

# THE ROLE OF PUBLIC ADMINISTRATION IN THE DEVELOPMENT OF THE SPORT MARKET ON THE EXAMPLE OF THE CITY OF TYCHY IN POLAND

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**Abstract.** The aim of the article is to indicate the key external and internal factors of effective management of sports development by city administrations. To achieve this, the author used methods of observation and analysis, using secondary sources, as well as the author's own research results published in other publications. Research indicates that these factors include, among others: popularity of sports disciplines among city residents, existing sports infrastructure, but above all - financing and organizational structure for the development of sport in the city. In addition, it was indicated that there is a need for strategic planning, including: structuring the structure of the sports market in the city, taking into account the objectives of public administration, as well as material resources for the development of sport in the city. External and internal factors described and analysed can be used by other cities in developing countries for effective and effective planning and development of modern sport as a social and economic phenomenon. The article is a review and at the same time presents a certain concept of sport development in cities as an important element of solar and economic life in contemporary cities.

**Keywords:** sport management, public administration, city development.

## Introduction

In developed countries, sport has become a kind of common good, satisfying the basic (physiological) needs related to the need of movement, but also to experiencing emotions. Sport today is available in various forms, places, facilities and can be grown in various disciplines. Sport can also be treated as one of the main factors shaping health and personality, developing habits and pro-health attitudes, and can be a valuable form of spending time (private and business). We should remember that sport is also a form of promotion of cities and all entities involved in its development on various markets.

The involvement of city administration is essential for the development of sport, especially the amateur sport, which is focused on the sporting activity of residents. Local governments are built the construction of sports facilities, support for the organization of large sports events, or the launching of targeted subsidies for sports in cities. Attractive and effective sport management requires techniques and tools used in other areas of socio-economic life. Therefore, strategic planning should be based, for example, on sports development strategies in the city, which should include objectives and tasks included in time, ways to achieve them, responsible institutions and people, as well as financing methods. Strategic planning should take into account external and internal conditions and clearly define the role of city administration in the structure of the sports market.

In this study, the author through the methods of analysis (mainly secondary sources) and active

observation (participation in the strategic planning of sports in the city of Tychy) identifies these conditions. Research and reasoning focuses on the analysis of the developing sports market in Poland, in particular in the Katowice agglomeration and the city of Tychy as well as in selected external and internal conditions for the development of sport in the city. The author understands the limitations associated with these studies and the inference resulting from the analysis of only a part of the factors and the fragment of the dynamics of changes in the sports market in Poland.

The study consists of a theoretical part in which the author refers to the theory of strategic management, sport planning, then analyzes the sports market in the city taking into account the factors affecting it and identifies the key dilemmas of sport management in the city. The conclusions are summarized in the research and an indication of the role of city administration in the development of sport.

External and internal factors influencing the management of sports development described and analysed by example of the Tychy city administrations can be used by other cities in countries with high dynamics of economic and social changes for effective planning and development of modern sport. The subject of sports management in cities, taking into account different external and internal conditions as well as the dynamics of exchanges occurring on the sports market and the growing economic importance of sport, seems to be interesting. These changes as well as conditions for the development of sport require further observation and analysis.

## **Sport in the contemporary economy**

Sport is a diverse and multidimensional field of human life. It is subject to constant changes resulting from the ongoing social and economic changes in the modern world. It seems that sport, as a phenomenon, also has an increasing impact on the surrounding reality and becomes the subject of interest for many scientific disciplines (Baker & Esherick, 2013). Research institutions are trying to measure this phenomenon for the purpose of monitoring its status and collecting data necessary to make decisions. The study of the Central Statistical Office in Warsaw includes the definition of sport as any form of physical activity that through ad hoc or organized participation affects the development or improvement of physical and mental condition, development of social relations or achieving sports results at all levels (Kultura fizyczna w Polsce, 2015).

Modern sport is developing in many directions. It can be treated as a certain lifestyle of broad social groups, which aims, among others, to improve physical and mental health, but also sport as an economic phenomenon – subject to professionalization and commercialization (Sznajder, 2015; Beech & Chadwick, 2004). These two trends stimulate, among others investments in the region in general and purpose infrastructure for sport and development of specific sports (Brusokas & Cieřlikowski, 2017), which also leads to the transformation of sport from fun and a certain form of recreation into competition for athletes, sports clubs, cities, nations – in order to achieve also economic success (Laine & Vehams, 2017; Robinson, 2004).

There is an agreement on the positive social role of sport in the EU institutions. Special attention is paid to the socializing role of belonging to a team, group solidarity, respect for rules and rules, including the principles of fair play. Sport activates local communities for organizational activities that manifest themselves in establishing amateur sports clubs (a form of non-profit organizations) based on volunteering, which strengthens active citizenship. The use of the potential contained in sport can also be for the purposes of social integration, integration and equal development opportunities, or overall improvement of physical and mental health (The White Paper on Sport, 2008). Recommendations of the European Commission indicate that the main goal of sports development planning should be to promote physical activity to increase the participation of representatives of all social groups in sport. Sport infrastructure must be accessible to all social groups. This includes public financing for the construction, renovation, modernization and maintenance of sports

facilities and sports equipment, as well as the possibility of free or inexpensive use of public sports facilities. Public funding should primarily finance public sports infrastructure, not sports complexes for competitive sport.

Sport, due to the financial resources and economic goals implemented, can be treated as (Cieřlikowski, 2015) the product of an organization (enterprise, institution) as well as a region (an administratively separated entity). The economic importance of sport for the region is noticeable in many aspects of social and economic life of individuals (residents, visitors) and other market players (enterprises, regional administration, non-profit organizations). Positive effects of sports management in the area of attracting and implementing great sports events have been described in many studies (Masterman, 2014). This can be noticed especially in the area of: transport and general infrastructure, involvement of external capital in the region, increase in consumption for various products and services related to sport, development of sports infrastructure serving both competitors and residents. In order to achieve that, it is necessary to have the material and organizational potential required for the implementation of events.

Sport is also some kind of promotional way and development of cities (Kantyka & Cieřlikowski, 2015), and indirectly it can contribute to the development of cooperation between private entrepreneurs and local government authorities of the city (Cieřlikowski, 2016). In this context, it seems particularly justified to design planning documents for more efficient sport management.

The implementation of assumptions for the development of sport in various aspects of social and economic life depends on the activity in this area of public administration entities, entities of the organized sport sector and the non-organized sport sector. Support for sport by public authorities was raised in the Sport Act (Ustawa o sporcie, 2010), which imposed on public authorities the obligation to create conditions, including organizational ones, conducive to the development of sport as an own task of local self-government units. For effective implementation of these tasks, various forms of sport development planning are useful in the area of a given administrative unit (state, province, poviát, commune).

### **Strategic planning for the development of sport**

Planning documents used in the process of managing various areas of the organization's activity (enterprises, administrations) take a

different name depending on: the level of formalization, time range, level of detail and the rank of the document for the managing entity. These can be: strategies, programs, plans, projects.

The most extensive in its form, methodology of creation, with a high level of generality, emphasizing the importance of the area (object) of planning for organizations (enterprises, administrations) are "strategies" that in the case of shorter time horizons and a slightly higher level of detail can assume the names of "program" or "projects".

A strategy in managing organizations (as well as territorial units) can be treated as a process of creating and implementing a long-term plan for obtaining a specific position relative to the environment (closer and closer), leading to the creation of a relatively stable pattern of operation. Market-oriented strategic planning is a management process based on creating and maintaining optimal relationships between the organization's goals and its resources, and the changing opportunities that arise on the market. The purpose of strategic planning is to model and remodel the organization and its products so that they bring satisfactory benefits and give opportunities for development (Kotler, 1999; Simerson, 2011).

The development strategy is a certain concept of action aimed at sustainable and long-term development of the organization (enterprise, local administration) or economic sector (e.g. sport – especially in economic terms), presented in the form of a compact document containing procedures for achieving the intended goals. Such a document should consist of the following elements (Hausner, 1999):

- diagnosis of the existing condition,
- analysis of strengths and weaknesses, as well as analysis of opportunities and threats in the environment,
- defining the strategic objective and intermediate (detailed) goals,
- a part concerning the manner of achieving the complex objectives, detailing the role of individual entities, the mechanism for monitoring and correcting the implemented strategy.

The strategy is defined as a set of rules and principles creating a framework for operational activities in the area of shaping the relations of the organization with the environment as a whole and its individual elements. The strategy understood in this way is a sequence of components that creates a hierarchically ordered system, which results from the importance of individual elements of the environment for the organization (enterprise, territorial unit). Strategic analysis is carried out based on the recommended sets of analysis methods

and to examine, assess and predict future states of selected elements of the company (organization) and its environment from the point of view of survival and development (Gierszewska & Romanowska, 2017; Pierścioneck, 2015).

The process of creating a strategy requires to take into account many external factors towards the planner as well as internal entities resulting from the material and non-material resources (structural, human, relational) possessed.

### **The key problems of sports management in Polish cities on the example of the city of Tychy**

Economic changes in Poland that began in 1989 also affect the development of sport. The dynamics of changes in various sectors of the economy, Poland's transition to the European Union and the opening of the economy to foreign investments also contributed to the commercialization of sports services. The processes of formalizing the functioning of sports organizations (sports clubs, unions, sports facilities) have begun.

The development of contemporary sport in Poland is proceeding on two levels: at the professional level, it is more open to commercialization processes, and at the amateur / social level it strongly depends on the support of public administration. At the same time, the scope of public funds involvement depends on the popularity of sport discipline, achieved sports results, traditions, as well as direct relations of people involved in the development of sports with public administration.

In 1999, the three-level administrative division of the country took place in Poland. Established voivodships (16 items), poviats (cities and poviats), municipalities. Currently in Poland there are 66 cities with poviat rights, the head of their administration is the president of each of these cities. 19 of these cities are located in the province of Silesia. Each president attaches great importance to the development of sport in his area, realizing the high social and economic (including promotional) importance of this area of the city's life.

As a result of the analysis of secondary sources (compact studies, scientific publications and reports) related to the development of sport in the world and in Poland, key findings were identified, according to the author, of the conditions of the non-market environment of the so-called PEST (political-legal, economic-financial, socio-cultural, technical/ technological) affecting sport in Polish cities (table 1).

Table 1. External conditions for the development of sport in cities

conditions	items
political and legal	EU standards (The White Paper on Sport, 2008) national standards and planning documents (Sport Act, 2010)
Economic and financial	interest rates on investment loans, existing tax solutions (encouraging or hindering investment in sport), the purchasing power of the population, EU or nationwide aid programs (subsidies, subsidies, preferences / concessions) in the field of sports development.
Socio-cultural	demographic changes, imitating and becoming similar to other behaviors (including the popularity of a given sport in the country), fashion for an active lifestyle
Technology	robotization and automation, computerization of society, standardization of sports services and facilities (taking into account the growing needs for the processing of an increasing number of information).

Source: K Cieřlikowski – own study based on Cooper, C. (2014). *Wiley encyclopedia of management*. Chichester: Wiley.

These socio-economic processes require adaptation of appropriate organizational structures in the city and strategic planning of sports development.

Tychy is one of the 19 cities with poviats rights, in the Silesian Voivodeship. It is located in the Katowice agglomeration (the largest in terms of the number of inhabitants of the urban agglomeration in Poland and the 15th agglomeration in the European Union (Report 2015). In Tychy there are 128 621 people (Regional Data Base, 2016).

The material sports base in the city of Tychy consisted of: 78 sports facilities, 22 fitness clubs and gyms, 23 city parks and squares as well as three open ice rinks - seasonal. Sports facilities in the city of Tychy allow the development of various sports. Among the objects dominate gymnasiums, football pitches, but also we can find facilities for water sports, tennis, golf, squash. These objects are mainly the property of the city of Tychy.

Fitness clubs and gyms are primarily private business initiatives that also implement sport development goals in Tychy. Their offer seems diverse and the number may be larger in the coming years.

Physical activity of residents as well as visitors can be implemented in Tychy also in recreational areas, which include 23 areas: city parks, squares and three open-air rinks – seasonal. Particularly

noteworthy is the initiative of the administration of the city of Tychy in the field of equipping parks and squares with equipment for active sports in the open and launching three seasonal open ice rinks every year (free for people using), which are very popular especially among children and adolescents. In Tychy, there is a spatial dispersion of sports facilities – which affects the convenience of using them by residents.

The largest sports facilities in terms of the maximum number of people who can participate in sports events in the city of Tychy are:

- City Stadium in Tychy (football stadium of the GKS Tychy sport club) – 15,150 seats,
- Winter Stadium (former ice rink) – 2,500 seats,
- Sports Hall (multifunctional) – 1,250 seats,
- Indoor Swimming Pool (with three pools, saunas) - 350 seats.

Since 2017, the Tychy Water Park has been open with recreational facilities and a sports swimming pool. In 2020, the construction of an athletics arena is planned, which will house approximately 1,500 people in the stands. The estimated cost of the investment is approximately PLN 15 million (4,5 mln euros).

The development of material infrastructure is accompanied by an increase in sports activity of the residents: the number of sports clubs, the number of sports club members in the city, the number of people exercising in sports clubs, the number of sections, the number of people conducting classes.

Table 2. Increase in sport activity of Tychy residents in 2004 – 2014.

No.	category	2004	2014	changes
1.	number of sports clubs	11	25	127.3 %
2.	number of sports sections in sports clubs	19	41	115.8 %
3.	number of members in sports clubs	602	1,463	143.0 %
4.	number of people exercising in sports clubs	532	3,200	501.5 %

Source: K Cieřlikowski own study based on MOSiR Tychy data and Central Statistical Office

Within 10 years, the number of sports clubs in Tychy increased by 127.3%, reaching the number of 25 entities. In 2015, there were 1,463 members in 25 sports clubs reported in the statistics of the Central Statistical Office and registered in the city of Tychy. In 2004 to 2014, it means an increase of

143.0%. So together with the growing number of clubs, the interest of the residents grew in the participation in formalized sports activity, manifested in belonging to a sports club. Another variable is the number of people exercising in sports clubs. In Tychy in 2014 there were 3,200 such persons. This means that a significant part of the athletes in sports clubs in Tychy (1,773 people – or 54.3% of the exercisers) are not members of these clubs. It is a big challenge for club managers to get more involved in the functioning of the club, people appearing in classes or competitions implemented by the sports club. Within 10 years the number of people exercising in sports clubs in the city of Tychy increased by 501.5%.

The analysis of the number of sports sections practiced by people practicing sports also seems to be interesting for the characteristics of sports development in the city. In the city of Tychy in 2014, there were 41 sports sections (in 25 sports clubs). In Tychy, the number of sports sections increased by 115.8% within 10 years. Therefore, it can be said that in the years 2004 - 2014, the dynamics of the development of organized sport as well as the sport activity of residents in Tychy is large.

Sports clubs, as direct partners of the city administration, can apply for financial resources from the Tychy city budget. In three years (2013 - 2015), 33 non-governmental organizations and sports clubs took advantage of them. Sports clubs that have applied to the Tychy City Hall for supporting their activities under the Act on Sport implemented projects that in 2015 gathered 6,811 people. From the budget subsidies of the city of Tychy, from 2013, over 60 tasks and projects are implemented every year within 23 disciplines. Most of them concern the discipline – football, which is the most popular sport discipline in Poland. The total value of subsidies of the Tychy Municipal Office in 2015 for various disciplines and forms of sports activity amounted to PLN 8 701 840 and has been growing for several years (in 2012 it amounted to PLN 4 626 050).

Sports organizations in the city of Tychy can also use non-financial forms of assistance. The key form of help from the perspective of conducting training and competition is the preferential provision of sports facilities administered by the Municipal Sports and Recreation Center in Tychy (MOSiR). This assistance is implemented on the basis of Order No. 0050/34/15 of the Mayor of Tychy, which introduces (on sites administered by MOSiR) a fee of 1 PLN + VAT applicable to sports clubs based in Tychy, in accordance with the discipline, organizing or taking participation in sports trainings or competitions within the scope

determined by the administrator in the scope of the concluded contract. Every year, more than 20 sports organizations use this form of support.

Along with the growing interest in sports among residents (both sporting activity and participation in sports events), expenditure from the Tychy city budget on sports increases, too

Table 3. The structure of expenses of the city of Tychy on physical culture.

type of budget expenditure on physical culture	In 2015 (in PLN thousand)	share
Tyski Sport Ltd	32 380.00	55,0%
Maintenance of sports facilities	11 397.32	19,4%
subsidies	8 701.84	14,8%
Investments and investment purchases	2 191.01	3,7%
Sports activities	1 917.08	3,3%
Awards for athletes	707.50	1,2%
Other activities	623.59	1,1%
Renovation of sports facilities	519.07	0,9%
Other current expenditures of the city office	431.97	0,7%
<b>total</b>	<b>58 869.38</b>	<b>100,0%</b>

Source: K Cieřlikowski own study based on MOSiR Tychy data

Expenditure from the Tychy city budget for physical culture in 2015 reached PLN 58 869 380 (approx. 13 690 553.49 euros). The main item in these expenses is co-financing the activity of Tyski Sport S.A., and one of the lowest items is the share of expenditures on repairs of sports facilities, which accounts for only 0.9% of the total amount of these expenses. Tyski Sport Ltd. is a owner of sports club with 3 sports sections at the level of central games (football, ice hockey and basketball) and the administrator of the largest sports facility in terms of the number of people in the audience (Municipal Stadium in Tychy). In 2015, expenditure on physical culture accounted for 9% of Tychy's total budget expenditure. While in 2013, the average share of these expenditures in cities was 2.12% (Sport Development Program, 2016). The high share of expenditures on physical culture and sport in the city of Tychy in the total city administration

expenditure may be evidence of the great economic importance of sport for the functioning and development of the city. The process of making management decisions related to sport by both the administration of the city of Tychy and other entities operating or intending to operate on the sports services market may be based on the identification and analysis of external and internal factors in terms of their positive and negative impact on the development sport in the city.

## Conclusions

Counting and observation of tangible and intangible assets for the development of sport in the city is necessary in the strategic planning of sport. It can also allow for portfolio analysis. Such analysis is useful in defining strategic sports disciplines treated as city products on the sports market. The Boston Consulting Group matrix can be used. Indicators of the competitive position of individual disciplines (treated as a kind of product) can be:

- popularity of sports discipline in society,
- previous successes of competitors of a given discipline,
- the current size of the city's financial commitment.

The most popular sports in Tychy are: football, ice hockey. These disciplines can develop with the significant involvement of the city of Tychy in both the maintenance of facilities for the implementation of games and financial support for the functioning of sections of these sports disciplines managed by Tychy Sport Ltd. A slightly less popular basketball (club GKS Tychy plays in the second level of national league matches) is managed and financed by Tyski Sport Ltd. (company of the municipality of Tychy), as the games are being carried out in the municipal sports hall. The city, however, cannot forget about less popular sports disciplines and actively support them financially, e.g. through targeted subsidies.

For the effectiveness of spending money on sports in the city (both subsidies and expenditure on physical culture), transparency of the decision-making process is necessary, which allows the control of expenditure and the construction of a tool for the effectiveness of this expenditure.

The sports market, just like everything else, can be divided into the supply and demand side.

On the supply side of the sports market, the cities include: sports facilities, support services (transport, restaurant, hotel, other), sports clubs; as well as sport organizers in the city (e.g. Tyski Sport Ltd., MOSiR, or public schools). Their tasks are active coordination (in terms of organization and finance) of initiatives for the development of sport in the city.

On the demand side there are: companies and non-profit organizations and individual clients (residents and non-residents) who want to actively participate in the city's initiatives. At the same time, along with sports successes, commercialization processes of the most popular sports disciplines in the city should take place, or objects on which the competition is being carried out. In addition, there is a need to define the role of city administration in the development of sport. Strategic planning and constructing planning documents that constitute a signpost for all sports market entities in the city may be helpful. Sports strategy should take into account external factors (popularity of sports, tax solutions, socio-demographic processes, or technical requirements for sports facilities with infrastructure), as well as internal (resulting from the specificity of a given city, society's approach to sports, material resources and infrastructure for the development of sport). The development of the city's grant programs significantly promotes the development of sport in the city and becomes an important tool for creating the sporting activity of the residents.

Transparency of the decision-making process for the launch of subsidies, the process of financing sports (including sports events), expenditure control, and awareness of the growing importance of sport in the region's economy, strategic planning of sports development based on portfolio analysis, become key elements of effective urban sport development.

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