



# Business Model of Elite Sport Clubs in Ethiopia: Association with the impact of Leadership style and Business Environment

Samson Getu Habte<sup>1</sup>

<sup>1</sup>Wachemo University Collage of Natural and computational science

Department of sport science, Hosanna, Ethiopia

\*Corresponding Author: Samson Getu Habte

Email: [getusamson@gmail.com](mailto:getusamson@gmail.com)

Postal Address: PO Box 667 Hosanna, Ethiopia

## Abstract

**Background:** A business model is the design and articulation of several business model components or building blocks (Osterwalder, 2004) to construct a proposition that can generate value for customers and, as a result, for the company.

**Objective:** - The goal of this study was to look at the use of the business model in elite sports clubs in Ethiopia, as well as its relationship with the impact of leadership style and environment.

**Methodologies:** In Ethiopia's premier sports clubs, an analytical cross-sectional study was conducted. Self-administered and standard questionnaires were used to collect data. A total of 118 study participants (n=118) were chosen at random from various sports groups. Data is analysed using frequency, percentage, and macro process tests.

**Result:** -The association between leadership style and business model is not direct in this study, with a direct effect CI95 = (-.0745 to .1792). The indirect effect is equal to Bootstrap CI95 = (0.011 to 0.2423), indicating that the business environment has a significant role in mediating the relationship between leadership style and business model. Leaders have knowledge gaps about operating business strategy, according to 30 (25.4 percent) of respondents. Respondents indicated that government activities (38.32%) and market developments (55.46%) were the most significant influences on the business environment when it came to the operation of the business model.

**Conclusion:** - In order to obtain business strategy, sports clubs had to deal with important issues such as leadership style and business environments. Leaders of sports clubs should work to develop their skills and adopt a transformational leadership style. To design sports club business strategies, sports regulating organizations should rewrite sports policy and market

Received in Jun, 2022

Revised form Sep, to Oct, 2022

Accepted: Dec, 2022

Ethiopian Journal of Sport  
Science (EJSS),

Volume 3, Issue 2,

Published by Ethiopian Sport  
Academy

**Key word:** - Business model,  
Leadership style, Business  
environment, Sport club



## 1. Introduction

A business model, in particular, outlines how a company develops, delivers, and captures value (Osterwalder, A. and Pigneur, Y., 2010). In general, this description refers to the design and articulation of several BM components or building blocks (Osterwalder, 2004) in order to create a proposal that can generate value for consumers and, as a result, for the organization. This framework, we believe, provides a highly useful and visible way to study in depth the components of the multi-sports clubs' overall value generation chain.

"The formula or business model, far from being a quantum of information disclosed in a flash, is often a complicated system of interdependent routines that is discovered, changed, and fine-tuned by doing," write Winter and Szulanski (2001, p. 731). The static approach may initially aid in the identification of the BM's basic components; a transformational approach, on the other hand, focuses on how these components change at the organizational level. Environmental changes, as well as the imperative of preserving company competitiveness, drive companies to adopt new business models and reorganize every activity in their value chain (Johnson et al., 2008).

For a business, to remain successful, it is important to recognize fundamental change when required. Over the years, the BM concept has been mainly applied to profit and market-oriented companies to understand how the organizations function and how their (economic) value is created. Maksimović and



Raič (2007) see the marketing approach to solving problems in old or European sports as an essential factor in adapting such sports to a changing environment.

The "relatively consistent pattern of behavior that identifies a leader" is referred to as leadership style (DuBrin A. J. 2001). Effective leaders who comprehend the intricacies of today's fast changing global environment are required in today's enterprises. Different leadership styles may have an impact on the electiveness or performance of an organization (Nahavandi A, 2002). The success or failure of proper organizations, nations, and other social entities has been primarily attributed to the type of their leadership style, according to (Oladipo et al, 2013). In a manufacturing firm, Jeremy et al<sup>22</sup> emphasized that leadership is a process of influencing others' commitment to realize their full potential in attaining goals and vision with passion and integrity.

Transformational, transactional, and non-transactional laissez-faire leadership are the three types of leadership conduct discussed in today's literature (absence of leadership). Five aspects have been identified under the concept of transformational leadership: idealized influence (attributed), idealized influence (conduct), inspirational drive, intellectual stimulus, and individual consideration. Transactional leadership has two components: exceptional management - active, and potential reward, while non-leadership has two components: non-leadership has two components: non-leadership has two components: non-leadership has two



components: non-leadership has two components: non-leadership has two components Outstanding management - fair and unobtrusive leadership.

As a result, an increasing number of scholars in this field are recommending that sports leaders be encouraged to "learn" transformational leadership. Wang (2011) demonstrated the favorable impact of transformational leadership at several levels in the organization (individual, team, and whole organization) in a meta-analysis, with his most significant influence at the team level.

In our country, most sports clubs used the business model to implement fewer activities. Various obstacles hampered the application, and as a result, sports clubs are economically unable to exist on their own and must rely on government funds. If the number of sports clubs grows, government budget spending would rise, affecting the country's economy both directly and indirectly.

Another fundamental drawback of sports groups is that they lack fresh commercial concepts. Due to funding constraints, the majority of Ethiopian sports clubs have left the league and are unable to compete in the future.

As a result, the primary purpose of this research was to examine the application of the business model in elite sports clubs in Ethiopia, as well as its relationship to the impact of leadership style, environment, and technology.



## Hypotheses

Ho: The association between leadership style and business model is not considerably mediated by the business environment.

Ha: The relationship between leadership style and business model is largely mediated by the business environment.

## 2. Objectives

### 2.1 General objectives

The goal of this study was to look at how the business model is used in top sports clubs and how it relates to leadership style and the atmosphere in Ethiopian sports organizations.

### 2.2 Specific objectives

To indicate the effect of leadership style on business models in the study area.

To indicate the effect of leadership style on mediation variable business environment in the study area.

To indicate the effect of mediation variable business environment on the business model.

To test a direct effect into and an indirect effect through a mediator variable business environment.

## 3. Methodology

### 3.1 Study area and period

The research was conducted in prominent sports clubs located throughout Ethiopia's southern, northern, eastern, and western regions. In addition, two city governments, Addis Ababa and Dre Dewa, are being studied.



This research took place from January 15th, 2019 until August 20th, 2020.

### **3.2 Study design**

In Ethiopia's best sports clubs, analytical cross-sectional surveys were conducted. To look at the link between leadership style, environment, and technology risk factors and the outcome of a company model.

### **3.3 Source population**

Populations from various levels in the organizational structure of sports organizations from four selected collective sports (football, basketball, handball, and volleyball) that are institutionally affiliated with Ethiopia's highest level of competition.

### **3.4 Study population**

All of the study participants were managers from four different collective sports that were chosen at random (football, basketball, handball, and volleyball).

### **3.5 Sample size**

The respondents in this study were 118 accessible managers from various levels of sports organizations from four distinct collective sports (football, basketball, handball, and volleyball).

### **3.6 Sampling procedures**

The study participants were chosen using a basic random sampling procedure. After categorizing sports club managers by occupation, a separate sample was taken based on an equal and independent chance for all sports club workers in the sample.



### **3.7 Data collection procedure**

The questionnaire was created in English after an assessment of relevant research and guidelines. Three trained BSc in sports science students collected data, with two supervisors on hand to oversee the procedure. Structured self-administered questions that have been pretested and adapted from various works of literature Pilot studies were done to test the questionnaires' reliability. Cronbach's Alpha is equal to 0.954. (Out of 30 questions in the survey). Cronbach's Alpha of more than 0.7 is regarded dependable, and this pilot trial demonstrated reliability. In total, 23 questionnaires evaluating business model characteristics were included in the data gathering instrument. Six socio-demographic questions were included, as well as dependent factors such as leadership style, which were measured using five-point liker scale standard questionnaires (1= never, 2= rarely, 3 = occasionally, 4 = often, 5= always).

### **3.8 Data processing and analysis**

The data collected from the respondents was entered, cleaned, and analyzed using the SPSS version 20.0 software tool for further statistical analysis. To explain the implementation of the Business Model with the impact of Leadership style and business environment, descriptive statistics were utilized, such as frequency distribution and percentages portrayed by using figures and tables to characterize study subjects. The overall exposure-outcome effect was analyzed and decomposed into a direct and indirect effect via a mediator variable using

testing mediation with registration. Statistical significance was defined as a P-value <0.05.

#### 4. RESULT AND DISCUSSIONS

##### 4.1 Result

**Table 1 Demographic information of the respondents**

	Variables	N	%
Sex	Male	84	71.1
	Female	34	28.8
		118	100.0
Age	M=43,SD 10,1		
		118	100.0
Education	Primary school	4	3.38
	Secondary school	7	5.93
	High school	11	9.32
	Bachelor	71	60.1
	Masters	22	18.6
	PhD	3	2.54
		118	100.0
Qualification	Physical education and sport	48	40.6
	Sport management	35	29.6
	Business related degree	20	16.4
	Diploma in marketing	10	8.47
	Certificate in marketing	5	4.23
		118	100.0
Ex-sport status	Zonal	38	32.2
	Worda	18	15.2
	International in the country	11	9.32
	Regional	51	43.2
		118	100.0
Role position/management clubs	Youth coach	29	24.5
	First team coach	58	49.1
	Club secretary	4	3.38
	Chief accountant	10	8.47
	Club director	6	5.08
	Club president	4	3.38

---

Head marketing department	7	5.93
	118	100.0

---

As a result (Table 1), the majority of responses (71.1%) were men rather than women (28.8 percent). M=43, SD 10.1 was the average age of the respondents. The majority of the respondents (60.1 percent) have a bachelor's degree, (29.6%) have sport management qualifications, (43.2 percent) have worked at the regional level, and the role of the employers was (49.1%) first-team coach.

The Ethiopian sports clubs' fundamental approach for profitable business is depicted below (Fig.1) the diagram below. Sports clubs (football, basketball, volleyball and handball)

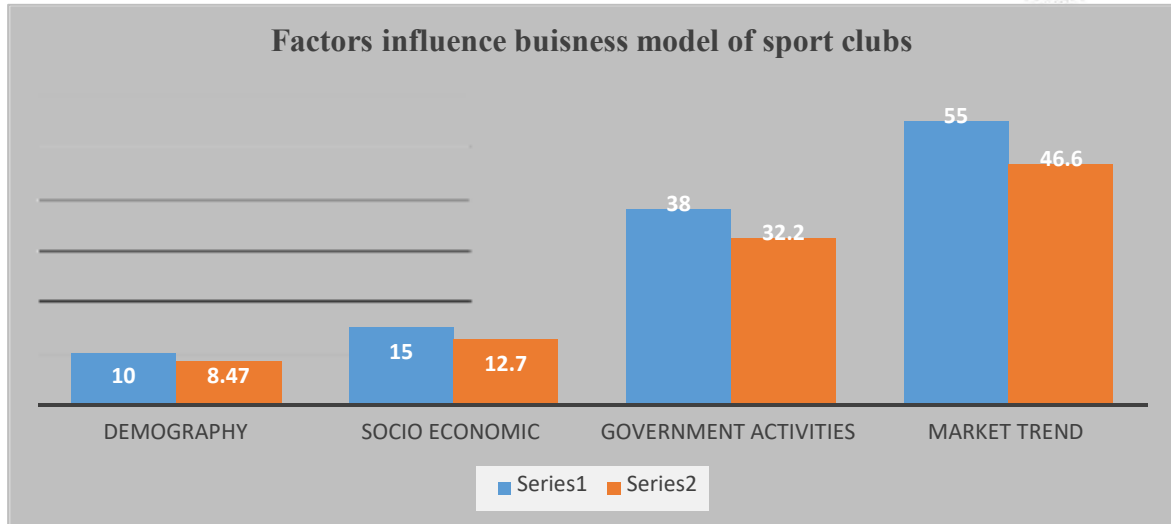
have a worse position in terms of target audience comprehension and they have no idea how to contact them. Clubs are limited in their ability to choose the appropriate channel media; they are unable to recommend the best channel for reaching their target audience. Sports clubs have been unable to establish relationships with sponsoring organizations, and they lack a corporate sponsorship plan. Incorporating engagement content and forming relationships into commercial plans is something that sports teams are starting to do.

**Table 2 the influence of leadership style on business model of sport clubs**

Item	Respondent	Frequency	%
In what mechanism your leadership style influence on business model of your club?	Implementing business strategy	31	26.2
	Developing business strategy	27	22.8
	Problem with Sport policy of the country	58	49.1
	knowledge gab about business strategy	72	61.0
		118	100.0

The impact of a leader's leadership style on their sports club's business strategy. The reason for this is that leaders have a lack of information about how to run a business (see Table 2). The country's sports policy lacks a strategy for

turning sports groups into businesses. As a result, sports club executives are unable to implement business plans for their organizations



**Figure 1**Type of business environment that influence business model of sport clubs.

The major influences on the sports club to operate the business model were explained in (Table 3) below. 38 (32.2 %) government activities about running businesses and 55

(46.6%) country market trends like purchasing, facility, and market inflation were the major influences on the sports club to operate the business model.

#### 4.1.1 Hayes SPSS Process Macro Test

Model: 4

Y: BM (business model)

X: LS (Leadership style)

M: BE (business environment)

**Table 3** Regration analysis of leadership style on business environment

\*\*\*\*\*

OUTCOME VARIABLE:

BE

Model Summary

R	R-sq	MSE	F	df1	df2	p
.4264	.1818	.0506	25.7747	1.0000	116.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
Constant	3.5989	.2481	14.5040	.0000	3.1074	4.0904
LS	.2642	.0520	5.0769	.0000	.1611	.3672

The coefficient is 0.2642,  $P > 0.05$ , and the 95 percent Bootstrap CI95 = 0.1611 (lower limit) to 0.3672 (upper limit) according to the mediation analysis (Table 4). Between confidence intervals, zero does not fall. There is a relationship between the business environment and the leadership style.

Sample Size: 118

**Table 4 Regration analysis of leadership style and business environment on business model**

\*\*\*\*\*

OUTCOME VARIABLE:

BM

Model Summary

R	R-sq	MSE	F	df1	df2	p
.3677	.1352	.0627	8.9907	2.0000	115.0000	.0002

Model

	coeff	se	t	p	LLCI	ULCI
Constant	2.9062	.4634	6.2721	.0000	1.9884	3.8241
LS	.0523	.0640	.8168	.4157	-.0745	.1792
BE	.3531	.1034	3.4156	.0009	.1483	.5578

The coefficient is 0.0523,  $P > 0.05$ , and the 95 percent Bootstrap CI95 = -0.0745 (lower limit) to 0.1792 (upper limit).according to mediation analysis (Table 5). Zero is a fall between confidence intervals. There is no significant relationship between business model (BM) and leadership style (LS) with the business environment (BE).

**Table 5 regration analysis of leadership style on business model**

\*\*\*\*\* TOTAL EFFECT MODEL \*\*\*\*\*

OUTCOME VARIABLE:

BM

Model Summary

R	R-sq	MSE	F	df1	df2	p
.2179	.0475	.0685	5.7834	1.0000	116.0000	.0178

Model

	coeff	se	t	p	LLCI	ULCI
Constant	4.1769	.2887	14.4694	.0000	3.6051	4.7486
LS	.1456	.0605	2.4049	.0178	.0257	.2655

The results (Table 6) show that the coefficient is 0.1456,  $P < 0.05$ , and that the Bootstrap CI95 = 0.257 (lower limit) to 0.2655 (upper limit). Between confidence intervals, zero does not fall. Without a



business environment (BE). There is a considerable association between business model (BM) and leadership style (LS).

**Table 6 Bootstrap estimates direct, indirect and total effect of leadership style on business environment**

\*\*\*\*\* TOTAL, DIRECT, AND INDIRECT EFFECTS OF X ON Y \*\*\*\*\*

Total effect of X on Y

Effect	se	t	p	LLCI	ULCI
.1456	.0605	2.4049	.0178	.0257	.2655

Direct effect of X on Y

Effect	se	t	p	LLCI	ULCI
.0523	.0640	.8168	.4157	-.0745	.1792

Indirect effect(s) of X on Y:

Effect	BootSE	BootLLCI	BootULCI
BE	.0933	.0596	.2423

### Direct Effect

This finding suggests that the link between leadership style (LS) and business model (BM) is direct and not mediated by a third variable, the business environment. The direct effect was 0.0523 with a P-value of .4157 ( $P > .05$ ), according to the results in (Table 7). It's notable observing that "zero" is included in the Bootstrap CI95 = (-.0745 to .1792). Indicating that there is no direct association between leadership style (LS) and business model (BM).

### Indirect effect

The indirect effect is 0.0933 (Table 7) with a 95 percent Bootstrap CI95 = 0.011 (lower limit) to 0.2423 (upper limit). The null hypothesis will be rejected because "zero" does not fall inside the 95% confidence range. To put it another way, we infer that the business environment is a powerful mediator between leadership style and business model; in other words, "a\*b" is statistically significant at  $\alpha = .05$  ( $p < .05$ ).

### Total Effect

This is the total effect, including indirect and direct effects that the entire model produces. It's the total of both indirect ( $a*b$ ) and direct ( $c$ ) effects. The total effect was 0.1456 with a "t" value of 2.4049 and a p-value of .0178, indicating that the effect was ( $p = .0178$ ) statistically significant, which is ( $p < .05$ ). (Table 7)

### 4.2 Discussions

The findings of this study revealed that the independent variable X leadership style of Ethiopian elite sports clubs is not the only factor that influences the dependent variable Y sports club business model. The researcher hypothesizes that one's mediating variable M business environment of Ethiopian elite sports clubs is boosted by independent variable X's good leadership style in sports clubs.



Similar study studied by Einarsen et al. (2016) explored conflict management as a mediator between bullying and job engagement, while Quiones, Van den Broeck, and De Witte (2013) investigated job resources as a mediator between work engagement and psychological empowerment using a mediation model.

The results demonstrate that the independent variable leadership style (LS) is a significant predictor of the variable business model (BM) ( $P=.018$ ,  $P<.05$ ). In sport organizations, having good leadership styles creates an excellent opportunity to incorporate business model innovation and forms into business strategy. (Philipsen, et al, 2003) and (Postma, et al, 2001) conducted comparable studies in which the business owner or management plays an essential part in the design of the firm's strategy. The understanding and application of strategic management and planning is determined by the owner/competitive manager's development and personal ambitions. According to Yang, C.W. (2008), the business owner or manager's leadership behaviors play a critical role in providing needed direction and a clear vision, which must be shared by all personnel in the establishment.

The independent variable leadership style (LS) is also a significant predictor of the mediating variable business environment (BE) in the above (Table 3) results ( $P=0.00$ ,  $P.05$ ), which is statistically significant. A study found that an organization's ability to sustain rapid changes in the business environment is driven by its employees' ability to adapt to those changes rapidly.

*Cited as: Samson Getu Habte, (2022). Business Model of Elite Sport Clubs in Ethiopia: Association with the impact of Leadership style and Business Environment.*



Making organizational change, according to Holt (2007), necessitates employee support for self-improvement as well as staff preparation to deal with change. Transformational leadership, according to Noruzy et al. (2013), has a favorable impact on business performance. Samad (2012) found that transformative leadership had a beneficial impact on business performance in a study done in Malaysian logistics organizations. "The path adopted in the establishment of the firm depends particularly on the businessman's personal traits and those of the environment in which he is working," writes Estay (2004).

The preceding result (Table 3) shows that business environment elements such as government activities related to running businesses and country market trends such as buying power and market inflation have an impact on sports club business operations. Comparable studies shown as Kotler & Keller (2012), the business environment is made up of both internal and external factors that influence the design of business strategies in order to increase corporate performance.

The impact of a leader's leadership style on their sports club's business strategy. As a result, as shown in Table 2, leaders should have the knowledge and skills to implement business strategy. According to Pearce and Robinson (2015), business managers examine and choose tactics that will help their company succeed.

## **5. Conclusions and recommendation**

The implementation of business models in elite sports clubs necessitates special attention due to



the risk posed by leadership style and the business environment, which puts sports clubs at danger of failing to implement business strategy. Ethiopian sports groups face challenges when it comes to implementing the business model. Clubs are unable to establish and implement commercial plans as a result of this. According to this survey, the use of the business model among Ethiopian sports clubs is quite low. Leadership style and the business environment are independent predictors of the business model's applicability.

The findings show that there is no direct relationship between leadership style (LS) and business model (BM). Indirect impacts, on the other hand, reveal that the company environment plays a significant role in mediating between leadership style and business model.

The business model that leaders have knowledge of about operational business strategy is influenced by the leadership style of sports clubs. Leaders are influenced by sports policy to implement a commercial plan for

sports groups. Business environment factors such as government activities regarding business operations and country market trends such as purchasing, facility, and market inflation have a significant impact on the sports club's ability to execute the business model.

Leaders of sports clubs should work to develop their leadership skills and adopt a transformational leadership approach. Sports governing organizations should alter their policies surrounding the development of business strategies for sports clubs. For sports club administrative personnel, an analysis of the business environment, including government actions, market trends, demand and supply, customers, suppliers, and sponsorship is advised.

Sport club leaders should try Priyanka Bhatt's approach to business development strategy, which involves a step-by-step process that includes gathering strategy (strategy analysis), internal and external analysis, business strategy formulation, corporate strategy formulation, and finally implementation.

#### **List of abbreviations**

LS	Leadership style
BM	Business model
BE	Business environment
SPSS	Statically package for social science

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

Some respondents may be unwilling to participate in data collecting, while others may recollect the information. Game condition of sports clubs was too stiff, causing data collecting to be disrupted.



### Data Availability

The datasets used and analyzed, in the current study are available from the respective author upon reasonable request.

### Conflict of Interest

The authors declare that they have no conflicts of interest.

### Reference

- Einarsen, Ståle, Anders Skogstad, Erlend Rørvik, Åshild Bjørke Lande, and Morten Birkeland Nielsen. 2016. "Climate for Conflict Management, Exposure to Workplace Bullying and Work Engagement: A Moderated Mediation Analysis." *International Journal of Aging and Human Development*, 29(3), 549-570.
- Estay, C. (2004), "Setting up Businesses in France and the USA: A Cross Cultural Analysis", *European Management Journal*, 22, 4, p. 452-463.
- Kotler, Philip & Kevin Lane Keller (2012) *Marketing Management*. 14e Global Edition. Pearson Education Limited, England.
- Maksimović, N., Raič, A. (2007). Marketing u sportu. [Marketing in sport]. XIV Međunarodni interdisciplinarni simpozijum „Ekologija, sport, fizička aktivnost i zdravlje mladih“, 394-400. Novi Sad: Maraton.
- Nahavandi A., *The art and science of leadership*, 3rd ed., Upper Saddle River, NJ, Prentice Hall (2002)
- Noruzi, A., Dalfard, V.M, Azhdari, B., Nazari-Shirkouhi, S. and Rezazadeh, A. (2013), Relations Between Transformational Leadership, Organizational Learning, Knowledge Management, Organizational Innovation, and Organizational Performance: An Empirical Investigation of Manufacturing Firms, *Int.J.Adv.Manuf. Technol.*, 64: 1073-1085.
- Oladipo K. S., Jamilah O., Abdul daud S., Jeffery L. D. and Salami D. K., Review of leadership theories and Organizational performances, *International Business Management Journal*, 7(1), 50-54 (2013)
- Osterwalder, A. (2004), "The business model ontology: a proposition in a design science approach", Dissertation 173, University of Losanne.
- Osterwalder, A. and Pigneur, Y. (2010), *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*, John Wiley & Sons, Hoboken, NJ.
- Philipsen, R.L.C. and Kemp, R.G.M. (2003) Capabilities for Growth: An Exploratory Study on Medium-Sized Firms in the Dutch ICT Services and Life Sciences. *EIM, Zoetermeer*, 137.
- Postma, T.J.B.M. and Zwart, P.S. (2001) Strategic Research and Performance of SMEs. *Journal of Small Business Strategy*, 12, 52-64.
- Quiñones, Marcela, Anja Van den Broeck, and Hans De Witte. 2013. "Do Job Resources Affect Work Engagement Via Psychological Empowerment? A Mediation Analysis." *Revistade Psicologiadel Trabajoydelas Organizaciones*, 29(3), 127-134.
- Samad, S. (2012), The Influence of Innovation and Transformational Leadership on Organizational Performance, *Procedia-Social and Behavioral Sciences* 57: 486-493
- Wang, G., Oh, S., Courtright, S. H., & Colbert A. E. (2011). Transformational leadership and performance across criteria and levels: A meta-analytic review of 25 years of research. *Group & Organization Management*, 36(2), 223-270.
- Yang, C.W. (2008). The Relationships among Leadership Styles, Entrepreneurial Orientation, and Business Performance. *Managing Global Transitions*, 6, 257-27

