

# SUSTAINABLE MANAGEMENT AND RESPONSIBLE FINANCING OF SPORT

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## **Abstract**

With the division of the federation in 1993, the elaborate system of sports based on sports centers, sports schools and classes, support for basic and recreational physical education, military sports including personnel, health, and scientific-methodological service, collapsed. This paper aims to analyze sustainable management and responsible financing models in sports, with a particular focus on the Czech Republic in comparison with international approaches. Using a structured review of financial reports, sustainability policies, and government funding schemes, the study evaluates the effectiveness and challenges of sports funding mechanisms. The findings highlight the need for a more transparent and multi-source funding strategy to enhance financial sustainability. The paper also discusses the economic impact of sports investments and their alignment with sustainable development principles. As a result, the system of sports financing also collapsed. Changes in economic priorities, the lifestyle of the population, its demographic structure with a significant increase in the proportion of older inhabitants, and the need for physical fitness in case of the defense capability of our country place entirely different demands on the concept of sports financing. It is still possible to dispose of only two types of resources: public funds and private funds. It is also necessary to reflect on the status of entities (legal and physical) that provide sports activities for the population at all levels.

**Keywords:** Sports Financing; Public Funding; Olympic Expenditures; Sustainable Sports Management; Financial Governance in Sports; Youth Athletic Development; Sports Economic Impact.

**JEL classification:** L83, G23, H52, M14, Q56, Z28

## **1 Introduction**

Sports management and financing have undergone significant transformations worldwide, particularly in post-communist states like the Czech Republic. The shift from state-controlled sports funding to a mixed public-private financing model has presented both opportunities and challenges for sustainable sports development. The effective allocation of financial resources plays a critical role in fostering youth athletic development, supporting elite sports, and ensuring economic sustainability.

This paper explores the current financial landscape of sports, focusing on the Czech Republic's funding structure and its alignment with global best practices. It examines how public and private funding sources interact and the implications of these financial mechanisms on sustainable sports development.

The key objectives of this study are:

- To analyze the existing sports financing models in the Czech Republic and internationally.
- To assess the sustainability of these funding mechanisms.
- To provide recommendations for optimizing financial governance in sports.

Chernobrovkina (2017) examines the funding models for sports in Russia, highlighting the combination of direct government financing and indirect methods. This approach reflects a broader trend where nations adopt a mix of direct and indirect funding strategies to support physical culture and sports.

The impact of the COVID-19 pandemic on sports funding, particularly in the context of publicly financed sporting venues, is a significant area of study. Mayer and Cocco discuss this in the United States, revealing the pandemic's profound effect on revenue streams and the subsequent adoption of innovative measures and risk-mitigation strategies (Mayer, Cocco, 2020).

Durand and Bayle provide a comparative analysis of public assistance in professional sport, focusing on the contrasting models in Europe and the United States. Their work underscores the complexities surrounding the legality and legitimacy of public financing in professional sports (Durand, Bayle, 2002).

Renfree and Kohe delve into the governance and accountability challenges in UK sport clubs, highlighting the implications of state sport governance and funding structures on the clubs' operations and their ability to support sport participation and competition (Renfree, Kohe, 2019).

Grix offers an international perspective by reviewing government involvement, administrative structures, and public policy priorities in sport funding across various countries. This global overview reveals the diversity of approaches and emerging issues in different nations (Grix, 2023).

Varmus et al. analyze the effectiveness of sport investments, particularly in the Slovak Republic, emphasizing the importance of accurate data for evaluating the impact of these investments from both state funding and corporate sponsorship perspectives (Varmus a spol., 2023).

Hogan and Norton conduct an economic analysis of Olympic funding in Australia, questioning the impact of significant investments in elite sports on broader community participation. Their study highlights the cost-benefit analysis of Olympic funding and the so-called 'trickle-down' effect (Hogan, Norton, 2000).

Niwiński (2023) discusses the legal aspects and challenges of public financing in Polish sport infrastructure. This work draws attention to the importance of balanced state aid schemes and their implications for sports clubs and public authorities.

Mezzadri et al. (2015) explore sports policy in Brazil, noting the evolution from state-centered models to more autonomous sports entities. They find that despite increased autonomy, public funding remains crucial in maintaining the sports structure in the country.

Boyko examines the socio-economic efficiency and state financing of professional sports in Russia, emphasizing the positive social impact of regional and national athletes' achievements (Boyko, 2021).

In conclusion, the current state of sport funding is characterized by a diversity of approaches and challenges, influenced by national policies, economic conditions, and societal values. The reviewed studies collectively underscore the importance of effective funding models and governance structures in supporting the growth and sustainability of sports at both the grassroots and elite levels.

### **The current status of sports activity providers in the Czech Republic**

Sports activities can be carried out within organizations, institutions, clubs, and associations whose purpose is to create conditions for sports. In the Czech Republic, there are 2.5 million registered athletes and 20,000 sports organizations managing assets with an accounting value of approximately 58 billion CZK.

These are mostly **legal entities**, among which:

- Clubs, physical education units, sports federations, sports associations, unions, associations, non-profit organizations are established according to the Civil Code;
- According to the Business Corporations Act, they usually have the status of a joint-stock company or a limited liability company.

They can focus on one type of sport (e.g., Czech Biathlon Union) or combine several sports (e.g., Association of Sports Federations, Autoclub of the Czech Republic). Some have a specific status (e.g., Czech Olympic Committee, Czech Association of University Sports, Association of School Sports Clubs, Czech Sokol Community).

**The organizational structure** depends on the focus of the entity. Mainly it includes:

- School physical education according to the Education Act, development of physical education at the university level – making sports a mandatory or elective part of education;
- Exercise for health, sports for all – carried out independently by citizens (unorganized) or within an organized structure;
- Competitive sport, racing sport, national sports representation.

The foundation of the organization of Czech sports is formed by sports federations. Their goal is sports training, utilizing training support in cooperation with state institutions to ensure sports representation for the Czech Republic by providing care, education, and development to sports talents. Sports federations form representative teams, responsible for performance, health, and results. The number of sports federations is large, in some cases focused on one main sports discipline, and in other cases forming associations and other umbrella entities including the Czech Olympic Committee (COC) and Czech Paralympic Committee (CPC).

The largest umbrella and service sports organization in the Czech Republic, encompassing 74 federations and other sports clubs and physical education units, is the Czech Sports Union (CSU). Entities within the CSU retain their legal status, assets, and activities. Altogether, they have 996,000 members. The CSU is a member of the Czech Olympic Committee (COC, [www.olympic.cz](http://www.olympic.cz)) and a member of the European Non-Governmental Sports Organisation (ENGSO, [www.engso.eu](http://www.engso.eu)).

With over 600,000 members, the Association of Sports Federations (ASF CR) ranks second, followed by the Czech Association of Sports for All with 48,000 members.

Creating an exhaustive overview of sports organizations does not affect the observation that, organizationally, sports in the Czech Republic are managed in an extremely complicated and unclear manner. In many cases, the criteria for the umbrella organization of lower organizational entities by specific higher (umbrella) entities lack sense.

## 2 Methodology

This study employs a **secondary data analysis** approach to evaluate sustainable sports financing and governance. The methodology is based on a systematic review of financial reports, policy documents, and academic literature to identify patterns and best practices in sports funding.

The research methodology follows these steps:

- Literature Review: A synthesis of existing studies on sports financing, sustainability, and economic impact.
- Comparative Analysis: Examination of funding structures in different countries, identifying key trends and differences.
- Case Study Review: Analysis of Czech sports funding policies in comparison with successful international models.

While the study does not include original surveys or interviews, it provides a comprehensive synthesis of existing data to offer informed conclusions and recommendations. Future research could benefit from incorporating primary data collection through stakeholder interviews or surveys.

In conclusion, the mixed-methods approach adopted in this research offers a comprehensive view of sustainable management and responsible financing in sports. By combining qualitative insights with quantitative analysis, the study aims to provide a balanced and in-depth understanding of the topic. The methodology ensures that the research is conducted ethically, with a strong emphasis on the validity and reliability of the findings. This approach not only contributes to academic knowledge but also offers practical implications for stakeholders in the sports industry, guiding them towards more sustainable and financially responsible practices.

### 3 Results

#### The current state of sports funding

Just like any superstructure, sports and physical education can be financed from two basic sources (Czech Union Sport, n.d.):

- public domain or
- private spheres.

If a sports organization is able to develop a certain profitable activity, then it can either reinvest the acquired financial resources or create additional activities of its own.

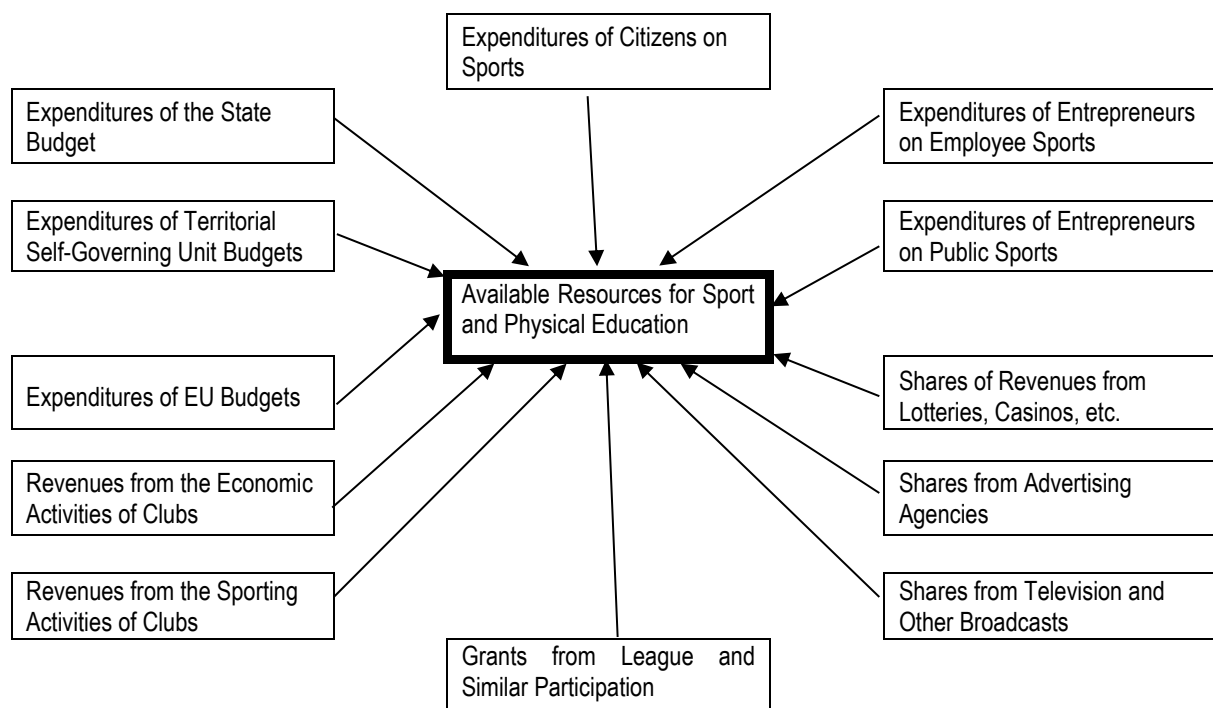
**The public sphere** of financing can be defined as the provision of financial resources from sources obtained from residents and businesses in the form of taxes, fees, deductions, fines, penalties, and other transfers to **the budgets of territorial self-governing units** (regions, cities, and municipalities or associations of municipalities), **the state budget of the Czech Republic**, **the budget of the European Union**, or the budgets of third countries. These funds, once in the **public budgets**, are then redistributed, often in a relatively complex manner.

**The private sphere** of sports financing consists of payments from **citizens** for sports matches and other sporting events (tickets, subscriptions), membership contributions, donations, entry fees, and charges. Additionally, **the private sphere** includes business entities that can support sports through advertising, donations, patronage, guarantees of bank loans, and leases.

**Through its own activities**, if allowed by its statutes, a sports organization can acquire financial resources from entrance fees for organized sporting events, entry fees, from interests on deposit accounts or other financial assets, from commercial rentals of unused spaces, from the sale of club souvenirs, from entrance fees for organizing sports balls, raffles, lotteries, public collections, from grants for league and similar participation, shares from television or radio broadcasting, and from the sale of refreshments during sports activities and events.

Certainly, there are other sources of funding in the current financial system that sports organizations utilize.

**Image No. 1: Financing of Sports**



Source: own work

### Public Resources

The majority of expenditures from the **state budget** were part of budget chapter 333 - Ministry of Education, Youth and Sports. A portion of the expenditures is part of the budget of the Ministry of the Interior and the Ministry of Defence. After significant problems with the distribution of funds from the Ministry of Education, Youth and Sports, the **National Sports Agency (NSA)** was established by law no. 115/2001 Coll., on the support of sports, as amended by later regulations. The NSA is an organizational component of the state, a central administrative authority in matters of sports support, tourism, and sports representation. However, NSA's activities continue to be regulated by the government, to which the NSA is accountable. The NSA is led under budget chapter 362.

The NSA was established on August 1, 2019, and from January 1, 2020, it took over competencies in the area of state sports policy from the Ministry of Education, Youth and Sports and prepared and announced grant programs for 2021 and beyond. Its task was to distribute grant funds from the state budget for 2021 (grant calls were announced in 2020). The Ministry of Education, Youth and Sports last announced grant calls in the area of sports support in 2019 for 2020, then decided on applications, paid and settled with the recipients of grants for 2020, and checked the fulfillment of grant conditions. The Ministry definitively ended its activity in sports support in mid-2021 (National Sport Agency, 2021; Euroean Commision, n.d).

NSA's activities, which include not only redistributing state budget funds among sports entities but also coordinating fund flows with territorial self-governing units, have not been managed very efficiently. The NSA's operation to date has not been optimal. Control bodies have criticized it for a number of uneconomical steps, slow administrative processes, cooperation with the private company Moore Czech Republic, to which NSA partially transferred its responsibility, namely the distribution of grants for sports.

As of March 8, 2021, out of a total of 6,419 evaluated applications, 5,506 were processed exclusively by Moore Czech Republic, s.r.o., 905 by the NSA, and 8 in combination. The NSA justified this step by a lack of its own employees.

The National Sports Agency was established primarily so that the redistribution process of financial resources to sports organizations would be optimal, as fair as possible, and sustainable. However, the

establishment of the NSA can so far be assessed as the insertion of another entity (layer) into the redistribution process of public funds to sports organizations. In the flow of funds to the end-user, there is another intermediary, whose involvement in the chain makes the redistribution process more expensive and takes money away from actual sports activities.

**Table No. 1: Funds Provided from the State Budget by the NSA**

Year	Budget	NSA Leadership	Evaluation
2021	6.981 billion CZK	Milan Hnilička	Conclusion of the MF CR audit: 30 errors in management identified, including violations of public procurement rules, poor management.
2022	4.6 billion CZK	Filip Neusser	x/
2023	6.9 billion CZK	Ondřej Šebek	xx/
2024	6.9 billion CZK	Ondřej Šebek	

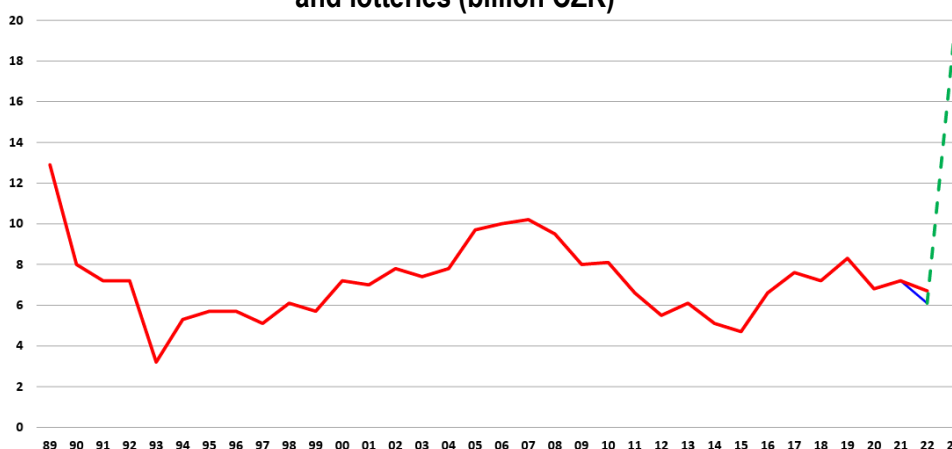
Source: Own work

x/ The Ministry of Finance (2022) published the Report on Financial Controls in Public Administration for the year 2022. From it, the following conclusion can be drawn: "*Subsidizing costs for non-existent employees. The entity received a grant to support sports activities of children and youth, coaches, and the implementation team, and the operation of sports facilities used by children and youth. In the settlement, it declared costs in the total amount of the grant, which was supposed to be for remunerations from agreements on work activities and statutory contributions. All persons, except one, to whom the remunerations were to be paid, were fictitious (not found in the population register). No evidence was found that the entity actually carried out any activities. The grant was withdrawn in cash from the bank account.*"

xx/ Following the findings of the Ministry of Finance of the Czech Republic, the Supreme Audit Office decided to conduct an audit of state funds allocated for the support of sports and sports representation, and the state's assets and funds, which the National Sports Agency is supposed to manage. The audit conclusion from this action no. 23/04 was discussed at the 18th meeting of the Audit Office's college on December 11, 2023. The results have not yet been published.

The total expenditures for sports support from the state budget and lotteries from 1989 to 2025 (in billion CZK) are shown in Graph No. 1.

**Graph no. 1: Expenditures for sports support in the years 1989-2025 from the state budget and lotteries (billion CZK)**



Source: ČUS Yearbook 2022



### Criteria for Redistribution Processes

On January 5, 2024, the Czech under-20 hockey team won bronze medals at the World Championship after an incredible battle. The following text will evaluate how public funds are allocated to individual federations, specifically for youth sports.

Talented Czech athletes are leaving for significantly better conditions abroad. If sports federations assemble a national team, then there is a significant problem in composing it from players from the domestic league. On the roster of the Czech U20 national team, there were also eight hockey players who had already gone through the NHL entry draft and subsequently signed their first overseas contracts. These include goalkeepers Hrabal and Vondraš, defenders Alscher and Hamara, and forwards Kulich, Šalé, Šapovaliv, and Štancl. From a roster of 24 players, this accounts for 33.33%.

The 2024 Action Plan for the Development of the Agency (Government of the Czech Republic, 2024; Supreme Audit Office of the Czech Republic, 2024) focuses more on its own organization than on the organizational structure of sports and physical education and the resulting financing system. However, among its strategic measures, it also mentions the rules of activity, financing, and mutual cooperation of departmental sports centers. Crucial is the method of announcing grant calls and their specific fulfillment and the way of allocating funds so that both the regular membership base and representation are supported.

Sports federations receive financial resources from the NSA based on sports representation and youth education. From the perspective of evaluating the approach to financing, three indicators are interesting:

- The percentage of youth,
- The subsidy per member,
- The subsidy per youth member.

The Czech Sports Union brings together the most sports federations, namely 74. Information published by the ČUS was used from an article by Adam Kyselica (2023).

**Table No. 2 Percentage of Youth Registered in a Sports Federation**

<b>Sports Federation</b>	<b>Number of Youth Members</b>	<b>% of Total Membership</b>
Czech Gymnastics Federation	19 204	88 %
Czech Judo Federation	37 268	88 %
Czech Swimming Sports Federation	21 247	77 %
Czech Basketball Federation	15 468	67 %
<b>Czech Hockey</b>	<b>24 177</b>	<b>67 %</b>
Czech Floorball	50 487	66 %
Football Association of the Czech Republic (FAČR)	174 170	51 %
Czech Archery Federation	22	19 %
Czech Golf Federation	6 090	12 %
Czech Petanque Federation	18	4 %

Source: Own work based on data from Adam Kyselica (2023)

The proportion of youth in the total membership of a specific sports federation depends on the relationship between athletic performance and the age of the member. In sports that form the basis for other disciplines, such as gymnastics or swimming, this fact strongly influences the proportion of youth in the total membership. From the total number of sports federations under the Czech Sports Union (ČUS), 10 were selected to demonstrate the extreme differences. Thus, the extremes are clearly petanque (18 members in the federation, 4% youth participants) and on the other end of the spectrum are judo, hockey, and football.

**Table No. 3: NSA Subsidies Per Member and Per Youth Member of Sports Federation**

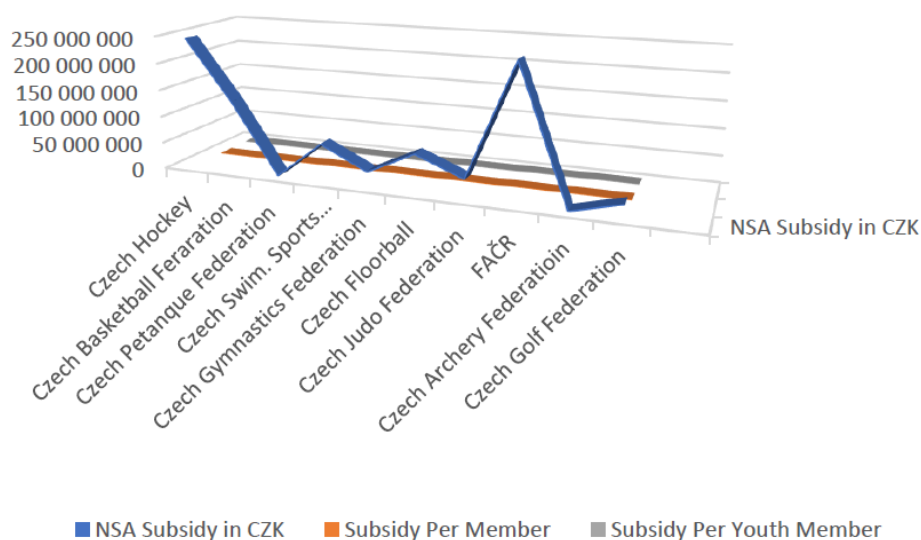
Sports Federation	NSA Subsidy in CZK	Subsidy Per Member	Subsidy Per Youth Member
Czech Hockey	244 730 738	6 736	67 134
Czech Basketball Federation	132 664 516	5 746	14 648
Czech Petanque Federation	1 208 414	2 891	10 122
Czech Swimming Sports Federation	69 625 000	2 541	8 577
Czech Gymnastics Federation	28 160 328	1 293	3 815
Czech Floorball	70 096 202	921	3 293
Czech Judo Federation	35 104 062	825	1 466
Football Association of the Czech Republic (FAČR)	245 573 053	716	1 388
Czech Archery Federation	505 050	481	1 410
Czech Golf Federation	23 232 900	443	942

Source: Own work based on data from Adam Kyselica (2023)

The correlation between the total number of members of selected sports federations and the number of their youth members as shown in Table No. 2 does not affect the amount of NSA subsidy per youth member of a specific sports federation. The subsidy is influenced by the type of sport and its financial demands. The winter sport, Czech hockey, received a subsidy of 67,134 CZK per youth member. This amount can be compared, for example, with speed skating, where the subsidy per youth member is 98,000 CZK. It is a highly expensive sport, especially considering that it lacks suitable facilities in the Czech Republic, like a stadium. The contribution of this winter sport in winning more than 50 medals by Martina Sáblíková at the Olympic Games, World Championships, European Championships, and other competitions has attracted youth to this sport. The high costs per youth member can also be seen in curling (125,000 CZK) and bobsleigh and skeleton (188,000 CZK). In this case, it is questionable whether to spend approximately 20 million CZK from public funds on about 200 children.

The commentary on Table No. 3 is further illustrated by the following Graph No. 2.

**Graph no. 2: NSA Subsidies for Selected Sports Federations**



.Source: Own work



The mentioned analysis does not take into account the structure of costs necessary for the operation of sports in a particular sports federation. At the same time, given the rather opaque organizational structure of entities enabling sports activities and physical education in the Czech Republic and multi-source financing, it is not clear which costs are covered by which sources.

### **Social Responsibility and Sustainable Development of Sports**

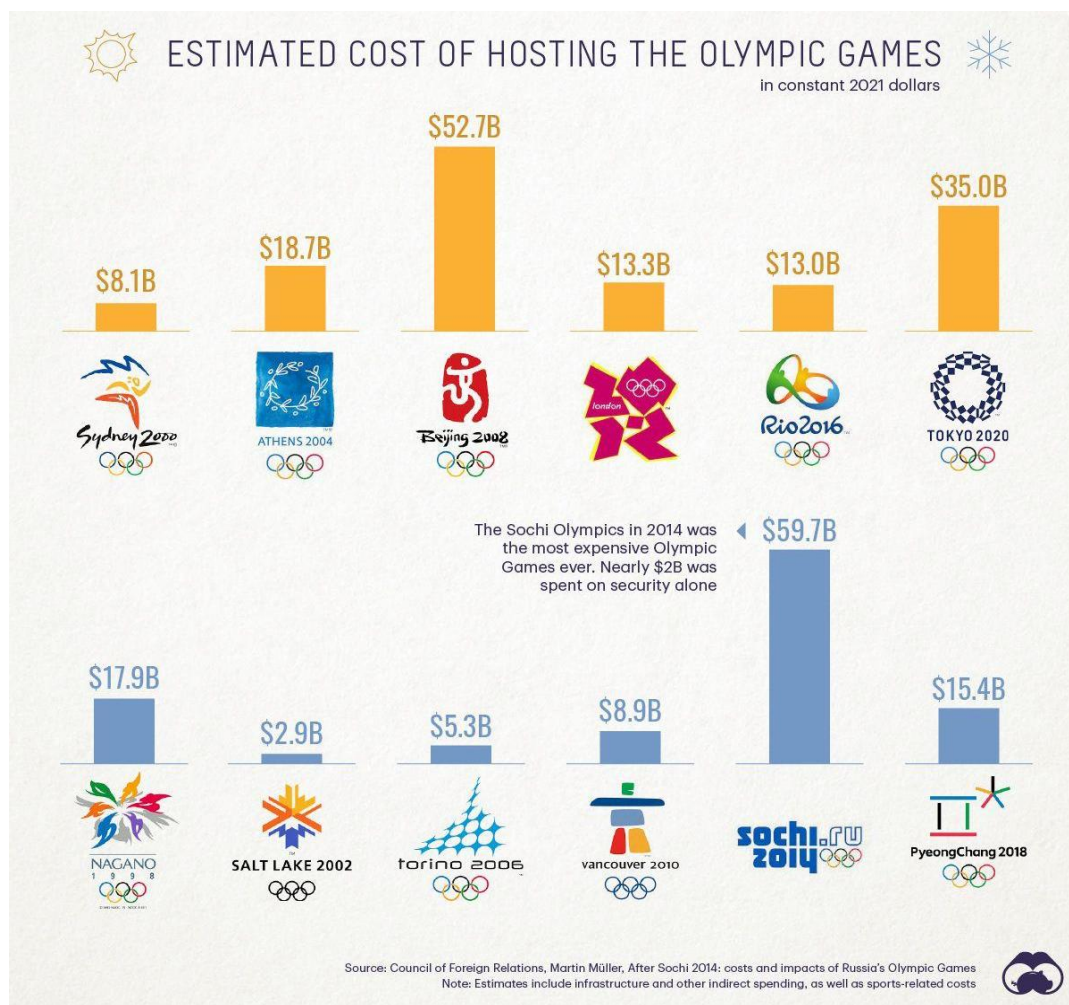
Sport, which significantly concerns the physical and mental health of people and reflects the well-being of society, is an effective tool for fulfilling many sustainable development goals. This is not just the opinion of the UN but also of the Czech Olympic Committee.

However, not all host countries approach the cost of the Olympics from a sustainability perspective. Is prestige important to them, the effort to attract the most fans, to earn the most revenue? Where does the line of sustainability in investments end, and are the Olympic Games held at the expense of human and civil rights, the environment, and a completely inefficient approach to the economic aspect?

The most expensive Olympics in history so far were the Winter Olympics in Sochi (2014), costing over 59 billion dollars. This was followed by Beijing (2008), with the summer Olympics bill amounting to 42 billion dollars. Beijing 2022 is probably in third place. According to Business Inside (2022), China declared costs of 3.9 billion dollars, which would have been the cheapest Olympics in the last two decades, but it was likely ten times that amount (Lidové noviny, 2022). The stated figure did not include the costs of building the Olympic village, the reconstruction of some stadiums (such as for speed skating), and the construction of infrastructure. Beijing is about 200 km from the center of winter sports Zhangjiakou, and it was necessary to build new infrastructure – just the high-speed railway cost 9.2 billion dollars (196 billion CZK).

While Eastern countries incur high expenses for hosting the Olympics, which are then repaid over decades, Western countries are much more economical and approach the hosting of the Olympics from a sustainability perspective. The record-breakingly inexpensive Olympics in Salt Lake (2002) cost 2.9 billion dollars (62 billion CZK), Vancouver (2010) 8.9 billion dollars (190 billion CZK). Both Canada and the United States had a significant advantage due to their extensive background and tradition in hosting winter competitions.

**Graph no. 3: Estimated cost of hosting the Olympic games**



Source: Bussines Insider 2022

France has approached hosting the Summer Olympics this year also with an emphasis on sustainability. According to Tony Estanguet, the president of the organizing committee, the budget for the 2024 Olympic Games in Paris is set at 4.38 billion euros (approximately 107 billion CZK). This amount, determined at the end of 2022, should be sufficient and takes into account inflation due to rising energy prices following Russia's invasion of Ukraine, as well as higher expenses for certain items. The organization of the Olympics should not be loss-making.

**Table No. 4: France Olympic Games Budget**

Item	EUR	CZK	Note
Four ceremonial events	130 milionů	3,2 miliardy	
- of which cruise on the Seine	100 milionů	2,4 miliardy	Unique opening of the Olympics
Security including IT	320 milionů	7,8 miliardy	IT = cybersecurity
Public budgets	171 milionů	4,2 miliardy	4% of total expenditures
Sponsors from France	1,23miliardy	30 miliard	90% obtained in 2023

Source: own work

In the interest of sustainability, the organizers decided to open the Olympic Village only on July 18, 2024 (four days later than initially planned). Individual sports venues will start operating seven days before

the first competition, not immediately after the opening of the Olympic Village. Public transportation will not be provided free of charge to fans.

The Olympic Games in Paris will take place from July 26 to August 11, 2024. Athletes from more than 200 countries are interested in participating. The competition will be held in 32 sports disciplines. There are plans for 10 million tickets. The organizers have devised a complex lottery system. Those selected in the lottery will have the right to subsequently purchase tickets in set stages.

Prices start at 24 euros, with the most expensive tickets, for example, for ceremonies, exceeding 2,000 euros. Tickets for popular sports (like athletics or tennis) are also expensive. Supply and demand may change prices over time. The interest of the organizers and distributors is to obtain sufficient funds to ensure that the Paris Olympics are sustainable.

Betarena (ČTK, 2024) stated the following price levels at the beginning of December 2023:

**Table No. 5: Price Range of Tickets for the Paris 2024 Olympics**

<b>Sport</b>	<b>Price in Euros</b>	<b>Sport</b>	<b>Price in Euros</b>
Opening Ceremony	from 1 600	Closing Ceremony	from 600
Athletics	from 275	Badminton	from 100
Basketball	from 24	Boxing	from 50
Football	from 24	Gymnastics	from 630
Handball	from 45	Canoeing	from 50
Archery	from 70	Modern Pentathlon	from 180
Beach Volleyball	from 200	Tennis	from 145
Rowing	from 35	Weightlifting	from 65

Source: Own work

The vast majority of sports disciplines will be held in Paris and its surroundings, with competitions taking place near the Eiffel Tower, Les Invalides, or at the Palace of Versailles. The tennis tournament will be held at Stade Roland-Garros, which annually hosts the clay-court Grand Slam French Open.

Some sports will be played across France, for example, football in 6 stadiums, handball in Lille, yachting in Marseille, and surfing in Tahiti in French Polynesia.

From a sustainability perspective, it is crucial that 95% of the existing infrastructure will be used. Only the Olympic Village, a center for water sports, and an arena for badminton and gymnastics are being newly built. The French plan to utilize all these facilities even after the Olympics (Boyko, 2021).

Another source of funding for the Olympic Games is payments for television broadcasting. In the Czech Republic, Czech Television will cover the broadcast on the ČT Sport channels, possibly ČT2, and on the online streaming of ČT Sport Plus. Eurosport, which also owns and pays for broadcasting rights, is expected to broadcast the Paris Olympics even more frequently than Czech Television. According to the International Olympic Committee, revenues from the sale of broadcasting rights represent approximately 73% of total income.

#### **4 Discussion**

In the study of sustainable management and responsible financing in sports, several limitations are identified, leading to recommendations for future research. The scope of the current research is somewhat restricted, focusing mainly on specific regions and sports disciplines. This limitation may prevent a comprehensive understanding of global and diverse sports management practices. Moreover, the rapidly evolving nature of the sports industry, especially in light of recent global challenges like pandemics, might not be fully captured in this study.

Future research should broaden the geographical and disciplinary scope, including a wider array of sports and regions. This expansion would provide a more holistic view of global sustainable sports

practices. Additionally, considering the dynamic nature of the sports industry, longitudinal studies are recommended to track and analyze the evolution of sustainable practices and financial strategies over time. Such studies would offer valuable insights into the long-term effectiveness and adaptability of these practices.

## 5 Discussion

The findings of this study indicate that the financial sustainability of sports organizations is highly dependent on the structure and governance of funding mechanisms. The Czech Republic, like many other European nations, continues to rely heavily on public funding, which, while ensuring accessibility, creates significant risks during periods of economic instability. Several studies have highlighted that reliance on government support alone is unsustainable in the long term (Grix, 2023; Renfree & Kohe, 2019). The increasing financial pressures on state budgets necessitate the development of a **multi-source financing model** that includes corporate sponsorships, commercial revenues, and philanthropic contributions. In contrast, countries such as Germany and the United Kingdom have adopted hybrid financing approaches that combine government funding with private-sector investments, ensuring both **financial stability and strategic development** of sports infrastructure (Plumley & Wilson, 2023).

One of the key issues identified in the Czech Republic's sports financing model is the **fragmentation of its governance structures**. The existence of numerous federations, associations, and funding agencies has resulted in inefficiencies, duplication of efforts, and administrative bottlenecks. This is consistent with international research suggesting that **centralized and well-coordinated governance models** tend to allocate resources more effectively (Downward et al., 2019). For example, Australia's centralized sports funding model has been praised for its efficiency in **allocating resources based on performance metrics and development priorities** (Hogan & Norton, 2000). In contrast, the Czech system lacks a clear framework for the prioritization of financial support, leading to **discrepancies in funding allocation** between different sports disciplines. This is particularly evident in youth development programs, where **elite sports often receive disproportionate funding** at the expense of grassroots initiatives (Kyselica, 2023).

The research also highlights the **growing role of sustainability in sports financing**. The increasing costs of hosting large-scale events, such as the Olympic Games, have raised concerns about their long-term economic viability. Recent studies on the financial management of international sporting events have demonstrated that **cost overruns and inefficient spending** can have long-lasting negative effects on national economies (Business Insider, 2022). The findings of this paper suggest that a more **strategic approach to sports financing**, one that emphasizes both **financial and environmental sustainability**, is necessary. France's approach to hosting the **2024 Paris Olympics**, for example, demonstrates that a strong focus on **reusing existing infrastructure and minimizing public expenditure** can significantly reduce financial risk (Lidové Noviny, 2022). Applying these principles to national sports management in the Czech Republic could help optimize **public spending on sports infrastructure** while encouraging **greater private-sector participation in funding development projects**.

Spending more than you have budgeted for has become the norm for host cities. **Paris** is actually not the worst of the bunch (as of current estimates) despite an overrun of **more than 100 percent landing it at a cost of \$8.7 billion** for hosting the Games (excluding investments in urban and transportation infrastructure). This is easily topped by Barcelona, which ran 266 percent over cost in 1992 and **Rio de Janeiro** in 2016, which was a whopping **352 percent over budget** (Statista, 2024). Winter Games can also be more costly than expected, for example in the Russian town of Sochi in 2014, where the event was 289 percent more expensive than expected at a record-breaking 28.9 billion, or in Norway's Lillehammer in 1994, there a 277 percent overrun occurred (but the total cost was still nowhere near as high).

In addition to financial sustainability, **social responsibility in sports financing** has become an essential consideration. The increasing commercialization of sports has raised concerns about **the ethical**



**implications of funding sources.** Studies have found that sponsorship deals from industries such as gambling and alcohol can create conflicts of interest, particularly when funds are directed towards youth sports programs (Evans et al., 2020). Given this ethical dimension, it is important for the Czech sports sector to establish **clear policies on corporate partnerships**, ensuring that **funding sources align with the principles of social responsibility and public health**. This is in line with international recommendations from the United Nations and the European Commission, which emphasize the need for **sustainable and ethical sports funding models**.

Another key finding of this research is that **sports financing should be more closely aligned with performance outcomes and participation rates**. Current funding mechanisms do not always incentivize efficiency, and financial support is often allocated based on historical precedent rather than **data-driven evaluation of impact** (Mezzadri et al., 2015). Implementing a **performance-based funding model**, similar to those used in countries such as the Netherlands and Canada, could improve the effectiveness of resource distribution and encourage **greater accountability among sports organizations**. These models ensure that financial resources are allocated not only to elite athletes but also to **programs that promote grassroots participation, social inclusion, and gender equality in sports** (Niwiński, 2020).

Future policy reforms should prioritize **the simplification of financial distribution channels**, as the **current system of grants and subsidies** involves multiple intermediary bodies, leading to unnecessary administrative costs and inefficiencies. The establishment of a **single, transparent funding agency**—similar to Sport England or the Australian Sports Commission—could streamline **the financial management of sports organizations**, reducing bureaucratic delays and ensuring **that more funds reach athletes and local sports programs directly** (Durand & Bayle, 2002). Furthermore, policymakers should explore **alternative revenue sources**, such as crowdfunding platforms and digital engagement strategies, to mobilize **community-driven financial contributions** for sports development.

## 6 Conclusion

In 2024, it is expected that the National Sports Agency will develop the **Concept of Sports Support for the years 2026 – 2035**. This concept must be prepared in close cooperation with territorial self-governing units, the Ministry of Education, Youth and Sports, the Ministry of the Interior, and the Ministry of Defence. (Government of the Czech Republic, 2024)

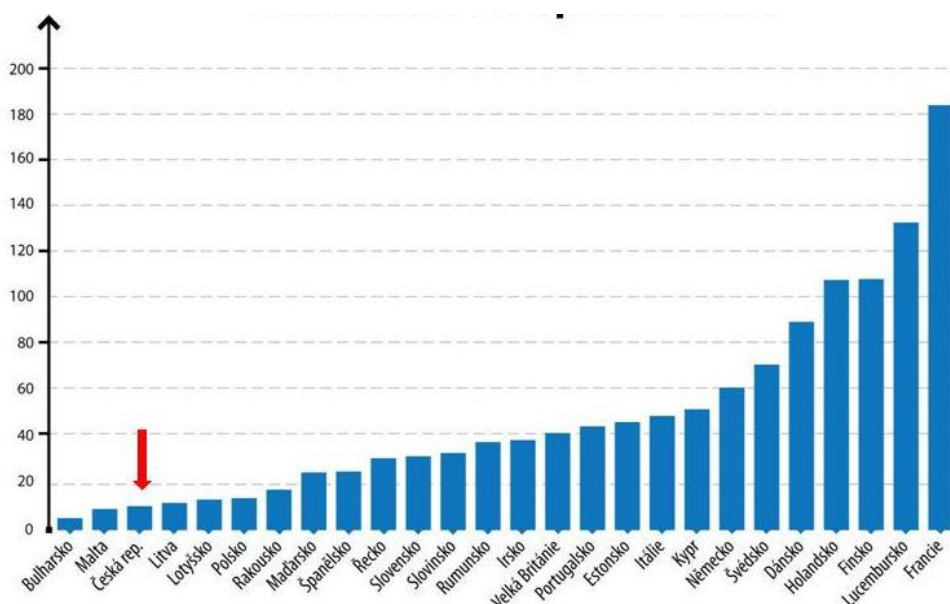
**A multi-source method of financing is suitable**, as with any other activity. However, to better complement the resources, to use them rationally where it is effective and necessary, to avoid wasting them, and to ensure that the redistribution processes in grants go through as few stages as possible (which is costly and risky), it is a primary task to **simplify the structure** of sports organizations, clubs, associations, committees, and other entities.

The increase in obesity among the population of the Czech Republic, including the youth, the disruption of interest in sports, physical education, and movement during the COVID period, the need to support the development of sports activities among young people, and to adapt sports activities and physical education to an aging population will impact both the organization of sports activities and the flow of financial resources to the end-users.

The volume of financial resources from **public budgets** in the Czech Republic is significantly behind the countries of the European Union, as evident from Graph No. 4.



**Graph No. 4: Expenditures on sports support compared to European Union countries**



Source: (Eurostat, 2019)

Currently, the consolidation of public finances in the Czech Republic does not allow for sports to be more substantially supported directly from the state budget. Given that the Summer Olympics are being held in Paris in 2024, and the Czech Republic is hosting the World Championships in hockey and biathlon, financing sports will be very challenging. The state budget has allocated 6.9 billion CZK for this year. It is essential to seek resources from the National Recovery Program funded by EU funds. Various regions, cities, and municipalities have used grants from the National Recovery Program, as well as investment and operational subsidies for sports.

In conclusion, the findings of this study highlight the need for a **more strategic, diversified, and sustainable approach to sports financing**. As the global sports industry continues to evolve, Czech sports organizations must adapt by **enhancing financial transparency, strengthening governance structures, and fostering cross-sector collaboration**. Future research should explore **the impact of financial innovations**, such as **blockchain-based funding mechanisms and digital sponsorship platforms**, on the sustainability of sports financing. By embracing these changes, the Czech sports sector can ensure **greater financial stability, increased participation rates, and long-term growth in the industry**.

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