

**AN ENVIRONMENTAL ANALYSIS OF CYCLING SOUTH AFRICA  
(2010)**

by

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## DECLARATION

I declare that **An environmental analysis of Cycling South Africa (2010)** is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

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Mrs P Bester

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Date

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## **ABSTRACT**

During the past few decades, the sport industry has experienced immense pressure to commercialise its operations and conform to traditional business practices (Chadwick 2009:191). With this evolution from a pure leisure activity to a multimillion dollar industry, it has become evident that the unique characteristics and deeply rooted historical culture of sport pose significant challenges for the sport manager during the process of commercialisation and the application of strategic management. The aim of this study was to analyse the current business environment of Cycling South Africa (CyclingSA) in such a way that the factors in the micro-environment, market environment and macro-environment that impact on the organisation's strategic decisions could be identified. The results should allow sport organisations to engage more effectively in strategic management by focusing on factors that influence the sport organisation's business environment in particular. A survey of CyclingSA members' perceptions of the organisation's current effectiveness in the business environment revealed a strong focus on financial and marketing elements. The study also found that factors such as loyalty programmes, talent identification and sport science support, safety in the physical environment, antidoping regulations, transformation and black economic empowerment and environmental friendly practices play a key role in CyclingSA's business environment. It is evident from the study that sport organisations, with specific reference to CyclingSA, should engage in strategic management by adapting traditional business principles to suit each organisation's unique needs.

**Keywords:** Strategic management, business environment, macro-environment, microenvironment, market environment, sport organisations, sport marketing, Cycling South Africa

## **LIST OF ABBREVIATIONS**

<b>ASO</b>	Amuary Sport Organisation
<b>ASOIF</b>	Association of Summer Olympics International Federation
<b>BEE</b>	Black Economic Empowerment
<b>BMR</b>	Burea of Marketing Research
<b>BMX</b>	Bicycle Motorcross
<b>CyclingSA</b>	Cycling South Africa
<b>FIFA</b>	International Federation of Association Football
<b>IAAF</b>	International Association of Athletics Federations
<b>MTB</b>	Mountain biking
<b>UCI</b>	International Cycling Union

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# **CHAPTER 1      BACKGROUND TO THE STUDY**

## **1.1 INTRODUCTION**

In recent years, sport has evolved from a leisure activity to a multimillion dollar business (Chadwick 2009:191). From this evolution, the need has arisen for sport organisations that are able to manage, develop and promote sport on the basis of sound commercial business principles. The unique characteristics and deeply rooted historical culture found in almost every sporting code, poses significant challenges for the sport manager in terms of strategic management. In order to preserve and further sport as a cultural phenomenon and achieve the bottom line, it is crucial for sport organisations to apply strategic management principles during the process of commercialisation (Berett & Slack 2001:22).

Strategic management refers to the process of making the necessary analysis and decisions needed to implement and formulate strategy (Dyck & Neubert 2009:259) and deals with the intended and emergent initiatives involving the utilisation of resources to enhance the organisation's performance in the external environment (Nag, Hambrick & Chen 2007:944). This process is becoming progressively more important as competition in the industry increases and markets become more volatile (Volberda 2008:1). Strategic management can therefore be seen as fundamental to the success of organisations and has stretched beyond merely being the responsibility of top management. Employees are continuously being involved in strategy development and planning to ensure a smooth process from inception to implementation. The essence of strategic management lies in the ability of the organisation to identify core competencies and resources and match them with the external environment in order to create a perfect fit that can potentially lead to a competitive advantage (Sherman, Rowley & Armandi 2007:163)

Generally, the first step in strategic management is considered to be the environmental analysis after which the organisation will be able to establish its direction, formulate strategies, implement those strategies that were chosen and

practise strategic control (Certo & Peter in Anon 2007:1). During the environmental analysis stage, on which this dissertation will focus, a structured process is followed to evaluate the strategic position of an organisation by identifying its strengths, weaknesses, opportunities and threats (SWOT) (Jooste, Strydom, Berndt & Du Plessis 2009:160). This analysis is conducted in the three main areas of the sport environment, namely the microenvironment, the market environment and the macroenvironment. It allows the organisation to set strategies that will take the above-mentioned elements into consideration and enable the organisation to plan appropriately for its future.

From research conducted by Chadwick (2009), Maltese (2008) and Mason (1999) it is clear that sport organisations require an unconventional approach to the strategic management process owing to their unique nature. There are, however, noticeable gaps in research on the environmental analysis for sport organisations and how to plan strategically for their management. As mentioned, this is crucial in determining the action that needs to be taken to ensure the survival and growth of a specific organisation. Without engaging in strategic management, sport organisations will find it difficult to successfully commercialise their operations and continue to promote their specific sporting code (Sherman et al 2007:165).

The purpose of this dissertation was to analyse the business environment of sport organisations in such a way that the unique needs and characteristics of such organisations could be identified and accommodated. The research subject for this dissertation was the governing body of cycling in South Africa, Cycling South Africa (CyclingSA). Formed in 2004, this organisation is in charge of managing, controlling and promoting the sport of cycling to the general public as well as to professional athletes. In 2008, some 500 000 bicycles were sold in South Africa (Great Event Company 2009) and cycling is considered to be one of the fastest-growing sports in the country. CyclingSA plays host to the only Golden Bike UCI<sup>1</sup> event in Africa, the

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<sup>1</sup> The title, UCI Golden Bike, is a quality label that the International Cycling Union (UCI) grants to the best “cycling for all events”. Currently, eight events in eight countries – six in Europe, one in Africa and one in Oceania – have been awarded this status.

Cape Argus Cycle Tour which, incidentally, is also the largest individually timed sporting event in the world. Despite recent successes such as the hosting of world-class events and producing local talent such as Sifiso Nhlapo, there are numerous additional issues to consider when planning for CyclingSA's future. Some of these issues include safety on the roads for all cyclists and the development of underprivileged riders. It is therefore deemed vital for the survival of the sport and CyclingSA to conduct a proper business environment analysis. The results of this analysis should contribute towards sustaining the current growth phase that cycling and CyclingSA are experiencing in South Africa. See also section 1.4 which provides more information on cycling in general and CyclingSA more specifically.

The secondary objectives of this study were therefore to determine the factors in the microenvironment, market environment and macroenvironment that have a significant impact on a sport organisation. These factors need to be taken into consideration when engaging in strategic management and formulating strategy. This would be achieved by looking specifically at CyclingSA's current business environment by means of a quantitative questionnaire survey. The survey would focus on the perceptions of current CyclingSA effectiveness on the traditional factors that make up the business environment of organisations, as perceived by members of the organisation. See also section 1.6 in which the research objectives are identified.

The rest of this chapter is devoted to a brief overview of the problem statement and the research subject, followed by a discussion of the research aim and objectives of the study. A concise introduction of the methodology is provided along with the chapter layout in the dissertation.

## **1.2 BACKGROUND INFORMATION ON THE RESEARCH PROBLEM**

In today's highly competitive and changing environment, it is becoming increasingly crucial for organisations in almost every sector to re-examine their strategies. This strategy evolution is viewed as the major indicator of organisational excellence (Volberda 2008:1) and in light of this new development in the business world,



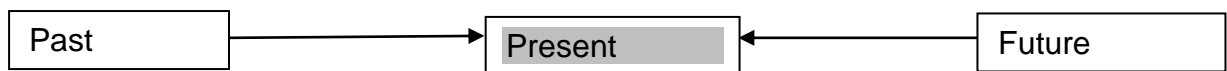
strategic management has become the main tool for ensuring a company's sustainability, and ultimately, its success. Management's ability to gather and process information about the organisation's competitive environment has increased dramatically, and with the use of computer technology and the internet, the data and information obtained are far more accurate and reliable, allowing for more accurate strategic decision making (Sherman et al 2007:163).

Strategic management is considered by many experts to be fragmented, with an incoherent identity. However, in research conducted by Nag et al (2007:935), it was found that strategic management's success lies in the field's ability to attract multiple perspectives while maintaining its coherent distinctiveness. Strategic management can therefore be defined as follows:

- “The field of strategic management deals with the major intended and emergent initiatives taken by general managers on behalf of owners, involving the utilisation of resources, to enhance the performance of firms in their external environment” (Nag et al 2007:944).
- “A continuous, iterative process aimed at keeping an organisation as a whole appropriately matched to its environment” (Certo & Peter in Anon 2007:2).
- “The process of proactively aligning the organisation's resources (internal environment) with the threats and opportunities caused by changes in the external environment” (Smit et al 2007:84).
- “The development of corporate strategy and the management of an organisation according to that strategy. Strategic management focuses on achieving and maintaining a strong competitive advantage. It involves the application of corporate strategy to all aspects of the organization, and especially to decision making” (BNet 2009:1).
- “The process by which a firm manages the formulation and implementation of its strategy” (Carpenter & Sanders 2009:8).
- “The procedure that involves the full set of commitments, decisions and actions required for an organisation to achieve strategic competitiveness and earn above-average returns” (Ireland, Hitt & Hoskisson 2009:6).

From these definitions, it can be recognised that strategic management is concerned with the establishment of strategies that allow organisations to make use of the resources they possess to increase their performance in the external environment. This is done by performing detailed planning of identifying the most promising business opportunities for the organisation and focusing its resources on long-term profitability (Nag et al 2007:950). The focus of this process is depicted in figure 1.1.

**Figure 1.3: The focus of strategic management**



Source: Smit et al (2007:84)

Strategic management deals with a volatile environment that is constantly changing, and organisations should be flexible by aligning their strategies with the changing environment. In order to accomplish this, strategic management needs to be an ongoing process that requires well-developed conceptual skills primarily possessed by top management.

The SWOT analysis and its key measurement tool, the environmental analysis, serve as the fundamental methodology for formulating strategic management strategies (Sherman et al 2007:163). The analysis allows for a simplistic approach that does not usually require an extensive marketing information system and possesses the ability to integrate and synthesise diverse sources of information (Jooste et al 2009:160). It also fosters collaboration and open information exchange between the different functional areas of organisations which ensure a more holistic approach to management and strategy formulation. The analysis is conducted in the three main areas of the business environment:

- The microenvironment consists of the business itself and includes factors such as the mission and vision, organisational functions including marketing and the human resource functions.
- The market environment is the set of factors that directly influences an organisation and its competitive actions and responses (Ireland et al 2009:36). Here suppliers, consumers, competitors and intermediaries come into play.

- The macroenvironment is composed of dimensions in the broader society that influence an industry and the organisations in it (Ireland et al 2009:35). It includes the international, technological, political, economic, sociocultural and physical environments.

From the above it is evident that conducting an environmental analysis and practising strategic management has various benefits for organisations.

When looking at sport organisations specifically, one should realise that they render a service instead of providing a product (Chelladurai & Chang 2000:2). Services differ extensively from products in terms of the way in which they are produced, consumed and evaluated. The most common distinctions between the two are as follows (Chelladurai & Chang 2000:2):

- *Services are intangible.* This means that consumers do not take possession of an item that they are able to touch and take home with them. Services are essentially only an experience of which the memory remains.
- *Services are heterogeneous while products are homogeneous.* The final outcome of a service differs from day to day and depends on many factors, including the customer.
- *A service is produced and consumed simultaneously.* This means that the consumer participates in the production process, something that hardly occurs when producing a product.

Owing to the service orientation and unique history and culture of sport, sport organisations and their management are vastly different from other organisations. At the turn of the century, prodded by technological and media developments, regulations put in place by government bodies such as the European Union, internationalisation and globalisation as well as the dominance of the free-market system, increasingly more sport organisations found the pursuit of a business-oriented structure successful. Beech (Chadwick 2009:192) developed a model containing seven phases that characterised the transition sport followed in becoming businesses. These phases are depicted in figure 1.2.

**Figure 1.4: The phases of sport development**



Source: Adapted from Beech (Chadwick 2009:192)

A key consideration when commercialising a sport is the fact that most sports are deeply socioculturally embedded (Chadwick 2009:192). This element creates highly distinctive and unique challenges for sport managers and sport organisations. This also gives rise to the question whether or not sport management as a business is indeed a rational economic activity. If one examines this point, sport management is likely to have a sociopsychological foundation as much as it has an economic foundation (Chadwick 2009:193).

Sport management is markedly different from mainstream management, and sport organisations need managers with a different kind of knowledge base, skills and management practices than those possessed by ordinary business managers (Chadwick 2009:192). The main difference between sport organisations and normal business organisations is that sport is in the business of uncertainty. The essence of sport is the uncertainty of the outcome associated with a contest between individuals or teams. This uncertainty, which means that no one really knows who is going to be victorious, is what draws so many people, groups and organisations to various sports (Smith & Stewart 2009:7).

It has been established that uncertainty is the foundation of sport and that without competition any sport would certainly fail. One of sport management and sport

organisations main challenges lies in the notion that individuals/teams/groups need to coordinate their activities. Sport organisations need to actively engage with one another to fulfil their central purpose, a concept almost unheard of in other industries. Collaboration between organisations is key to the success of the members involved and ultimately also to the sport itself. A concept that ties in closely with collaboration is the measurement of performance. It exposes sport to a level of scrutiny one would not identify with other industries. This scrutiny is exacerbated even more by media coverage and the general interest humans have in sport. Technological advancements have made it possible to measure increasingly specific details of sport performance, increasing the significance of this element in sport management as well as sport organisations.

Sport organisations consist of various elements and have several stakeholders whose needs must be taken into consideration. Hence the strategic management of sport organisations is problematic in the sense that the external environment (the stakeholders involved) needs to be controlled effectively whilst the organisation needs to be able to perform, develop and be maintained independently (Maltese 2008:16).

Traditional organisations utilise the analysis of the business environment and SWOT analyses to provide a sound basis for strategic management (Anon 2008:1). However, as many researchers have indicated (Chadwick 2009:294; Maltese 2008:10; Shannon 1999:517), the sport organisation has various attributes that make it unique from other organisations. Owing to these vital and deeply rooted differences, sport organisations find that the traditional business environment analysis lacks depth and suitability for the organisation's needs.

### **1.3 PROBLEM STATEMENT**

The aim of this study was to determine what distinct differences in a sport organisation's structure should be accommodated when analysing the business environment. The reason why this analysis is so important stems from the fact that almost all strategic management decisions are based on the business environmental analysis. Strategic management is becoming increasingly crucial to the survival of organisations as competition increases and markets become more volatile.

The focus of this study was on the business environment of CyclingSA and how it is currently performing, according to the perceptions of current members, one of the most significant stakeholders in all organisations. The study therefore endeavoured to provide in-depth information on how the organisation can improve its current structure and provide all sport organisations with guidelines on a business environment analysis.

## **1.4 BACKGROUND INFORMATION ON THE RESEARCH SUBJECT**

The CyclingSA is the governing body for the sport of cycling in South Africa and would serve as the main research topic for this dissertation.

### **1.4.1 History of and background on cycling**

The sport of cycling was first introduced to South Africa by the British soldiers. It was the Boers, however, who perfected the use of bicycles as a highly effective logistical device during the Anglo-Boer wars. They employed the bicycle for dispatches and scouting in order to save their horses for battle. After discovering this, the British established a cycle corps that served the same purpose (Mc Kechnie 2008).

The concept of cycling competitions and races was brought to South Africa from Europe during the late 1800s and the first recorded cycling competition in the country was held in 1881. These competitions recurrently featured alongside running races, and betting on these events was a popular past time. However, in 1893, betting on the sport was banned primarily because of the prevailing spirit of amateurism during that period (Mc Kechnie 2008). As expected, betting started to thrive underground, despite the sanctions against sports betting.

The first cycling club was formed in Wanderers where the initial ground track was also situated. During the 1890s the sport of cycling became immensely popular, especially in the areas where British troops were stationed. During this period, numerous cycling tracks were built and clubs established. The Wanderers Amateur Cycling Club was formed in 1895 and became the most successful club its time in South Africa, with a

total of 250 members (Mc Kechnie 2008). There were even women members who participated in their own competitions and in so doing contributed to the emancipation of women.

The first track World Championships were held in 1893 in France and three years later cycling was included in the 1896 Olympic Games, the first modern edition of the Games that was held in Greece. South African citizen, Lourens Meintjies, won a title during these championships showing the presence of South African cycling on the world stage. He became South Africa's first professional cyclist in 1909 (Mc Kechnie 2008).

On 14 April 1900, the International Cycling Union (UCI) was founded by the Belgian, French, Italian, Swiss and United States National Federations in Paris (UCI 2009:2). In 1965, the UCI established the amateur and professional arms of cycling that resulted in the creation of the International Amateur Cycling Federation (FIAC) and the International Professional Cycling Federation (FICP). The UCI continued to develop across the globe, establishing affiliates in various countries. These affiliates, of which the CyclingSA is one, serve as the governing body in their respective countries.

#### **1.4.2 Establishing CyclingSA**

After many problems, the South African Cycling Federation became CyclingSA on 31 December 2004. CyclingSA was established as a voluntary association with a separate legal persona and took over the South African Cycling Federation's rights and liabilities. CyclingSA became responsible for the promotion, growth, development and control of all the disciplines of cycling in South Africa. These disciplines include the following:

- competitive road racing and time trials
- recreational road cycling (with focus on the "Cycling for All" concept)
- track cycling

- competitive off-road cycling – cross-country, mountain biking and downhill mountain biking
- recreational off-road cycling
- BMX cycling
- commuting
- touring

With the primary objective of promoting and developing cycling in South Africa, CyclingSA was chosen as the key research subject for this study.

## **1.5 RESEARCH METHODOLOGY**

The research dissertation empirically investigated the business environment of sport organisations, with specific focus on CyclingSA, and the effect it has on the management of these kinds of organisation. It strived to determine the special issues and factors sport organisations have to take into consideration when engaging in strategic management, as perceived by members of the organisation. The research methodology that was used consisted of two stages, namely secondary research and primary research. The first stage of the research consisted of a relevant academic literature review, while the second stage involved a quantitative survey of the respondents and the analysis and interpretation of the data that had been collected.

The secondary research in this research study comprised an in-depth literature review of a range of concepts relevant to the primary research. Information gathered in the first stage of the research was synthesised and is presented in chapters 2 and 3. The research was conducted by reviewing pertinent existing academic literature contained in scientific journals, magazines, electronic databases and other publishing academic material.

Chapter 2 explores the literature that is available on the business environment of the sport organisation. This chapter includes relevant theory on important concepts such as sport management, strategic management and the environmental analysis of the sport organisation. The current literature on the microenvironment, market environment and macroenvironment is also discussed in this chapter. Chapter 3



provides a brief overview of the history of sport organisations. The history of sport management, sports events, the development of sport policies and the development of modern sport is also discussed. The chapter concludes with a discussion of the history of cycling and the progression of the sport.

The primary research was conducted with the use of an online quantitative survey. The population of interest for this study is the national sport organisation for cycling, CyclingSA, and the cycling community of South Africa. There were 14 265 registered CyclingSA members in 2010. However, it is necessary to mention that numerous recreational cyclists do not belong to a registered club or CyclingSA affiliate and are therefore not registered and officially counted.

A census approach was used to survey the population as the questionnaire was placed on the CyclingSA official website. The questionnaire was constructed by the researcher in a process that included a pretest. This process is discussed in detail in chapter 4, section 4.2.5. The majority of the questions were derived from previous research on sport organisations, conducted by Papadimitriou and Taylor (2000) and Chelladurai and Chang (2000). Questions were also generated with the help of senior CyclingSA management to ensure that the survey addressed the specific organisation's needs.

As mentioned, the primary data were collected using a self-completion questionnaire that was placed online on CyclingSA official site's main page. The completed questionnaires were received by the electronic data bank of the Bureau of Market Research (BMR) during the months of October and November 2010. A total of 307 completed questionnaires were received during the data collection process.

The outcome of this study was able to provide CyclingSA, specifically, and sport organisations, in general, with the information needed to manage the complex sport business environment successfully, allowing them to promote the specific sporting code to the South African public and to grow the industry. Information obtained from this study summarised the micro-, market and macroenvironment of the organisation in such a way that sport organisations will be able to manage their businesses more effectively. The strategic approach that was followed should lead to the achievement

of objectives and an increase in profit margins. This study also provided valuable insight into effective marketing strategies for the promotion of sport as well as customer profiles and decision making.

## 1.6 RESEARCH OBJECTIVES

Attempting to determine an effective method for analysing the business environment of sport organisations is a critical topic for both sport researchers and sport organisations. There is no doubt that the literature on this topic is highly fragmented and incomplete. This dissertation thus synthesised the available literature on sport organisations' business environments and empirically explored the theoretical structure of this particular concept.

Therefore the primary objective of this dissertation was to analyse the business environment, in its entirety, of CyclingSA, based on the members' perceptions. To achieve this primary objective, the following secondary objectives were formulated as follows:

- to determine the effectiveness of CyclingSA's current **financial processes**
- to investigate the effectiveness of CyclingSA's current **marketing and communication plan**
- to determine the perceived level of **service quality**
- to investigate the response of cyclists towards the proposed **loyalty programme**
- to establish the current level of **talent identification** in CyclingSA management
- to determine CyclingSA's level of commitment towards **sport science support**
- to establish the level of perceived **safety** and security on South African roads
- to determine the level of **drug awareness** of riders
- to investigate the relevance of a **drug education programme**
- to establish the level of commitment of CyclingSA towards **transformation and black economic empowerment**

- to determine the response towards a **green project** such as a bicycle commute programme
- to compile a **profile** of CyclingSA members

## 1.7 CHAPTER LAYOUT

This dissertation is subdivided into six chapters. **Chapter 1** established the research orientation by providing background on the research problem, the research subject, the problem statement and the research methodology used and outlined the primary and secondary objectives.

**Chapter 2** will focus on providing an extensive literature review on the business environment of sport organisations.

**Chapter 3** will focus on the history of sport organisations in general and will conclude with an overview of the history of both the UCI and CyclingSA.

**Chapter 4** will outline the research methodology used in the study.

**Chapter 5** will present the research results consisting of descriptive and inferential statistical analyses.

**Chapter 6** will make the recommendations on the basis of the results of the study and draw conclusions.

## 1.8 CONCLUSION

Sport organisations have become a crucial part of society and with the shift to commercialisation, the need to pursue environmental analysis and practise strategic management have become increasingly apparent. With increased competition in the sport industry and market volatility being the order of the day, strategic management has become the main tool for determining organisational excellence (Anon 2008:1). However, certain research gaps have been identified in strategic management for sport organisations (Chadwick 2009:198). To ensure that sport organisations continue

to thrive as they advance to the commercialisation of the industry, strategic management and environmental analysis need to be adapted to suit the specific needs of sport organisations.

This research will provide more insight into these needs and the way in which the environmental analysis should be adapted to provide for the needs of sport organisations. This will be achieved by focusing specifically on the perceptions of CyclingSA members on the effectiveness of the organisation within the traditionally defined business environment. A suitable environmental analysis will allow the sport organisation to match its distinctive competencies and resources to the external environment which, in turn, should create a sustainable competitive advantage.

## **CHAPTER 2 THE BUSINESS ENVIRONMENT OF THE SPORT ORGANISATION**

### **2.1 INTRODUCTION**

It has been reported that sport has progressed from the pure pursuit of leisure to a multimillion dollar industry (Chadwick 2009:191). Owing to this shift towards a more business-oriented industry, a need has developed for sound commercial business principles in managing, developing and promoting sport organisations. However, it has been found that the unique characteristics and deeply rooted historical culture found in nearly all sport codes, make the sport organisation unique in the sense that it requires adapted commercial business principles (Shilbury, Sotiriadou & Green 2008:218). This unique adaptation of management is even more applicable when it comes to strategic management, where managers should not only strive to preserve the sport as a cultural phenomenon, but also ensure the sustainability of the sport by focusing on the bottom line.

When looking at strategic management, it is clear that proper analysis and decision making are needed before strategies can be formulated and implemented (Dyck & Neubert 2009:259). With competition at an all-time high and markets being as volatile as they are, strategic management is becoming a fundamental aspect of the management process and will in future be crucial to the success of the organisation (Anon 2008:1). Employees of organisations will play an increasingly important role in the strategic management process and will be involved to ensure an efficient process and implementation of strategies. Employee involvement in this process will also help managers to identify core competencies and resources and match these with the external environment. Once such a match is created, the perfect fit will probably lead to a sustainable competitive advantage (Sherman et al 2007:163).

An analysis of the organisation's business environment is necessary to match core competencies and resources with the external environment. Here close attention should be paid to the microenvironment, market environment and macroenvironment of the sport organisation.

This chapter focuses on the sport organisation's business environment and the unique challenges it poses for sport managers. A brief discussion of sport management in general will be followed by a literature review of the microenvironment, market environment and macroenvironment of the sport organisation.

## **2.2 SPORT MANAGEMENT DEFINED**

As mentioned earlier, research has shown that even though sport organisations would benefit greatly from following commercial business principles such as utilising strategic management, they need to adapt these principles to suit their specific needs. However, sport has traditionally been divided between two contrasting approaches when viewed from a management perspective. One perspective views sport as a distinctive cultural institution with a range of unique features. Here, the reflective application of standard management principles not only leads to poor management decision making but also to the obliteration of the sport's rich history, emotional connections and social relevance (Smith & Stewart 2009:1). The other perspective views sport as nothing more than a generic business enterprise that is subject to the usual government regulations, market pressures and customer demands and is best managed by standard business tools that assist with the planning, finance, human resource management and marketing functions. With the corporatisation of sport as well as the emergence of sport management as an academic pursuit, these two perspectives have become somewhat blurred and more complicated owing to the fact that sport exists in both commercial and not-for-profits forms (Smith & Stewart 2009:1).

It is clear from research conducted by Smith and Stewart (2009:3) that sport possesses ten features that impact on the effective management thereof and that these features need to be taken into account when participating in commercial business principles. These features can be summarised as follow:

- Sport is a **heterogeneous** and **ephemeral experience** caught up in the **irrational passions** of the fans, commanding high levels of **product and brand loyalty, optimism** and **vivid identification**.
- Sport, in general, favours on-field **winning over profit**.
- Sport is subject to **variable quality** which, in turn, has implications for the management of **competitive balance** and **anticompetitive behaviour**.
- Sport has to manage a **fixed supply schedule**.

These characteristics will now be discussed in detail.

### **2.3 THE FUSION OF LOYALTY, IDENTIFICATION AND IRRATIONAL OPTIMISM**

Sport was initially considered a highly intangible product where satisfaction came from experiences that were centred on watching others engage in various forms of structured physical activity (Smith & Stewart 2009:4). The core feature of spectator sport is thus its ability to intimately engage fans and deliver intensely emotional and loyal attachments to their preferred teams and clubs. Underpinning this sense of loyalty is a strong sense of identification where fans experience belonging and vivid emotions. Owing to this strong emotional bond, the sporting product can be associated with a low cross-elasticity of demand, where one sport product cannot easily replace another (Smith & Stewart 2009:4). Sport's ability to provoke strong passionate attachments, diligent loyalty, vicarious identification and blind optimism makes it a unique product offering that is widely differentiated from that of consumer goods and other service-based products.

It is important to note, that some sport consumers are not fanatical in their passion towards sport and do not live vicariously through their favourite team or clubs in order to bolster their own personal identities. Also, their loyalty can be inconsistent, their attendance irregular and their interest unpredictable (Smith & Stewart 2009:5).

## **2.4 THE TENSION BETWEEN WINNING AND PROFIT-MAKING**

The passion that is associated with most sporting codes is often the main barrier to commercial imperatives. Most consumers and clubs would prefer trophies and wins to a healthy balance sheet (Smith & Stewart 2009:5). Fans who value the traditional component of the sport offering will resist the commercialisation and the resultant quest for profit because it is widely believed that profit-making will, in the long run, diminish the traditions of the sport. This tension is further increased by the fact that most professional sports are viewed as a form of business, whereas volunteer-driven organisations are not. With the exception of global revenue maximisation organisations such as Formula-1 motor racing and the Premier Soccer League, most sport organisations do not overtly pursue profit, but instead sacrifice an operating surplus to secure an on-field advantage (Smith & Stewart 2009:5). Financial resources are thus more often employed to achieve competitive success instead of providing shareholders with dividends. However, there remains a strong debate in the academic field whether or not teams are profit maximisers where the balance sheet rules or if a high win-loss ratio is the true measure of a team's success (Fort & Quirk in Smith & Stewart 2009:5).

## **2.5 TRANSFORMATION OF SPORT INTO A BUSINESS**

With the commercialisation of sport, sport managers have had to focus on productivity and the efficiency of human and material resources where the division of labour, efficiency, regulation, rational work practices and management control have become increasingly important (Smith & Stewart 2009:5). The focus on improving the efficiency of human resources has become prevalent to all elite sports and has resulted in sport organisations becoming more homogenous on account of the widespread adaption of business models to manage sport enterprises (Oakley & Green in Smith & Stewart 2009:5).

Despite the managerial drive for profit, many sport fans are still arguing for the prioritisation of on-field success as conventional profit-seeking endeavours are eroding the inherent value of sport and its social utility. Sport is faced with the



challenge of extracting the maximum commercial value from its brands without compromising the intrinsic integrity and tradition of the “spirit” of the game. Sport’s quintessential nature is therefore at risk whenever management pursue a strategy of commercialisation in order to secure a larger share of the market (Smith & Stewart 2009:6).

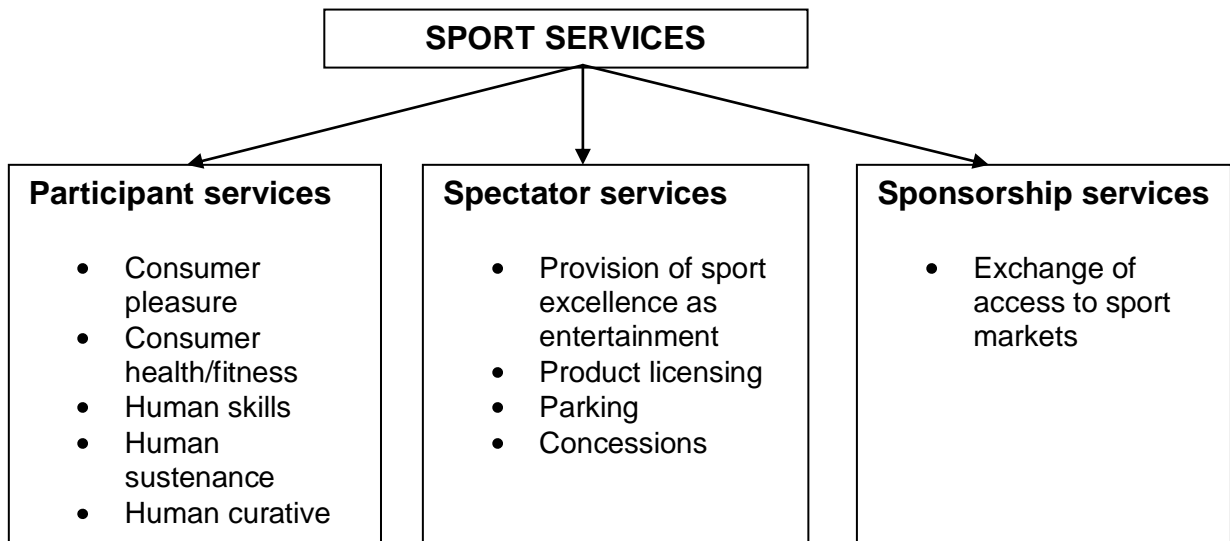
## **2.6 THE NEED TO BALANCE VARIABLE QUALITY AGAINST COMPETITIVE BALANCE IN SPORT**

Inconsistency and uncertainty have become vital product features for the sport organisation, and its success in fact depends on this unpredictability. Even though clubs and teams aspire to win by the highest margins possible, it is the sport organisation that needs to ensure that high levels of competitive balance are maintained to create close and exciting competitions for the sport consumer.

Winning, however, does not always mean that the adequate quality levels have been achieved by the sport organisation. Elements such as the sport’s aesthetic appeal, excitement, atmosphere, social interaction and camaraderie also influence the consumer’s perception of the quality of the sport organisation. This mix is highly influenced by the uncertainty of the outcome which establishes tension, excites the fans and consequently delivers a quality consumer experience (Smith & Stewart 2009:7). The quality of the sport product is thus highly variable because it largely depends on the competitive balance and the outcome of the uncertainty. Owing to this difficulty in managing the quality of such a product, various sport organisations offer a range of supplementary products such as branded merchandise and hospitality where quality is far more easily managed and controlled. Many sport organisations are also progressively employing physical goods as marketing tools and combining these with their current services in order to afford customers personalised service experiences (Yoshida & James 2009:1). This allows organisations to further progress into the realm of commercialisation and customisation.

Sport services can be classified into three broad sets of services as depicted in figure 2.1:

**Figure 2.1: Classification of sport services**



Source: Adapted from Chelladurai & Chang (2000:2).

From the above, it can once again be concluded that because of the unique nature of sport organisations, they require an unconventional approach to the strategic management process. As mentioned earlier, this is crucial in determining the action that needs to be taken to ensure the survival and growth of the specific organisation. Without engaging in strategic management, sport organisations will find it difficult to successfully commercialise their operations and continue to promote their specific sporting code (Sherman et al 2007:165).

## **2.7 STRATEGIC MANAGEMENT AND THE ENVIRONMENTAL ANALYSIS OF THE SPORT ORGANISATION**

Strategic management is concerned with the establishment of strategies that allow organisations to make use of the resources they possess in order to increase their performance in the external environment. Resources should be allocated to those business lines that are identified to be existing strengths such as superior technology or strong market positions (Jooste et al 2009:160). This emphasises the importance of the different forces that affect the organisation and its profitability, both in the internal and external environments of the business's operations.

These forces affect two primary areas of the organisation. Where the management component includes the organisation's operations, financial position, labour situation

and overall management structure, the marketing component focuses on the marketing strategy (packaging, advertising, customer service and quality control) and the organisation's main competition (Certo & Peter in Anon 2007:2). This competition exists both inside and outside the organisation. Most organisations are able to easily identify outside competition, but identifying inside competition can be more complex. Here conflict arises between the production and management functions of the business and the marketing function.

Strategic management also stresses the importance of strategy across all aspects of the organisation (BNet 2009:1). Once a strategy has been put in place, the entire organisation and its different organisational functions need to put the strategy in action. Once all of the organisation's functions strive to maintain and incorporate the chosen strategy, strategic management becomes a competitive advantage for the organisation from which above-average returns can be earned.

The first step in the strategic management process, on which this study is based and will focus exclusively, is the environmental analysis. This analysis consists of a structured process that is followed to evaluate the organisation's strategic position by asserting its strengths, weaknesses, opportunities and threats, also known as a SWOT analysis (Jooste et al 2009:160). The environmental analysis can therefore be defined as a structured approach to evaluating the strategic position of an organisation by identifying its strengths, weaknesses, opportunities and threats (SWOT) (Jooste et al 2009:160).

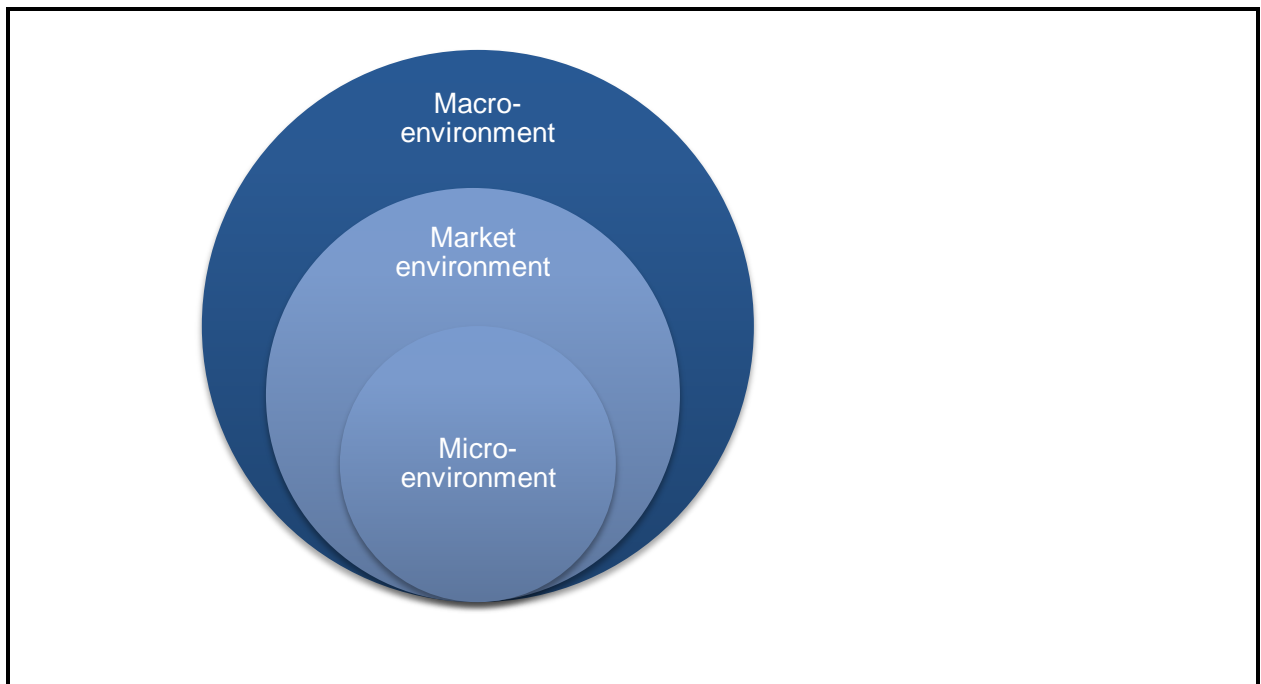
The following are additional definitions of environmental analysis:

- “The study of the organisational environment to pinpoint environmental factors that can significantly influence organizational operations” (Certo in Kotelnikov 2009:1).
- “The process of analysing the organisation's strengths and weaknesses and exploring opportunities and threats that connect the organisation with its environment” (Lynch 2006:446).

- “The evaluation of the possible or probable effects of external forces and conditions on an organisation’s survival and growth strategy” (Business Dictionary 2009:1).

Three main areas are evaluated when conducting an environmental analysis, as depicted in figure 2.2.

**Figure 2.2: The business environment of the sport organisation**



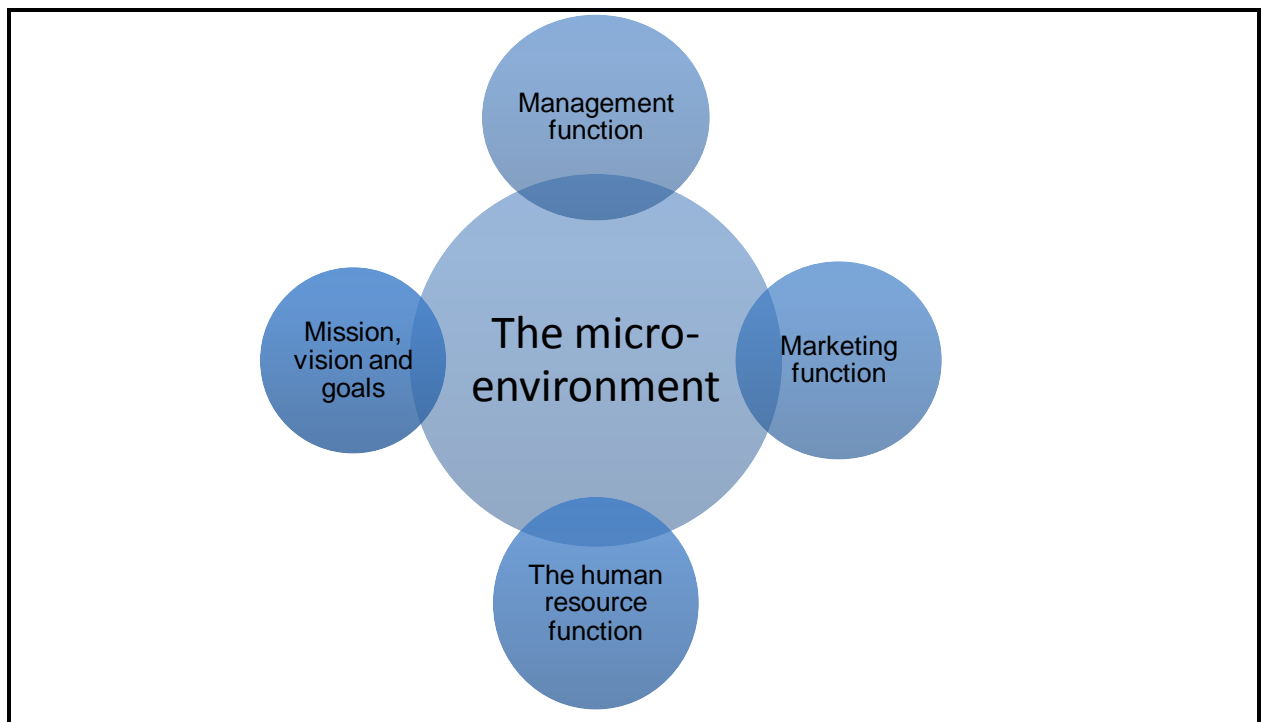
These three environments make up the total business environment of any organisation, and with proper analysis, they allow the organisation to set strategies that will assist with planning appropriately for the organisation’s future. These environments will now be discussed in relation to their effect on the sport organisation.

## **2.8 THE MICROENVIRONMENT**

The microenvironment can be defined as the organisation itself, and it is also the environment over which management have the most control (Smit et al 2007:61). This environment consists primarily of the vision, mission and goals of the sport organisation as well as organisational strategies, various management functions and

the organisation's available resources, as depicted in figure 2.3 below. Within the microenvironment, managers need to consider issues such as the management function and business orientation of the organisation, marketing tasks and human resource management. As mentioned earlier, the sport organisation has noticeable differences when it comes to strategic management and the business environment. These differences will now be discussed in detail.

**Figure 2.3: The microenvironment**



### **2.8.1 The management function of sport**

Arguably, sport possesses a richer history than any other form of human activity – it has developed across the planet along with the human race as a ceremony, a celebration, a physical pursuit, a leisure activity and, more recently, a business (Chadwick 2009:191). It has evolved from an activity first pursued to serve as enjoyment and entertainment to a multimillion dollar industry. At the turn of the century, prodded by technological and media developments, regulations put in place by government bodies such as the European Union, internationalisation and globalisation as well as the dominance of the free-market system, increasingly more sports found the pursuit of a business-oriented structure successful.

The management of sport has been traditionally viewed from two contrasting philosophical approaches. At the one end of the continuum, sport is seen as a unique cultural institution with a host of special features including a rich history, emotional connections, tribal links and social relevance that standard business practices will only erode; and at the other end, sport is viewed as nothing more than a generic business enterprise subject to government regulations, market pressures and customer demands (Smith & Stewart 2009:1). However, owing to the corporation of sport and the emergence of sport management as an academic discipline, these divisions have become less distinct. Sport has essentially become a unique cultural institution that operates in a commercial environment (Smith & Stewart 2009:2).

A key consideration when commercialising a sport is the fact that most sports are deeply socioculturally embedded. This element creates highly distinctive and unique challenges for sport managers and sport organisations. Owing to intense fan loyalty, many sport organisations are faced with the juxtaposition between major commercial and management opportunities and the constraints brought on by history and heritage (Bühler & Nufer 2010:65). Even though many brand managers can only hope to achieve a small percentage of the loyalty, affiliation and identification some sport fans have towards “their team”, this same loyalty poses many challenges for the sport organisation. This is especially true when seeking to target new customers or markets or trying to build a global fan base. Sport organisations are also faced with the challenge of extracting commercial value from their brands without compromising the intrinsic “integrity” and spirit of the game (Smith & Stewart 2009:6). This gives rise to the question whether or not sport management as a business is indeed a rational economic activity. Many corporate companies are involved in various sports as benefactors and most executives engage in sport sponsorship on the basis of the “hobby motive”. This is evident in the numerous sponsors the Indian Premier League has had from many affluent, cricket fans. If one looks at this point, sport management is likely to have a sociopsychological foundation as much as it has an economic foundation. This concept will thus have a considerable impact on the management of sport and the microenvironment.

From the above it is clear that sport management is noticeably different from mainstream management, and sport organisations therefore need managers with a different kind of knowledge base, skills and management practices compared with those that ordinary business managers possess (Chadwick 2009:192). Sport is significantly more concerned with beating the competition, sharing revenue and channelling the passions of both the athletes (who in essence are the organisation's employees) and the fans (the customers) (Smith & Stewart 2009:2). Athletes are considered to be the main assets of the organisation because they are instrumental in attracting fans, sponsors and media exposure. It is therefore not surprising that the service deliverers (ie the sports people), unlike in traditional organisations, earn substantially more than their immediate supervisors, the organisation's manager. David Beckham, for example, earns \$33 million a year, whereas the highest paid manager in the Premier League, Arsene Wenger from Arsenal, only earns \$6.6 million a year (Slater 2009:1).

The main difference between sport organisations and normal business organisations is that sport is in the business of uncertainty. The essence of sport is the uncertainty of the outcome associated with a contest between individuals or teams. This uncertainty, that is, that no one really knows who is going to be victorious, is what draws so many people, groups and organisations to different sports (Chadwick 2009:192 and Buraimo & Simmons 2007:20).

If uncertainty then becomes the essence of sport, preserving this uncertainty is the essence of sport management and the sport organisation. There are currently two models of sport management: a highly regulated model that originated from US sport organisations, where salary caps, draft picks and franchise locations are used to maintain uncertainty; and the more *laissez-faire* approach used mainly in Europe where sport functions independently and issues of uncertainty are addressed periodically through interventions by governing bodies (Chadwick 2009:192 and Parkhouse 2005:68).

In the USA, sport managers and organisations have adopted a centrally planned model of sport. This generally entails a governing body or association using a multiplicity of strategies to ensure that the sport retains its fundamental features and

simultaneously serves the needs of dynamic markets in which the sport operates (Chadwick 2009:294). This model makes use of a combination of franchising, whereby team location decisions are made, draft systems are put in place and salary rules are set. Many sport organisations, including Rugby South Africa, are adopting this model. As mentioned previously, the European model is vastly different. Here the custom and practice of sport management have developed from the historical sociocultural phenomenon of sport, in which democracy plays a vital role. The principles of the European Union would find the practice of franchising and salary capping as either socially unjust or even illegal under European Law (Chadwick 2009:294). However, this type of management has resulted in a number of problems for sport organisations and has risen to the top of the political agenda in Europe, where sport has become one of the major provisions of the Lisbon Treaty.

The foremost problem with both these models is that they are reactive. Proper care should be taken to ensure that sport management becomes more progressive and proactive and follows strategic management guidelines with the use of tools such as the SWOT analysis (Chadwick 2009:294).

Another element of sport organisations that needs to be managed effectively in the microenvironment is the fact that sport has historically been product led (Chadwick 2009:192). This means that what happens on the field of play, the athletes involved in the sport and their management have largely dictated the product offering. In many sports, owing to the very nature of sport, fans and customers have become subservient to teams, clubs and governing bodies (Solberg & Hammervold 2008:97). Even though sport depends largely on finitely talented athletes, sport organisations should consider a more market-led approach for “off-field” activities. These activities such as the utilisation of stadiums can benefit from a market-led approach, ensuring that resources are utilised to their full potential. However, “on-field” activities such as guidelines for play would be difficult to convert into market-led management. For example, the idea of changing the goal mouth sizes for the FIFA World Cup in 1994 in order to appeal to more consumers, were immediately dismissed and even considered offensive (Chadwick 2009:193).



It has been established that uncertainty is the foundation of sport, but without competition, any sport would certainly fail. One of sport management and sport organisations principal challenges lies in the notion that individuals/teams/groups need to coordinate their activities. Sport organisations actively need to engage with one another in order to fulfil their central purpose – a concept almost unheard of in other industries. Collaboration between organisations is key to the success of the members involved and ultimately also to the sport itself. A concept that ties in closely with collaboration is the measurement of performance. It exposes sport to a level of scrutiny one would not identify with other industries. This scrutiny is exacerbated by media coverage and humankind's general interest in sport. Technological advancements have made it possible to measure increasingly specific details of sport performance, increasing the significance of this element in both sport management and sport organisations.

Measuring off-field performance has become almost more important than on-field performance, with sport moving into a commercialised context (Chadwick 2009:294). Financial performance has become a tricky element because sport organisations seek to buy the best athletes available while making a profit or merely breaking even. There is increasing tension between the effectiveness of on-field performance and that of off-field performance that needs to be addressed. Despite this, sport has the ability to bind together a broad, unique, sociocultural, economic and commercial constituency (Chadwick 2009:294). The nature and history of sport have a profound impact on communities, social cohesion, identity and self-esteem, health and lifestyles as well as the environment. It is thus imperative to establish and employ other methods to measure the performance of sport to ensure that sport organisations fulfil all their obligations and not only financial ones. It is essential to include a stakeholder analysis when determining an organisation's performance. Stakeholders that should be considered include the media, athletes, sponsors, institutions, spectators, cities, suppliers and the organisation's owner (Maltese 2008:10)

### **2.8.2 The marketing function of sport organisations**

In the USA alone, the sports business industry was estimated to be worth \$213 billion – of which \$897 million is spent on athlete endorsements (Bush, Bush, Clark & Bush

2005:258). This is more than twice the size of the automotive industry and seven times the size of the movie industry in the USA. These statistics indicate that sport marketing as an integral part of the business of sport is a vital part of the economy and, if approached correctly, holds many opportunities for consumer marketers and sport organisations alike.

At the turn of the century, mobile technology, social networking and viral marketing all became significant tools for the marketing function of all organisations and even more so for sport organisations. However, sport marketing has much earlier beginnings and dates as far back as Roman times, when Roman patriarchs sponsored gladiators to win public esteem (Ukman in Shannon 1999:517). Sport marketing became a modern phenomenon in the 1970s, when cigarette companies became involved in sponsoring sport events such as the Winston Cup because their advertisements were banned from radio and television. The 1984 Summer Olympics became the catalyst for formal sport marketing and soon after, the Games became a profitable industry.

Sport marketing can roughly be defined as all the activities designed to meet the needs and wants of sport consumers through exchange processes (Fullerton & Merz 2008:90). These activities can be further divided into the following four domains (Fullerton & Merz 2008: 97):

- In theme-based strategies, traditional marketing campaigns incorporate a sport theme for nonsport products.
- Product-based strategies use traditional marketing strategies where the marketer has no official relationship with the sport entity being used in its marketing efforts. Here, for example, a marketer of athletic shoes may reduce the price of its shoes – the action is independent of the sports environment, but still involves sport accessories that are sold as part of the sport product.
- Alignment-based strategies allow the marketers of nonsport products to officially align themselves with sport properties through sponsorships.
- Sport-based strategies are characterised by official sponsors of a sport property which sell other sport products.

Two types of sport marketing can be identified in these strategies (Shannon 1999:518):

- the marketing of sport (marketing sporting events, organisations and the sport brand to spectators and participants)
- the marketing with sport (promotion of nonsport products and using athletes as endorsers of these products)

The focus here will be on the marketing of sport organisations and the specific sport involved, in this case cycling, and the various means of doing so. The following aspects of sport marketing will now be discussed.

#### **2.8.2.1      *Word-of-mouth marketing***

Word-of-mouth (WOM) marketing is considered to be the process whereby information is conveyed from one person to another. This type of marketing plays a major role in customer buying decisions where, in commercial situations, consumers share attitudes, opinions and reactions about businesses, products and services with other people (Jansen, Zhang, Sobel & Chowdury 2009:2169). Recently dubbed “buzz marketing”, it is considered to be one of the most credible ways to promote an organisation and the services on offer (Bush et al 2005:257). Not only does it influence readiness to buy, but it also has an impact on the consumer’s satisfaction with the products and services (Mangold, Miller & Brockway 1999:75). It is a well-known fact that consumers prefer to rely on personal information sources such as friends and family when purchasing a service (Bush et al 2005:258). It is therefore crucial for sport organisations and sport-oriented businesses to tap into the potential of WOM for their marketing strategies.

Useful methods that allow sport organisations to incorporate WOM into their marketing campaigns and strategies include using peers, key internet portals, market mavens or celebrity endorsements (Rosen in Bush et al 2005:257). One of the largest markets, relatively untapped by sport organisations specifically, is the female market. Many researchers have suggested that women are more likely to engage in WOM marketing because of gender roles and the female tendency to foster relationships

and affiliations with others (Bush et al 2005:259). Their strong concern for other people's feelings makes them ideal candidates for WOM. Younger females are even more adept at spreading WOM and are more eager to recommend products and services to their friends that are endorsed by their favourite athlete (Bush et al 2005:259).

A key factor for sport organisations to consider when engaging in WOM is the motive behind participation in that specific sport. Regarding the female market, the following motives were revealed from previous research: intrinsic motives such as accomplishing a goal, participating solely on the basis that it is fun and supporting organisations that are endorsed by their favourite athletes. It is interesting to note that this particular market also regarded factors such as social responsibility and gender equality as a motive for participation in specific sports and sport organisations (Bush et al 2005:258). According to Dietz-Uhler, Harrick, End and Jacquemotte (Bush et al (2005:259), research shows that males typically engage in sport fan behaviour such as watching sport shows, while females engage in sport as social events such as watching sport with their family. Interestingly, men tend to associate with a specific sport whereas women are inclined to associate with a specific team. Females are therefore also more influenced by sport celebrities than their male counterparts and will spread positive WOM to friends if their favourite athlete endorses an organisation or product (Bush et al 2005:260).

Technology has once again opened new doors for WOM marketing practices. Individuals can now send emails, participate in chat rooms, add comments on organisations' websites, rate the organisation on consumer feedback websites, publish opinions on their own personal web page and establish a website dedicated to the sport and sport organisation (Bush et al 2005:264).

It is clear that WOM marketing has incredible opportunities for sport organisations if approached correctly.

### **2.8.2.2 Branding**

A strong brand is one of the most powerful tools in the marketing strategy of a sport organisation. It can be regarded as the total proposition a sport has to offer and includes the sport's features, attributes, benefits to supporters, viewing experience and the core values the sport represents (Bennett, Ali-Choudhury & Mousley 2007:27). Brand associations are attached to the brand identity and because of the historical and cultural nature of sport, these associations may become problematic. In some instances, these associations threaten the survival of the sport and require a rebranding strategy to revive interest in the sport. Cricket is one of the sports which, owing to associations of being "stuffy", "old-fashioned" and "imperialistic", needed such an intervention a decade ago (Moss in Bennett et al 2007:25).

The English Cricket Board faced a major crisis in the 1990s when cricket match attendance declined to an all-time low because of the increasing popularity of the English Premier Football League. The Board had a choice to make, either to bring the interest in cricket back to life in the sport's pre-existing form or reinvent it with new and radically different features (Bennett et al 2007:23).

A comprehensive rebranding strategy was put into place and broadcasting rights were awarded to Channel 4, which not only made the sport available to a wider audience, but also educated viewers about the rules of the game and provided in-depth analysis in simple language. Channel 4, in turn, achieved some of its highest ever audiences during this time period. The cricket rebranding focused on providing it with a younger, fresher and multicultural image, making the sport appear friendly with open access to everyone, including women. During this rebranding phase, the Board launched several initiatives such as the expansion on cricket betting, the development of a fantasy cricket game, where participants could pick their own teams and compete against others' teams, and the establishment of a "refer-a-friend" online supporter network system. The Board did not stop there – the game of cricket was also promoted in inner-city schools by providing equipment and kit, and greater female participation was also encouraged.

In 2003, this strategy was further developed when the decision was taken to concentrate on marketing the national team and the sport as a whole rather than promoting cricket at country level (Hopwood in Bennett et al 2007:26). This was in conjunction with the International Cricket Council's (ICC's) rebranding strategy for international test cricket, with a view to creating a global brand for the sport. The Board capitalised on this investment and launched the Twenty20 cricket format, which marketed cricket as a form of entertainment, instead of the technical sport it had always been. Attendance numbers rose 70% in the first three seasons and traditional 40-over cricket also received a substantial boost to its attendance numbers (Bennett et al 2007:26).

The largest ever campaign to market cricket to a mainstream audience occurred in 2005, coinciding with the England-Australia Ashes Test series. The focus of this campaign was once again to promote cricket in general as opposed to a specific series, and it was aimed at opinion leaders who could change their peers' traditional perceptions of cricket. The effect of this campaign was astounding – nearly 15 000 people were turned away each day at the gates. Even more promising was the fact that the search term “cricket” received 73% more online UK searches than its competitors, “football” (Bennett et al 2007:26).

This rebranding exercise undertaken by the English Cricket Board in conjunction with the heavy promotion of the 2005 Ashes Series, generated the highest interest in cricket for at least a generation, showing that a strong brand is crucial for the survival of sport and its organisations.

Another factor that merits consideration when branding a sport or sport organisation is the concept of the global brand. A global brand is similar to a local brand but possesses a higher level of awareness and understanding in a large number of countries (Merrilees, Getz & O'Brien 2005:1061). One could relate this to the above example, where the ICC's rebranding campaign would be considered the building of the global brand of cricket. From this it is clear that many sports and sport organisations use sporting events to brand themselves. This is particularly useful in the building of a global brand, because sport events are known to have international appeal. A case in point would be the exposure athletics and various other sports

receive during the Olympic Games. Being known as an Olympic sport creates certain associations and provides global exposure that helps create a strong global brand. One should bear in mind that brands are built locally and, as they develop, expand globally (Merrilees et al 2005:1062).

Interestingly enough, one of the most valuable global brands in sport first obtained a strong brand image in its local markets. Team India became the world's most valued sport brand in 2005 when it managed to sign a deal with Nike and Sahara to place their logos on the team's shirts for \$27.12 million per annum (Press Trust of India 2005). Other popular teams and organisations that managed to build their brand globally include Manchester United, which is the most recognised sport brand in China, and the USA'S Superbowl, which almost constitutes a national holiday on game days (Ozanian & Schwartz 2009:1).

### **2.8.2.3 Sport franchises marketing**

Sport franchises are extremely popular in North America and enhance their model of sport management where sport is centrally managed. Most of the professional sports leagues in North America such as the National Football League are "closed corporations" that are limited to a number of teams. These teams are known as franchises and only votes from already established franchises can admit more teams to join the league. Once a new team is allowed to join the team, a bid is put up for would-be owners. Purchasing bids can run into millions of dollars and is one of the largest revenue generators for sport organisations in the USA. The principal advantage for sport teams and organisations that form part of a franchise is the fact that they enjoy geographical monopoly within a particular location (Rader 2002). This is similar to the situation in South Africa with regard to the rugby teams selected for the Super14 (recently changed to the Super15) competition.

Marketing sport franchises is becoming a key function of the sport manager and the current trend among sport organisation marketers is to place customer relations in the spotlight. Communication through after-marketing is also becoming increasingly important in order to provide ongoing satisfaction and the reinforcement of loyalty to current as well as past customers (Irwin, Zwick & Sutton 1999:608). The

implementation of vehicles facilitating customer dialogue such as personal or written correspondence, focus group discussion and patron surveys all contribute to improved customer relations. This also allows staff members to build relationships between the organisation and the customer, while simultaneously allowing the paying customer to affiliate with an individual in the organisation (Irwin et al 1999:608). This type of approach contributes to the success of franchises by increasing attendance and ticket plan renewals such as season tickets. Sport organisations might also consider tailoring personal correspondence outlining the benefits of affiliation with the organisation which is easily processed with the use of electronic mail, establishing formal customer/guest relations programmes and also utilising database marketing tools (Ruth & Bhattacharya 2000: 24). However, this type of approach can create various problems that will have a detrimental effect on the organisation if not they dealt with in a flexible and professional manner.

Team performance has a profound effect on the success of the marketing campaign. A winning team tends to stimulate demand because of the perceived quality of the product and the associated value of having a ticket for an upcoming game (Irwin et al 1999:609). Hence tactics such as personalised customer relations, streamlining efforts in areas of strengths and responsive action plans for marketing dilemmas are crucial to ensure that an organisation realises greater returns, regardless of the team's or sport's performance.

#### **2.8.2.4 *Public relationships in sport***

Public relationships are considered to be the ties that organisations have with persons and groups whose mutually beneficial relationships with the organisation need to be fostered while striving to achieve the organisation's mission and vision. This is done by engaging in decision making that helps the sport organisation to listen, appreciate and respond appropriately to those groups (Du Toit, Erasmus & Strydom 2010:410). According to Bruce and Tini (2008:108), sport has a unique marketing approach because most of its messages and images are conveyed through media coverage as opposed to more traditional advertising and sales campaigns. Even though most media coverage of sport is positive, these interests tend to become more problematic in high-profile scandals which can become extremely damaging to the sport involved.



In a crisis situation of this kind, the sport organisation should make use of diversion to minimise the damage. This allows the organisation to make use of the intense relationship between fans and athletes in an effort to portray the athletes as innocent victims and thus reduce the negative publicity received by the media for the sport involved (Bruce & Tini 2008:108).

Owing to the fact that much of the sport organisation's publicity occurs through media coverage, the organisation has little control over the message delivered to customers (Bruce & Tini 2008:109). This means that negative publicity can seriously damage the reputation and popularity of the organisation (as can be seen by the situation that was created by the Australian press around Castor Semenya and Athletics South Africa during her gender testing) and affect the bottom line in areas such as attendance, merchandising, sponsorship and endorsement deals. It is widely accepted that the sport organisation and the media are engaged in a symbiotic and interdependent relationship in which both parties benefit equally (Chadwick 2009:295). Broadcasting rights income has increased exponentially and live broadcast are becoming a key arena for positive public relations for sport organisations. Most sport organisations approach public relations reactively in the sense that much of their time is spent responding to unplanned events that have the ability to influence public attitudes negatively (Bruce & Tini 2008:109).

Owing to intense media scrutiny, sport organisations and managers have minute control over how their organisation, athlete or sport is presented to the public. The only viable option for controlling, to some extent, the sport news disseminated in crisis situations in particular, is to build an interdependent relationship between the organisation and the sport journalist who reports on the organisation (Woo, An & Cho 2008:169). Another option is the usage of team and league websites which have introduced a controllable and more direct form of communication with fans, members of the organisation and the media. In this regard, message boards provide valuable insights into public opinions. A recent study by Woo et al (2008:169) revealed that using these boards is an outstanding incentive for the cognitive need to express one's opinion on a sport organisation's website. Further analysis also found that sharing opinions on such a forum was a new motivation category that is dominating the traditional means of communications and gratification and that winning teams'

message boards differ significantly from those of losing teams. The implication here is that public relations staff should use the message board on the organisation's website as a monitoring tool of public opinion as well as a communication tool between the sport organisation and its members.

Despite the logical conclusion that sport organisations, especially those with professional full-time staff, should have well-developed crisis communication plans, many are still engaging in reactive and ineffective communication strategies when it comes to planning and preparing for crises that can strike the organisation. In Australasian sport organisations, which South African sport organisations resemble in structure, most public relations efforts are based on "gut-feel" rather than research and theory. This is mainly because this function is performed by athletes, coaches or managers instead of specialist public relations personnel (Bruce & Tini 2008:109) and that the need for sport public relations is underestimated by many administrators who have lost touch with ground-level sport marketing principles.

Research conducted by Bruce and Tini (2008:113) suggests that using diversion as a crisis strategy will prove to be a successful approach for the sport organisation. This allows for the creation of top-quality relationships instead of focusing crisis strategies on technical communication processes for which many sport organisations lacks fundamental skills. Here the athletes and coaches, with whom the fans have the strongest emotional connection, are protected, and the management team is sacrificed – this ensures that the relationship with at least one stakeholder is continued despite the development of a crisis and a negative media message that might damage the sport organisation. Fans tend to demonstrate their support for the athletes involved in public crises and will contribute to the rebuilding of the organisation (Bruce & Tini 2008:113).

At the same time, the study conducted by Bruce and Tini (2008:113) illustrates the importance of excellent crisis communication with all stakeholders in the sport sphere. This communication should at all times be truthful and consistent in order to minimise the damage that can be done to stakeholder relationships. The diversion approach also helps alleviate the effect on the bottom line (in terms of attendance) by focusing on the positive relationship built up over the years with loyal fans and drawing on the

passion that is the result of such relationships. It should be noted that diversion is less successful in cases where the athletes or the fans themselves are at fault. Despite this, diversion can be applied most successfully in the handling of crises, and sport organisations should seriously consider integrating this process into their public relations planning.

#### **2.8.2.5      *Mass media and their application in sport***

Mass media can be defined as those nonpersonal media channels that broadcast a message to the general public and include primarily newspapers, radio and television (Business Dictionary 2011). Previously, mass media and sport were considered to be separate social and cultural institutions. However, with the commercialisation of sport, these two elements have become so inextricably linked that they function interdependently (Rowe 2001:9346). This interdependence was created primarily as a result of the persistent appeal of sport for media audiences as well as the detrimental impact of media coverage to paid attendance on sporting events. Sport has formed its closest coalition with television media, despite being a major staple subject for printed media and radio. The two principal forces behind the growth of media sports are considered to be nation building and market development. These forces vary according to the balance and rate of development in a social, historical and spatial context. Even though sociohistorical differences have similarly marked the development of media sports on various continents and in different nations, there is no doubt that it is one of the most compelling manifestations of international and global culture. The main reason for this is sport's extraordinary ability to appear in many forms across a variety of national and international media (Rowe 2001:9347).

Sport makes use of various forms of mass media in its marketing strategies. It initially started with newspapers, where the main objective was to report on significant sport events and their outcomes in such a way that the newspaper would sustain and attract considerable readerships (Rowe 2001:9347). This practice developed further and sports were discussed more routinely and in detail. Sport also started being advertised and used newspapers as a vehicle for advertising. This promoted the development of the visual aesthetics of media sports as sport illustrations,

photographs and advertisements became popular. However, with the inception of television, the experience of attending an event could be reproduced, and in recent years, with the development of new technology such as instant replays, in some instances, television viewing has become even superior to attending the actual event. Live television has therefore become the most valued and valuable form of mass media sports, even in the face of new media developments such as the internet (Rowe 2001:9348).

Many other forms of sport coverage have developed from live broadcasts and include a variety of formats such as sports magazine shows, previews, replays and delayed telecasts, retrospectives, quizzes and chat shows and documentaries. To adapt to this, many print media providers are also offering up-to-date information by including daily sport supplements in newspapers and publishing general and specialists sport magazines. In recent years, sport has also become the main theme for many television series and movies (Rowe 2001:9345). Several novels have also been published about sport and the individuals who have made a success in the industry. Endorsements by athletes and other sporting individuals have become increasingly popular in mass marketing and mass media have incorporated sports into the fabric of everyday social life, even for those who are hostile or indifferent to sport (Rowe 2001:9346).

There have been numerous debates on the effect of these means of marketing on the cultural fibres of the sport involved. Various sporting codes have been modified to “fit in” with the requirements television has put in place. The introduction of tie-breaks in tennis and one-day cricket games is evidence of this modification process to make sport more “telegenic” and commercially valuable. Despite this, there are strong indications that sport will continue to provide content for mass media applications even as broadcasting moves to narrowcasting and interactive media technologies. However, it is crucial that the processes of industrialisation, capital accumulation and mediatisation, which are transforming sport and its cultural basis, should be carefully analysed to ensure that sport does not become a product of the media in the quest to provide valuable content (Rowe 2001:9350).

### **2.8.3 The human resource function**

The human resource function is the part of the organisation that is responsible for managing the human resources. As mentioned previously, the human resources of an organisation play a crucial role in the strategic management process and help to match resources to the external environment. This function will now be discussed in detail.

#### ***2.8.3.1 The board-executive relationship in a sport organisation***

Voluntary sport organisations are able to facilitate sport participation and competition opportunities at local, regional and national levels and form the backbone of a sport delivery system that depends on volunteers who serves as coaches, officials, administrators and governors for the majority of the organisation's operations (Hoye & Cuskelly 2003:53). Hardly any research has been conducted on the governance of these voluntary organisations and the nature of the relationship between the volunteers and professionals who serve the organisation. However, this issue is vital to the sport industry, given that volunteer boards are the major decision makers in the volunteer sport organisation.

If one looks at the board-executive relationship, it is clear that the inherent qualities have major potential to impact on the decision-making process in the board and also on the ability of the board to function as a coherent unit (Hoye & Cuskelly 2003:54). The significance of the relationship has increased incrementally with professionalisation in the sport industry. Conflict between paid professionals (ie executives) and volunteers over control during the decision-making process is well documented, despite the opinion of the public that the board-executive relationship is considered to be a partnership built on mutual trust and effective communication (Middleton in Hoye & Cuskelly 2003:54). In reality, this relationship is much closer to a dynamic interaction that is subject to ongoing negotiations and is created over a lengthy period of time. This is mainly because of the different approaches members have towards policies and procedures – board members tend to follow the procedures

set by their predecessors, while executives are inclined to compare the organisation to its previous incumbents.

Studies have also shown that there are significant differences between paid staff and volunteer perceptions of board performances and the importance of some roles. Furthermore, it would appear that staff does not seem to share professional and administrative information, decisions and problems across these borders. This is mainly done to retain some form of power by limiting access to information, assuming the other party will be disinterested or that it is not relevant to the other party's work. Board members therefore have a difficult time in completely understanding complex issues and making informed decisions and they appear to be distant to staff. This reinforces the behaviour of resisting the sharing of information and including board members.

In a study conducted by Hoye and Cuskelly (2003:65), it was found that organisations that were considered to be effective (their effectiveness or ineffectiveness was determined by a panel of experts) demonstrated a sound relationship between the board and the executive. Ineffective sport organisations also exhibited a positive relationship, but elements of distrust, frustration and conflict were evident. The following four elements were identified as being related to the board's performance (Hoye & Cuskelly 2003:65):

- the importance of establishing mutual trust between the executive and the board
- the person who was perceived to provide leadership to the board
- the reliance of board members on the executive for information
- responsibility for board performance

The above study highlighted the importance of mutual trust between the board and the executive and that the independent relationship between them demands this mutual trust if the organisation is to be effective. This trust can be manifested in the board trusting executives to implement their decisions without undue monitoring, executives being able to speak out freely in board meetings without fear of retribution

and the board trusting that proposals and suggestion brought to it by their executives are based on evidence. The absence of such trust can potentially create conflict, diminish the ability to fulfil roles and lead to lower levels of board performance. Both parties are responsible for the leadership of the board and the responsibility thereof should be properly and fairly shared (Hoye & Cuskelly 2003:69).

It is clear in sport organisations, that the roles of the board and the executive are interdependent, whereas in business organisations, there is a clear distinction between these two roles (Hoye & Cuskelly 2003:70). Executives were found to be the primary source of strategic management of the sport organisation and have the most influence on the strategic planning process. Another vital consideration is the fact that membership changes constantly, making the relationship between the executive and the board members a continual cycle of negotiations and renegotiations.

### ***2.8.3.2 Human resource management (HRM) of the sport organisation***

Formal HR strategies contain an organisation's stated intention about its HR programmes, processes and techniques and represent the rules and regulations that define the employment relationship (Taylor & McGraw 2006:234). The formality of these practices is defined as the extent to which HR practices are systematised, documented and institutionalised through documented policies, rules and regulations.

Changes in the contemporary business environment and the trend towards globalisation have had a significant impact on the HRM function of various organisations. Even though these practices are the subject of many research projects, there is little research on the HR practices of organisations that employ both paid and volunteer human resources. It is also clear that, despite the general shift to more strategic HR management practices, the minority of sport organisations are making use of formal HRM systems (Taylor & McGraw 2006:229). This shift to more strategic practices is increasingly significant as roles that were once traditionally filled with volunteers, are now assigned to paid employees as more sport organisations become business oriented. This evolution has led to a change in management issues and tensions because the organisation consists of a mixture of paid employees and

volunteers, as highlighted in the board-executive relationship mentioned above. Sport organisations are now finding themselves in a position where it is difficult to recruit and retain volunteers.

Traditionally, sport organisations that represent or are parent bodies of a sporting code were managed by sport enthusiasts with a passion for the particular sport. These organisations measured success by looking at on-field victories and participant numbers, instead of at operational effectiveness (Taylor & McGraw 2006:230). The management of these organisations maintained these measures of success by relying heavily on a committed volunteer workforce. This is making the shift to more formalised HRM practices increasingly difficult because sport organisations generally have limited human and financial resources, are reliant on volunteers and have a long-standing tradition of informal planning, control and information systems (Taylor & McGraw 2006:230). Concurrently, in the commercialisation of sport, organisations require the use of more effective human resources and strategically aligned business functions in order to improve the business outcomes and provide a competitive advantage.

Effective HRM practices in the areas of staff selection, training and performance management can be regarded as crucial factors in allowing organisations to achieve strategic outcomes (Storey, in Taylor & McGraw 2006:231). Owing to the heavy reliance on volunteers, sport organisations have refrained from implementing formal HRM practices because there are minimal paid employees in their service and the benefits of such a system are therefore often overlooked. Volunteers need to be managed according to different principles from paid staff because they are more likely to leave an organisation abruptly if they are dissatisfied. This can mainly be attributed to the fact that volunteers do not need to find alternative employment before leaving. Traditionally, sport organisations relied on the volunteers' commitment to and passion for the sport to motivate individuals to stay on, instead of employing formal HR practices to manage employee relationships and motivation (Taylor & McGraw 2006:233). However, sport organisations are being put under severe pressure to become more formalised in their approach to HR for the following reasons (Taylor & McGraw 2006:233):



- pressure from government bodies to formalise HR practices in order to qualify for funding
- a decline in membership and volunteers, resulting in greater competition between sport organisations for human resources
- increasingly specialised staffing and compliance requirements

Taylor and McGraw (2006:244) found that, with regard to paid staff, three key factors impacted on the way they were managed in the sport organisation:

- Strong emphasis was placed on the recruitment and selection of paid staff members, but once hired, further development of staff was neither facilitated nor supported by the HR system in place.
- The focus on recruitment as opposed to development, has led to a high staff turnover, where sport organisations would rather recruit new staff with the relevant business, management and sport knowledge than train existing staff.
- The above-mentioned practice suggests that sport organisations believe that employing the right people will lead to a return on investment and pay off in the long run.

HR practices concerned with volunteers were more concerned with training than recruiting. This is mainly because sport organisations *accept* people who are prepared to sacrifice their time for the sport involved, instead of *selecting* them (Taylor & McGraw 2006:246). This implies that all volunteers will receive some form of basic training. Also, because of decreasing numbers of volunteers, organisations will accept all who apply, regardless of their skills level, and this in turn creates the need for more developmental training. The aspect of statutory requirements to provide training to volunteers also plays a huge role in this regard. It is worth mentioning that paid staff are recruited by means of a variety of recruitment practices, whereas volunteers are mainly recruited through WOM (Parhouse 2005: 288).

Owing to this discrepancy between paid staff and volunteers, sport organisations find it difficult to apply HR practices set by large organisations and face tension between formal and informal practices at work in the organisation. Informal HR practices can

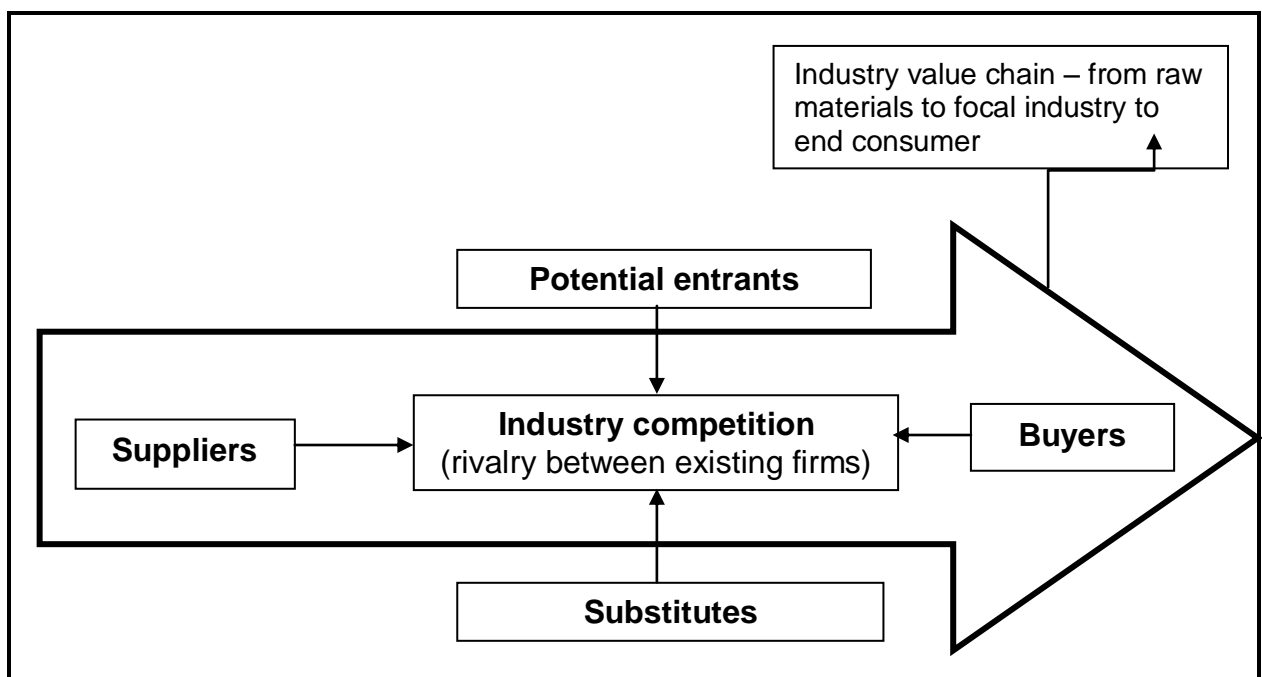
provide for a strong sense of teamwork, enhance social connections and increase employee and volunteer motivation (Taylor & McGraw 2006:245). However, formal practices allow for transparency, consistency and clarity for staff. The challenge therefore is to provide HRM that facilitates positive and motivating environments, but does not depersonalise or needlessly regiment the experiences of employees and staff.

Having examined the microenvironment in which the sport organisation operates, the discussion will now turn to the market environment of the sport organisation.

## 2.9 THE MARKET ENVIRONMENT

The market environment, also known as the industry environment, looks at the forces influencing the organisation with the specific objective of creating a competitive advantage that will enable the organisation to beat the competition (Lynch 2006:93). Here issues that require attention include competitors in the industry, suppliers, intermediaries and the actual sport product consumer. Generally, Porter's five forces model is used to determine these forces as depicted in the following figure:

Figure 2.4: Porter's five forces model



Source: Adapted from Lynch (2006:94).

The purpose of this analysis is to investigate how the organisation needs to formulate its strategy in order to develop opportunities in its environment and protect itself from competition and other threats.

### **2.9.1 Industry competition and potential entrants**

Competition is regarded as any other organisation that tries to sell a similar product or service as the organisation and therefore not only competes for market share, but also for resources such as human resources and materials (Du Toit et al 2010:114). Owing to the nature of sport organisations, few possess direct competitors. Here intertype competition<sup>2</sup> is rife and sport organisations are in competition with other sporting codes that vie for consumers' discretionary income. In this regard, sport organisations would also compete with other forms of recreational activities such as going to the movies or an amusement park. However, because of the nature of sport and the fact that the individuals who participate in it are inherently loyal (Cohen 2006:206), most consumers will give up a trip to the movies if it prevents them from attending a game or participating in an event.

It should also be mentioned that most governing sport organisations are nonprofit firms that do not compete on the basis of profit, but focus instead on the development and promotion of sport. The lack of profit generation generally discourages new entrants into the market and those that do enter usually do so with permission of the governing body or in conjunction with them.

### **2.9.2 Suppliers and intermediaries**

The sport organisation makes use of various suppliers and intermediaries of which sponsors, sporting good suppliers and the media are the primary role players.

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<sup>2</sup>Intertype competition can be explained as rivalry between organisations in different types of businesses that sell the same product.

### **2.9.2.1 Sponsors and sponsorships**

Managers of sport organisations have the unique management challenge of finding sponsors. This is crucial to the survival of the organisation, and in many organisations, sponsors are the primary source of income and therefore one of the sport organisation's largest and most important suppliers (Berrett & Slack 2001:21). Various researchers such as MacMillan (Berrett & Slack 2001:22) have found that attempts to source external funding for sport activities have become extremely competitive and that it is wise to pursue such endeavours strategically. The importance of sponsorship is becoming more evident as governments around the world decrease their funding to sport organisations (Berrett & Slack 2001:22).

This new shift to sponsorship-generated funds is likely to pose a new set of management problems. Once an organisation becomes reliant on the sponsorship funds, the sponsor's needs increasingly start to become more prevalent than those of other stakeholders. This can become a source of conflict because organisations have to simultaneously pursue goals in accordance with the needs of members, client groups and, in some instances, the government as well. In order to meet this particular challenge, sport organisations need to develop strategic strategies in the area of sponsorship and gain a greater understanding of why corporations become involved in their organisation (Berrett & Slack 2001:23).

Despite the highlighted need to obtain more funds from sponsors, many sport organisations have struggled to do so successfully. One of the main reasons for this is "the lack of sophistication" in their approach to securing said funds (Copeland in Berrett & Slack 2001:23). Managers seem to lack business finesse when approaching corporations which tend to be recurrently bombarded with requests for funding. However, with the incorporation of social responsibility, various corporations are starting to realise the value of investing in sport and are eager to sponsor sport organisations that can promise some social responsible returns.

Furthermore, research in studies by Berrett and Slack (2001:21) shows that two environmental factors play a significant role in an organisation's ability to secure sponsorship funds, namely media exposure and participation rates. Thus sporting

codes that receive high volumes of television, newspaper and radio exposure are able to generate more sponsorship funds than those that receive less exposure. Similarly, sporting codes that draw the largest crowds and have higher participation rates also have an increased ability to secure sponsorship funds. Incidentally, it is smaller sporting codes and sport organisations, such as CyclingSA, that are in dire need of the income generated by sponsors, and these organisations will need to make serious changes in the way they pursue sponsorship if they are to survive. It is interesting to note that various smaller sporting codes, such as Racquetball, have over 200 000 recreational players in Canada, with fewer than a 1 000 belonging to the Canadian Racquetball Association (Berrett & Slack 2001:31). If such organisations were to provide more perceived benefits to members, they would be able to raise the profile of the sport which would enable them to secure more sponsors.

In a recent study by BMI SportInfo among the top 100 sport sponsors in South Africa (Department of Sport and Recreation 2009:1), 74% of sponsors indicated that sport sponsorships are an integral part of their organisation's communication strategy. However, nearly 90% of South African sport sponsors feel that the cost of sponsorship has become too high and is too expensive, which indicates the intense rivalry between brands to be associated with successful sport properties. Of the sponsors, 80% indicated that proper sport management by the sport organisation plays an influential role in their decision to sponsor or not sponsor a sport. In a study relating to the factors that influence the sponsorship impact of sport events, where the Cape Argus Cycle Tour was investigated (Knott 2006:1), it was found that 80% of sponsorships in South Africa were devoted to sport. Of the 213 participants in the study, 96% showed sponsor awareness and 71% held a more favourable perception towards the sponsors than before the event. There were several reasons for this change in perception, as highlighted below (Knott 2006:4):

- The respondents were grateful towards the sponsor for making the event possible.
- They appreciated the sponsor's commitment to both the event and the sport.
- They felt that the sponsor had made a positive contribution to society.

It was also found (Knott 2006:6-9) that consumer goodwill towards the sponsor increases when the sponsorship focuses on social elements, as indicated in the following example: the Rotary Club (which is one of the main sponsors for the Cape Argus Cycle Tour) is involved in fundraising projects during the event. The origin of the sponsorship also influences the reaction of consumers towards the sponsor; if the event is an existing one it is perceived to be more credible and there is an elevated feeling of gratitude because the sponsor made it possible for the event to continue. The longer a sponsor is involved in the sport or event, the more favourable consumers' perceptions are towards the sponsor. Pick n Pay, for instance, has been a naming rights sponsor for the Cape Argus Pick n Pay Cycle Tour for more than 18 years. The synergy between the sponsor and the sport is also significant – the stronger the synergy, the greater the impact will be. Participant interest and involvement in the sport also affect the impact of the sponsorship and it is crucial to involve both participants and spectators dynamically in order to increase active information processing and greater interest in the sponsor.

It is interesting to note that more highly educated and higher-income consumers respond less favourably to sponsorship messages. Race also influences responses to sponsorships. For example, Caucasians respond less favourably than other racial groups towards sponsorships; men are more open to sponsors' messages than women; and there is a greater influence on the brand perception of older consumers when using sponsorship as a marketing instrument (Knott 2006:12).

The South African sponsorship industry is worth R3.5 billion annually, with an additional R2.2 billion spent on leveraging those sponsorships. This represents a year-on-year growth of 14% which is above the international rate of 11% (Department of Sport and Recreation 2009:1). The industry received a significant boost during the 2010 Soccer World Cup as sponsorships worth \$351 million with Adidas and \$65 million with MTN was secured (Reuters 2006:1).

Soccer, rugby and cricket are regarded as the sports with the best exposure for sponsors, while basketball, golf and tennis were identified as the sports with the best growth opportunities (Department of Sport and Recreation 2009:1). The South African Tennis Association has managed to secure a three-year R8 million sponsorship deal

with Keyhealth (SAInfo Reporter 2009:1). The sponsorship money will primarily be used to promote the sport across the country as well as several tournaments including the Davis Cup. One of the larger sponsorship in South Africa was the R120 million Sasol invested in South African Rugby. The sponsorship was launched in 2004 and continued until 2010, during which time Sasol received significant local and global brand exposure as well as awareness through its logo on the Springbok jersey (Sasol 2004:1). However, the sponsorship was not renewed during 2011, and Absa Bank has since signed up as the new Springbok sponsor.

For cycling, the quest for sponsors was an uphill battle during the 2008/2009 recession. Several events were cancelled because of a lack of sponsors, the largest to date certainly being the 2010 Giro del Capo. The pre-eminent professional cycling race was the only opportunity for many South Africans to compete against top international athletes and has been hosted for 17 years by the Cape Town Cycle Tour Trust, Cycling South Africa and the UCI. It forms part of the UCI's African Tour and has drawn many professional cycling teams from Europe. Owing to the economic recession and the Soccer World Cup 2010, which gobbled up sponsorship monies, this prestigious event has been cancelled indefinitely (IOL 2009:3). However, during the early part of 2010, the Tour's ever-reliant sponsor, Pick 'n Pay, offered to sponsor the Giro in addition to the Cycle Tour and the event was reinstated. Because of the delay, however, the event could not be registered in time with the UCI and did not have an international status in 2010 (Cycle Tour News 2010:1). In 2011, the event was less fortunate and was cancelled only weeks before the Tour was due to start.

However, it is clear that mass participation, in the UCI's spirit of "cycling for all", is the key to securing sponsors: the 94.7 Cycle Challenge (with a record-breaking 25 000 participants in 2009) has joined forces with Momentum as its new title sponsor (now named the 94.7 Momentum Cycle Challenge) as well as the blanket sponsor for the Kiddies Race, Mountain Bike race and the live television broadcast. The Cycle Challenge also rebranded itself from "Joburg's Safest Race" to "Everyone's Race" (Rowles 2009:1).

### **2.9.2.2      *Sporting goods suppliers***

Many sport organisations also offer members benefits to entice them to join. To offer these benefits, sport organisations require suppliers of sporting goods, health supplements and products, insurance providers, magazine companies and even medical doctors and ambulance services.

The largest bicycle manufacturer in the world, Giant, is an example of one such supplier. Giant, which has been around for more than three decades, has devoted itself to not only the development of bicycles, but also to the growth of cycling and the cycling culture. After producing more than 5.5 million bicycles in 2007, Giant made \$1 billion in sales during the 2008 fiscal year (Jennings 2008:1). With the \$61 billion bicycle industry experiencing unprecedented growth, its sales are up 10% from previous years (Jennings 2008:1). This is primarily because of a sharp rise in the global demand for bicycles brought on by rising fuel prices, a growing awareness of environmental issues and the popularity of cycling as a recreational sport. China is leading the race in the number of bicycles produced, manufacturing 73 million units of the 100 million units per annum. Bicycle sales have increased by 14.6% in Europe which buys 70% of the world's bicycles. In the USA, sales rose by 9%, and even in South Africa, sales have grown to an estimated R500 million per annum (Gilmour 2006:1).

However, in pursuit of the main objective, namely to develop sport, affiliates rather than suppliers or intermediaries are required by the sport organisation. These affiliates assist and support the organisation in promoting and governing the sport involved. Intermediaries, however, do connect the sport organisations with members of the public. For sport organisations, intermediaries such as sport clubs provide a valuable distribution channel and medium to bring their message across.

### **2.9.2.3      *The media as intermediary***

The media, regardless of the form they have assumed over the years, are one of the principal intermediaries for the sport organisation and provide a valuable link between



the sport organisation and the sport consumer. Even in the early days of sport, the media played a key role in the development of sport: during 1876, Australian, Edward Trickett, won the world sculling championships in England. Despite the fact that it took three weeks for the news to reach Australia, it was quickly distributed by telegraph across the nation, and by the time Trickett arrived back in Sydney, 25 000 people were waiting to greet him (Australian Government 2009:1). Another example is the Melbourne Cup – with its inception in 1861, 4 000 spectators viewed the games and with telegraph and print media the event grew to over 100 000 people in 1881. Today the event caters for an audience of over 700 million with 856 media representatives with rights to cover the event (Australian Government 2009:1).

The relationship between the media and sport has influenced both organisations significantly – sport is viewed as an inexpensive form of much needed media content and is the ideal way to capture audiences for advertising purposes. Public media also quickly realised that sport had the ability to reaffirm the national culture and increased patriotism (Encyclopaedia Britannica 2009:1). Sport organisations in turn realised that the media are an important ally in generating interest among spectators and sponsors. Currently, sport and the media are so closely intertwined that would be difficult for one to survive without the other.

Satellite and pay television has given sport organisations the ability to connect with a wide spectrum of consumers across the globe. Online websites are also making headway in bringing sport to the “masses” and have contributed significantly to the distribution of sport.

### **2.9.3 Consumers**

Consumers of sport organisations have a notably distinct relationship with the organisation compared to their relationship with other organisations. While consumers clearly find pleasure in simply watching a sport game, the real strength of the relationship comes from identifying with an individual or a team in their pursuit of victory (Whannel in Mason 1999:402). This places a strong emphasis on the spectators when consumers attend games or watch them on television. Little research

has been done on the participants, that is, the consumers who actively participate in events, and their effect on the sport organisation. This leaves a significant gap in the analysis of the market environment that needs to be addressed through further research.

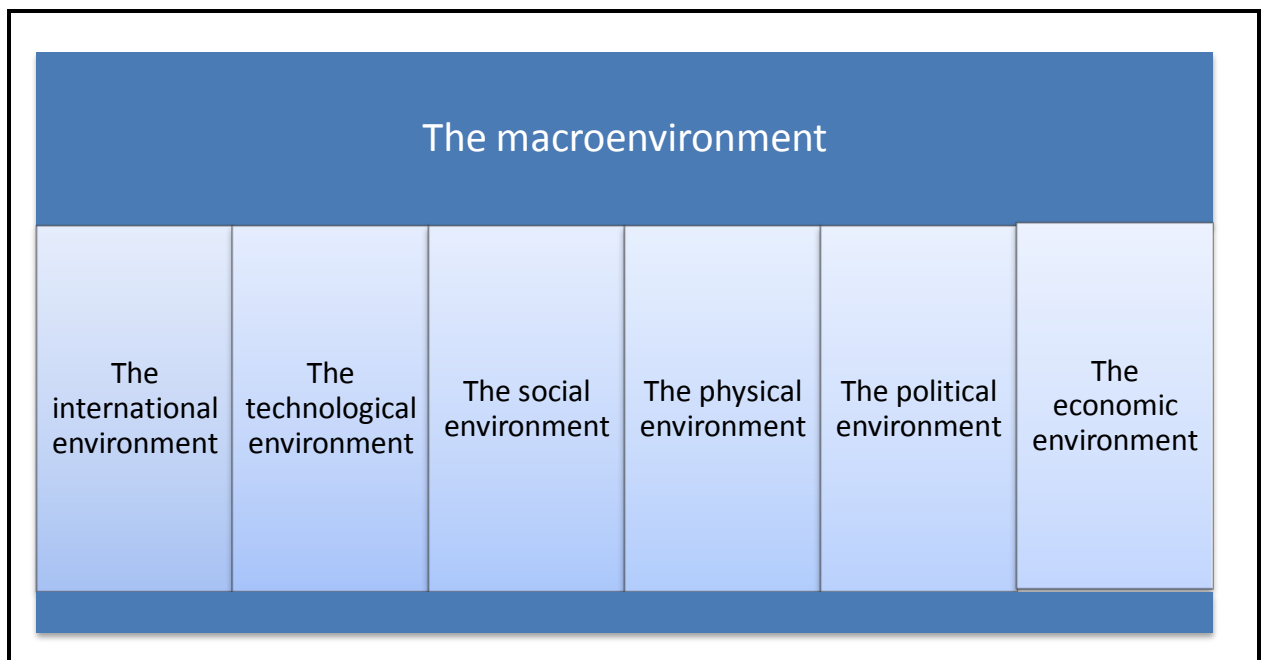
Different trends in the macroenvironment also affect the consumer mix a sport organisation will serve. Here, the proliferation of female athletes and their unique needs, a move towards healthier lifestyles and sociocultural issues such as an increase in crime levels will have a significant impact on the type and composition of consumers of the sport organisation.

The above-mentioned factors are all part of the macroenvironment, which will be discussed next.

## **2.10 THE MACROENVIRONMENT**

Organisations operate in a larger macroenvironment with variables that have both a direct and indirect influence on the organisation (Jooste et al 2007:67). These variables are also known as “megatrends” and represent uncontrollable environment forces. These forces consist of the following six elements, as depicted in figure 2.5: the international, technological, social, physical, political and economic environments. Each of these environments needs to be addressed during the business environment analysis because they are crucial to the survival of the organisation and have a huge impact on the organisation and its operations. The organisation itself, however, does not exert any influence on the macroenvironment which complicates the nature of this environment.

**Figure 2.5: The macroenvironment**



Each one of these environments will now be discussed in detail with regard to its impact on the sport organisation and its management.

### **2.10.1 The international environment**

Many regard sport as an international occurrence, transcending borders, culture, language, gender, race, religion and socioeconomic status (Thibault 2009:3, Ghafouri, Mirzaei, Hums & Honarvar 2009:261). It has the “power” to bring people together and has even been used as a peace treaty on numerous occasions. For example, the 2002 FIFA World Cup helped to repair the fragile relationship between the two host cities, South Korea and Japan (Thibault 2009:3). Sport has always had an international dimension, which has intensified in recent years (Thibault 2009:4). Hence the business environment of sport organisations can be regarded as highly complex because opportunities and threats multiply when an international dimension is added to the business environment (Jooste et al 2007:72). With the advent of special world conditions and growth in worldwide communications, the effect of globalisation is more evident than ever, with close cooperation between countries becoming increasingly imperative (Ghafouri et al 2009:261).

Globalisation is of particular importance to sport organisations with international federations, international world cup associations and Commonwealth country competitions highlighting the advantage of globalisation for sport (Ghafouri et al 2009:261). For example, the Association of Summer Olympics International Federation (ASOIF) regroups the international sport federations that form part of the Summer Olympic Games. The Association has 28 members of which the best known are the International Association of Athletics Federations (IAAF), International Cycling Union (UCI) and International Federation of Association Football (FIFA). With ASOIF's incorporation in 1983, the constitution has remained the same, the goal being to coordinate and defend the common interest of its members and ensure close cooperation between members. This was done to maintain the unity of the Olympic movement and the authority, independence and autonomy of the member International Federations (ASOIF 2009:1). With the inception of globalisation, associations such as ASOIF are gaining increasing significance because members from different parts of the globe need to cooperate and coordinate their different functions and forms.

Globalisation can be regarded as the process whereby political, economic, social and cultural changes culminate in the improvement of relations and increased global interaction (Kerry in Ghafouri et al 2009:262). The emergence of various amenities such as the internet, email and satellite communication has played a vital role in the development of international organisations by reducing the cost of information transfer and exchange and developing communication facilities in sport organisations.

The globalisation of sport has led to a division of labour on an international scale where transnational corporations are utilising developing countries' labour to manufacture sportswear and equipment. Also, the country of birth no longer sets a limitation on where an athlete can compete and for whom, and this has led to increased involvement of global media conglomerates in sport (Thibault 2009:1). This also applies to coaches who are free to offer their expertise to countries other than their country of origin.

In a recent study by Ghafouri et al (2009:266), it was found that globalisation had a significant impact on the strategies employed by sport organisations. The most noteworthy impact discovered was the harmonisation of the values and needs of the

different countries involved in globalisation, indicating that a shift in the vision and values of society affects other societies, and these values interact strongly with one another. Even though it was previously documented that the introduction of new cultures as a cause of globalisation could be perceived to be harmful to the local culture, the introduction of new sports to society seems to have a positive effect and helps to develop the native society and economy (Ghafouri et al 2009:267). The current prediction is that “sport for all” is going to become more common among developed and developing countries as globalisation continues (Pfister in Ghafouri et al 2009:267). It is therefore crucial that sport organisations should take universal needs into consideration when drawing up strategies. This can be achieved by incorporating sport internet websites into the development of sport, awareness of new sport activities and provision of more facilities for recreational participants instead of focusing on the development of elite sport stars (Ghafouri et al 2009:268).

The fundamentals of sport, that is, the uncertain outcome and competition are dramatically affected by the globalisation of sport, especially since larger sport organisations that can operate on a global scale are ideally positioned to enter new markets and obtain useful resources in this manner (Chadwick 2009:194). This reinforces and strengthens their playing fields and market positions. The globalisation of sport organisations has given rise to numerous topics such as competitive balance, governance issues and competition regulations. One of the main issues is how to convey sport to new markets with no sociocultural heritage relating to the sporting code. In these markets it is important to satisfy the needs of the local market, instead of homogenising diverse populations with the same sporting franchise. It is also necessary to ensure that the corporatisation of sport does not lead to the detriment of the core product of sport – the uncertainty of the outcome (Chadwick 2009:295).

### **2.10.2 The technological environment**

Technology can be regarded as the knowledge of how to accomplish something, and it is embedded in every process of the organisation. It determines how the organisation serves its customers and plays a crucial role in the organisation’s ability to compete in its chosen markets (Jooste et al 2007:68). The technological environment has several strategic implications for organisations and industries:

technological advancements and innovations change the bases of competitive advantages and in the process create significant opportunities and threats for competing organisations (Jooste et al 2007:68). It is therefore crucial to continually assess the technological environment by determining technological trends, analysing potential changes in the current and future technologies, examining the competitive impact of important technologies on the organisation's functioning and evaluating the organisation's strength and weaknesses in terms of technology (Jooste et al 2007:69).

### **2.10.2.1      *The sport media and technology***

If one looks at the sport organisation's technological environment, it has become apparent that the media are now a vital ally to the sport manager. It is imperative that sport organisations gain some degree of control over technology at the micro-management level. Because sport appears to be responsive to technology, as opposed to developing it for its own purposes, it is necessary for managers to understand the processes behind the change in technology and also how to utilise the new technology creatively for their own gain (Chadwick 2009:295). Sport is more than able to provide meaningful content for mobile technology – the challenge here is to provide creative content that will enable a sport organisation to secure a differential advantage over its rivals. In order to create this differential advantage through mobile technology, it is essential for sport organisations to be close to the market, understand their customers and adopt innovative approaches to content generation.

### **2.10.2.2      *Social networking and message boards***

Social networking sites such as Facebook and viral marketing should also be used to promote sport organisations and can make valuable contributions to the organisational and commercial development of sport. These platforms and sport websites are powerful public relations tools that allow the sport organisation to build an ideal relationship with the public and its members (Woo et al 2008:169). The internet is also being used to meet sport fans' need and gratifications and provides

valuable insights that enable marketers to plan niche marketing campaigns and address strategic management issues (Woo et al 2008:170).

Incorporating message boards into websites creates bidirectional communication that is useful in building relationships through dialogue and interaction. It has been found that sport fans and consumers are eager to interact with their favourite sport organisation and will actively contribute to new information on the site and express their thoughts and opinions (Woo et al 2008:170; Beech, Chadwick & Tapp 2000:43). What makes this an even more popular choice for communicating with fans is the fact that websites are able to equalise the power between the organisation and the fan, allowing the communication to become two-way symmetrical ensuring optimal interaction and quality long-term relationships (Grunig, Grunig & Dozier in Woo et al 2008:170). Message boards reflect how the organisation is doing by indicating how popular the organisation and its team are and performing an environmental scanning function (Woo et al 2008:174). Websites also perform other value-adding activities such as making tickets and merchandise available for online purchasing and providing information on teams, games and the sport itself (Beech et al 2000:42).

It is interesting to note that Beech et al (2000:42) found that the department responsible for running the website determined the quality of the site. The problem that arises is the fact that most sport clubs do not possess a fully integrated marketing department that is ideally positioned to manage such a function, and therefore many sport websites lack proper design and function. They also found a number of “unofficial” sites that were run by supporters for supporters. Organisations have no control over these sites or the material posted on them. It was suggested that sport organisations form partnerships or alliances with such stakeholders in order to minimise the negative impact such sites might have on the organisation’s image.

### ***2.10.2.3 Management programmes and software***

Technological advances in management programmes and software are starting to infiltrate sport management and are making it easier for sport managers to manage their organisations more effectively (Gallardo-Guerrero, García-Tascón & Burillo-

Naranjo 2008:235). The ideal software program should allow for easy access to various databases and information applications as well as being modular in nature. This is because a sport management system should be able to manage a large variety of sporting installations that have varied profiles and an enormous quantity of factors to consider when managing a sport organisation (Gallardo-Guerrero et al 2008:237). In the research conducted by Gallardo-Guerrero et al (2008:241), the following three areas were identified that need to be addressed when developing management software for sport organisations:

- information and electronic documentation concerning the rules and conditions in each relevant area such as human resource management, safety and so forth
- work protocols that allow for more efficient time management and organisation of resources
- systematic and automated management of sport installations such as data bases, ticket purchasing and use of facilities

Currently, sport management programmes focuses exclusively on clients rather than on the functional areas of management such as human and material resources. In order to achieve optimal management efficiency and quality, all aspects of the organisation should be addressed by the programme (Gallardo-Guerrero 2008:242).

### **2.10.3 The social environment**

It has been determined that people are the products of the society in which they live and equate the sum total of the way of life of a group of people (Jooste et al 2007:70). Changes in this environment have major implications for management and even though an organisation makes a major contribution to social change, it should also keep up with change (Jooste et al 2007:70). Sport organisations are ideally positioned to influence the social environment because they are deemed to promote social activity with physical and mental benefits that can improve not only an individual's quality of life, but also the community in which the individual resides (Henderson 2009:58).



### **2.10.3.1      *The shift to healthier lifestyles***

A trend that is sure to have a noticeable impact on sport organisations and their management is the increased interest in living a healthier lifestyle (Henderson 2009:57). Sport can be considered to be a significant motivator for physical activity because it is both enjoyable and social. Furthermore, sport also provides valuable developmental benefits in terms of social, psychological and physical development for youths, and research has shown that if practised early in life, children will continue to be active later in life, reaping additional health benefits (Seefeldt, Malina & Clark in Henderson 2009:63).

The challenge for sport organisations lies in the promotion of sport as a fun activity in order to increase physical activity levels that will enable society to reap health benefits and sustain these benefits over a period of time. It should be noted that this type of promotion is not viable for all sport managers and should be practised by those sport managers responsible for recreational sport codes (Henderson 2009:64). Even though sport has significant high performance and competitive impacts for society, the promotion of sport with the emphasis on physical and mental health will become increasingly crucial to the survival of sport organisations. It is clear that sport organisations should incorporate leisure and recreational components into their strategies in order to cater for the changing needs of society (Henderson 2009:64).

### **2.10.3.2 *Social reform***

Another factor to consider in the social environment is the widening of the gap between rich and poor with the divide increasing between those with and those without access to sport and recreational opportunities (Skinner, Zakus & Cowell 2008:254). In the last few years, sport organisations have had to adjust their policy to accommodate free-market systems and globalisation because of their impact on social activities, social inclusion and community development. The effect of these social changes has resulted in sport organisations fulfilling two key roles.

The first role can be found in the traditional sport development system for community and elite sport programmes as a function of government legislation, policies, programmes, funding and sport management (Skinner et al 2008:254). The other role has evolved from societal issues surrounding the sport organisation and has resulted in sport becoming a platform for development opportunities in disadvantaged communities by enhancing self-esteem, community identity and unity.

Various studies (Lawson; Skinner, Zakus & Edward in Skinner et al 2008:260) have found that sport is widely recognised as a way to build positive social capital and that sporting activities at grass-roots level are able to motivate, inspire and forge a community spirit in the face of social problems. Sport fosters connections between diverse groups and social networks, allowing communities and societies of different classes, religions and ethnic barriers to form social associations (Harris in Skinner et al 2008:261). The role sport plays in the social agenda of a government should be acknowledged and proper planning should be done to create integrated and coordinated policies that recognise the role of all levels of government community organisations and the traditional sport sector.

### ***2.10.3.3 Gender equality***

The proliferation of female athletes and the issue of gender equality will play an even greater role in the management of sport organisations in the years to come (Skirstad 2009:202). With many reports of females being under-represented in sport and gender imbalances in management levels, changes in sport organisations' structures by adopting gender equality policies are encouraged by government (Skirstad 2009:199). A study in the UK by White and Kay (2006:465) found a positive correlation between the increasing representation of women on boards and in senior administrative roles and the professionalisation and commercialisation of sport as well as with the growth of sport management.

The motives behind the appointment of women on boards that govern predominantly male sporting codes such as football are linked to public business crises such as allegations of fraud, that require feminised signifiers of trustworthy leadership and

integrity. This role of female board members is becoming increasingly important as media scrutiny of sport organisation continues to increase (Fullagar & Toohey 2009:199). Sport organisations will need to take this trend into account when conducting a business environment analysis.

#### **2.10.3.4 *The effect of crime on sport***

One of the main social impacts of sport is its ability to decrease participation in crime (Caruso 2009:1). Specific crimes that can be reduced by marketing participation in sport, irrespective of the code of sport, are property crime and, more importantly, juvenile crime. Caruso (2009:19) found that sport played a vital role in keeping younger generations of Italians off the streets and out of harm – this too could have significant implications for the youth of South Africa. However, the increase of violent crimes specifically against sport participants is worrying and could be a potential deterrent to sport participation.

Developing sports, such as mountain biking, are becoming regular targets of crime. In South Africa, cyclists are often violently attacked and stabbed, bicycles are hijacked (this even occurs during races) and rumours of bicycle syndicates are doing the rounds (Fourie 2009:1). The situation has become so serious that cycling clubs are offering self-defence classes to club members and disseminating information on “highjack hotspots” in their weekly newsletters. Unfortunately, it would seem that it is not only cyclists in South Africa who are being harmed by criminals – an epidemic of cycling shootings around the globe, with its epicentre in the UK is posing a threat for cyclists and the development of the sport (Beaulieu 2009:1).

#### **2.10.4 The physical environment**

The physical environment encompasses the limited natural resources, and environmental awareness is an important issue for strategic management in this environment. The sport organisation also needs to take into consideration the design and building of its physical facilities. These concepts will now be discussed in detail.

#### **2.10.4.1 Environmental practices**

Sport has a significant impact on the environment in which participants practise their game (Thibault 2009:11). With regard to major sporting events such as the 94.7 Cycle Challenge, which attracts nearly 25 000 cyclists, the carbon footprint is phenomenal. Not only are large amounts of waste generated by food and drink consumption, of which very little is recycled, but travel to and from starting points also increases the amount of energy and resources consumed by sport participants and spectators.

Environmental “green” management is becoming a vital consideration for organisations and will also need to be taken into account by sport organisations in future as the focus on the environment and humankind’s impact on it comes into the spotlight. Already a Green Sports Score Card has been developed that assesses sport organisations’ environmental friendliness (Cleantech 2008:2). The card also provides reports on how organisations can reduce their environmental impact and ranks organisations among their peers.

#### **2.10.4.2 Physical sporting facilities**

One of the major developments in the physical environment is the advances in the physical infrastructure such as stadiums and sport venues. In a study by Greenwell, Fink and Pastore (2002:129), it was found that the strategic planning of physical facilities influenced consumer satisfaction with the sport product. Sport fans expect a high level of comfort and convenience from sporting facilities, which makes it necessary for sport managers to plan, build and renovate facilities at record speeds. The latest trend in stadium design is the concept of improving sight lines through design and furnishing the stadium with more spectator-friendly amenities (Greenwell et al, 2002:130). For example, the new Green Point Stadium, rebuilt for the 2010 Soccer World Cup, boasts a retractable dome that protects fans and players from the unpredictable winter weather of the Cape region (FIFA 2009:1).

The pay-off for building better stadiums is an increase in ticket sales and the added bonus of better sponsorship deals. Conversely, it was also found that poorly designed sport facilities have a negative effect on the organisation’s financial performance

owing to the fact that bad designs lead to low stadium atmosphere and amenities, which result in lower attendance figures. Traditional marketing theories also indicate that physical surroundings provide key indications to consumers whether or not they should approach or avoid the service provider, which contributes significantly to the level of customer patronage and determines the level of customer spending (Kotler in Greenwell et al 2002:131).

There is a dramatic difference between old and new facilities in the sense that older facilities have bench seating, simple scoreboards and single concession stands (Greenwell et al 2002:130). New facilities such as the impressive renovated Soccer City, where the first and last Soccer World Cup matches were held, has 94 700 modern seats as well as encircling roof that is based on the design of the iconic African pot, the *calabash*. The stadium also offers 99 extra speciality suites for VIP guests and has improved its changing room facilities to accommodate the players (FIFA 2009:2). It is clear that the physical sporting facility significantly influences consumers' perception of the quality of the core products and needs to be managed and planned in such a way that it is not detrimental to the sport organisation (Mullin in Greenwell et al, 2002:142).

However, with endurance events such as cycling, road running and canoeing, the primary venue is often not a physical facility that is owned and managed by the sport organisation and participation in the sport takes place in public domains such as roads and rivers. One of the main concerns regarding the physical environment for sport organisations that do not have their own sporting facilities (eg CyclingSA), is that the organisation itself cannot manage and control the condition of the facilities. This environment is primarily responsible for hampering full-scale participation in cycling owing to the unsafe conditions on the country's roads. An average of 300 cyclists is killed each year on South African roads. This number excludes those riders that are injured or maimed in vehicle-related accidents (Badenhorst 2007:54). Numerous clubs have protested about this situation, but government refuses to become actively involved in the plight of such clubs (Fourie 2009). Serious intervention is needed by way of legislation to protect the sport and its participants if it is to grow. The concern for cyclists' safety can thus be seen as part of both the physical and political environment.

## **2.10.5 The economic environment**

Owing to the fact that most sport enthusiasts are not professional athletes and pursue sport primarily as a leisure activity, sport relies heavily on the sphere of the economic environment for financial support. Consumers' discretionary income is directly related to the economic environment and will fluctuate as changes occur in this environment (Smit et al 2007:69).

Studies have found that members of nonprofit sport clubs are huge spenders in terms of their chosen sport (Wicker, Breuer & Pawlowski 2009:1). The amounts spent on different sporting types and activities do differ in terms of the type of sport and are also influenced by the income group, level of education and the time an individual devotes to the sport. Generally, individuals in higher -income groups, with a tertiary education background and seniority in the sport, spend higher amounts on sport, whereas individuals in lower-income groups tend to spend lower, but still significant amounts (Wicker et al 2009:10).

According to Wicker et al (2009:11), the spending patterns of members of nonprofit sport organisations were an important element to research because it was found that most members contribute financially towards their sport clubs and were able to do so, if they were asked to. It is therefore crucial to determine the effect of the economy on the spending patterns of members because it can significantly affect the "lifeblood" of sport organisations and their sustainability.

### **2.10.5.1 The current economic environment**

The economic recession experienced during 2008-2009 is still having a huge impact on the business environment of sport organisations. The principal impact thus far is the decrease in corporate sponsorship and ticket sales (Klancnik 2009). These monies are crucial because they are mainly employed to develop sport and host events and will have a considerable impact on the way sport organisations continue to exist and manage their operations. During 2009, various sport organisations suffered severe blows as a result of sponsor withdrawals: Manchester United lost £56 million

when AIG withdrew its shirt sponsorship from the team; the US National Football League had to cut its workforce by 10% after falling \$50 million short in its revenue projection; Tiger Woods lost \$8 million worth of endorsements (this was prior to his infidelity scandal); the 2010 Vancouver Winter Olympics took out an additional \$800 million loan to cover a financial shortfall; the 2009 Indian Masters golf tournament was cancelled and the new Liverpool stadium project was put on ice (Chadwick 2009:5).

Despite these figures, it is still unclear whether or not the sport industry is or was, in fact, in a recession. This is mainly because the exact value of the industry is unknown and is difficult to measure (Chadwick 2009:7). It is clear, however, that the nature of the impact of the recession on sport is totally different from its impact on other industries. Even though sport is not immune, it is more recession resistant than other industries. This is because leisure sport activities are regarded as a form of escapism in difficult times, they build of self-esteem and self-worth, they are a relatively cost-effective form of entertainment, they promote group affiliation and they foster family bonding (Chadwick 2009:10).

However, as mentioned earlier, the professional sport industry is not nearly as “recession proof” as its leisure counterpart. Stadiums are struggling to find endorsements as government resist spending taxpayers’ money (Hoffman 2009:1). Owing to considerable profit losses, companies are cutting sponsorships to athletes, teams and events. Fan turnout is also declining rapidly as the cost of game tickets, fuel and concessions increase (Hoffman 2009:2). It is interesting to note, however, that various sport organisations have countered this by harnessing their relationships with their supporters. The St Louis Blues established a “fan bailout plan” where one fan at each of their hometown games would win cash that was used to pay-off mortgages, while the Texas Rangers offered fans gas coupons. Customer care appears to be at an all-time high as sport organisations realise that they have no choice but to offer the best possible option to their customers (Biertempfel 2008:1).

The current economic environment will also affect the demand for sport products.

### **2.10.5.2 The demand for sport products**

The economic environment is dictated by the balance between the supply of and demand for goods and services. If the demand for goods and services is insensitive to changes in price, suppliers are able to manipulate price without losing their income. For example, if the demand for sports is sensitive to the price of audiovisual products, an increase in the price of such products would have a serious adverse effect on sport consumption. Numerous researchers have also found that the demand for sport is highly price inelastic (Borland; Whitney; Demmert; Dobson & Goddard in Løyland & Ringstad 2009:602). This means that consumers are almost willing to pay any price for sport and are minutely influenced by changes in price. Most of these studies were conducted on attendance data for professional teams and clubs that are considered to have market power and were able to maximise the profit earned from their activities. Profit maximisation, however, requires a pricing policy that constrains demand sufficiently to make the demand price elastic.

In a study by Løyland and Ringstad (2009:601), it was found that the household demand for sport is income elastic. This means that the total of consumers will rise with increases in income. With the increases in income over time, investments in sport activities by both the private sector and public sector, in order to develop local communities, would become more appealing than if the income elasticity were close to zero (Løyland & Ringstad 2009:602).

However, the impact of income on demand differs for time-consuming goods. This is based on the principle known as Linder's disease in terms of which a consumer's income increases, the time required to consume consumer goods becomes more expensive in terms of lost income. Some goods are more time consuming than others and thus become even more expensive even if the market price does not change at all. This effect was found by Løyland and Ringstad (2009:614) to become even more serious as time passes and attempts made to improve the utility of time invested in sport, especially for higher-income consumers, have not been able to really counteract the effect of Linder's disease. This has resulted in a decline in the demand for sport, especially for higher-income groups, and has led to sport becoming slightly inelastic. It is interesting to note that substitutes such as live performing arts and



cinema also followed a similar pattern, that is, becoming more income elastic as time passes.

The demand for sports is not only affected by the cost of time, but also differences in preferences between different consumers, access to the goods in question and access to substitutes (Løyland & Ringstad, 2009:602). Løyland and Ringstad (2009:612) also found that the demand for the sport product is also influenced by age in the sense that an increase in age leads to a decrease in demand. The demand for sport also decreased consistently with the degree of urbanisation where households in rural areas have a higher demand for sport than households in urban areas. Households in which females are more predominant also have a lower demand for sport.

One should bear in mind that attending the game is not the only cost that consumers need to incur when purchasing such sport goods. Travel costs are considered to be less inelastic than the actual sport. Forrest (in Løyland & Ringstad 2009:604) found that for sports that had a high travel cost (both in terms of physical and time costs), the total price of purchasing the product had much higher price elasticity than those who did not have high travel costs.

It is clear that the economic environment provides valuable information to the sport organisation on consumer spending and demand. This environment should be monitored closely to avoid financial downfalls.

## **2.11 CONCLUSION**

Sport organisations have become a vital part of society and with their transformation to commercialisation, the need to practise strategic management has become increasingly apparent. With increased competition in the sport industry and market volatility the order of the day, strategic management has become the main tool for determining organisational excellence (Anon 2008:1). Certain research gaps, however, have been identified in strategic management for sport organisations. To ensure that sport organisations continue to thrive as they make the crossover to

commercialisation, strategic management and the environmental analysis need to be adapted to suit the specific needs of sport organisations.

When conducting environmental analyses, sport organisations need to take commercial business concepts into consideration, but should also adjust these concepts to suit their individual and unique needs. As highlighted in the above discussion, various elements in the micro-, market and macroenvironments need to be customised to sport organisations structures, if the process of strategic management and environmental scanning is to add value to the management of sport organisations.

The next chapter will focus on the history of cycling and the development of CyclingSA in South Africa.

## **CHAPTER 3 THE HISTORY OF THE SPORT ORGANISATION**

### **3.1 INTRODUCTION**

As established in the previous chapter, sport has been in existence for as long as the human race has experienced the need for competition, enlightenment and amusement. It is also clear that the management of sport is a fairly new field that has only recently started to incorporate the principles of basic business into its operations. The commercialisation of sport, however, has not been without incident and most sport organisations have found that commercial principles have not been adapted to suit their unique needs.

One of the main reasons why sport is somewhat sluggish with the transformation to more business-oriented management is the historical and social connections inherent in the fibre of sport. It is therefore crucial to determine the historical background of both sport and cycling in order to understand the sport organisation and the way it has been functioning in the last few decades.

Researchers such as Adair (2009:405), Eisenberg (2004:149190) and Davis (2009:409) have made significant contributions towards the historical definition and meaning of sport, both in terms of societal connotations and the etymology. These researchers also contributed significantly to the field that explores the development of sport and its evolution through the ages. It is interesting to note that the British colonisation of the globe played a significant role in the evolution and distribution of many sporting codes in the world.

The history of sport management provides a basis for understanding how sport organisations are being managed today. Despite the fact that its origins can be traced back to Greek times, it was not recognised as an academic field and professional pursuit until the late 1980s (Parkhouse 2005:2). Historically, sport organisation exhibited the characteristics of nonprofit organisations (Fishel in Green 2008:9), establishing a unique relationship with the government, where sport organisations were to drive the implementation of government policies (Parkhouse 2005:6).

The history of sport event management is closely intertwined with that of sport management – hence the need to explore this relationship because the management of such events often contributes to the success or failure of the sport organisation. Researchers such as Emery (2010:158) and Westerbeek and Smith (Emery 2010:170) identified several momentous events in history that impacted hugely on the management of sport events. They also identified four management phases that evolved into the current manner in which sport events are managed.

Another area in the history of sport that needs to be explored is that of the development of sport policies. Here, Collins (2008:59) made an important contribution to sport history by identifying the phases in which sport policy development occurred. From these phases, it is also apparent that sport steadily moved from amateurism to professionalism, and this has had a significant impact on the management of sport organisations (Skinner et al 1999:173). This, in turn, led to the development of modern sport as it is known today (Girginov 2008:23).

In order to understand the current business environment of CyclingSA, one needs to look at the history of cycling and that of the UCI, of which CyclingSA is a partner federation. In this context, the history of the bicycle is closely related to that of the sport, for without the bicycle, there would have been no sport known as cycling (Mozer 2010).

This chapter will therefore provide a literature review of the history of sport with specific reference to the evolution of the game, sport management, sport event management, sport policy development, the professionalisation of the industry and the start of the modernisation of sport. It will also look at the history of cycling, the bicycle and sport. The establishment of UCI and CyclingSA will also be covered in this chapter.

## **3.2 THE HISTORY OF SPORT**

Despite the high profile of sport in most cultures, its historical analysis is relatively undeveloped and to a certain extent neglected, especially in terms of academic

research, media interest and the reading public (Adair 2009:405). Most sport fans are eager to relive splendid performances by their nation's teams and athletes and often spoil themselves with a eulogistic book or magazine dealing with their favourite sport. These enthusiasts, however, are probably not interested in or do not have an in-depth knowledge of the history behind sport and its role in the evolution of society. Despite sport's long and somewhat turbulent history, the academic study thereof has only been evident since the 1970s (Adair 2009:406). Certain key areas of sport history have, however, been researched as well as its contribution to society over the ages. Some of these key areas will now be discussed in more detail.

### **3.2.1 The historical definition of sport and the evolution of the game**

The English word "sport" is etymologically derived from the Latin word *deportare* which originally meant to "divert oneself", "to amuse oneself" and "have fun" (Eisenberg 2004:14919). In the broad sense, it referred to everything that encompassed the things one would do "in sport" or "for love". In the narrow sense of the word, sport referred to the hunt for game as well as to horse-racing. However, the word "sport" was only used in everyday language during the mid-19th century when new games and pastimes became more popular among the middle classes. During this period, the word "sport" became an umbrella term for all kinds of activities including ball games such as cricket, martial arts such as boxing, heterogeneous outdoor pastimes such as boating and athletics such as running, that were common in 1899 (Eisenberg 2004:14919).

Nowadays, it has been estimated that there are 240 different sporting disciplines that mainly originated from various types of organisations such as neighbourhoods, clubs, schools, armed forces and even the government (Eisenberg 2004:14920). Although these disciplines differ tremendously in terms of popularity, following and representation by the media, they all have one common thread: they are competitive. These disciplines therefore only encompass a narrow understanding of what sport means, because during the development of competitive sports into a mass phenomenon as well as its growing significance in education, armed forces, the economy and culture, there is an apparent tendency to include noncompetitive activities and organisations under the term "sport". In this broad usage of the term

“sport”, it has become a collective term for many and diverse expressions of the general physical culture of humankind.

The second direction in sport history, where modern competitive sport is the main focus, was primarily assumed by professionals who had moved into sport history after academic training in other academic fields. This definition of sport is relatively new and originated in the 1970s where it emerged in the UK, Australia and the USA during which time competitive sport was primarily part of the education system (Eisenberg 2004:14920). During the 1980s it found supporters on the European continent and has since spread to South America, Africa and Asia. Despite the field of competitive sport history rapidly expanding across the globe, most studies have been conducted by European and US scholars and researchers as highlighted in this chapter. There are also a number of amateur historians who actively research the area of competitive sport history.

The developments in sport history are quite remarkable because until the mid-1980s neither professional historians nor social scientists were interested in the field of sport. This came about as a result of a change in the discipline of history and social science and the acceptance of sport history as a natural object of study (Eisenberg 2004:14921). The interest of scholars in the social form of modern sports as part of modernisation theories also contributed to the development of sport history. Various historians during this period drew a close paradigm between the social formation of modern sport and the formation of Western society. One of the theories that emerged from the above, was that of Elias (Eisenberg 2004) who hypothesised that the emergence of organised sport as a form of relatively nonviolent physical warfare was related to a period in English history when Parliament became a battleground for resolving and neutralising interests and conflicts (Elias in Eisenberg 2004:14922).

It was also discovered that owing to the rationality of sport's social form, it could be effective as a transmitter of “premodern” attitudes. In the land of its origin, therefore, sport played a key role in the notion of “fairness” and bound “chivalrous” gentlemen into modern civil society. Modernisation theories also found that, apart from the UK, modern sport was considered to be a cultural import and that it was disseminated by international elites whose identities and loyalties were anchored in circulating a

uniform global image (Eisenberg 2004:14922). However, this does not mean that sport is a “mirror of society” as some are eager to assert. Instead, sport is seen as a relatively autonomous social subsystem which functions according to its own rules on the basis of its inherent game character and in certain situations even produces its own dynamic of development. When this subsystem then interacted with its social environment, it would not only reproduce the pertinent environment, but also leave its own imprint on it (Eisenberg 2004:14922). Sport contributed to the erosion of some traditions such as social inequality, but also, and somewhat conversely, preserved such anachronisms. As explained by Eisenberg (2004:14923), “sport was an active, yet selective, impulse of social change.”

Countries that were far removed from “civilisation” and the so-called “motherland”, such as Australia, were conveniently connected to Britain through the use of sport (Davis 2009:409). Sport literally travelled as part of migrants’ cultural baggage, and efforts to establish race tracks, cricket fields and rugby pitches were a natural part of the colonial drive to recreate fond memories of their homelands. Even in early times, sport teams “toured” the new colonies, drawing crowds that were in awe of the “homeland’s” cricket and rugby teams’ performance. However, many historians note that the tide turned slowly, and by the 1860s, the colonial teams outperformed their British counterparts in cricket, rugby and rowing (Adair 2009:410). From this point in time, sporting relationships were soon firmly establish when, in 1882, Australia defeated the English cricket team in London giving rise to the birth of the “Ashes”, a legendary cricket series still played today.

These victories did much to boost the confidence of the colonial residents and teams and athletes were eager to disprove earlier allegations of inferiority (Adair 2009:410). Sport had thus become a crucial tool in the establishment of parity and, ultimately, rivalry. Early on, “competitive sport” in the realm of the colonial era, referred most notably to cricket that went beyond its cultural foundations and made the rather eloquent jump to politics (Adair 2009:410). Australians, like many other colonial residents, seemed rather unimpressed with the idea of sport federations and it took two referenda for such a proposal to be accepted by only a small majority. Many historians such as Mandle (Adair 2009:410) contends that intercolonial sport provided society with examples of effective administrations, despite the lack of federations, at

national level. This was significant because it was during an era when parochial colonies guarded local economies with the use of exorbitant tariffs and inadaptable railway systems that severely limited travel and trade.

Another interesting development in sport that arose from the British Empire's colonisation efforts was the birth of aquatic sport. With many settlers inhabiting the urban areas of Australia near the coast where there were regular supplies of water from coastal river systems and access to the ocean, there was a great opportunity for aquatic sport. The Parramatta River was the venue for some of the most popular sporting spectacles of the 19th century, hosting specifically sailing and rowing regattas (Adair 2009:411). The pursuit of many aquatic events such as swimming, however, was heavily frowned upon because during this era, the exposure of too much skin was still widely considered a social indiscretion (Adair 2009:411). When the hobby of sun bathing and swimming became more acceptable, men and women were first segregated, resulting in most aquatic sporting codes becoming male dominated up to as late as the 20th century.

Sport has played a significant role in the development of society and is thus deeply rooted in sociology. Many sociologists have dispelled the notion that sport is structurally egalitarian in contemporary society (Adair 2009:412). Despite this, it is quite clear that many discourses do present sport as inherently "open to all". This continuum originates in the history of sport where, historically, class and status divisions in sport were typically more pronounced than they have been in recent years. Several sporting disciplines are also more elitist than others and have retained their sense of aristocracy over the decades that have since passed (Adair 2009:412). In late Victorian England, the division between professional and amateur versions of sport was significant. This was particularly evident in the construction of the rules of the game, where the rules for the amateur code differed from those of the professional code.

During this period, even the colonies had evolved amateur and professional versions of sports such as rugby, athletics, cycling and rowing. A further innovation from abroad was the Olympic Games where amateur status was one of the prerequisites for eligibility to compete, resulting in considerable scrutiny of sport that earned high



amounts of prize money and wagering (Adair 2009:413). By and large, however, the amateur code was applied far more stringently in the “Motherland” than in the respective colonies. For example, in Britain, anyone who was deemed to be middle class was proscribed from membership of an amateur club, and competing for prize money was regarded as highly unacceptable, resulting in a lifelong ban of any member who dared to participate in such practices. In Australia, nonpecuniary amateur status was considered more valuable than class background and many clubs, especially in rowing, were born from manual labour amateur classifications (Adair 2009:413). In the colonies, the amateur code was open to different interpretations and the penalties that preceded transgressions varied largely from situation to situation. Thus in politics and sport, some officials would turn the proverbial blind eye on certain individuals, but react harshly to others.

Prior to a number of recent discoveries, it was commonly believed that amateur sport and professional sport were entirely different domains. However, recent studies have found that during the 19th century, it was common practice to award prizes to amateur victors without compromising their amateur status. Such amateurs also frequently competed in the same programme (albeit for different events) as their professional counterparts. Most leading sport officials of that period also presided over both amateur and professional competitions as late as up to the 20th century (Adair 2009:413). It is interesting to note, that until the 1970s, the practice of pure professional sports was not considered a long-term career venture. With the advent of live television broadcasting, a new source of revenue could now be earned, which contributed to the sustainability of sport as a pursuit of profession.

The social divide in terms of class and social standing in sport is still evident today in many education facilities. Private schools provide elite sport facilities and resources such as tennis courts that are more often than not absent in state-funded, secular schools. This has resulted in private schools becoming the traditional nursery for recruitment into sport clubs and, ultimately, into professional sport (Adair 2009:415). The division between the genders are also apparent in the education system, where the majority of school sports are primarily dominated by males and masculine body contact sports such as rugby. It was not until the late 1990s that widespread female participation was encouraged in most countries across the globe.

History has shown that sport has been a significant rite of passage for many young males across a variety of cultures. This also contributed to societal developments and cultural assumptions that males are inherently combative and aggressive. Sport provided an outlet for such overly masculine behaviour and was a natural extension of “approved” male-specific activities. The opposite, however, is true of their female counterparts where, until the late 20th century, participation in sport was largely discouraged. Activities that were deemed “female” appropriate included sports such as netball that did not contravene the traditional notions of femininity (Adair 2009:415). In modern-day society and improved access for females to sport and sport activities, sport still remains a key in the gendering process. This is primarily because men and women are typically separated in competitive physical activity, with the few high-calibre elite sports women receiving much less media attention and recognition than their male counterparts (Adair 2009:415).

The history of female participation in sport is characterised by radical feminist criticism of marginalisation and oppression by males. Liberal feminist arguments, however, indicate that women have been active in sport across the ages, but have simply gone unrecognised by male historians. An interesting point, on which there is no debate, is the success of Australian women over their male counterparts in the procurement of Olympic medals (Phillips in Adair 2009:415). This and the historical importance of women as sport fans has formed the basis of most research conducted in this field and the 21st century is yet to produce any new research development in this particular field (Adair 2009:415).

A concept that ties in closely with the history of sport is that of sport aesthetic, which during the early development days was considered to be the nature of sport (Christiansen 2009:49). However, modern-day society considers the sporting aesthetic to only be a by-product of competition as athletes struggle to outperform their rivals and overcome their own limitations in such a way that victory is secured. Sport is thus often regarded as a banal way of providing distraction from everyday life or as a means of legitimising the capitalist system (Christiansen 2009:49). Research by Christiansen (2009:49), however, challenges this view and suggests that the

power of modern-day sport lies in its historical capacity to offer a glimpse of a mythological universe that has been severely limited by modernity.

It is quite clear that sport, in its modern sense, is not the same as it was historically. Ideals that have contributed largely to the definition of sport such as sportsmanship, fair play, chivalry and exemplary behaviour are seemingly missing in its modern counterpart, leaving historians and governing bodies alike with fears of sport being in crisis (Christiansen 2009:49). Historically, the spirit of sport referred to the ideals that had been ascribed to sport from outside and constituted conventional ideas of what sport should be and what purpose it should serve in society. Sport in this sense is often associated with the “English gentleman” or “the good sport” (Christiansen 2009:51). Virtues that formed the basis of sport during this period were courage, honesty, leadership, loyalty, camaraderie and joint responsibility towards society. For centuries, these have formed the cornerstones of sport, resulting in the meaning and value of sport being found externally within moral and social concepts, and they have come to represent “good”. In the past, this association benefited the sport organisation in such a way that it was able to secure the support of patrons, governments and other sponsors that attribute the support of sport to their contributions to society at large. The traditional spirit of sport, however, contains an inherent ambivalence in the sense that it encourages athletes to perform at their best, but at the same time finds it too ambitious to encourage victory. Hence the spirit of sport does not in essence contain the key to understanding what actually motivates competing athletes.

The essence of sport, contrary to the spirit thereof, attempts to define sport in its own terms and for itself. A sound basis for a definition here is the Olympic motto of *citius, altius, fortius* (faster, higher, stronger), which indicates the ideals of a pursuit that is anything but temperate and moderate (Christiansen 2009:51). During the era in which the modern Olympics were founded, sport entered a phase of excess where promoting moral good was no longer of the essence, and any indication of this was purely accidental. It was now viewed as a voluntary and habitual practice of intense muscular exercise based on a desire for progress and extending as far as risk. Sport was linked to drama and aesthetics, and defined by the following five key characteristics (De Coubertin in Christiansen 2009:51):

- initiative
- perseverance
- intensity
- search of perfection
- scorn for potential danger

These characteristics were emphasised by De Coubertin (the modern father of the Olympics) in the creation of dramatic and creative sport events that bore a resemblance to other artistic and aesthetic activities. Sport became as much a member of the sphere of beauty as it was a member of the sphere of virtue (Christiansen 2009:51). Some researchers of the time such as Keller (Christiansen 2009:52) even went as far to suggest that beauty and aesthetics are far more inherent in sport than they are in art. Despite this somewhat unconventional view of sport, it is still evident today that competition and the quest for victory remain the ultimate purpose of sport, irrespective of its aesthetic qualities.

### **3.2.2 The history of sport management**

Several researchers hold that sport management, as an applied science, has been in existence since the time of ancient Greece, where combat between gladiators or animals attracted thousands of spectators (Parkhouse 2005:2). The 11th-century Olympics boasted magnificent ceremonies and were followed by athletic competition during which thousands of spectators were lavishly entertained (Frank in Parkhouse 2005:2). The sheer size of these events dictated the presence of purveyors of food and drink, promoters, purchasing agents, marketing personnel and management directors.

The field of sport management, however, has only recently been acknowledged as an academic discipline and professional occupation and is a relatively new form of management compared with other disciplines in the field of management. The first sport management curriculum was offered from 1949 to 1959 at the Florida Southern University and it was entitled “Baseball Business Administration” (Parkhouse 2005:4). By 1980, 20 universities and colleges in the USA offered graduate programmes in

sport management. This number grew to 83 programmes in 1985 and recent surveys identified more than 200 such programmes at the end of the millennium in the USA alone (Parkhouse, 2005:5). However, it is clear though that the significant proliferation of sport management programmes and the development as an academic discipline were not observed until the late 1980s. Within this new academic discipline a new form of sport organisation was born: the nongovernmental sporting organisation (Green 2008:90). These organisations were more often than not nonprofit-seeking and exhibited the following characteristics (Fishel in Green 2008:90):

- Such organisations were not driven by financial motives and most had imprecise objectives, resulting in difficulties with the monitoring of performance.
- Such organisations were most often and still are today accountable to many stakeholders, which includes members, users, government, sponsors, volunteers and staff members.
- Organisational structures were complex, especially if they had adopted a federated or representative model to facilitate the involvement of a wide range of varied stakeholders.
- Such organisations relied more on the input of volunteers in terms of both service delivery and governance roles than on paid volunteers.
- Organisations were created and maintained on the basis of a set of values or beliefs about the service or opportunities the organisation provided. Often conflicts would arise from the different interpretations of these values that dictated the direction of priorities of the organisation, which made it complex to govern.
- The relationship between the board and paid staff members was complicated, with the major area of concern being who was actually in control of the organisation.

These nongovernmental organisations still continue to operate today in a highly complex environment that is influenced by different motives, standards, challenges and practices, as discussed in chapter 2. They also need to work with and manage a definable membership base, relationships with key funding partners, contractual

obligations towards government, business contracts with other commercial, nonprofit or public sector organisations and their volunteer base.

In the early years of nongovernmental sport bodies, government policy generally had little influence on their operations and management. Since the 21<sup>st</sup> century, this has changed dramatically with the advent of more government funding and the resulting government expectations of such organisations (Green 2008:91). The relationship between government and nongovernment organisations is still far from direct, however, with the main link between the two being the realisation of government's sports development objectives. Nongovernmental organisations are now expected to identify, support and develop talented athletes who can win medals and tournaments on an international scale. In addition, they are also expected to commit to the government's goals for social welfare policy objectives (Green 2008:92). Nongovernmental organisations are increasingly expected to be involved in the following areas (Green, 2008: 92):

- the development of sport in schools and communities, especially in disadvantaged areas
- the provision of appropriately trained coaches
- the improvement of available opportunities for ethnic minorities, people with disabilities and females to participate, lead, coach and officiate sport
- the formulation of strong talent development plans to enable individuals with the necessary talent to reach the top of their game
- the proper management, planning and monitoring of all activities

It is apparent that nongovernmental organisations have evolved over the years to become a key delivery partner in and for the implementation of government sport policy objectives. However, if one were to look internationally at the history of sport management, it would appear that the timeline of growth and development is shorter and far slower than what was experienced in the USA. The concepts and developments derived from the USA have thus set the baseline for the methodology and theory of global sport management practices (Parkhouse 2005:6).

Internationally, sport management as a field of study and a degree programme has also grown incrementally during the last few years with various sport management academic associations developing around the world. Examples of such associations include the Asian Association for Sport Management, the European Association for Sport Management and the Sport Management Association of Australia and New Zealand. Another interesting development in the evolution of sport management is a decrease in the demand for teachers that presented the “historical” physical education curriculum in schools and an increase in the demand for personnel in the commercial sport sector (Parkhouse 2005:6). The development of professional associations such as the Sport Marketing Association (SMA) and the proliferation of academic journals such as the *Journal of Sport Management* have also given rise to the establishment of sport as an accredited academic discipline.

The field of sport management is becoming increasingly more accepted as a profession, indicating that the future of sport management has enormous potential. There are, however, many hurdles still facing this discipline, the greatest of which is undoubtedly to prove that students who have studied in this field are able to demonstrate that they possess the knowledge necessary to succeed in the marketplace, that they are able to perform the functions expected of a manager and that they qualify for advancement through the ranks of the organisation. The potential of sport management will be greatly influenced by the quality of its faculty and should continue its development as an area of scholarship. Here research on management theories that are specific to sport are crucial because this will essentially determine whether or not sport management will become widely accepted as profession or decline as an area with little substance (Parkhouse 2005:10).

There is a clear distinction between the terms “sport management” and “sport administration” despite the fact that they are often used interchangeably. Sport management is an all-encompassing, universal perspective that represents a myriad of sport-related areas, as identified by DeSensi, Kelley, Blanton and Beitel (1990:32). This includes facilities, hotels and resorts, public and private fitness and racquet clubs, merchandising and collegiate and professional sports. Sport management can therefore be defined as follows:

- “Any combination of skills related to planning, organising, directing, controlling, budgeting, leading and evaluating within the context of an organisation or department whose primary product or service is related to sport” (DeSensi et al 1990:33).
- “The study and practise involved in relation to all people, activities, organisations and businesses involved in producing, facilitating, promoting, or organising any product that is sport, fitness and recreation related and sport products can be goods, services, people, places or ideas” (Parks, Zanger and Quarterman in Parkhouse 2005:3).
- “The field of study offering the specialised training and education necessary for individuals seeking careers in any of the many segments of the industry” (NSAPE-NASMM Joint task Force in Parkhouse 2005:3).

The concept of sport administration, however, refers to the setting of goals and policies which management are then supposed to implement (Parkhouse 2005:3). Until recently, the administration and management of sport organisations have been handled by volunteers and part-time administrators. However, this has changed and is now predominantly being managed by full-time university-trained professionals.

The influence of the government in the above was noticeably nonexistent up to the 1970s when most governments regarded sport as somewhat piecemeal and followed a reactive approach to the management thereof (Green 2008:96). With the development and introduction of sport management in wider society, governments showed the first indications of a shift towards proactive and strategic involvement. This came noticeably from the establishment of various sport councils, such as the British’s Advisory Sport Council which was established in 1965 (Green 2008:96). Aid was now granted to organisations that were able to comply with criteria formulated by such government councils. It was not until the mid-1990s, however, that government intervention and involvement in sport strengthened extensively. Governments now became ever more involved in the organisation, administration and funding of sport, especially at the elite level, and developed sport strategies accordingly. Four tightly integrated elements have become the basis of modern governmental sport management: foundation, participation, performance and excellence. Hence the



tension between the wish for authoritative action from government and nongovernment organisations to act in their own professional manner as they see fit, which does not always meet government guidelines and targets, is the main obstacle to overcome in the 21<sup>st</sup> century (Green 2008:105).

With the advent of sport management, an increased need for a management structure for sport events arose.

### **3.2.3 The history of sport event management**

According to Emery (2010:158), the management of sport events is a crucial element in sport management and there has been an unprecedented demand for the hosting of sport events during the past decade or so. Despite the long history associated with the hosting of such events as well as their universal appeal, sport events are notorious for being mismanaged. It has only been in the past few decades that the notion of an event industry and profession has gained widespread acceptance and has been awarded with proper management principles. However, it is still regarded an “emerging profession” (Silvers in Emery 2010:158).

Many researchers contend that the sport event industry is the most notorious professional management practice when it comes to undesirable records of incidents (Silvers in Emery 2010:159). The main concern regarding these problems of incidents is the fact that many are historical and appear to be transcending national barriers as well as being transferred to other sporting codes. A case in point is the crowd control problems at events that were traditionally confined to the domain of professional football within British borders. The Hillsborough tragedy is certainly one of the most notorious examples in this regard, where 96 football fans were killed during a stampede in the 1989 FA Cup semifinal match between Liverpool and Nottingham Forest (BBC News 2000:1). Recently, however, “untouched” sports such as cricket and tennis have also experienced these kinds of incidents and these phenomena can be seen globally. The swift and sudden growth in the sport event industry has resulted in a confusing business environment that lacks credibility and, at this point in time, is detrimental towards its own sustainability (Goldblatt in Emery 2010:159).

The historical development of sport event management has found that the effective management of scale complexities that are found in sport events are further compounded by the extremely specialist nature and unique setting of such events (Emery 2010:160). The scale and scope of the logistics involved are often enormous, especially with mega events such as the Olympics, and temporary organisations and staff are crucial in ensuring the success of such events. Such events also have unique benefits and pose risks for the hosting organisation and these have resulted in a high demand for the right to host sport events. What makes these events even more unique is that both the participation and spectator element is present and there is often also a strong international connection. It is necessary for managers to take the event history into account as well as the emotional culture attached to it. Events often also have multilayered stakeholder diversity which needs to be properly managed. Emery (2010:171) found that events with a long history (older than 50 years) had better planning levels than their younger counterparts. This is primarily because of the historical development that the sport event's management has undergone during the decades. This development is summarised in table 3.1 below (Emery 2010:166).

**Table 3.2: Evolution of the major sports event management industry**

<b>Management phase</b>	<b>Organi-sation</b>	<b>Market</b>	<b>Focus</b>	<b>Management characteristics</b>	<b>Examples of global triggers</b>
<b>1970s:</b> Trial and error management	Amateur	Domestic	Seller perspective	Limited planning – reactionary management: voluntary positions	Montreal Olympic Games 1976 that went into considerable debt
<b>1980s:</b> Commercial and media influenced management	Committed amateurs	National	Customer focussed	Entertainment and business management: largely political with increasingly diverse stakeholders	The 1985 Heysel football stadium stampede that resulted in 39 deaths and 600 injured
<b>1990s:</b> Accountable and partnership developed management	Experienced	International	Quality of experience	Event industry development: paid careers, more sophisticated management and hosting driven by political whims	The 1998 Salt Lake City Olympics bribing scandal concerning the official bidding for the hosting rights

Management phase	Organisation	Market	Focus	Management characteristics	Examples of global triggers
<b>2000s:</b> Professional management and training	Professional	Global	Cultural and personal experiences	More effective and sustainable management, more refined and sophisticated knowledge and skills, ethical and technological driven practice	The 2004 Athens Olympic games' facility overruns its budgets

Source: Emery (2010:166)

It is clear that during the 1970s there was no significant event industry and the individuals who managed major events during this era were considered to be amateurs, relying on reactive trial and error methods and systems. From a customer perspective, there were never any expectations to be fulfilled, resulting in an easy and low pressure industry. This also meant that there was neither training in the field nor any career pathways that could be followed. The only requirement was a passion for sport, and management principles were unheard of. This management approach, or lack thereof, has made significant strides during the last few decades and has now reached an era of global professionalism where management is driven by the bottom line and customer expectations (Emery 2010:167).

These changes were brought on primarily through reactive incidents and drivers in the micro- and macroenvironment. Some of these triggers are listed in table 3.1 above, as well as the phases in the historical development of the sport event industry. The last few decades have been characterised by commercialisation (macroeconomics) and improved technology (commercialisation media) (Westerbeek & Smith, Beech & Chadwick in Emery 2010:167). The primary driver behind this movement has been economic, with technology providing only a means to extend the geographical boundaries of sport (Emery 2010:167). The “sport and business era” of the 1980s was established by a shift from a welfare-oriented society to one directed at securing corporate investments, resulting in countries and states realising that they could achieve economic development and urban regeneration through the use of sport and sport events.

With the inception of a more business and commercialised approach to sport and sport events, it was only a matter of time before greater accountability, for publicly owned sport venues especially, became a matter of immense importance (Emery 2010:167). While this new sense of accountability in the 1990s focused primarily on financial measures, the dawning of the new millennium saw broader performance factors and indicators being considered. Some of these included the concept of the triple bottom line, an expectation of equity and public transparency. It is apparent that management policies have required a more sophisticated and professional use of techniques as the practice of sport events evolved over time (Emery 2010:167).

Regarding the future of sport event management, the industry is entering a new phase in which the management of sport events is becoming increasingly complex in terms of temporary stakeholders, specifications, litigation and unprecedented complex relationships. According to Emery (2010:167), four areas will need to be addressed to avoid the mistakes of the past:

- the demise of less popular events in order to accommodate the powerful mega sport events, which can be regarded as a national rationalisation process
- the influence of technology as a driver of future practice
- the emerging need for managers to have a better understanding of cultural sensitivities
- the continued development of career opportunities and greater professionalisation in the industry

Furthermore, it has been established that “marquee-property” and “top-tier” mega events such as the Olympic Games and the FIFA World Cup will continue to possess enormous market share and bargaining power well into the future (Emery 2010:170). This can be attributed to a unique and sought-after presence in the market and a considerable global prominence. However, less popular events are in danger because of the increasingly overcrowded global and national sport calendars. This is in line with previous findings of a “vicious sport globalisation” model where the “larger sports will become larger and the largest companies will take stronger and stronger strangleholds over the sport product and all of its peripherals” (Westerbeek & Smith in

Emery 2010:170). It is therefore envisaged that the current elite, for example, sport bodies such as the International Olympic Committee, and global businesses such as Nike, will survive and prosper.

Westerbeek and Smith (Emery 2010:170) have also discovered an alternative “virtuous sport globalisation” category where sport will be attracted to new parts of the world and the sport sector will expand rapidly in order to meet the demands of these huge entertainment-starved populations. A recent case in point is the 2009 Beijing Summer Olympics and the Indian Premier League, both events held in emerging markets.

The use of technology will also prove to be a vital element in the future of sport events and their management. Here stadium designs are expected to improve to such an extent that spectators’ full range of senses will be stimulated. Holographic viewing, interactive stadia, robotic officials, stem cell banking and artificial intelligence applications are all new technologies that are likely to change every facet of the sport product (Emery 2010;170).

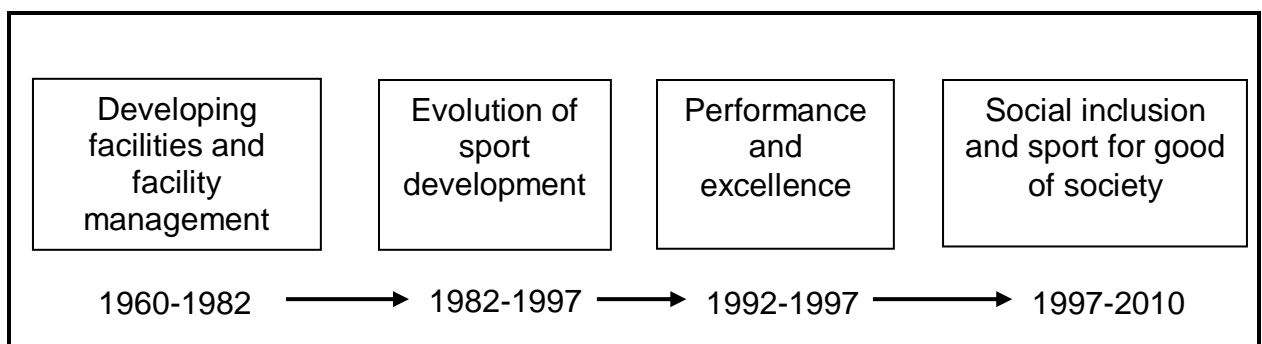
It is interesting to note that in history and in the development of society, sport has both the ability to reunite and ignite cultural tensions. This has led to the prominence of social integration policies in both governmental and event organisers agendas (Emery 2010:170). The implications of this for future managers, who distribute their products globally, will be to focus on local habits, methods and communication expectations of extremely specific and different cultures.

The above-mentioned issues will both create new career opportunities in event management and require unparalleled standards of professional education and training (Emery 2010:170). A greater degree of specialisation in event opportunities as well as international sport companies is expected within the next five years. However, it should be clear that without proactive contributions by all major stakeholders towards a coordinated and highly valued operational framework, the emerging profession will not be recognised as such and the frequency of global incidents, as in the past, will continue to increase (Emery 2010:170). The development of proper sport policies has played a significant role in this regard.

### 3.2.4 The development of sport policies

As indicated in the section dealing with the history of sport, sport developed in most countries from exercise to toughen up soldiers, from folk games or from groups in pubs, companies and churches (Collins 2008:59). It is interesting to note that for various sport organisations, the church became the earliest pillar of its existence – three of the modern-day Premier League soccer clubs originated from the church. However, this trend was more popular in European countries such as France and Germany. On other continents, company sport became part of the social contact. By the 19th century, the British government had codified 25% of modern sport. During the time span from 1880 to 1930, 67 national governing bodies (NGBs) were formalised. These NGBs would be the governing sport organisation’s predecessor in the sense that they set the rules of the game, ethos and discipline, supervised the organisation of competition and trained national teams. Another growth spurt in the establishment of NGBs was experienced during the 1960s when after the British government tried to reduce the number of bodies from over 470 for 103 sports by merging or forming overarching bodies (Collins 2008:59). This dramatic growth led to NGBs taking over coach training, handling sponsorships and the media. This British model appeared to be so successful that it was adopted worldwide, including in South Africa, with some minor modifications to suit local needs. This, however, developed over a series of years as depicted in figure 3.1, which will now be discussed in more detail.

**Figure 3.1: Phases of British sports policy development**



Source: Adapted from Collins (2008:59)

### **3.2.4.1      *Developing the facilities base and facility management (1960-1982)***

Up to this point in the history of sport policy, the focal point had been on coaches and sport development officers making use of informal processes for identifying talented youth and coaxing them away from school and club teams in an effort to feed the national teams. The Central Council of Physical Recreation (CCPR) realised that Britain's youth and its sport teams had poorer sport opportunities than its main competitors and facility provision for the whole population was dismal. This realisation led to the development of a national Sport Development Council and the Advisory Council was set up in 1965. It was not until 1972, however, that a Sports Council was officially established with the following mission (Collins 2008:61):

- to encourage participation “in the interest of social welfare and the enjoyment of leisure among the public at large”
- to encourage the provision of facilities
- to support the development of high-level performers
- to conduct or commission research

The Sport Development Council supported a range of activities including recreational and physical activities, and its interpretation of Sport for All covered the whole range of sport activities - from novice and informal playing to the most specialised, professional elite competitors. This was unlike any other council at the time during which it was common practice to award the responsibility of elite sports to the local government or a separate organisational stream (Collins 2008:61). The Council was also responsible for international performance and this composite organisation meant that the Council was large and unwieldy and its debates and lobbying were somewhat disorganised.

This Council was also primarily responsible for assessing the facility needs across the country. The primary focus of this investigation was on the provision of basic community facilities such as swimming pools and golf courses as well as specialist facilities such as athletic tracks. The investigation was conducted for the most part with the aid of the Regional Councils for Sport because they had access to direct links and representation to local authorities and local education authorities (Collins

2008:62). This in turn made it increasingly easier to give advice on the priorities for local grants which facilitated the creation of a line of trust and policy support that other cultural agencies lacked. The most obvious weak link in this arrangement was the lack of political or policy link with education and schools, as was a common organisational arrangement of governments almost everywhere else in the world (Collins 2008:62).

The local government reorganised itself in 1974 and many more departments, specifically concerned with leisure, were formed. During a time of encouraged local authority spending, the targets for sport halls were met by 81% in 1981 and many new golf courses were built. During this period, the demand for graduate courses in sport management increased significantly and employment in sport grew by 42% (Sport Council in Collins 2008:62). Sport participation also increased extensively and experienced a growth of 1% per annum. A white paper was drawn up that acknowledged sport as a “fabric of the social services”, resulting in a £1 million contribution to a new youth sport network. With this injection, Action Sport, the first coordinated sports development programme, came into being. The development of elite sport was placed on ice during this period, except for the advent of the first drug abuse research and testing programme, conceptualised after a disappointing Olympics for Britain (Collins 2008:63).

#### ***3.2.4.2 The strategy of targeting and the evolution of sports development (1982-1991)***

Under the rule of Prime Minister Margaret Thatcher, public bodies were increasingly expected to approve appointments, produce strategies, action plans and zero-based budgets. If bodies failed to comply, they would lose out on the bidding for resources (Collins 2008:63). The Sport Council responded by compiling a ten-year strategy entitled “Sport in the Community”, and its first review was conducted in 1982. The demand for new local and national sports facilities continued, but for the first time, the Council also highlighted low participant groups such as housewives, lower-income groups and unskilled workers. Now the Council set its sights on increasing participation with the set goal of 1.2 million more people for both indoor and outdoor sport with the majority of the increase to come for women (Collins 2008:63). Owing to



a lack of resources, it became quite evident that only a few selected target groups could be targeted effectively. Age groups experiencing a change in lifestyle, such as school leavers, who could be successfully influenced by policy, were chosen.

The sweeping success of Action Sport resulted in the widespread use of outreach workers, officially known as Sport Development Officers, especially from cities to rural areas. The officers were primarily concerned with encouraging communities to make use of new and existing sport facilities. They were also used to establish new partner organisations that dealt with health issues, crime prevention and regeneration of communities (Collins 2008:64). The campaign was successful despite numerous challenges and after five years was reviewed. The review identified the following issues:

- Insufficient resources had been available to make up the facility shortfalls as well as the increasing number of facilities that were becoming obsolete because of the use of cheap materials.
- Income equality had grown substantially and posed the greatest challenge for sport organisations and sport policy to meet the needs of specifically deprived communities.
- Despite the above, it was clear that increasingly more specialist facilities and support services in coaching and sports medicine were needed.

Government was adamant that public services were inefficient and needed to adopt structures and methods that had proven to be successful in the commerce sector (Collins 2008:65). This meant the adoption of smaller and more streamlined management hierarchies, more directors from the business world, cutting out wastage and becoming more productive and marketing testing by competition for certain services. This resulted in the Sport Council being reduced in size and the appointment of more members from a commercial background. Local authority spending was severely curtailed, thus reducing new investments, and users of sport facilities were expected to pay a greater proportion of costs. During this period, prices were well above the inflation rate, resulting in a new aim for the Sport Council: “access to sport should be readily available and affordable.”

The longstanding neglect of school sport had by now been widely recognised and a new programme was introduced to counteract the problem. The focus was primarily on investing in new school sport facilities and adapting the school curriculum.

Research on the link between sport and health was another prominent area of interest for the Sport Council, despite data indicating that only a small minority of people were active enough to enjoy health benefits. During this period, the establishment of a national coaching foundation made the largest contribution to elite sports.

#### **3.2.4.3 *Shifting priorities to performance and excellence (1992-1997)***

In 1993, the Sport Council developed a new strategy known as New Horizons that was more a vision-oriented policy. This new strategy was developed in the light of the agency becoming an advocate for the sector, a promoter of activities by partners including the training and education of their workforces (Collins 2008:65). The council now had a Prime Minister who showed public interest in sport, leading to active support for the successful bid of the Manchester Commonwealth Games. During this period, two separate bodies were established: the English Sport Council, to deal with domestic policies, and the UK Sport Council, which was responsible for international competitive success. Activities that now fell under the UK Sport Council included granting aid to NGBs, handling international affairs like representation on international bodies, hosting international events and dealing with drug-abuse testing (Collins 2008:66).

In 1995, the government released the first broad White Paper on sport in 20 years. Entitled "Sport: Raising the Game", the focus was on improving sport in the school curriculum and a renewed focus on extracurricular sport and school activities. There was also a stronger focus on elite sport. Sport would also now lean heavily on the National Lottery for additional, nongovernment funds (during the early years of the Lottery, over £200 million a year were awarded to sport). The establishment of the international Brighton Declaration on women and sport also led to policy statements that focused on increasing the inclusion of women in sport and also that of young and disabled people as well as ethnic minority groups (Collins 2008:67). There were also

substantial changes to the once popular notion of mass participation, as indicated below.

- All previous ties regarding health matters were cut and transferred to the Department of Health.
- Policies emphasising sport for all were done away with and replaced with targeted equity policies.
- The link to local authorities was severed and replaced with small discussion forums that had no resources to produce new regional strategies.

Another new innovation during this period was that of the Champion Coaching initiative in the realm of junior sport. The programme involved a series of coaching sessions in a number of sports with a view to coordinating schools and clubs in the search for talented youths. There was also increased pressure to award more resources and place a higher priority on elite sports during this period (Collins 2008:68). To relieve some of the pressure, expensive and scarce human and scientific resources were coordinated to nurture top talent, and within five years, spending on coaching increased by 58% and on sport science and medicine by 279%. Doping control expenditure increased by 66% during this period.

At the end of this period, another vision was produced: “England: the Sporting Nation”. However, the vision was severely criticised by the public because it was considered to be overambitious in terms of participation targets (Collins 2008:68).

#### **3.2.4.4 Social inclusion and more medals (1997 to date): “Sport for Good”**

The buzz-words during this period were “social equality”. The main focus of sport policies was now to combat social inequality or so-called “social exclusion”. A government review of sport and welfare issues reflected society-wide inequalities (Collins 2008:69). A task team was assembled to increase inclusion in sport, but it made no real headway in its task.

The importance of international competition was once again at the forefront, although, the contributions that sport could make to the national cross-cutting of “iniquitous” issues were also heavily emphasised (Collins 2008:69), as highlighted below:

- helping to improve mental and physical health
- providing jobs and income as part of economic regeneration
- contributing to lifelong learning
- increasing social cohesion between cultural and social groups
- reducing youth disaffection and crime

The focus of sport policy moved to “sport for good” which involved active citizens in improving their own society. The next strategic framework emphasised evidence-based policy, despite the lack of longitudinal data and an inadequate focus on what works in what circumstances and for whom in the context of sport. The health benefits of sport, now supported by empirical evidence and research, were another major point of action, and Sport England, in particular, focused on the promotion of sport as a contributor to the general health of the community (Collins 2008:69). One of the primary tasks of Sport England during this period was to promote sport in the workplace.

The sports policy entitled “A sporting future for all” also emerged, with renewed emphasis on school activities. This was done to counteract the vicious riots among the youth and the resulting increase in crime in affected areas. The new policy was to provide multisport clubs which could be fused with other community functions such as libraries and pharmacies (Collins 2008:70).

The Community Sport Development programme also showed signs of success. Some of the successes included an increase in female participants, a more reasonable distribution of ethnic minorities (although lower figures of disabled groups were discovered) and a large number of graduate and postgraduate sport management students in managerial positions (Pitchford in Collins 2008:72). Despite these relative successes, the needs of the unemployed and older groups virtually disappeared from the agenda. Various new ideas were short-lived during this period, including the

commercially co-sponsored revenue fund. However, numerous other ideas were included in the sport policy (Collins 2008:76), as indicated below.

- The single sport system with a delivery chain spanning the country. Even though it appeared to be a rather oversimplistic view of a pluralist set-up, it did contain the concept of a community sports network that proved to be successful in the context of sport.
- Social marketing became a significant tool in the promotion of sport. More than £3 million was invested in the Everyday Sport campaign.

Most sport systems face the dilemma of a severely limited provision of facilities and human resources required for the development of mass participation. The scale of provision, the span of time needed and other favourable contextual policies that are required to effect major lifestyle and participation changes are unfortunately still too vast and challenging for sport policy, and thus often fall outside the scope of such a policy (Collins 2008:78). To counter this particular problem, the following lessons can be learnt from the history of sport policy development (Collins 2008:80):

- Developed countries and states, such as Sport England, face major challenges in their quest to raise the participation rates in sport.
- Countries such as Finland which has a more equal distribution in society in terms of gender, ethnic minorities and income equality, will follow a different sport policy compared with countries such as England and South Africa, where social inequality poses significant challenges for policy makers. This will also affect the most appropriate choice in terms of the sport delivery system to be used.
- Many citizens delude themselves about the amount of exercise they are really involved in, believing that the time spent is more than adequate. This is incorrect and should be rectified with the use of efficient and effective sport policies.
- The investment in major public sport facilities with the focus of encouraging adult participation in sport has not kept pace with inflation and is obsolescent.

Most countries' facilities only boast a capacity rate of 14% of the adult population.

- The promotion of sport for health requires more human resources than those currently employed. Here the focus should be on graduate training and better health knowledge for officers.

It is clear that sport policy, despite its lengthy history of success and dismal failures, is still focused only on developing school and elite sport. It would appear that even during the next phase of policy development, mass participation will continue to lag behind, struggling to secure funds for local authorities and clubs (Collins 2008:82). This issue will only become more prominent with a continued shift from amateurism to professionalism in sport.

### **3.3 THE SHIFT FROM AMATEURISM TO PROFESSIONALISM**

The development of sport management as an academic field and profession can be mainly attributed to the growth of professionalism in sport. This also had a considerable impact on the development of administration practices and strategic goals of the sport organisation (Skinner et al 1999:173). History has shown that sport has not been isolated from external jolts and internal disputes because during its many years of existence it has had to endure bitter struggles from outside and within the sport itself. For many years, especially the turbulent period after the two World Wars, various sporting codes literally found solace in the amateur rules and regulations that had been set decades before, avoiding change in the sport and its respective organisations as far as possible (Skinner et al 1999:174). This resistance continued for many years and has led to the strong enforcement of amateur values by both the administrators and the players.

However, under increasing pressure from a modern world in which market competition and rivalry are the characteristics of the time, sport organisations have been forced to change their organisational way of thinking (Skinner et al 1999:174). Changes were made to most sport organisations' amateur status during the 1990s and the amateur principles on which they had been founded were rescinded. This meant that athletes and players could now receive financial remuneration for their

playing services, and principles of a more professional nature were commonly accepted. The change led to large spread professionalism among sport as well as its management and administration, which resulted in a dilemma between the sport organisation's commercial and sporting objectives. For many organisations this required alignment with a new environment as common managerial wisdom points out that organisations must attain and maintain a satisfactory fit with their environments to ensure their future success (Skinner et al 1999:175). This boils down to the fact that organisations must be able to adapt to environmental changes. The challenge thus originated in the organisation's ability to monitor and adapt to continual environmental upheavals in the so-called "sportscape".

To deal with these new organisational changes, institutional organisations created their own sets of values, rules, myths and symbols which strongly influenced the way they were to respond to demands on future and novel environmental circumstances. Such organisations' reactions to changes during this period were also found to be linked to government control over the distribution of funds (Kikulis in Skinner et al 1999:175).

During the 1990s, many sport organisations attempted to realign themselves with their new environments through a process of deinstitutionalisation. The argument that values and beliefs such as the notion of amateurism had become accepted in the sport organisation through habitual, historical and traditional forces resulted in such issues becoming institutionalised within the sport organisation's environment. This meant that these values and beliefs now had to be deinstitutionalised because of political, functional and social pressures on the sport organisation (Skinner et al 1999:175). This process was largely mediated by inertial and entropic organisational forces. Inertial forces are those that tend to resist change, while entropic forces facilitate the process of change. The interaction between these two forces ultimately determined the rate of deinstitutionalisation in sport organisations. It became clear that if sport organisations wanted to adapt to the new professional climate in their environment, the adoption of such values and beliefs was crucial to their survival (O'Brien & Slack in Skinner et al 1999:175). What also became evident is that the response to such environmental disturbances was largely determined by the value system that existed in the sport organisation.

Other scholars such as Laughlin (Skinner et al 1999:176) believed that organisational change was far more complicated than previously believed and that could be more appropriately described by referring to organisational subsystems, design archetypes and an amalgam of interpretive schemes. The subsystems of organisations are considered to be the tangible elements and include buildings, people, machines and the behaviour and nature of these elements. A design archetype refers to the composition of structures and management systems that provides coherence and orientation by means of an underlying set of beliefs and values. The ideal organisation was then considered to be one that is in equilibrium where the above elements are in dynamic balance with one another (Laughlin in Skinner et al 1999:176). The change from amateurism to professionalism resulted in an environmental disturbance which, for most sport organisations, threw their organisational equilibrium out of kilter. This environmental disturbance compelled organisations to change. Laughlin (in Skinner et al 1999:177) developed a typology that classified the changes sport organisations made during this time period in order to accommodate the shift from amateurism to professionalism. This is indicated in table 3.2 below.

**Table 3.2: Laughlin's (1991) typology of organisational change as applied to sport organisations**

Type of change	Reaction
No change	Inertia
First order change (morphostatic)	Rebuttal OR Reorientation
Second order change (morphogenetic)	Colonisation OR Evolution

Source: Skinner et al (1999:177)

According to Laughlin (Skinner et al 1999:177), organisations assume a state of inertia when no changes or environmental disturbances occur. However, the literature makes it abundantly clear that this particular state may never really exist and organisations are most often constantly adapting to changes in their business



environment. First-order changes then occur when organisations, including sport organisations, experience environmental disturbances that are met by either rebuttal (refusing to accept the change) or reorientation (accepting change without affecting the fundamental values and beliefs of the organisation). First-order change in essence thus refers to changes that do not affect the “real heart” of the organisation. Second-order change is far more intrusive and may be forced on to the organisation, and it is often not chosen freely, but imposed by an external body through colonisation. However, second-order change can also represent an open and desirable process whereby organisational shifts are agreed upon and widely accepted by all stakeholders. This leads to evolutionary change that forms a new organisational vision based upon shared values and beliefs.

According to Laughlin’s typology (Skinner et al 1999:179), in the past, sport organisations were notorious for ignoring many external changes and disturbances. These organisations thus have a history of inertia. Most sports developed and were administered in the spare time of volunteer officials, operated in an environment with limited competition for corporate money, largely disregarded competition from other entertainment pastimes and amateur values formed the basis of the organisation’s culture. Such organisations often displayed the characteristics of closed systems which tend to be relatively impermeable to their surrounding environments. During this period, organisations achieved goals through the principles of internal design and helped to reduce the uncertainties arising from the interdependence of the different organisational components.

Rebuttal of change commonly occurred during the late 1970s and early 1980s in response to a general increase in the commercialisation of sport. However, one of the sporting codes that did respond well to this change was that of Australian Cricket, which launched the Kerry Packer World Series Cricket (Skinner et al 1999:183). This new series became a major catalyst for change in sport organisations in the Australian environment. In response, many other sports moved towards more national competitions and professional structures. This further highlighted the need for larger salaries, better playing conditions and the prospect of having a proper career in the sport industry. Organisations that opposed this trend lost valuable assets in the form of star athletes, continuing their belief that sport is able to withstand these

environmental disturbances. Initially, the changing environment had no discernible impact on the stability of fundamental amateur principles which many sport organisations still used to manage sport (Skinner et al 1999:183). This allowed the state of inertia to continue without much resistance.

During 1991, however, a reorientation response was elicited from many organisations with the emergence of trust payments for players. This was especially evident in the Rugby Union as players who had sacrificed and devoted admirable amounts of their time to the code, were awarded remuneration without infringing on their amateur status (Skinner et al 1999:184). Player trusts were established so that players could be rewarded for their commitment to the sport. These payments still fell within the scope and guidelines of amateur regulations. A structure was developed that allowed for the accumulation, monitoring and transferral of financial rewards to representative players, generally considered to be the first indications of a changing sport management environment and the internal adaption thereof (Skinner et al 1999:184). Conversely, although the arrangement had little effect on the values of the majority of the players and administrators, it left the cultural heart of sport organisations intact.

Despite limited organisational change, sport organisations started to realise the importance of adapting to environmental change. Organisations came to the realisation that boundaries have to be permeable because organisations need to be managed by means of an “open system”. The recognition of threats and opportunities in the environment became a more acceptable practice and managers realised that the most effective sport organisations had a fit between the demands of the environment and the type of structure and managerial practice it followed. During this period, the growing response to environmental disturbances was highlighted although it did not yet effect second-order change in most sport organisations.

The latter part of the 1990s was responsible for the initiation of widespread second-order change. Colonisation, largely considered an undesirable form of change, was forced on many sport organisations during this period as simultaneous environmental disturbances were experienced. The two main disturbances can be summarised as follows (Skinner et al 1999:184):

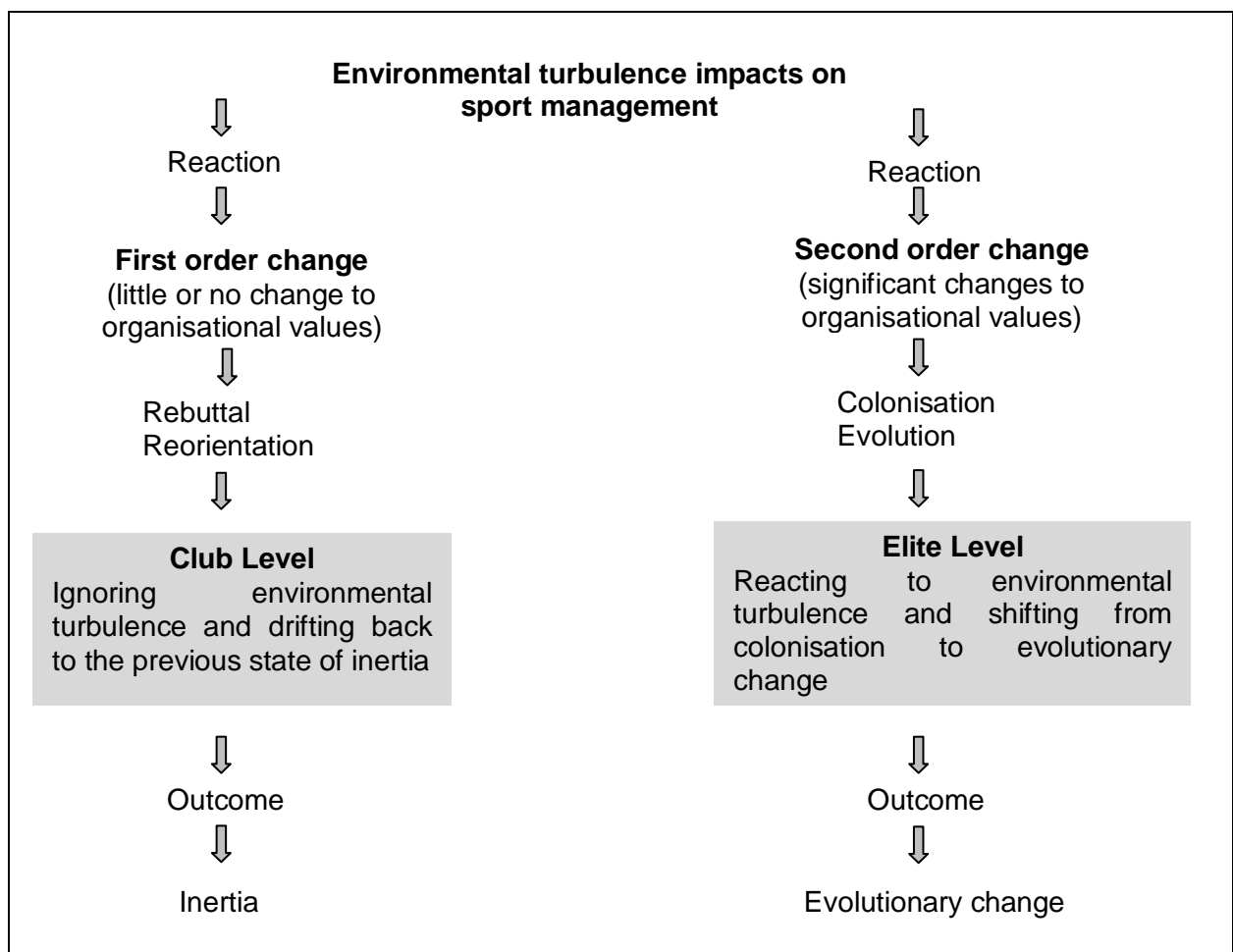
- There was a quest for high-quality athletes. Each organisation now had to secure the best possible players for the successful survival of the sport organisation. This meant that players were poached by sport leagues from sport unions, and vice versa, resulting in considerable conflict in the sporting industry. This is especially true in Australian rugby.
- With various unions responsible for different geographical locations, the battle for overall control of the code involved became even fiercer as substantial sums of money started to make its appearance in the sport industry. This was especially evident in rugby, where a substantial pay-television deal created major conflict between the different rugby unions of Australia, New Zealand and South Africa and the rebel World Rugby Organisation (WRC) organisation. After a prolonged battle, it was determined that most of these funds were to be controlled by the players, and rugby unions were compelled to find alternative sources of income. This financial crisis ultimately resulted in the shift towards a more distinct formalisation of roles and accountability in the unions.

As mentioned above, with many organisations requiring additional sources of funding, a structured design archetype with a more distinctive formalisation of roles and accountability was widely accepted. Such structures allowed better management of threats and, in turn, new interpretive schemes for sport organisations were developed (Skinner et al, 1999:185).

It is clear from the above that sport organisations have undergone a series of first- and second-order changes of differing intensity during the past 40 years. These changes together culminated in the evolutionary change process that is currently occurring in the sport industry (Skinner et al 1999:185). History has shown that environmental disturbances are often opposed by sport organisations, but if these changes are strong and forceful enough, organisations have to adapt if they are to survive. This change process has become more evolutionary in the sense that there is general consensus about the direction that should be taken and new values of managerialism, which are based on efficiency, practicability and profitability, are slowly emerging in the sport industry (Skinner et al 1999:185).

It is worthwhile mentioning at this state that change in the sport organisation, both historically and at present, often occurs concurrently with other environmental disturbances. At club level, these changes are often ignored, as illustrated in figure 3.2. At elite level, where formal sport organisations are responsible for the management of the sport, such changes cannot be ignored and should be incorporated into the archetype of the organisation (Skinner et al 1999:188).

**Figure 3.2: The duality of organisational change as applied to sport management**



Source: Adapted from Skinner *et al.* (1999:190)

From the above it is evident that the dual nature of change occurring at “governance level” has not yet filtered through to the club level of the organisation. If sport organisations are to evolve to the next level of management, changes should not be confined to the elite levels of the organisation and new values and beliefs should guide the organisation as a whole in order to facilitate evolutionary change. This can only be achieved through proper dialogue that exposes the nature and purpose of the

organisation as well as new opportunities for change. The process of change should be facilitated at all costs so that multiple organisational levels are considered simultaneously and the ambiguities associated with change receive the necessary attention (Skinner et al 1999:190). The widespread professionalisation of sport has led to development of modern sport.

### **3.4 THE DEVELOPMENT OF MODERN SPORT**

From the discussion in the above section it is clear that sport has followed a distinct course from amateurism to professionalism. This process led to the development of modern sport and many scholars are of the opinion that modern sport in many ways mirrored and facilitated the process of capitalistic growth and has been associated with commercialisation in recent years (Girginov 2008:13). Industrialisation and urbanisation saw the emergence of a new social class, with it, as a private domain of this class, organised competitive sport. According to Girginov (2008:13), the early years of modern sport closely resembled those of the immanent development of capitalism. However, this statement is not true of all sporting codes, with specific reference to that of gymnastics which, at that point in time, had a strong following in Russia where it was used as a pedagogical, political and military instrument for building a national identity (Girginov 2008:13). In South Africa, rugby was, and still is, often regarded as a political instrument. During the murky period prior to the 1994 elections, rugby represented the symbol of apartheid to the oppressed and provided the ANC with the proverbial carrot to coercing the opposition into accepting the new government (Carlin 2008:3). Here the hosting and subsequent winning of the IRB 1995 World Cup proved to be a nation mender and even in post-apartheid South Africa, rugby continues to unite the country. This is especially evident in the hosting of the 2010 Vodacom Super 14 semifinals and final in Soweto and the immense success that was achieved.

The interplay between immanent and intended development of sport was and still is closely embedded in the social and political fabrics of society and much of current sport development is centred on compensating for the negative tendencies capitalism had on sport. Here the focus is on reconstructing social order by tackling class, poverty, gender and age inequalities that still exist in many sporting codes (Girginov

2008:14). Original immanent sport development in the form of private sport practices was progressively transformed into intended sport development by both the state and its institutions. In Victorian and Edwardian Britain, this was mainly done by emphasising athleticism, with specific focus on athletics and cricket in public schools as the model of dominant groups to be diffused downwards through class and gender (Girginov 2008:14). This model was also transferred to many of the British colonies, despite the fact that it was broadly based on the principle of exclusion. The reality of this sport “revolution” was primarily a phenomenon of class division and not of conciliation, with the gap not only between as well as within sport widening (Girginov 2008:14). It was clear that sport favoured development that afforded benefits to a select group of people in a well protected network of independent voluntary clubs and associations. These clubs were traditionally tiny entities that served a single sport and, apart from their members, did not seek legitimation to act on others’ behalf. The state’s intention to develop sport significantly impacted on such clubs, and the evolution of modern sport attests to the dual role of development as both a destructor and a creator of meaning, structures and practices (Girginov 2008:14).

The concept of sport development was profoundly influenced by the growth of international sport at the end of the 19th century, and at present, major international sports-governing bodies such as FIFA and the UCI exercise significant power over the course of sport development at national level (Girginov 2008:14). The first major international sport development project can therefore be attributed to the founder of the modern Olympic movement, Pierre de Coubertin, who was dissatisfied with the poor level of fitness among the youth.

The development of sport is in many ways considered a post-World War II phenomenon and, historically, is largely defined as an activity preoccupied with service inputs such as facility provision and the creation of opportunities. It is also seen as one that focuses on service outcomes and the maximisation of benefits (White in Girginov 2008:15). It is worthwhile mentioning that the historical development of sport was centred on the practice thereof and little or no attention was paid to the management of sport organisations. It has only been recently that the tendency to associate sport development with both practice and management has come under the spotlight. Here the relationship between sport development and

management functions and skills has been clearly identified and is elucidated in the table 3.3 below.

**Table 3.3: The relationship between sport development, the main management functions and the core skills required by managers**

Sports development	Main management function	Core skills required
Vision (management <i>for</i> )	Setting policies, designing instruments and frameworks, coordination between trustees, management of inter-organisational relationships	Negotiating and brokering, policy analysis, fund raising, convergence, inter-organisational leading
Change (management <i>in</i> )	Framing change at social, community and individual level, engineering change strategies, developing practical policies and programmes, managing resources from multiple sources	Personal and social psychology, planning and forecasting, personal and mass communications, grant writing, data base development
Practice (management <i>of</i> )	Planning the outcomes of various interventions, capacity building, personal and community empowering, operational management, monitoring and evaluation of interventions	Observation, research and writing, personal and organisational learning, individual and group communications, sport sessions planning and delivery, conflict and financial management

Source: Girginov (2008:23)

It is clear from the above that modern sport organisations require exceptional management skills that allow for the effective monitoring of various management functions.

The basis of the modern sport agency was first established as early as 1960 (also see section 2.5) when Mark McCormack secured a substantial endorsement deal, which grew from \$6 000 to \$500 000 within the first two year of signing, for golfing legend, Arnold Palmer (Covell, Walker, Siciliano & Hess 2007:231). This then heralded an era in which sport became profoundly more profitable than in previous years and athletes were often used to endorse products, resulting in the establishment of sport marketing. McCormack also launched the notion that an athlete could become a highly successful global brand and, once the deal had been secured, McCormack

founded the International Management Group (IMG) in 1960. It continues to remain one of the most powerful agencies and event marketing firms in the world of sport and is worth more than \$1.3 billion. McCormack also went on to represent many influential sporting icons of whom the greatest was undoubtedly the South African, Gary Player, known as the “Black Knight” for his black attire on the golf course and his courteous demeanour.

Since the formation of the first modern sport agency, other firms have also developed and some of these fairly historical firms have come to dominate the industry. There have been many changes in the last 50 years or so that have impacted on and modified the professional sport leagues and, in turn, the sport organisations that were and still are responsible for the administration and management of these leagues (Covell et al 2007:232). Most of the significant changes involved money and players’ salaries were often a pinnacle for modern sport development.

However, it should be mentioned that, despite the evident ease of transforming sport towards a more modern phenomena, some sports, with specific regard to cycling and that of professional road racing, really battled to overcome the modernisation boundary (Morrow & Idle 2008:46). This, however, will be discussed in detail in the next section which deals with the history and development of cycling.

### **3.5 THE HISTORY OF CYCLING**

The history of cycling and its development for obvious reasons is closely related to that of the bicycle. This discussion will briefly focus on the history of the bicycle as well as that of the sport itself. It will also look at the development of the various governing bodies involved in the code as well as the modernisation of road cycling.

#### **3.5.1 The history of the bicycle**

Cartwheels with spokes were reportedly used in Mesopotamia as early as 4 000 years ago and Chinese history claims the use of wheels with spokes 6 000 years ago (Rosen 2002:1). The history of the bicycle still remains somewhat murky and many nationalities claim that they were indeed the true developers of the bicycle. It can be



said, however, that the history of the bicycle is compounded across geographic borders and that no one person is solely responsible for the development of the bicycle. Instead, historians believe that many people of varying nationalities contributed towards the modern bicycle we know today (Mozer 2010).

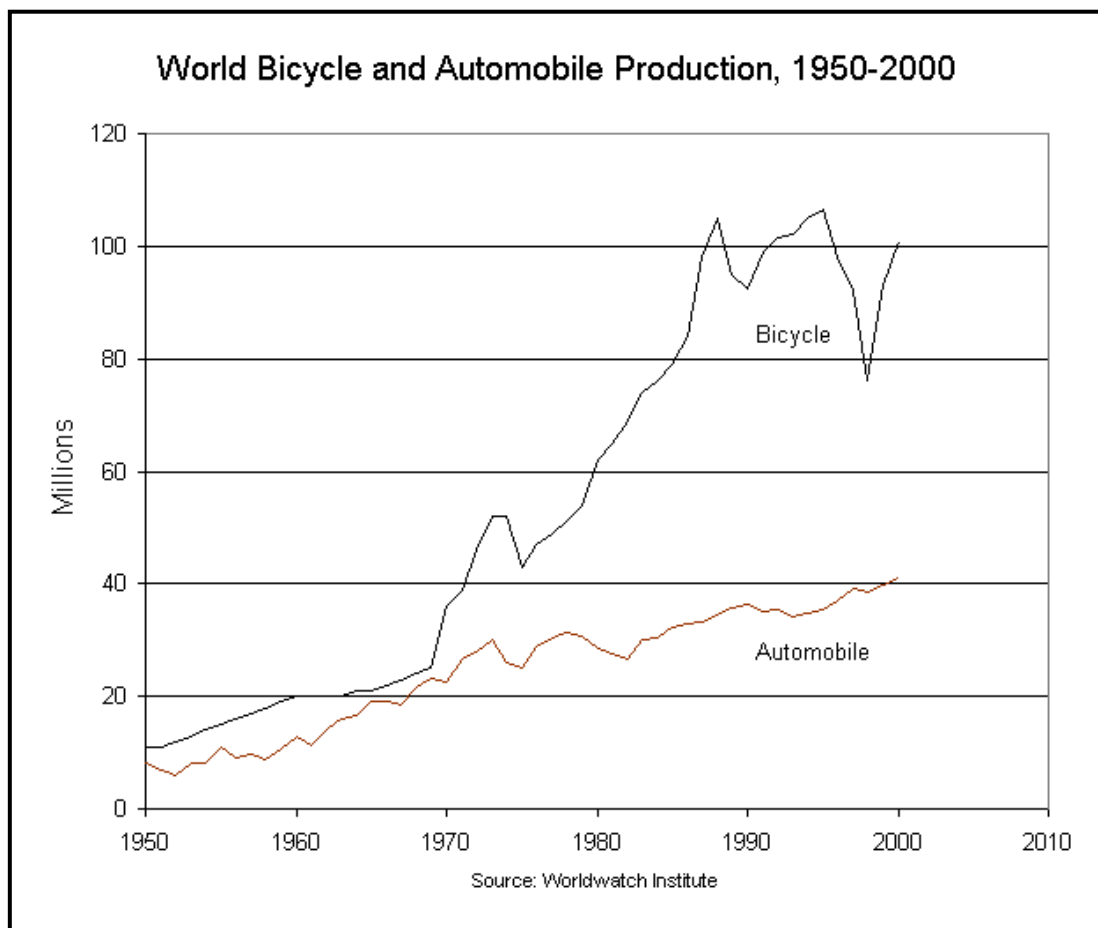
What is known is that the first human-powered vehicle (with four wheels) was first developed in 1418. The first two-wheeled vehicle that could be propelled by the rider was introduced by Comte de Sivrac of France in 1690 (Anon 2009). The *celerifere* or “fast-goer” (a direct translation of the French) was pushed along with one foot while the other foot rested securely on the backbone that connected the two wheels. Although there were many renditions of the *celerifere*, the design remained the same until 1816 when Karl Drais von Sauerbronn, a German, added a padded saddle and steerable front wheel. A Scotsman, Kirkpatrick Macmillan, invented the first pedal-driven bicycle in 1839 with several improvements to his own designs during subsequent years. He was regarded as an eccentric in society and eventually discarded his own design without it ever receiving much attention. The next bicycle design actually took a step backwards and attached pedals to the front wheel of the cycle. This meant that only one revolution of the wheel was produced with one revolution of the pedals. To cover a greater distance, the size of the front wheel was increased, resulting in the invention of the well-known “penny-farthing” bicycle (Anon 2009). The front wheel often exceeded the diameter of one-and-a-half metres with the back wheel only about 30 centimetres. The name “penny-farthing” was derived from the relative size of the wheels compared with the relative sizes of a penny and farthing.

Two different British gentlemen were responsible for the development of a single shift gear system and the chain drive that enabled the wheel to turn twice as fast compared with the motion when using a crank. These two innovations occurred in 1870 and 1874 respectively. The invention of a pneumatic tyre in 1888 made the bicycle a more comfortable ride and increased its popularity significantly (Anon 2009). In 1877, Colonel Pope set up the first bicycle factory in the USA and with some improvements of his own, his bikes became the best-sellers of 1893 and cost a whopping \$313 (which was the same as one would pay for a good horse). The elitism associated with cycling was born because only the upper class could afford this type

of vehicle (Anon 2009). At this point in time, bicycles were not manufactured to suit children and were only marketed as such after World War I, when the average price of a bicycle had declined significantly and the post-war economic boom had driven salaries and wages up. Despite the high costs associated with purchasing a bicycle, nearly one million were in used in the USA during 1896, with roughly 250 companies manufacturing these bicycles (Anon 2009).

With the introduction of the automobile era in the late 1920s, bicycle production fell somewhat, but soon recovered. It has also increased exponentially over the years and has exceeded the production of automobiles by millions of units, as depicted in figure 3.3 below.

**Figure 3.3: World bicycle and automobile production from 1950 to 2000**



Source: iBike (2009:2)

Global automobile production nearly equalled that of bicycles during the 1960s, but since then bicycle production has far exceeded that of automobiles and the current

ratio is 3:1. This can be primarily attributed to growth in Asia where China alone produces 40 million bicycles annually and the number of utilitarian cyclists in the world has grown to over one billion and is expected to continue to increase within the next decade (iBike 2009).

Although there have been significant changes in the technology used in bicycle designs such as improved gears, brakes and wheel sets, the modern-day bicycle is still largely based on the design of 1890, as developed by Colonel Pope's American Bicycle Company. During the 1910s and 1930s, an Italian, named Tullio Campagnolo, made his appearance in the industry. His components, a revolutionary approach to gear systems, are still considered to be the cornerstone of modern racing and are well worth the premium pricing still being charged (Hudson 2008:2). A period of inactivity followed, and it was not until the 1980s that there were any further developments in the bicycle industry. During this period, a number of Japanese and US companies introduced the predecessors to the modern racing bike and produced bicycles on a large scale.

The recent decades are known for their immense contributions towards the technology used in manufacturing bicycles, with special reference to the introduction of carbon fibre in bicycle frames and components. This has increased the cost of bicycles significantly and a full carbon fibre bicycle can easily cost up to \$30 000 (roughly R240 000) (Hudson 2008:2). Some of the other advances in bicycle technology, which are not yet widespread owing to the costs involved, include electronic gear shifting and integrated seat posts.

### **3.5.2 The history of cycling as a sport**

Once a bicycle had been designed that offered relative comfort and speed, the pursuit of cycling as both a sport and a leisure activity became popular among the upper classes. The first recorded bicycle race was held on 31 May 1868 in Paris. It was a 1 200 metre sprint and was won by an Englishman, much to France's dismay. The same Englishman, James Moore, won the first point-to-point race in 1869 also on French soil, from Rouen to Paris which totalled 135 kilometres (Anon 2009). The

winning time was recorded at ten hours and 25 minutes and included the time he spent walking his bicycle up the steeper sections of the route (Britannica 2010).

The 1870s were a popular cycling era, with many cycling clubs making their appearance in both Europe and the Americas. Many of these social clubs offered mass social rides, but most of them soon began conducting races. The first recorded race in the USA was held on 24 May 1878, nearly a decade after its French predecessor in Boston, and many others swiftly followed suit. In 1880, a number of clubs formed the League of the American Wheelmen (LAW), and by 1898, the organisation boasted a total of 102 600 members. The League was then one of the first documented governing bodies of the sport whose main objective was to promote recreational cycling by lobbying for better roads and favourable laws. It was also responsible for amateur racing.

From the early days, two of cycling's main disciplines, road and track, developed rapidly. This was especially true of continental Europe, where the excellent road systems bolstered road racing's popularity. In England, the roads were far worse and track cycling quickly became a favourite. In the USA, the two disciplines were much the same, with professional races conducted on tracks. It was also during this period that the use of celebrity endorsements became popular and many racers were hired to promote new models of bicycles, commonly known as "scorchers". Since professional cycling was still considered illegal, many of these racers were banned from the amateur league. In 1898, the National Cycling Association was formed in an effort to supervise and sanction professional racing to counteract a number of illegal Sunday races. The Association soon realised that a healthy profit could be made from bicycle races, and before long, all professional races were moved to tracks where admission could be charged. Amateur races, however, continued to be held on the roads, although some of them were also raced on tracks (Anon 2009).

Such races were often held on horse tracks, but with an increase in its popularity, special cycling tracks, known as velodromes, were built. These tracks were mainly constructed of wood and was 305 metres around, with sharply banked turns. By 1895, there were a 100 velodromes in the USA, and a "Grand Circuit" contest had been developed for top cyclists. Track cycling, however, was partially replaced when the six-day race phenomenon started in England in 1878, even though initial interest in it

was lacking (Anon 2009). A similar race was launched in the USA at Madison Square Garden, and the event became one of the most popular events in US sport.

In 1903, cycling began to lose some of its allure, coinciding with the start of the automotive industry. The market for bicycles had become extremely saturated and those who might have considered buying one now started looking at cars instead (Anon 2009). Sales declined rapidly and many bicycle manufacturers decided to produce automobiles instead. Interest in racing also declined and several tracks went bankrupt. Many US cyclists headed off to Europe where interest was still relatively strong and races promised a more generous race purse. In 1908, interest was revived when a new racing circuit was established that offered substantial prize money. This persuaded European and Australian racers to join and fans flocked back to the sport. In 1920, the six-day race at Madison Square Garden was also revived and attracted a number of international cyclists. This new circuit resulted in bicycle racers becoming some of the highest-paid athletes in America at the time.

As with many other sporting codes (see section 2.5), amateur racing became virtually obsolete. With the popularity of professional racing on the increase and the amount of automobile traffic on the roads at an all-time high, few amateur racers stayed in the league. In 1920, amateur racing was dropped entirely from the LAW calendar and replaced with the Amateur Bicycle League of America which held its first national championship road race in 1921 (Anon 2009). A women's league was even added in 1937, but races were held in remote areas to avoid traffic and were often invisible to both the public and the media. The Great Depression virtually wiped out all of the gains made by professional cycling in the USA and the Madison Square Garden race was again cancelled. Despite the cancellation of this popular six-day race in the USA, it still continued to be a popular format for road racing, especially in Europe (Britannica 2010). Interest in cycling was not revived in the USA until the 1980s, when Greg LeMond, a US cyclist, dominated the Tour de France for several years.

In Europe, the history of cycling was quite different from the US version described above, and road racing, unlike track cycling, became the main form of cycling. The introduction of one-day classics in 1890 such as the gruelling Paris-Roubaix race (which continues to be an extremely popular race and bestows great honour on the

winner) significantly increased the popularity of this sport (Britannica 2009). With the majority of these races introduced in France, it quickly spread to the rest of Europe and soon one day-classics were held in Italy, Spain and the Netherlands. The most gruelling race in the world to date, the Tour de France, was first held in 1903, and has been held each consecutive year, except for the years during the two World Wars. In addition to this 21-day tour, two other Grand Tours were held, the Giro d'Italia (Tour of Italy) and the Vuelta a España (Tour of Spain). They are both still popular today. Prizes are substantial for these Grand Tours, with the Tour de France alone boasting a purse of \$2.5 million annually (Britannica 2010).

European road racing was often sponsored by bicycle manufacturers up until the late 1920s when national and regional teams were introduced. Trade sponsors did return after World War II but, with a severe reduction in their numbers and the funds they could contribute, European racing had to seek additional sponsors, including automobile manufacturers, insurance companies and banks.

Since then cycling has become a widely accepted sport and the first women Olympic road races were held in 1984 and track races in 1988. Mountain biking, which has become an extremely popular discipline, was first introduced in 1996 as an Olympic event. It also characterised an era in which professional cyclists could enter the Olympic road races as well as the time trials (Britannica 2010).

With the growth experienced by cycling, it soon became evident that a governing body for the sport was required – hence the birth of UCI.

### **3.6 THE INTERNATIONAL CYCLING UNION (UCI)**

The International Cycling Union (UCI) was first established on 14 April 1900 when it replaced the defunct International Cyclist Association (ICA). Six members of ICA handed in their resignations, representing the national federations of Belgium, France, Italy, Switzerland and the USA. The reason for their resignation was strong opposition to the suggestion that Great Britain should be allowed to enter more than one team at the world championships, allowing full representation of Scotland, Wales, Ireland and England. These six individuals (including two representatives from France) thus

founded UCI, then situated in Paris, which is still the current governing body of the sport. The initial aims of this nonprofit organisation were as follows (Morrow & Idle 2008:48):

- regulating cycling at international level
- promoting cycling in every country throughout the world and at all levels
- organising the World Championships for all disciplines
- encouraging friendly relations between members of the cycling family
- promoting sporting ethics and fair play
- representing the sport of cycling and defending its interests on national and international bodies
- collaborating with the International Olympic Committee with respect to Olympic cycling events.

The first UCI congress was held the day before the Track Cycling World Championships in Paris on 11 August 1900. However, it was not until 1921 (for amateurs), and 1927 (for professionals) that the UCI became the governing body and bestowed the honour of world championships on road cycling (Britannica 2010). Britain, however, finding itself in cold waters, was not allowed to join UCI until 1903 under strict conditions set by the UCI.

In 1965, under severe pressure from the International Olympic Committee, two separate subsidiary bodies were created for amateur cycling and professional cycling, with the UCI assuming a coordinating role for both these bodies. With the amateur body based in Rome, it was the larger of the two organisations and had 127 member federations across all five continents. Competitions arranged by the body were extremely rare and its main responsibility was to arrange representation of cycling at the Olympic Games. However, in 1992, the two bodies were reunified and merged with the UCI, resulting in the body being relocated to Lausanne. The UCI now became responsible for the issuing of racing licences, enforcing disciplinary rules, managing the classification of races in various disciplines and overseeing the World Championships.

Since its inception at the start of the 20<sup>th</sup> century, cycling has undergone tremendous changes and developments and a number of new disciplines have been added to the original two, road and track. These new disciplines have added significantly to the unique legend of cycling and include cyclocross, mountain biking, trail cycling and BMX. The dimension of modernity that has been integrated into cycling's historical heritage has multiplied its immense social value as a sport and has also stimulated the relationship and bond between humankind and nature (Britannica 2010).

The UCI has always been aware of its responsibilities towards the different levels of movement within cycling and has been actively engaged in the promotion of the different facets of cycling. Furthermore, it was committed to encouraging the growth of each discipline, organising the World Championships and World Cups and enriching the cycling programme in an Olympic context.

The UCI is still represented by the original five continental federations and unites some 170 countries, making it one of the world's main sport federations. It represents interest in 1 200 riders, 600 000 licensed riders, millions of cycling athletes who ride on a regular basis and more than a billion recreational cyclists (Morrow & Idle 2008:50). Since 1992, it has been based in Lausanne, and in 2004, opened an international World Cycling Centre situated in Aigle, Switzerland, now its permanent headquarters. Many of UCI's functions are conducted from this centre, including the development of cycling strategies for all disciplines, the administrative activities and sport activities such as training facilities and testing stations.

One of the principal challenges of the UCI, in the past and certainly in the present, is that of doping or the use of illegal substances among riders. With many fans having been disenchanted with the increasing number of drug-related scandals, cycling is rapidly losing its credibility, and along with it, its much-needed funding. Sadly, this is not the sport's biggest challenge, and the demise of road cycling is more likely to result from its present format, which is the result of a bitter feud between the Amaury Sports Organisation (ASO)<sup>3</sup> and the UCI. The argument revolves around the professionalisation of the sport (see also section 2.5) and the subsequent UCI Pro

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<sup>3</sup> Creator and promoter of global solutions for the organisation of sporting events



Tour launched in 2004. Consisting of 20 licensed teams, the Pro Tour requires riders to compete in all 27 Pro Tour races each season, which also includes all three of the Grand Tours (of which ASO is the race organiser). Both sides claim to have the interest of cycling at heart, but their dispute has become a clash of egos, driven by financial considerations instead of the modernisation of the sport and its organisational structure (Morrow & Idle 2008:47).

Traditionally, the UCI played no part in the organisation and management of stage races and only exercised a regulatory function as such. With the introduction of the Pro Tour, however, a special council was elected to manage the tour on behalf of the UCI. The council comprises UCI representatives, race organisers, riders and teams, which results in a fragmented and complex management structure. Prior to the Pro Tour, race organisers invited riders to participate in their events in private teams that employed professional cyclists. Invitations to these events, especially for the three Grand Tours, were based strictly on the team's performance and achievements (Morrow & Idle 2008:50). In the Pro Tour, however, race participation depends on the awarding of a licence from the Council with a small number of wildcard entries for teams that do not have licences. Such teams are funded by professional sponsors with the big races earning revenue from a variety of sources.

The Pro Tour was initially developed to provide more structure within the UCI, which, from 1984, had used a ranking system, often regarded as inefficient and inaccurate (Morrow & Idle 2008:52). In 2004, the Pro Tour thus officially replaced the World Cup series and provided the UCI with a means of modernising professional cycling and developing the highest-level international circuit in cycling. However, this resulted in numerous changes in the cycling fraternity. Licences had to be purchased, and at €100 000, they were considered somewhat exorbitant. Teams that wanted to compete in the Pro Tour needed to race all 27 races (of which many are multi-staged and span consecutive days). Some of these races also take place on the same day and teams often need to retain a much larger pool of riders to ensure that they are able to compete in each race (Morrow & Idle 2008:52). This is increasing the cost of racing extensively.

The establishment of the Pro Tour had the following three main objectives (Morrow & Idle 2008:52):

- To make cycling more attractive to the public by improving participation levels at key events of the season
- to increase the interest cycling generates with investors, by offering guarantees in terms of a return on profit
- to promote the development of cycling on all continents

One of the main reasons why the Pro Tour is causing so much strife between ASO and UCI, is the fact that the Tour was prematurely launched. Verbruggen, the director of the UCI, was to retire in 2005 and had conducted negotiations with several key stakeholders, including ASO, to modernise the sport and start a Pro Tour. It was agreed upon that it would only be initiated in 2006, but Verbruggen went ahead and introduced it in 2004, shortly before his own retirement. The negative relationship between Verbruggen and Clerc, the president of ASO, in turn, had a negative effect on the relationship between these two bodies and also on that with other race organisers.<sup>4</sup>

Regardless of the above-mentioned conflict, it is clear that the approach of the Pro Tour and the new licensing system has given the sport a more stable structure and riders and teams longer-term security which is more than they had before (Morrow & Idle 2008:55). With a guaranteed entry to the Pro Tour races, teams can secure sponsorships more easily and recruit and pay for riders with far more certainty. Race organisers are also assured that only top-quality teams will participate in their events,

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<sup>4</sup> The first UCI Pro Tour event, the Paris-Nice race, was held in 2007 and was not without controversy. Days before the start of the event, ASO refused any Pro Tour racing teams' participation in the event or any other ASO event (Morrow & Idle 2008:57). A week before the event, following mediation, a temporary compromise was reached between ASO and UCI and only one Pro Tour team (Unibet.com) was excluded from starting at any ASO event. Since 2007, Unibet has not been allowed to compete in many of the international races held in Europe and has taken the matter to court to recoup some of the €32 million that was invested in the team from UCI.

thus ensuring the quality of the events that they are able to sell to television companies and other sponsors.

This security, however, raises another key issue in the dispute, the perceived conflict between sporting and financial objectives. Some are of the opinion that the Pro Tour is essentially a closed environment that stifles competition – once a team has been awarded a licence it remains valid for four years, irrespective of the team's actual performance. Race organisers maintain that a system should be in place that allows for promotion and relegation which will be an incentive for all professional cycling teams, not only those that have been awarded licences. UCI responded that they picked 20 teams from an unlimited number of candidates and that the competition to obtain these licences is more than enough to keep cycling teams motivated (Morrow & Idle 2008:56).

In recent years, UCI has experienced major organisational change and has moved from a small-scale office in Lausanne, employing only 14 people to high-tech and cutting-edge premises in Aigle, where the organisation employs 70 full-time staff. Despite the fact that UCI is still regarded as a public interest and nonprofit organisation, it has become far more professional and commercially efficient, reflecting the current trend in sport organisations towards greater commercialisation (Morrow & Idle 2008:57). Funding has historically been derived from membership fees and contributions from member national federations and its recent behaviour can be interpreted as its quest to assert its independence as a regulatory authority.

### **3.7 CYCLING SOUTH AFRICA (CyclingSA)**

CyclingSA was established on 31 December 2004 to replace a defunct South African Cycling Federation which had been in operation since 1882. It was established as a voluntary, nonprofit organisation and is one of the UCI's member federations. It was initially established to control cycling, including all of its various disciplines, in South Africa and is responsible for the following (CyclingSA 2010 a).

- competitive road racing and time trials

- recreational road cycling (with the focus on the “Cycling for All”, as determined by UCI)
- track cycling
- competitive off-road cycling – cross-country, mountain biking and downhill mountain biking
- recreational off-road cycling
- BMX cycling
- commuting
- touring

As a sporting organisation, CyclingSA receives funding from memberships and has entered into an agreement with the National Lottery. Any surplus funds are to be utilised towards the accomplishment of its mission and vision (CyclingSA 2010 a) CyclingSA was established as the sovereign governing body of the sport and formulated the following objectives when its manifest was drawn up in 2004 (CyclingSA 2010 a):

- to gain recognition as the controlling body for cycling in the Republic of South Africa.
- to be affiliated with the world controlling body of cycling, namely the UCI
- to ensuring the affiliation of domestic and regional cycling bodies and associations of whatever kind with CyclingSA
- to remain vested in the sole right to select individuals and teams to represent the Republic of South Africa internally
- to control cycling events throughout South Africa in accordance with the rules and regulations of UCI and CyclingSA

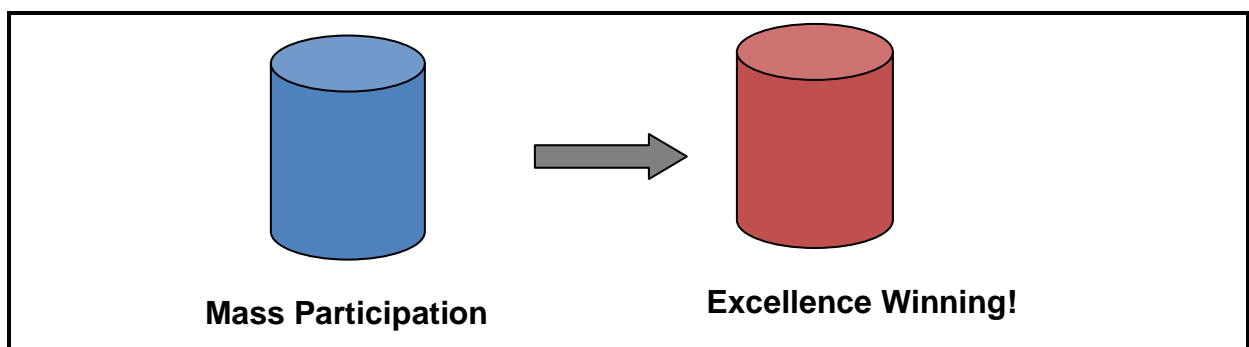
CyclingSA appointed a congress whose primary function was to formulate policy and appoint a board of trustees whose task was to enforce the policies set by the congress. It also consisted of several commissions which were responsible for each separate discipline and the administration of these disciplines nationwide. Each commission was and still is accountable to the board (CyclingSA 2010 b). Apart from the above, a president, vice-president and financial president were also elected. In

addition to these members, CyclingSA also had a number of affiliates within South Africa, as listed below (CyclingSA 2010 b):

- Boland Cycling
- Border Cycling Association
- Central Gauteng Cycling
- Eastern Province Cycling Associations
- Pedal Power Association
- Western Province Cycling Association
- Southern Gauteng Cycling
- Southern Cape Cycling Association
- Northern Cape
- North West Cycling Union
- Mpumalanga Cycling Union
- KZN
- Free State South Cycling Union
- Free State North Cycling Association

In 2008, CyclingSA simplified its aims and objectives by establishing two pillars that formed the main support and focus of all cycling in South Africa. The two pillars are depicted in figure 3.4 below.

**Figure 3.4: The pillars of CyclingSA**



Source: Till (2008:3)

During 2008, mass participation in cycling events such as the Cape Argus Cycle Tour and the 94.7 Cycle Challenge was at an all-time high and the official calendar boasted

over a 1 000 events (since then this has been reduced to 800 events) (Till 2008:3). The UCI Junior Worlds 2008 and the UCI Mountain Bike and BMX World Cups 2009 were all hosted in South Africa. However, with mass participation, the increased number of safety issues has become the main area of concern and obstacle to growth. A joint initiative with ThinkBike was initiated to create increased awareness of cyclists' presence on South African roads. To further increase the safety of cyclists, CyclingSA, however, should attempt to change the attitudes of South Africans towards cyclists. This will prove to be far more difficult than anticipated because attitude is much more tangible than awareness (Till 2008:3).

CyclingSA prepares an annual business plan that is consistent with its mission, vision and objectives and defines its structure, roles and responsibilities as follows (Till, 2008:4):

- overcoming the myriad of operational challenges posed by the internal changes
- introducing prudent financial controls and instilling confidence in CyclingSA
- positioning assets to realise maximum commercial benefits

The business plan that was formulated for the period, 2008 to 2010, has set several strategic and operational goals for CyclingSA and cycling in South Africa. One of the important focus areas is that of transformation and development in the sense that cycling should be made more accessible to all groups of people. This ties in closely with the UCI concept of "cycling for all". Not only will this allow the sport to grow significantly, but also promote female cyclists and increase the pool of South African cyclists at national and international events (Till 2008:22).

Another key area that was identified is that of management. Because it is primarily a volunteer organisation, management consists of mostly elected volunteers (Till 2008:23). CyclingSA experienced problems with accountability and it became evident that most office bearers only did their duties in their spare time. The ideal situation, as identified by CyclingSA, would be to have paid staff members working at a central location (Till 2008:23).

Despite CyclingSA's commitment to proper management of the organisation, there is continued discourse in the sport where driving economic value is not a priority and the lack of a holistic strategy for the industry with proactive management of levers for economic growth and clearly outlined targets is still lacking (Department of Environmental Affairs and Tourism 2005:14). This issue should be rectified with the use of strategic tools such as environmental analysis.

### **3.8 CONCLUSION**

It is evident from the above discussion that sport, with specific reference to cycling, has experienced dramatic changes during its long history. Each change and subsequent impact have contributed towards the structure and organisation of modern-day sport organisations. It is therefore necessary to understand the history as such because it provides valuable insights into the values, beliefs and symbols of the sport organisation as well as the manner in which it is managed. Without a historical analysis it would be extremely difficult to correctly interpret the business environment of any sport, especially for those with a rich and influential history such as cycling.

It is also clear that the history of sport contains a multitude of elements, each with its own historical path. Here the evolution of sport over the decades provides valuable insights into its role in society and the subsequent connections made with and interpretation of sport. The history of sport and sport event management, as both an academic discipline and a professional pursuit, provide vital lessons for the modern sport organisation. This ties in closely with the history of sport policies as set by governments, which to a large extent, still dictate the management of sport organisations. The shift from amateurism to professionalism has had a huge impact on sport organisations, and some organisations, including UCI, are still reeling from its after effects. This phenomenon has also largely facilitated the modernisation of many sporting codes and sport organisations.

The history of both the bicycle and of cycling has played a key role in the formation of UCI. This is crucial to an understanding how CyclingSA functions, because the

Association has the same format as UCI and is managed according to the same principles and regulations.

The next chapter will deal with the methodology used in this study.



**4.1 INTRODUCTION**

Chapters 2 and 3 dealt with the secondary research for this study. They provided the theoretical foundation on which the primary research was based and reviewed key concepts such as the business environment, environmental analysis, strategic management and the development of sport organisations and sport management. The focus of this chapter is on the primary research conducted on the business environment of CyclingSA.

The research methodology used for this study is discussed in in depth in this chapter. The research design, measurement process, sampling design and the data analysis methods are discussed in detail in order to explain the process of empirical research and justify the analytical methods adopted for this research.

The primary objective of this study was to analyse the unique business environment of sport organisations and more specifically the environment of CyclingSA. The purpose of this analysis was to identify the unique factors and characteristics of the sport organisation's business environment. This is important because previous literature has shown that sport organisations have unique features that differentiate them from traditional commercial organisations. With the continued commercialisation of sport, the use of sound business principles, including the environmental analysis, which is the first step in strategic management, is becoming increasingly crucial to the survival of sport organisations.

To achieve the primary objective of this study, several secondary objectives were formulated. The first secondary objective was to analyse and investigate the micro-environment of CyclingSA. Here the focus was on the talent identification processes used in CyclingSA, the effectiveness of its marketing campaign, the effectiveness of the financial processes in place and the perceived quality of the service rendered by the organisation. The second secondary objective was to analyse elements in the

market environment. The focus here was on the members of the organisation and their response to royalty programmes and the level of drug awareness amongst members. The third secondary objective dealt with the macroenvironment. The following elements were analysed: the level of compliance by CyclingSA to conform to scientific-centric approaches to high performance activities, the level of perceived safety and security on South African roads, the level of current transformation in CyclingSA and the relevance of a commuting programme for a greener environment.

## 4.2 RESEARCH METHODOLOGY

### 4.2.1 Research design

Any research project requires a framework for conducting the research. Hence the research design helps the researcher to decide on the method of data collection, the measurement and analysis of the data and the allocation of resources by ensuring that the research questions are answered by the proposed investigation (Cooper & Schindler 2006:138). The research design also justifies the reasoning behind the particular methodology chosen for the study, formulates the procedures necessary to obtain the information required to address the research objectives and allows the researcher to make informed decisions about the research to be conducted.

Cooper and Schindler (2006:139) list eight descriptors that can be used to describe the specific research design used in the study by referring to different design dimensions. The eight dimensions are listed below in table 4.1.

**Table 4.1: Research design descriptors**

Category	Descriptor for this study
The degree to which the research question has been crystallised	Formal study
The method of data collection	Communication study
The power of the researcher to produce effects in the variables under study	Ex post facto study
The purpose of the study	Descriptive study
The time dimension	Cross-sectional study
The topical scope of the study	Statistical study

The research environment	Field setting
The participants' perceptions of research activity	Modified routine

Each descriptor will now be discussed in detail.

#### **4.2.1.1    *The degree to which the research question has been crystallised***

Studies are either exploratory or formal and differ in terms of their structure and immediate objective. Studies that endeavour to test hypotheses or answer specific research questions are regarded as formal studies. However, most studies do contain some form of exploratory research and often have at least an element of exploration before the final choice of design (Cooper & Schindler 2006:140), which is the case in this dissertation.

#### **4.2.1.2    *The method of data collection***

The method used to collect data can either be a process of monitoring or communication. To answer the research questions and satisfy the objectives of this study, a communication study approach was used to collect data. The respondents received self-administered instruments that were transmitted electronically and the data were collected in this way.

#### **4.2.1.3    *The power of the researcher to produce effects in the variables under investigation***

The power of the researcher to manipulate the variables being measured is either experimental or ex post facto. The researcher in this study did not attempt to manipulate or control the variables in the study and only reported on the current situation in CyclingSA's business environment. Hence the study was *ex post facto* and the researcher made use of statistical manipulation of the findings to ensure that bias was not introduced that would affect the variables.

#### **4.2.1.4      *The purpose of the study***

The purpose of the study can either be descriptive or causal (Cooper & Schindler 2006:141). This study was descriptive in the sense that the primary and secondary objectives were concerned with determining *who, what, where, when* or *how much*, instead of establishing the influence of one variable on another (Cooper & Schindler 2006:141).

#### **4.2.1.5      *The time dimension***

A study can be conducted only once, representing as it is, a snapshot in time, or it can be repeated over an extended period of time (Cooper & Schindler 2006:141). The primary objective of this dissertation was to investigate the current business environment of CyclingSA, and the study therefore reflects only a certain period in time, which means that it is cross-sectional.

#### **4.2.1.6      *The topical scope***

The scope of a study may be either statistical or based on a case study. This study was statistical in the sense that its aim was to capture a population's characteristics, that of CyclingSA's members, by making inferences from the characteristics of the sample.

#### **4.2.1.7      *The research environment***

Research can be conducted under either actual environmental conditions or under staged or manipulated conditions. According to Cooper and Schindler (2006:142), the research environment should be under field conditions and not be staged or simulated in any sense.

#### **4.2.1.8      *The participants' perception of research activity***

The perceptions of the participants will influence the usefulness of a survey and can have a dramatic impact on the outcomes of the research conducted. Because the

research environment is under field conditions, participants should not perceive deviations from their everyday routines.

### **4.3 THE STUDY SITE**

The study site for this dissertation was CyclingSA (and its members) which is the governing body for all disciplines of cycling in South Africa. The organisation was established in 2004 when it replaced the defunct Cycling Federation of South Africa and operates under the premises of the South African Sports Confederation and Olympic Committee (SASCOC). It is also one of UCI's member federations. It is responsible for the management and marketing of road cycling, track, mountain biking, BMX and paracycling in South Africa, both amateur and professional. To date, CyclingSA has been managed with extremely limited control and the management focus has been primarily on basic administration principles such as number registrations, the organisation of the South African Championships across the different tiers and helping with team preparations and selections for the World Cycling Championship and world events such as the Olympic Games and the Commonwealth Games.

However, during 2010, CyclingSA made a number of fundamental decisions to change its current business structure and established a "2020 Vision" which was developed during a rigorous process of meetings and workshops involving CyclingSA stakeholders. The core strategic elements that were developed during this process were grouped between "elite" and "cycling for all" stakeholders. The four pillars of their new vision are very much in line with strategic management principles and are centred on financial stability, internationally competitive athletes, customer satisfaction and social responsibility. The objectives formulated within the realm of the four pillars are to be achieved by enhancing the organisation's strengths, growing and sustaining a successful and effective Hi-Performance Programme, and establishing financial sustainability. Through this, CyclingSA would like to gain widespread respect as a professionally administered business with an entrepreneurial spirit (CyclingSA 2010:15).

Cycling is ranked under the top 15 sporting codes in South Africa, and from 2008 to 2009, its year-on-year growth was 7.7%. There are approximately 526 900 adult and junior cyclists in South Africa of whom approximately 22% (4% serious participants and 18% club participants) are registered members of CyclingSA (BMI 2009:5). Of these cyclists, 86% fall within the LSM7-10 band and the majority are male. The prevalent discipline for members to engage in is road cycling, followed by mountain biking. This was also evident in the responses received for this study. The membership numbers for CyclingSA during 2010 were as follow:

**Table 4.2: CyclingSA member profile for 2010**

Member count	Gender		Grand total
	Female	Male	
Age group			
Under 18	280	1 172	1 452
18–30	551	1 711	2 262
31–40	902	2 811	3 713
41–50	925	3 069	3 994
51–60	326	1 842	2 168
Over 60	49	627	676
Grand total	3 033	11 232	14 265

#### **4.4 SAMPLING DESIGN**

##### **4.4.1 Target population and context**

According to Welman, Kruger and Mitchell (2009:52) and Blumberg, Cooper and Schindler (2011:498), the population of a research study can be defined as the collection of all units of analysis about which the researcher wishes to make specific inferences. The target population for a study can therefore be regarded as the collection of elements that possesses the information a researcher seeks to obtain and about which inferences will be made during the research process (Malholtra 2004: 315).

The target population for this dissertation consisted of CyclingSA members who participate in one of the following five cycling disciplines: road, track, MTB, BMX and

paracycling. The units of analysis were the individual cyclists. A total of 14 255 cyclists are registered as CyclingSA members.

The target population is of significant academic relevance as member perceptions of sport organisations and/or governing bodies have not yet been rigorously explored in previous research, especially in a South African context. It is necessary to explore such perceptions because they will provide a valuable base on which to gauge CyclingSA's current business environment.

#### **4.4.2 Sampling method**

The data collection instrument was placed on the home page of CyclingSA's official webpage and all members of the population were deemed to have had an equal chance of completing the questionnaire. The data that were collected therefore related to *all* units of the population, as opposed to a sample of units of the specific population and were treated as census data (Bryman & Bell 2007:182). The objective of a census is to determine the number of respondents in various categories of variables to be tested for the entire population and members of the population are classified in terms of certain biological variables – as in this study – age, gender and race (Welman et al 2009:100). The reason for making the data collection instrument available to the entire population was to ensure a higher response rate and to point respondents to CyclingSA websites in an effort to promote and market the new website.

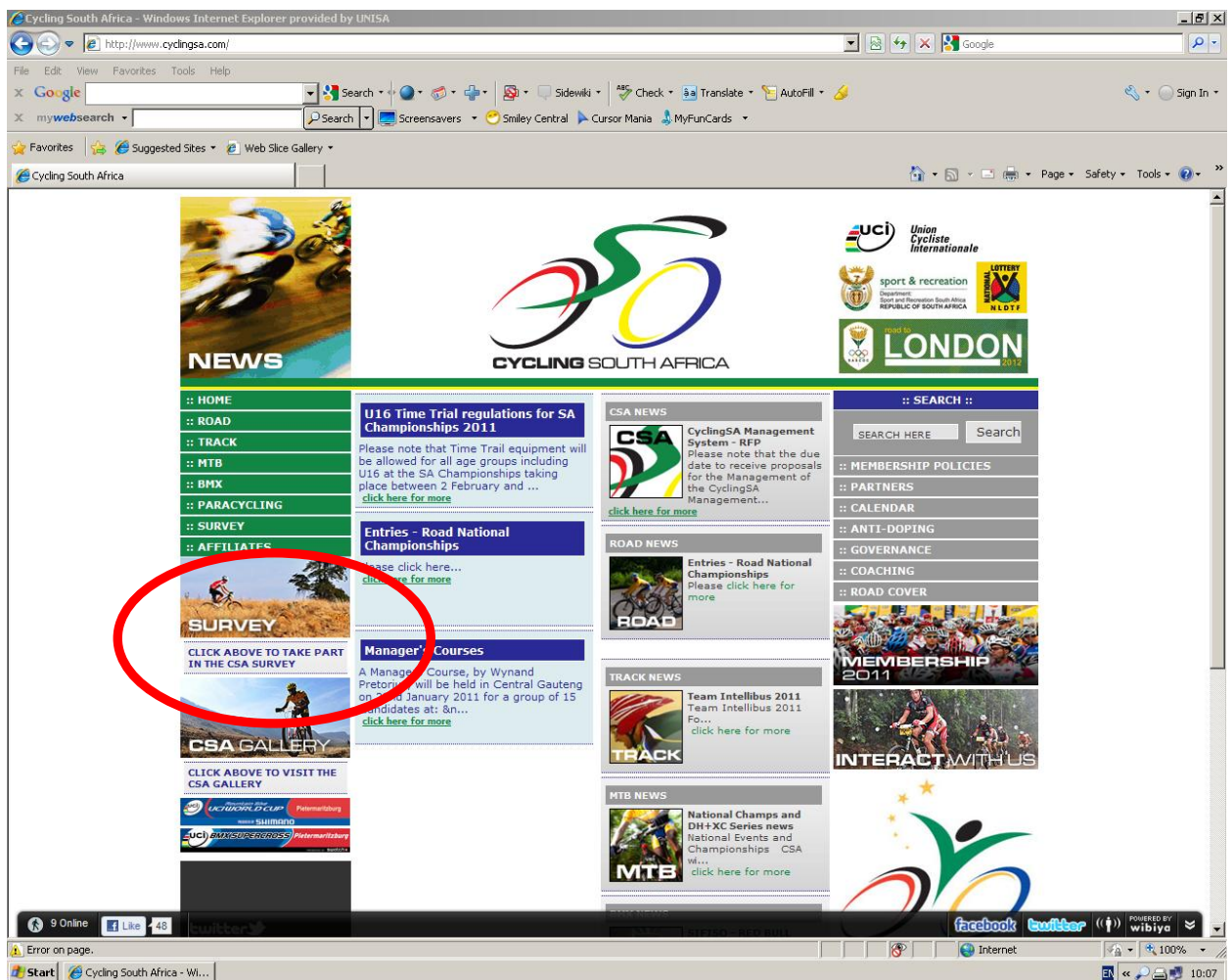
### **4.5 DATA COLLECTION**

#### **4.5.1 Data collection method**

Several methods that can be used to gather data from respondents and although the most popular means of obtaining such data is questionnaires, researchers can also make use of interviews, telephone calls and observations (Maree 2007:155). Each data collection method has its own advantages and disadvantages and needs to be selected on the basis of the type of data that has to be collected.

The data collection instrument (see appendix A), an online questionnaire survey, was pretested with a convenience sample of 70 cyclists belonging to Cyclelab's (South Africa's largest cycling club) marshalling database using the collaborative pretest method (Cooper & Schindler 2006:396). Data for the main study were collected during a one-month period between November and December 2010 via an online survey that appeared on CyclingSA's website, as indicated in figure 4.1:

Figure 4.1: Online questionnaire survey



The respondents were made aware of the questionnaire by notices on Facebook and Twitter. After two weeks, additional reminders were placed on Facebook. No incentives were offered for the completion of the questionnaire.



#### **4.5.2 Errors in data collection**

The rationale behind preserving data integrity is primarily to support the detection errors that might have occurred during the data collection process. These errors may either have been intentional as in the case of deliberate falsifications or unintentional when systematic or random errors occur during the research process.

Most et al (2003) recommend that the two most appropriate approaches to preserve data integrity whilst ensuring the scientific validity of study results, are *quality assurance* and *quality control*. According to Whitney, Lind and Wahl (1998), each approach should be implemented at different points in the research timeline.

In this study, quality assurance, which encompasses activities that occur prior to data collection, was used to preserve the integrity of data. The main tool that was used to certify quality was the pretest, which is described in detail in section 2.5.2.

### **4.6 DESIGNING THE MEASURING INSTRUMENT**

#### **4.6.1 Questionnaire design**

The first draft of the questionnaire that was used in this study was compiled with the assistance of a statistician and was further refined as discussed below. The final data collection instrument is provided in appendix A.

The self-administered online questionnaire for this study comprised an introductory paragraph, demographic questions and 26 questions that tested the respondent's perception of CyclingSA's business environment.

The introductory paragraph provided respondents with a brief outline of the purpose of the study, gave an indication of the time it would take to complete the questionnaire and assured respondents of their anonymity in completing the questionnaire. After the introductory paragraph, a series of questions followed on the microenvironment, market environment and macroenvironment. The questionnaire concluded with a range of demographic questions.

The underlying principle of constructing a questionnaire is to ensure that each question that is asked, relates to a research objective (Kumar 2005:138). Each question in the questionnaire must therefore stem from the study's research objectives and/or hypotheses. Table 4.3 below indicates how the questions that appeared in the questionnaire relate to the various research objectives that were formulated in chapter 1.

**Table 4.3: Research objectives and survey questions matrix**

Research objective	Corresponding section of questionnaire			Type	Sources used to generate question
	Number	Question	Classification		
To determine the elements in the business environment of CyclingSA that need to be considered when engaging in strategic management	Q1– Q20	Primary objective that will be answered by combining all the results	n/a	n/a	n/a
To determine the effectiveness of the current financial processes of CyclingSA	Q2.1*	Allocation of resources	Ordinal	Six-point Likert-response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Papadimitriou & Taylor (2000)
	Q2.2*	Securing sponsorships	Ordinal	Six-point Likert-response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Papadimitriou & Taylor (2000)
	Q2.3*	Transparent financial processes	Ordinal	Six-point Likert-response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Papadimitriou & Taylor (2000)
To determine the effectiveness of CyclingSA's current marketing and communication plan	Q3.1*	Representative advertising	Ordinal	Six-point Likert-response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Papadimitriou & Taylor (2000)

Research objective	Corresponding section of questionnaire			Type	Sources used to generate question
	Number	Question	Classification		
	Q3.2*	Utilisation of all mediums	Ordinal	Six-point Likert-response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Papadimitriou & Taylor (2000)
	Q3.3*	Consistent brand image	Ordinal	Six-point Likert-response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Papadimitriou & Taylor (2000)
	Q4	Awareness of marketing mediums	Nominal	Multiple-choice question requiring a single or multiple-choice response	
	Q5	Frequency of mediums	Ordinal	Multiple-choice question requiring a single response	
To determine the perceived level of service quality	Q6.1*	Accessibility of online services	Ordinal	Six-point Likert-response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Chelladurai & Chang (2000)
	Q6.2*	Relevance of service	Ordinal	Six-point Likert-response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Chelladurai & Chang (2000)

Research objective	Corresponding section of questionnaire			Type	Sources used to generate question
	Number	Question	Classification		
	Q6.3*	Provision of adequate service	Ordinal	Six-point Likert-response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Chelladurai & Chang (2000)
	Q6.4*	Fair and equal conduct	Ordinal	Six-point Likert-response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Chelladurai & Chang (2000)
	Q6.5*	Ethical conduct	Ordinal	Six-point Likert-response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Chelladurai & Chang (2000)
	Q6.6*	Efficient use of resources	Ordinal	Six-point Likert-response scale measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Chelladurai & Chang (2000)
	Q6.7*	Effective achievement of outcome	Ordinal	Six-point Likert-response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Chelladurai & Chang (2000)

Research objective	Corresponding section of questionnaire			Type	Sources used to generate question
	Number	Question	Classification		
To determine the response of cyclists to the proposed loyalty programme	Q7	Interest in loyalty programme	Ordinal	Five-point Likert-type response format measuring interest from definitely not (1) to definitely (5)	Generated by researcher
To determine the current level of talent identification within the confines of CyclingSA	Q8*	Perceived level of effectiveness in talent identification	Ordinal	Five-point Likert-type response format measuring ability ranging from excellent (1) to very poor (5). An extra option of "It is not important to me" was added.	Papadimitriou & Taylor (2000)
To determine the level of compliance by CyclingSA to conform to scientific-centric approaches to high performance activities as determined by international standards	Q9.1*	Training conditions	Ordinal	Six-point Likert-type response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Papadimitriou & Taylor (2000)
	Q9.2*	Training support	Ordinal	Six-point Likert response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Papadimitriou & Taylor (2000)
	Q9.3*	Research projects	Ordinal	Six-point Likert response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Papadimitriou and Taylor (2000)
To determine the level of perceived safety and security on South African	Q10	Perceived level of safety during training	Ordinal	Multiple-choice question requiring a single response	Generated by researcher

Research objective	Corresponding section of questionnaire			Type	Sources used to generate question
	Number	Question	Classification		
roads	Q11	Perceived level of safety during racing	Ordinal	Multiple-choice question requiring a single response	Generated by researcher
	Q12	Reasons for feeling unsafe		Open-ended question	Generated by researcher
	Q13	Safety precautions taken by cyclists	Nominal	Multiple-choice question requiring multiple responses	Generated by researcher
To determine the level of responsibility CyclingSA has towards ensuring the safety of cyclists	Q14	Responsibility of safety	Nominal	Multiple-choice question requiring multiple response	Generated by researcher
To determine the level of drug awareness of riders	Q15	Level of awareness of doping regulations	Ordinal	Five-point Likert-type response format knowledge ranging from excellent (1) to very bad (5)	Generated by researcher
To determine the relevance of a drug education programme (split between elite and mass)	Q16	Perceived level of requirement for education programme	Nominal	Multiple-choice question requiring a single response	Generated by researcher
To determine the level of current transformation in CyclingSA	Q17.1*	On track with transformation goals	Ordinal	Six-point Likert response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Papadimitriou & Taylor (2000)

Research objective	Corresponding section of questionnaire			Type	Sources used to generate question
	Number	Question	Classification		
	Q17.2*	Development of black riders	Ordinal	Six-point Likert response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Papadimitriou & Taylor (2000)
	Q17.3*	Contributions to disadvantaged communities	Ordinal	Six-point Likert-response format measuring agreement ranging from strongly disagree (1) to strongly agree (6)	Papadimitriou & Taylor (2000)
To determine the response to a green project such as a bicycle commute programme	Q18	Perceived level of agreement	Nominal	Dichotomous question	Generated by researcher
	Q19	Responsibility towards commuters	Nominal	Dichotomous question	Generated by researcher
	Q20	Actions		Open-ended question	Generated by researcher
To determine a profile of CyclingSA members	Q21	Age	Ordinal	Multiple-choice question requiring a single response	
	Q22	Gender	Nominal	Dichotomous question	
	Q23	Ethnic group	Nominal	Multiple-choice question requiring a single response	
	Q24	Level of racing	Ordinal	Multiple-choice question requiring a single response	
	Q25	Watching racing	Nominal	Dichotomous question	



Research objective	Corresponding section of questionnaire			Type	Sources used to generate question
	Number	Question	Classification		
	Q26	Channel used	Nominal	Multiple-choice question requiring a single response	

\*These questions included the additional option "Don't know".

#### **4.6.2 Pilot testing of data collection instrument**

Questionnaires should be pilot tested before they are disseminated to the sample so that weaknesses in the design and instrument can be identified and corrected (Cooper & Schindler 2006:76). It is crucial that the respondents selected to participate in the pilot test are part of the target population and that the procedures and protocols that have been designed to collect the required data are followed in the pilot test. Pretesting is often used as a pilot test and allows for the assessment of questions and instruments before the study is to start (Cooper & Schindler 2006:715). This is considered an established practice for discovering errors in questions, question sequencing, instructions and other elements of the instrument such as skip directions.

The survey instrument for this study was pretested in the following way:

1. The first draft of the questionnaire was analysed by a statistician to ensure that the questions would provide statistically sound information.
2. Amendments were made as recommended by the statistician and the questionnaire was emailed to a database of 70 cyclists of whom eight respondents completed the questionnaire with comments on question wording, question clarity and question sequencing. The participants in the collaborative pretest were alerted to their involvement in the preliminary test of the questionnaire to be used and were asked to give feedback.
3. Amendments were made and the third draft was sent to the statistician for comment.
4. Amendments were made and the questionnaire was forwarded to the Bureau of Market Research (BMR) where it was converted electronically and placed on the internet. Another six respondents completed the online version and minor adjustments were again made.

#### **4.7 DATA PROCESSING**

The processing of data involves several steps in an effort to derive the information sought from the completed questionnaires so that it can be presented in a useful and correct format (McDaniels & Gates 2001:434). The following section will discuss how the data were processed for this study.

#### **4.7.1 Data capturing**

The data for this study were captured electronically on the Bureau of Market Research's database as the respondents completed the questionnaire online. The data were then converted into an Excel spreadsheet before being loaded on to SPSS.

#### **4.7.2 Data coding**

According to Welman et al (2009:213), after the researcher has compiled and processed all the information, the data need to be converted into manageable and understandable texts. The purpose of coding is therefore to analyse and make sense of the data that have been collected and can be defined as tags or labels that attach meaning to raw data (Welman et al 2009:214). Such tags or labels are then used to retrieve and organise data into specific categories (Welman et al 2009:214) which is done by assigning a numerical value to verbal responses provided by the respondent in the data collection instrument (Maylor & Blackmon 2005:303).

The majority of the questions, excluding questions 12 and 20, which were open-ended questions, were precoded and assigned categories and numbers during the design of the research instrument.

#### **4.7.3 Editing**

After the data have been captured and coded, it is essential for the data sheets to be edited and cleaned by locating and correcting any possible errors made during the capturing process (Maylor & Blackmon 2005:306). Data editing can therefore be regarded as the customary first step in data analysis for detecting errors and data omissions, correcting such errors when possible and certifying that minimum data quality standards are met (Blumberg et al 2011:492). It is crucial to remember that the

quality of the following data analysis can never be better than that of the raw data that were collected (Maylor & Blackmon 2005:307).

The data in this study were closely scrutinised and edited in order to identify and minimise errors, incompleteness and inconsistencies. The data contained in the Excel spreadsheet were carefully checked to ensure that the numerical values awarded to each response were valid and accurate.

This section dealt with the data processing involved in this study. The following section will focus on data analysis, which is the next step in the research process.

## **4.8 DATA ANALYSIS**

Once the data have been collected and processed, they can be analysed. During this step of the research process, the data are edited and reduced to a manageable size, summaries are made, patterns or trends are identified and a variety of statistical techniques are applied (Blumberg et al 2011:490).

### **4.8.1 Descriptive statistics**

Descriptive statistics are concerned with the characteristics of the location, spread and shape of an array of data (Blumberg et al 2011:491) and contain the description and/or summary of the data obtained for a specific group of individual units of analysis (Welman et al 2009: 231). Common descriptive statistics that are widely used in research include frequency tables and variance tables (Hallebone & Priest 2009: 88).

Frequency counts, as used in this study, are a compact way of presenting information obtained from research (Maylor & Blackmon 2005:307) providing the number of respondents and the percentages belonging to each category of the variable in question (Bryman & Bell 2007:357). Graphs and tables are used to present frequency counts in a logical and reasonable manner.

### **4.8.2 Inferential statistics**

Inferential statistics are utilised to draw conclusions, from a sample, about a complete population by making use of the quantitative data collected in the study (Collis & Hussey 2003: 196). Broadly speaking, inferential statistics are concerned with inferences that are made about population indices (Welman et al 2005:236) which includes the estimation of population values and the testing of statistical hypotheses (Blumberg et al 2011:494). A popular inferential statistic to be used measures of the significance of relationships between variables in appropriate population samples (Hallebone & Priest 2009:88).

One of the most crucial elements of inferential statistics is the testing of significance. Statistical significance allows the researcher to draw conclusions about the population from his or her research, by proving that the data collected are representative of the population and can be generalised (Bryman & Bell 2007:367). If the data are therefore not representative of the population, any findings will be invalid and the research objectives useless.

To determine if there is indeed a real difference between those members of the population who participated in the research and those who did not, researchers calculate the p-value which indicates the probability that the difference in groups is due to chance. The standard convention in business research methods is to make use of a p-value (considered to be the level of statistical significance) that is smaller than 0.05, as was used in this study except where indicated elsewhere (Bryman & Bell 2007:368). In essence, this means that if a level of statistical significance is observed which is smaller than 0.05, such as a two-tailed p-value, it is accepted that the observed difference is real and not due to chance.

Nonparametric tests are used on data that do not show normal distributions and are skewed. These tests are also useful when data are ordinal, as in this study (Collis & Hussey 2003:196). The Mann-Witney U test was used as the nonparametric counterpart of the t-test for independent groups without limiting the t-test's assumptions (Welman et al 2005:230). Another nonparametric test used in this study was that of Kruskal-Wallis, which is regarded as the nonparametric alternative to the regular one-way analysis of variance and is used to compare the medians of three or more independent samples (Welman et al 2005:230).

The binomial test is normally used when dichotomous data are used – that is, when each individual in the sample is classified in one of two categories (eg category A and category B) and is used to determine if the proportion of individuals falling into each category differs from chance or from some prespecified probabilities of falling into those categories.

#### **4.8.3 Reliability and validity**

Reliability is concerned with the findings of the research conducted and the credibility of the results obtained (Welman et al 2005:145). Research is considered to be reliable if the study can be repeated (Collis & Hussey 2003:58). This means that if the study is to be repeated, similar observations and interpretations should be probable even if the study is conducted on different occasions and by different observers (Collis & Hussey 2003:58).

The validity of the research finding should also be established. This refers to the extent that the research findings accurately demonstrate or measure what the researcher set out to measure (Collis & Hussey 2003:59). Validity is primarily measured through face validity, content validity and criterion validity (Hallebone & Priest 2009:201).

#### **4.8.4 Presentation of data findings**

The final step in the research process is to present the data findings. The findings should always be easy to understand because this will affect both the quality and the academic worth of the study (Blumberg et al 2011:424). Chapter 5 will deal with the detailed presentation of the study's data findings.

#### **4.8.5 Limitations of the study**

No researcher will be able to conduct research in such a way that all of the possible areas of investigation are explored sufficiently. Certain potential areas of research will then have to be excluded – hence the need for researchers to comment on any such limitations (Collis & Hussey 2003:129).

## **4.9 CONCLUSION**

This chapter focused on the research methodology employed in this study. The first section of the chapter explained the study site where the research was conducted and the second section dealt with the research design that was used. The rest of the chapter discussed the research process as applicable to this study.

It was decided that because of the nature of research, no sample would be selected, but rather that a census would be used and an online self-administered questionnaire would be developed. Primary data were collected and then edited, captured, coded and cleaned before they were analysed. A variety of statistical analyses were used in this regard. The outcome of these analyses of the data as well as the research findings will be discussed in detail in the next chapter. The chapter concluded with a discussion on the reliability and validity of the research instrument and the limitations of the data collected during the research process.

## **CHAPTER 5**

## **DESCRIPTIVE AND INFERENCE ANALYSIS**

### **5.1 INTRODUCTION**

In analysing the business environment of sport organisations, with specific focus on CyclingSA, a quantitative research approach was followed. Descriptive and inferential statistical analyses were conducted to address the primary and secondary research objectives of the study. The descriptive statistics describe the demographic composition of the sample and the response profile of the statements that tested the respondents' perception of CyclingSA's effectiveness in the three business environments.

The purpose of the inferential analyses was to determine the most significant associations between the respondents' perception of CyclingSA's effectiveness and the demographic variables measured. This will promote a better understanding of the factors that influence the business environment of CyclingSA and of sport organisations in general when they engage in strategic management practices.

The data analysis process was systematically followed, as described in chapter 4, and the descriptive statistics are presented in the following sections. The chapter will conclude with a discussion of the inferential analyses.

### **5.2 DESCRIPTIVE ANALYSIS OF THE RESEARCH FINDINGS**

The frequency tables, which report the percentage of the respondents who selected the option, the cumulative percentages and the percentages adjusted for missing values (Cooper & Schindler 2005:473), were constructed with the aid of the statistical software package, SPSS. Tables and figures were then converted by means of MS Excel. The measuring instrument was designed, among other things, to measure the respondents' perceptions of the business environment of CyclingSA. The 26 questions, comprising a range of statements or items, were aimed at determining the respondents' perceptions of CyclingSA's current use of elements in the micro-, market



and macro-environments. The first section depicts the frequency tables of the demographic composition of the respondents who participated in the census.

### 5.3 DEMOGRAPHIC COMPOSITION OF THE RESPONDENTS

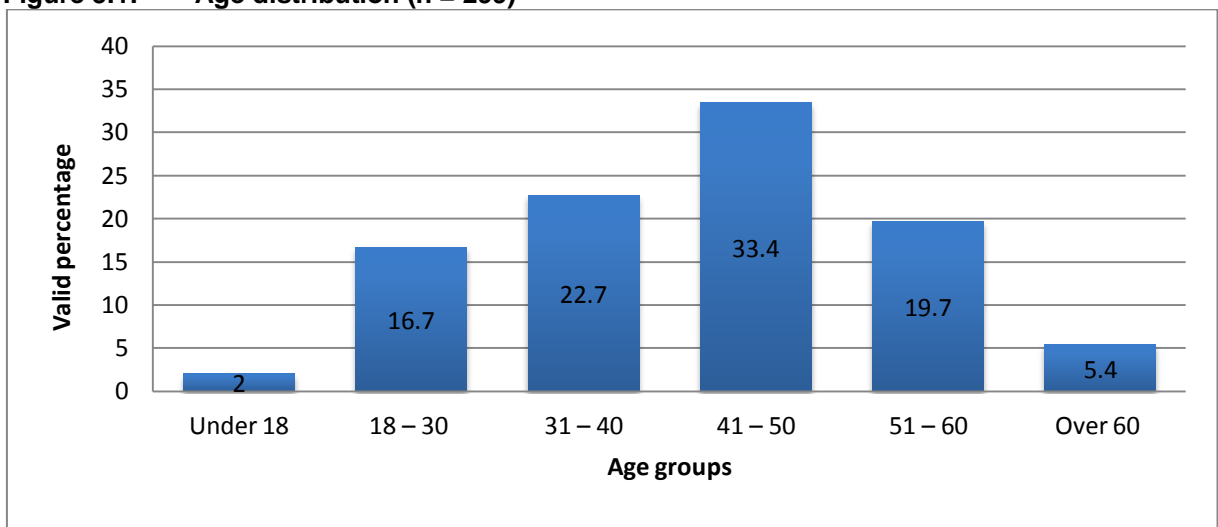
The respondents were asked to indicate their age, gender, ethnic group, the number of races they had participated in during the last year, whether or not they watched cycling races on television and if they did, on which channel. The respondents were also asked to indicate in which cycling discipline they had been most involved during 2010.

The results of the demographic profiling questions are presented by means of frequency tables (see appendix B). The discussions below will highlight the most significant findings from the data analysis.

#### 5.3.1 Age (in years)

The results for the variable “age (in years)” are indicated in figure 5.1 below and statistically in table B1 in appendix B.

Figure 5.1: Age distribution (n = 299)

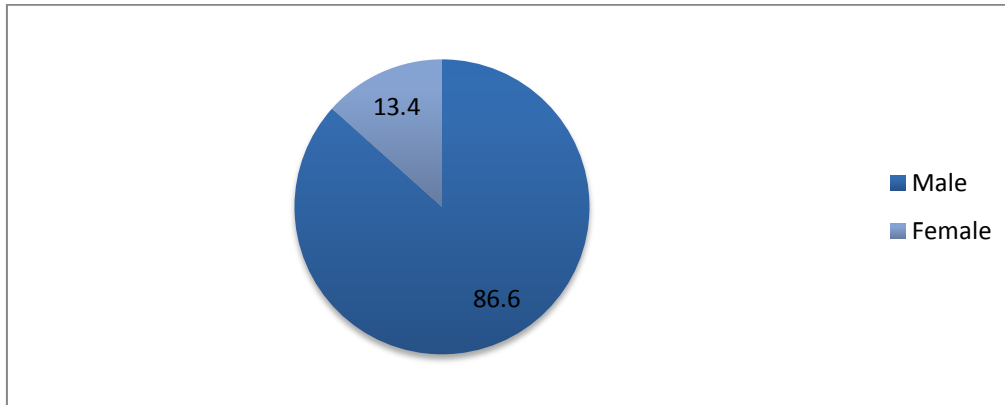


According to the results tabulated in appendix B, only six respondents were under the age of 18, while 16 were older than 60. The modal category of respondents (100) was between the ages of 41 and 50, with a valid percentage of 33.4%.

### 5.3.2 Gender

The result for the variable “gender” is depicted graphically in figure 5.2 below and statistically in table B2 in appendix B.

**Figure 5.2: Gender distribution (n = 299)**

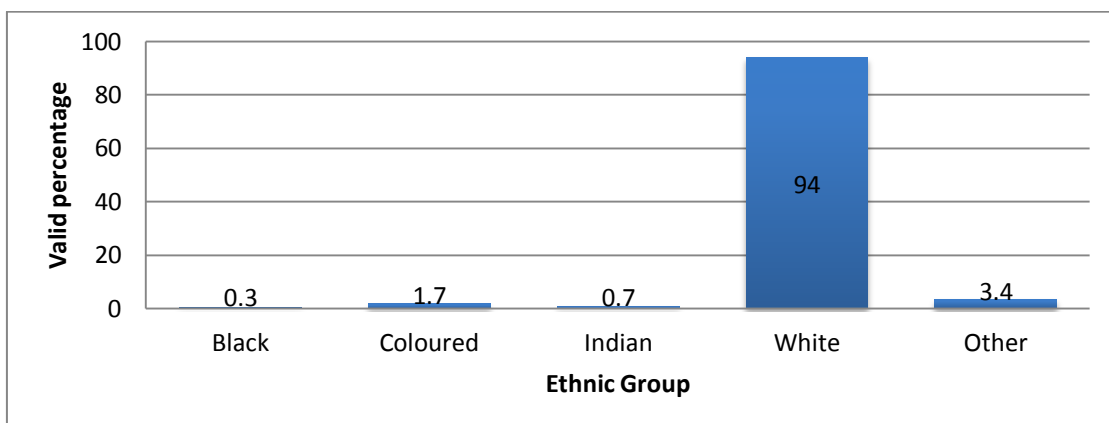


As anticipated, the majority of the participants were male and comprised 86.6% of the sample. From this result one can infer that the traditional perception of cycling as a male-dominated sport is still prevalent and valid. Only 13.4% percent of the respondents (n = 40) were females.

### 5.3.3 Ethnic group

The result for the variable “ethnic group” is depicted graphically in figure 5.3 below and statistically in table B3 in appendix B.

**Figure 5.3: Ethnic group (n = 298)**

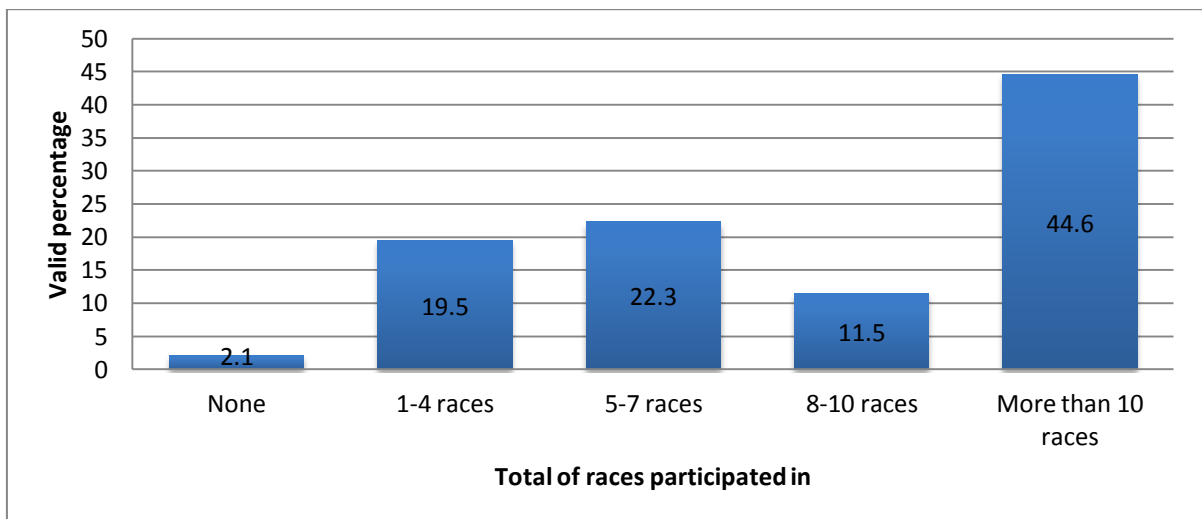


The majority of respondents were from the ethnic group “white”, 94% indicated that they were in this ethnic group. The smallest representation was from the “black” ethnic group with only one respondent from the group. This is expected and in line with previous studies conducted by CyclingSA (BMI 2009).

### 5.3.4 Participation in races

The result for the variable “participation in races” is represented graphically in figure 5.4 below and statistically in table B4 in appendix B.

Figure 5.4: Participation in races (n = 287)

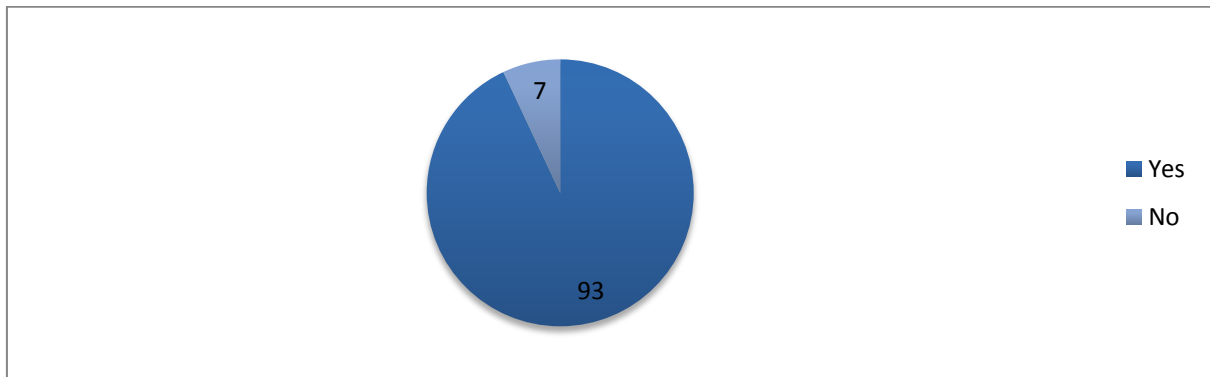


The modal category of respondents, namely 128, indicated that they participated in more than ten races per annum. Only six respondents specified that they do not compete in races at all.

### 5.3.5 Spectators: television

The result for the variable “spectators through television” is represented graphically in figure 5.5 below and statistically in table B5 in appendix B.

**Figure 5.5: Do you watch cycling races on television (n = 299)?**

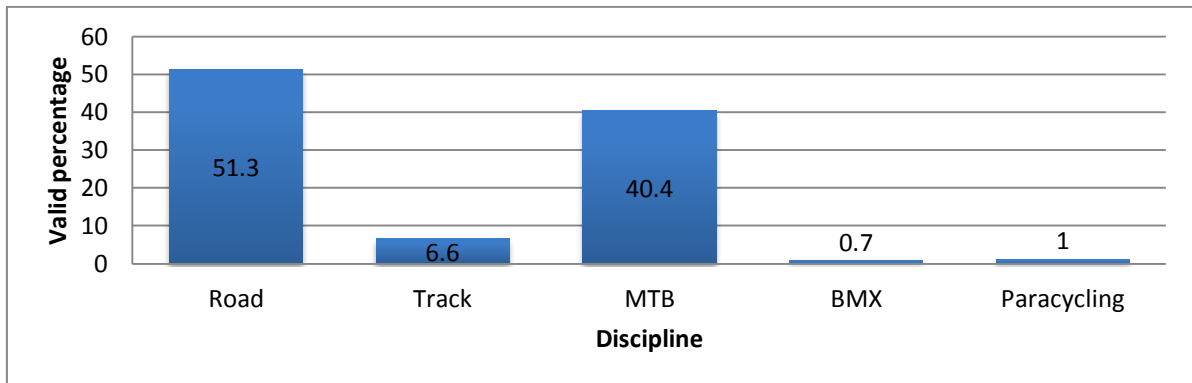


The majority of respondents indicated that they do watch cycling races on television, with only 21 respondents indicating that they do not. The most popular television channel on which cycle races were watched was DSTV (82% of respondents) with the least watching SABC 1 (only 8 respondents selecting that option).

### 5.3.6 Cycling discipline

The result for the variable “cycling discipline” is represented graphically in figure 5.6 below and statistically in table B6 in appendix B.

**Figure 5.6: Cycling discipline (n = 302)**



The respondents were fairly equally distributed among the most popular cycling disciplines in South Africa: 51.3% of respondents participated in road cycling and 40.4% in mountain biking (MTB). The smaller disciplines such as BMX and paracycling were in the minority, with only two and three respondents respectively participating in the survey. This was as anticipated because only a few participants are currently registered for these disciplines at CyclingSA.

The next section deals with the descriptive statistics relating to the microenvironment.

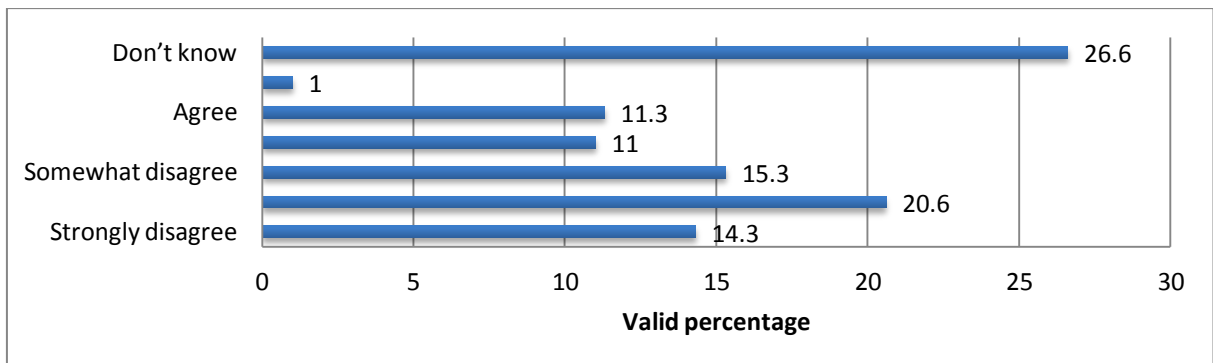
## 5.4 THE MICROENVIRONMENT

To test the elements in CyclingSA’s microenvironment, the respondents were asked to indicate their level of agreement with statements regarding CyclingSA’s financial effectiveness, its marketing and communication plan, which included testing the marketing media utilised and the frequency levels of these media, and the perceived level of quality in the organisation.

### 5.4.1 Financial effectiveness

The item “financial effectiveness” was measured by means of three constructs. The first construct measured the perceived effectiveness of CyclingSA in allocating financial resources. This construct is represented graphically in figure 5.7 below and appears in table B7 in appendix B.

**Figure 5.7: Financial effectiveness: allocation of resources (n = 301)**

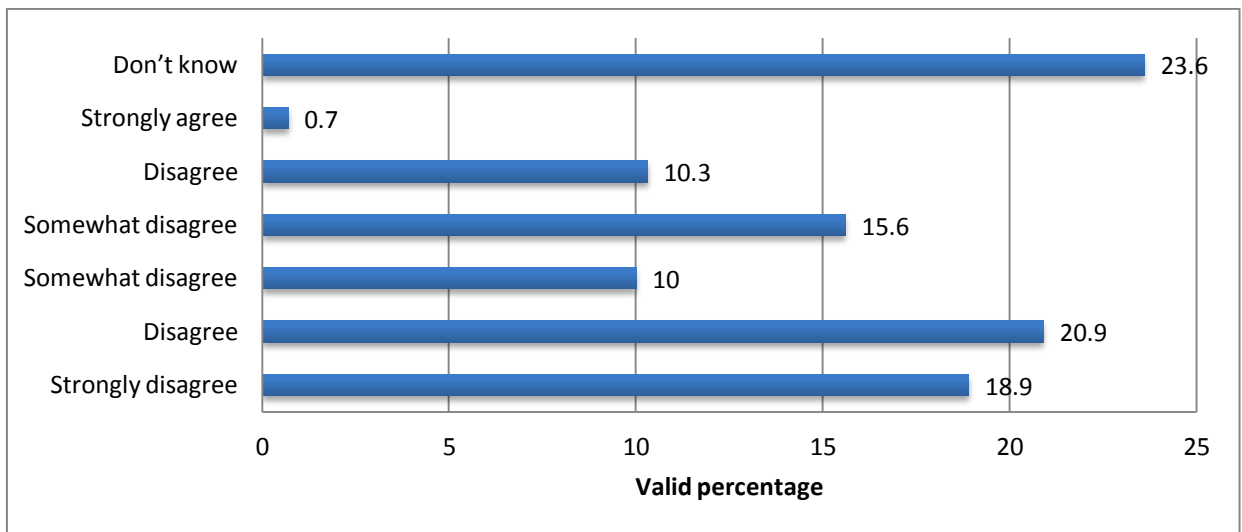


The modal category of respondents (20.6%) indicated that they disagree with the statement that CyclingSA allocates its financial resources, such as licence fees and sponsorship monies, with great care. The cumulative percentage is indicative of the respondents’ lack of agreement with the statement, with 50.2% of them falling within the negative ranges of strongly disagree, disagree and somewhat disagree. A further 26.6% of the respondents indicated that they were unaware of CyclingSA practices with regard to the allocation of funds. This can either be interpreted as ignorance of,

disinterest in or a lack of communication regarding the allocation of resources. Only 23.3% of respondents responded positively to this statement.

The second construct measured the perceived effectiveness of CyclingSA in securing valuable sponsorships. The construct is depicted graphically in figure 5.8 below and in table B8 in appendix B.

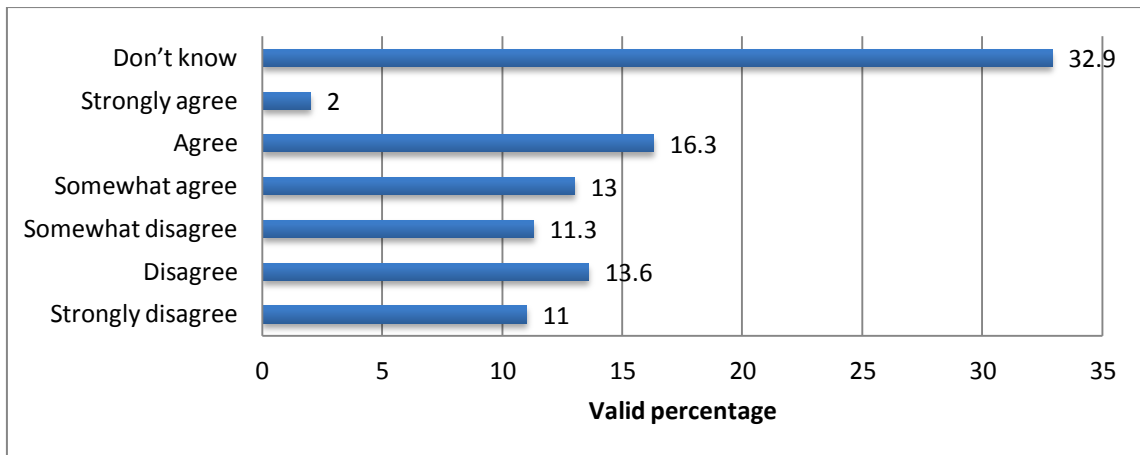
**Figure 5.8: Financial effectiveness: securing sponsorships (n = 301)**



The modal category of the respondents (23.6%) indicated that they are unaware of how effective CyclingSA is in successfully securing valuable sponsorships. This is of particular concern because the notion of sponsorships is to create awareness of the sponsor and its involvement with the sport. Of the respondents, 49.8% indicated a score in the lower groups. A cumulative percentage of respondents of 26.6% scored CyclingSA in the categories of “somewhat agree”, “agree” and “strongly agree”.

The last construct that was measured in relation to financial effectiveness was the use of transparent financial practices defined as standard accounting practices. This construct is depicted graphically in figure 5.9 below and in frequency table B9 in appendix B.

**Figure 5.9: Financial effectiveness: transparent financial practices (n = 301)**

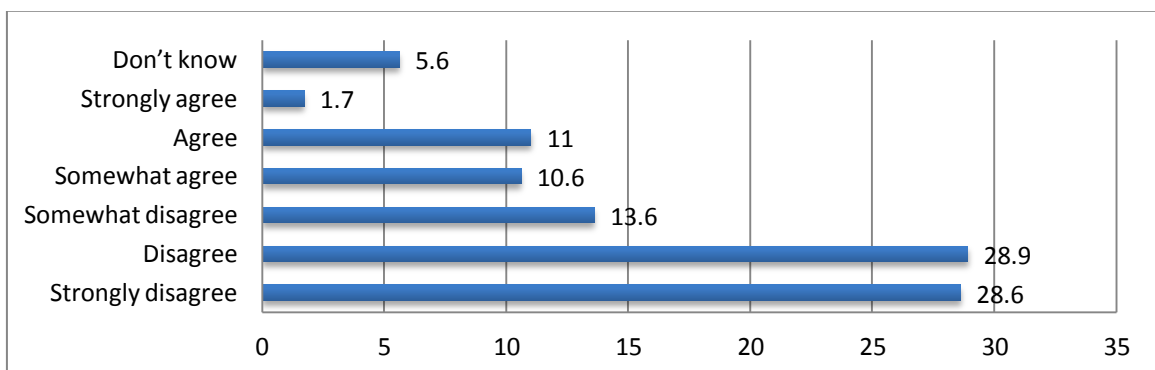


Once again the modal category of respondents (32.9%) did not know how effectively CyclingSA is using transparent financial practices. This can either indicate a lack of knowledge about standard financial practices on the part of respondents, disinterest in the financial practices of CyclingSA or CyclingSA's lack of communication about its financial practices.

#### 5.4.2 Marketing and communication plan

CyclingSA's marketing and communication plan was evaluated by the means of three specific constructs. In addition, the respondents were asked to indicate which marketing methods they were aware of and the frequency of these methods. The first construct that was measured, the adequacy of CyclingSA's advertising of the sport, is depicted graphically in figure 5.10 and frequency table B10 in appendix B.

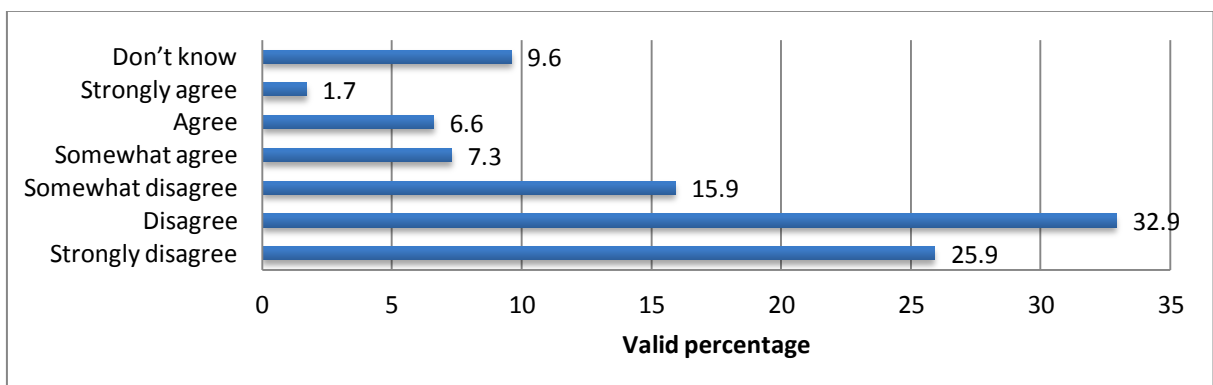
**Figure 5.10: Marketing and communication plan: advertising the represented sport adequately (n = 301)**



The cumulative percentage indicates that the majority of respondents (71.1%) disagreed to some extent that CyclingSA was advertising the represented sport adequately. It is interesting to note that only 5.6% indicated that they do not know whether or not CyclingSA advertises the sport adequately, providing an interesting contrast to the responses received regarding the financial effectiveness constructs. Only 1.7% of the respondents indicated that they strongly agree with the statement. A further 11% indicated that they do agree with the statement.

The next construct tested the respondents' agreement with the statement whether or not CyclingSA has utilised all the available media in order to market cycling. The construct is depicted in figure 5.11 with the accompanying frequency table in table B11 in appendix B.

**Figure 5.11: Marketing and communication plan: utilisation of all available marketing media (n = 301)**

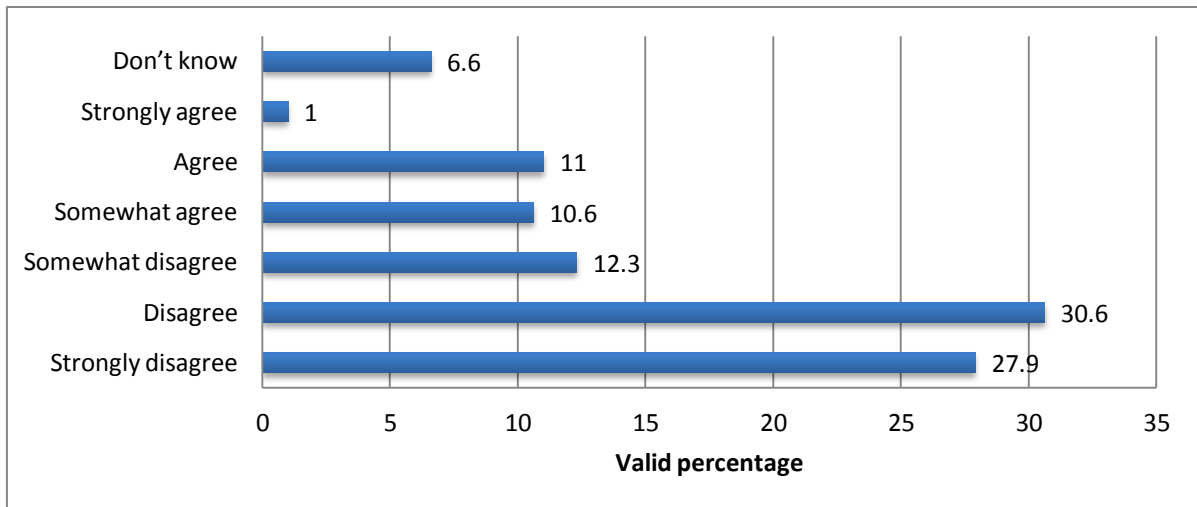


The cumulative percentage of respondents indicates that the majority of respondents, 74.1%, showed some level of disagreement with the statement. Of the remaining respondents, a further 9.6% indicated that they do not know whether or not CyclingSA utilises all of the available media. Only 15.6% of the respondents indicated some level of agreement with the statement.

The third construct testing the marketing and communication plan focused on the creation of a consistent brand image. The construct is depicted graphically in figure 5.12 below. Frequency table B12 is provided in appendix B.



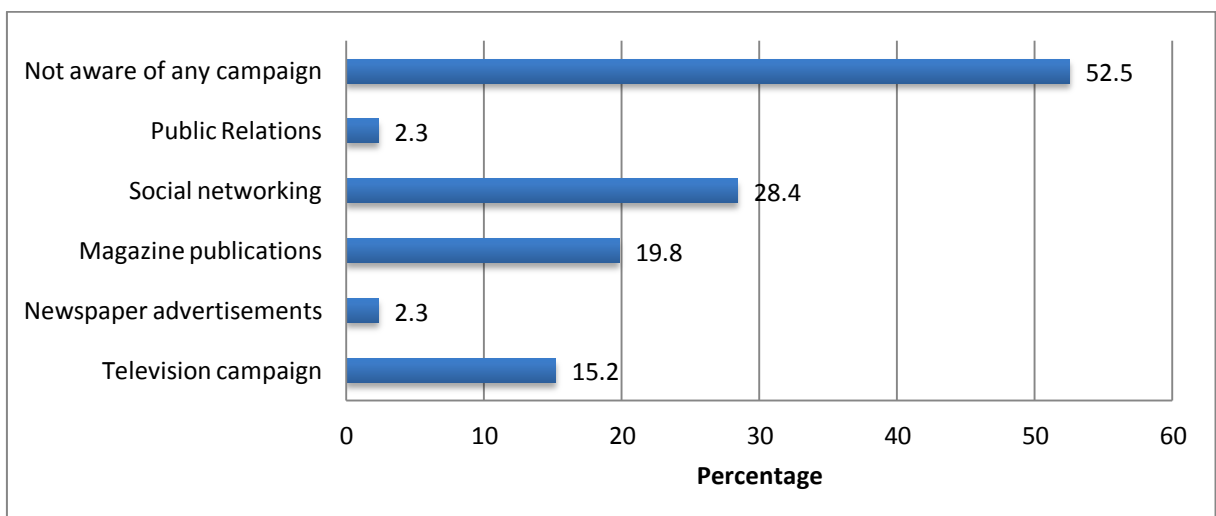
**Figure 5.12: Marketing and communication plan: consistent brand image (n = 301)**



The majority of respondents, 70.8%, indicated some level of disagreement with the statement that CyclingSA has been successful in creating a consistent brand image. Only 1% of the respondents agreed with the statement, while 6.6% of respondents indicated that they do not know.

The respondents were also asked to identify the marketing media they are aware that CyclingSA currently employs. This construct is depicted in figure 5.13 below and appears in table B13 in appendix B.

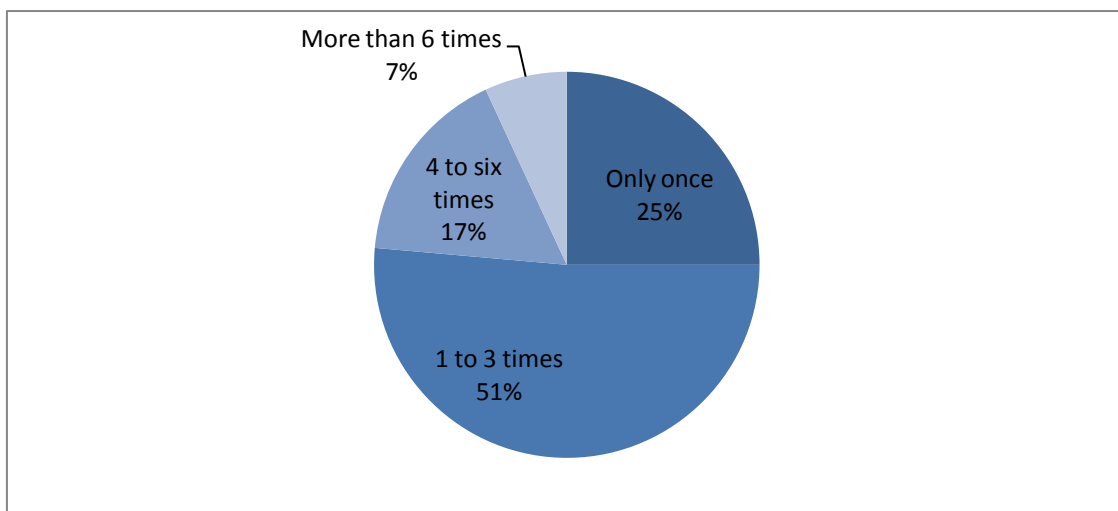
**Figure 5.13: Marketing and communication plan: media utilised**



The majority of the respondents, 52.5%, indicated that they are not aware of any marketing media currently being utilised by CyclingSA. The marketing medium that most of the respondents selected, namely 28.4% or 86, as being currently utilised is social networking, which was specified as Facebook and Twitter. The marketing medium that was selected by the fewest respondents, namely 2.3% or seven, as being utilised was newspaper advertisements and public relations (both options received the same score). The respondents were given the option of specifying other media they felt were relevant, and nine respondents indicated that they were aware of radio advertisements, the licence requirements of their clubs and the CyclingSA website.

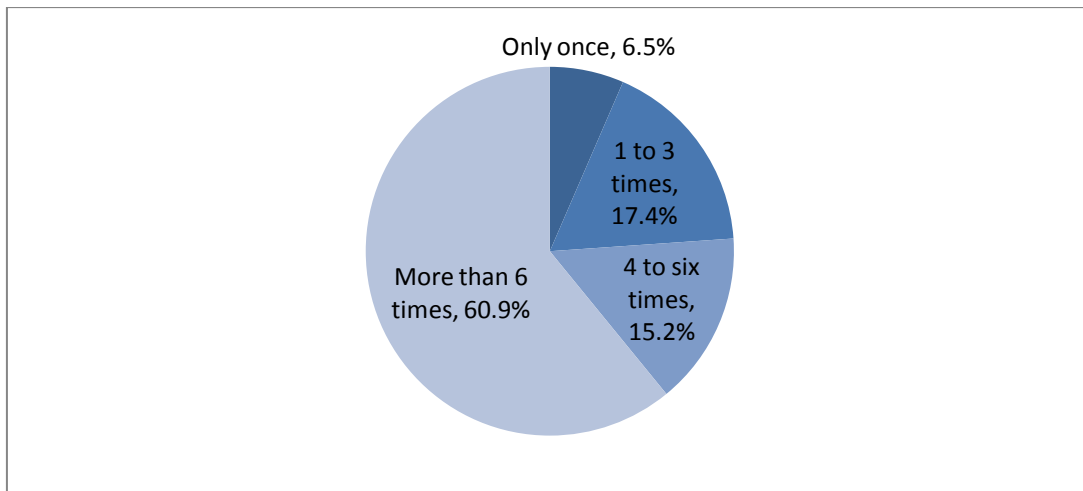
The respondents were asked to indicate the frequency with which they had seen the marketing media indicated in the previous question, during the past six months. Owing to the response rate, only two media will be discussed here: social networking and magazine publications, which attracted the highest recognition from the respondents. The remaining media's frequency is provided in table B14 in appendix B.

**Figure 5.14: Marketing and communication plan: frequency of magazine publications in the past six months (n = 72)**



The majority of the respondents (51%) indicated that they had viewed the particular magazine publication one to three times during the past six months. Only 7% indicated that they had seen it more than six times.

**Figure 5.15: Marketing and communication plan: frequency of social networking in the past six months (n = 92)**

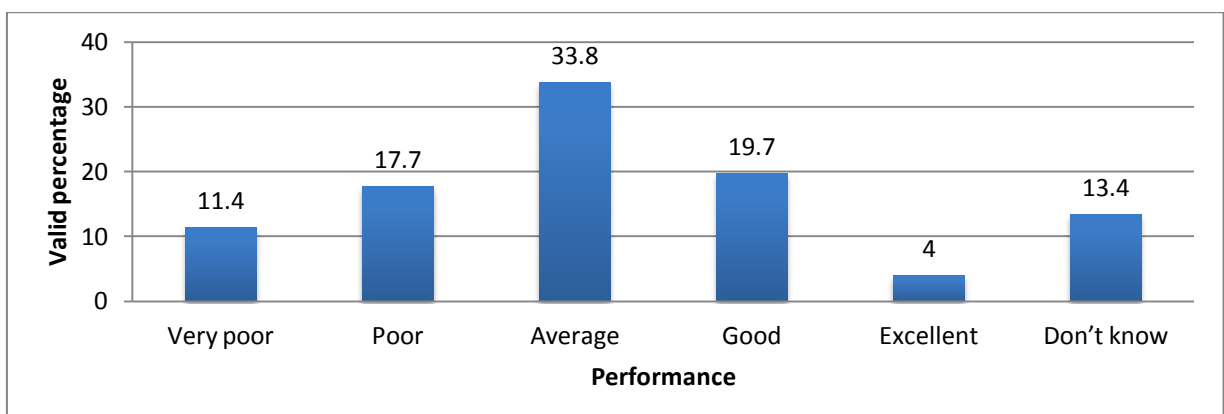


It is evident that CyclingSA is focusing its marketing efforts on social networking and online marketing. The majority of respondents, 60.9%, indicated that they had seen this marketing medium more than six times during the past six months. Only 6.5% of respondents had seen it only once. This result is the contrary to any other result obtained for the other marketing media that were tested.

### 5.4.3 Service quality performance

The service quality of nonprofit organisations can be measured with the use of seven constructs (Chelladurai & Chang 2000:18). The first construct, accessibility of online services, is depicted graphically in figure 5.16 below and in table B15 in appendix B.

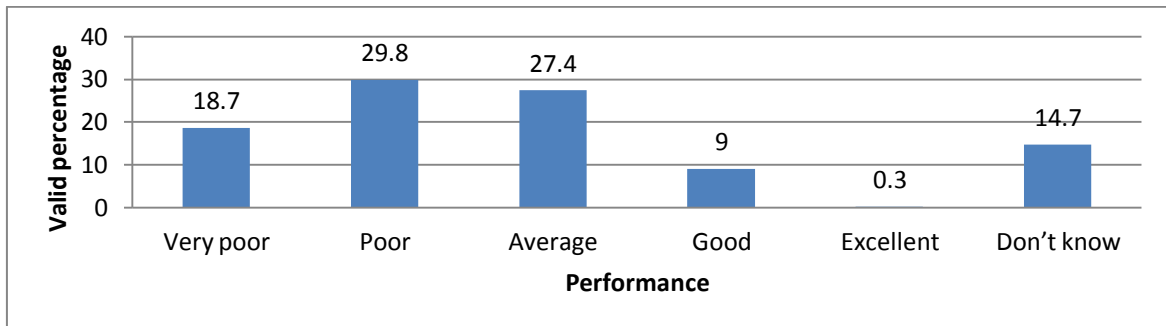
**Figure 5.16: Service quality: – accessibility of online services (n = 299)**



Most of the respondents (33.8%) indicated that CyclingSA’s performance is average when it comes to the availability of their online services. Only 4%, however, indicated that their service delivery on this construct is excellent, while 13.4% indicated that they do not know.

The next construct, the relevance of CyclingSA’s services to the cyclists’ needs, is depicted in figure 5.19. The frequency table, B16, is included in appendix B.

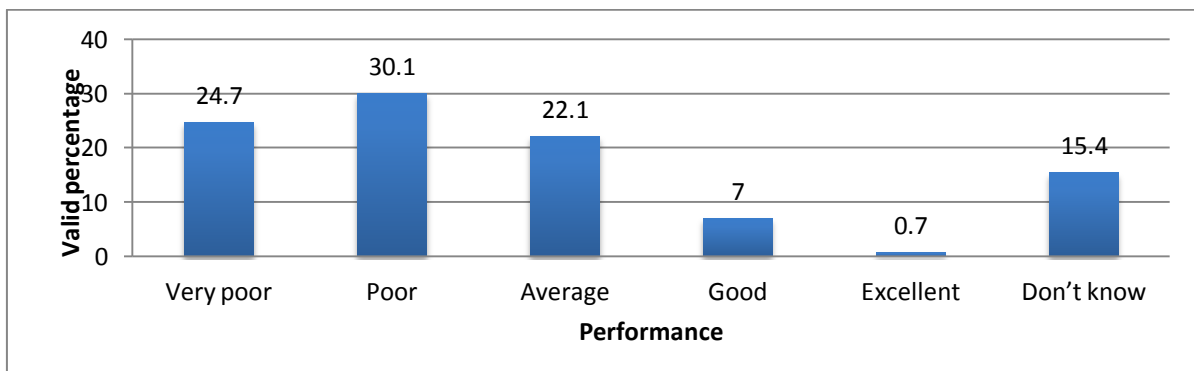
**Figure 5.17: Service quality: relevance of CyclingSA’s service to cyclists’ needs (n = 299)**



Of the respondents, 89 (29.8%) indicated that the relevance of CyclingSA’s services to cyclists’ needs is poor. A further 18.7% rated CyclingSA very poor and only 0.3% of respondents felt that CyclingSA’s service quality on this construct was excellent. A total of 44 respondents indicated that they did not know how relevant CyclingSA service is to cyclists’ needs.

The third construct that was tested was CyclingSA’s provision of adequate service to individual cyclists. The construct is depicted in figure 5.18 and frequency table B17 included in appendix B.

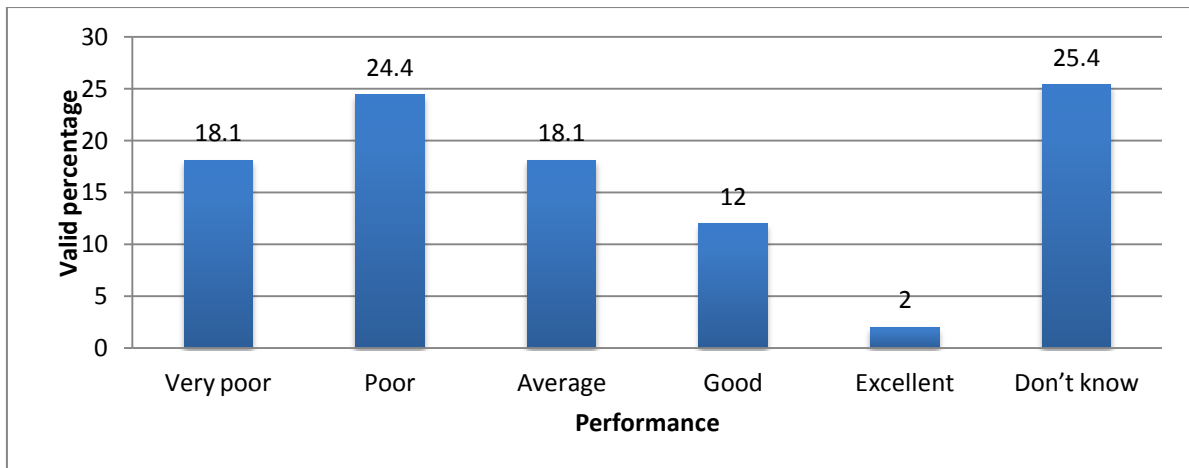
**Figure 5.18: Service quality: provision of adequate service to individual cyclists (n = 299)**



The majority of respondents, a cumulative percentage of 54.8%, indicated that the provision of adequate service to individual cyclists was of a poor standard. A further 15.4% indicated that they do not know what the service level is on this construct, while only 7.7% of respondents indicated that the service was of a high standard.

The fourth construct that was measured in terms of service quality, fair and equal conduct towards all members of CyclingSA, is depicted in figure 5.19 below. Frequency table B18 appears in appendix B.

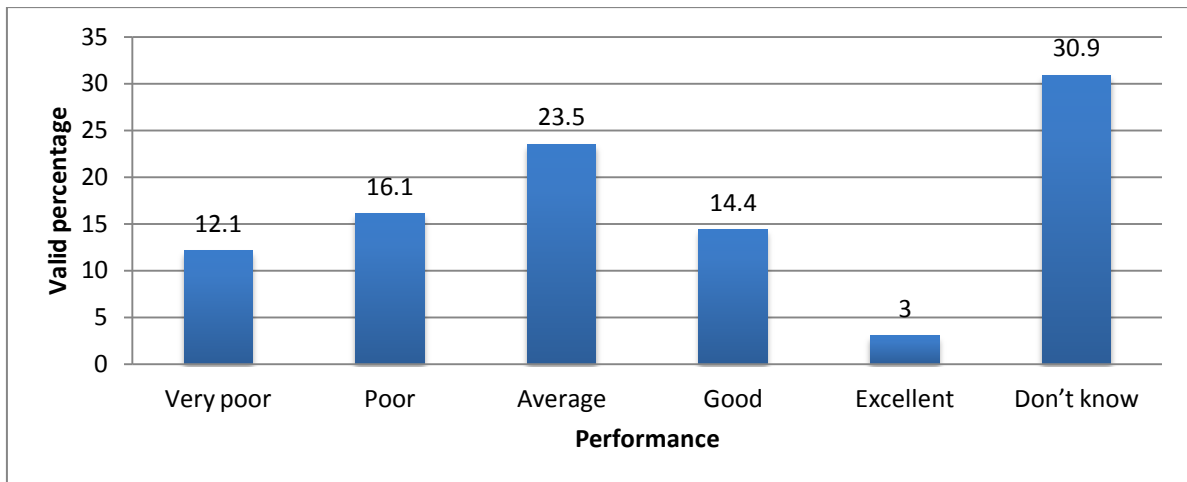
**Figure 5.19: Service quality: fair and equal conduct towards all members of CyclingSA (n = 299)**



The modal category of respondents, 25.4%, indicated that they do not know what CyclingSA's performance is regarding fair and equal conduct towards all members of the organisation. A further 24.4% indicated that service delivery on this construct was poor, while only 2% indicated that the service dimension was currently excellent.

The fifth service quality tested the ethical manner in which CyclingSA conducts all its business. This construct is depicted in figure 5.20 and frequency table B19 is included in appendix B.

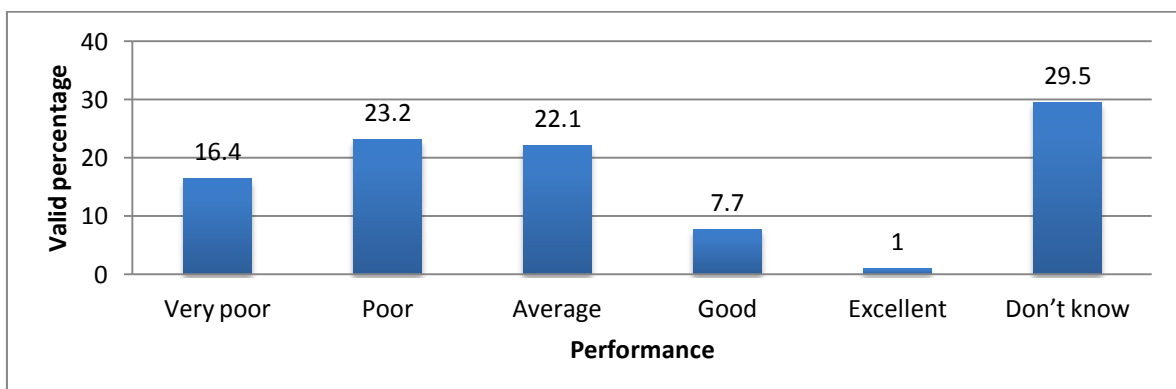
**Figure 5.20: Service quality: ethical manner in which CyclingSA conducts all business (n = 298)**



The modal category of respondents, 30.9%, indicated that they do not know CyclingSA's performance on this construct. A further 23.5% scored CyclingSA "average" on their ethical conduct, while only 12.1% indicated that the organisation's performance on this dimension was very poor.

The sixth construct that tested service quality, the efficient use of available resources, is depicted in figure 5.21 and in table B20 in appendix B.

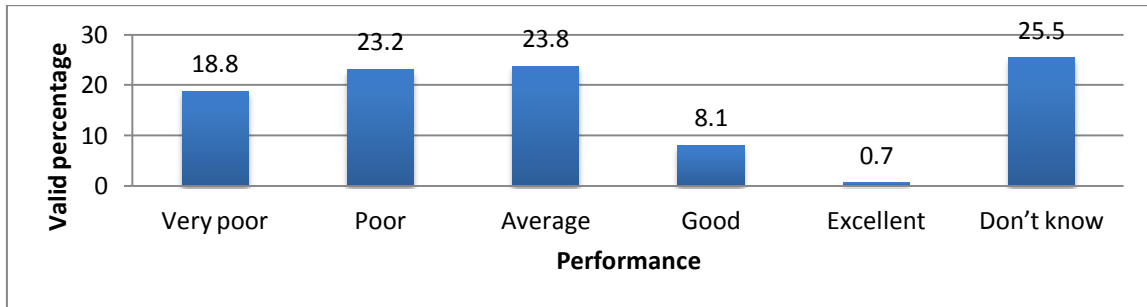
**Figure 5.21: Service quality: the efficient use of available resources at CyclingSA's disposal (n = 298)**



The modal category of respondents, 29.5%, indicated that they do not know CyclingSA's service performance on this variable. Only 1% indicated that service delivery is excellent on this variable as opposed to 16.4% who indicated service is very poor.

The last variable used to test service quality is the effective achievement of outcomes by CyclingSA. This variable is depicted in figure 5.22 and the frequency table, B21, in appendix B.

**Figure 5.22: Service quality: effective achievement of outcomes (n = 298)**

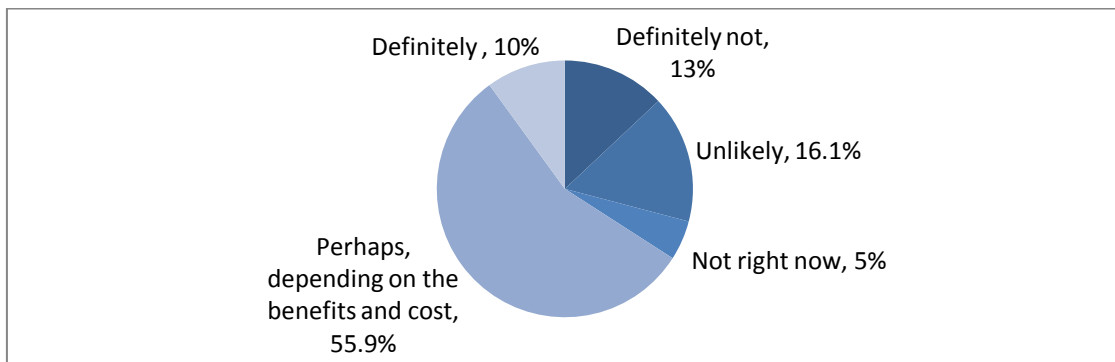


The modal category of respondents, 25.5%, indicated that they did not know CyclingSA's service performance on the effective achievement of outcomes. A total of 23.8% rated CyclingSA as average, while 23.2% indicated that it rendered poor service on this service dimension.

## 5.5 THE MARKET ENVIRONMENT

Only one question in the survey dealt with the market environment. The respondents were asked to indicate their levels of interest in a loyalty programme if CyclingSA were to offer one to its members. The results for this item are depicted in figure 5.23 with frequency table table B22 in appendix B.

**Figure 5.23: Interest in a loyalty programme offered by CyclingSA (n = 299)**



Of the respondents, 70.9% reacted positively to the concept of a loyalty programme: 10% indicated that they would definitely be interested in such a programme, 55.9% indicated that they might be interested, depending on the benefits and the costs involved, and 5% indicated that they would not be interested right now, but perhaps later in time. Only 13% of the respondents indicated definitely not, while 16.1% said that it would be unlikely that they would be interested.

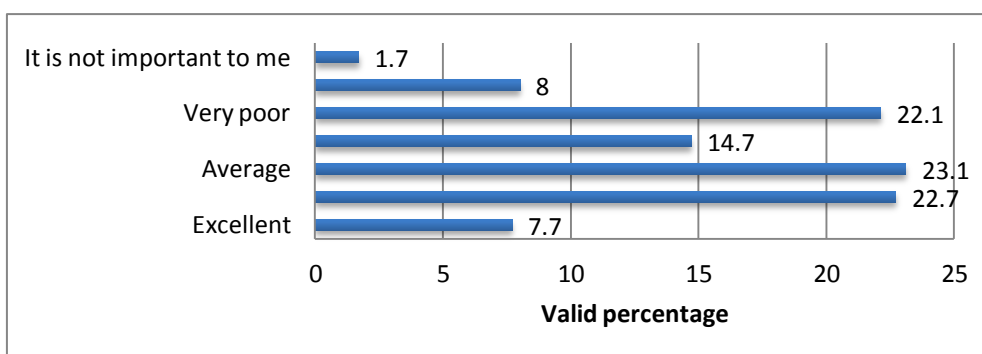
## 5.6 THE MACROENVIRONMENT

The last section of the questionnaire dealt with the macroenvironment of CyclingSA. The questions tested the respondents' perception of elements such as scientific sport practices, safety, antidoping regulations, transformation and black economic empowerment, environmental friendliness and cycling commuters.

### 5.6.1 Sport science support

Four questions dealt with this item in the questionnaire. The first question asked the respondents to rate CyclingSA on its ability to identify talented cyclists scientifically. The responses are depicted in figure 5.24 below and in table B23 in appendix B.

**Figure 5.24: Ability to identify talented cyclists scientifically (n = 299)**



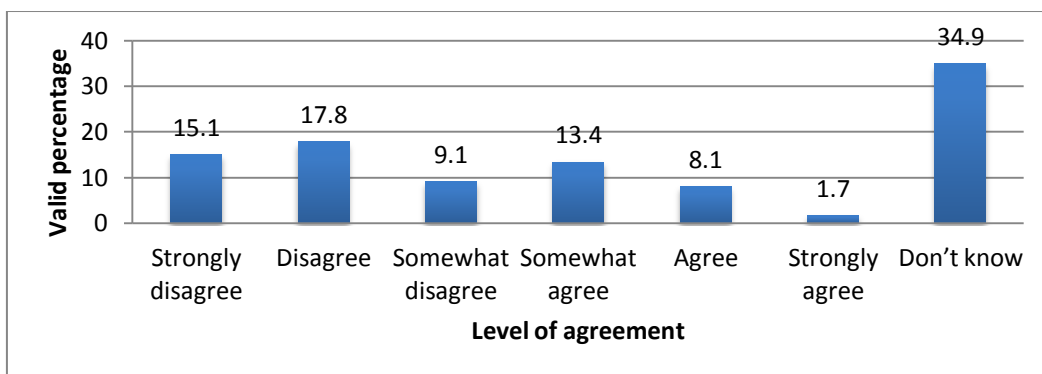
The modal category of the respondents, 23.1%, felt that CyclingSA is average in its ability to identify talented cyclists scientifically. A total of 22.7% indicated that CyclingSA was good at it, while 7.7% stated that the organisation was excellent at it. It is interesting to note that only 1.7% of the respondents chose the option “it is not



important to me”. A relatively high proportion of respondents, 22.1%, indicated that CyclingSA was performing poorly on this basis.

The respondents were also asked to indicate their level of agreement with several items that measured CyclingSA’s commitment to sport science support. The first item measured is the standards of training conditions provided by CyclingSA to national teams. The results are depicted in figure 5.25 and in frequency table B24 in appendix B.

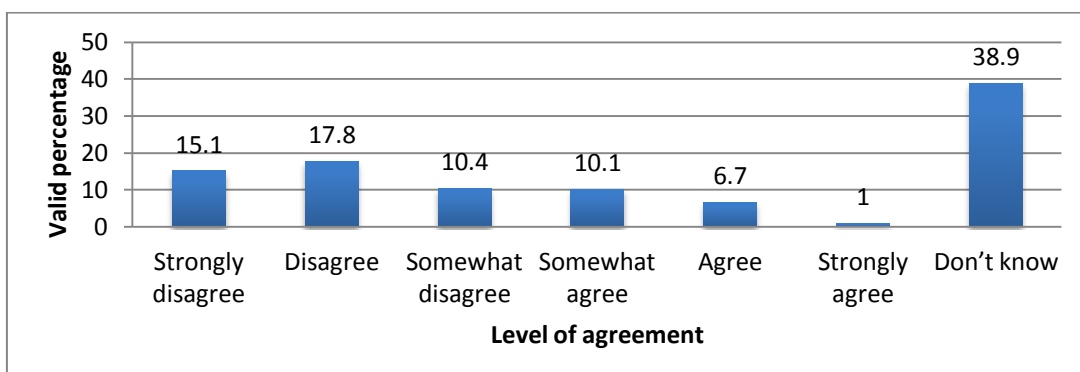
**Figure 5.25: Sport science support: high level of training conditions (n = 298)**



The modal category of respondents, 34.9%, indicated that they did not know if the standard of training conditions was high. The cumulative percentage of 32.9% of respondents disagreed with the statement.

The second item that was tested dealt with the provision of sufficient scientific training support to national teams. The results are depicted in figure 5.26 below and in table B25 in Appendix B.

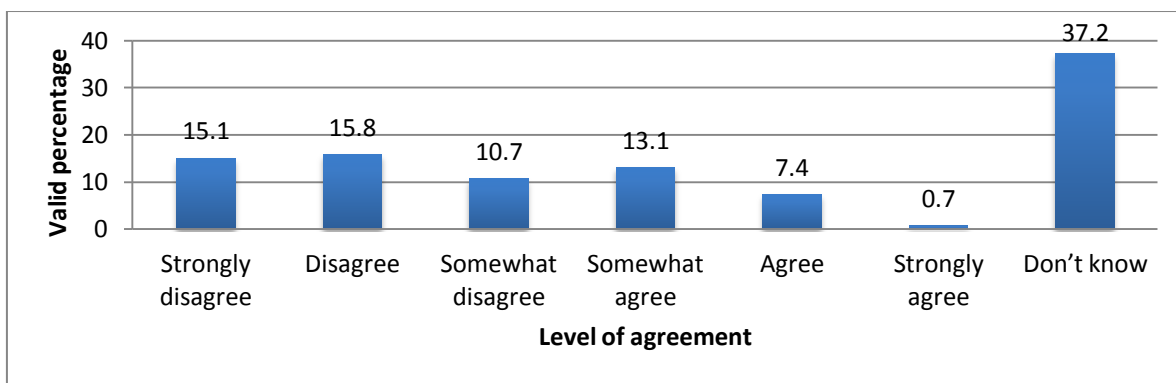
**Figure 5.26: Sport science support: provision of sufficient training support (n = 298)**



The modal category of respondents, 38.9%, indicated that they do not know if CyclingSA provides sufficient training support to national teams. A total of 15.1% indicated that they strongly disagree with the statement, while only 1% strongly agreed.

The last item dealing with sport science support focused on CyclingSA’s interest in conducting research projects that would benefit cycling. The results are depicted graphically in figure 5.27 and in frequency table B26 in appendix B.

**Figure 5.27: Sport science support: interest in conducting research projects (n = 298)**

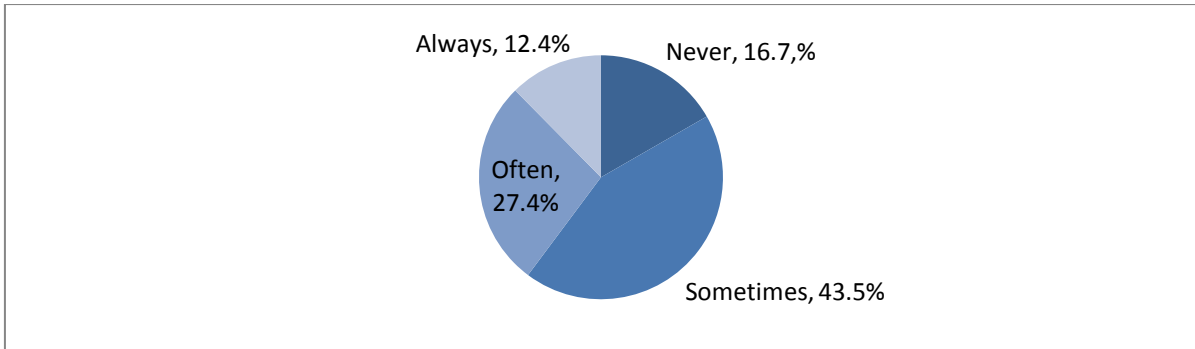


The modal category of respondents, 37.2%, indicated that they do not know if CyclingSA is interested in conducting research projects that would benefit the sport. A total of 15.1% strongly disagreed, while only 0.7% strongly agreed with the statement.

### 5.6.2 Safety

One of the major elements in the macroenvironment, which forms part of the physical environment, is the safety of cyclists. A total of five questions dealt with this environment. The first item to be measured was the perceived level of safety respondents felt while out training. The results are depicted in figure 5.28 below. Frequency table B27 is provided in appendix B.

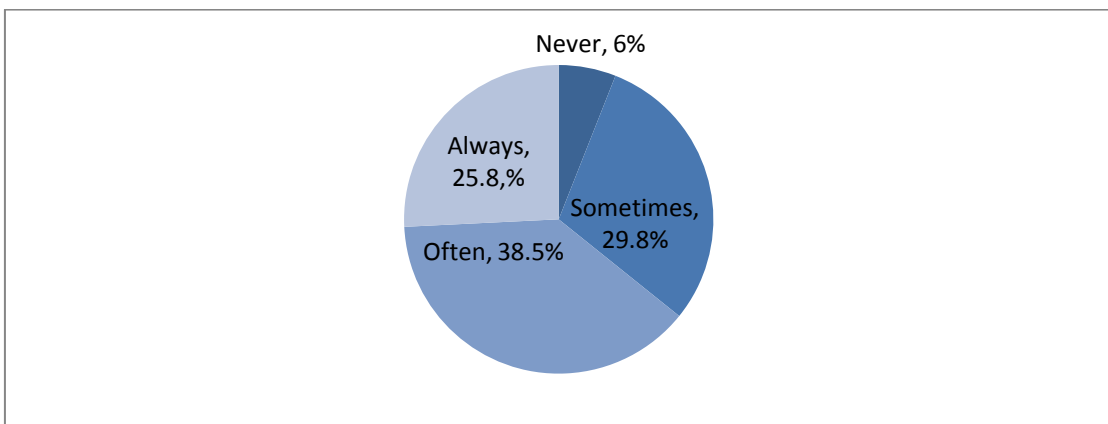
**Figure 5.28: Perception of safety: during training**



The modal category of respondents, 43.5%, indicated that they sometimes felt safe while on training rides. A total of 16.7% indicated that they never feel safe while out training, while 12.4% indicated that they always feel safe.

The perceived level of safety was also tested by asking respondents how safe they felt in competitive situations. The response is depicted in figure 5.29 below and in frequency table B28 in appendix B.

**Figure 5.29: Perception of safety: during racing/competition**

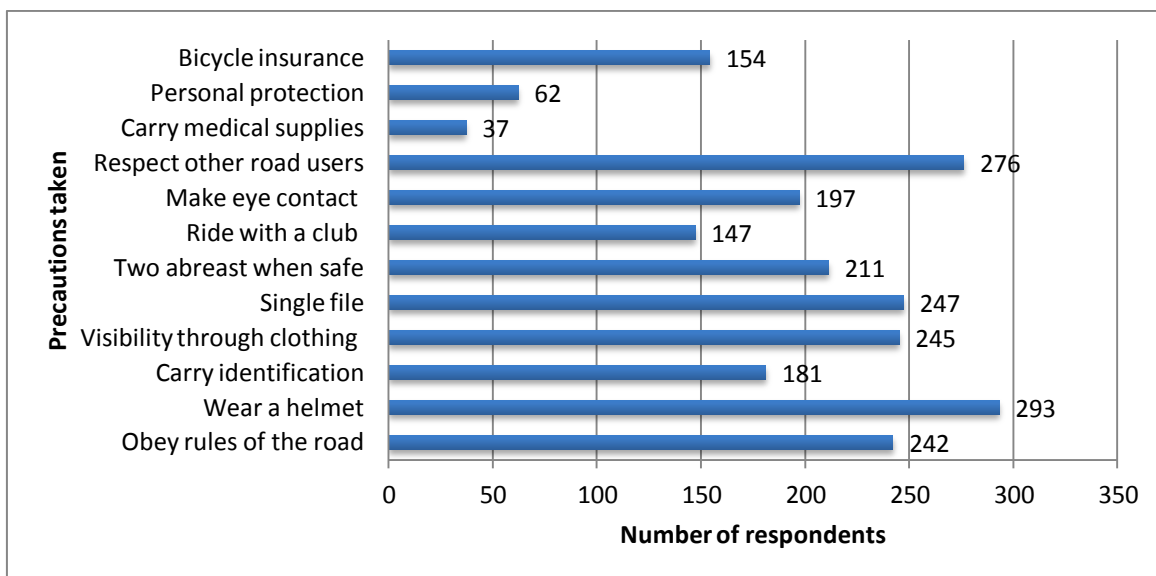


The perceived levels of safety differ significantly when it comes to competitive situations. Here the modal category of respondents, 38.5%, indicated that they often feel safe during races, while 25.8% always feel safe during races. This is more than double the percentage of respondents who indicated they always feel safe when training. Only 6% of respondents indicated that they never feel safe when competing. One could infer from this that because of CyclingSA's strict regulations regarding official race calendar races, cyclists are feeling safer when participating in sanctioned races than when out training on their own.

The respondents were asked to indicate why they did not feel safe during races, if they had chosen that particular option. Some of the responses were as follows: poor organisation from the race organisers resulted in dangerous race routes; the behaviour of motorists towards cyclists during race conditions; oncoming traffic if the race had not secured full road closure; road marshals often being unable to control traffic, resulting in dangerous actions from motorists; criminal acts towards cyclist whilst competing; excessive bunches of cyclists on small roads; and a lack of warning signage catering specifically for cyclists' needs.

The next question dealt with the precautions cyclists take when they are out riding. This item is depicted in figure 5.30 and in frequency table B29 in appendix B.

**Figure 5.30: Precautions taken when out riding (n = 303)**



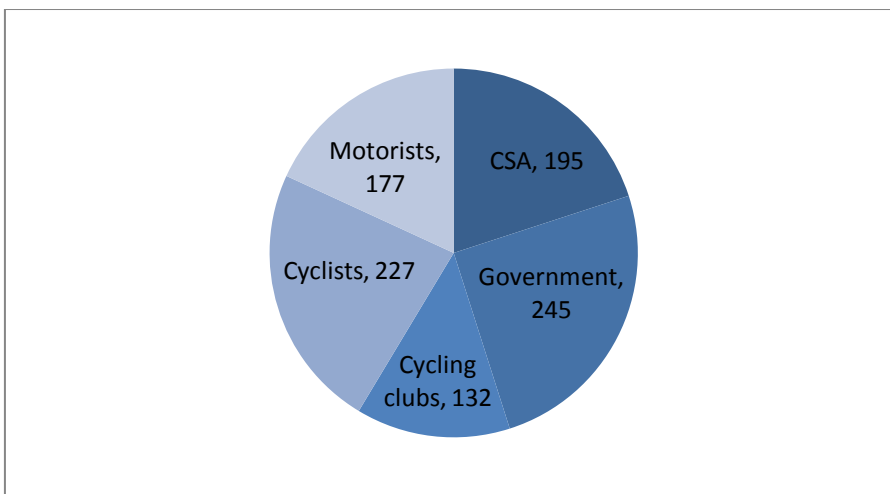
The most popular precaution taken by respondents is to wear a helmet (293 respondents selected this option). The least popular precaution is to carry medical supplies on a ride (37 respondents). Additional popular precautions taken included respecting other road users (276 respondents), riding single file on busy roads (247 respondents) and increasing one's visibility by wearing appropriate clothing (245 respondents).

The respondents were also given the option to indicate other precautions they take when out riding. Some of the responses were as follows: years of experience riding;

switching disciplines (from road cycling to mountain biking); avoiding unsafe roads; making use of back-up vehicles when training; carrying a cellphone; never riding alone; riding with lights; informing people at home where they are riding and for how long; and riding inside the yellow line.

The last question on safety asked the respondents to indicate who they felt were responsible for the safety of cyclists in South Africa. The responses are indicated in figure 5.31 and in table B30 in appendix B.

**Figure 5.31: Responsibility for cyclists' safety (n = 301)**

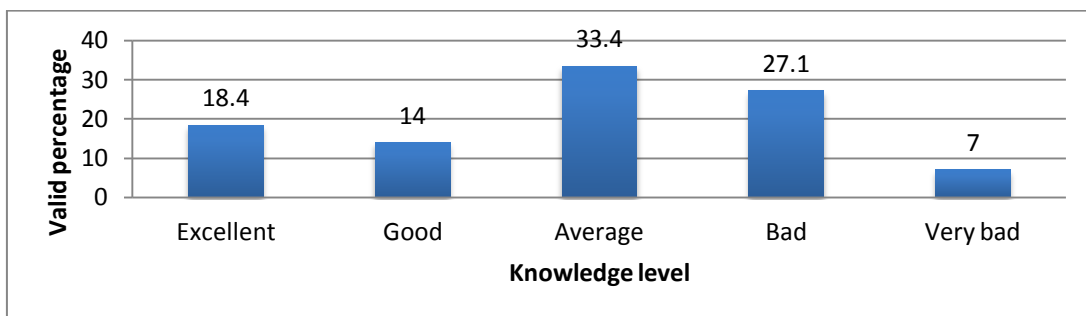


As indicated in the figure above, the responsibility for cyclists' safety is fairly equally distributed among the different stakeholders identified. The largest portion of respondents, 245, indicated that the government should be responsible, followed closely by the cyclists themselves (227 respondents) and CyclingSA (195 respondents). It is interesting to note that the respondents did not identify CyclingSA, the governing body for the sport, to be the main driver behind cyclists' safety. Respondents were also given the option to indicate other stakeholders who are responsible for the safety of cyclists. Some of the respondents' answers were all stakeholders are equally responsible, law enforcement and the metro police and NGOs such as Right2Ride.

### 5.6.3 Antidoping regulations

Cycling is a sport that is constantly plagued by allegations of doping. UCI has therefore instituted stringent regulations on this issue and expects all member organisations to adhere to these regulations. To test the respondents' knowledge of these regulations, they were asked to rate their knowledge of the antidoping regulations put in place by CyclingSA. The results are depicted in figure 5.32 and in table B31 in appendix B.

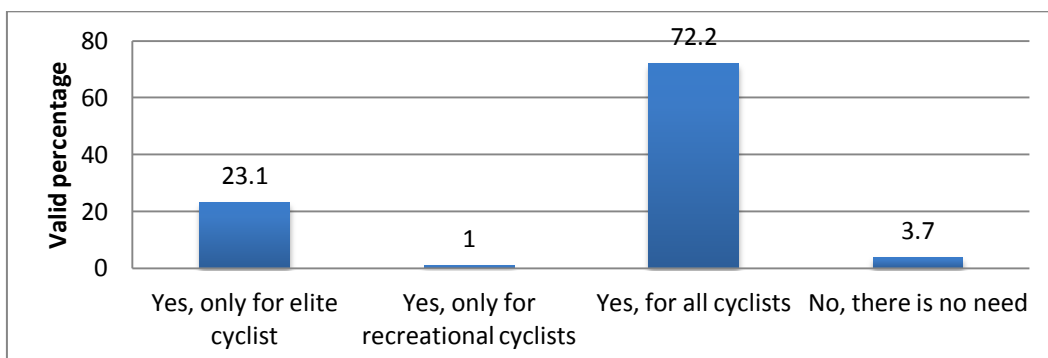
**Figure 5.32: Knowledge of antidoping regulations (n = 299)**



The modal category of respondents, 33.4%, rated their knowledge of antidoping regulations as average. A total of 27.1% respondents indicated that their knowledge was poor, while 18.4% were of the opinion that their knowledge of this topic was excellent.

The respondents were asked to indicate whether or not they felt CyclingSA needs to do more about educating cyclists about antidoping regulations. The results are depicted in figure 5.33 and in table B32 in appendix B.

**Figure 5.33: Need for education on antidoping regulations (n = 299)**



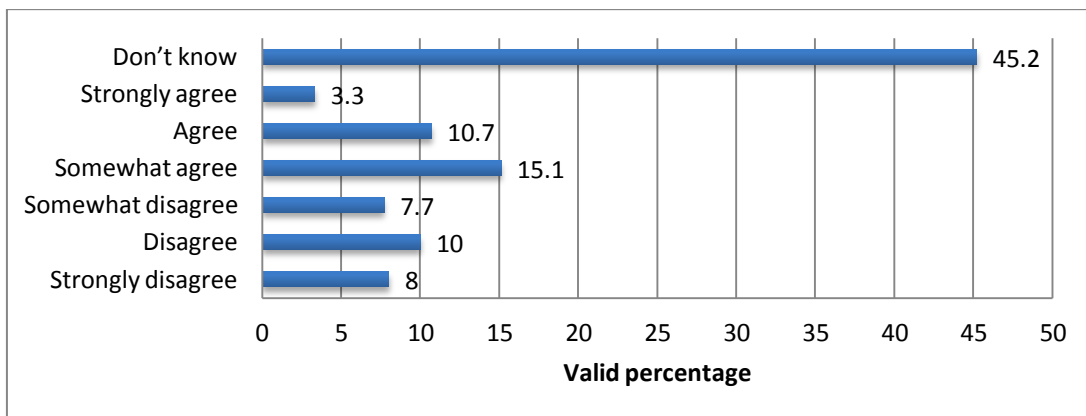
Even though 18.4% of the respondents indicated that their knowledge of antidoping regulations was excellent, 72.2% indicated that there is a need for more education on

the topic for all cyclists. Only 3.7% of the respondents indicated that there is no need for more education, while 23.1% felt that it was only needed for elite cyclists.

#### 5.6.4 Transformation and black economic empowerment

An important aspect for all South African organisations is the level of transformation and black economic empowerment in the organisation. Empowerment was tested with the use of three constructs, the first one dealing with CyclingSA being on track with its transformation goals. The results are depicted in figure 5.34 and in table B33 in appendix B.

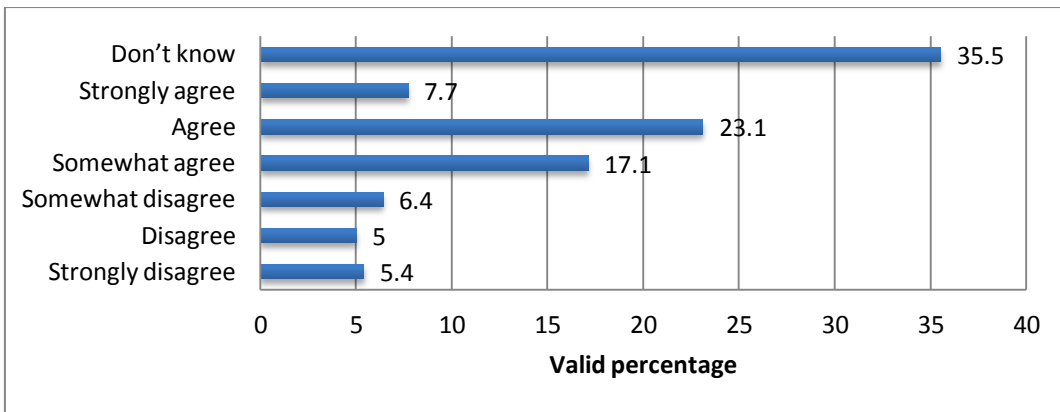
**Figure 5.34: Transformation and black economic empowerment: on track with transformation goals (n = 299)**



The modal category of respondents, 45.2%, indicated that they do not know whether CyclingSA is on track with its transformational goals. A total of 15.1% of the respondents indicated that they somewhat agree with the statement, while 8% strongly disagreed that CyclingSA is on track with achieving its transformational goals.

The second construct tested the respondents' opinion on CyclingSA's commitment to developing black cyclists. The responses appear below in figure 5.35 and in table B34, Appendix B.

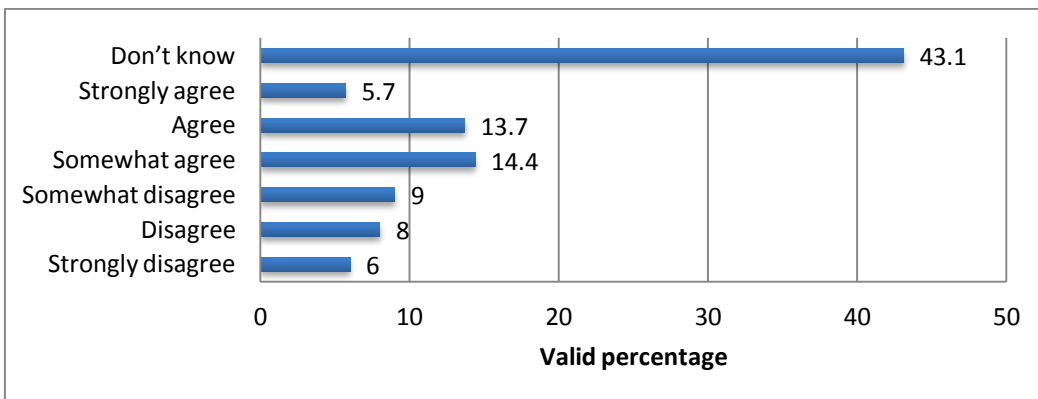
**Figure 5.35: Transformation and black economic empowerment: commitment to developing black cyclists (n = 299)**



A smaller proportion of respondents, 35.5%, indicated that they do not know how committed CyclingSA is to the development of black cyclists. A total of 23.1% respondents, however, agreed with this statement and only 5.4% strongly disagreed.

The third construct dealing with transformation and black economic empowerment asked the respondents to indicate their level of agreement with the notion that CyclingSA is making valuable contributions to disadvantaged communities. This is depicted graphically in figure 5.36 and in table B35 in appendix B.

**Figure 5.36: Transformation and black economic empowerment: valuable contributions(n = 299)**



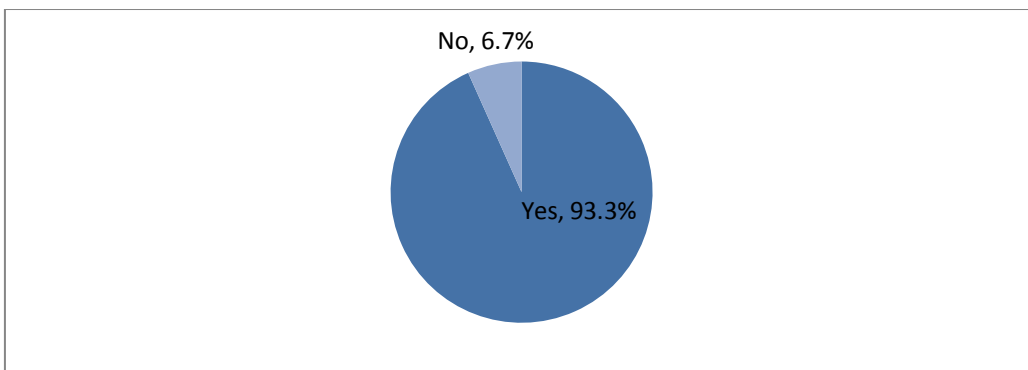
A large proportion of the respondents, 43.1%, indicated that they do not know whether CyclingSA is making valuable contributions to disadvantaged communities. A total of 14.4% of the respondents did somewhat agree with the statement, while and only 8% disagreed.



### 5.6.5 Environmental considerations

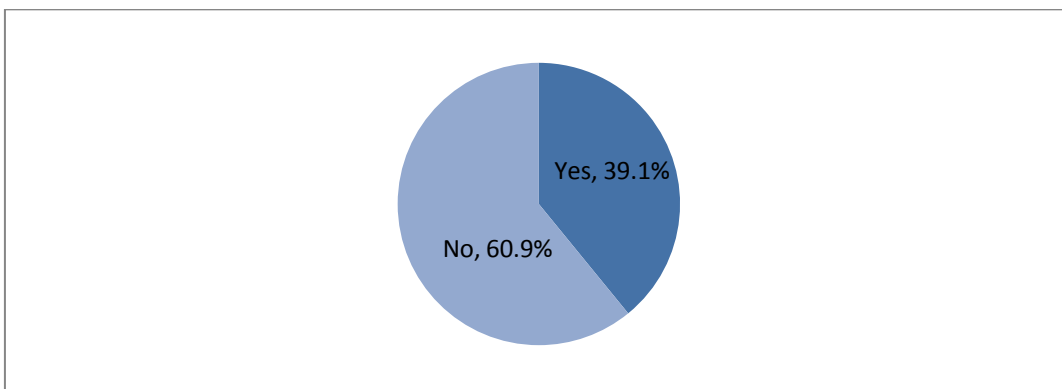
Cycling is one of the most energy-efficient forms of transport available to humankind, making it extremely environmentally friendly. Owing to the global pressures on organisations of going “green”, the respondents were asked to indicate if they think CyclingSA should be encouraging a bicycle commuting programme for a greener environment. The results are depicted below in figure 5.37 and table B36 in appendix B.

**Figure 5.37: Environmental considerations: bicycle commuting programme (n = 299)**



The vast majority of respondents, 93.3%, indicated that they felt that CyclingSA should be encouraging a bicycle commuting programme for a greener environment. Interestingly enough, the following question probed whether or not CyclingSA should be responsible for cycle commuters. A total of 60.9% respondents felt that they should not be responsible. Figure 5.38 depicts the response and frequency table B37 is provided in appendix B.

**Figure 5.38: Environmental considerations: responsibility for cycling commuters (n = 299)**



The respondents were asked whether CyclingSA should be responsible for cycle commuters and what the association's responsibilities should be to them. The following were some of the responses:

- educating the public on road safety
- lobbying with government for better cycling infrastructure such as cycle lanes
- setting guidelines for the public, cyclists and motorists in accordance with international regulations
- actively promoting commuting
- building cycle lanes in various cities
- establishing a similar body to the ones in place for the other disciplines which are responsible for promoting safe commuting, compiling statistics on cycling fatalities and promoting commuting as a viable option for transport
- promoting and/or endorsing the wearing of helmets (subsidising helmets for the poor)
- putting up more road signs warning that cyclists frequent the route

This then concludes the section on the descriptive statistics of this study. The inferential analysis of the research findings will now be discussed.

## **5.7 INFERENCE ANALYSIS OF THE RESEARCH FINDINGS**

The aim of the inferential analysis of the data collected during the research process is to address both the primary and secondary objectives of the study. Cross-tabulations, Somer's d statistic and the Goodman and Kruskal tau measures of association were used to investigate the relationship between certain variables, while the Mann-Whitney test and the Kruskal-Wallis test were used to test for differences between defined groups (such as age) with regard to their perception of certain variables. The analyses should lead to a better understanding of the perceptions of CyclingSA's members on the environment and the different components in it that need to be taken into consideration when engaging in strategic management, from the cyclists' perspective.

The aim of the first inferential statistical analysis was to determine the influence that the frequency of racing had on the cyclist's perception of CyclingSA effectiveness in their management functions. The second set of statistical analyses determined the effect that each of the following variables - the type of discipline, gender and age - had on cyclists' perceptions.

The following section presents the findings of the effect that the frequency of racing had on the perceptions of CyclingSA's effectiveness in performing its management functions.

## **5.8 FREQUENCY OF RACING AND PERCEPTIONS OF CyclingSA'S EFFECTIVENESS**

Respondents were categorised into three separate groups based on the frequency of the races they had attended during last year (question 24 in appendix A). The respondents who had competed in four or fewer races during the year were grouped together to form the "social cyclists" category. Those respondents who had competed in five to ten races were grouped together to form the "core cyclists" category. Riders who had competed in more than ten races during the year were classified as "committed cyclists".

Nonparametric tests were used to determine whether the three groups of cyclists identified above differed statistically significantly in terms of their perception of CyclingSA's effectiveness in performing its management functions.

The Kruskal-Wallis test, the nonparametric alternative to the regular one-way analysis of variance, which tests the equality of the population medians among three or more groups, was applied because of the ordinal scale data used for the variables.

### 5.8.1 Financial effectiveness

H<sub>0</sub>: There is not a significant difference between the frequency of racing groups with regard to the cyclists' rating of CyclingSA's financial effectiveness.

H<sub>1</sub>: There is a significant difference between the frequency of racing groups with regard to the cyclists' rating of CyclingSA's financial effectiveness.

All three statements that tested the construct "financial effectiveness", namely careful allocation of resources, successful securing of sponsorships and the use of transparent financial practices, were analysed. The results are depicted in the table below:

**Table 5.1: Frequency of racing and the perception of CyclingSA's financial effectiveness**

	Allocation of resources with care	Successful securing of sponsorships	Use of transparent financial practices
Chi-square	1.710	2.658	1.185
df	2	2	2
Asymp sig	.425	.265	.553
Reject/do not reject null hypothesis	Do not reject	Do not reject	Do not reject

The results, however, showed that there were no statistical significant differences between the groups in terms of their perceptions of CyclingSA's financial effectiveness. Hence the null hypothesis cannot be rejected. The frequency of a cyclist's racing therefore does not appear to impact on his or her perception of CyclingSA's financial effectiveness.

### 5.8.2 Marketing and communication plan

H<sub>0</sub>: There is not a significant difference between the frequency of racing groups with regard to the cyclists' rating of CyclingSA's marketing effectiveness.

H<sub>1</sub>: There is a significant difference between the frequency of racing groups with regard to the cyclists' rating of CyclingSA's marketing effectiveness.

The construct of marketing effectiveness, namely adequate advertising, utilisation of all available media and the creation of a consistent brand image, was analysed. The results are indicated in the table below.

**Table 5.2: Frequency of racing and the perception of CyclingSA's marketing effectiveness**

	Adequate advertising	Utilisation of all available media	Creation of a consistent brand image
Chi-square	2.248	2.866	5.538
df	2	2	2
Asymp sig	.325	.239	.063
Reject/do not reject null hypothesis	Do not reject	Do not reject	Reject (10% level)

The results indicate a statistically significant difference between the frequency of racing groups with regard to CyclingSA's ability to create a consistent brand image at a 10% level of significance ( $p = 0.063$ ). The null hypothesis can thus be rejected for the statement: "Creation of a consistent brand image".

Social cyclists, who participated in fewer than four races a year responded more favourably towards the statement (mean rank of 153.70) that CyclingSA was successful in creating a consistent brand image, compared with the committed cyclists (mean rank of 135.69). Core cyclists responded least favourably towards this statement (mean rank of 123.16). This may be due to the fact that core cyclists have more contact with CyclingSA than social cyclists and would generally be more aware of CyclingSA's marketing campaigns or the lack thereof.

### 5.8.3 Service quality

H<sub>0</sub>: There is not a significant difference between the frequency of racing groups with regard to the cyclists' rating of CyclingSA's service quality.

H<sub>1</sub>: There is a significant difference between the frequency of racing groups with regard to the cyclists' rating of CyclingSA's service quality.

The following seven statements on the construct "service quality" were analysed: accessibility of online services; relevance of services to needs; provision of adequate service; fair and equal conduct; ethical manner in which business is conducted; the efficient use of resources; and the effective achievement of outcomes. The results are indicated in the table below.

**Table 5.3: Frequency of racing and perception of CyclingSA's service quality**

	Accessibil- ity of online service	Relevance to needs	Provision of adequate service	Fair and equal conduct	Ethical manner	Efficient use of resources	Effective achieve- ment of outcomes
Chi-square	5.455	8.312	9.827	6.114	2.458	.307	1.111
df	2	2	2	2	2	2	2
Asymp sig.	.065	.016	.007	.047	.293	.858	.574
Reject/do not reject null hypothesis	Reject ( 10% level)	Reject ( 5% level)	Reject ( 1% level)	Reject ( 5% level)	Do not reject	Do not reject	Do not reject

The results indicate a statistically significant difference between the frequency of racing groups with regard to the following:

- The accessibility of CyclingSA's online services at a 10% level of significance ( $p = 0.065$ ). Both the social and committed cyclists responded more favourably (mean rank of 131.30 and 131.11 respectively) to this statement than the core cyclists (mean rank of 109.58).

- The relevance of CyclingSA's services to cyclists' needs at a 5% level of significance ( $p = 0.016$ ). Similar to the previous statement, the social and committed cyclists responded more favourably to the statement (mean rank of 127.13 and 132.68 respectively) than the core cyclists (mean rank of 105.09).
- The provision of adequate service to all individual cyclists at a 1 % level of significance ( $p = 0.007$ ). Social cyclists responded much more positively to this statement (mean rank of 146.98) than the committed cyclists (mean rank of 120.62). The core cyclists responded least favourably to this statement, with a mean rank of 108.57.
- Fair and equal conduct towards all members of CyclingSA at a 5% level of significance ( $p = 0.047$ ). The social cyclists responded the most favourably (mean rank of 126.31) to this statement. For this particular statement, the committed cyclists responded the least favourably (mean rank of 100.41), followed by the core cyclists (mean rank of 103.01).

The rest of the statement testing the construct "service quality" did not identify any other statistically significant differences between the three groups.

#### **5.8.4 Participation in loyalty programme**

$H_0$ : There is not a significant difference between the frequency of racing groups with regard to the cyclists' willingness to participate in a loyalty programme.

$H_1$ : There is a significant difference between the frequency of racing groups with regard to the cyclists' willingness to participate in a loyalty programme.

The three groups were tested for statistical significance on their interest in participating in a loyalty programme, if CyclingSA were to offer one. The result is depicted below.

**Table 5.4: Frequency of racing group and participation in loyalty programme**

	Participation in loyalty
Chi-square	5.861
df	2
Asymp sig	.053
Reject/do not reject null hypothesis	Reject (10% level)

The results indicate a statistically significant difference between the frequency of racing groups and the willingness of the cyclists to participate in a loyalty programme at a 10% level of significance ( $p = 0.053$ ). The mean ranks indicated that the committed cyclists responded the most favourably towards the notion of a loyalty programme (mean rank of 155.94), followed by the core cyclists (mean rank of 135.39). The social cyclists showed the least interest, although they did still indicate a high mean rank of 132.82. This could probably be attributed to the fact that social cyclists perceive that they will derive less value from a loyalty programme than the committed core cyclists.

### 5.8.5 Identification of talented cyclists

- H<sub>0</sub>: There is no relationship between the frequency of racing groups and the cyclists' rating of CyclingSA's ability to identify talented cyclists.
- H<sub>1</sub>: There is a relationship between the frequency of racing groups and the cyclists' rating of CyclingSA's ability to identify talented cyclists.

The two variables were cross-tabulated to explore the joint distribution of the variables. The results are depicted in the table below.

**Table 5.5: Cross-tabulation of frequency of racing and CyclingSA's ability to identify talented cyclists**

	CyclingSA's ability to identify talented cyclists
--	---------------------------------------------------



Frequency of racing	Excellent	Good	Average	Poor	Very poor	It is not important to me	Total
Social	5	23	6	3	17	2	56
Core	12	27	21	12	20	0	92
Committed	5	17	39	26	28	3	118
Total	22	67	66	41	65	5	266

Somer's d statistic is a measure of association between two ordinal variables. It is an asymmetric extension of gamma that differs only in the inclusion of the number of pairs not tied on the independent variable. Somer's d test indicates the proportionate excess of concordant pairs over discordant pairs not tied on the independent variable. The results of Somer's d test are indicated in the table below:

**Table 5.6: Somer's d test of frequency of racing and CyclingSA's ability to identify talented cyclists**

Dependent variable	Independent variable	Somer's d value	Approximate significance
CyclingSA's ability to identify talented cyclists	Frequency of racing	0.150	0.012

It can therefore be concluded that although Somer's d value is low, the null hypothesis can be rejected at a 5% level of significance ( $p = 0.012$ ). This means that there is a statistically significant relationship, albeit a weak one, between the frequency of racing of cyclist does and his or her perception of CyclingSA's ability to identify talented cyclists.

### 5.8.6 Knowledge of antidoping regulations

H<sub>0</sub>: There is not a significant difference between the frequency of racing groups with regard to the cyclists' knowledge of antidoping regulations.

H<sub>1</sub>: There is a significant difference between the frequency of racing groups with regard to the cyclists' knowledge of antidoping regulations.

The results of the test are depicted in the table below.

**Table 5.7: Frequency of racing and knowledge of antidoping regulations**

	Knowledge of antidoping regulations
Chi-square	10.547
Df	2
Asymp sig	.005
Reject/do not reject null hypothesis	Reject (1% level)

The results indicate a statistically significant difference between the frequency of racing groups with regard to the cyclists' knowledge of antidoping regulations at a 1% level of significance ( $p = 0.005$ ). It is interesting to note that the social cyclists responded more favourably to their own knowledge of antidoping regulations (mean rank of 124.20) than the committed cyclists (mean rank of 160.59). They also responded more favourably than the core cyclists (mean rank of 134.76). This scale item's rating was reversed, resulting in a lower mean rank indicating a higher level of knowledge. It can therefore be concluded that the social cyclist, in all probability, is not aware of what he or she does not know.

A cross-tabulation was performed to determine the response of the different groups to the question whether CyclingSA should be doing more to educate cyclists about antidoping regulations. The results are indicated in the table below.

**Table 5.8: Cross-tabulation between frequency of racing and educating cyclists about antidoping regulations**

Frequency of racing	Education about antidoping				Total
	Only for elite cyclists	Only for recreational cyclists	All cyclists	No need	

Social	20	0	40	2	62
Core	23	1	67	6	97
Committed	25	2	98	3	128
Total	68	3	205	11	287

From the above table, it is evident that the majority of respondents, regardless of their frequency of racing, felt that there is a need to educate all cyclists in terms of antidoping regulations. Only a small number of participants experienced no need for such education.

### 5.8.8 Cycling commuting

H<sub>0</sub>: There is not a significant difference between the frequency of racing groups with regard to

- (1) the cyclist's encouragement of a commuting project
- (2) the cyclist's perception of CyclingSA's responsibility for cycle commuters

H<sub>1</sub>: There is a significant difference between the frequency of racing groups with regard to the

- (1) the cyclist's encouragement of a commuting project.
- (2) the cyclists' perception of CyclingSA's responsibility for cycle commuters

The results of the analyses are depicted in the table below.

**Table 5.9: Frequency of racing and cycling commuting**

	Encouragement to participate in a commuting project	Responsibility for cycle commuters
Chi-square	.640	5.326

df	2	2
Asymp sig	.726	.070
Reject/do not reject null hypothesis	Do not reject	Reject (10% level)

The null hypothesis that there is not a statistically significant difference between the frequency of racing groups with regard to the cyclists being encouraged to participate in a commuting project cannot be rejected ( $p = 0.726$ ). There is, however, a statistically significant difference between the frequency of racing groups with regard to the cyclist's perception of CyclingSA's responsibility for cycle commuters at a 10% level of significance ( $p = 0.070$ ). Core cyclists responded more positively (mean rank of 133.93) towards the proposal that CyclingSA should be responsible for cycle commuters compared with the responses of the social cyclists and committed cyclists (mean rank of 138.01 and 154.54) respectively.

The next set of inferential statistics analyses the statistically significant differences between the disciplines of cycling with regard to cyclists' perceptions of CyclingSA's effectiveness.

## **5.9 DISCIPLINE AND PERCEPTIONS OF CyclingSA'S EFFECTIVENESS**

The respondents were asked to indicate the discipline in which they were actively involved and spent most of their time on during 2010. Owing to the small number of responses received for track, BMX and paracycling, these results were excluded from further analysis. The two groups therefore used for comparison in this section comprised road cyclists and mountain bikers (MTBs).

The Mann-Whitney U test is the nonparametric counterpart of the t-test for two independent groups without the t-test's limiting assumptions (Welman et al 2009:230; Blumberg et al 2005:580). The test was used to determine whether there was a statistically significant difference between the road and MTB disciplines' responses to regarding the perceptions of CyclingSA's effectiveness in its management functions.

There was no statistically significant difference between the two groups in terms of their perception of the financial effectiveness and the marketing and communication plan used. The results are indicated in the table below.

**Table 5.10: Cycling discipline and financial and marketing effectiveness**

	Allocate financial resources effectively	Successful securing of sponsorships	Transparent financial practices	Adequate advertising	Utilised all available media	Consistent brand image
Mann-Whitney U	4916.000	5075.000	3968.500	8038.000	7585.000	8047.000
Asymp sig (2-tailed)	.869	.518	.554	.696	.973	.856
Reject/do not reject hypothesis	Do not reject null	Do not reject	Do not reject	Do not reject	Do not reject	Do not reject

The remaining statements testing CyclingSA's effectiveness will now be discussed in detail.

### 5.9.1 Service quality

H<sub>0</sub>: There is not a statistically significant difference between the cycling disciplines with regard to the cyclists' perception of CyclingSA's service quality.

H<sub>1</sub>: There is a statistically significant difference between the cycling disciplines with regard to the cyclists' perception of CyclingSA's service quality.

The results are indicated in the table below.

**Table 5.11: Cycling discipline and service quality**

	Accessibility of online services	Relevance of service to needs	Provision of adequate service	Fair and equal conduct	Ethical manner	Efficient use of resources	Effective achievement of outcomes
Mann-Whitney U	5809.500	5649.000	5993.500	4578.500	3815.000	4141.000	4729.000
Asymp sig (2-tailed)	.041	.057	.348	.444	.165	.666	.650
Reject/do not reject null hypothesis	Reject (5% level)	Reject (10% level)	Do not reject	Do not reject	Do not reject	Do not reject	Do not reject

The results indicate a statistically significant difference between the different cycling disciplines with regard to the following:

- The accessibility of CyclingSA's online services at a 5% level of significance ( $p = 0.041$ ). The road cyclists responded more favourably (mean rank of 125.81) towards the attribute than MTBs (mean rank of 108.33).
- The relevance of CyclingSA's services to cyclists' needs at a 10% level of significance ( $p = 0.057$ ). Once again, the road cyclists responded more favourably towards the attribute (mean rank of 123.05) than the MTBs (mean rank of 106.93).

The above results could be indicative of the fact that the MTBs use the services of CyclingSA less than the road cyclists and are therefore less familiar with the service offering, or alternatively that CyclingSA's service offering is aimed at road cyclists and does not accommodate the needs of the MTBs.

The remaining statements testing the construct "service quality" did not show any other statistically significant differences between the two groups.

### 5.9.2 Loyalty programme

H<sub>0</sub>: There is not a statistically significant difference between the cycling disciplines with regard to the cyclists' intention to participate in a loyalty programme.

H<sub>1</sub>: There is a statistically significant difference between the cycling disciplines with regard to the cyclists' intention to participate in a loyalty programme.

The two cycling disciplines were tested for statistically significant differences with regard to the cyclists' intention to participate in a loyalty programme. The result is depicted below.

**Table 5.12: Cycling discipline and loyalty programme**

	Intention to participate in a loyalty programme
Mann-Whitney U	7818.500
Asymp sig (2-tailed)	.014
Reject/do not reject null hypothesis	Reject (5% level)

The results indicate a statistically significant difference between the cycling discipline groups with regard to the cyclist's intention to participate in a loyalty programme at a 5% level of significance ( $p = 0.014$ ). The road cyclists responded more favourably (mean rank of 146.90) towards the notion of participating in a loyalty programme than the MTBs (mean rank of 125.62).

### 5.9.3 Sport science support

H<sub>0</sub>: There is not a statistically significant difference between the cycling disciplines with regard to the cyclists' perception of CyclingSA's commitment to sport science support.

H<sub>1</sub>: There is a statistically significant difference between the cycling disciplines with regard to the cyclists' perception of CyclingSA's commitment to sport science support.

The following constructs were tested: high standards of training conditions, sufficient scientific training support and interest in conducting research projects. The results are indicated below.

**Table 5.13: Cycling discipline and sport science support**

	High standards of training conditions	Sufficient scientific training support	Interest in conducting research
Mann-Whitney U	2984.500	2403.500	3061.000
Asymp sig (2-tailed)	.036	.008	.185
Reject/do not reject null hypothesis	Reject (5% level)	Reject (5% level)	Do not reject

The results indicated a statistically significant difference between the cycling disciplines with regard to the high standards of training conditions at a 5% level of significance ( $p = 0.036$ ). Although both groups scored CyclingSA very low on this statement, the road cyclists responded less favourably (mean rank of 78.66) to the statement than the MTBs (mean rank of 94.15).

The results also indicated a statistically significant difference between the cycling disciplines with regard to sufficient scientific training support at a 5% level of significance ( $p = 0.008$ ). Once again, the road cyclists responded less favourably (mean rank of 70.96) than the MTBs (mean rank of 94.15).

#### 5.9.4 Safety during training and racing

H<sub>0</sub>: There is not a statistically significant difference between the cycling disciplines with regard to the cyclists' perception of safety during:

- (1) training rides
- (2) competitive races



- H<sub>1</sub>: There is a statistically significant difference between the cycling disciplines with regard to the cyclists' perception of safety during:
- (1) training rides
  - (2) competitive races

The results are depicted below.

**Table 5.14: Cycling discipline and perception of safety while training and racing**

	Safety while training	Safety while racing
Mann-Whitney U	7578.000	6095.500
Asymp sig (2-tailed)	.006	.000
Reject/do not reject null hypothesis	Reject (1% level)	Reject (1% level)

The results indicated a statistically significant difference between the cycling disciplines with regard to perceived safety during training rides at a 1% level of significance ( $p = 0.006$ ). In training conditions, the road cyclists responded less favourably to the statement of perceived safety (mean rank of 126.53) than the MTBs (mean rank of 151.37).

The results indicated a statistically significant difference between the cycling disciplines with regard to perceived safety during competitive races at a 1% level of significance ( $p = 0.000$ ). A similar response was elicited in terms of racing conditions, in the sense that the road cyclists responded less favourably (mean rank of 116.84) than the MTBs (mean rank of 163.62). It can therefore be concluded that both the training and racing conditions for road cycling are considered to be less safe than those for MTB.

### 5.9.5 Knowledge of antidoping regulations

- H<sub>0</sub>: There is not a statistically significant difference between the cycling disciplines with regard to the cyclists' knowledge of antidoping regulations.

H<sub>1</sub>: There is a statistically significant difference between the cycling disciplines with regard to the cyclists' knowledge of antidoping regulations.

The results are indicated below.

**Table 5.15: Cycling discipline and knowledge of antidoping regulations**

	Knowledge of antidoping regulations
Mann-Whitney U	8205.000
Asymp sig (2-tailed)	.094
Reject/do not reject null hypothesis	Reject (10% level)

The results indicate a statistically significant difference between the cycling disciplines with regard to the cyclist's knowledge of antidoping regulations at a 10% level of significance ( $p = 0.094$ ). The MTBs responded more favourably in terms of their knowledge of antidoping regulations (mean rank of 128.81) than the road cyclists (mean rank of 144.37). The scale items for this question were reversed - in other words, a lower score therefore indicated a more favourable response than a higher score.

A cross-tabulation was performed of the groups and the need for an education programme on antidoping regulations enforced by CyclingSA. The results of this cross-tabulation are indicated below.

**Table 5.16: Cross-tabulation of discipline and educating cyclists about antidoping regulations**

Cycling discipline	Educating cyclists about antidoping regulations				Total
	Only elite cyclists	Only recreational cyclists	All cyclists	No need	
Road	28	1	119	5	153
MTB	37	2	78	4	121
Total	65	3	197	9	274

As indicated in the table above, cyclists in both the road and MTB disciplines felt that there is a need for an education programme for all cyclists on antidoping.

H<sub>0</sub>: There is not a statistically significant relationship between the cycling disciplines and the need for education on antidoping regulations.

H<sub>1</sub>: There is a statistically significant relationship between the cycling disciplines and the need for education on antidoping regulations.

The Goodman and Kruskal tau measure of association was used to determine whether there is an association between the cycling discipline and the need for education on antidoping regulations. This test is used to calculate the proportional reduction in error measure. If there is a strong association, there will be a substantial reduction in error from knowing the joint distribution of the two variables. In this analysis, the two variables were the discipline practised and the perception of the need for education on antidoping regulations. The value indicates the percentage by which the error can be reduced in predicting the dependent variable (the need for education on antidoping regulations) by having knowledge of the independent variable (cycling discipline) over having no knowledge of the independent variable. The results of this test are depicted below.

**Table 5.17: Goodman and Kruskal tau of discipline and educating cyclists on antidoping regulations**

Dependent variable	Independent variable	Goodman and Kruskal tau value	Approximate significance
Educating cyclists on antidoping regulations	Cycling discipline	0.019	0.001

The results indicated a value of 0.019 and an associated approximate significance value of 0.001. It therefore indicates that a statistically significant association at a 1% level of significance exists between the cycling discipline and the need for education on antidoping regulations. This means that knowledge of the type of discipline the respondent participates in, can reduce the error by 1.9% (which is considered to be

statistically tiny) in predicting the cyclists' perception of the need for an education programme on antidoping regulations.

The Mann-Whitney test was also used to determine whether there are statistically significant differences between males and females with regard to their perception of CyclingSA's effectiveness.

## 5.10 GENDER AND PERCEPTIONS OF CyclingSA'S EFFECTIVENESS

### 5.10.1 Financial effectiveness

H<sub>0</sub>: There is not a statistically significant difference between males and females with regard to the cyclists' perception of financial effectiveness.

H<sub>1</sub>: There is a statistically significant difference between males and females with regard to the cyclists' perception of financial effectiveness.

The following constructs were tested with regard to financial effectiveness: careful allocation of financial resources, successful securing of sponsorships and the use of transparent financial practices. The results are depicted in the table below.

**Table 5.18: Gender and financial effectiveness**

	Careful allocation of financial resources	Successful securing of sponsorships	Use of transparent financial practices
Mann-Whitney U	2299.500	3038.000	1505.000
Asymp sig (2-tailed)	.312	.926	.035
Reject/do not reject null hypothesis	Do not reject	Do not reject	Reject (5% level)

The results indicate a statistically significant difference between males and females with regard to the use of transparent financial practices at a 5% level of significance ( $p = 0.035$ ). The females responded less favourably to this statement (mean rank of 77.43) than the males (mean rank of 104.04).

No further statistically significant differences were identified for either financial effectiveness or the marketing and communication plan. The results for the statistical differences between males and females with regard to the marketing and communication plan are indicated below.

**Table 5.19: Gender and marketing and communication plan**

	Advertise adequately	Utilisation of all available media	Creation of a consistent brand image
Mann-Whitney U	4355.000	3751.000	4386.500
Asymp sig (2-tailed)	.838	.498	.806
Reject/do not reject null hypothesis	Do not reject	Do not reject	Do not reject

### 5.10.2 Safety

H<sub>0</sub>: There is not a statistically significant difference between males and females with regard to the cyclists' perception of safety during:

- (1) training rides
- (2) competitive races

H<sub>1</sub>: There is a statistically significant difference between males and females with regard to the cyclists' perception of safety during:

- (1) training rides
- (2) competitive races

The results are depicted below.

**Table 5.20: Gender and perceived safety during training and racing**

	Safety during training rides	Safety during competitive races
Mann-Whitney U	5047.000	3957.500
Asymp sig (2-tailed)	.782	.011
Reject/do not reject null hypothesis	Do not reject	Reject (5% level)

The results indicate a statistically significant difference between males and females with regard to perceived safety during competitive races at a 5% level of significance ( $p = 0.011$ ). The females responded less favourably (mean rank of 119.44) to this statement than their male counterparts (mean rank of 154.72), indicating that females feel less safe when participating in competitive races.

### 5.10.3 Transformation and BEE

$H_0$ : There is not a statistically significant difference between males and females with regard to their perception of transformation and BEE effectiveness.

$H_1$ : There is a statistically significant difference between males and females with regard to their perception of transformation and BEE effectiveness.

The following three constructs were tested: on track with transformation goals, committed to developing black cyclists and making valuable contributions to disadvantaged communities. The results are depicted below.

**Table 5.21: Gender and perceived CyclingSA commitment to transformation and BEE**

	On track with transformation goals	Committed to developing black cyclists	Making valuable contributions to disadvantaged communities
Mann-Whitney U	1047.500	1525.000	995.000
Asymp sig (2-tailed)	.266	.228	.054
Reject/do not reject null hypothesis	Do not reject	Do not reject	Reject (10% level)

The results indicated a statistically significant difference between males and females with regard to valuable contributions made to disadvantaged communities at a 10% level of significance ( $p = 0.054$ ). The females responded much more favourably (mean rank of 106.22) to the statement than their male counterparts (mean rank of 83.05).

No further statistically significant differences could be identified between males and females, indicating that there is general consensus among male and female cyclists about CyclingSA's effectiveness.

An analysis was also conducted to determine whether there were any statistically significant differences between the age groups.

## **5.11 AGE AND PERCEPTIONS OF CyclingSA EFFECTIVENESS**

The Kruskal-Wallis test was used to determine whether there were any statistically significant differences between the various age groups regarding their perceptions of CyclingSA's effectiveness.

The respondents were asked to indicate their age and they were then classified into the following age groups: under 18, 18 to 30, 31 to 40, 41 to 50, 51 to 60 and over 60. Owing to the small number of responses in the under 18 and over 60 age groups, the results were excluded from further analysis to avoid skewed results. Hence the age groups used for comparison in this section comprised 18 to 30, 31 to 40, 41 to 50 and 51 to 60.

### **5.11.1 Financial effectiveness**

H<sub>0</sub>: There is not a statistically significant difference between the age groups with regard to the cyclists' perception of CyclingSA's financial effectiveness.

H<sub>1</sub>: There is a statistically significant difference between the age groups with regard to the cyclists' perception of CyclingSA's financial effectiveness.

All three statements that tested the construct "financial effectiveness", namely the careful allocation of resources, successful securing of sponsorships and the use of transparent financial practices, were analysed. The results are depicted in the table below.

**Table 5.22: Age groups and perception of financial effectiveness**

	Careful allocation of resources	Successful securing of sponsorship	Use of transparent financial practices
Chi-square	7.815	5.299	5.749
Df	3	3	3
Asymp sig	.050	.151	.124
Reject/do not reject null hypothesis	Reject (5% level)	Do not reject	Do not reject

The results indicated a statistically significant difference between the age groups with regard to the careful allocation of resources at a 5% level of significance ( $p = 0.050$ ). The 51 to 60 age group responded the most favourably (mean rank of 120.27), while the 31 to 40 age group responded the least favourably (mean rank 86.34).

No further statements on the financial effectiveness of CyclingSA indicated a statistically significant difference between the age groups.

### 5.11.2 Marketing and communication plan

$H_0$ : There is not a statistically significant difference between the age groups with regard to the cyclists' rating of CyclingSA's marketing effectiveness.

$H_1$ : There is a statistically significant difference between the age groups with regard to the cyclists' rating of CyclingSA's marketing effectiveness.

The constructs of marketing effectiveness, namely adequate advertising, utilisation of all available media and the creation of a consistent brand image, were analysed. The results are indicated in the table below.

**Table 5.23: Age groups and marketing effectiveness**

	Adequate advertising	Utilisation of all available media	Creation of a consistent brand image
Chi-square	5.719	8.183	10.855
Df	3	3	3



Asymp sig	.126	.042	.013
Reject/do not reject null hypothesis	Do not reject	Reject (5% level)	Reject (5% level)

The results indicate a statistically significant difference between the age groups with regard to the following:

- Their perception of the utilisation of all available media at a 5% level of significance ( $p = 0.042$ ). The most favourable response was evident in the 18 to 30 age group (mean rank of 147.42) and the least favourable response in the 31 to 40 age group (mean rank of 109.27).
- Their perception of the creation of a consistent brand image at a 5% level of significance ( $p = 0.013$ ). The most favourable response was evident in the 18 to 30 age group (mean rank of 154.14) and the least favourable response in the 31 to 40 age group (mean rank of 109.29).

It is interesting to note that when the respondents were asked to indicate the medium used as marketing material, namely the medium “social networking such as Facebook and Twitter”, the most favourable response emanated from the 18 to 30 age group (mean rank of 54.70) with the least favourable response from the 51 to 60 age group (mean rank of 34.79). Hence this indicates, as expected, that the social media are more effective for targeting younger consumers than their older counterparts.

### 5.11.3 Service quality

H<sub>0</sub>: There is not a statistically significant difference between the age groups with regard to the cyclists’ perception of CyclingSA’s service quality.

H<sub>1</sub>: There is a statistically significant difference between the age groups with regard to the cyclists’ perception of CyclingSA’s service quality.

The following constructs were tested: accessibility of online services, relevance of services to needs, provision of adequate service, fair and equal conduct, ethical manner in which business is conducted, the efficient use of resources and the effective achievement of outcomes. The results are indicated in the table below.

**Table 5.24: Age groups and service quality**

	Accessibil- ity of online ser-vices	Relevance of services to needs	Provision of adequate service	Fair and equal conduct	Ethical manner	Efficient use of resources	Effective achieve- ment of outcomes
Chi-square	4.456	6.755	8.929	4.725	6.558	4.904	9.544
df	3	3	3	3	3	3	4
Asymp sig	.216	.080	.030	.193	.087	.179	.049
Reject/do not reject null hypothesis	Do not reject	Reject (10% level)	Reject (5% level)	Do not reject	Reject (10% level)	Do not reject	Reject (5% level)

The results indicated a statistically significant difference between the age groups with regard to the following:

- The relevance of CyclingSA’s services to cyclists’ needs at a 10% level of significance ( $p = 0.080$ ). The age group that responded the most favourably was 18 to 30 (mean rank of 136.82). The age group that responded the least favourably was once again 31 to 40 (mean rank of 109.96).
- The provision of adequate service to individual cyclists at a 5% level of significance ( $p = 0.030$ ). The age group that responded most favourably was 51 to 60 (mean rank of 133.38), while the 31 to 40 age group responded the least favourably (mean rank of 104.13).
- The ethical manner in which CyclingSA conducts all its business at a 10% level of significance ( $p = 0.087$ ). The age group that responded the most

favourably was 51 to 60 (mean rank of 113.67), while the age the group that responded the least favourably was 31 to 40 (mean rank of 87.59).

#### 5.11.4 Loyalty programme

H<sub>0</sub>: There is not a statistically significant difference between the age groups with regard to the cyclists' willingness to participate in a loyalty programme.

H<sub>1</sub>: There is a statistically significant difference between the age groups with regard to the cyclists' willingness to participate in a loyalty programme.

The results of the Kruskal-Wallis test are provided in the table below.

**Table 5.25: Age group and intention to participate in loyalty programme**

	Intention to participate in loyalty programme
Chi-square	11.658
Df	3
Asymp sig	.009
Reject/do not reject null hypothesis	Reject (1% level)

The results indicated a statistically significant difference between the age groups with regard to their intention to participate in a loyalty programme at a 1% level of significance ( $p = 0.009$ ). The age group that responded the most favourably to this statement was 18 to 30 (mean rank of 164.85). Interestingly, while the age group that responded the least favourably was 51 to 60 (mean rank of 125.68).

#### 5.11.5 Identifying talented cyclists

H<sub>0</sub>: There is not a statistically significant relationship between the age groups and the cyclists' perception of CyclingSA's ability to identify talented cyclists.

H<sub>1</sub>: There is a statistically significant relationship between the age groups and the cyclists' perception of CyclingSA's ability to identify talented cyclists.

A cross-tabulation was performed to determine whether a relationship exists between the age of the cyclists and the perception that CyclingSA is able to identify talented cyclists. The results of this cross-tabulation are depicted below.

**Table 5.26: Cross-tabulation of age and identification of talented cyclists**

Age groups	Identification of talented cyclists						Total
	Excellent	Good	Average	Poor	Very poor	It is not important to me	
18 – 30 years	1	6	14	8	18	0	47
31 – 40 years	4	17	16	16	13	1	67
41 – 50 years	13	26	22	11	19	0	91
51 – 60 years	4	13	13	7	15	3	55
Total	22	62	65	42	65	4	260

The results of Somer's d test are provided in the table below

**Table 5.27: Somer's d test of age and identification of talented cyclists**

Dependent variable	Independent variable	Somer's d value	Approximate significance
Ability to identify talented cyclists	Age group	-0.087	0.099

The results indicate a measure of association between the age groups with regard to their perception of CyclingSA's ability to identify talented cyclists at a 10% level of significance ( $p = 0.099$ ). The association between the variables, however, is so tiny that it does not warrant further discussion.

### 5.11.6 Sport science support

H<sub>0</sub>: There is not a statistically significant difference between the age groups with regard to the cyclists' perception of CyclingSA's commitment to sport science support.

H<sub>1</sub>: There is a statistically significant difference between the age groups with regard to the cyclists' perception of CyclingSA's commitment to sport science support.

The following constructs were tested: high standards of training conditions, sufficient scientific training support and interest in conducting research projects. The results are provided in the table below.

**Table 5.28: Age groups and sport science support**

	High standards of training conditions	Sufficient scientific training support	Interest in conducting research projects
Chi-square	9.423	6.801	7.376
Df	3	3	3
Asymp sig	.024	.079	.061
Reject/do not reject null hypothesis	Reject (5% level)	Reject (10% level)	Reject (10% level)

The results indicate a statistically significant difference between the age groups with regard to the following:

- The high standards of training conditions of the national teams at a 5% level of significance ( $p = 0.024$ ). The age group that responded most favourably was 51 to 60 (mean rank of 100.61), while the age group that responded the least favourably was 31 to 40 (mean rank of 68.50).
- The provision of sufficient scientific training support at a 10% level of significance ( $p = 0.079$ ). The 51 to 60 age group responded the most favourably to the statement (mean rank of 93.23), while the 31 to 40 age group responded the least favourably (mean rank of 65.78).

- Interest in conducting research projects that would benefit cycling at a 10% level of significance ( $p = 0.061$ ). The 51 to 60 age group responded the most favourably (mean rank of 98.66), while the 31 to 40 age group responded the least favourably (mean rank of 70.21).

### 5.11.7 Knowledge of antidoping regulations

H<sub>0</sub>: There is not a statistically significant difference between the age groups with regard to:

- (1) the cyclists' knowledge of antidoping regulations
- (2) the need for an antidoping education programme

H<sub>1</sub>: There is a statistically significant difference between the age groups with regard to the:

- (1) cyclists' knowledge of antidoping regulations
- (2) need for an antidoping education programme

The results of the tests are indicated in the table below.

**Table 5.29: Age groups and knowledge of antidoping regulations**

	Knowledge of antidoping regulations
Chi-square	7.972
Df	3
Asymp sig	.047
Reject/do not reject null hypothesis	Reject (5% level)

A statistically significant difference at a level of 5% was evident among the age groups. The null hypothesis can therefore be rejected. The 41 to 50 age group responded the most favourably to their own knowledge of antidoping regulations (mean rank of 127.79), while the 18 to 30 age group responded the least favourably (mean rank of 164.20).

No statistically significant relationship between the age groups on the perception of a need for an antidoping programme was evident. This was tested by applying the Goodman and Kruskal tau measure of association. The results are depicted in the table below.

**Table 5.30: Goodman and Kruskal tau of age groups and education on antidoping regulations**

Dependent variable	Independent variable	Goodman and Kruskal tau value	Approximate significance
Education on antidoping regulations	Age groups	0.007	0.731

### 5.11.8 Transformation and BEE

H<sub>0</sub>: There is not a statistically significant difference between the age groups with regard to the cyclists' perception of transformation and BEE effectiveness.

H<sub>1</sub>: There is a statistically significant difference between the age groups with regard to the cyclists' perception of transformation and BEE effectiveness.

The results of the statistically significant difference test between the age groups with regard to the perceived CyclingSA commitment to transformation and BEE are depicted below. The following three constructs were tested: on track with transformation goals, committed to developing black cyclists and making valuable contributions to disadvantaged communities.

**Table 5.31: Age group and transformation and BEE**

	On track with transformation goals	Committed to developing black cyclists	Making valuable contributions to disadvantaged communities
Chi-square	4.579	6.781	3.830
df	3	3	3
Asymp sig	.205	.079	.280

Reject/do not reject null hypothesis	Do not reject	Reject (10% level)	Do not reject
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The results indicated a statistically significant difference at a 10% level of significance ( $p = 0.079$ ) between the age groups with regard to CyclingSA's commitment to developing black cyclists. The 51 to 60 age group responded the most favourably in this instance (mean rank of 93.45), while the 31 to 40 age group responded the least favourably (mean rank of 70.82).

The last inferential statistical analysis that was performed was the binominal test, which is discussed next.

## 5.12 BINOMINAL TEST

The binomial test was used as a mechanism to determine the extent of knowledge of CyclingSA members of the organisation business effectiveness. A comparison of the proportion of cyclists who had answered "don't know" with the proportion of cyclists who were able to respond to the question, enables one to determine areas where a knowledge gap exists - in other words, areas where members do not know or are not aware of certain business activities of CyclingSA. In this instance, a statistically nonsignificant result will indicate that the proportion of "don't know" respondents is very close to the respondents who did answer the question, thus indicating knowledge gaps.

The binominal tests were performed to determine whether the proportion of cyclists who had answered "don't know" to any of the questions in the questionnaire differed statistically significantly from the proportion of cyclists who were able to respond to the questions. Only the nonsignificant results are tabled below (the full results of this test are provided in appendix C):

$$H_0: p = 0.5$$

$$H_1: p \neq 0.5$$

**Table 5.32: Binominal test**



Construct	Group	N	Observed prop	Test prop	Asymp sig (2-tailed)
On track with transformation goals	Know	164	.55	.50	.105 <sup>a</sup>
	Don't know	135	.45		

Only one question showed that there were almost equal proportions in the two groups. The statement that CyclingSA is on track with its transformation goals, which forms part of the construct “transformation and black economic empowerment”, had a p value of 0.105. Hence the null hypothesis cannot be rejected.

### 5.13 CONCLUSION

This chapter discussed the descriptive as well as the inferential data analyses conducted for the purposes of the research study. The first section of the chapter provided a demographic composition of the respondents. This was followed by an account of the findings on the microenvironment, market environment and macroenvironment. The four sections were presented on the basis of descriptive statistics.

The second section of this chapter dealt with the inferential analyses of the research findings. Here significant conclusions were drawn that addressed the research aim, objectives and overall purpose of the study, as set in chapter 1.

To meet the set objectives, inferential statistics were performed on the cyclists' perceptions of CyclingSA's effectiveness and the frequency of racing, the cycling discipline, gender and age groups. The final chapter of the study will draw conclusions and make recommendations relating to the results of the research.

## **CHAPTER 6 CONCLUSIONS AND RECOMMENDATIONS**

### **6.1 INTRODUCTION**

The purpose of this chapter is to conclude the study by first providing a brief overview of the research results and summarising the objectives pursued and the research aims addressed in this process. This chapter also discuss the conclusions drawn from the data analysis provided in chapter 5. The primary and secondary objectives of the research will be evaluated to ascertain whether or not these objectives were achieved. This will be followed by recommendations for the management of sport organisations and also potential future research projects to address the limitations of the study. Lastly, the limitations of the study will be highlighted and the chapter and research study concluded.

### **6.2 OVERVIEW OF THE RESEARCH FINDINGS: ADDRESSING THE RESEARCH AIM AND OBJECTIVES**

The overall aim of the research study was to analyse CyclingSA's current business environment on the basis of the perceptions of the members of the organisation. The purpose was to gain a better understanding of the different factors in the micro-, market and macroenvironment of the organisation. According to traditional business management theory, the respective factors should have an influence on CyclingSA's strategic management.

To achieve the overall objective of the study, the three different environments were investigated in terms of CyclingSA members' perceptions of CyclingSA's performance in these environments. The secondary objectives were then formulated to determine the factors in the micro-, market and macroenvironments that would have an influence on CyclingSA's strategic management activities.

The microenvironment of the organisation was analysed by focusing specifically on CyclingSA's financial effectiveness, the current marketing and communication plan

used by the organisation and the service quality CyclingSA is currently providing to its members. The data gathered from this analysis made significant contributions towards understanding the members' perception of CyclingSA's current effectiveness in the microenvironment, as well contributing to a better understanding of factors in this environment that are perceived to be important to members and to the organisation. By understanding the organisation's current effectiveness with regard to finance, marketing and service quality, the organisation will be able to identify performance gaps and plan accordingly for the future by addressing these gaps.

The organisation was also analysed in terms of its market environment. Because the organisation's consumers were identified by means of secondary research as one of the most important elements in this environment, the research conducted on the market environment focused solely on CyclingSA members. It should be noted, however, that a number of questions that focused on consumer behaviour are also part of the macroenvironment and will therefore be discussed as factors in that environment. The respondents were asked to indicate their interest in participating in a loyalty programme. The responses that were elicited should make a significant contribution towards the decision to introduce such a programme in the future. This should not only influence CyclingSA's relationship with its members (research has shown that loyalty programmes create more loyal consumers) (Hu, Huang & Chen 2009:131), but should also improve CyclingSA competitiveness in the industry.

The last part of the study investigated CyclingSA's current level of effectiveness on factors in the macroenvironment. Valuable contributions were made by the data collected regarding talent identification and sport science support, safety conditions, antidoping regulations, transformation and black economic empowerment and commuting for a greener environment. Data collected on CyclingSA's current effectiveness in the abovementioned areas, will allow the organisation to identify factors in the macroenvironment that need to be addressed and managed more effectively. It is crucial for CyclingSA to address these factors because the macroenvironment has a direct influence on the organisation, even though CyclingSA does not have any influence on this environment.

The primary and secondary objectives of the study were therefore addressed by designing a questionnaire that collected information on the following elements that are prevalent in the business environment:

- financial effectiveness
- marketing and communication
- service quality
- loyalty programmes
- talent identification
- sport science support
- safety
- antidoping regulations
- transformation and black economic empowerment
- bicycle commuting for a greener environment

The methodology used to collect the data for this study was discussed in chapter 4. The collected data were then analysed by means of descriptive and inferential statistics as described in chapter 5. The conclusions drawn and recommendations that can be made on the basis of the analyses in Chapter 5 will be discussed later in this chapter. The recommendations made could be employed by managers of sport organisations such as CyclingSA, which will assist them with strategic planning, allowing the organisation to become more sustainable and profitable.

### **6.3 CONCLUSIONS OF THE RESEARCH ANALYSIS**

This research study attempted to analyse CyclingSA's business environment. The aim was to gain a better understanding of the factors in the business environment of sport organisations, with specific reference to CyclingSA. These factors need to be considered when engaging in strategic management. This was achieved by measuring members' perceptions of CyclingSA's effectiveness in the different subenvironments, namely the micro-, market and macroenvironments. The descriptive and inferential analyses that were conducted in chapter 5 will be

summarised in the sections that follow, starting with the demographic profile of the respondents.

## 6.4 DEMOGRAPHIC PROFILE OF THE RESPONDENTS

The overall findings relating to the demographic profile of the respondents can be summarised as follows (see sec 5.2.1):

**Table 6.1: Demographic profile of the respondents**

Demographic variable	Majority category	Category percentage
Age	41 – 50	33.4%
Gender	Male	86.6%
Ethnic group	White	94.0%
Participation in races	More than 10 races	44.6%
Watches cycling on television	Yes	93.0%
Cycling discipline	Road cycling	51.3%

The next section provides a summary of the descriptive analysis of the various factors that were analysed in terms of the microenvironment.

## 6.5 CONCLUSIONS OF THE MICROENVIRONMENT ANALYSIS

The findings of the descriptive analysis conducted on the elements in the microenvironment were presented in chapter 5.

It was found that a total of 50.2% of the respondents disagreed that CyclingSA was allocating financial resources with care (26.6% of respondents did not know), 49.8% disagreed that CyclingSA had been successful in securing valuable sponsorships (23.6% did not know) and 35.9% of respondents disagreed that CyclingSA makes use of transparent financial practices (32.9% did not know). One can therefore infer that the respondents who were able to answer the questions felt that CyclingSA was lacking in financial effectiveness by disagreeing with the statements that tested the construct. The fact that a large number of respondents chose the option, “don’t

know”, can be interpreted as lack of communication on financial performance to all relevant stakeholders. The results could, alternatively, also be indicative of a lack of effectiveness in the management of financial processes.

It was further found that 71.1% of the respondents disagreed that CyclingSA advertises the sport adequately (5.6% did not know), 74.8% disagreed that CyclingSA has utilised all available media to market cycling (9.6% did not know) and 70.8% disagreed that CyclingSA has been successful in creating a consistent brand image (6.6% did not know). A total of 97% respondents indicated that they were not aware of any marketing media used by CyclingSA. One can therefore possibly infer that CyclingSA’s effectiveness in marketing the sport is regarded by most respondents to be far less than adequate. There is also an indication that CyclingSA has not been engaging in any notable marketing activities which could be problematic because of the nature of cycling and the associated public perception of cyclists and the sport. Negative publicity such as regular drug busts of professional riders and motorists’ notorious antagonism towards cyclists needs to be countered by means of a proper marketing campaign, which is currently lacking.

The results indicated that 29.1% of the respondents felt that CyclingSA had poorly accessible services, 48.5% felt that the relevance of the services that were provided matched their needs poorly and 54.8% indicated that the provision of adequate service to individual cyclists was poor. A total of 42.5% of the respondents scored CyclingSA poorly on the fair and equal conduct of all members, while 28.2% felt that CyclingSA performed poorly in the ethical manner in which it conducts business (30.9% did not know). A total of 39.6% of respondents felt that CyclingSA did not use resources efficiently, while 41.9% indicated that CyclingSA was unable to effectively achieve its outcomes. One can therefore infer from the above findings that there are areas of service quality such as the provision of adequate service and an ethical approach to business that should be taken into consideration when engaging in strategic management. A lack of service delivery is often the reason why consumers avoid paying membership fees and joining the organisation.

## **6.6 CONCLUSIONS OF THE MARKET ENVIRONMENT ANALYSIS**

The main question that dealt with the market environment related to the interest of respondents in participating in a loyalty programme. The majority of the respondents (55.9%) indicated that their interest in participating would depend on the costs and benefits of the particular programme. A total of 10% of the respondents indicated that they would definitely be interested in such a programme, whereas 13% responded that they would definitely not be interested. It can therefore be concluded that there is an interest in a loyalty programme, but that CyclingSA should engage in proper communication with its members to ensure that the costs and benefits of the programme are such that the majority of members would be motivated to join.

## **6.7 CONCLUSIONS OF THE MACROENVIRONMENT ANALYSIS**

The findings showed that 30.4% of the respondents rated CyclingSA's ability to identify talented cyclists as good. A tiny percentage (1.7%) indicated that the identification of talented cyclists was not important to them. One can therefore conclude that the identification of athletes is a crucial element of a sport organisation's business environment that needs to be taken into consideration when engaging in strategic management. This is largely attributed to the fact that athletes can be regarded as the "lifeblood" of sport organisations, for without athletes who exhibit a high level of talent the sport would undoubtedly not develop and survive.

The results further indicated that 41.9% of the respondents felt that national teams do not enjoy high standards of training conditions (34.9% did not know), 43.3% disagreed that CyclingSA offers scientific training support to the national teams (38.9% did not know) and 41.6% felt that CyclingSA does not show an interest in conducting research projects that would benefit cycling (37.2% did not know). It can therefore be concluded that the respondents, who were able to answer the questions, disagreed with the notion that CyclingSA is committed to sport science support. This element should thus also be taken into consideration when engaging in strategic management. One can infer from the findings that owing to the large number of respondents who did not know the answers to the questions, a lack of communication

about the training conditions provided by CyclingSA is likely, or alternatively, that the negative response rate could relate to CyclingSA's performance on this construct.

The results indicated that 43.5% of the respondents only sometimes felt safe when on training rides compared to only 12.4% who always felt safe when training. When asked how safe the respondents felt during racing conditions, 29.8% of the respondents indicated they only felt safe sometimes. A total of 25.8% indicated that they always feel safe. Since all races in South Africa need to be sanctioned by CyclingSA, the results are indicative of CyclingSA's progress in creating a safe competitive environment for cyclists. The results also show that CyclingSA needs to focus on road safety in noncompetitive situations because there is a clear indication that many respondents do not feel safe while out training.

The most popular precaution respondents took to ensure their own safety when out riding was wearing a helmet (96.7%), followed by being respectful to other road users (91.1%) and riding single file on busy roads (81.5%). The respondents further indicated that the government (80.9%) should be responsible for the safety of cyclists in South Africa. A total of 74.9% of the respondents indicated that the cyclists themselves are responsible for their own safety, while 64.4% felt that CyclingSA was responsible for cyclists' safety. One can therefore conclude that although CyclingSA is seen as being responsible for cyclists' safety, a variety of stakeholders, including the government, cyclists and motorists, share this responsibility and the efforts of these stakeholders should be coordinated accordingly.

The results showed that 33.4% of the respondents rated their knowledge of antidoping regulations as "average", 18.4% felt that their knowledge was excellent and 7% indicated that their knowledge was "very bad". The results indicate that 71.3% of the respondents were of the opinion that CyclingSA should educate all cyclists on antidoping regulations. It can be concluded that there is an obvious need for education on antidoping regulations which CyclingSA needs to address.

Of the respondents, 45.2% did not know whether CyclingSA is on track with its transformation goals. A further 35% did not know whether CyclingSA is committed to developing black cyclists, while 43.1% did not know whether CyclingSA is making



valuable contributions to disadvantaged communities. The high response rate for the category “don’t know” leads to the conclusion that information on CyclingSA’s commitment to transformation and black economic empowerment is lacking and that respondents are probably genuinely unaware of what the current situation is, instead of attributing this to unsatisfactory performance on CyclingSA’s part.

The results indicated that 93.3% of the respondents shared the opinion that CyclingSA should encourage a bicycle commuting project for a greener environment. It is interesting to note, that when asked whether CyclingSA should be responsible for cycle commuters, 60.9% disagreed. It can be concluded that CyclingSA should be promoting cycling as a green method of transportation, but that respondents do not necessarily feel that cycle commuting should be added to their portfolio of responsibilities.

#### **6.8 CONCLUSIONS RELATING TO STATISTICALLY SIGNIFICANT DIFFERENCES BETWEEN THE FREQUENCY OF RACING GROUPS WITH REGARD TO CyclingSA’S EFFECTIVENESS**

The statistically significant differences between the frequency of racing groups with regard to CyclingSA’s effectiveness, as reported on in section 5.3.1, are summarised below. The groups were structured according to the number of races the respondents participated in during the year and consisted of the following groups: social cyclists (competed in four or less races), core cyclists (competed in five to ten races) and committed cyclists (competed in more than ten races).

- The frequency of racing the respondent participated in did not influence the perception of CyclingSA’s effectiveness in terms of financial effectiveness.
- The core cyclists (those cyclists who participated in five to ten races a year), compared with the other groups, were more dissatisfied with CyclingSA’s creation of a consistent brand image.
- The core cyclists, compared with the other groups, rated CyclingSA more negatively on the accessibility of its online services.

- The core cyclists, compared with the other groups, rated CyclingSA more negatively on the relevance of CyclingSA's services to cyclists' needs.
- The core cyclists, compared with the other groups, rated CyclingSA more negatively on the provision of adequate service to individual cyclists.
- The committed cyclists compared with the other groups, rated CyclingSA more negatively on fair and equal conduct towards all members of CyclingSA.
- The committed cyclists, compared with the other groups, responded more favourably towards the notion of a loyalty programme.
- The core cyclists responded more positively than the other groups to the notion that CyclingSA should be responsible for cycle commuters.

A relationship was also identified between the cyclists' frequency of racing and their perception on how effectively CyclingSA is able to identify talented cyclists.

It can therefore be concluded that CyclingSA is not focused enough on the core cyclists' needs. Elements that were important to committed cyclists, such as fair and equal conduct towards all members and the introduction of a loyalty programme, should also be address.

The next section provides a summary of the statistically significant differences between the type of discipline the respondent participated in with regard to his or her perceptions of CyclingSA effectiveness and the statistically significant associations between the type of discipline the respondent participated in and his or her perceptions of CyclingSA's effectiveness.

## **6.9 CONCLUSIONS RELATING TO STATISTICALLY SIGNIFICANT DIFFERENCES AND SIGNIFICANT ASSOCIATIONS BETWEEN DISCIPLINE AND CyclingSA'S EFFECTIVENESS**

The significant associations between the type of discipline and the respondents' perception of CyclingSA's effectiveness, as reported on in section 5.3.2, can be summarised as follows:

- No statistically significant difference was identified between the cycling disciplines with regard to the respondent's perception of CyclingSA's financial effectiveness.
- No statistically significant difference was identified between the cycling disciplines with regard to the respondent's perception of CyclingSA's marketing effectiveness.
- The MTBs responded less favourably towards the accessibility of CyclingSA's online services than the road cyclists.
- The MTBs responded less favourably towards the relevance of CyclingSA's services to cyclists' needs than the road cyclists.
- The MTBs responded less favourably towards the notion of participating in a loyalty programme than the road cyclists.
- The road cyclists responded less favourably towards CyclingSA's effectiveness in the provision of high standards of training conditions than the MTBs.
- The road cyclists responded less favourably towards CyclingSA's effectiveness in the provision of sufficient scientific training support than the MTBs.
- The road cyclists feel less safe when out training than the MTBs.
- The road cyclists feel less safe in competitive races than the MTBs.
- The MTBs responded more favourably towards their own knowledge of antidoping regulations than the road cyclists.

A relationship was identified between the type of discipline a cyclist participates in and his or her perception of the need for an education programme on antidoping regulations.

From the above results it can be concluded that various statistical differences exist between the various disciplines and that CyclingSA should take cognisance of these differences when engaging in strategic management. The next section summarises the significant associations and statistical differences between males and females and their perception of CyclingSA's effectiveness.

## **6.10 CONCLUSIONS RELATING TO STATISTICALLY SIGNIFICANT DIFFERENCES BETWEEN GENDER AND CyclingSA'S EFFECTIVENESS**

The statistically significant differences between males and females with regard to their perceptions of CyclingSA's effectiveness, as reported on in section 5.3.3, can be summarised as follows:

- The females in the study responded less favourably towards CyclingSA's use of transparent financial practices than the males.
- The female respondents felt less safe during competitive races than their male counterparts.
- The males responded less favourably towards CyclingSA making valuable contributions to disadvantaged communities than the females in the study.

The following section will summarise the statistically significant differences between the various age groups regarding their perceptions of CyclingSA's effectiveness and the statistically significant associations between the various age groups and their perceptions of CyclingSA's effectiveness.

## **6.11 CONCLUSIONS RELATING TO STATISTICALLY SIGNIFICANT DIFFERENCES AND SIGNIFICANT ASSOCIATIONS BETWEEN AGE AND CyclingSA'S EFFECTIVENESS**

The statistically significant differences between the age groups and perceptions of CyclingSA's effectiveness, as reported on in section 5.3.4, can be summarised as follows:

- The 31 to 40 age group, compared with the other groups, responded less favourably to the statement that CyclingSA allocates its financial resources carefully.

- The 31 to 40 age group, compared with the other groups, responded less favourably to the statement that CyclingSA is successful in creating a consistent brand image.
- The 31 to 40 age group, compared with the other groups, responded less favourably to the statement that CyclingSA utilises all available media to advertise the sport.
- The 31 to 40 age group, compared with the other groups, rated CyclingSA the most negatively on the relevance of services provided to meet the cyclists' needs.
- The 31 to 40 age group, compared with the other groups, rated CyclingSA the most negatively on the provision of adequate service to individual cyclists.
- The 31 to 40 age group rated CyclingSA the most negatively on the ethical manner in which CyclingSA conducts all its business.
- The older respondents indicated that they would be less likely to participate in loyalty programmes.
- The 31 to 40 age group, compared with any of the other groups, had a much more negative perception of CyclingSA commitment to sport science support.
- The 41 to 50 age group, compared with the other groups, is more likely to have a greater knowledge of antidoping regulations.
- Of all the age groups, the 31 to 40 age group responded the least favourably to CyclingSA's commitment to developing black cyclists.

A statistically significant association was also found between the age of the respondent and his or her perception of CyclingSA's ability to identify talented cyclists. The younger the participant, the more negative his or her perception will be.

From the above, it can be concluded that CyclingSA will need to address the negative perceptions of the 31 to 40 age group in particular, when engaging in strategic management because this groups is the lifeblood of the organisation.

The next section will discuss the recommendations of the current research study, based on the conclusions drawn in the above section as well as areas for possible future research which could be beneficial to the field explored in this research.

## **6.12 RECOMMENDATIONS FOR CyclingSA MANAGEMENT**

After conducting scientific research, as in this dissertation, it is necessary to make recommendations based on the findings and results of the study. The recommendations in this section can therefore be used by the management of sport organisations such as CyclingSA when conducting an environmental analysis as part of the strategic management process. As highlighted in chapter 1, sport organisations increasingly have to incorporate traditional business concepts into their management structure in order to accommodate the commercialisation of the industry.

However, it was also noted that sport organisations possess unique characteristics that differentiate them from traditional business organisations, and that these characteristics need to be taken into consideration when engaging in strategic management. This is crucial because it not only allows the sport organisation to preserve its historical culture, but also enables it to pursue the bottom line, leading to the sustainable management of the organisation. The following recommendations for the managers of sport organisation, and CyclingSA specifically, can therefore be made:

- Even though most sport organisations such as CyclingSA are not-for-profit organisations, it is imperative to control and report on financial resources in such a manner that all the stakeholders involved are aware of the organisation's financial effectiveness. By following transparent financial practices, the organisation can ensure that members and stakeholders are aware of how financial resources such as licence fees and sponsorship monies are allocated. If stakeholders are aware of how monies are being spent, they would be more inclined to contribute towards such licence fees and sponsorships. It is therefore recommended, that proper financial reporting should be done and made publicly available so that stakeholders, including the organisation itself, are constantly aware of the organisation's effectiveness, even if it does not necessarily pursue a profit.

- Sponsorship is one of the main financial contributors to sport organisations such as CyclingSA. From the research, it can be concluded that CyclingSA will need to focus on not only generating sponsorships for the future survival of the organisation, but also planning the spending of such sponsorship monies. Members' perceptions indicate that CyclingSA is unsuccessful in securing valuable sponsorships and it is therefore recommended that CyclingSA should include this function in all its strategic management activities.
- Sport organisations and governing bodies, such as CyclingSA, are primarily responsible for the marketing and promotion of the sport involved. From the research it is clear that there is a serious gap in CyclingSA's current marketing efforts as perceived by the respondents. The results show that CyclingSA does not advertise the represented sport adequately, has not utilised all available media to market cycling and has failed to create a consistent brand image. Furthermore, the respondents were unaware of any marketing campaigns currently being employed by CyclingSA, and the majority of marketing material had only been seen once by the respondents. It is therefore recommended that CyclingSA develop a strategic marketing plan that will address the specific shortcomings identified above. It is vital for CyclingSA to create a consistent brand image for the sport (the specific benefits of having a strong brand were addressed in chapter 2) and address the issue of road safety in the future.
- CyclingSA will also need to gather better and more sufficient marketing information on its customers. This will allow the organisation to better understand its customers, develop appropriate marketing strategies and respond to any crises in the industry.
- Regarding the quality of the service provided by CyclingSA, it was found that MTBs had significantly different views from road cyclists on the accessibility of online services and the relevance of CyclingSA's service to cyclists' needs. MTBs indicated a much lower score on these two items, and it is therefore recommended that CyclingSA conduct an analysis of MTB needs and add the necessary service dimensions to its portfolio. Sport organisations such as

CyclingSA that provide services for various disciplines need to take the different needs of each discipline into account when designing their service offering.

- As indicated in the above point, CyclingSA will need to develop a differentiated strategy for each of the different markets. By developing a different strategy for each market, CyclingSA will be able to address the specific needs of that market segment, resulting in more efficient use of resources and the effective achievement of outcomes, two dimensions of the service quality on which CyclingSA was rated poorly by the respondents.
- Loyalty programmes are relatively unknown in the sport industry of South Africa. The results indicated a positive response from the core cyclists (cyclists who participate in four to ten races per annum) depending on the benefits and costs involved. It is therefore recommended that CyclingSA explore the option of launching a loyalty programme that would reward those cyclists that make the most use of CyclingSA's services.
- One of the most valuable assets a sport organisation can possess is its athletes (see chapter 2 in this regard). It is therefore crucial that sport organisations are able to identify talented cyclists. From the results it can be concluded that, on the basis of the respondents' perceptions, CyclingSA has not been successful in identifying talented cyclists, and it is therefore recommended that the organisation should incorporate scientific methods for identifying such talented cyclists into its strategic management process.
- Once talented athletes have been identified, it is also essential to provide them with sport science support such as top-quality training conditions and scientific training support. The results indicated a high response rate for the option "don't know", representing a lack in either communication on CyclingSA's part or a lack of knowledge about scientific support on the part of the respondents. A significant statistical difference, however, was identified in the 31 to 40 age group on this construct, with the mean ranks indicating an extremely negative



response to CyclingSA's commitment to sport science support. It is therefore recommended that CyclingSA should incorporate international standards, as set by UCI, for sport science support when engaging in strategic management.

- CyclingSA has a unique management challenge in the sense that it does not have to manage physical sporting facilities such as stadia and the like. The safety of cyclists, especially road cyclists, however, is an issue of great concern that will need to be managed more effectively in future. The road cyclists indicated that they rarely feel safe in both training and racing conditions compared with the MTBs. The issue was further compounded in the case of female respondents. The results also indicated that the government, cyclists and motorists, in conjunction with CyclingSA, are primarily responsible for the safety of cyclists. It is recommended that CyclingSA should coordinate a joint effort in promoting cycling safety on South African roads.
- Cyclists can take various precautions when they are out riding that will ensure their safety. Precautions that received a low score from respondents were carrying medical supplies, making use of personal protection and riding with a club. It is therefore recommended that CyclingSA should incorporate such precautions into its marketing campaign because cyclists might not be aware of such precautions or need to be encouraged to make use of them.
- Alternatively, it is recommended that CyclingSA start a new campaign that will focus on improving knowledge of both the public and all cyclists regarding road safety and awareness.
- Although 33.4% of the respondents rated their knowledge of antidoping regulations as average, the majority (72.2%) indicated that CyclingSA should do more to educate all cyclists on antidoping regulations. It is therefore recommended that CyclingSA develop an education programme on antidoping regulations that will address the needs of both recreational and elite cyclists.

- A key legislative issue in South Africa is transformation and black economic empowerment. The construct received a high response rate for the item “don’t know”, indicating in all likelihood a lack of communication on CyclingSA’s part. It is therefore recommended that CyclingSA report on all transformation and black economic empowerment activities.
- An extremely topical element in the macroenvironment is that of environmental awareness and the “greening” of the industry. Cycling is one of the most environmentally friendly forms of transportation and the results indicated that 93.3% of the respondents felt that CyclingSA should encourage a bicycle commuting project. It is therefore recommended that CyclingSA incorporate a bicycle commuting project into its business strategy when engaging in strategic management.

### **6.13 RECOMMENDATIONS FOR FUTURE RESEARCH**

When considering the research scope of this study and the results obtained, the following recommendations can be made for future research:

- Seeing that each of the elements in the microenvironment is essentially an operational area of management, each area such as financial effectiveness and marketing and communication can be studied in its individuality to determine the unique characteristics of the sport organisation’s needs.
- Service quality in sport organisations showed interesting results in terms of both discipline and age. These dimensions could be further explored with specific focus on the service quality dimensions of sport organisations.
- Research could be conducted to determine what elements of loyalty programmes would appeal to the sport consumer and whether such programmes would be effective in the sport industry.

- The support of sport science in the sphere of sport management has not yet been researched to its full extent and would warrant a research project in its own right.
- The use of sport, such as cycling, in sustainable development and environmentally friendly business structures is another topical area for research.

The above discussion was aimed at making certain recommendations based on the interpretations, findings and conclusions formulated in this research dissertation. The final section of this study will focus on the limitations of the research conducted and their effect on the outcome of the research effort.

#### **6.14 LIMITATIONS OF THE STUDY**

The focus of this study was on analysing the business environment of sport organisations on the basis of the perceptions of CyclingSA members. However, it should be clear that the scope of the population was limited and that even though a census was conducted, the response data were biased and mainly based on a specific segment - in other words, those cyclists who actually completed the questionnaire. The study did not intend generalising the findings as being indicative of all sport organisations' business environment factors because CyclingSA is first and foremost a nonprofit governing body. Furthermore, CyclingSA does not own or need to manage physical facilities and does not receive additional income from such facilities.

#### **6.15 CONCLUSION**

The overall aim of the research was to analyse the business environment of CyclingSA as perceived by the members of the organisation. The purpose was to gain a better understanding of the elements in the business environment of sport organisations that need to be taken into account when conducting a business environment analysis as part of strategic management. It can be concluded that the

research study succeeded in its aim and objectives in the sense that it successfully analysed the business environment of CyclingSA as perceived by members of the organisation.

Furthermore, the research has also promoted a better understanding of the unique needs of sport organisations when it comes to the different elements in the business environment. Sport organisations could use this information when engaging in strategic management. It was found that financial effectiveness, marketing and communication plans and service quality are all a vital part of the microenvironment. The sport consumer and the unique needs associated with such consumers is one of the primary considerations in the market environment. Elements in the macroenvironment that need to be considered when engaging in strategic management include the identification of talented athletes, sport science support, legislative factors such as transformation and black economic empowerment, physical environmental management, including safety and environmental awareness and international trends, which would involved increased awareness of antidoping regulations. By incorporating the above elements into their strategic management plans, sport organisations should be able to preserve the historical culture of the sport and focus on the bottom line, ensuring a sustainable organisation and, with specific reference to this study, improving the sustainability of professional cycling in South Africa.

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**APPENDIX A**  
**- Data collection instrument -**

**- Survey on Cycling South Africa (CyclingSA) -**

Resp.  
no.

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Dear Respondent

The purpose of the survey is to determine your perceptions on the current business principles Cycling South Africa is using. The survey should not take you more than **10-15 minutes** to complete. This is an anonymous and confidential survey. You cannot be identified and the answers you provide will be used for research purposes only. The questions should be answered by placing a cross (x) in the specific block (there are no right or wrong answers).

Q1. Which discipline have you been actively involved in and spend most of your time on during 2010? Please only tick **one option** – the discipline you feel most inclined towards.

1	2	3	4	5
Road	Track	MTB	BMX	Paracycling

Q2. Below are statements that describe CyclingSA's financial effectiveness. Use the following scales to indicate your level of agreement or disagreement with each statement.

	Statement	Strongly Disagree	Disagree	Somewhat Disagree	Somewhat Agree	Agree	Strongly Agree	
2.1	CyclingSA allocates its financial resources, such as licence fees and sponsorship monies, with great care.	1	2	3	4	5	6	Don't know
2.2	CyclingSA has been successful in securing valuable sponsorships.	1	2	3	4	5	6	Don't know
2.3	CyclingSA makes use of transparent financial practices (standard accounting practices).	1	2	3	4	5	6	Don't know

Q3. Below are statements that describe CyclingSA's marketing and communication plan. Use the following scales to indicate your level of agreement or disagreement with each statement.

	Statement	Strongly Disagree	Disagree	Somewhat Disagree	Somewhat Agree	Agree	Strongly Agree	
3.1	CyclingSA advertise the represented sport adequately.	1	2	3	4	5	6	Don't know
3.2	CyclingSA has utilised all available mediums to market cycling.	1	2	3	4	5	6	Don't know
3.3	CyclingSA has been successful in creating a consistent brand image.	1	2	3	4	5	6	Don't know

Q4. CyclingSA is responsible for promoting cycling in South Africa and abroad. Which of the following marketing mediums utilized by CyclingSA are you aware of? **Tick all applicable options.**

Television campaigns	1
Newspaper advertisements	2
Magazine publications	3
Social networking such as Facebook and Twitter	4
Public Relations such as charity work	5
Other (please specify):	6
I am not aware of any marketing campaigns	7

➔ If you ticked **OPTION 1** to **OPTION 6** please continue with **QUESTION 5** below.

➔ If you ticked **OPTION 7** please continue with **QUESTION 6**

Q5. How often have you seen CyclingSA marketing material in the past six months?

	Marketing medium	Only once	1 to 3 times	4 to 6 times	More than 6 times
5.1	Television campaigns	1	2	3	4
5.2	Newspaper advertisements	1	2	3	4
5.3	Magazine publications	1	2	3	4
5.4	Social networking such as Facebook	1	2	3	4

	and Twitter				
5.5	Public Relations such as charity work	1	2	3	4
5.6	Other (please specify):	1	2	3	4

Q6. There are various dimensions of quality within non-profit organisations. Please rate the performance of CyclingSA on each of the attributes mentioned. If you cannot rate CyclingSA on the attribute, indicate it in the “Don’t know” column.

	Attribute	Very poor	Poor	Average	Good	Excellent	
6.1	The accessibility of CyclingSA’s online services.	1	2	3	4	5	Don’t know
6.2	The relevance of CyclingSA’s services to cyclists’ needs.	1	2	3	4	5	Don’t know
6.3	The provision of adequate service to individual cyclists.	1	2	3	4	5	Don’t know
6.4	Fair and equal conduct to all members of CyclingSA.	1	2	3	4	5	Don’t know
6.5	The ethical manner in which CyclingSA conducts all business.	1	2	3	4	5	Don’t know
6.6	The efficient use of available resources to CyclingSA disposal.	1	2	3	4	5	Don’t know
6.7	The effective achievement of outcomes by CyclingSA.	1	2	3	4	5	Don’t know

Q7. Loyalty programmes are often used to reward and retain loyal customers. Would you be interested in participating in such a programme if CyclingSA was to offer one to members?

1	2	3	4	5
Definitely not	Unlikely	Not right now	Perhaps, depending on the benefits and cost	Definitely

Q8. CyclingSA is responsible for identifying talented cyclists across all disciplines. How would you rate CyclingSA ability to scientifically identify such cyclists?

1	2	3	4	5	6	7
Excellent	Good	Average	Poor	Very poor	Don’t know	It is not important to me



Q9. Below are statements that describe CyclingSA's commitment to sport science support. Use the following scales to indicate your level of agreement or disagreement with each statement.

	Statement	Strongly Disagree	Disagree	Some-what Dis-agree	Somewhat Agree	Agree	Strongly Agree	
9.1	The national teams of CyclingSA enjoy high standards of training conditions.	1	2	3	4	5	6	Don't know
9.2	CyclingSA offers sufficient scientific training support to the national teams.	1	2	3	4	5	6	Don't know
9.3	CyclingSA shows interest in conducting research projects that will benefit cycling.	1	2	3	4	5	6	Don't know

Q10. Do you feel safe during training rides whilst participating in your chosen discipline?

1	2	3	4
Never	Sometimes	Often	Always

Q11. Do you feel safe during competitive races whilst participating in your chosen discipline?

1	2	3	4
Never	Sometimes	Often	Always



Please continue to **Question 12**



Please continue to **Question 13**

Q12. Why do you **not** feel safe during competitive races?

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Q13. Which of the following precautions do you take when you go out riding? **(You may mark more than one option)**

I make sure that I always obey the rules of the road (no skipping red lights!)	1
I wear a helmet	2
I carry identification with me	3
I make myself visible by wearing appropriate clothing	4
I ride in single file on busy roads	5
I only ride two abreast when safe to do so	6
I ride with a club	7
I make eye contact with other road users	8
I respect other road users	9
I carry some medical supplies with me	10
I carry some form of personal protection	11
I have insurance that covers my bicycle	12
Other (please specify):	13

Q14. Who do you think should be responsible for the safety of cyclist in South Africa? **(You may mark more than one option)**

Cycling South Africa	1
The Government	2
Cycling clubs	3
Cyclists	4
Motorists	5
Other (please specify):	6

Q15. How would you rate your knowledge about the anti-doping regulations of CyclingSA? My knowledge about anti-doping regulations is ...

1	2	3	4	5
Excellent	Good	Average	Bad	Very bad

Q16. Do you think CyclingSA should do more to educate cyclists about anti-doping regulations?

Yes, but only for elite cyclist	1
Yes, but only for recreational cyclists	2
Yes, all cyclists should be educated	3
No, there is no need	4

Q17. Below are statements that describe CyclingSA's commitment to transformation and black economic empowerment. Use the following scales to indicate your level of agreement or disagreement with each statement.

	<b>Statement</b>	<b>Strongly Disagree</b>	<b>Dis-agree</b>	<b>Somewhat Disagree</b>	<b>Somewhat Agree</b>	<b>Agree</b>	<b>Strongly Agree</b>	
17.1	CyclingSA is on track with their transformation goals.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Don't know</b>
17.2	CyclingSA is committed to developing black cyclists.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Don't know</b>
17.3	CyclingSA is making valuable contributions to disadvantaged communities.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Don't know</b>

Q18. Cycling is one of the most environmental friendly forms of transportation. Do you think that CyclingSA should encourage a bicycle commuting project for a greener environment?

1	2
Yes	No

Q19. Do you think that CyclingSA should be responsible for cycle commuters?

1	2
Yes	No

Please continue to **Question 20**

 Please continue to **Question 21**

Q20. What do you think should CyclingSA do if they are responsible for cycling commuters?

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Q21. Age (in years)

Under 18	1
18 – 30	2
31 – 40	3
41 – 50	4
51 – 60	5
Over 60	6

1	2
Male	Female

Q22. Gender:

Q23. Ethnic group:

1	2	3	4	5
Black	Coloured	Indian	White	Other

Q24. How many races have you competed in during the last year?

None	1
1-4 races	2
5-7 races	3
8-10 races	4
More than 10 races	5

Q25. Do you watch cycle races on television?

1	2
Yes	No

↓  
Please continue to  
**Question 26**

↓  
Thank you for  
completing this  
survey!

Q26. On which television channel do you watch these races?

SABC 1	1
SABC 2	2
SABC 3	3
E-TV	4
Mnet	5
DSTV	6

***Thank you for your willingness to complete the survey.***

## **APPENDIX B**

**- Frequency tables and descriptive statistics of demographic items  
and typical break items -**

Table B1: Age (in years)

Age	Frequency	Valid Percent	Cumulative Percent
Under 18	6	2.0	2.0
18 – 30	50	16.7	18.7
31 – 40	68	22.7	41.5
41 – 50	100	33.4	74.9
51 – 60	59	19.7	94.6
Over 60	16	5.4	100.0
Total	299	100.0	

Table B2: Gender

Gender	Frequency	Valid Percent	Cumulative Percent
Male	259	86.6	86.6
Female	40	13.4	100.0
Total	299	100.0	

Table B3: Ethnic Group

Ethnic Group	Frequency	Valid Percent	Cumulative Percent
Black	1	0.3	.3
Coloured	5	1.7	2.0
Indian	2	0.7	2.7
White	280	94.0	96.6
Other	10	3.4	100.0
Total	298	100.0	

Table B4: Participation in Races

Participation in Races	Frequency	Valid Percent	Cumulative Percent
None	6	2.1	2.1
1-4 races	56	19.5	21.6
5-7 races	64	22.3	43.9
8-10 races	33	11.5	55.4
More than 10 races	128	44.6	100.0
Total	287	100.0	

Table B5: Spectators – Television

Do you watch cycle races on television?	Frequency	Valid Percent	Cumulative Percent
Yes	278	93.0	93.0
No	21	7.0	100.0

Total	299	100.0
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Table B6: Cycling discipline

Cycling Discipline	Frequency	Valid Percent	Cumulative Percent
Road	155	51.3	51.3
Track	20	6.6	57.9
MTB	122	40.4	98.3
BMX	2	0.7	99.0
Paracycling	3	1.0	100.0
Total	302	100.0	

Table B7: Financial effectiveness – allocation of resources

Allocation of resources	Frequency	Valid Percent	Cumulative Percent
Strongly disagree	43	14.3	14.3
Disagree	62	20.6	34.9
Somewhat disagree	46	15.3	50.2
Somewhat agree	33	11.0	61.1
Agree	34	11.3	72.4
Strongly agree	3	1.0	73.4
Don't know	80	26.6	100.0
Total	301	100.0	

Table B8: Financial effectiveness – securing sponsorship

Securing sponsorships	Frequency	Valid Percent	Cumulative Percent
Strongly disagree	57	18.9	18.9
Disagree	63	20.9	39.9
Somewhat disagree	30	10.0	49.8
Somewhat disagree	47	15.6	65.4
Disagree	31	10.3	75.7
Strongly agree	2	0.7	76.4
Don't know	71	23.6	100.0
Total	301	100.0	

Table B9: Financial effectiveness – transparent financial practices

Transparent financial practices	Frequency	Valid Percent	Cumulative Percent
Strongly disagree	33	11.0	11.0
Disagree	41	13.6	24.6
Somewhat disagree	34	11.3	35.9
Somewhat agree	39	13.0	48.8
Agree	49	16.3	65.1

Strongly agree	6	2.0	67.1
Don't know	99	32.9	100.0
Total	301	100.0	

Table B10: Marketing and communication plan – advertises the sport adequately

Advertises the sport adequately	Frequency	Valid Percent	Cumulative Percent
Strongly disagree	86	28.6	28.6
Disagree	87	28.9	57.5
Somewhat disagree	41	13.6	71.1
Somewhat agree	32	10.6	81.7
Agree	33	11.0	92.7
Strongly agree	5	1.7	94.4
Don't know	17	5.6	100.0
Total	301	100.0	

Table B11: Marketing and communication plan – utilisation of all available mediums

Utilisation of all available mediums	Frequency	Valid Percent	Cumulative Percent
Strongly disagree	78	25.9	25.9
Disagree	99	32.9	58.8
Somewhat disagree	48	15.9	74.8
Somewhat agree	22	7.3	82.1
Agree	20	6.6	88.7
Strongly agree	5	1.7	90.4
Don't know	29	9.6	100.0
Total	301	100.0	

Table B12: Marketing and communication plan – consistent brand image

Consistent Brand Image	Frequency	Valid Percent	Cumulative Percent
Strongly disagree	84	27.9	27.9
Disagree	92	30.6	58.5
Somewhat disagree	37	12.3	70.8
Somewhat agree	32	10.6	81.4
Agree	33	11.0	92.4
Strongly agree	3	1.0	93.4
Don't know	20	6.6	100.0
Total	301	100.0	



Table B13: Marketing and communication plan – mediums utilized

Mediums utilized	Frequency	Valid Percent
Television campaign	46	15.2
Newspaper advertisements	7	2.3
Magazine publications	60	19.8
Social networking	86	28.4
Public Relations	7	2.3
Not aware of any campaign	159	52.5

Table B14: Marketing and communication plan – frequency of medium during the past 6 months

Television campaigns	Frequency	Valid Percent	Cumulative Percent
Only once	26	41.9	41.9
1 to 3 times	30	48.4	90.3
4 to six times	3	4.8	95.2
More than 6 times	3	4.8	100.0
Total	62	100.0	

Newspaper advertisements	Frequency	Valid Percent	Cumulative Percent
Only once	19	65.5	65.5
1 to 3 times	10	34.5	100.0
4 to six times	0	0	100.00
More than 6 times	0	0	100.00
Total	29	100	

Magazine Publications	Frequency	Valid Percent	Cumulative Percent
Only once	18	25.0	25.0
1 to 3 times	37	51.4	76.4
4 to six times	12	16.7	93.1
More than 6 times	5	6.9	100.0
Total	72	100.0	

Social Networking	Frequency	Valid Percent	Cumulative Percent
Only once	6	6.5	6.5
1 to 3 times	16	17.4	23.9

4 to six times	14	15.2	39.1
More than 6 times	56	60.9	100.0
Total	92	100.0	

Public Relations	Frequency	Valid Percent	Cumulative Percent
Only once	13	59.1	59.1
1 to 3 times	7	31.8	90.9
4 to six times	2	9.1	100.0
Total	22	100.0	

Table B15: Service quality – Accessibility of online service

Accessibility of online service	Frequency	Valid Percent	Cumulative Percent
Very poor	34	11.4	11.4
Poor	53	17.7	29.1
Average	101	33.8	62.9
Good	59	19.7	82.6
Excellent	12	4.0	86.6
Don't know	40	13.4	100.0
Total	299	100.0	

Table B16: Service quality – relevance of CyclingSA's services to cyclists' needs

Relevance to needs	Frequency	Valid Percent	Cumulative Percent
Very poor	56	18.7	18.7
Poor	89	29.8	48.5
Average	82	27.4	75.9
Good	27	9.0	84.9
Excellent	1	.3	85.3
Don't know	44	14.7	100.0
Total	299	100.0	

Table B17: Service quality – provision of adequate service to individual cyclists

Adequate service	Frequency	Valid Percent	Cumulative Percent
Very poor	74	24.7	24.7
Poor	90	30.1	54.8
Average	66	22.1	76.9
Good	21	7.0	83.9
Excellent	2	.7	84.6

Don't know	46	15.4	100.0
Total	299	100.0	

Table B18: Service quality – fair and equal conduct to all members of CyclingSA

Fair and equal conduct	Frequency	Valid Percent	Cumulative Percent
Very poor	54	18.1	18.1
Poor	73	24.4	42.5
Average	54	18.1	60.5
Good	36	12.0	72.6
Excellent	6	2.0	74.6
Don't know	76	25.4	100.0
Total	299	100.0	

Table B19: Service quality – ethical manner in which CyclingSA conducts all business

Ethical manner	Frequency	Valid Percent	Cumulative Percent
Very poor	36	12.1	12.1
Poor	48	16.1	28.2
Average	70	23.5	51.7
Good	43	14.4	66.1
Excellent	9	3.0	69.1
Don't know	92	30.9	100.0
Total	298	100.0	

Table B20: Service quality – efficient use of available resources to CyclingSA disposal

Efficient use of resources	Frequency	Valid Percent	Cumulative Percent
Very poor	49	16.4	16.4
Poor	69	23.2	39.6
Average	66	22.1	61.7
Good	23	7.7	69.5
Excellent	3	1.0	70.5
Don't know	88	29.5	100.0
Total	298	100.0	

Table B21: Service quality – effective achievement of outcomes

Effective achievement	Frequency	Valid Percent	Cumulative Percent
Very poor	56	18.8	18.8
Poor	69	23.2	41.9
Average	71	23.8	65.8
Good	24	8.1	73.8

Excellent	2	.7	74.5
Don't know	76	25.5	100.0
Total	298	100.0	

Table B22: Interest in loyalty programme

Interest in loyalty programme	Frequency	Valid Percent	Cumulative Percent
Definitely not	39	13.0	13.0
Unlikely	48	16.1	29.1
Not right now	15	5.0	34.1
Perhaps, depending on the benefits and cost	167	55.9	90.0
Definitely	30	10.0	100.0
Total	299	100.0	

Table B23: Ability to scientifically identify talented cyclists

Ability to identify talented cyclist	Frequency	Valid Percent	Cumulative Percent
Excellent	23	7.7	7.7
Good	68	22.7	30.4
Average	69	23.1	53.5
Poor	44	14.7	68.2
Very poor	66	22.1	90.3
Don't know	24	8.0	98.3
It is not important to me	5	1.7	100.0
Total	299	100.0	

Table B24: Sport science support – high standards of training conditions

High standards of training conditions	Frequency	Valid Percent	Cumulative Percent
Strongly disagree	45	15.1	15.1
Disagree	53	17.8	32.9
Somewhat disagree	27	9.1	41.9
Somewhat agree	40	13.4	55.4
Agree	24	8.1	63.4
Strongly agree	5	1.7	65.1
Don't know	104	34.9	100.0
Total	298	100.0	

Table B25: Sport science support – sufficient scientific training support

Training support	Frequency	Valid Percent	Cumulative Percent
Strongly disagree	45	15.1	15.1
Disagree	53	17.8	32.9
Somewhat disagree	31	10.4	43.3
Somewhat agree	30	10.1	53.4
Agree	20	6.7	60.1
Strongly agree	3	1.0	61.1
Don't know	116	38.9	100.0
Total	298	100.0	

Table B26: Sport science support – interest in conducting research projects

Research projects	Frequency	Valid Percent	Cumulative Percent
Strongly disagree	45	15.1	15.1
Disagree	47	15.8	30.9
Somewhat disagree	32	10.7	41.6
Somewhat agree	39	13.1	54.7
Agree	22	7.4	62.1
Strongly agree	2	.7	62.8
Don't know	111	37.2	100.0
Total	298	100.0	

Table B27: Safety – perceived safety whilst training

Safety levels - training	Frequency	Valid Percent	Cumulative Percent
Never	50	16.7	16.7
Sometimes	130	43.5	60.2
Often	82	27.4	87.6
Always	37	12.4	100.0
Total	299	100.0	

Table B28: Safety – perceived safety whilst racing

Safety levels - racing	Frequency	Valid Percent	Cumulative Percent
Never	18	6.0	6.0
Sometimes	89	29.8	35.8
Often	115	38.5	74.2
Always	77	25.8	100.0

Total	299	100.0
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Table B29: Safety – precautions

Obey the rules of the road	Frequency	Percent
Yes	242	79.9
No	61	20.1
Total	303	100.0

Wears a helmet	Frequency	Percent
Yes	293	96.7
No	10	3.3
Total	303	100.0

Carries identification	Frequency	Percent
Yes	181	59.7
No	122	40.3
Total	303	100.0

Visibility through clothing	Frequency	Percent
Yes	245	80.9
No	58	19.1
Total	303	100.0

Single file	Frequency	Percent
Yes	247	81.5
No	56	18.5
Total	303	100.0

Two abreast only when safe	Frequency	Percent
Yes	211	69.6
No	92	30.4
Total	303	100.0

Ride with a club	Frequency	Percent
Yes	147	48.5
No	156	51.5

Ride with a club	Frequency	Percent
Yes	147	48.5
No	156	51.5
Total	303	100.0

Make eye contact	Frequency	Percent
Yes	197	65.0
No	106	35.0
Total	303	100.0

Respect other road users	Frequency	Percent
Yes	276	91.1
No	27	8.9
Total	303	100.0

Carry medical supplies	Frequency	Percent
Yes	37	12.2
No	266	87.8
Total	303	100.0

Carry personal protection	Frequency	Percent
Yes	62	20.5
No	241	79.5
Total	303	100.0

Bicycle insurance	Frequency	Percent
Yes	154	50.8
No	149	49.2
Total	303	100.0

Table B30: Safety – responsibility for cyclists' safety

CyclingSA	Frequency	Percent
Yes	195	64.4
No	108	35.6
Total	303	100.0

The Government	Frequency	Percent
Yes	245	80.9
No	58	19.1
Total	303	100.0

Cycling clubs	Frequency	Percent
Yes	132	43.6
No	171	56.4
Total	303	100.0

Cyclists	Frequency	Percent
Yes	227	74.9
No	76	25.1
Total	303	100.0

Motorists	Frequency	Percent
Yes	177	58.4
No	126	41.6
Total	303	100.0

Table B31: Knowledge about anti-doping regulations

Knowledge about anti-doping regulations	Frequency	Valid Percent	Cumulative Percent
Excellent	55	18.4	18.4
Good	42	14.0	32.4
Average	100	33.4	65.9
Bad	81	27.1	93.0
Very bad	21	7.0	100.0
Total	299	100.0	

Table B32: Need for education on anti-doping regulations

Need for education	Frequency	Valid Percent	Cumulative Percent
Yes, only for elite cyclist	69	23.1	23.1
Yes, only for recreational cyclists	3	1.0	24.1



Yes, for all cyclists	216	72.2	96.3
No, there is no need	11	3.7	100.0
Total	299	100.0	

Table B33: Transformation and black empowerment: on track with transformation goals

On track with goals	Frequency	Valid Percent	Cumulative Percent
Strongly disagree	24	8.0	8.0
Disagree	30	10.0	18.1
Somewhat disagree	23	7.7	25.8
Somewhat agree	45	15.1	40.8
Agree	32	10.7	51.5
Strongly agree	10	3.3	54.8
Don't know	135	45.2	100.0
Total	299	100.0	

Table B34: Transformation and black economic empowerment – commitment to developing black cyclists

Commitment to development	Frequency	Valid Percent	Cumulative Percent
Strongly disagree	16	5.4	5.4
Disagree	15	5.0	10.4
Somewhat disagree	19	6.4	16.7
Somewhat agree	51	17.1	33.8
Agree	69	23.1	56.9
Strongly agree	23	7.7	64.5
Don't know	106	35.5	100.0
Total	299	100.0	

Table B35: Transformation and black economic empowerment – valuable contributions to disadvantaged communities

Contributions	Frequency	Valid Percent	Cumulative Percent
Strongly disagree	18	6.0	6.0
Disagree	24	8.0	14.0
Somewhat disagree	27	9.0	23.1
Somewhat agree	43	14.4	37.5
Agree	41	13.7	51.2

Strongly agree	17	5.7	56.9
Don't know	129	43.1	100.0
Total	299	100.0	

Table B36: Environmental awareness – bicycle commuting project

Bicycle commuting project	Frequency	Valid Percent	Cumulative Percent
Yes	279	93.3	93.3
No	20	6.7	100.0
Total	299	100.0	

Table B37: Environmental awareness – responsible for cycling commuters

Responsible for cycling commuters	Frequency	Valid Percent	Cumulative Percent
Yes	117	39.1	39.1
No	182	60.9	100.0
Total	299	100.0	

**APPENDIX C**  
**- Binominal test statistics -**

<b>Construct</b>	<b>Group</b>	<b>N</b>	<b>Observed Prop.</b>	<b>Test Prop.</b>	<b>Asymp. Sig. (2-tailed)</b>
Allocation of financial resources with care	Know	221	.73	.50	.000 <sup>a</sup>
	Don't know	80	.27		
Successful securing of sponsorships	Know	230	.76	.50	.000 <sup>a</sup>
	Don't know	71	.24		
Transparent financial practices	Know	202	.67	.50	.000 <sup>a</sup>
	Don't know	99	.33		
Adequate advertising	Know	284	.94	.50	.000 <sup>a</sup>
	Don't know	17	.06		
Utilisation of all available mediums	Know	272	.90	.50	.000 <sup>a</sup>
	Don't know	29	.10		
Creation of consistent brand image	Know	281	.93	.50	.000 <sup>a</sup>
	Don't know	20	.07		
Accessibility of online services	Know	259	.87	.50	.000 <sup>a</sup>
	Don't know	40	.13		
Relevance of service to cyclists needs	Know	255	.85	.50	.000 <sup>a</sup>
	Don't know	44	.15		
Provision of adequate service to individual cyclists	Know	253	.85	.50	.000 <sup>a</sup>
	Don't know	46	.15		
	Know	299	1.00		
Fair and equal conduct	Don't know	223	.75	.50	.000 <sup>a</sup>
	Know	76	.25		
Ethical manner	Don't know	206	.69	.50	.000 <sup>a</sup>
	Know	92	.31		

Efficient use of available resources	Don't know	210	.70	.50	.000 <sup>a</sup>
	Know	88	.30		
	Don't know	298	1.00		
Effective achievement of outcomes	Know	222	.74	.50	.000 <sup>a</sup>
	Don't know	76	.26		
Highs standard of training conditions	Know	194	.65	.50	.000 <sup>a</sup>
	Don't know	104	.35		
Sufficient scientific training	Know	182	.61	.50	.000 <sup>a</sup>
	Don't know	116	.39		
Conducting research projects that will benefit cycling	Know	187	.63	.50	.000 <sup>a</sup>
	Don't know	111	.37		
Committed to developing black cyclists	Know	193	.65	.50	.000 <sup>a</sup>
	Don't know	106	.35		
Making valuable contributions to disadvantaged communities	Know	170	.57	.50	.021 <sup>a</sup>
	Don't know	129	.43		