

Economic Mechanism for Managing The Entrepreneurial Activity Of A Sports Organization: Structure, Components, And Effectiveness

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Abstract: This article examines the formation and functioning of the economic mechanism for managing entrepreneurial activity in modern sports organizations. The relevance of the topic is driven by the increasing commercialization of sports and the need for sports clubs and federations to adapt to market conditions. The objective of the study is to develop and theoretically substantiate a structural-functional model of the economic mechanism for managing the entrepreneurial activity of a sports organization. The research employs methods of system analysis, economic modeling, and a structural-functional approach. As a result of the study, the essence of this mechanism is defined, its key subsystems (financial, marketing, operational, and innovation-strategic) are identified, and the interrelations between them are analyzed. An integrated model is proposed to optimize management decisions and enhance the commercial effectiveness of a sports organization. The practical significance of the work lies in the potential for sports organization managers to use the proposed model for diagnosing, planning, and controlling entrepreneurial activities.

Keywords: Sports management, sports economics, entrepreneurial activity, economic mechanism, sports organization, commercialization of sports, performance management.

Introduction: Modern sports are undergoing profound transformations, evolving from a socially significant phenomenon into a full-fledged sector of the economy. Professional sports organizations (clubs, leagues, federations) are increasingly involved in entrepreneurial activities aimed at generating profit and ensuring financial sustainability. This process, known as the commercialization of sports, presents management with new, more complex challenges. The success of a sports organization today depends not only on athletic results but also on the efficiency of managing its commercial streams: media rights sales, sponsorships, ticketing programs, merchandising, and other activities.

Despite a significant body of research on specific

aspects of the sports business, such as sports marketing (Kotler, 2013), financial management (Szymanski, 2009), or sports event management, there is a lack of comprehensive studies in the scientific literature that view the management of entrepreneurial activity as an integrated system. Existing approaches are often fragmented and fail to capture the synergistic effect of the interaction between different functional areas. There is no unified understanding of the structure and operating principles of an economic mechanism that would integrate all elements of sports entrepreneurship into a single, manageable system.

Thus, the relevance of this study is determined by the need to scientifically substantiate and develop a holistic model of the economic mechanism for

managing the entrepreneurial activity of a sports organization, adapted to modern market realities.

The objective of the study is to develop and theoretically substantiate a structural-functional model of the economic mechanism for managing the entrepreneurial activity of a sports organization.

To achieve this objective, the following tasks were set:

1. To clarify the concept and essence of the "economic mechanism for managing entrepreneurial activity" as it applies to the sports industry.
2. To identify the key structural components (subsystems) of this mechanism.
3. To analyze the interrelations and interdependencies between the identified components.
4. To propose an integrated model of the mechanism and describe its operating principles.

Methods

The methodological basis of the research was a system approach, which allows for viewing the economic mechanism as a complex, open system consisting of interconnected elements. A set of general scientific and special methods was used to solve the tasks:

- Structural-functional analysis: used to decompose the economic mechanism into its constituent subsystems (structure) and to determine the role of each in achieving the organization's overall goals (functions).
- Economic modeling: applied to construct a conceptual model that visually demonstrates the relationships between the mechanism's elements and the flows of resources (financial, informational, human).
- Analysis and synthesis of scientific literature: allowed for the generalization of existing theoretical approaches to sports management and the identification of a research gap.
- Case Study: to verify the theoretical propositions, data from open sources (financial reports, strategic plans, marketing campaigns) of 15 leading European football clubs for the period 2019-2023 were analyzed. The analysis was aimed at identifying typical management practices and their impact on commercial revenues.

The study is primarily theoretical and methodological in nature. Empirical data were used to illustrate and confirm the validity of the proposed model.

Results

Based on the analysis, the author's definition was formulated. The economic mechanism for managing the entrepreneurial activity of a sports organization is a set of interconnected forms, methods, tools, and levers (financial, marketing, organizational, legal) purposefully used to initiate, regulate, and optimize commercial processes with the aim of maximizing profit and ensuring the long-term financial sustainability of the organization.

Through structural-functional analysis, four key subsystems of this mechanism were identified:

1. Financial Subsystem. This is the core of the mechanism. Its functions include: budgeting, cash flow management, investment attraction, cost control (including player transfers and salaries), financial planning, and analysis. Its tools include financial accounting, auditing, lending, leasing, and brand and asset valuation.
2. Marketing Subsystem. This is responsible for revenue generation. Its functions include: brand management, development of sponsorship packages, implementation of ticket and season-pass programs, sale of media rights, management of retail sales (merchandising), digital marketing, and fan engagement (CRM). The success of this subsystem directly impacts the resources of the financial subsystem.
3. Operational Subsystem. This ensures the creation of the "sports product" and related services. Its functions include: management of sports personnel (scouting, contracts), management of sports facilities (stadiums, training grounds), organization and execution of matches and events (event management), logistics, and security. The efficiency of this subsystem determines the quality of the product promoted by the marketing subsystem.
4. Innovation and Strategic Subsystem. This determines the organization's development vector. Its functions include: strategic analysis and planning, risk management, implementation of innovations (sports technology, digital transformation, new business models), monitoring of market conditions, and development of international relations. This subsystem sets the goals and standards for the other three subsystems.

Interrelations between Subsystems: the case study analysis revealed a strong interdependence among the components. For example, an investment from the financial subsystem in acquiring a star player (operational subsystem) leads to an increase in merchandise sales and heightened sponsor interest (marketing subsystem), which in turn increases revenue (financial subsystem). A failure in one

subsystem (e.g., a failed marketing campaign) immediately affects financial performance and limits the capabilities of the operational and strategic activities.

Based on this data, an integrated model of the economic mechanism was developed (see Figure 1 - a conceptual description). The model is a cycle where the innovation-strategic subsystem sets goals. Based on these, the financial subsystem allocates resources between the operational and marketing subsystems. The results of their activities (athletic achievements and commercial revenues) are evaluated and serve as a basis for adjusting the strategy and initiating a new management cycle. A key element of the model is the feedback loops that ensure the mechanism's adaptability to changes in the external and internal environment.

DISCUSSION AND CONCLUSION

The model of the economic mechanism for managing entrepreneurial activity proposed in this study is distinguished from existing approaches by its comprehensiveness and its focus on interrelations. Unlike works that focus on individual functions, this model presents management as an integrated process where financial, marketing, and operational decisions are subordinated to a single strategy.

The theoretical significance of the work lies in clarifying the concept of the "economic mechanism" for the sports industry and in developing its structural-functional model, which can serve as a basis for further research in sports management.

The practical implications for managers of sports organizations are as follows:

- It is necessary to move away from a fragmented, "siloed" approach to management in favor of a systemic vision.
- The proposed model can be used as a diagnostic tool to identify "weak links" in a club's commercial activities.
- Effective management requires the balanced development of all four subsystems. An overemphasis on one (e.g., player transfers) at the expense of others (e.g., marketing) leads to long-term financial instability.

The limitations of the study are related to its theoretical nature. Full verification of the model requires quantitative research, including the construction of econometric models to assess the contribution of each subsystem to the organization's final financial results. Furthermore, the analysis was limited to football clubs, and the model may require adaptation for other sports or types of organizations (e.g., federations).

In conclusion, it can be stated that the formation and effective use of a holistic economic mechanism is a key factor for the competitiveness and sustainable development of a modern sports organization. The proposed model is a step towards creating a universal toolkit for managing the complex and multifaceted entrepreneurial activities in the sports industry.

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