



INFLUENCE OF ECONOMIC RECESSION ON EFFECTIVE MANAGEMENT OF SPORTS ASSOCIATIONS IN LAGOS STATE, NIGERIA

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Abstract:

This study investigated the influence of economic recession on effective management of sports associations in Lagos State. The descriptive survey research design was adopted in conducting this study. The population for this study comprises of sports association personnel in Lagos State, including sport administrators, coaches and other technical officials in sports associations. A total of 120 participants were selected to serve as sample for the study using the simple random sampling technique. 30 participants were selected from four sports associations each with both sexes given equal representation. A self-developed and structured questionnaire titled "Economic Recession Sports Management Questionnaire (ERSMQ)" was used for data collection in this study. A draft copy of the developed ERSMQ was subjected to content and construct validities. A panel of three experts in sports administration and management was constituted to assess the instrument and their suggestions were used in adjusting the structural composition of the instrument for effective data collection. The test retest method of reliability was adopted in this study. In this regard, twenty copies of the validated ERSMQ were administered on twenty participants who were not included in the main study, twice with two weeks interval between the first and second administration. The two set of scores obtained from this exercise were correlated using the Pearson Product Moment Correlation Coefficient (PPMCC) and an r-value of 0.89 was obtained, hence the adoption of the ERSMQ for data collection in this study. A total of 120 copies of ERSMQ were administered on selected respondents using the spot administration technique to ensure high percentage returns. Data collected was presented using descriptive statistics of frequency counts and percentage, while the inferential statistics of Regression Analysis was used in testing all stated hypotheses at 0.05 level of significance. The study found that economic recession significantly lowered effective management process and

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organization of competitions among sports associations in Lagos State. It was recommended that sports associations should evolve sustainable revenue generation strategies to counter future economic crisis.

Keywords: economic, recession, management, sports, associations

1. Introduction

The financial market turmoil in 2007 and 2008 has led to the most severe financial crisis since the Great Depression (1929 to 1932) and threatens to have severe repercussions on the real economy (Brunnermeier, 2009). In early 2007, the global economy entered a tumultuous period of contraction in real economic activity and disruption in financial markets (Andreff, 2008). A recession occurs when a country's economic standing has a negative value. Every country will endure a recession at some point since it is expected that the economy will eventually encounter a change in its business cycle. Business cycles do not follow predictable patterns since they are disturbed sonic waves that fluctuate due to a country's economy (Arnold, 2012). A recession is a phase within the business cycle where the real Gross Domestic Product (GDP) has a negative value for two consecutive quarters (Parkin & Bade, 2015). The real GDP is *"the value of final goods and services produced in a given year when valued at constant prices"* and is the broadest form of measurement to examine a country's economic standing (Parkin & Bade, 2015). It is important for management within a sport organization to understand how the business cycle works since it will allow for more strategic and tactical decisions to be made (Navarro, 2009).

Although the crisis was triggered by the bursting of the housing bubble in the United States, forcing banks to write down several hundred billion dollars in bad loans caused by mortgage delinquencies, it has spread throughout the world with dire consequences for many industries. An overview of the globalization of the sports economy is based on the hypothesis that sports industry could not remain unaffected (Andreff & Andreff, 2009). Sports organizations have different organizational forms, operating methods, goals and institutional characteristics than firms in other sectors of the economy, so there is good reason to expect them to react differently to economic and financial downturns than other enterprises (Humphreys, 2010). Therefore, the global financial crisis presents significant challenges for the growth of sports industry, representing a serious setback, because it is occurring at a time the sports business had begun to progress in economic performance (Humphreys, 2010). However, there are different types of sports organizations with various patterns of structural design and, consequently, business operations regarding their missions, goal-related activities and their environment. Therefore, different types of sports organizations could be differently affected by global financial crisis.

There is paucity of empirical studies that have analyzed impacts of recession on sport management, probably because of a relatively short period since the start of the

global financial crisis (Aughey, Danylchuk & Lebel, 2011). Most studies were carried out on professional sport, but not all of them agree that the global financial crisis has caused an economic recession in this part of sports industry. Humphreys (2010) found that the financial crisis had a significant negative impact on professional sports leagues in North America; a similar trend was also experienced in university and college sports (Denhart, Villwock, & Vedder, 2009). The situation is somewhat different in Europe. Club football, the most professionally managed sport in Europe, faced its own financial crisis even before the global economic crisis (Barajas & Rodríguez, 2010). However, unlike professional sport in North America, European club football has not had declines in revenues thus far. The big five European football leagues have shown admirable resilience to the economic climate in terms of revenue generation, although the imbalance between revenues and costs has generally worsened (Deloitte, 2013). Unlike professional football clubs, other sports organizations have generally fewer opportunities for revenues from match days, broadcasting, merchandising, trade of players and sponsorship; therefore, they are more dependent on other revenues. Findings from Turkey show that the crisis deeply affected sports sponsorship revenues in 2009 (Coşkuner, Gacar, Çoban, & Devecioğlu, 2011). In a study from Moldova, which reviewed the impact of global financial crisis on public service delivery from 2008 to 2010, a decrease of government and local finances for sport was also observed (Cainarean, Veverita, & Veverita, 2011).

Economic or business cycle is one of the major topics of interest in modern macroeconomics theory. Every economy (country) is affected by business cycle (or economic cycle). Business cycle refers to economy-wide (nationwide) fluctuations in production, trade and general economic activities over medium-to-long-term in a free market system. Free market economy is one where there is no government intervention in economic activities; rather demand and supply interact to correct disequilibrium (anomalies) in the market. The business cycle is the upward and downward movements of levels of gross domestic product (GDP), and refers to the period of expansions and contractions in the level of economic activities (business fluctuations) around its long-term growth trend. These fluctuations involve shifts over time between periods of relatively rapid economic growth (boom), and periods of relative stagnation or decline (a contraction or recession (CBN, 2012).

Recession as a phase of economic cycle which occurs after two consecutive quarters of negative growth featuring low output and investment, abnormal increases in unemployment due to massive retrenchment, falls in the availability of credit facilities, fluctuation in forex market, illiquidity, downsizing and layoff as well as reduce amount of trade and commerce. According the National Bureau of Statistics (NBS) the Nigerian economy slid into recession path in first quarter (Q1) of 2016 (since 2004) with real GDP of -0.36 percent, the contraction of economic activities resulted from an evaporation of confidence and no new investments, inordinate delay in government spending during the period, acrimonious legislative squabbles in approving budget, erosion in the value of Naira in the forex market, pipelines vandalism, misaligned currency and forex shortages, high interest rate environment as well as trade and import restrictions. The

current recession seems to affect socio political structures, Nigeria's credit condition general living standards, imports, production and employment as well as consumption demand in Nigeria (Agri, Maliafia & Umejiaku, 2017).

Arising from the above discourse, the purpose of this study, therefore, is to investigate the influence of economic recession on effective management of sports associations in Lagos State.

The study sought to answer the following questions:

- 1) Will economic recession influence effective management of sport associations in Lagos State?
- 2) How does economic recession influence organization of competitions among sport associations in Lagos State?
- 3) Does economic recession influence in any way procurement of materials among sports associations in Lagos State?

2. Research Methodology

2.1 Research design

The survey research design was adopted for this study. To this end, data was collected through the use of a self-developed and structured questionnaire named; "Economic Recession Sports Management Questionnaire (ERSMQ)", collated, analyzed and used in drawing conclusions on the influence of economic recession on effective management of sports associations in Lagos State.

2.2 Population/Sample

The population for this study comprises sports association personnel in Lagos State, including sport administrators, coaches and other technical officials in sports associations. A total of 120 participants were selected to serve as sample for the study using the simple random sampling technique. 30 participants were selected from four sports associations each with both sexes given equal representation.

2.3 Data collection

Data were collected using the Economic Recession Sports Management Questionnaire (ERSMQ) designed by the researcher and subjected to content and construct validities by a panel of three experts in sports administration and management. The reliability before administration was determined using the test-retest method with samples of the validated instrument being administered on twenty participants who were not part of the main study, with two weeks interval between the first and second administration. The two set of scores obtained from this exercise were correlated using the Pearson Product Moment Correlation Coefficient (PPMCC) and an r-value of 0.89 was obtained, hence the adoption of the ERSMQ for data collection in the study. A total of 120 copies of ERSMQ were administered on the selected respondents within one week using the spot administration technique to ensure high percentage returns.

3. Results

Table 1: Distribution of Respondents by Gender

Gender	F	%	Employment Status	F	%	Work experience	F	%
Male	60	50	Sports Administrators	6	5.0	10 years & below	98	81.7
Female	60	50	Coaches	64	53.3	11-15 years	9	7.5
Total	120	100.0	Other Tech Officials	50	41.7	16 years & Above	13	10.8
			Total	120	100.0	Total	120	100.0

From Table 1 above, it could be observed that 50% of the total respondents were males, while the remaining 50% were females. It could also be observed from the table that 5% of the total respondents were sports administrators, 53.3% of them were coaches, while the remaining 41.7% of them were other technical officials of state sports associations. In addition, the table showed that 81.7% of the total respondents had work experience of 10 years and below, 7.5% of them were with work experience of 11-15 years, while the remaining 10.8% were with work experience of 16 years and above.

Table 2: Influence of economic recession on effective management of sports among sports associations in Lagos State

Model Summary		Coefficients					
R	0.256		Unstandardized Coefficients	Standardized Coefficients		T	Sig.
R ²	0.65	Source	B	SE	Beta		
AR ²	0.58	(Constant)	39.751	1.078		36.867	0.000
F	8.262	Economic Recession	-2.321	0.807	-0.256	-2.874	0.005*
Sig.	0.005*						

Table 3: Influence of economic recession on effective organization of competitions among sports associations in Lagos State

Model Summary		Coefficients					
R	0.532		Unstandardized Coefficients	Standardized Coefficients		T	Sig.
R ²	0.238	Source	B	SE	Beta		
AR ²	0.277	(Constant)	3.366	0.089		37.989	0.000
F	46.579	Economic Recession	-0.453	0.066	-0.532	-6.825	0.000*
Sig.	0.000*						

Table 4: Influence of economic recession on procurement of materials among sports associations in Lagos State

Model Summary		Coefficients					
R	0.138		Unstandardized Coefficients	Standardized Coefficients		T	Sig.
R ²	0.019	Source	B	SE	Beta		
AR ²	0.011	(Constant)	19.182	.598		32.093	0.000
F	2.303	Economic Recession	-0.679	0.448	-0.138	-1.518	0.132
Sig.	0.132*						

4. Discussion

The result presented on table 2 above shows that a significant F-value ($F=8.626$; $P<0.05$) and coefficient t-value for economic recession ($t=2.874$, $P<0.05$) were obtained at 0.05 level of significance. It thus implies that economic recession had significant influence on effective management of sports associations in Lagos State. The negativity of the t-value suggests that the higher the economic recession, the lower the effective management of sports associations in Lagos State. In addition, the result presented on table 3 above shows that a significant F-value ($F=46.579$; $P<0.05$) and coefficient t-value for economic recession ($t=6.825$, $P<0.05$) were obtained at 0.05 level of significance. It implies that economic recession had significant influence on effective organization of competitions among sports associations in Lagos State. The negativity of the t-value suggests that the higher the economic recession, the lower the effective organization of competitions among sports associations in Lagos State.

The above findings agree with that of Sull (2009) who stated that when an economic crisis occurs, weaknesses within a sports' organization model can be revealed. Although weaknesses may exist before the recession occurs, it can be expected that the recession emphasizes them, which can create a situation where the sport organization may go bankrupt. Organizations rarely fail due to an economic downturn, but a recession accelerates the pace of the failure. The findings also agree with that of Shama (2011), who in his study reveals that an economic crisis affects many different aspects of individuals' lives including sport. When a recession occurs consumers may change their consumption patterns due to fear of job loss and/or of income as previously stated. In the same vein, Williams (2009) found that there is some indication that during a recession, sport programmes may not be as highly impacted when compared to other goods and services. Thus, participation in sport programmes may remain fairly stable, regardless of the economic climate. Studies that were conducted in relation to this finding revealed similar results indicating that the recession did not have positive impact on sports programmes. Humphreys (2010) on his part agrees with the above findings when he stated that during economic recession, sports association find it difficult to get sponsors who will provide funds for the procurement of materials for sports association. He further explains that the economic crisis affects various aspect especially the business owners who take from the income they make on business to support and sponsor sport associations.

The case of the impact of economic recession on sports associations in Lagos State may not be peculiar to Lagos State in Nigeria. This is because, most often the external causes of recession have to do with factors that are exogenous to the economy of which policy makers have little or no control. Such factors include natural disaster, climate change, revolution and wars. (Shido-Ikwu, 2017). Economic recession is a phenomenon which affects almost any, if not every, aspect of individuals who rely on money and the common market. The over dependence of Nigeria majorly on earnings from crude oil makes the country susceptible to recession, particularly in the wake of global oil prices fluctuations and lowered demand for crude oil. Whenever contractions in the economy

of Nigeria are witnessed and the earnings from crude oil drops, the sports sector which receives about 90% of funding from government is usually worst hit as sport ranks low on the priority list of the government. At such situations, the allocation to sports from the government reduces, thereby making sports associations run on a very lean budget for the preceding year. The implication is reduced programmes for execution among sports associations.

5. Conclusion

Based on the findings from the study, it was concluded that the higher the economic recession, the lower the effective management of sports associations, as well as, effective organization of competitions and the likelihood of ineffective procurement of materials among sports associations in Lagos State. The impact of economic recession on effective management of sport associations in Lagos State is high and this affects the sporting programmes and effective execution of plans thereby becoming a constraint to achieve the stated goals and objectives of sports associations. Based on the conclusion from the study, it is hereby recommended that sports associations should ensure enough savings through sponsorship deals and other areas, so as not to be affected during economic crisis. In addition, sports associations should find a way to evolve sustainable funding alternatives to reduce reliance government funding as effective shield against future recessions.

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