

The Effects of Three Memorandums in the Management of Greek Olympic and Athletic Sports Organizations

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Abstract

After the rapid growth that Greece has had since joining the Eurozone and the irresponsible lending of the Greek governments in the public sector without ensuring that the economic crisis emerged as a competitive one, they were unable to borrow to cover both the external debt and the budget deficit. So, they were forced to ask for help from the Eurogroup, the European Central Bank and the International Monetary Fund, signed from May 2010 until the 2015 three memoranda. The aim of this study was to describe the management characteristics of the Greek Olympic and athletic sports organizations during the three memoranda. The data were extracted from the GSS website and the annual sports federation funding, before the first, second and third memorandum. After the results, the analysis with descriptive statistics observed that; (i) Before and after the first memorandum there was a drastic cut in the SF's funding up to 30 %, (ii) Between the first and the second memorandum the cut further decreased reached up to 95 % and (iii). Between the second and the third memorandum, the NF's funding continued, by changing a smaller percentage. It was concluded that the Olympic and athletic sports organizations during the memorandum years have been deprived the substantial amounts of the government funding and to continue to survive, they have to find other funding resources.

Keywords: Sports organizations, management, Olympic sports organizations, memorandum

1. Introduction

Greece after its accession to the euro area experienced a stable and fast growth in the 2000's, which was at an average of 4%. Within the euro zone, the Greek governments can borrow cheap money to spend in the public sector without reinforcement in the economy, in order to be uncompetitive. Also, at the same time covered budget deficits with easily obtained credit and financial loans (Alogoskoufis, 2013; Matsaganis, 2013). Although in the first euro zone years Greece was able to roll over its budget deficits easily. However, after 2008 when Lehman Brothers collapsed and after the consequent global economic crisis, financial institutions began to cut credits and sharply increase the interest rates, which made borrowing much more difficult and cost (Nelson, Belkin & Mix, 2010). So, by the end of 2009, Greece, Ireland, Portugal, and Spain had much more difficulty financing their budget deficits. Another serious problem for the Greek government was the external debt, that increased at the end of 2009 and reached at 115% of gross domestic product (G.D.P.), while the budget deficit touched the 13% of GDP. In 2010 Greece entered a recession with deficit rising to over 12% and debt estimated at 125% of its GDP (Matsaganis, 2011; Matsaganis, Leventi, 2011). This resulted as the government was no longer able to serve its debt without outside help (Matsaganis, 2011; Karyotis & Gerodimos, 2015). At this stage, European leaders have reacted because they feared that the crisis would affect other EU countries and many banks, mainly those in Germany and France, that had a high exposure to Greek debt. So, the Eurozone countries have decided to help the Hellenic Republic and thus sign the first memorandum on May 3, 2010, which was an agreement on the total €107.3 billion of financial assistance, in order to manage with the Greek government debt crisis (First memorandum for Greece, 2017). Although the Greek government made an effort to implement some of the memorandum measures without success, because of the political cost compelled to ask for new financial assistance (European Commission. Economic and Financial Assistance, Greece, 2017). In March 2012, the Greek government signed the second Memorandum of €130 billion, in order to cope with the debt crisis (Second Memorandum for Greece, 2017).

The political uncertainty, the government became weak after the elections in May 2012 and a hard left opposition party, that advocate an anti-bailout and anti-austerity platform, continuing strikes and labor turmoil led to the government deadlocks and a snap election that was won by the left party.

The refusing of the new government to apply the austerity measures of the second memorandum and the asking for a substantial review of its terms, it has as a result to start the negotiations between the Greeks and Troika that were lasting for five months. At the end of this procedure on 19 August, 2015 between Greece and the Eurogroup, the European Central Bank and the International Monetary Fund (named Troika) signed the third memorandum with a financial assistance of up to €86 billion (European Commission, 2017; Second Memorandum for Greece, 2017; Walker, 2015).

The signing of the Memoranda led to the imposition of the austerity measures that were structural reforms, a reduction in the government spending and privatization of some state assets. The impact of the austerity measures was a recession, a deterioration of the economy, the rising unemployment and labor unrest.

2. The Greek sport governing structure and financial resources going into the sport

The General Secretariat of Sport (G.S.S.), is the sports office under the management of the Ministry of Culture and Sport. This department is responsible for the executive directorship in the management of the sports in Greece. The Ministry of Education (Directorate of Physical Education) is responsible for the sport in schools (Alexandris & Balaska, 2010; Balaska, 2013; Balaska, Alexandris, Kouthouris & Polatidou, 2012).

There are 25 sports federations in Greece operating at the national level who are members of the Hellenic Olympic Committee, the main umbrella organization. They handle the elite level responsibilities of their sport, for example, the management of the national teams. Municipal Youth and Sports Organizations and the local prefectures are respectively of the organisation from the different local leagues and the administration of sport-for-all (Tripolitsioti, 2017; Tripolitsioti, 2010; Tripolitsioti, Mountakis, and Strigas, 2009; Tripolitsioti, Moudakis, Konstantinakos & Theodorikakos, 2007; Tripolitsioti, 2005).

The G.S.S. finances with high priority national sports federations, the promotion of sport amongst people with disabilities, the combat against doping and violence in sport, the increased participation of women in sport, the development of facilities and sport infrastructure and the promotion of sport-for-all and the promotion of international cooperation. The Ministry of Culture and Sport does not finance professional sport such as football and basketball, that is entirely funded from private sources (Alexandris & Balaska, 2015; Eurostrategies, Executive Summary, June 2011).

As it can be observed traditionally, the Greek sports federations depend on the public funding in order to operate and engage in administrating complications related to the state dominions.

Greece organized the 2004 Olympic Games and the state's participation in the funding was very high and this funding continued until the year 2007.

The literature review revealed only one study by Giannoulakis et al. (2017) who recently investigated the impact of economic crisis in financing national sports federations in Greece. The results of their study showed that there was a drastic reduction in the public funding between 2009 and 2014, the years that were among the first and partly in the second memoranda until 2017 G.S.S.

Therefore, the purpose of this study was to cover this gap and investigate the G.S.S.'s and SF's funding from another aspect, as it is the memoranda with a sampling frame on the 10 SFs collectively representing the highest state-funded sports organisations.

3. Methods

3.1. Research design and data collection

In order to find the G.S.S. funding before the signing of the first Memorandum and during the next second and third ones in the implications for the sports sector, we focused on the national federations (G.S.S., 2017)

An interview with the financial director of G.G.S. was preceded and a similar appointment was made. Any data that were not listed on the G.S.S. website was delivered after the researcher's visit to the director's office. Thereafter, data were registered to a personal computer in the excel program for further analysis. Descriptive statistics were used to determine the terms of the annual grant to federations and changes during the three memoranda (The G.S.S., 2017).

Therefore, the sampling frame of the study was centered on the 10 NSF's collectively representing the highest state-funded sports organisations (G.S.S., 2017).

4. Results

Table 1 show that the funding of the sports federations included in the study before and after the first memorandum and reductions in the euro. In the year 2010 the first memorandum was signed, the 10 federations were subsidized with 33.195.000 E, while the average funding in the years 2011 and 2012 (first memorandum) was 26.268.820 E, a reduction of 6.926.180 E. Larger cut by 1.831.415 E became at the Athletics Federation, followed by a cut of 1.096.800 in the Volleyball Federation and a cut of 980.000 E in the Basketball Federation.

Table 2 shows the funding of the sports federations included in the study between the first and the second memorandum and the reductions in the euro. In the years of the first memorandum the average of the funding of the ten federations was 26.268.820 E, while at the end of the second memorandum there was a cut of 13.662.363 E, that was a huge reduction of 12.608.357 E. Larger cut by 3.148.420 E became at the athletics federation, followed by a cut of 2.390.267 E in the Basketball Federation, a cut of 2.261.985 E in aquatic Federation and a cut of 1.268.500 in the Volleyball Federation. Table 3 shows the funding of the sports federations included in the study between the second and the third memorandum and the reductions in the euro. In the years of the second memorandum the average of the funding of the ten federations was 13.662.363 E, while at the end of the second memorandum there was a cut of 11.451.500 E, that there caused a reduction of 2.337.363 E. Larger cut by 721.100 E became at the aquatic Federation, followed by a cut of 362.165 E in the athletics federation and a cut of 269.733 in the basketball federation.

Table 1. G.S.S. funding for ten Greek FDs before and after the first Memorandum (2010-2012) on the basis of the largest amounts.

SF	Funding before the FM ¹	Mean funding of the FM ¹ years (2011-12)	Reduction
Athletics	8.250.000	6.418.585	1.831.415
Basket	5.500.000	4.520.000	980.000
Aquatics	5.091.000	4.431.585	659.415
Volley	3.800.000	2.703.200	1.096.800
Handball	2.700.000	1.802.750	897.250
Gymnastics	2.000.000	1.757.200	242.700
Wrestling	1.650.500	1.400.000	250.500
Cycling	1.575.000	1.375.000	200.000
Sailing	1.372.500	860.500	512.000
Weight lifting	1.256.000	1.000.000	256.000
Total	33.195.000	26.268.820	6.926.180

Note: ¹FM=First memorandum (May 3, 2010), ²SM=Second Memorandum (March 2012), ³TM=Third memorandum (August 15, 2015)

Table 2. G.S.S. funding for ten Greek FDs between the first and second Memorandum (2013-2015) on the basis of the largest amounts.

SF	Total FD's funding of the FM ¹ years (2011-12)	Total FD's funding between the FM and SM ² (years 2013-15)	Funding reduction
Athletics	6.418.585	3.270.165	3.148.420
Basket	4.520.000	2.129.733	2.390.267
Aquatics	4.431.585	2.169.600	2.261.985
Volley	2.703.200	1.434.700	1.268.500
Handball	1.802.750	942.700	862.050
Gymnastics	1.757.200	1.121.966	635.234
Wrestling	1.400.000	845.066	554.934
Cycling	1.375.000	718.633	656.367
Sailing	860.500	576.800	283.700
Weight lifting	1.000.000	453.000	547.000
Total	26.268.820	13.662.363	12.606.457

Note: ¹FM=First memorandum (May 3, 2010), ²SM=Second memorandum (March 2012), ³TM=Third memorandum (August 15, 2015)

Table 3. G.S.S. funding for ten Greek FDs between the second and third Memorandum (2015-2017) on the basis of the largest amounts.

SF	Total FD's funding between the FM and SM ² (years 2013-15)	Total FD's funding between the SM ² and TM ³ (years 2016-17)	Funding reduction
Athletics	3.270.165	2.908.000	362.165
Basket	2.129.733	1.860.000	269.733
Aquatics	2.169.600	1.448.500	721.100
Volley	1.434.700	1.278.500	156.200
Handball	942.700	755.000	187.700
Gymnastics	1.121.966	987.500	134.466
Wrestling	845.066	650.000	195.066
Cycling	718.633	587.500	131.133
Sailing	576.800	640.000	63.200
Weight lifting	453.000	336.500	116.500
Total	13.662.363	11.451.500	2.210.863

Note: ¹FM=First memorandum (May 3, 2010), ²SM=Second Memorandum (March, 2012), ³TM=Third memorandum (August 15, 2015)

5. Discussion

The purpose of this study was to investigate the G.S.S.'s SF's funding during memoranda years in sampling the 10 Greek SFs collectively representing the highest state-funded sports organisations.

The results showed that there was a geometric reduction in NF's funding. This was 35 % before the crisis and after the first memorandum, 87 % between the first and second memorandum and 25 % between the second

and third memoranda.

Our results are in line with the Giannoulakis et al (2017) study. The above authors explored the implications of austerity years on functions. They have acquired that they both qualitative and quantitative from the G.S.S. in order to examine and distribute public funding to the NSFs between 2007 and 2014. After the results analysis, the authors found a drastic reduction in the public funding between 2009 and 2014.

Földesi (2014), in their review, they studied the impact of the global economic crisis in tow spheres of sport: mega sports events and grassroots sports. The author concluded that although the funding models are different between countries, generally both the public and private funding has been reduced and no field of sport was left untouched by the current global economic crisis. Also, he points out that grassroots sports have suffered the most from it.

Jurak, Andreff, Popović, Jakšić and Bednarik, J. (2014), concluded that the economic crisis will affect grassroots sports, while the semi-professional and professional national sports organization will be more threatened and this could affect the sustainability of sports of their country.

Parnell, Cope, Widdop, Bailey, and May, (2016), explored the implications of the economic crisis and policy measures on the operations and strategies of the non-profit community sports facilities in England. The data were collected by the facility managers, funders, and analysis of annual documents by 02 community sports facilities, which were funded by the state across England. All data were thematically analysed. The results showed that there was a reduction of the local prefecture services such as parks and leisure teams and maintenance repairs. These actions affected the facility administration and brought some at the risk of closure. Also, an increase in the cost of facilities operation was observed. The authors concluded that in the year of the economic crisis, the sports managers should develop new policies to ensure the sustainability of athletic sports organizations.

Walker and Hayton (2017), examined the impact of the economic crisis on the sports organization, which belonged in the third sport sector and deliver disability sports provision in Liverpool, England. The data were collected via in-depth qualitative study from 15 semi-structured interviews with senior of officials belonging to this organization. The authors have thematically analysed the data to determine the stakeholders' aspects of how the environment during the austerity years has affected the organisation and how such impacts have been managed. The results showed that the mentioned third sector sports organization has seen the reduction in the available funding as a challenge to manage the resources in such a way in order to grow its delivery capability through network development and partnership.

However Hoekman, van der Roest and van der Poe (2016) in their study, in Netherland investigated the extent in which municipalities decreased sport expenses during the euro financial crisis. Their results showed that Municipal sport expenses have remained stable in the years 2010-2014. Also, they found that the total budget rose from 2,6%; in 2010 to 2,8% in 2014. More on the inflation account has seen a 3% decrease in their spending power. The Authors concluded that during the economic crisis, the sports managers led a more realistic approach in sports policy, while the local governments expect voluntary sports clubs to get a central role in this turn and should become more a business-like in their approach.

As can be observed from the analysis, there is a close relationship between the ministry of culture, general secretariat of sport, the Hellenic Olympic Committee and the sports federations in Greece. G.S.S. financed the sports federations in order to promote their sport both in individuals and in team sports. On the other hand, the H.O.C. superintends the Olympic Sports and collaborated with the Government as well as with the supervised G.S.S. bodies for the development of healthy sports policies.

As concluded by the similar study by Giannoulakis et al (2017), Greek Olympic and athletic organizations should find different funding sources to turn in the third sector organisations. These organizations are independent of the government, and they are motivated by the desire to improve the environment or economic well-being and the public welfare of the citizens, rather than the desire to distribute profits.

6. Conclusion

The results of the present study confirmed all statistical hypothesis and found that before and after the first memorandum there was a reduction in the SF's funding, that continued between the first and the second memorandum, as well as between the second and the third memorandum. Further studies are needed to investigate the roles of the third sector athletic sports organizations in order to survive during consecutive memoranda.

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Biodata

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