are critical for the financial sustainability of the team. It is through effective management strategies that sports organizations can thrive and make a mark in their respective sports (Penezić, 2022).

**Management as a necessity of modern business**

Leadership is ubiquitous, but the business realm stands out as an ideal arena for individuals to actualize their potential. Characterized by ideological freedom, directness, and occasional bluntness (particularly in addressing competition), business leadership is often marked by its effectiveness. It's not surprising that many successful business leaders, having attained considerable success and wealth, contemplate a transition into politics, an endeavor that yields varying degrees of success.
This trend has spurred a new and intriguing area of research, signifying a pivotal phase in our comprehension of the intricate interplay between people management and organizational performance. Managers are increasingly recognizing that how people are managed significantly impacts a company's success or failure. Recent years have witnessed a shift in this paradigm, with robust evidence now highlighting the crucial role of people management in predicting business outcomes. Among the influential factors, the role of managers in the workplace emerges as paramount, as they have a direct and immediate impact on the employees they lead. Tasked with aligning departmental work and staff with overarching organizational goals, managers play a vital role in shaping the organizational culture.

Some authors (Harms, Creda, 2010) define leadership as "the process by which an individual influences a group of individuals to achieve a common goal." To improve organizational performance, leadership plays a crucial role, so, to produce the best possible products and services through the best use of available resources, leaders are responsible stakeholders in their organizations.

The gender aspect and family businesses in business leadership remain a hotly debated topic. Therefore, it is not surprising that several studies have revealed that women in the business world prefer to balance work and family life, which in some cases can delay their growth as business leaders. Some researchers have explored the relationship between capital ownership and the management of that capital or company, concluding that capital owners who also manage companies are considered good managers and a positive source of management associated with business performance (Mohammad, et al., 2021).

Furthermore, it is argued that family businesses will outperform non-family businesses because they do not have to invest in top management and, as a result, have better financial performance due to superior management attitudes (Mohammad, et al., 2021).

One of the most important abilities of top managers is recognizing leaders and their ability to retain and develop individuals. Individuals promoted by top management are indicators of the ability (or lack thereof) to create diversity and a competitive advantage. To succeed on multiple fronts in a complex world, managers must build leadership. Understanding, comprehending, and responding to the feelings of subordinates are qualities of a true leader. Conflicts in the work environment occur daily. As a leader, one has the task of mediating conflict resolution to improve leadership. Therefore, leaders represent a crucial characteristic of any business. Without them, companies, whether large, medium, or small, would be doomed to failure, like a ship at sea without a compass or a helmsman. This can be clearly seen.
in the example of state-owned enterprises (e.g., municipal services in many cities worldwide) - while state-owned companies are expensive and inefficient, private companies are slowly taking the lead, increasing quality and profit.

Those studying leadership potential in companies have developed theories that include traits, situational interaction, function, behavior, power, vision, values, charisma, and intelligence. In the past, some researchers claimed that the real impact of senior managers on organizational outcomes was overstated and romanticized by attributing biases to senior managers (Bligh, et al., 2011).

Leaders must be aware of the ideal times and ways to use strategies, instruments, and procedures that can produce outcomes. Senior managers of small and medium-sized businesses need to understand that what they do is intended to advance both the organization's and their own expertise. In small and medium-sized businesses, it may be simpler to write or speak about striking a balance between a boss's and a leader's responsibilities, but in actuality, work is not usually divided into tidy divisions.

Leaders are essential for all types of organizations and play various roles, performing various crucial functions in the organization. In today's world, the purpose of any organization is to survive and maintain its entity by improving performance. Organizations must continually increase their performance to be highly competitive in the markets. Previous and current literature (Sahin et al., 2015) suggests that leadership is a critically important factor in achieving good organizational performance.

Through the review of several studies, we understand that there are many factors influencing the overall business performance of companies, particularly Small and Medium-sized Enterprises (SMEs). In the first study, the authors (Kokko, Sjöholm, 2004) suggest that the size of the company is one of the factors influencing business outcomes. According to another study (Baard, Van den Berg, 2004), the age of the company is a factor affecting its survival and development. Subsequent studies (Hansen, et al., 2018) explore the connection between the education level of owners and top managers and business outcomes, analyzing government support policies, which positively impact company performance.

Companies are continually seeking ways to improve their processes, products, and services to achieve their goals. Therefore, they must differentiate themselves from the competition by achieving sustainable competitive advantages. One way to achieve such advantages is through organizational capabilities. Human capital plays a crucial role in the development and maintenance of a company's capabilities. Thus,
some authors (Nieves, Haller, 2014) consider managers as the fundamental resource for achieving a range of core capabilities and, consequently, maintaining a competitive advantage. The "upper echelons theory" by Hambrick and Mason recognizes the necessity of incorporating the human element into organizational studies. Their theory suggests that manager characteristics predict part of the company's outcomes because managers, being diverse, have different knowledge bases leading to different decision-making (Hambrick, Mason, 1984).

The way company managers manage and control employees largely depends on their attitude and leadership, as well as their perception of corporate identity and image reflected in organizational culture. For this reason, management style is considered to determine the organization's vision as an essential step in managing its image. Additionally, managers must work on building a positive reputation as a prerequisite for the successful development of an organization where employees are satisfied and motivated (Uchenwamgbe, 2013). The existence of a gap between perception and reality in reputation requires managers to have information to eliminate them and promote performance improvement and strategic management of the company. Such information would influence shared identity and image, allowing employees to be informed that their performances are well-received as a relevant stakeholder group for the organization. Therefore, management style includes values and behavior patterns on which company management is based to influence the behavior of the rest of the organization (Isabel, Inocencia, 2014).

The development of small and medium-sized enterprises reduces the unemployment rate. This group of companies reacts more quickly and easily to changes in an increasingly demanding business environment. The drawbacks compared to large enterprises include situations where insufficient capacity utilization leads to increased production costs, seen as an obstacle to further development, including management development or, in extreme cases, as a cause for the company's downfall. Another drawback is the predominant orientation of small and medium-sized enterprises towards local markets and limited access to international markets. Another common problem is insufficient resources for research, development, orientation, and further education of employees, as well as facilitators and barriers to workplace learning (Doyle, et al., 2008).

It is well-known that managing SMEs has several specificities. In a small company with a small number of employees and management staff, many functions are performed by a few employees. Small enterprises are also characterized by the prevalence of orally transmitted internal communication (Bernues, 2017).
SMEs aim for effective management leading to a competitive advantage. For a company to successfully confront its challenges, alignment between company goals and human resource management is desirable. In a hierarchically led company, people mostly do what they are assessed for. Therefore, setting performance indicators is so important as a measurable goal in line with the company's strategic goals. Achieving strategic goals is conditioned by the company manager's ability to choose the right direction of investment in human resources and assess the return on such investment based on cost-benefit analysis and expected risks, as in other areas of corporate governance (Macpherson, Jones, 2010).

SME leaders also help build a flexible industrial production system with close ties, utilizing and mobilizing all the potentials of the location, creating a healthier competitive market, and injecting positive spill-over effects into the economy. Therefore, promoting SME development is considered an effective means of mobilizing capital and other resources for production and business activities, contributing to economic growth and social stability. In the context of today's highly competitive market, to survive and grow, SMEs must be proactive and actively seek ways to increase profits in a reasonable manner. The main advantages of SMEs relate to the ability to create jobs and income, improve business management skills, and promote entrepreneurship and creativity. SME management particularly plays a crucial role in skill development and promoting SME innovation (Vu Ngoc, et al., 2020).

Sports and management

The influence of professional management on the sport industry cannot be underestimated. With the rising popularity and commercialization of sports, professional management has become an essential aspect of any successful sports organization. It plays a crucial role in the strategic planning, financial management, and overall administration of sports teams and organizations. Utilizing their expertise, professional managers enhance the competitiveness of the sport industry, both on and off the field.

Strategic planning is one of the key areas where professional management greatly impacts the sport industry. By analyzing market trends, consumer preferences, and competitor strategies, managers can develop effective plans to maximize the success of the sports organization (Raletić-Jotanović, et al., 2015; Dašić, 2016). This includes decisions regarding team composition, recruiting and retaining skilled players, sponsorship acquisition, and brand development. Through their knowledge and
experience, professional managers can steer sports organizations towards greater profitability and sustainability.

Financial management is another important function of professional management in the sport industry. Managers are responsible for budgeting, controlling costs, and generating revenue streams. They ensure that financial resources are allocated efficiently and that the organization operates within its means. By generating revenue from sources like ticket sales, sponsorships, merchandise, and licensing agreements, professional managers enhance the financial stability of the sports organization. This, in turn, allows for the provision of better training facilities, coaching staff, and overall team development.

The classic definition of management is the coordination of the financial, material, technological, and human resources required for an organization to accomplish its objectives, as illustrated in Figure 2.1. The people, capital, and tools needed to increase productivity at work are gathered by management. The management team plans and arranges the work that has to be done. It guarantees the coordination and abilities required for the sort of teamwork that is the foundation of sports organizations. Lastly, it offers the focus and direction necessary to bring disparate individuals together in a successful endeavor.

**Figure 2.1** Organization and management defined

<table>
<thead>
<tr>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Any group of people working together to achieve a common purpose or goals that could not be attained by individuals working separately.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The coordination of human, material, technological and financial resources needed for the organization to achieve its goals.</td>
</tr>
<tr>
<td>• Responsibility for performance.</td>
</tr>
</tbody>
</table>

*Source: Covell, et al., 2019*

In order to accomplish organizational objectives, merging and coordinating human, technological, and financial resources is part of the performance responsibility. Organizations are challenging to manage due to their inherent complexity. Still, as long as society, the economy and technology remained somewhat stable or changed only slowly, management had time to make the adjustments necessary to maintain and improve performance (Covell, et al., 2019).
Any organization wants to achieve and preserve social and economic sustainability. The availability of favorable social and economic conditions affects an organization’s capacity to survive. We presently live in a dynamic and changing environment where organizations are having a harder time surviving and sustaining themselves due to increased competition. Hence, in recent years, knowing about different factors that can impact an organization’s final performance is vital (Acosta, et al., 2018; Blocken, et al., 2020). The sports industry is not unfamiliar with the notions of a hostile environment and the necessity of investigating the performance backdrop. Understanding the circumstances will help us concentrate our attention on those elements that will ultimately have a significant influence. In this situation, value creation is necessary to guarantee the financial and social viability of a sports organization. In order to achieve this, sports organizations must implement strategic entrepreneurial activities that align with the stated end goals. These strategic initiatives, as well as the ultimate performance of an organisation, may be largely influenced by the individual characteristics of the personnel working in them (Escamilla-Fajardo, et al., 2020; Hammerschmidt, et al., 2019; Kaur, R.; Singh, 2019). Entrepreneurial behaviours, such as the addition of new products or services, anticipating competition in practical proposals, or committing the organisation’s resources to achieving a higher bottom line, can positively impact performance and, consequently, the organisation’s sustainability. Similarly, passion for work can be an essential element in driving entrepreneurial orientation, and consequently, organisational performance (Escamilla-Fajardo, et al., 2021).

Professionals and scholars are now very interested in the social function and entrepreneurial orientation of sports groups. Nunez-Porar and Asocciate (2020) examined the relationship between sports clubs’ social performance (SP) and entrepreneurial orientation (EO), as well as the potential impact of management variables like the level of competition (national vs. regional) and funding source (public vs. private). A representative sample of 407 Spanish sports clubs participated in the study. The findings indicate that the EO dimensions have a direct impact on the SP. Clubs receiving significant public sponsorship consistently had greater SP prediction levels.

In one study (Escamilla-Fajardo, et al., 2021a) conclude that, within the entrepreneurial orientation, risk-taking and innovation are important elements that help to explain service quality and sporting performance. Therefore, enhancing and strengthening economic and social sustainability can be achieved in part by developing these factors. Furthermore, investigations in the sports area should take this enthusiasm for work into account because it has been demonstrated that incorporating it into the analyses greatly enhances the models’ ability to explain these
factors. These factors may significantly affect an organization's capacity to survive. It is believed that although athletic performance may have a better correlation to eventual social sustainability, service quality may have a greater relationship with economic sustainability. However, we also come to the conclusion that neither high nor low levels of service quality nor athletic performance need the presence of any particular characteristic. Similar to this, other combinations have been discovered to yield the intended outcomes, and both factors associated with an entrepreneurial mindset and a strong work ethic have shown to be significant. Risk is an inherent element in the realm of sports business. A vast number of factors contribute to the complexity of risk, including financial investments, contractual agreements, and the unpredictability of athlete performance. In the dynamic and volatile world of sports, stakeholders such as team owners, sponsors, and athletes face numerous uncertainties that can impact their returns on investment. Therefore, understanding and effectively managing risks is crucial for the success and longevity of a sports enterprise. In one study (Escamilla-Fajardo, et al., 2021b) the results show that risk-taking and innovation are causal conditions for high levels of economic and sporting performance, and large club size is both a core and a causal condition.

Management plays a vital role in sports organizations as it influences the overall success and functioning of the team or club. Firstly, strong management helps in setting clear goals and objectives, which serves as a guiding force for the team. With a well-defined vision, management can strategically plan and allocate resources, such as budget, personnel, and facilities, to achieve these goals efficiently. Secondly, management plays a critical role in team coordination. By overseeing the various departments within the organization, such as coaching, marketing, and finance, managers can ensure that each department is working cohesively towards the common objective. This not only enhances the performance on the field but also promotes a positive brand image and attracts sponsors and fans. Lastly, management is responsible for the development and implementation of policies and procedures that regulate the conduct of players and staff. These policies help maintain discipline and uphold the reputation of the organization, ensuring its long-term success. Effective management contributes to the overall success of the organization by providing a clear direction, coordinating efforts, and maintaining discipline (Lučić, Dašić, 2015; Dašić, et al., 2021). Without proper management, teams may struggle to set and achieve their goals, leading to uncoordinated efforts and ultimately failure. Additionally, management in sports organizations also plays a vital role in attracting sponsors, fans, and revenue, which are critical for the financial sustainability of the team. It is through effective management strategies that sports organizations can thrive and make a mark in their respective sports.
Conclusion

Professional management plays a vital role in shaping the success of a business. From resource allocation and strategic planning to employee motivation and talent development, competent managers possess the skills to drive growth and achieve organizational objectives. Their ability to effectively manage resources, create strategies, and motivate employees contributes to increased efficiency, profitability, and overall success. Organizations that prioritize professional management are likely to experience a competitive edge and sustained growth in today’s complex business landscape.

Because customer expectations and the dynamic nature of sports services need ongoing change, the sports industry must move quickly to meet needs with high-quality services. Raising the standard of the service can benefit the economy by attracting more customers. Comparably, by affecting members, users, and athletes more deeply, it can also increase social sustainability. In this situation, entrepreneurial companies can foresee the rivalry that comes with developing and providing sports-related goods and services; non-entrepreneurial companies, on the other hand, adopt more cautious tactics, don't plan ahead, and don't copy their rivals' moves.

Financial risk is one of the most prominent concerns in the business of sports. Team owners invest significant amounts of capital in establishing and maintaining their teams, managing a wide range of expenses such as salaries, training facilities, and marketing campaigns. However, financial returns are not guaranteed, as factors like ticket sales, merchandise revenue, and broadcast rights might fluctuate due to external circumstances like economic downturns or unexpected events such as pandemics. Moreover, securing sponsorship deals, which are critical to the financial viability of many sports organizations, can also be unpredictable, as sponsors may withdraw or renegotiate terms based on factors beyond the control of the sports enterprise.

The business of sports entails substantial risk due to factors like financial volatility and uncertainties associated with contractual agreements. Effective risk management is crucial for stakeholders in this industry to protect their investments and maintain long-term success. By closely monitoring financial fluctuations, diversifying revenue streams, and implementing contingency plans, sports enterprises can navigate the challenges posed by risk and enhance their chances of achieving sustainable growth and profitability.

Conflicts of interests
The authors declare no conflict of interest
References


www.smb.edu.rs 179


