

The state of sports management in Armenia and Georgia in conditions of Covid 19

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Abstract. COVID-19, as one of the most large-scale and destructive pandemics of the 21st century, has affected all countries of the world, their citizens, economies, all industries. Problematics and research of COVID-19 are still extremely relevant, in particular in the direction of developing effective methods of control and recovery in the post-pandemic period. Analysis of literary sources showed that most articles are devoted specifically to the negative effects of the pandemic on the sports industry, as well as criticism of sports management for insufficient use of risk management and prediction of changes in the dynamics of the pandemic, its main consequences for the industry. The article aims to summarize and systematize the consequences of the global pandemic COVID-19 on the sports industry on the example of Armenia and Georgia. The main consequences of the coronavirus pandemic on sports management are systematized: drop in profits in the industry, stoppage of projects, stoppage of construction and renovation of infrastructure facilities, change in the direction of industry development towards increased media support, deterioration of the fitness of professional athletes, growth of unemployment in the industry, etc. Armenia and Georgia were not exceptions and in 2020 were also forced to stop all mass sports events, championships, etc. 2021 was marked by an attempt to resume the functioning of sports events, but only in 2022 was it possible. Despite this, the article provides data regarding the positive effects of the pandemic, such as a positive trend in sales and production of sports equipment in both countries. The conclusions emphasize the need to build an effective risk management system for a faster and more rational response to crisis events like COVID-19.

Keywords: globalization, pandemic, COVID-19, sports industry, infrastructure, sports organizations, sports management, well-being.

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INTRODUCTION

Dynamic and pervasive globalization has had the effect not only of intensifying economic, social, and innovative processes but also of bringing back the phenomenon of global pandemics since the last cholera pandemic in the 1960s and 1970s. The essence of a pandemic as a phenomenon involves spreading to several or all of the continents of our planet. COVID-19 was just such a pandemic, which began in 2019 and is still affecting people in different parts of the world. The pandemic affected all industries without exception: social and physical distancing measures were imposed, business practically stopped, all administrative buildings closed, transportation restrictions, cancellation of all cultural events. The sports industry was no exception; at the beginning of the pandemic, all physical activity ceased.

Analysts estimate the value of the global sports industry to be in the \$756 billion range. The cost to the industry is estimated to be in the range of \$756 billion annually. As a result of COVID-19, many millions of jobs worldwide were threatened, not only for athletes but also for those working in related industries: retail and sports services related to sports leagues and other events (including) tourism, infrastructure, transportation, catering, sports media, etc.). Professional athletes, among others, are at risk, having to postpone or cancel training altogether, training at home, trying to stay in shape, risk losing professional sponsors. Despite the fact that COVID-19 has been investigated by many scientists for three years now, this topic has not lost its relevance.

Methodology

As COVID-19 is one of the largest pandemics in the last few decades, this topic is actively represented in the scientific field, with more and more applied research appearing every year. A significant number of articles are devoted to the financial losses of the sports industry. In particular, the UN (UN, 2020)

in its report emphasizes: “sport makes an important contribution to the economic and social development of the world. Its role has been recognized by governments, including in the political declaration of the 2030 Agenda, which reflects the contribution of sport to the empowerment of women and youth, individuals and communities, as well as to the achievement of health, education, and social inclusion goals”. Sato et al, (2020), Skinner & Smith, (2021) presented the losses of US sports leagues: “in 2020, which amounted to \$13 billion. The US, while some of Europe's biggest football clubs reported revenue losses exceeding €1 billion. The results have been equally disastrous in other subsectors of sport, including Wimbledon and the Olympics.” Milik M. & Bhaumik A. (2021) noted “the absolute collapse of sports and other organizations, financial losses, and bankruptcy as a consequence of inadequate management and lack of risk management during the spread of COVID-19”. Wiltshire H., Supriya R., Baker J. (2022): “the pandemic has created a financial burden for sports providers and media. COVID-19 has also affected the potential of individual athletes to generate income and provide for their families. The risk of transmission has had a huge impact on the sporting performance of participants and spectators. This has led to increased anxiety and social isolation. In addition to this, the closure of venues and facilities has contributed to a deterioration in the health of the general population.’ According to Drewes, Daumann & Follert (2020): “the importance of spectators at matches is one of the most important segments of the sports market, as sports organizations profit from the sale of tickets to a sporting event, and the COVID-19 pandemic brings losses from ticket sales. Sports organizations could count on contracts with TV companies, as all events were held without the presence of spectators, with broadcasters, i.e., TV companies had increased revenue, while sports organizations received only benefits based on the transfer of copyright”.

In the same direction, Nohria (2020) suggests that sports organizations develop the ability to quickly assess current changes in the environment in order to get a response in time and make a potential decision based on simple principles. This means that there must be a single global network of coordination in the organization's communications. Keshkar S. & Gholam Ali Karegar (2022) in their paper noted the positive consequences of the pandemic. The authors noted that: "although COVID-19 posed and still poses a serious threat to all sports organizations and people around the world, some organizations have taken advantage of this threat and, by implementing social and economic activities adapted to the needs of today, have become leaders of organizational innovation in the world of sports. In addition, the sale of special sporting goods and post-peak COVID-19 events in which individuals and organizations could participate have generated unprecedented income for their producers and sponsors."

Summing up the analysis of scientific sources, we note that most scholars put forward the opinion that COVID-19 forced the creation of some new rules for the functioning of the socio-economic environment, which are radically different from anything that had gone before. Despite previous world crises and pandemics, COVID-19 has caused tectonic changes on the planet because, unlike any crisis before it, the virus has closed borders, canceled sports events, completely reduced or interrupted the financial flow of sports organizations, delayed sponsorship contracts, and in fact completely destabilized and exploded the entire sports industry.

This article aims to summarize and systematize the consequences of the global COVID-19 pandemic for the sports industry on the example of Armenia and Georgia and other countries of the world.

RESULTS

As every year, many sports events were planned in 2020:

- the Euro 2020 football tournament, which was postponed for 12 months due to the COVID-19 pandemic;

- although the International Olympic Committee ordered preparations for the Olympic Games in Japan to go ahead despite the pandemic, they had to be postponed until 2021, a decision supported by all national Olympic federations and athletes;

- the Formula 1 Australian Grand Prix was postponed;

- Bahrain and Vietnam decided to cancel their matches until further notice.

It is a valuable fact that the Olympic Games have been the largest sporting event in the world since the sport was defined. While wars were fought in ancient Greece, during the festive games the wars stopped, and the games went on. For the first time in history since the Olympic Games, the games were not held because of a pandemic virus. According to Krnjaic (2020), Japan suffered huge financial losses due to its refusal to host the 2020 Olympics, losing \$26 billion. Japan lost \$26 billion to build stadiums and all related costs necessary to host the Olympics.

In 2019, 1.37 million people were employed in sports in the EU-27. In terms of gender balance, men (54%) outnumbered women. The share of young people aged 15-29 was 35%, twice the share of total employment, while the 30-64 age group was 63%. In the EU-27, the number of people employed in sports increased by almost 200,000 more than in 2014, equivalent to an overall increase of 17%. The European Observatory of Sport and Employment (EOSE) analyzed data on the level of employment in sport in the 28 EU countries for the first two quarters of 2020. Over the first two quarters of 2020, total employment in sports in the EU-28 decreased by 3.3%. By the end of the 2nd quarter of 2020, there were 9.6% fewer women and young people involved in

sports than at the end of 2019 and 17% fewer (Keshkar S., Gholam Ali Karegar (2022)). pandemic many sports organizations stopped hiring new employees, others laid off employees or hired them part-time or without pay, as a consequence the financial situation of employees suffered.

Achieving sustainable development goals requires the cooperation and support of people, investors, organizations, and institutions. Sport can catalyze, create and strengthen multi-stakeholder networks and partnerships for sustainable development and peace by engaging and bringing together the public, governments, donors, non-profit organizations, sports organizations, the private sector, academia, and the media. Sports can gather many fans and create a network of sponsors working to achieve Sustainable Development Goals through the presence and support of sports. These ties between organizations were also very weakened at the time of COVID-19, resulting in a lot of projects being frozen and funds being diverted to another industry (Mataruna L., 2020).

These are just a few examples of what the sports industry faced at the beginning of the global pandemic. Unfortunately, the above measures were postponed because of the real danger posed by the Covid-19 pandemic, but on the other hand, the crisis showed an extremely low level of preparedness of sports organizations to face the crisis (Al-Dabbagh, Z. S., 2020). Some analysts point out that sports management during this period depended solely on the World Health Organization and other official bodies, making them unable to coordinate in accordance with crisis management principles (Nicola et al., 2020).

The sports industry, in addition to its main objectives, the exercise of sports to improve the quality of life, spirit, and mind, is based on great entrepreneurial potential. Before the crisis, the sports industry was

characterized by significant financial assets, expanded infrastructure, significant tourism potential, and a positive impact on the formation of countries' GDP. The global pandemic and, along with the crisis, brought about a fundamental change in the functioning of the sports industry. In particular, the pandemic has affected the production of sporting goods. Customers' tastes in buying sports equipment have changed due to the transformation of club sports into home sports. People became more inclined to use sports equipment at home. Sports clubs have now been closed and the purchase of club sports equipment has been discontinued. Swimming pools were also closed, and people used home pools (who had the option), and hydrotherapy manufacturers began to produce small-size equipment for home use. Thus, sports equipment manufacturers, in order not to suffer bankruptcy, changed their products to meet the changing business environment and new consumer needs (Keshkar S., Gholam Ali Karegar, 2022). Most sports manufacturers and retailers have moved to online trading and selling products through online stores, changing the way they manage sales and customer relationships.

At universities, COVID-19 has had a major impact on all disciplines of sports education. Including athletic training, classroom activities, students' interactions with each other as well as with their professors, sports and physical education classes, and laboratory and clinical research. Despite the negative effects of the pandemic on sports education, some studies have shown that most students had high levels of physical activity even with limited education through online teaching and learning activities during the pandemic.

In general, the effects of the global pandemic on the sports industry can be represented schematically (Figure 1).

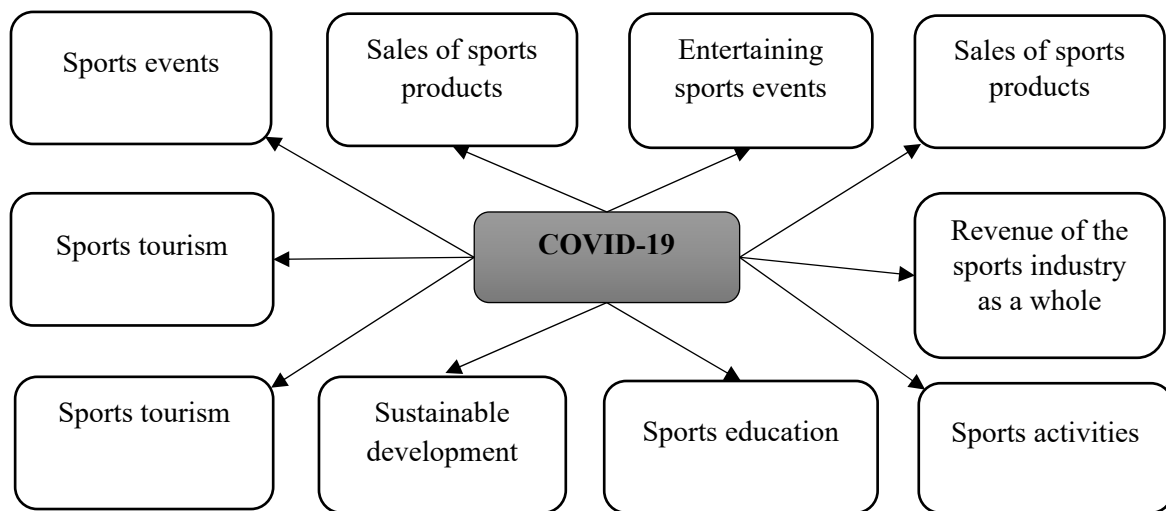


Fig. 1. Areas of the impact of COVID-19 on the sports industry on a global scale

Source: [Lexington Institute for Globally Transformative Technologies, 2021]

The first case of coronavirus in Armenia was recorded on March 1, 2020. The situation began to change in the following days: as of March 10, all youth championships held under the auspices of the Armenian Football Federation were suspended. Several soccer teams also canceled their training sessions. Subsequently, the restrictions have expanded to cover all sports disciplines. From March 16 to April 14, the first state of emergency was declared by the government, which then continued several times, entailing further restrictions, including the cessation of all sports activities and activities of sports clubs. Today, the state of emergency has been replaced by a so-called “quarantine” with milder restrictions. Gyms are open and

training has been resumed, but the world of sports has not yet returned to normal functioning.

According to A. Arakelyan (one of the coordinators of the Armenian Football Federation): “The pandemic has changed the pace of life for athletes. Because of the virus, people are now forced to choose between well-being and safety”. Accordingly, safety, having the first priority, has forced athletes to give up training altogether. V. Davtyan, a member of the Armenian national gymnastics team, said, “Every day without training forces an athlete to take steps backwards. Any tournament in which an athlete cannot participate is a serious source of stress” (Avetyasian A., 2021).

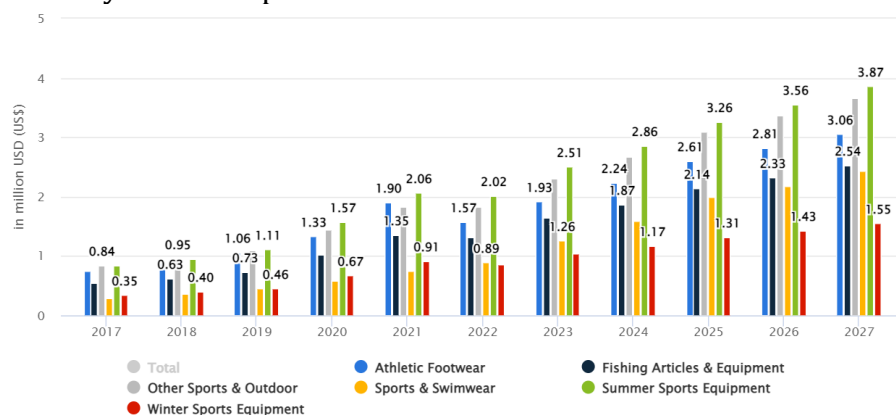


Fig. 2. Dynamics of revenues from the sale of sports equipment in Armenia, in 2017-2027.

* Data for 2023-2027 are projected

Source: [Industry revenue, 2021]

As noted earlier, COVID-19 has had a major impact on the sports industry, including in terms of sales of sports equipment and gear (Fig. 2). The desire to continue exercising at home has driven sales in various categories in 2020, followed by positive trend in 2021.

Revenue in the Sports and Outdoors segment is expected to reach \$8.49 million in 2022. THE REVENUE IN THE SPORTS AND ACTIVE RECREATION SEGMENT IS EXPECTED TO REACH \$8.49 MILLION IN 2022. The annual revenue growth rate

(2022-2027) is expected to be 15.04%, resulting in a projected market size of \$17.11 million by 2027. In the Sports and Active Recreation segment, the number of users is expected to - 0.5 million users. Significant growth in the percentage of online sales (Figure 3) is significant, growing 6.4 percent in 2020 over the previous year. Also, online sales will continue to grow and analysts estimate that in 2025 - more than a third of sales will be made through online channels.

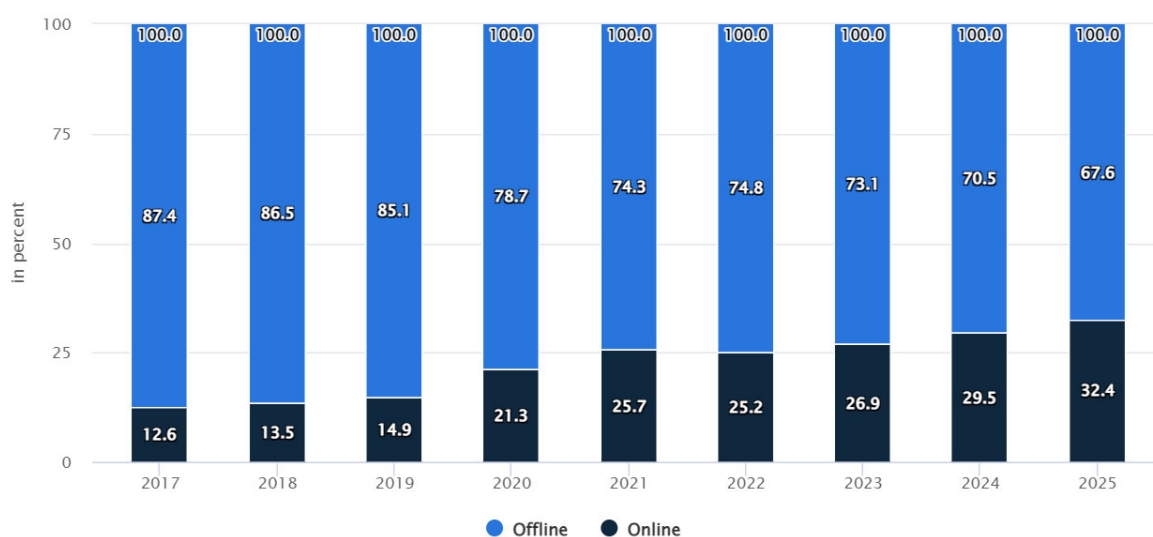


Fig. 3. Dynamics of sales channels of sports equipment in Armenia, in 2017-2025.

* Data for 2022-2025 are projected

Source: [Industry revenue, 2021]

Georgia's sports sector is a frisky sector, with infrastructure projects in almost every major sports category. There are many sports in which Georgia is achieving significant success among the world's elite: rugby, soccer, and basketball are the three main sports with the most fans. Georgia's rugby team boasts that it is one of the best in the world, and this is confirmed by World Rugby rankings, where Georgia ranked 12th as of 2019 and has been in the top 15 for the past 4-5 years.

Georgia's basketball team is also successful, ranking among the best teams in Europe and consistently making the EuroBasket playoffs. Tbilisi was among the

four cities to host the prestigious EuroBasket in 2021. The national team of Georgia, which automatically qualified for it thanks to its performances in the previous championship, will play. It is noteworthy that the Basketball Federation of Georgia does not own the stadium and spends a lot of money annually to rent it. The Georgia basketball team participates in annual competitions. The Georgia Football Federation has by far the most developed infrastructure in the country, with four large stadiums under active construction and more already in use (Sports Sector. Georgia, 2019). Georgia, like Armenia and other countries around the world, was significantly affected by COVID-19.

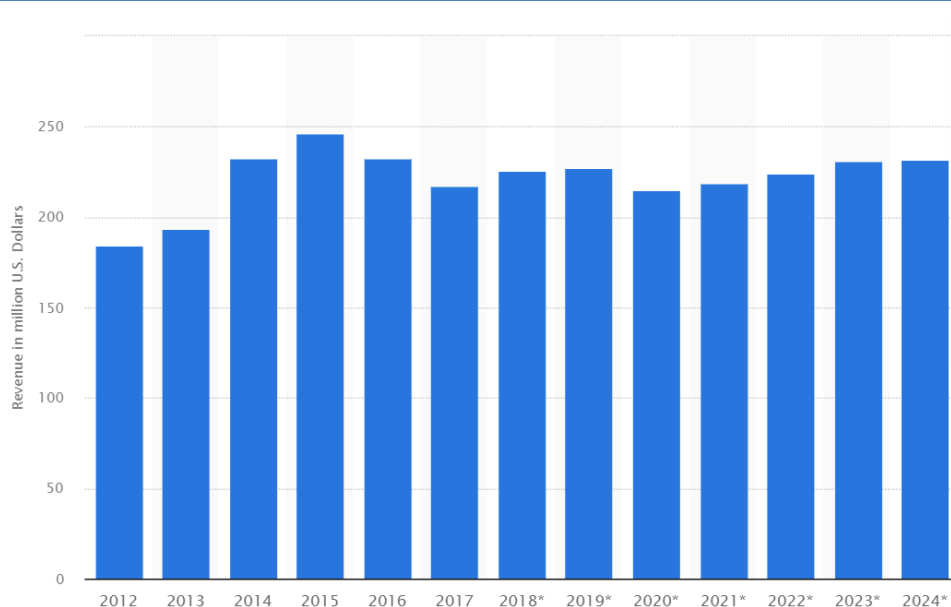


Figure 4. Dynamics of revenue from the production of sports goods in Georgia in 2012-2024.

* Data for 2022-2025 are projected

Source: [Industry revenue, 2021]

Fig. 4 shows the volume of production of sporting goods in Georgia, which significantly decreased in 2020. However, already in 2021, the positive dynamics resumed. It is projected that by 2024 the revenue from the production of sporting goods in Georgia will be about 231.5 million dollars.

DISCUSSION

To summarize, we note that the global pandemic among the negative influences has revealed gaps in existing strategies for the development of the sports industry, as well as opened up new opportunities for growth through innovative solutions. The destructive impact of COVID-19 on sports management and the industry as a whole allowed us to highlight several recommendations for limiting this impact or preventing it:

1. Supportive physical activity. Governments should work with health services, schools, and civil society organizations to support physical activity in isolation. Increasing access to Internet resources to promote sporting activities wherever possible should be a key goal in supporting social distance. However, low-tech and non-tech solutions should also be sought for those who do not yet have

Internet access. It is recommended to create a flexible but consistent routine that includes daily exercise to help manage stress and anxiety.

2. Technical cooperation and capacity development. Governments, UN organizations, and other key stakeholders should provide capacity development and technical cooperation services to support the development and implementation of national policies and approaches to better use sport to promote health and well-being during a pandemic.

3. Advocacy and awareness-raising. Governments, the United Nations, and the sports community, including the sports education community, should disseminate World Health Organization recommendations and other guidance on individual and collective responses to the pandemic. Measures should be taken to reach communities that have limited access to the Internet and social media and that can be reached by cascading the pyramid of sports education from the National/Ministerial level to the Provincial/Municipal level, from the National Physical Education Inspector to the teacher, from the National Sports Federation to in clubs. Athletes, though

badly affected by the pandemic, remain key influencers in ensuring that audiences, especially the young, understand the risks and respect the recommendations.

4. For the smooth functioning of any sports organization, in addition to the core management functions, there must be secondary but important management segments that will be based on crisis management, can foresee and warn of a certain danger (like COVID-19), and thus, thanks to the situational design model, preventing difficulties and losses of business dynamics (Milik M., Bhaumik A. 2021). In contrast to monitoring alone, basic management functions, the situational design model allows us to rely on empirical experience, knowledge-based self-assessment, to make decisions that often have to be made quickly and in adverse conditions.

CONCLUSIONS

The global outbreak of COVID-19 led to the most disruptive consequences for the sports industry: the closure of gyms, stadiums, swimming pools, dance and fitness studios, physical therapy centers, parks, and playgrounds, the cancellation of sporting events, international competitions, and championships. The consequences of COVID-19 are tangible in

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all subjects of the sports industry (a drop in profits in the industry, the shutdown of projects, the construction and renovation of infrastructure facilities, a change in the direction of the industry towards greater media support, the deterioration of the fitness of professional athletes). Since sport is part of people's well-being, its absence has led to a deterioration in the health of the population, due to increased time spent on smartphones, computers, and TVs. It is not only a question of physical health but also mental health (increased stress or anxiety). The sports ecosystem, made up of producers, broadcasters, fans, businesses, owners, and players, among others, must find new and innovative solutions to mitigate the negative effects of COVID-19 on the sports industry. This includes finding ways to engage with fans to ensure the safety of sporting events in the future while maintaining a workforce, creating new operating models and execution strategies. To date, the momentum of COVID-19 has been somewhat downward, but there is no assurance that such a pandemic will not recur in the future. That is why we believe that research remains promising towards developing pandemic countermeasures in the aspect of the sports industry.

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