

RISK MANAGEMENT IN PROFESSIONAL FOOTBALL

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Abstract. Based on the important role of sports in the life of society, it is necessary to pay attention to this area from the managerial side.

By adopting a proactive and integrated approach to risk management, professional football organizations can enhance resilience, mitigate vulnerabilities, and optimize performance in an increasingly complex and competitive environment. This research provides valuable insights and practical recommendations to support the implementation of effective risk management practices in professional football.

The purpose of conducting research on risk management in professional football is multifaceted and aims to achieve several key objectives: understanding and Identifying Risks, Assessment and Evaluation, Development of Risk Management Strategies, Enhancing Decision-Making Processes, and Promoting Industry Awareness and Collaboration. Overall, the purpose of research on risk management in professional football is to enhance the understanding of risks, develop effective strategies to mitigate them, improve decision-making processes, and foster collaboration to promote the long-term sustainability and success of the sport.

The methodological basis of the research is based on various modern methods: systematic approach, analytical and economic statistical analyses, analogy method, comparative and expert evaluations, forecasting, and modeling.

Hypothesis: Financial stability in professional football clubs is positively correlated with the implementation of comprehensive risk

management practices.

Keywords: *Professional Football Club, risk management, risk assessment, FIFA, financial risks, organizational risks.*

General screening models are screening arrangements made on the entire universe or a group, a sample to be taken from it, to reach a general judgment about the universe in a universe consisting of many elements. This research was conducted in the general screening model.

In the football industry, there is a growing demand for valid and specific models and assessment indicators to analyze clubs' financial performance individually. Tailored approaches are necessary to effectively manage financial risk within professional football clubs.

Risks within the realm of sports and its associated activities can be classified and mitigated in various ways:

1. Budgetary risks related to program funding, targeted funds, and other financial aspects.
2. Irregularities such as inadequate resources to ensure the smooth execution of sporting events and potential asset losses.
3. Financial obligations and liabilities towards employees and external parties.
4. Strategic risks.
5. Operational risks.
6. Risks to image and reputation.
7. Risks associated with projects and innovations.

At the EU level, an example is the Fourth Directive aimed at combating money laundering, which applies to all providers of gambling services. However, Member States have the discretion to partially or fully exempt non-casino gambling service providers from

these obligations if they can demonstrate a low risk. Certain gambling products are identified as being particularly vulnerable to money laundering, such as betting activities with inadequate controls.

Sports-related risks have been acknowledged at the EU level for quite some time. In the realm of professional football, a thorough assessment has been conducted due to its status not just as a beloved sport but also as a global industry wielding substantial economic influence. The intricate structure of professional football, coupled with a lack of transparency, has created fertile ground for the influx of illegal funds. Suspicious money finds its way into investments within football without clear financial returns or evident profitability.

To address these concerns, the European Commission introduced the Commission Delegated Regulation (EU) 2016/1675 on July 14, 2016, supplementing Directive (EU) 2015/849 of the European Parliament and the Council [1]. This regulation aims to identify high-risk third countries with strategic weaknesses concerning international commitments in this policy area. The Commission pursues this objective to enhance effectiveness and efficiency in combating such risks.

Let us introduce the probability R with which the resources to cover the risk will be equal to the risk load.

Thus, we can formulate the constraint: R {assessment of risk load < risk coverage resources} > $k\%$.

Let's give an example. Let's assume that we have an 80% probability ($k = 0.8$) that the estimated risk load does not exceed the risk coverage resources, then there will be a 20% probability of insufficient risk capacity of the football club, which, in turn, will lead to the threat of termination of professional activity with the necessary effectiveness. The type of transfer risk and its possible negative consequences place demands on the club's budget. It is worth noting that instead of the club's budget, a separate item may appear, in particular the transfer budget.

Such a division depends on the established principles of activity of a particular club, but it is more advisable to operate with the transfer budget. So, the larger the club's budget, the greater the potential resources to cover transfer risk, but it is also worth considering the specifics of the football industry. In each professional club, the budget is approved in a certain order and usually, all expenses in it are planned for the year/season in advance, which does not involve unnecessary costs to cover the negative consequences of transfer risks [2].

It is advisable to take on the appropriate risks for the club when we receive the appropriate potential. In this case, by potential, we understand the professional qualities of the player (when purchased to increase competition/strengthen the starting lineup), the commercial component - we mean further resale for a relatively high transfer price, which is typical for clubs that adhere to a speculative strategy of behavior in the transfer market, the brand of the player himself. Thus, the expected expenditure of resources to cover transfer risks will provide the necessary benefits in one or another type of activity of the football club [2].

To understand and optimize the resources spent, as well as to compare football players, it is advisable to introduce the concept of potential financial benefit, which will be a kind of criterion.

Potential financial benefit = expected profit and funds spent to cover risks. Several factors influence insurance considerations for football players:

Occupational Risk: The nature of football involves significant physical demands and injury risks, which can affect insurance premiums and coverage options. Players who participate in high-impact positions or have a history of injuries may face higher premiums or limited coverage.

Health and Fitness: The health and fitness level of players can impact their insurance terms. Those in top physical condition may be viewed as lower risks by insurers, potentially resulting in more favorable insurance terms.

Age and Career Duration: Age plays a crucial role in insurance eligibility and premiums. Younger players typically have fewer pre-existing conditions and may find it easier to obtain insurance compared to older athletes, especially those nearing retirement or with a history of injuries.

Policy Types: Football players can choose between various types of insurance policies to suit their needs. For instance, they may opt for term life insurance to provide temporary coverage during their active playing years or whole life insurance for long-term financial planning, which offers coverage for the duration of their lives.

Considering these factors helps football players make informed decisions about their insurance coverage to protect themselves financially during and after their playing careers.

Here are two insurance scenarios for football players:

1. Young, Healthy Player:

Scenario: A 25-year-old football player who is in excellent physical condition and has no history of serious injuries.

Insurance Coverage: The player might secure a substantial life insurance policy with a high coverage amount.

Premiums: Due to their youth and good health, the player could obtain the policy at competitive rates.

Policy Type: The player may opt for a long-term policy such as whole life insurance, providing coverage for the duration of their life.

2. Older Player with Injury History:

Scenario: A 35-year-old football player who has experienced several injuries throughout their career, including surgeries and rehabilitations.

Insurance Coverage: The player may find it challenging to secure extensive coverage due to their age and injury history.

Premiums: The player might face higher premiums or be offered limited coverage op-

tions due to the perceived higher risk.

Policy Type: They may need to consider a term life insurance policy with a shorter coverage period or explore specialized insurance options tailored to athletes with injury histories.

These examples highlight how insurance scenarios can vary based on factors such as age, health, and injury history, demonstrating the importance of personalized insurance planning for football players.

Insurance for brands utilizing celebrities, such as football players, for endorsements is of paramount importance. Here's why:

Death Coverage: In the unfortunate event of a celebrity's untimely demise during a campaign, the brand could face significant financial losses, including expenses already incurred for the endorsement. Death coverage ensures that the brand is compensated for such losses and can mitigate the impact of campaign cancellation.

Disability Coverage: If a celebrity experiences an illness or accident that renders them unable to fulfill their obligations for the campaign, disability coverage becomes crucial. It provides financial protection to the brand by covering expenses and potential losses resulting from the celebrity's inability to participate in promotional activities.

Disgrace Coverage: Protecting the brand's reputation is vital in today's highly competitive market. If a celebrity's actions or behavior tarnishes the brand's image or campaign, disgrace coverage offers financial support. It helps cover costs associated with damage control efforts, such as rebranding or crisis management strategies and ensures the brand's reputation is safeguarded.

In summary, insurance coverage for brands utilizing celebrities provides essential protection against unforeseen circumstances that could jeopardize the success and reputation of marketing campaigns. It offers financial security and peace of mind, allowing brands to navigate potential risks associated with celebrity endorsements effectively.

While identifying and evaluating risk factors in football is crucial, an integral aspect of risk management involves translating the findings and recommendations from risk assessments into effective risk mitigation strategies. There are two primary approaches to mitigating the risk of injury or illness from specific risk factors: risk acceptance and risk reduction [3].

Risk acceptance involves acknowledging and managing risks through mechanisms such as insurance or organizational acceptance. On the other hand, risk reduction focuses on minimizing the occurrence or severity of adverse events. This can be achieved through preventive interventions, aimed at reducing the incidence of adverse events, or therapeutic interventions, focused on minimizing the severity of outcomes.

Preventive interventions target various aspects of the game, including physical (e.g., equipment improvements), management (e.g., rule changes), or human (e.g., player behavior) factors. Therapeutic interventions, meanwhile, aim to enhance injury/illness treatment and rehabilitation procedures to reduce the severity of outcomes [3].

These approaches can be categorized within the Haddon matrix of injury prevention, which considers the timing of risk (pre-event, event, post-event) and the control strategy employed (physical, management, human).

FIFA has utilized various combinations of these strategies, implementing technical specifications for artificial turf, footballs, and stadiums, as well as protocols such as the 11+ injury prevention program and doping control procedures. Consensus statements on issues like concussion, altitude, and heat, as well as general guidance documents on topics such as nutrition and gender-related issues, have also been developed [4].

Hypothesis: *Financial stability in professional football clubs is positively correlated with the implementation of comprehensive risk management practices.*

This hypothesis suggests that football clubs that effectively manage risks across various aspects of their operations, including pla-

yer welfare, revenue generation, and expenditure management, are more likely to achieve financial stability. Comprehensive risk management practices may include measures such as prudent financial planning, diversification of revenue streams, careful budgeting, and proactive risk mitigation strategies. By systematically identifying, assessing, and addressing potential risks, clubs can minimize the likelihood of financial losses and disruptions, thereby fostering long-term financial stability. This hypothesis implies that there is a direct relationship between the degree of risk management sophistication within football clubs and their ability to maintain financial health and sustainability over time.

In conclusion, risk management in football is a multifaceted task that requires careful consideration of various factors to ensure the safety, financial stability, and sustainability of football clubs and organizations [5]. Several key insights and conclusions were drawn from this study: The importance of Comprehensive Risk Management, Player Welfare and Safety, Financial Stability and Sustainability, Stakeholder Engagement and Transparency, Continuous Improvement and Adaptation, Collaboration and Knowledge Sharing, etc.

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PEŞƏKAR FUTBOLDA RİSKLƏRİN İDARƏ EDİLMƏSİ

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Annotasiya. Cəmiyyətin həyatında idmanın mühüm rolundan çıxış edərək, bu sahəyə idarəetmə tərəfdən diqqət yetirmək lazımdır.

Peşəkar futbol təşkilatları risklərin idarə edilməsinə proaktiv və integrasiya olunmuş yanaşmanı tətbiq etməklə davamlılığını artırır, zəiflikləri azaldır və gətirdikcə daha mürəkkəb və rəqabətli mühitdə performansını optimallaşdırır. Bu tədqiqat peşəkar futbolda risklərin effektiv idarə edilməsi təcrübələrinin tətbiqini dəstəkləmək üçün dəyərli fikirlər və praktiki tövsiyələr təqdim edir.

Peşəkar futbolda risklərin idarə edilməsinə dair tədqiqatların aparılmasının məqsədi çoxşaxəlidir və bir neçə əsas məqsədə nail olmaq məqsədi daşıyır: riskləri anlamaq və müəyyən etmək, qiymətləndirmə, risklərin idarə edilməsi strategiyalarının hazırlanması, qərar qəbulu proseslərinin təkmilləşdirilməsi, sənayedə məlumatlılığın və əməkdaşlığın təşviqi.

Ümumilikdə, peşəkar futbolda risklərin idarə edilməsi üzrə tədqiqatın məqsədi risklərin dərk edilməsini artırmaq, onları azaltmaq üçün effektiv strategiyalar hazırlamaq, qərar qəbul etmə proseslərini təkmilləşdirmək və idmanın uzunmüddətli davamlılığını və uğurunu təşviq etmək üçün əməkdaşlığı inkişaf etdirməkdir.

Tədqiqatın metodoloji əsasını müxtəlif müasir metodlar təşkil edir: sistemli yanaşma, analitik və iqtisadi statistik təhlillər, analogiya metodu, müqayisəli və proqnozlaşdırma, modelləşdirmə.

Hipoteza: Peşəkar futbol klublarında maliyyə sabitliyi hərtərəfli risklərin idarə edilməsi təcrübələrinin tətbiqi ilə müsbət əlaqələndirilir.

Açar sözlər: *peşəkar Futbol Klubu, risklərin idarə edilməsi, risklərin qiymətləndirilməsi, FIFA, maliyyə riskləri, təşkilati risklər.*

УПРАВЛЕНИЕ РИСКАМИ В ПРОФЕССИОНАЛЬНОМ ФУТБОЛЕ

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Аннотация. Учитывая важную роль спорта в жизни общества, необходимо об-

ратить внимание на эту сферу со стороны управления.

Приняв упреждающий и комплексный подход к управлению рисками, профессиональные футбольные организации могут повысить устойчивость, уменьшить уязвимость и оптимизировать производительность во все более сложной и конкурентной среде. Это исследование предоставляет ценную информацию и практические рекомендации для поддержки внедрения эффективных практик управления рисками в профессиональном футболе.

Цель проведения исследований по управлению рисками в профессиональном футболе многогранна и направлена на достижение нескольких основных целей: понимание и выявление рисков, их оценка, разработка стратегий управления рисками, улучшение процессов принятия решений, а также содействие осведомленности и сотрудничеству в отрасли.

В целом, цель исследований по управлению рисками в профессиональном футболе – улучшить понимание рисков, разработать эффективные стратегии по их смягчению, улучшить процессы принятия решений и способствовать сотрудничеству для обеспечения долгосрочной устойчивости и успеха этого вида спорта.

Методологическую основу исследования составляют различные современные методы: системный подход, аналитический и метод аналогий, сравнительный и прогнозный, моделирование.

Гипотеза: Финансовая стабильность профессиональных футбольных клубов положительно связана с внедрением комплексной практики управления рисками.

Ключевые слова: профессиональный футбольный клуб, управление рисками, оценка рисков, ФИФА, финансовые риски, организационные риски.