

**Economic impact of sports sponsorship models on the development
of the sports industry: Albanian experience**

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Abstract. The research relevance of sports sponsorship in the Albanian context is determined by the lack of case studies, especially on the economic impact of sponsorship models. The study aimed to analyse the impact of sponsorship models on the development of the sports industry in Albania. Scientific analysis has confirmed that sponsorship models contribute to employment growth, expanding the national tourism opportunities and creating new economic incentives for sports. Sponsorship agreements facilitate the organisation of international sporting events, which increase tourist flows and strengthen regional economies. In addition, the study determined that effective management of sponsorship funds ensures sustainable funding for the development of youth sports and the modernisation of infrastructure facilities. Effective sponsorship models contribute to a positive international image of the country and long-term economic benefits for the sports industry. The development of sponsorship can increase the competitiveness of sports organisations by attracting more international partners. A comparative analysis of the US and German practices has identified key aspects that can be adapted to improve the effectiveness of sponsorship in Albania. The integration of private and public funding can reduce the burden on the state budget. However, legislative changes are needed to encourage private investors and ensure transparency of financial flows. The effective use of sponsorship agreements positively affects the development of sports culture and the involvement of young people in physical activity. The research has filled the identified gaps in the study of sports sponsorship in Albania, highlighting the need to develop strategies to further improve the mechanisms for attracting investment in the sports industry. The study combined the

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local context with global trends in sports sponsorship, which made it possible to identify the features of their interaction and adaptation under current conditions. The proposed recommendations aim to overcome systemic gaps in sports financing and create conditions for the sustainable development of sports infrastructure

Keywords: financing; government support; long-term projects; social impact; effective strategy

Introduction

Sports sponsorship is a mechanism of interaction between business and sports that provides financial, material and other support to sports organisations, events or athletes (Rahmani *et al.*, 2024). Following C.-H. Hsiao *et al.* (2021), successful sponsorship is based on the use of experiential marketing elements that promote the creation of an emotional connection between the brand and consumers, which also increases the level of satisfaction with sponsorship and strengthens brand equity, which, in turn, has a positive impact on purchase intentions. However, the expansion of the impact of sports sponsorship goes beyond the usual marketing objectives. S. Chadwick *et al.* (2022) demonstrated that this form of cooperation contributes to strengthening the soft power of states through sports initiatives that improve the geopolitical image of countries. S. Chadwick *et al.* (2021) emphasised that the globalisation of sports leads to an increase in the influence of transnational corporations, and major sporting events become a platform for political dialogue while demonstrating dependence on economic and cultural conditions of international cooperation. In this context, sponsorship is not only a source of funding for sports but also an important tool for international interaction and cultural exchange, which is especially relevant for countries seeking to strengthen their presence on the global stage (Lazaj *et al.*, 2024).

The relevance of sports sponsorship is evident in transition economies, where sports funding often depends on limited state budget resources. Albania, which is at the crossroads of economic transformation, is facing the need to diversify its funding sources to ensure the development of sports infrastructure and international competitions (Shahini, 2024). However, a lack of research in this area hinders the full use of the potential of sports sponsorship to address economic and social challenges. Another problem is that most of the available research focuses on the experience of developed countries, leaving aside the specifics of economies such as Albania.

Despite the existing challenges, sports sponsorship demonstrates significant potential to stimulate economic growth. According to S.M. Jadhav (2021), the development of the sports industry has a multiplier effect, promoting employment, expanding tourism opportunities and creating new sources of income. According to M. Morfoulaki *et al.* (2023) sports tourism also significantly boosts sustainable development, attracting investment in infrastructure and increasing the international attractiveness of countries. At the same time, the study by E. Zsigmond *et al.* (2020) emphasised the importance of effective management of sponsorship agreements to

achieve both short-term and long-term benefits. In the context of Albania, all this experience can be used to optimise the attraction of foreign sponsors and strengthen the country's position in the sports arena.

The study aimed to analyse the role of sponsorship models in the development of the Albanian sports industry. In particular, the study aims to explore the potential of sports sponsorship as a tool for economic growth and international positioning. The uniqueness of the topic is determined by the need to incorporate both local and global trends, which defines the study as relevant not only for Albania but also for other countries with similar economic conditions. The objectives of the study are threefold: to analyse the main models of sponsorship; to identify the main barriers; and to determine the current state of sports sponsorship in Albania. In this context, special attention is paid to the analysis of international experience.

Materials and Methods

The materials used include scientific publications, analytical reports, statistics on the impact of sports sponsorship, as well as official documents regulating sports policy in Albania. Law of Albania No. 79/2017 "On Sport" (2020), data on the cooperation of the Football Federation of Albania with Macron (2022), a report on the financing of the Albanian Olympic Federations (2024), National Collegiate Athletic Association (n.d.) information on the financing of student sports in the United States, etc. were analysed. Statistical metrics of sports funding covering the period of recent years were also studied. The collected material provided an empirical basis for assessing the economic benefits and barriers to the implementation of sports sponsorship models.

To achieve the research objective, a systematic analysis was used to analyse sports sponsorship as a multi-component phenomenon, including the interaction between governmental, commercial and sports organisations. This method was used to structure the problem under study and highlight key aspects, such as financing mechanisms, strategic planning and possible economic consequences. System analysis was used to identify the dependence between different forms of sponsorship, their impact on sports infrastructure and socio-economic development of the country.

The comparative method was used to analyse sponsorship models in different countries to identify the advantages and disadvantages of each approach, which assessed the effectiveness of sponsorship agreements in the context of Albania in comparison to other countries (e.g., Germany or the United States), considering their financial capabilities, regulatory policies and the level of development of sports

infrastructure. The comparison identified best practices that can be adapted to the national context of Albania and identified unique challenges related to the national specifics.

The inductive approach was used to summarise the data obtained during the analysis of specific sponsorship deals, for example, the partnership between the Football Federation of Albania and Macron. The method identified general trends and patterns in the development of sports sponsorship based on specific cases. Based on these generalisations, recommendations for optimising the mechanisms of cooperation between sponsors and sports organisations were formulated. The deductive method was used to test the assumptions made in the study, in particular, the impact of sponsorship on the country's economy and the development of sports infrastructure. This method allowed for a logical transition from general theoretical concepts to their verification based on practical data.

The synthesis method combined the results obtained using other methods. The synthesis integrated data from different sources, creating a holistic picture of the impact of sports sponsorship on the economy and social sphere of Albania. The study analysed the rates of tax incentives for investors and determined their impact on the volume of sports sponsorship in Albania, Greece, Croatia and Hungary, comparing different models of sports sponsorship.

The chosen methodology ensured a comprehensive approach to the study of sports sponsorship. The use of various methods of cognition not only analysed the problem from different perspectives, but formulated recommendations for improving the efficiency of cooperation between sponsors and sports organisations. This approach contributed to the scientific novelty and practical significance of the results.

Results

Sports sponsorship is an important element of the modern sports industry, which has a significant impact on its development and stability. Sponsorship involves financial or other support of sports organisations, events or individual athletes by private companies, government agencies or other investors. At the same time, sponsorship agreements provide sponsors with benefits by increasing brand awareness, improving corporate image, and attracting new consumers (Phiri & Chakauya, 2023). Thus, sponsorship is a mechanism that reduces the financial burden on sports organisations and contributes to the overall and comprehensive development of sports infrastructure.

In general, for many countries, including Albania, sports sponsorship is an important factor in economic development. With limited national resources, where a large part of the funding for sports comes from the state budget, the need to attract additional investment is becoming increasingly apparent. Albania, with its limited infrastructure and financial capacity, cannot rely solely on traditional sources of funding to support the sports industry. At the same time, sponsorship agreements, which include both public and private components, can provide the necessary funding for the development of sports infrastructure,

organisation of international competitions and training of athletes (Schönberner & Woratschek, 2023).

First and foremost, sponsorship is important for Albania due to the need to modernise its sports infrastructure, many of which need renovation and improvement. To successfully host international competitions and attract attention to sports at the national level, the country must create competitive conditions for attracting investment. Sponsorship can not only cover the costs of organising events but also stimulate the development of the tourism industry, which is important for an emerging economy where tourism is one of the main sources of income.

The study proved that the development of the sports industry has a positive impact on the economic growth of countries (Ziming, 2021; Mirzaie *et al.*, 2022). In this context, it is necessary to find effective and efficient ways to develop the industry, such as sponsorship. Attracting investments in the sports industry contributes to the development of sports infrastructure, the creation of new jobs and the increase in employment. Therefore, sponsorship has a direct impact on the economy, as it increases spending on sports services and products, and stimulates the development of related industries such as advertising, media and transport.

Sports sponsorship encompasses various forms of cooperation, including corporate sponsorship, government support and private investment (financial, in-kind sponsorship), as well as a combination of the latter (Walraven *et al.*, 2012; Jedel, 2019). Corporate sponsors typically invest in popular sports (defined by the number of participants, media coverage, and social impact), providing funding for competitions, team support, or the development of sports facilities. Public support is often provided through subsidies, infrastructure development programmes and initiatives aimed at promoting sports among the population. Private investors, in particular local businesses, are becoming particularly important in countries with limited financial resources, where the involvement of sponsors can help develop new sports projects. Thus, sports sponsorship is a multifaceted phenomenon that includes various models of cooperation between sponsors and sports organisations. They can vary depending on the source of funding and the terms of cooperation, which determine the economic and social impact on sport and its participants. Each model has unique features and functionalities that determine the effectiveness of sponsorship in a particular context.

Corporate sponsorship is one of the models of direct financial support for sports events, teams or infrastructure. It is funding that is provided by large companies or brands that want to associate their products with the successes and positive emotions that sport generates. Corporate sponsors benefit not only from increased brand awareness but also by attracting new consumers, as sporting events provide access to a large audience. Sponsorship can include funding specific events, teams, individual athletes or even entire sports programmes, thus contributing to the sustainability and development of sports infrastructure.

In addition, an example of corporate sponsorship, called In-Kind Sponsorship, is the partnership between the Football Federation of Albania and the Italian sportswear company Macron (2022). The agreement on technical sponsorship, signed in 2016 during the participation of the Albanian national team in the final round of the European Championship, was an important stage in the development of Albanian football. In 2023, Macron and the Football Federation of Albania announced the extension of their cooperation until 2027. This agreement includes not only the supply of equipment for the men's and women's national teams but also the provision of technical sportswear for youth teams and football academies operating under the auspices of the Federation.

Macron's chief executive officer, D. Pavanello, noted that the renewal of the partnership with the Football Federation of Albania is a confirmation of a shared vision and a long-term project for the Albanian national team. The relationship between the company and the federation is based on friendship, mutual respect and common sporting values. Notably, the Albanian national team became the first national team to use Macron products. Therefore, the cooperation between the parties is based on personal friendships, which, according to Football Federation of Albania President A. Duka, not only provides material support but also contributes to the development of common sports traditions. The history of their cooperation began in 2015 and has become a success story, as Albania participated in Euro 2016 and achieved positive results. Macron is one of the most important partners of the Football Federation of Albania, and the new contract provides for the launch of a project that will help strengthen the social component of sport.

The extension of the agreement also includes a unique social initiative called "My Uniform", which provides free sportswear to every athlete playing football in Albania. This project is aimed at stimulating the development of children's and youth football and promoting sports among young people. Under the new terms, Macron will continue to develop specialised uniforms that reflect the identity of Albanian football, which helps to strengthen the brand of both the team and the Federation in the international sports environment. Thus, the partnership between the Football Federation of Albania and Macron has not only provided for the development of football infrastructure and technical support for the teams but has also created a positive social impact, which is an important factor for countries with limited resources. This example illustrates how corporate sponsorship can play a significant role in the development of sport and the formation of a national sporting identity.

An international example of corporate sports sponsorship is Coca-Cola. Coca-Cola, one of the world's largest soft drink giants, has a long history of partnership with the Olympic Games, dating back to 1928. This cooperation, which has lasted for over 90 years, makes Coca-Cola the oldest corporate sponsor of the Olympic Games. Through this partnership, the company has become an important participant in the Olympic Partner programme and will

continue to participate in this initiative until 2032. The new sponsorship contract, which also includes the Chinese company Mengniu Dairy, is estimated to be worth USD 3 billion. Distribution innovation is also an important part of Coca-Cola's strategy for the Paris Olympics. The company is introducing a "revamped distribution model" that includes the use of beverage fountains and reusable glass bottles, as directed by the Paris 2024 Organising Committee. Where water fountains are not available, drinks are served in recycled plastic bottles. This demonstrates the company's commitment to reducing its environmental footprint in response to global sustainability challenges. In addition, as part of the 2024 Olympic Games in Paris, Coca-Cola offered fans a range of beverages, including water, tea, coffee, juice and carbonated drinks, while reducing added sugar in its products, which correlates with global recommendations to limit added sugar to 10% of daily calories (Buse *et al.*, 2024).

Coca-Cola's involvement in the Olympic Movement has not only a marketing but also a social impact. The company provides funding for many teams and athletes, enabling them to train, prepare and compete (Rogers, 2024). As the company's representative noted in an interview with MarketWatch, this funding is "essential support", which contributes to the development of sports at the international level.

Moreover, one of the most common forms of corporate sponsorship in sports is title sponsorship, which involves a company providing financial support in exchange for the right to include its name in the name of a sports event, league or team. An example of such a model is the agreement between the Albanian Internet company Abissnet and the Football Federation of Albania, which resulted in the top division of the country's championship being named Abissnet Superiore for three seasons (2021-2024) (The Superior Category..., 2021). Such a partnership not only helps to attract additional financial resources for the development of national football but also increases the sponsor's brand awareness among a wide audience of fans. The use of such a financing mechanism allows sports organisations to compensate for the costs of holding competitions, developing programmes and upgrading infrastructure, which is an important factor in strengthening the position of national championships in the European sports space.

Official sponsorship is another form of corporate support that provides funding for national teams and promotes their competitiveness in the international arena. In this context, the partnership between Vodafone Albania and the Football Federation of Albania is worth considering (Vodafone Albania becomes..., 2019). As part of this agreement, Vodafone Albania became the official sponsor of the national team, which allowed the team to provide the necessary financial resources for training, participation in competitions and development of youth programmes. Such sponsorship contracts are particularly important for countries where state funding for sports is limited, as they guarantee stability and contribute to the long-term development of the football system. At the same time, for the

sponsoring company, this partnership is an effective marketing tool that strengthens its presence in the market and increases brand awareness among fans.

The next model of sponsorship is Public Partnerships, which requires the involvement of government authorities, often providing financial resources for the development of sports infrastructure, organisation of international competitions or support for national teams. It can be implemented through various programmes and subsidies designed to make sport accessible to the general population. An important feature is that public funding is often directed to long-term projects that ensure the sustainable development of sports infrastructure and increase the level of physical activity among the population. However, public sponsorship can also be affected by political factors, budgetary constraints, and changes in political priorities (Lechner & Solberg, 2021).

For instance, government sponsorship in the sports sector through the system of student scholarships in the United States is an important strategic tool for developing sports and supporting talented young athletes. This system combines educational opportunities and sports achievements, providing students with the opportunity to pursue higher education at universities while developing a career in sports. The importance of this form of state sponsorship lies in the fact that it not only allows for funding of athletes but also contributes to the development of sports culture in the country. In general, the US sports scholarship system for students is one of the most developed in the world, and its impact on the country's sports landscape is enormous. It is partially funded by government agencies through higher education programmes, through government grants to universities and sports associations.

The main state actor in supporting this programme is the US National Collegiate Athletic Association (n.d.), which is responsible for managing sports competitions among students. National Collegiate Athletic Association scholarships are provided through universities and colleges. Student-athletes receive first-class academic support, quality medical care, and regular access to outstanding coaching staff and facilities. All these scholarships are partially funded by the state through the system of subsidies for higher education institutions. For decades, American universities have received significant amounts of public funding for the development of student sports. For instance, National Collegiate Athletic Association Division I and II schools provide nearly USD 4 billion in athletics scholarships annually to more than 196,000 student-athletes. Division I schools can award multi-year scholarships to student-athletes. In addition, Division I schools may pay for student-athletes to pursue bachelor's or master's degrees after they retire from National Collegiate Athletic Association sports.

According to Albanian legislation, the financing of sports in the country is carried out through various sources, including the state budget, local authorities, sports organisations and international sports federations. Law of Albania No. 79/2017 "On Sport" (2020) defines the procedure

for financing sports structures and organisations related to Olympic and non-Olympic sports. Article 13 of the law stipulates that the main sports organisations, such as sports federations, the National Olympic Committee of Albania and the National Anti-Doping Organisation, receive funding through transfers from the state budget. This funding may also include funds from other legal sources. The bodies responsible for funding are the ministries dealing with sports and finance. Funding for Olympic federations and the National Olympic Committee is determined by a joint order (instruction) of the Minister of Sport and the Minister of Finance, which ensures coordinated and systematic support for Olympic sports. Instead, non-Olympic federations are funded by the Ministry of Sport through transfers for proposed projects. The Ministry assesses the impact of these projects on the social, economic and environmental situation in the country, which ensures the effective use of state budget funds to develop sports infrastructure and support sports initiatives. The Ministry also controls and allocates the transfer expenditures.

Articles 19 and 20 provide for the possibility of receiving funding from central or local authorities for sports associations and sports companies through transfers and other sources, which allows for a diversity of funding at all levels of the sports infrastructure, including local authorities, which can contribute to the development of sports in their territory by providing financial support to sports clubs and societies. The general mechanism of financing sports in Albania includes not only direct subsidies from the state budget but also fundraising through the following sources, donations, sponsorship, television rights and advertising. For instance, matches of the Albanian football league are broadcast on local TV channels, which generates advertising revenue and increases the popularity of the sport among viewers. These additional sources increase funding and create conditions for the development of sports projects and events.

Article 39 of the law states that the funds allocated for sports from the state budget are determined in the annual budget of the country, which ensures long-term stable funding and planning of important sports events, national and international competitions, as well as support for sports clubs, organisations and teams throughout the country. Sport funding in Albania allows for the support of the sports sector at various levels, from Olympic federations to local sports clubs and associations. This approach also contributes to the development of sports among young people, raising sports culture and engaging more people in physical education and sports. The volumes of state funding for the industry should be based on official statistics of recent years. Thus, in 2021, the distribution of the Grand Fund for the Albanian Olympic Federations (2024) amounted to 138 million Albanian leks (USD 1.5 million). The funding for sports projects proposed by Albanian non-Olympic sports federations amounted to 13 million Albanian leks (USD 136 thousand). It is possible to conclude that the state primarily focuses on supporting Olympic sports, which are

widely known internationally and can provide the country with a high level of prestige on the world sports scene.

The total amount of public funding for sports is relatively small, which indicates that the country's budget for this sector is limited. By comparison, public spending on sports in developed countries is much higher. For example, the budget for financing the sector in Germany in 2024 was EUR 276 million, which is EUR 27 million less than the budget for 2023, but significantly higher than the budgets of Albania (Poschmann & Rieger, 2024). The EUR 27 million cut has caused concern among representatives of the German sports industry, including officials and politicians. Criticism of the budget cuts was also expressed by the leadership of the German Olympic Sports Union, by chief executive officer T. Burmester. As such, before the election, the government had promised to create better conditions for sports, for the development of high achievement. However, according to the chief executive officer, the funding was cut, which will make it much more difficult to achieve the goals. The reduction in funding has also raised questions about supporting sports projects at the regional and national levels, which are important for promoting sports among young people, developing infrastructure, and ensuring access to physical education. In this context, the need to find alternative sources of funding, including corporate sponsorship or expanding the role of local initiatives, is a pressing issue. At the same time, further discussions around budget cuts may stimulate a review of funding priorities and the introduction of new strategies to use available resources more efficiently.

When public funding is reduced or insufficient, private investments in sports (Joint Ventures) become relevant, as they are usually more localised and individual forms of funding. They can involve investors or small companies that contribute to the development of specific sports projects or events. Private investment is often directed at creating new sports facilities, organising local tournaments, or supporting talent that has not yet gained widespread popularity. While this model may be smaller in scale than corporate or government sponsorship, it is often highly flexible, allowing for a quicker response to changes in sporting needs or demand for specific sports.

One example of an effective private initiative is the Goga Basketball Academy (Albania), which demonstrates how private sector investment can change the sports landscape (Ponari, 2018). The club has invested in sports infrastructure, demonstrating how private resources can significantly contribute to improving the quality of sport. Such initiatives also underline the importance of government support, which should create a favourable environment for attracting such investments.

Despite ongoing efforts, the legal framework is not yet fully adapted to the needs of investors, which hinders the potential of private initiatives. To achieve harmony between the public and private sectors, it is necessary to create mechanisms that encourage entrepreneurs to invest in sports and ensure fair tax regulation. Currently, one of the main problems is the limited tax benefits for investors:

according to the current legislation, the amount of pre-tax profit can be reduced by only 30% of the amount invested. This is much less than in many other countries (50% deductible in Croatia, 90% in Greece, 100% in Hungary, etc.), where tax deductions for sports sponsors are higher and more attractive to businesses. Increasing this percentage could stimulate a greater inflow of private capital into the sports industry. It is the private sector that can drive change if its efforts are complemented by a favourable legislative environment, including the expansion of tax incentives for companies and investors investing in sports.

It is also worth considering a combination of such forms of sponsorship as private and public, which create an additional public-private model of sports sponsorship (Public-Private Partnerships). Public-private partnerships in sports are an effective mechanism of interaction between government agencies, private companies and sports organisations aimed at ensuring the sustainable development of sports infrastructure and supporting professional and amateur sports. The model involves joint financing, management and operation of sports facilities, as well as coordination of investments to create favourable conditions for the development of the sports industry. In contrast to traditional public funding, public-private partnerships reduce the burden on the budget by attracting private sector funds, while ensuring more efficient use of resources through modern management practices and market mechanisms (Khodakovsky, 2023). The format of such cooperation can cover various aspects, including the construction and modernisation of sports facilities, financing of major international competitions, development of youth sports and ensuring the long-term operation of sports infrastructure facilities. The successful implementation of such projects requires a clear division of responsibilities between partners, including the definition of investment mechanisms, management principles, and guarantees of financial stability. At the same time, a significant advantage of this model is the ability to attract innovative tools and management approaches, as well as to encourage businesses to actively participate in the development of sports, while maintaining the social orientation of public policy in this area.

One of the most significant projects, which is an example of a successful combination of public and private investment to create a modern sports infrastructure that meets international standards and promotes the development of football in Albania, is the construction and operation of the Arena Kombëtare National Stadium (Air Albania) in Tirana (Goal article for..., 2022). The Arena Kombëtare project envisaged the construction of a modern football stadium on the site of the former Stadiumi Qemal Stafa stadium. Construction began in 2016 and was completed in 2019. The stadium has a capacity of 22,500 spectators and is the largest sports facility in Albania. The project was implemented through a public-private partnership, with the private company AlbStar Sh.P.K. responsible for most of the financing and construction, as well as for the management of the stadium after its opening. The state of

Albania, through the Football Federation of Albania and other state institutions, provided the necessary support and infrastructure for the project.

In summary, each of the sponsorship models has different advantages and limitations (Table 1). Corporate sponsorship provides stable funding and promotes sports to a wide audience, but it often comes with high demands

on marketing strategies and the ability to create brand associations. Public support usually provides for longer-term and more comprehensive projects, but its effectiveness may depend on the availability of budgetary resources and political will. Private investment, on the other hand, often provides quick and specific funding but can have a limited impact on broader sports projects.

Table 1. Comparison of sports sponsorship models

Sponsorship model	Advantages	Disadvantages
Corporate sponsorship	Provides stable funding for sports events and infrastructure. Sponsors benefit from increased brand awareness and a wider audience. Can attract investors to the infrastructure by facilitating the development of new sports facilities	Sponsorships often depend on the commercial interests and marketing goals of the company, which can significantly limit flexibility. The high demands on advertising and marketing campaigns can place restrictions on sporting events. The interests of the sponsor may change, which can lead to sudden changes in funding or termination of cooperation
Government support	Provides stable and long-term funding for the development of sports infrastructure. Can be focused on long-term projects and the accessibility of sports for the general population. Supporting national teams and organising major international events helps to enhance the country's image	Political factors can significantly impact government funding priorities and the reliability of support. Lack of flexibility in decision-making and response to the needs of the sports industry
Private investment	Can quickly raise funds for specific sports projects or events. High flexibility in decision-making and quick response to changes in the sports environment. Private investors may be more interested in innovative and non-standard projects	Limited funding for larger and longer-term projects due to a lack of large-scale resources. Support is often limited to local or specific projects. Dependence on the interests of individual investors may lead to funding instability
Private investment	Combines stable funding from the state with the flexibility of the private sector, allowing additional resources to be raised for large and long-term projects. State and private support can contribute to the creation of new sports facilities, infrastructure development and enhancement of the country's image	Can be difficult to implement due to the need to reconcile the interests of the state and private investors. Dependence on external economic and political factors can lead to funding instability

Source: created by the authors

The impact of each of these models on the sports industry varies depending on the level of development of the country, the national economy and the priorities in sports policy. In countries with limited resources, such as Albania, each model can be used for different purposes: corporate sponsorship can increase the international visibility of the sport, government support can help develop basic infrastructure, and private investment can fill in the gaps by creating innovative and localised projects.

Furthermore, the effective use of sponsorship funds requires good governance and strategic planning. This includes transparency of financial flows, a clear definition of goals and priorities, and cooperation between public and private entities.

Discussion

The effectiveness of sponsorship models in the sports industry depends largely on their adaptation to the economic, social and cultural conditions of a particular country. Albania, as a country in transition, faces unique challenges, including limited public funding, insufficient infrastructure development and low levels of private capital. In this context, the study of sports sponsorship models not only assessed their direct economic impact but also identified

potential opportunities to overcome systemic gaps. Therefore, it is necessary to define how specific sponsorship models can contribute to the sustainable development of the sports industry, expand employment and increase the country's tourist attractiveness. These issues are becoming important areas of research for many scholars.

At the same time, assessing the effectiveness of sponsorship strategies requires considering international experience, especially in terms of financial management, integration of public and private capital, and stimulating business participation in sports financing. An analysis of sponsorship cases from other countries shows that a combination of corporate sponsorship and government support can ensure the long-term financial stability of sports organisations and create additional incentives for infrastructure development. At the same time, innovative forms of private initiatives, which are increasingly being implemented in developed economies, can be adapted to the needs of emerging markets (Teymurova *et al.*, 2024).

An analysis of international research and sponsorship practices allows not only to assess the economic and social efficiency of different models, but also to identify barriers that may hinder their implementation in the Albanian context. For instance, the experience of countries such as

Germany and the United States highlights the importance of transparency of financial flows and proper regulation. At the same time, cases of private initiatives in the sports sector prove the effectiveness of a localised approach to investment, which provides a basis for further discussion on how the local context can influence the integration of international approaches.

Therefore, a comparison of the results of the study with international practices and scientific approaches assessed the key parameters of the effectiveness of sponsorship agreements, including their impact on economic development, social cohesion and improving the country's international image. In addition, the relevance of the study of sports sponsorship in the context of Albania is explained by the lack of comprehensive research that would cover the effectiveness of various models of cooperation between the government, business and sports organisations in the country. Addressing these features, the study of sports sponsorship in Albania not only assessed the economic benefits of such agreements but also identified the key problems and barriers that arise in the process of attracting investment in the sports sector.

M.K. Marwat *et al.* (2022) offered a comparative analysis of the economic effect of sports in developed and developing countries. The study emphasised that in countries with weak economies, sponsorship is becoming an important tool for improving sports infrastructure, attracting tourists and creating new jobs. This is consistent with the results of a study on the importance of attracting private capital for the development of sports in Albania. At the same time, M.K. Marwat *et al.* noted the importance of state support as a key catalyst for creating conditions that attract sponsors.

In general, the analysis of sports sponsorship models demonstrates a significant economic impact on the development of the sports industry. The findings of the study correlate with the conclusions of M. Leeds *et al.* (2022) that effective sponsorship models contribute to a multiplier effect on the economy, stimulating employment, infrastructure development and attracting foreign investors. At the same time, M. Leeds *et al.* did not include an analysis of local challenges, which is an important element of the current study's approach. However, in the context of Albania, the importance of this approach is reinforced by the need to adapt to the conditions of limited resources and underdeveloped infrastructure. For instance, low levels of private investment in sports, the lack of systematic strategies for attracting sponsors, and weak links between businesses and sports organisations create additional obstacles to successful sponsorship deals (Fedorenko, 2024). This, in turn, limits opportunities for job creation and the development of other related industries.

The meta-analysis of K. Eshghi (2022) systematised data on the impact of sports sponsorship on the financial performance of sponsoring companies. In particular, the study proved that sponsorship brings significant profits to shareholders if it is associated with popular sporting events.

The conclusions of this study are consistent with the assertion that sponsorship agreements can be a key driver of economic development in a region. However, the current study emphasised the macroeconomic effects, while K. Eshghi analysed the corporate level, which presented an additional aspect of the study.

T.B. Cornwell *et al.* (2024), logically continued this discussion by focusing on the interaction between sports sponsorship and marketing goals. The study revealed that successful brand recall during sporting events not only increases awareness of the sponsoring company but also contributes to the formation of an emotional connection between the brand and the consumer. While this study focused on the economic benefits, it is worth noting that the relationship between marketing success and economic impact is an aspect that deserves further analysis in the context of the Albanian market. This area may become relevant for more in-depth research.

K. Vllasaj (2024) highlighted the managerial features of sports organisations in Kosovo (Albania). The author emphasised the importance of leadership in ensuring effective resource management. At the same time, this aspect is not central to the current study, but the conclusions of K. Vllasaj emphasised the need to improve governance structures to ensure maximum effect from sponsorship agreements. In this context, the findings, which emphasise the integration of private and public funding, could be further extended with managerial recommendations. However, the current study complements the findings of K. Vllasaj on the barriers and opportunities for implementing sponsorship models in transition economies, which adds new perspectives to the overall understanding of how sponsorship can contribute not only to economic growth but also to social development through the support of sports initiatives.

Thus, the comparison of the presented studies demonstrates that sports sponsorship is a multifaceted phenomenon that encompasses economic, social, political and managerial aspects. They complement each other, forming a broader picture of the impact of sponsorship on the development of sport. For countries in transition, such as Albania, it is important to adapt these approaches to local conditions to maximise the impact of investments in the sports industry. The current study also confirms the importance of sponsorship in financing sport and strengthening its infrastructure. Despite differences in the scope and methodology of the studies, all of them significantly contribute to understanding the effectiveness of sponsorship.

In summary, the current study aims to contribute to filling the knowledge gap on sports sponsorship in Albania, highlighting the need to adapt international best practices to local conditions, which will attract more investment in sports, develop infrastructure and strengthen the country's position on the international stage.

Conclusions

The study confirmed the significant economic and social impact of sponsorship models in the Albanian sports

industry, highlighting their role as an effective tool for strengthening sports infrastructure, attracting investment and promoting tourism. The analysis of international experience has identified key aspects of effective management of sponsorship agreements (such as clear identification of funding sources, transparency in the distribution of funds, adaptation of international experience, etc.) that can be adapted to the specifics of local conditions, which will contribute to the sustainable development of the country's sports industry. The conclusions show that the adaptation of international best practices can significantly increase the effectiveness of sponsorship agreements in the context of limited funding inherent in transition economies.

The results demonstrated that the integration of private and public funding can help reduce the burden on the state budget while ensuring the sustainability of investments in the sports industry. The study confirmed that the modernisation of sports infrastructure, organisation of international events and development of youth sports depend on the availability of effective strategies for attracting sponsors, which also improve the international image of the country. At the same time, the analysis highlighted the need for legislative changes aimed at promoting transparency of financial flows and creating favourable conditions for

attracting private capital. Such an initiative would increase the competitiveness of sports organisations and contribute to their long-term economic growth. The formation of strategic partnerships between government, corporate and private entities is an important factor in creating additional sources of funding for sports projects.

The research was limited by the limited data available and the lack of analytical materials covering the specifics of sports sponsorship in Albania. This made it difficult to comprehensively assess the impact of sponsorship models on the development of the sports industry and limited certain opportunities for scientific analysis. Nevertheless, the study fully achieved its goal, revealing the economic potential of sponsorship for the development of sports and the formation of a positive image of the country in the international arena. Further research in this area should expand the empirical base to better assess the impact of different funding models on the sports industry in comparison to other countries.

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Conflict of Interest

None.

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Економічний вплив моделей спортивного спонсорства на розвиток спортивної індустрії: досвід Албанії

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Анотація. Актуальність дослідження спортивного спонсорства в албанському контексті визначається відсутністю тематичних досліджень, особливо щодо економічного впливу моделей спонсорства. Метою дослідження був аналіз впливу моделей спонсорства на розвиток спортивної індустрії в Албанії. Науковий аналіз підтвердив, що моделі спонсорства сприяють зростанню зайнятості, розширенню національних туристичних можливостей і створенню нових економічних стимулів для спорту. Спонсорські угоди сприяють організації міжнародних спортивних заходів, які збільшують туристичні потоки та зміцнюють регіональні економіки. Крім того, дослідження визначило, що ефективне управління спонсорськими коштами забезпечує стаке фінансування розвитку дитячо-юнацького спорту та модернізації інфраструктурних об'єктів. Ефективні моделі спонсорства сприяють формуванню позитивного міжнародного іміджу країни та довгостроковим економічним вигодам для спортивної індустрії. Розвиток спонсорства може підвищити конкурентоспроможність спортивних організацій за рахунок залучення більшої кількості міжнародних партнерів. Порівняльний аналіз практики США та Німеччини дозволив визначити ключові аспекти, які можуть бути адаптовані для підвищення ефективності спонсорства в Албанії. Інтеграція приватного та державного фінансування може зменшити навантаження на державний бюджет. Однак необхідні законодавчі зміни для заохочення приватних інвесторів та забезпечення прозорості фінансових потоків. Ефективне використання спонсорських угод позитивно впливає на розвиток спортивної культури та залучення молоді до фізичної активності. Дослідження заповнило виявлені прогалини у вивченні спортивного спонсорства в Албанії, підкресливши необхідність розробки стратегій подальшого вдосконалення механізмів залучення інвестицій у спортивну індустрію. У дослідженні було поєднано локальний контекст зі світовими тенденціями спортивного спонсорства, що дозволило виявити особливості їх взаємодії та адаптації у сучасних умовах. Запропоновані рекомендації спрямовані на подолання системних прогалин у фінансуванні спорту та створення умов для сталого розвитку спортивної інфраструктури

Ключові слова: фінансування; державна підтримка; довгострокові проекти; соціальний вплив; ефективна стратегія
