

Cambridge **TECHNICALS LEVEL 3** 

# SPORT SPORT Unit-21

The business of sport

#### M/615/1462

**Guided learning hours: 90** 

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changes indicated by black line

Cambridge TECHNICALS 2016

ocr.org.uk/sport

# LEVEL 3

UNIT 21: The business of sport

# M/615/1462

**Guided learning hours: 90** 

### **Essential resources required for this unit:**

# This unit is externally assessed by an OCR set and marked examination.

#### UNIT AIM

Sport is both a sophisticated and complex business, ranging from self-employed individuals such as sports coaches and personal trainers, through to massive global organisations such as Nike and Adidas. The size and objectives of sports businesses vary from one to another, and this will have an impact on their structure and staffing requirements. In this unit you will learn about the structure and purpose of different sports businesses, who their customers are and how they use staff and volunteers to run their organisation and meet their goals. You will also learn about Corporate Social Responsibility and businesses obligations to the community and the environment.

This unit also puts emphasis on those issues that the commercialisation of sport has brought along, and therefore prepares you to start thinking about how to manage sport businesses and organisations within this constantly changing business environment

#### **TEACHING CONTENT**

The teaching content in every unit states what has to be taught to ensure that learners are able to access the highest grades.

Anything which follows an i.e. details what must be taught as part of that area of content. Anything which follows an e.g. is illustrative.

For externally assessed units, where the content contains i.e. and e.g. under specific areas of content, the following rules will be adhered to when we set questions for an exam:

- a direct question may be asked about unit content which follows an i.e.
- where unit content is shown as an e.g. a direct question will not be asked about that example.

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
<ol> <li>Understand types of sport businesses and their organisational structures</li> </ol>	<ul> <li>1.1. What is a sports business i.e.</li> <li>sports businesses are people, activities, and organisations involved in producing, facilitating, promoting, or organising any activity, experience, or business enterprise focused on sports.</li> <li>1.2. Types i.e. <ul> <li>private sector, i.e.</li> <li>profit driven</li> <li>funded through private investment, membership fees, sales and sponsorship</li> <li>target groups include individuals with disposable income, professional athletes, schools and teams</li> <li>examples of business types include, i.e.</li> <li>retail (e.g. SportsDirect, Decathlon)</li> <li>professional sports clubs</li> <li>private leisure centres/sports clubs (e.g. Virgin Active, David Lloyd)</li> <li>personal trainers/fitness instructors</li> <li>consultancy agencies</li> </ul> </li> </ul>	

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
	<ul> <li>sports media companies (e.g. Sky Sports, BT Sport, ESPN)</li> <li>equipment manufacturers (e.g. Umbro, Gilbert)</li> <li>sports technology</li> <li>sports betting companies (e.g. William Hill, bet365)</li> <li>sports nutrition (e.g. USN, MaxiMuscle)</li> <li>international governing bodies (e.g. FIFA)</li> <li>sports rehabilitation/therapy</li> </ul>	
	<ul> <li>Public sector, i.e.</li> <li>not for profit organisations</li> <li>aim to increase participation/inclusion</li> <li>funded by local or national government, membership fees, lottery funding, private donations</li> <li>target groups include people on low income, local communities and specific groups (e.g. older adults, children)</li> <li>business types include i.e.</li> <li>public leisure centres/sports clubs</li> <li>public parks/playing fields</li> <li>schools/colleges</li> </ul>	
	<ul> <li>Voluntary sector i.e.         <ul> <li>not-for-profit organisations</li> <li>exist to fulfil a specific social purpose (e.g. aim to increase participation/inclusion)</li> <li>normally set up as a charitable status</li> <li>self-fulfilment/giving something back to the community</li> <li>funded by membership fees, donations, sponsorship, loans and private investment</li> </ul> </li> </ul>	

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
	<ul> <li>target groups include people on low income, local communities and specific groups (e.g. older adults, children)</li> <li>types of business include, i.e.</li> <li>community teams/groups</li> <li>charitable causes</li> </ul>	
	<ul> <li>1.3. Organisational structures, i.e.</li> <li>local i.e. <ul> <li>individuals/small teams of staff</li> <li>can be entrepreneurial</li> <li>can involve shared job roles</li> <li>target group is local community/small geographical area</li> <li>single site/low number of premises</li> <li>can be private, public or voluntary</li> </ul> </li> <li>National, i.e. <ul> <li>medium to large teams of people</li> <li>hierarchical structures</li> <li>multi-site/locations</li> <li>could be franchise</li> <li>target group is nationwide</li> <li>can be private, public or voluntary</li> </ul> </li> <li>International, i.e. <ul> <li>large teams of people</li> <li>product can be tailored to suit different countries</li> <li>complex hierarchical structure</li> <li>typically have a high number of sites/locations but not necessarily in every country they trade in</li> <li>may use intermediaries/deal in export</li> <li>target group will be international but not worldwide</li> <li>can be private or voluntary, not likely to be public</li> </ul> </li> </ul>	Learners will need to appreciate the link between different organisational structures and the type of business they might be (e.g. a local private business, a local public business and a local voluntary business).

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
	<ul> <li>Global, i.e.         <ul> <li>very large teams of people</li> <li>complex hierarchical structure</li> <li>presence in every country traded in</li> <li>global target audience</li> <li>could be franchised</li> <li>more likely to be private, could be voluntary but not likely to be public</li> </ul> </li> <li>1.4. Organisational Environment, i.e.         <ul> <li>Internal Environment, i.e.</li> <li>employees</li> <li>equipment/facilities</li> <li>finance</li> <li>functional responsibilities</li> </ul> </li> <li>Micro Environment - Comprises all those organisations and individuals who directly or indirectly affect the activities of a company, i.e.</li> <li>customers</li> <li>competitors</li> <li>intermediaries (e.g. a consultant or agent)</li> <li>suppliers</li> <li>often analysed by using the SWOT Analysis</li> <li>Strengths and Weaknesses (Internal)</li> <li>Opportunities and Threats (External)</li> </ul> <li>Macro Environment - Comprises general forces and trends rather than specific organisations: (often known as PEST analysis), i.e.</li> <li>Political environment</li> <li>Social and cultural environment</li> <li>Social and cultural environment</li>	Learners need to understand the model of internal – micro – macro environment and be able to apply the different elements of it to different types of sport businesses and to different scenarios. Diagram to illustrate the business environment model.

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
2. Understand how sports businesses are managed	<ul> <li>2.1 Measuring success dependent on types of sport business i.e.</li> <li>profitability/maximising income</li> <li>share price</li> <li>customer satisfaction/low number of complaints</li> <li>growth/reach/inclusion of product/service</li> <li>reputation</li> <li>repeat business/customer loyalty/customer retention</li> <li>expansion of organisation</li> <li>legacy</li> <li>winning trophies and competitions</li> <li>recognisability</li> </ul>	Learners will need to be able to explain how each of the types of sports business might measure their success, dependent on their goals/aims outlined in 1.1.
	<ul> <li>2.2 Managing staff i.e.</li> <li>recruitment, i.e.</li> <li>dependent on, i.e.</li> <li>sector</li> <li>roles and requirements (e.g. legal requirements such as minimum age or licence to practice, personal qualities such as communication skills)</li> <li>local needs/demographics</li> <li>budget available</li> <li>Contract types, i.e.</li> <li>part time</li> <li>full time</li> <li>permanent</li> <li>temporary</li> <li>contracted</li> <li>seasonal</li> </ul>	Learners will need to know what each type of contract involves and the differences between them including impact on recruitment and retention.

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
	<ul> <li>outsourcing</li> <li>voluntary</li> <li>retention, i.e.</li> <li>methods, i.e.</li> <li>bonus schemes/rewards</li> <li>progression</li> <li>self-development</li> <li>positive working environment</li> <li>working hours/conditions</li> <li>team spirit</li> <li>pension/share schemes</li> <li>success of organisation</li> <li>benefits to the organisation i.e.</li> <li>lower/fewer recruitment and training costs</li> <li>skilled workforce</li> <li>staff know the customers better</li> <li>promoting from within</li> <li>benefits to the customer, i.e.</li> <li>familiar workforce/environment</li> <li>recognising individual needs</li> <li>rapport building</li> <li>benefits to the staff member, i.e.</li> <li>promotion opportunities</li> <li>job security</li> <li>professional development</li> </ul>	

Learning outcomes	Teaching content	Exemplification			
The Learner will:	Learners must be taught:				
	2.3 Customer attraction and retention (e.g. transaction vs relationship marketing), i.e.		Transaction v relationship marketing strategies		
	<ul><li>quality of product/output</li><li>quality of customer service</li></ul>	Characteristic	Transaction Marketing	Relationship Marketing	
	<ul> <li>identify and understand target group</li> </ul>	Time	Short-term	Long-term	
	<ul> <li>reputation/positive word of mouth</li> <li>success of organisation</li> <li>offere (discounts)</li> </ul>	Organisational goal	Make the sale	Retain customers	
	<ul> <li>offers/discounts</li> <li>marketing and promotion</li> <li>benchmarking/best practice</li> </ul>	Customer service priority	Relatively low	Key component	
	<ul> <li>competitiveness</li> <li>loyalty/reward schemes</li> <li>relationship between quality of product/service, customer satisfaction and customer retention/loyalty</li> <li>Benefits of customer retention/loyalty, i.e.         <ul> <li>cost of attraction vs cost of retention</li> <li>impact on reputation</li> <li>predictability of income/financial security</li> </ul> </li> </ul>	Customer contact	Low to moderate	Frequent	
		Degree of customer commitment	Low	High	
		Basis for seller- customer interactions	Conflict manipulation	Cooperation; trust	
		Source of quality	Primarily from production	Company-wide commitment	
	<ul> <li>regular customers are less expensive to service due to familiarity with product/service</li> </ul>				
3. Understand how volunteers support sport	<ul> <li>3.1 Why sports businesses use volunteers i.e.</li> <li>cost</li> <li>inclusion</li> </ul>				
businesses	<ul> <li>meeting objectives</li> <li>funding criteria</li> <li>advocacy</li> </ul>				
	<ul> <li>nature of organisations (e.g. one-off events)</li> <li>avoids legal/contract issues</li> </ul>				

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
	<ul> <li>positive reflection of organisation</li> <li>corporate Social Responsibility</li> <li>supporting employability and development</li> <li>supporting local communities</li> </ul>	
	<ul> <li>3.2 Types of volunteers in sport, i.e.</li> <li>long-term</li> <li>short-term</li> <li>one-off</li> <li>Roles undertaken by volunteers, i.e.</li> <li>event support staff (e.g. stewards, registration desk)</li> <li>sports coaches/leaders</li> <li>club/team committees</li> <li>officials</li> <li>administrative positions</li> </ul>	
	<ul> <li>3.3 Managing volunteers, i.e.</li> <li>recruitment, i.e.</li> <li>promoting the benefits of volunteering</li> <li>understanding people's motivations for volunteering</li> <li>training i.e.</li> <li>type of training (e.g. health and safety)</li> <li>limitations (e.g. cost, availability)</li> <li>managing expectations, i.e.</li> <li>possibly a one-off position</li> <li>no pay</li> <li>no contract/legal issues</li> <li>consistent treatment with other employees</li> <li>rights of volunteers, i.e.</li> <li>insurance</li> <li>grievance</li> <li>zero-hour contracts</li> </ul>	Learners will need to understand how volunteers might be managed differently dependent on the types and roles that they undertake (e.g. less time and money spent training one-off event staff compared to long-term volunteers).

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
4. Understand Corporate Social Responsibility in sport and sports businesses	<ul> <li>4.1 The definition of Corporate Social Responsibility (CSR), i.e.</li> <li>an approach where the business considers the impact which its activity has on society and the environment and contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders</li> </ul>	
	<ul> <li>4.2 What CSR involves, i.e.</li> <li>community projects <ul> <li>adhering to laws and regulations</li> <li>environmental and sustainability awareness</li> <li>positive reputation of the organisation</li> <li>ethics, i.e.</li> <li>environmental policies</li> <li>exploitation of staff (e.g. use of child labour in manufacturing products, not adhering to employment laws)</li> <li>exploitation of customers (e.g. overpricing of products/services)</li> <li>equality and diversity in workforce</li> </ul> </li> <li>4.3 The importance of CSR to sports organisations i.e.</li> <li>a way to meet social and community obligations</li> </ul>	
	<ul> <li>improves organisation's reputation</li> <li>develop positive corporate image</li> <li>can be used as a marketing tool/strategy</li> <li>can increase commercial success</li> <li>reaching and engaging with more people from across the entire social and demographic spectrum</li> <li>it is a regulatory requirement for many sports organisations</li> <li>can enable access to funding</li> </ul>	

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
	<ul> <li>it is the correct thing to do ethically</li> <li>consumers are increasingly focussed on CSR issues</li> <li>sport is an effective CSR medium/sport reflects the values of CSR, e.g. fair play, caring for community, inclusivity</li> <li>CSR more part of the culture of sports organisations now than previously</li> </ul>	
	<ul> <li>4.4 Sustainability i.e.</li> <li>environmentally friendly</li> <li>ecologically friendly</li> <li>economically viable</li> <li>managing and reporting sustainability</li> <li>sport organisations creating lasting legacy</li> <li>4.5 Corruption i.e.</li> <li>in sport, i.e.</li> <li>cheating (e.g. use of illegal equipment, foul play)</li> <li>match fixing (e.g. throwing a game, betting patterns, spot fixing, insider dealings)</li> <li>doping (e.g. use of banned substances/performance enhancing drugs, blood doping, sports not signed up to WADA code)</li> <li>breaking financial regulations (e.g. financial fair play in football, salary caps, tax avoidance/evasion)</li> <li>bribes and kickbacks (e.g. vote rigging in relation to hosting major events)</li> <li>money laundering through sport (e.g. investment into sports clubs from unregulated sources)</li> <li>in sports businesses i.e.</li> <li>acceptance of unethical practice in sport (e.g. product sponsored by an athlete who has failed a drug test)</li> <li>breaking financial regulations</li> </ul>	Learners will need to be able to explain how corruption in sport can impact on a sport business but also how businesses themselves can be corrupt. Learners will need to know a range of examples of the types of corruption in sport and in sports businesses.

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
5. Understand how sports businesses obtain funding and why it is necessary	<ul> <li>bribes and kickbacks</li> <li>money laundering through sport</li> </ul> 5.1 Sources of funding, i.e. <ul> <li>sales/sponsorship deals</li> <li>loans/bonds</li> <li>grants</li> <li>membership fees</li> <li>debentures (e.g. long-term season ticket/corporate facilities/private boxes)</li> <li>philanthropic donations</li> <li>selling shares</li> <li>fundraising activities/events</li> </ul> 5.2 Who grants funding, i.e. <ul> <li>influence of Government and DCMS</li> <li>strategic role of QUANGOs i.e. UK Sport</li> <li>role of NGBs</li> <li>local governments</li> <li>funding for inclusion/community/disadvantaged groups</li> <li>funding from sports businesses (e.g. sponsorship of events)</li> </ul> 5.3 Who requests funding grants i.e. <ul> <li>sports clubs</li> <li>community based organisations</li> <li>local schools/colleges</li> <li>individual athletes/performers</li> </ul> 5.4 What funding is used for, i.e. <ul> <li>new/improved facilities</li> <li>kit/equipment</li> <li>ground works/groundskeeping</li> </ul>	

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
	<ul> <li>running events (e.g. Sainsbury's School Games, Invictus Games, Corporate Games, Asda Kwik Cricket)</li> <li>coaching/training</li> <li>initiatives for increasing participation (e.g. This Girl Can, Living for Sport, Kickz, Sportivate)</li> <li>5.5 obtaining funding i.e.</li> </ul>	
	<ul> <li>application methods (e.g. application forms, bids)</li> <li>meeting funding body criteria, i.e.         <ul> <li>proving need/demand for service/product</li> <li>having clear goals/impact</li> <li>proven/demonstrating ability to deliver outcome</li> <li>eligibility (e.g. recognised sport, size of organisation, location)</li> </ul> </li> </ul>	
6. Understand the impact of the commercialisation of sport and physical activity	<ul> <li>6.1 What is commercialisation and how has it developed, in sport and physical activity i.e.</li> <li>move from amateur to professional in different sports</li> <li>commercialisation defined as 'to be managed or exploited in order to make a profit'</li> <li>transformation of sport from leisure activity to paid spectator/performer activity</li> <li>introduction of sponsorship</li> <li>introduction of large media contracts to have exclusive rights to show sports</li> <li>importance of Customer/Fan Engagement</li> <li>influence on new social media and digital marketing in sport</li> </ul>	Learners will need to consider the process of commercialisation for different stakeholders such as sports organisations themselves, employees, consumers and the general public.
	<ul> <li>6.2 Importance of commercialisation to sport and physical activity, i.e.</li> <li>increase in revenue</li> </ul>	

Learning outcomes	Teaching content	Exemplification
The Learner will:	Learners must be taught:	
	<ul> <li>improvement to stadia</li> <li>new forms of sponsorship</li> <li>improvement to training facilities/training of coaches</li> <li>recruitment and development of employees/players</li> <li>increase exposure to a national/international/global audience</li> <li>increased fan base/reach</li> <li>introduction of the global sport superstar</li> <li>increased product range</li> <li>6.3 Impacts of commercialisation in sport and physical activity i.e.</li> <li>changes in who controls sport, i.e.</li> <li>increased influence of commercial organisations and media corporations</li> <li>less control by national and international governing bodies</li> <li>powerful/rich individual clubs holding increasing influence</li> <li>individual players and agents having increasing power rather than clubs</li> <li>over-reliance on funds/monies from media deals</li> <li>influence of new technology</li> <li>changing rules in sport to make more suitable for television coverage</li> <li>more pressure on players i.e. extended seasons, player injuries, player burn out, early retirement</li> <li>introduction of Global Sport Brands</li> <li>media intrusion into sport stars' lives</li> <li>impact of social media - positive/negative</li> <li>rising cost of spectatorship (both live and through media)</li> </ul>	

# LEARNING OUTCOME (LO) WEIGHTINGS

Each learning outcome in this unit has been given a percentage weighting. This reflects the size and demand of the content you need to cover and its contribution to the overall understanding of this unit. See table below:

LO1	15-25%
LO2	15-25%
LO3	5-15%
LO4	10-20%
LO5	10-20%
LO6	10-20%

#### ASSESSMENT GUIDANCE

All Learning Outcomes are assessed through an externally set, written examination paper, worth a maximum of 70 marks and 1 hour 30 minutes in duration.

Examination papers for this unit will use sport and physical activity businesses as the focus for some questions, however it is not a requirement of this unit for learners to have any detailed prior knowledge or understanding of particular sports or specific businesses used. Questions will provide sufficient information to be used, applied and interpreted in relation to the taught content. During the external assessment, learners will be expected to demonstrate their understanding through questions that require the skills of analysis and evaluation in particular contexts.

During the assessment of this unit, learners will benefit from drawing on learning from the following units and Learning Outcomes:

- Unit 3 Sports organisation and development LO1 LO4 inclusive
- Unit 4 Working safely in sport, exercise, health and leisure LO1 LO5 inclusive

Questions worth a total of 7 marks in each assessment will have a synoptic link to content from Unit 3 or 4.

• Unit 8 Organisation of sports events - LO2. Know the different roles and responsibilities involved in the planning and delivery of sports events

- Unit 11 Physical activity for specific groups LO1 Know about the provision of physical activity for specific groups
- Unit 14 Working in active leisure facilities LO1 Know the active leisure sector and LO2 Understand the importance of customer care in active leisure

#### SYNOPTIC LEARNING AND ASSESSMENT

It will be possible for learners to make connections between other units over and above the unit containing the key tasks for synoptic assessment, please see section 6 of the centre handbook for more detail. We have indicated in this unit where these links are with an asterisk and provided more detail in the Assessment Guidance.

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