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Use of Programmed Financing and Cost Utility Analysis for Grant Policy in Sport and Physical Activity at Czech Municipalities

1. Determination of grant policy objectives

1.1. Existing grant policies

We discovered during the analysis of development concepts that objectives are too vague and thus it is not possible to set indicators that would help with effective grant awarding, evaluation, and inspection. The majority of concepts are not elaborated by interdisciplinary teams of professionals but only teams of sport and physical activity (PA) experts. Inventories are not complete, the analysis of needs assessment and complex offers from existing subjects providing sport and PA are taken for granted. Elaborated concepts are not guided by the SMART method when determining the objectives.

1.2. Determination of development priorities

The benefits of sport and PA are mentioned in many international scientific studies, especially their interdisciplinary connections (health, socialization, economics, employment, etc.). Based on this fact, PA as a community service should be supported first, followed by competitive sport. Further, a survey of need assessments signaled that more than 80% of financial resources should be directed to the sphere of sport for all (leisure-time physical activity) – now it is the other way around (Hobza, Dohnal & Mitáš 2009). The difference between investment in sport infrastructure and leisure-time physical activity (LTPA) infrastructure for the common population grows (Flemr et al. 2009).

1.3. Methods of grant evaluation

For grant policy, the existing common methodical guide unfortunately does not contain indicators by which one should be able to judge and choose grant proposals. In some grant proposals, the results are difficult to transfer into economic-utility outputs, though it is possible to use comparative methods of selected indicators through ordinal or cardinal evaluation scales. General methodical rules have already been published but are not used in practice (Ochrana 2005, 2006).

Continuation of framework procedure – Compilation of development concept differences in the ways different municipalities (regions, towns and villages) of the support granted to the sport infrastructure development

Towns, towns and villages base the development of their sport activity conceptions on a similar basis (Figure 1); however, the ways they analyze and use their knowledge differ. Also different are the forms of leisure activity conceptions; and the extent to which their conceptions are put into practice.

Regional conceptions prefer to apply grant policy in order to finance development following ways:

– promotion of non-investment and investment activities allowing for the development of region-owned infrastructure,

– grants awarded to non-profit non-governmental sport organizations (NGOs),

– grants awarded to other subjects operating in the field of sport and sport education,

– grants awarded to region-organized events, marketing and human resources development,

– towns and villages tend to develop their own municipal sport infrastructure development projects, the main financing tools being,

– non-investment support of municipality-owned facilities (financing of operation costs),

– conception of investment into municipality-owned sport facilities.

Grant policy is only used by towns and villages as an additional tool to provide financial support to NGOs and to various for-profit subjects, offering to cooperate with municipalities¹ on the basis of 'free' grant rules² and provide the needed sport services. Towns and villages also cooperate with other subjects on the basis of the PPP (Public Private Partnership) projects.

An important difference between the regional and municipal conceptions lies in the potential use of capacity and demand-simulated calculations (towns and villages are more likely to use them), which have not been applied in the Czech Republic yet. However, they usually have been replaced by architectural norms, the use of which, in practice, is limited. The following chapters (Relationship between the Sport Development Conceptions documents with other conception documents; Regional Development Policy figures/Grant Policy Proposals; Grant Policy for Towns and

¹ In this conception, the term 'municipal' refers here to towns and villages.

Villages/Grant Policy Proposals; Defining the Needs of Municipal Sport Infrastructure via Capacity Calculations) will speak about the proposed theoretical foundations of the sport infrastructure conception development in regions, towns and villages, and documentation backing them.

2.2. Relationship between the sport development conception documents with other conceptual documents

Sport development conceptions have, like any other ones, a systematic inner structure and are linked to a number of other conceptual materials related to sport, mainly to the following:

- European Union's Conceptions (European Sports Charter 2002, Sport and EU 2004, White Paper on Sport 2007, etc.),
- Czech Republic's conceptions worked out by various different Ministries (Act No. 115/2001, on the support granted to sport activities and the following resolutions); conceptions worked out by the Ministry of Education, Youth and Sport's expert committees (directives and methodical instructions); conceptions worked out by local self-governments; other kinds of scientific papers and findings (see references).

The analytical part of the conception mainly develops theoretical foundations, serving as a basis for the final project's conclusions. Particular sports and sport education trends are defined within the proposed grant policy and are linked to the basic orientations of the Regional Development Programme and its individual parts ('Human Resources', 'Tourism Development', 'Service Development Activation').

Simultaneously, a link is proposed to the approved territory planning documentation. Investment plans and operations subsidies are dealt with according to the subsidiarity principle, i.e. within the region, town and village development areas, and for individual domains (culture, sport and leisure, education, health-care, etc.) by an independent and target-oriented grant policy. The grant policy is linked to current budgeting processes as well as to the planned regional development. The complex and diverse character of the theoretical foundations underlying the 'conception' is shown in Figure 1.

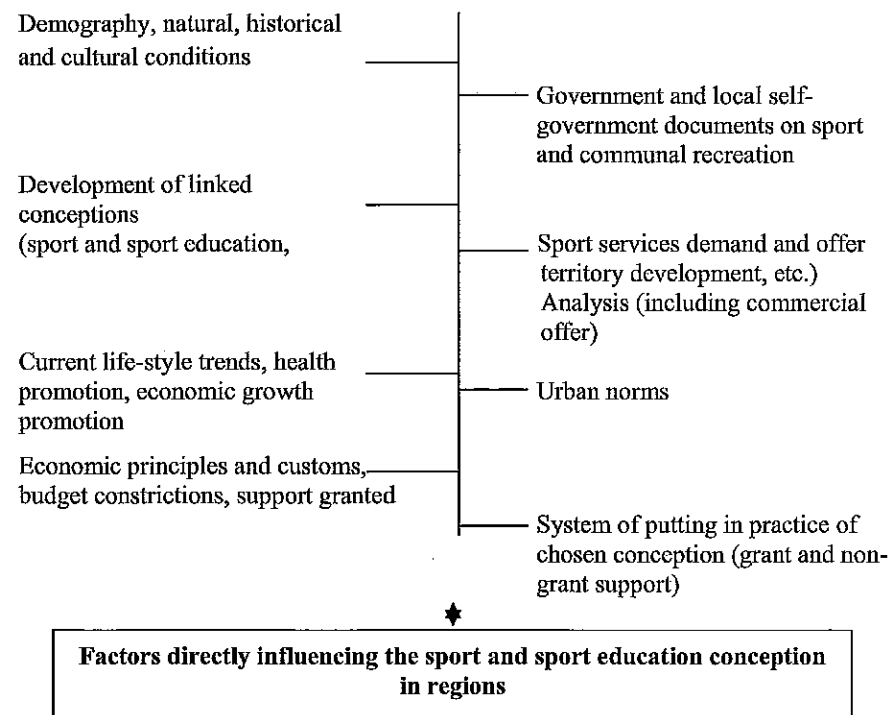


Figure 1. Sport and Sport Education Conception in Regions: Theoretical Foundations

The main chapters of the currently developed 'Sport and Sport Education Conceptions' are usually structured as follows:

I. Analytical Part

1. Region defined,
 2. Conception documents outlined (sport in the EU, in the Czech Republic and in the given territory). Current local (mainly tourism) conceptions analyzed,
 3. Inhabitants value orientations analyzed,
 4. The state and level of the given sport, sport education, and recreation analyzed,
 5. Sport, sport education and sport recreation offer on the given territory analyzed,
- II. Structured overall SWOT (Strengths, Weaknesses, Opportunities, Weaknesses) analysis of the conditions necessary to introduce sport programmes within the region
- III. Action plan aiming at sport, sport education and sport recreation development
- IV. Grant policy, time schedule and financial restrictions

2.3. Regional grant policy scheme: grant policy proposal

As we have already mentioned in the previous chapters, the current regional subsidy policy applied to sport activities is made up of grant as well as non-grant support. The two differ significantly. They not only rely on different kinds of decision-making processes (from which the sums allocated to individual subjects are derived), but also by the way that links them to sport and sport education conceptions. Meanwhile, the grant policies take into consideration different factors and are developed on an analytical basis (Figure 2), the decision making on non-grant policies is direct, carried out by regional representatives. In this group are mostly included decisions on support granted to significant sport clubs, large regional as well as international events, etc.

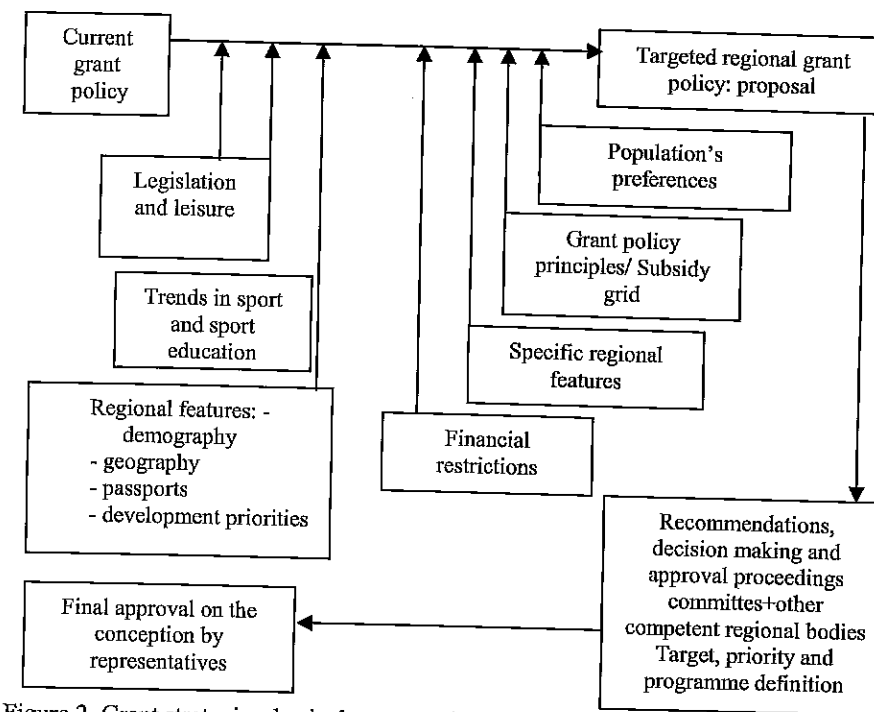


Figure 2. Grant strategies: basic documentation used, analysis

The sport and sport education conceptions are related to a number of fields promoting physical activity development. They are not solely sport and sport organizations oriented, neither do they concentrate solely on leisure time activities. We

have already specified that they comprise the development of different kinds of activities, listed below as priorities:

- creating sport and sport education infrastructure,
- sport and sport education products offers,
- good quality of services offered in the field of sport and sport education,
- human resources development in the field of sport and sport education,
- marketing and marketing communication in the field of sport and sport education,
- creating a sport and sport education management system.

Regionally appointed committees recommend concrete priorities picked from the aforementioned list, taking into consideration sport and sport education development orientations as well as financial restrictions, e.g. the Infrastructure programme might be given priority over the Service Quality programme, or vice versa. The grant attribution procedure at the regional level is finished by their communication, assessment, and allocation of the means and control.

2.4. Grant policy scheme in towns and villages: grant policy proposal

On the local level (towns and villages), sport and sport education promotion follows principles similar to the ones used at the regional level. Differences among the regional and local approaches can be summarized as follows:

- towns and villages, unlike regions, dispose of their own sport infrastructure, and are therefore more oriented towards their own property;
- towns and villages dedicate, on average, two (or more) times more total budget resources to sport and sport education than regions. Investment-related budget repercussions evidently influence their future budgets;
- towns and villages vary to a large extent in their plans related to sport and sport education (unlike the regions). They emphasize not only sport and sport education but also communal recreation, development of sport activities organized by local clubs as well as leisure activities related tourism;
- support granted to local sport clubs may often be provided in a hidden way, e.g. by free or cheap leasing of local sport facilities;
- towns and villages (unlike regions) also take into consideration the space organisation rules as defined by urban norms. On the other hand, they do not take into consideration capacity calculations, according to which an expansion or reduction of the current sport facility capacity may be advisable.

Towns and villages also prepare their sport development conceptions but, unlike the regions, their conceptions often fall under other ones, for example under the

communal recreation conception, leisure activities conceptions, tourism and sport development conceptions, etc. Most towns above twenty thousand inhabitants, however, do prepare independent sport and sport education conceptions.

In the Czech Republic, three basic conception trends can be distinguished. According to these, sport and sport education shall be developed through:

- town and village-owned facilities,
- direct grant and non-grant support of sport and sport education,
- a combination of municipal-owned sport infrastructure promotion and grant and non-grant support of sport and sport education.

The basic framework governing sport and sport education development at the municipal level is provided by the creation of Sport and Sport Education Development Conceptions. These conceptions usually have the following structure:

1. Legislative and organisational conditions,
2. Needs and demand analysis (for all population groups),
3. Current offer of sport activities, sport education and leisure activities within the given territory analysis,
4. Demand and offer assessment, comparison with other municipalities and norms,
5. Capacity calculations,
6. Swot analysis,
7. Action and conception plan,
8. Specifying development fields,
9. Developing a municipality's assets for sport and sport education,
10. Proposing financial and realizational limits, grant policy.

More and more, municipalities prefer building their own sport infrastructure, including leisure facilities, to using leased facilities. **This is also why grant policy becomes a complement to the overall sport and sport education conception.**

The basic scheme governing grant policy in towns and villages does not, methodically, differ from regional schemes. However, it has some specific features: the municipality's own facilities and the tradition of concrete, local-favourite, successful and traditional sports. Sport-based recreation is usually provided by local sport facilities owned by the municipality, whereas performance-oriented sport and recreational sport are organized mostly by clubs and associations which are helped by the municipality's grant policy. Municipalities not owning any sport facilities usually work on the basis of full-grant system.

Non-grant policy (i.e. budget subsidies, provided without tender), is applied mainly to support performance-oriented (professional) sport and will probably always be a part of political and interest-related decisions.

Figure 3 shows the way grant policy is created on the municipal level. It clearly demonstrates that grant procedures do not concern the development of municipality-owned facilities.

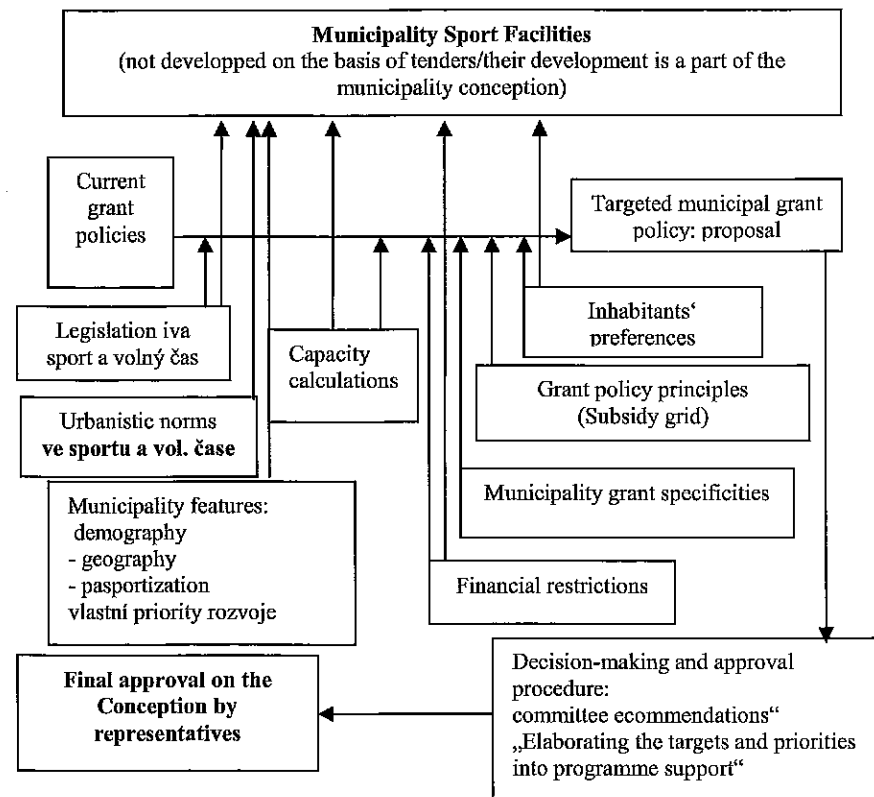


Figure 3. Grant policy scheme in towns and villages

During the compilation of concept there is strategic question for authorities whether to use own property or grant policy for development of LTPA infrastructure. On the regional level they prefer grant policy (lack of own property), whereas on the local level, they combine both policies. Municipalities with no property must rely on grants.

3. Determination of development priorities

The benefits of sport and PA for society and individual are multi-sided and diverse (Hodaň 2006, 2007). The final effect of sport and PA can be defined as (Hobza, Reškořík 2006): external (cultivation, socialization, cognition, health, representation, skills etc.); economic (country promotion, amusement, business, employment, others).

On the municipal level it is necessary to respect the economic output of sport and physical activity as a part of the decision-making process.

The priorities of inhabitants must be included in the results of a population survey, and be ranked in the table.

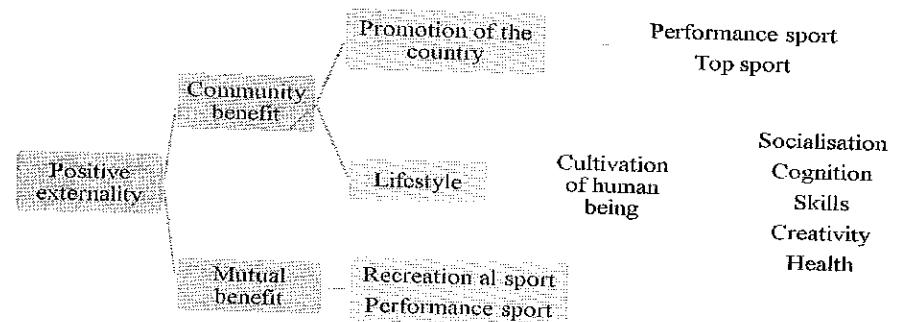


Figure 4. Positive externality in sport and PA

4. Linkage 'objectives-programmes-grants'

Objectives – according to the SMART method.

Measurable – according to given indicators that should be based on priorities of inhabitants.

5. Methodology for grants evaluation

The formal side of the methodology complies with EU standards. There is a gap, however, with an absence of indicators of the success of the grant results. Of four basic methods – CMA (Cost Minimalization Analysis), CEA (Cost Effectiveness Analysis), CUA (Cost Utility Analysis), and CBA (Cost Benefit Analysis) we recommend using CUA as an objective indicator for grant evaluation.

The benefit of this method is that a wide spectrum of outputs can be understood as a summary of partial characteristics, thus creating the total usefulness of the program. Because indicators of an interdisciplinary character are used for evaluation, it is necessary to have the opinions of experts from different professions.

6. Financial inspection

The duty of the grantee is to regularly promulgate information about funds usage and reaching the given indicators. If grants are for one year, it is recommended that:

- a bank account is opened for money transfer; if the subject does not meet the given indicators, then reduce the money for the grant proportionally,
- if the subject breaks the rules of the grant contract, then stop the money.

Case study

Objective: support project leading to lifelong PA of inhabitants

Specific objective: regular PA of children and youth

Selected indicators: total cost, number of participated children, regular attendance, health factor of PA

Table 1. Determined weight of indicators

Indicators	Cost (A)	Number of children (B)	(A)/(B)	Health factor	Regularity (%)
Weight of indicator (%)	10	10	25	40	15

Table 2. Example of four grant proposals

Indicators	Cost (A) (€)	Number of children (B)	(A)/(B)	Health factor	Regularity (%)
Grant 1	2,000	23	87	2	30
Grant 2	2,800	28	100	6	50
Grant 3	8,000	35	229	8	30
Grant 4	10,000	70	143	4	60

Calculation of utility was carried out according to chosen method. Based on the Table 3, and in agreement with allotted sum of money, **grants 3 and 4 were awarded.**

Table 3. Allotment of financial sources (use of CUA method)

Normative values	Cost (A)	Number of children (B)	(A)/(B)	Health factor	Regularity (%)	X	X
Weight of indicator (%)	10	10	25	40	15		
Grant 1	1.0	0.33	1.0	0.25	0.5		
Grant 2	0.71	0.4	0.25	0.75	0.75		
Grant 3	0.25	0.5	0.38	1.0	0.5		
Grant 4	0.20	1.0	0.61	0.5	1.0		
Calculation of utility	Cost (A) (€)	Number of children (B)	(A)/(B)	Health factor	Regularity (%)	Total utility	Ranking
Grant 1	0.1	0.033	0.25	0.1	0.075	0.558	4.
Grant 2	0.071	0.04	0.0625	0.30	0.1125	0.586	3.
Grant 3	0.025	0.05	0.095	0.40	0.075	0.645	1.
Grant 4	0.02	0.1	0.1525	0.20	0.15	0.6225	2.

7. Discussion and conclusion

- strictly respect the meaning of support,
- the meaning of support from public sources is mainly an overall societal benefit (health, regeneration, skills etc.),
- the weak point of grant policy is that determined objectives are not designed as measurable (or evaluable) => it is not possible to set the order of grant proposals in a competition,
- a shortcoming is the ability to respect and react to population demands,
- the proposed solution to use the CUA method enables easier, fairer, criteria-based, and computer-based grant evaluation,
- selection of the most suitable grants for fulfillment of the given objectives can be done in advance with determined indicators,
- expert evaluation of externalities and use of programmed financing can become one of the most important conditions for an effective process of grant municipality policy in the sport and PA sector.

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Tradition, Culture and Identity of Companies in Championship Sports. Poland as a Case Study¹

Introduction

In scientific literature the operations of companies in championship sports in Poland are portrayed most frequently from the legal, marketing and financial perspectives.

The legal issues of such companies were addressed inter alia by A. Szwarc (1998) and A. Kijowski (2001). Marketing operations of companies were addressed inter alia by R. Panfil (2004) and A. Sznajder (2008). In the category of papers written from economic and financial perspectives, there are primarily the studies of K. Perechuda (1999) and Z. Pawlak and A. Smoleń (2007). However, the scientific literature lacks in-depth studies on the tradition and identity of companies in sports².

This paper attempts to answer the following questions:

1. Do the companies in championship sports in Poland follow up the tradition of sports clubs with association status?

¹ The paper was written as a result of own research execution BW I. 27 "Drivers of development of sports clubs – joint stock companies in Poland", funded by the Ministry of Science and Higher Education.

² References on this topics can be found in the following papers: A. Smoleń (2001): *Aksjologiczno-normatywne aspekty przeobrażeń kultury organizacyjnej w sporcie, w: Aksjologia sportu. (Axiological and Standard Aspects of Organisational Culture Transformations in Sports)* in: "Sports Axiology". Collected work ed. by Z. Dziubiński, Salesian Sports Organization, Warsaw 2001; A. Smoleń (2004): *Edukacyjne aspekty przeobrażeń tożsamości organizacji sportowych, w: Edukacja poprzez sport. (Educational Aspects of Sports Organisation Identity Transformations)*. in: *Education Through Sports*. Collective work ed. by Z. Dziubiński, Salesian Sports Organisation, Warsaw, pp. 546-554; A. Smoleń, Z. Pawlak (2006): *Image Building of Commercial Sports Organisations*, "Research Yearbook. Studies in Physical Education and Sport, The Official Journal of Jędrzej Śniadecki Academy of Physical Education and Sport, Agencja Wydawnicza MEDSPORTPRESS, volume 12, No. 2, pp. 309-312; K. Kądziołka, *Analiza kultury organizacyjnej klubu sportowego na przykładzie KSP Polonia SA w Warszawie. (Analysis of Organisational Culture of Sports Club Based on the Example of KSP Polonia SA in Warsaw)*. BA thesis, The Josef Pilsudski University of Physical Education, Warsaw 2009.