

SYSTEMATIC APPROACHES TO ENSURING THE STRATEGIC DEVELOPMENT OF THE SPORTS AND RECREATION SECTOR

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Abstract. *The subject of the study* is systematic approaches to ensuring the strategic development of the sports and recreation sphere. *Methodology.* General scientific methods were used in the research, in particular: theoretical generalization; methods of positive-normative analysis and statistical analysis. The *aim* is to substantiate systematic approaches to ensuring the strategic development of physical culture and recreation activities in Ukraine. *Conclusions of the study.* Particular attention in the context of strategic development of physical culture and recreation is focused on the creation of an effective system of financial and economic support of the industry as a basic factor in the functioning of other subsystems. The financial and economic subsystem of the development of physical culture and recreation in the work is understood as a set of structural and dynamic characteristics of economic relations within the industry (between all participants in the processes of physical culture and recreation) and beyond (with government agencies, scientific organizations, foreign partners), which includes a set of certain property relations, systems of financial resources flow and management methods regulated by the relevant legal norms, embodied in organizational and economic mechanisms that allow to function effectively in a changing environment. In the context of improving the mechanisms of financial support for the development of physical culture and sports in the strategic perspective, the following elements need to be finalized and improved: the formation of state and regional financial preferences for extra-budgetary funding of physical culture and sports; settlement of issues related to the formation of funds for the development of physical culture and sports at the expense of part of the profits of domestic and foreign producers of tobacco and alcohol products; stimulation of investments (especially foreign ones) in the development of sports infrastructure; development of public-private and municipal-private partnership projects; improvement of sponsorship and patronage institutions; development of modern financial instruments that facilitate the attraction of public funds to the development of sports of higher achievements and joint investment institutions.

Key words: sports and health activities, financing, national characteristics, World Health Organization.

JEL Classification: G18, H30, H51, H61, I10

1. Introduction

The development of physical culture and recreation in Ukraine in recent years has been significantly underfunded, as evidenced by the dynamics of reducing the total amount of funding for physical culture and sports.

The imperfection of the modern system of management of physical culture and recreation activities is explained primarily by the fact that the existing (built for non-market conditions) financial and economic system is applied to the subjects of this sphere.

In the conditions of budget financing deficit, the problem of attracting additional resources to all spheres of physical culture and sports development (including those that carry out exclusively social activities) becomes quite obvious. The solution to this problem, according to the authors, lies in the formation of certain economic relations between the subjects of this sphere, which is facilitated by granting them certain economic rights.

Economic rights of business entities are the right to establish external (with suppliers, consumers,

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customers, other organizations, the state, financial structures) and intra-industry relations, to balance them according to the criteria of efficiency, to form relevant contracts, to provide services and to influence their price.

Determination of strategic guidelines for sustainable development of the physical culture and recreation sphere in the regions requires its comprehensive assessment. The use of a comprehensive analysis for these purposes allows to compare and contrast the potential capabilities and results of the functioning of the physical culture and recreation sphere in the regions, to identify the main shortcomings and to substantiate the possibilities of improving the organizational and economic support of its sustainable development. The physical culture and recreation sphere is recognized as a priority area of socio-economic development of the state and in the context of decentralization should take its rightful place in the policy of local governments through financial, resource, organizational and infrastructural support.

The main work on stimulation and coordination of physical culture and recreation activities is carried out at the local level and is entrusted to the territorial authorities. In Ukraine, as a result of the reform, a broad legislative framework has been formed that provides local governments with sufficient powers to develop this sphere. At the same time, financial support and the need to find additional funds for the development of high-quality sports infrastructure remains a problematic issue, due to the significant

differentiation of the newly formed hromadas in terms of their financial capacity (Tsymbalyuk, Pavlikha, Tsymbalyuk, 2022).

The purpose of the article is to substantiate systematic approaches to ensuring the strategic development of physical culture and recreation activities in Ukraine.

2. Financing of physical culture and health sphere as a factor of strategic development

According to O. V. Ivanova, "the state should ensure diversification of sources of financing of the industry in two main directions. The first is the activation of commercial and non-governmental non-profit structures in providing physical culture and sports services to various categories of consumers (from professional athletes and athletes of international level to services for the population to maintain physical fitness and active longevity). The second is to transfer the functions of management and support of physical culture and sports to the regional and local levels of government. That is, diversification of managerial powers both within the state vertical: federation – region – municipality, and in the direction of the sectoral structure of the economy (economic entities): public (state and municipal forms of ownership) sector – non-governmental non-profit sector (public organizations and foundations)." (Ivanova, 2006)

The dynamics of the total amount of funding for the development of physical culture and sports in Ukraine is shown in Figure 1.

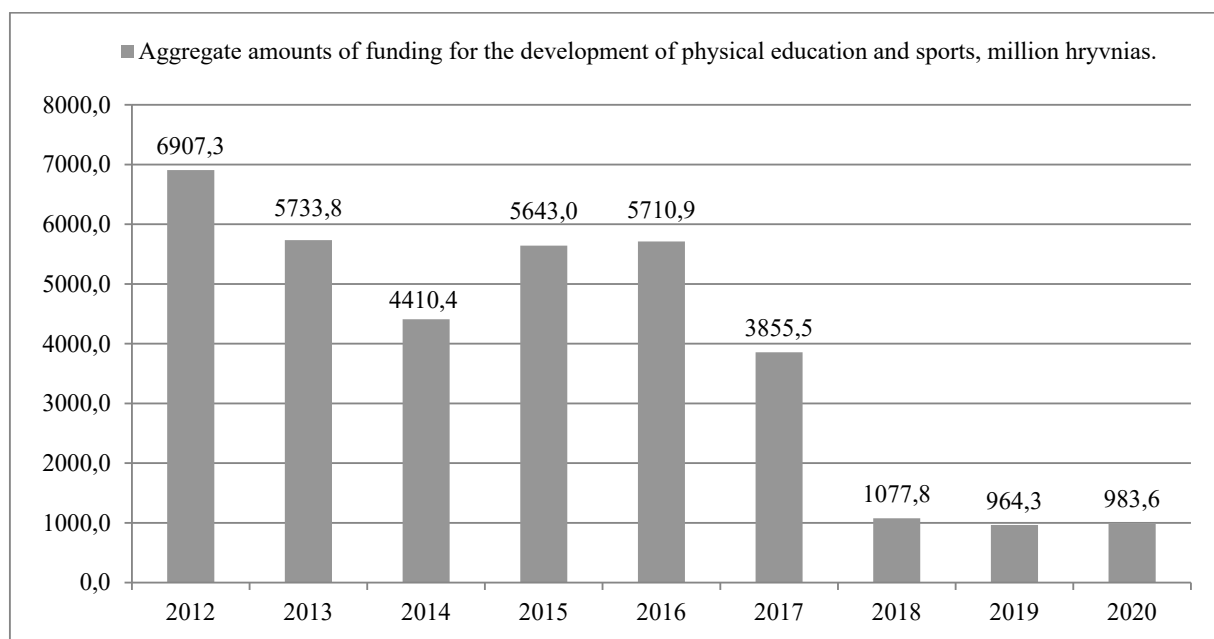


Figure 1. Dynamics of total financing of physical culture and sports development in Ukraine

Source: (Sports Ukraine, 2020)

According to the information directory "Sport Ukraine", the dynamics of financing of physical culture and recreation activities in 2012–2020 decreased by 7 times. In 2012, the amount of funding for sports and recreational activities amounted to UAH 6,907.3 million, and in 2020 it decreased to UAH 983.6 million, while it should be clarified that the amount of funding has decreased not due to the coronavirus pandemic.

When forming subsystems of financial support for the development of physical culture, sports and recreational activities, it is also necessary to distinguish between the activities of organizations whose main goal is to achieve social effect. And for which it is primarily commercial. Thus, according to the Law of Ukraine "On Physical Culture and Sports", the organizations and institutions that primarily perform socially important functions include specialized educational institutions of sports profile, children's and youth schools, schools of higher sports skills, Olympic training centers, centers of sports rehabilitation of the disabled, etc. In the authors' opinion, this category also includes the organizations proposed by the author that provide military sports training for boys and girls. This group of institutions and organizations is a priority in terms of budget funding. At the same time, it is necessary to expand opportunities for additional revenues through: grants, sponsorship, expanding the scope of paid services and other sources.

Based on current realities, it is also worth reviewing the degree of state participation in ensuring the process of expanded reproduction in the sports and recreation industry. In particular, the content of economic activity of the central executive bodies in physical culture and sports, which should be exempted from the functions of operational distribution of budget funds to ensure the maintenance of national teams in sports, requires qualitative reorientation. Instead, this body, as an authorized representative of the state, should primarily ensure the implementation of the function of regulating economic relations in the field of physical culture and sports.

Improving the efficiency of non-profit organizations in the sports sector requires: revision of the mechanism for managing public funding and coordination of activities; granting more powers to sectoral federations; encouraging participation in social and sports projects. As for the business entities operating in the field of professional and mass sports, it is possible to increase the efficiency of their activities by increasing the quantity and quality of services provided, developing partnerships with non-profit sports organizations and other business structures for the joint implementation of social and sports projects in order to advertise their goods

(services) and increase the number of consumers. Thus, people's desire for an active lifestyle, the fashion for sports, the development of socially responsible business contribute to investing in various sports social projects. And although they are not profitable, entrepreneurs receive economic benefits in the form of advertising, increasing the value of the company by creating a positive image, increasing the productivity of employees, assistance from the state in further development of entrepreneurship in the sports industry (Sports Ukraine, 2020).

Based on the experience of countries with developed economies, it is also worth paying attention to the formation of motivational financial instruments that will stimulate the business sector in the field of sports and recreation services. To date, Ukraine has not created financial preferences for extra-budgetary funding of physical culture and sports. It is necessary to regulate the issue of formation of funds for the development of physical culture and sports at the expense of part of the profits of domestic and foreign producers of tobacco and alcohol products as a compensation for the negative consequences for human health from their use. These funds can be used primarily for the development and restoration of sports infrastructure in the regions, in particular for the development of mass sports.

Revenues from sports lotteries, sweepstakes and bookmakers are also an important source of funding for sports organizations. However, the issue of raising funds from their profits directly to finance sports organizations is not regulated at the proper level, which gives grounds for speculation and the formation of shadow schemes in this area.

According to O. V. Ivanova, "when forming an economic mechanism for the development of physical culture and sports, it is necessary to clarify that the sphere of providing sports services is a sphere of production, and, as you know, production consists of labor, means of labor and objects of labor. The subject of work in the field of service provision is a service. Reasonable pricing in the field of sports services is an important area of development of physical culture and sports and requires additional research". (Ivanova, 2006) In this context, an important direction of the state policy remains the formation of measures to support small and medium-sized businesses in the production of sports equipment and the provision of other related services to sports organizations. Another useful example is the strengthening of communication ties between domestic manufacturers of sports goods and sports organizations on the terms of mutual benefit, which will create additional opportunities for financing organizations through the provision of marketing services.

3. Subsystems of strategic development of physical culture and recreation activities

Considering the sports and recreation sector through the prism of business opportunities in Ukraine, one should take into account the measures taken by the Government of Ukraine to support business.

In the strategic perspective, the following elements of financial support for the development of physical culture and recreational activities need to be improved: the formation of state and regional financial preferences for extra-budgetary funding of physical culture and sports; settlement of issues related to the formation of funds for the development of physical culture and sports at the expense of part of the profits of domestic and foreign producers of tobacco and alcohol products; stimulation of investments (especially foreign ones) in the development of sports infrastructure; development of public-private and municipal-private partnership projects; improvement of sponsorship and patronage institutions; development of modern financial instruments that facilitate the attraction of public funds to the development of sports of higher achievements (blockchain technology) and joint investment institutions.

The development of public-private partnership is also one of the modern mechanisms for increasing investment activity in the development of social, sports and municipal facilities. In this context, consider reasonable the opinion of scientists Dudorova L. Yu. and Bondarenko B. O. that "the socio-economic result of PPP should be ensured by coordinated and balanced management of a special body to support and develop PPP in the field of physical culture and sports, the activities of which should be aimed at coordinating actions in the preparation of projects and decision-making on their implementation, in particular, determining the participation of participants in project financing, providing methodological assistance on management and financing, developing regulations, conducting expert analysis of project implementation, etc." (Dudorova, Bondarenko, 2018)

According to the Law of Ukraine "On Public-Private Partnership": "Public-private partnership is cooperation between the state of Ukraine, the Autonomous Republic of Crimea, territorial communities represented by the relevant state bodies, local self-government bodies, the National Academy of Sciences of Ukraine, national branch academies of sciences (public partners) and legal entities, except for state and municipal enterprises, institutions, organizations (private partners), which is carried out on the basis of an agreement." (Verkhovna Rada of Ukraine, 2010)

International experience expands the boundaries of public-private partnership: "it includes various forms of concessions and partnerships, and the basis of PPP is the investment attractiveness of the project." "A concession is a form of public-private partnership, which provides for the granting by the concessor to the concessionaire of the right to create and/or construct (new construction, reconstruction, restoration, overhaul and technical re-equipment) of the concession object, and/or management (use, operation, maintenance) of 'the concession object and/or provision of socially significant services in the manner and on the terms and conditions specified in the concession agreement, and also provides for the transfer to the concessionaire of most of the operational risk covering the demand and/or supply risk'" (Verkhovna Rada of Ukraine, 2019).

Therefore, the organizational and economic model of increasing investment activity in the sports and recreation sector is based on the use of public-private partnership and active interaction between the state, business and the public. Concession – transfer of rights to sports facilities and/or operation of sports and recreation facilities – can be considered as a type of such interaction.

Public-private partnership has a number of advantages that are important for the development of sports and health sector.

At the same time, having advantages, public-private partnership, according to experts of the Institute for Strategic Studies under the President of Ukraine, has a number of disadvantages:

– firstly, there is no minimum share of private partner participation in the project (in particular, in developed countries the minimum share of private financing is 25%). In this regard, even a minimal share of private financing in a joint project allows it to be classified as a PPP, shifting most of the responsibility to the state;

– secondly, there are no clearly defined mechanisms for practical implementation (determining the stages of PPP projects implementation, creating motivation for foreign investors, etc.);

– thirdly, according to Art. 7, public-private partnership is applied to objects that are in state or communal ownership or belong to the Autonomous Republic of Crimea, which makes it impossible to implement such projects as construction of objects by a private partner with their subsequent transfer to a state (communal) partner;

– fourth, the role of the State Fund for Regional Development in financing PPP projects remains uncertain." (National Institute of Strategic Studies, 2019)

Public-private partnership in Ukraine is built and implemented on the principles of equality before the law, non-discrimination of rights, mutually

beneficial coordination of partners' interests, efficiency of activity, immutability of purpose, recognition of rights and obligations of Ukraine, fair distribution of risks and recognition of partners on a competitive basis.

Public-private partnership in Ukraine, despite the insufficient pace of development and penetration in most areas of economic activity, already demonstrates certain positive results, in particular in such areas as transport, energy, communications, utilities, etc.

Currently, public-private partnership in the field of sports and recreation services is underdeveloped due to the imperfection of regulatory support that does not take into account the specifics of the industry. However, taking into account international experience, it is worth developing this area, in particular at the regional level. According to the authors, public-private partnership in sports and recreation activities provides a number of advantages, namely:

- more efficient management of project implementation, saving time and resources by combining the potential of partnership participants;
- improving the efficiency of management decisions that will be made taking into account different approaches to project selection and finding the most optimal ways of their implementation based on a wider set of alternatives;
- improving the efficiency of operational project management, based on the experience of private business, introduction of market instruments for project development (social networks, advertising, marketing communications);
- increasing the social responsibility of business through its integration into public life through involvement in the implementation of socially significant projects;
- improving the quality of sports and recreation services, their better integration with other sectors of the sports industry, as well as the IT sector.

In order to fairly distribute risks and recognize partners on a competitive basis in the process of implementing public-private partnerships in the field of sports and health, an important issue is the selection of pilot projects and the formation of criteria for this selection.

Within the framework of public-private partnerships, public sports organizations and local governments can cooperate by concluding agreements on the long-term use of communal property, land plots, etc. based not only on lease agreements, as is common, but on the targeted joint use and development of physical culture, sports and recreational activities with the provision of benefits for both parties. Where it will allow, on the one hand, to distribute risks and costs, and on the other – to ensure the development of sports organizations in a particular region.

Thus, this section outlines the issues related to the formation and balanced development of subsystems that are necessary to support the effective functioning of the sports and recreation industry in the strategic perspective, the implementation of state policy and the achievement of strategic goals. The formation and development of these subsystems should be carried out taking into account global trends in the field of sports and recreation activities, as well as the limitations dictated by the socio-economic situation of the country after the war. It is obvious that the industry will need new projects and strategies, as well as the formation of models for their implementation in the new realities. In this context, the main functions and tasks of subsystems in the context of existing problems are defined. However, the tools and mechanisms for their implementation will require additional analysis and research, taking into account the post-war situation in the country and its regions.

The war in Ukraine has destroyed a significant part of the economic potential, sports, social and transport infrastructure, caused significant damage to the economy and led to the loss of human resources – this is the opinion of most scientists (Irtysheva, and etc., 2022; Popadynets, et al. 2021; Yakymchuk, et al., 2021; Pletsan, et al. 2021).

4. Conclusions

Particular attention in the context of strategic development of physical culture and recreation is focused on the creation of an effective system of financial and economic support of the industry as a basic factor in the functioning of other subsystems. The financial and economic subsystem of the development of physical culture and recreation in the work is understood as a set of structural and dynamic characteristics of economic relations within the industry (between all participants in the processes of physical culture and recreation) and beyond (with government agencies, scientific organizations, foreign partners), which includes a set of certain property relations, systems of financial resources flow and management methods regulated by the relevant legal norms, embodied in organizational and economic mechanisms that allow to function effectively in a changing environment.

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