



FB-LS

FINANCIAL AND BUSINESS LITERACY IN SPORT FOR ATHLETES AND COACHES

Financial and Business Literacy in Sport for Athletes and Coaches

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A document “White paper” with recommendations of the project partners on sports integrity issues and relating to the prevention of the manipulation of sports competitions

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Introduction to the White paper of the FB-LS project

The Financial and Business Literacy in Sport for Athletes and Coaches (FB-LS) project is supported by the Erasmus + Sport Programme of the European Union and is implemented within a consortium of partners: Olympic Committee of Slovenia, Olympic Committee of Serbia, Olympic Committee of Austria, Olympic Committee of Lithuania, Volleyball Federation of North Macedonia, European Olympic Academies, and the University of Ljubljana – School of Economics and Business.

The aim of the project is to tackle global risks and issues in sport, related to match fixing, completion manipulation, and other integrity issues which may arise particularly due to lack of financial and business literacy and skills.

The FB-LS project partners are aware of global risks relating to the manipulation of competitions and other such situations which could lead to irregularities in sport.

Partners prepared a survey to observe the situation and review the Council of Europe Convention on the Manipulation of Sports Competitions as well as the Olympic Movement Code on the Prevention of the Manipulation of Competitions.

Action is needed on international, national, and local level at sport and education institutions. The FB-LS project offers a number of results and recommendations to reduce the negative impacts in this area.

The White Paper – recommendations of the FB-LS project is prepared with the aim to present such results and more specifically to demonstrate the:

1. Links between sport integrity and financial/business literacy
2. Risks associated with poor literacy
3. Ways to improve literacy
4. Follow up (future actions)

The creation of a succinct and easy to follow White Paper outlining the links between sport integrity issues and financial/business literacy will enable all actors in sport (managers, coaches, officials, athletes etc.) to have a document at hand to help quantify these links, and also assist educating staff about the possible risks etc. Furthermore, the inclusion of recommendations on the ways to improve literacy, will help ensure sport organisations, clubs etc. have examples at hand immediately.

1. Links between sport integrity and financial/business literacy

The FB-LS project addresses the problem of low financial and business literacy in athletes and coaches, which may contribute to sport integrity issues, manipulation, match-fixing etc. This low level of competency in financial and business topics can lead to a number of issues of concern, these include:

- problems with financial and decision making during and after an athletes' career
- athletes' loss of reputation and wealth
- club scandals

Knowledge of financial and business skills aids in preventing sport integrity issues, and facilitating the transition to conventional employment following athlete's professional career.

However, it is important to emphasise that not only athletes potentially at risk of integrity issues and manipulation. It is necessary to also point out the potential risks for coaches, sport officials, owners of

sport clubs, referees, and sports judges also. As such, this global issue presents a specific threat to sport as a whole.

Since the promotion of clean sport and values in sport are widely recognised as an important part of sport training and the preparation of athletes, so too should the protection from manipulation in sport be part of development of sport, athletes, and the education of all staff working in sport.

This is especially important from a social perspective, as every person should have a right to a safe environment and a balanced life. As such, it is important not to forget that this right extends to all people, including athletes and coaches. Given the importance of performance and achievements to both athletes and coaches, the ability and freedom to focus on these elements are vital for their economic and career opportunities.

In order to avoid financial difficulties and bankruptcy athlete not only need knowledge and skills regarding how to manage their personal finances, but also knowledge and skills on how to live the lifestyle of a potentially successful athlete; to plan their "career" both during and following their time in sports. Furthermore, business skills will help said athletes better understand how their life may look following the end of their career and better equip them with the tools to organise their own lives.

OBSTACLES FACED BY ATHLETES DURING AND FOLLOWING THE END OF THEIR CAREER:

1. Financial problems faced during and after an athlete's career.
2. Loss of income and earning potential during and after an athlete's career, leading to bankruptcy.
3. Lack of career plan – career plan as a professional athlete and education that leads to employability in the labour market after the end of an athletes' career.
4. Lack of business skills inhibiting their ability to earn following career end
5. Integrity issues (also possible reputation loss) due to participation in match-fixing, betting, doping etc.
6. Possible health issues as a result of engaging in doping

OBSTACLES FACED BY COACHES DURING AND FOLLOWING THEIR CAREER

1. Financial problems due to poor management of resources
2. Lack of business literacy inhibiting their opportunity to earn following career end
3. Integrity scandals involving club members (athletes, coaches, support staff etc.) due to poor decision making
4. Legal issues (tort, liability, criminal), for contributing to integrity issues in club/team

Equipping citizens with the necessary skills to achieve their full potential, participate in an increasingly interconnected global economy, and ultimately convert better jobs into better lives is a core focus of policy makers around the world." The OECD advises Member States to stimulate financial awareness and education. Governments as well as public and private institutions should adhere to, and implement, principles of good practice for financial and business education/awareness. The OECD furthermore, encourages Member States to spread these principles and good practices to private and public institutions (profit and non-profit), and to disseminate this knowledge among youth in particular. It is essential to promote and implement these principles for the target groups on an interdisciplinary level among EU Member states; one of the best possible avenues for this dissemination is through the field of sport.

One potential opportunity highlighted is the introduction of a career manager, and/or potentially a former elite athlete as a role model. At the same time, an urgent need for a credible and trustworthy team of experts has been identified; who task it would be to teach and guide individuals through the career process.

2. Risks associated with poor literacy

Quality is important in all aspects of human effort, as such it is vital that effort is put into the determination and implementation of aspects of best practice, resource utilisation, and environmental efficiency. This is key, not only in sporting areas but also education. To demonstrate in 2013 the UNODC report into the Strategy for Safeguarding against Corruption in Major Public Events, demonstrated the importance of various business skills in the fight against corruption. Leadership, good governance, financial acumen, decision making skills etc. are all important tools in the fight against sport integrity issues. Similarly, the 2016 Transparency International report on Global Corruption in sport, demonstrated the importance of cross-sectoral education in the fight against sport integrity issues. Finally, the 2020 European Commission Guidelines regarding the minimum requirements in skills and competences for coaches emphasised the importance of business education for coach training. As such, the importance of such acumen is vital in sport and moreover it is clear from the research that such education should not only target athletes but also coaches. This is particularly key given the importance of a coach's role in athlete decision making, and in the decision making of the sporting clubs more generally.

The concept of system theory, as created by Karl Ludwig von Bertalanffy, depicts an organisation as an open system of interconnected parts. No part operates in isolation, that which affects one, affects them all. As such, failure to take a holistic approach and a failure to recognise the sporting system as an open system means that an approach only targeting one element will be less effective to the whole, and in some instances may actually harm the whole. As such, coaches and athletes together must be the focus of education so to better tackle sport integrity issues and provide the club/team with better tools to combat such issues. Additionally, the skills provided will contribute to dual career skills of the athletes and coaches. In the previous work plan, the field of the Dual career was recognised as important element and supported by the European Union, its Member States, associations, and management structures. Guidelines prepared at the European level highlighting these key aspects have already been implemented in some Member States, whilst others are still in the preparation phase. There are common findings and a vision of how to successfully create the conditions that will allow the development of top-class athletes, by supporting athletes dual career, also enabling them to concurrently work towards their business career alongside their sporting career. In this way not only is sustainability and development in sport addressed but youth and talent development are supported.

Business and financial literacy have become essential skills in the modern world, key to thriving in the modern economy. Some of the choices faced by younger generations are more challenging than those faced by some past generations. Individuals today must take on greater responsibility for their decisions, (financial and business) such as investing in education, saving for a child's education, or planning for retirement. Over the course of their adulthood, today's youth will bear more risks due the rise of social media and the oversight it places on a person's career, a decrease in welfare and occupational benefits, and uncertain economic and job prospects. In addition, youth as young as 15-years-old face immediate financial decisions; many are already users of financial services, such as bank accounts with access to online payment facilities. It is important for young people, especially those nearing adulthood, to be financially literate in order to face complex financial decisions that could affect the rest of their lives. Similarly, essential business skills (leadership, decision making, team work, professional development etc.) play an ever-increasing role in modern life. Failure to possess these skills contributes to reduced employability, career planning issues, and more widely financial problems. All of these in turn can contribute to poor decision making leading to unethical, immoral or even dangerous consequences.

The very low level of financial literacy among the young presents a challenge for the working of a system that relies on personal responsibility, and the saving and investment decisions of individuals. There has been a growing awareness of the importance of financial literacy in recent years, and many governments



have become concerned with the levels of financial literacy of their population. Many have also recognised that financial literacy is especially important among the young, as this group faces increasingly more responsibility in making financial decisions (The Economist, 2014).

A professional athlete's career has its own unique characteristics, which need to be addressed accordingly. Prior research has demonstrated that a number of these dangers can be avoided. During their careers, athletes are not aware (or are indifferent) to new skills unrelated to their professional sport, the so called 'off the pitch' skills. Consequently, at the end of their sporting (or on occasion during) many athletes are faced with financial problems which can lead to sport integrity issues including, doping, match-fixing, betting etc. At such a point it is often too late to tackle these issues effectively. Subsequently, it is believed that one of the key reasons for athlete's integrity issues is the lack of financial and business illiteracy.

Coaches face similar issues in their life. Whilst a coach's career is very different to that of an athlete, they are never-the-less confronted with some similar concerns. It can be said that given the norms of the sporting realm, plus the fact that the pressures of coaches are often similar to that of athletes, these issues often converge. Furthermore, it is well known that the role of a coach in an athletes' decision making is commonly associated contributing to the success or failure of an athlete. Given this, it is important to also ensure that coaches also have a solid foundation in financial and business literacy in order to help avoid the same scandals and issues as athletes. Finally, coaches are in a similar position to athletes in that a lack of financial and business acumen can lead to poor decision making and thus make them a prime target for organised crime and criminal elements.

3. Ways to improve literacy and protection of competition manipulation

Unfortunately, most financial experts see an athlete as any other investor and seek to only manage their surplus assets. One solution to this problem is a holistic approach; firstly, by addressing all elements of an athlete's assets, career and attributes/skills and by connecting experts from different fields in order to preserve the athlete's standards and abilities throughout their lifetime and maximises the potential to prevent issues and enhance an individual's prosperity.

Furthermore, by providing athletes and coaches with the business and financial skills they need, they are able to better handle their own situation and life without external influence or intervention in some cases.

A number of important recommendations have been highlighted could lead to an improvement of financial and business literacy as well as aiding in the protection of competition manipulation and integrity issues in sport, these include

- Establish a comprehensive system of education relating to the management of personal finances and business skills for athletes and coaches, which will systematically aid in solving the financial and business problems of current and future generations of athletes and coaches and helping to ensure an appropriate level of life skills. This approach helps to avoid the consequences of business and financial illiteracy and the problems associated with it; thus tackling the issues with doping, match-fixing and other sport integrity issues in a more comprehensive and tangential manner.
- Offer content and tools for athletes' and coaches' self-education in basic management of personal finances and business skills in the terms of lifelong learning career management.
- Emphasise the value and importance of business and financial education at an early age in both wider schooling and sport specific training. In this way, youth are exposed to elements vital in their development from a young age.
- Use the results of the FB-LS project

- a. Workshops materials (link to EOA web page)
 - b. Self-evaluation and self-education (link to EOA web page and links to partners countries specific links)
- Follow the recommendations of the 3-pillar strategy of the Olympic Movement Code on the Prevention of the Manipulation of Competitions and developed materials of the OM Unit including:
- a. Regulations and Legislation (Legal Approaches to tackling the Manipulation of Sports Competitions)
 - b. Awareness-raising and capacity building (regularly organise meetings, seminars and workshops for a range of stakeholders)
 - c. Intelligence and investigations (to protect clean athletes and to ensure fair competition, develop a reporting/monitoring tool. Promote established tools on national level or tool of International Sport Federation or use a tool of the IOC - Integrity and Compliance Hotline <https://ioc.integrityline.org/>)
 - d. Use educational materials and platform for fight against manipulations of sports competitions, developed by the Olympic Movement Unit on the Prevention of the Manipulation of Competitions <https://olympics.com/ioc/integrity/prevention-competition-manipulation>

4. Follow up (future steps)

Among the most important results of the project can be seen in the feedback of participants in the project as well as statements of athletes and coaches that participated in workshops. Such feedback commented on the usefulness of the topics and materials presented, and the potential value that this can have on helping participants develop skills for successful financial and business literacy.

It is also important to point out that a majority of participants in the project were not aware of the strict nature of the rules pertaining to betting and manipulation in sport. This was particularly prevalent with regards to rules of the Olympic Movement Code on the Prevention of the Manipulation of Competitions which refers to more all less all sports associations in different sports and to all athletes, coaches and other actors involved in sport.

Therefore, recommendations for future steps in the sport sector are:

- All International sports federations, National Olympic Committees, National Sports federations should establish a safe environment, an ensure the holistic, interdisciplinary connectivity of all relevant topics, results, tools, intelligence and investigation mechanisms in sport
- National Olympic Committees and National Sports federations should motivate their members to participate to seminars, workshops, promotional events and to establish links between national legislations, accessible results, and local sports associations
- Local sports associations should encourage and motivate athletes and coaches to follow rules, recommendations and to participate to educational and awareness raising activities
- Elicit the cooperation of educational institutions (from early childhood education to higher education) to contribute and participate in the education of all actors involved in sport
- Investigate the possibility of creating special roles for personnel specifically responsible for the training and education of business and financial literacy in sporting clubs, federations, etc.
- Assure basic financial reimbursement for athletes and coaches by public funds or create a specific Social Fund in case a person finds itself in a difficult situation.

How a National Olympic Committee could implement activities for athletes and coaches

- Organisation of national or local seminars and workshops
- Arrange cooperation with high level experts or partners
- Present the topics, motivate athletes and coaches to self-evaluate their knowledge
- Organize short workshops and lectures before participation to multi-sport events under NOC (Olympic Games, European Games, Youth Olympic Games, European Youth Olympic Festivals)
- Organise short workshops for young athletes who receive national scholarships
- Organise presentations for representatives of NOCs members at annual seminars, working days and other opportunities
- Find partners and interesting experts for individual additional development of financial and business literacy for athletes and coaches
- Select role models among elite athletes and coaches that can be a true show case how to live a successful life within the sport career and after sports career. Use them in promotional and awareness-raising activities.
- Liaise with educational institutions to aid with the preparation of education materials and/or delivery of training

How a National Sport Federation could implement activities for athletes and coaches

- Organise presentations of the topics at General Assemblies, meetings and seminars with sport clubs
- Present topics linked to financial and business literacy to athletes and coaches and also prevention of the manipulation of sports competitions during the preparation of European and International competitions and during seminars and other educational activities
- Include topics on financial and business literacy as well as topics for prevention of manipulation of sport competitions into official seminars for licensing of coaches
- Include experts in business and financial skills from educational institutions in the creation and delivery of educational materials for athletes and coaches
- Motivate sport clubs to present topics for their athletes and coaches, and especially to place focus to educational and promotional activities for young athletes.
- Select role models among elite athletes and coaches that can positively inspire and honestly show case how to live a successful life within a sport career and after the end of a career. Use them in promotional and awareness-raising activities.

The most important message from the FB-LS project to individuals (athletes, coaches, parents of young athletes, sport officials, local authorities) is to work on prevention and awareness raising. When an athlete or a coach finds themselves in a weak financial situation, they can be an easy target for manipulation and integrity issues. After being involved directly or indirectly in a criminal act, sport organisations can only provide limited assistance. As such, an individual may find themselves in a difficult situation involving law enforcement and other authorities responsible for prosecuting such kinds of violations. Thus, prevention is the best course of action in such matters.

Life, reputation, sponsorships, and family connections will change dramatically. Both athletes and coaches may find themselves totally unprepared for the realities of what impacts these actions may have, thus impacting the future of these individuals. Therefore, it is vital for all elements of the sporting arena to raise awareness of these issues and to organise educational activities for youth (from an early age), athletes, coaches, and all other participants in the sporting world. Actions towards these ends will aid in the prevention of sport integrity issues and help to ensure a more prosperous and sustainable future for all.