

The Estimation of Sport's Contribution to the Economy and Employment Situation in Europe

Günther Grohall

SportsEconAustria

Vilnius

16 December 2014

- Administration vs. Decision making:
- Administration: carrying out decision.
- Decision making:
 - Changing the path.
 - Requires
 - Goals,
 - **Objective information** about field of decision,
 - **Assessing alternative** actions,
 - Taking the decision.

Need to estimate Sport's Contribution to the Economy

- Gross Value Added (Lithuania 2005):
 - “Fabricated metal products” (0.76%)
 - “Air transport” (0.19%)
 - Sport: until recently unknown!
- Sport is larger than many “official” sectors,
- Sport has strong media coverage,
- Without proper knowledge about sport, decisions may be inefficient or worse.

- EU uses Sport Satellite Accounts. Idea:
 - Sectors in System of National Accounts are split into “sport” (if there is) and “non-sport”. E.g. Agriculture contains breeding of race horses (sport) and growing wheat (non-sport).
 - Sum is constant, but view is more detailed.
 - Usually done in Supply and Use Tables.
 - Provides **objective information** about **direct effects** (e.g. Gross Value Added in sport related companies).

- Sport Satellite Account in Input-Output-Table:
 - Sectoral interdependencies must be known,
 - More work, but allows economic analysis of **indirect effects** (supplying companies to directly sport related companies).
 - This allows to **assess alternative investments** from economic point of view, e.g. “subsidies to clubs” or “new stadium”.

- In Austria we evaluated
 - Building/extension/restoration of football stadiums for EURO 2008,
 - Operation and/or investment in alpine infrastructure,
 - Creation of a an additional ski jumping hill in vicinity to a capital city, probably even Vienna.

- Directly sport-relevant companies and their supply network are analysed for:
 - Gross Value Added,
 - Employment,
 - Fiscal effects (if possible),
 - Sectors' different benefits,
- If possible, induced effects (income-related effects from above mentioned employment) can be researched as well.

- Depending on the stated problem.
- Economic impact of decisions,
- Answers to policy related questions,
- Evaluation of past investments,
- Information of behavioural facets of sport (e.g. in EU share of sport-related consumption seems to increase with GDP).

- And not to forget: general knowledge about the economic aspects of sport.

EU Results Overview Direct

Direct Results:

Sport Definition:	Statistical		Narrow		Broad	
GVA	28 bn €	0.28%	112 bn €	1.13%	174 bn €	1.76%
Employment	0.66 m	0.31%	3.14 m	1.49%	4.46 m	2.12%

Total (direct + indirect) Results:

Sport Definition:	Statistical		Narrow		Broad	
GVA	49 bn €	0.49%	186 bn €	1.88%	294 bn €	2.98%
Employment	1.15 m	0.55%	5.09 m	2.42%	7.38 m	3.51%

Most important Policy Results

- Sport is under-recognised and under-documented. Recognise its economic importance.
- Sport creates more jobs than GDP (in shares of their total values).
 - Sport thus is an employment driver, valuable during the crisis.
 - Sport jobs, however, are less productive than average jobs. Training & education of professionals (not only athletes) is required.
- Sport differs largely between countries! Do not generalise too much.
- Sport seems to be a superior good: the higher GDP per capita the higher the *share* of sport in GDP. Sport can foster convergence between countries.

- EC Expert Group “Economic Dimension of Sport” started this Autumn in Glasgow.
Three topics:
 - Economic benefits of sport - Sport Satellite Accounts,
 - Legacy of major sport events – focus on social, economic and environmental sustainability,
 - Investment in sport, including EU funding.

- In order to facilitate future research, EU Commission and former XG Stat set up a cooperation with Eurostat.
- Eurostat now searches for sport-related economic data in a systematic way.

- Regular updates are necessary.
- Use of Input-Output-Tables for impact analysis is strongly suggested (assessing alternatives).
- Cooperation with international bodies for knowledge and data exchange.
- Data collection dedicated to the need of research.
- Acceptance of sport as a proper part of other sectors (transport, tourism, culture,...).

SportsEconAustria

Institute for Sports Economics

Liniengasse 50-52

A - 1060 Vienna

christian.helmenstein@spea.at

anna.kleissner@spea.at

guenther.grohall@spea.at

- Three different views of sport:
 - Statistical definition: sport according to the system of national accounts, i.e. a part of NACE 92.6. E.g. operation of swimming pools.
 - Narrow definition: statistical definition plus all goods and services which are needed to do sport. E.g. football shoes, billiard tables, repair services.
 - Broad definition: narrow definition plus all goods and services which use sport as an input. E.g. all sport related tourism, sport betting.

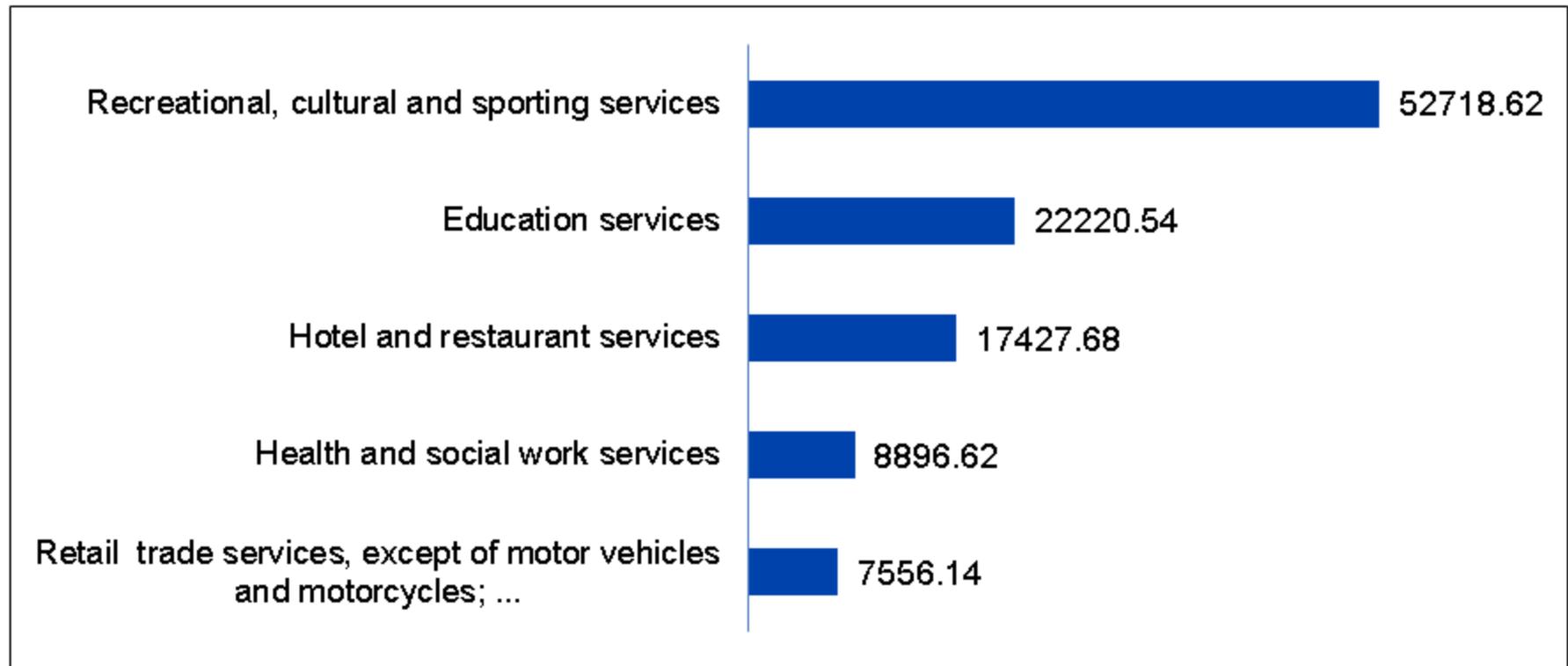
Input-Output Analysis (1 of 2)

Input-Output Analysis of sport allows to differentiate at least two kinds of effects:

- **Direct Effects:** arise directly in the sport-related economic activities. E.g. employees in a company producing sport watches.
- **Indirect Effects:** arise in the, theoretically infinitely long, supply chain of sport-related economic activities. E.g. employees in a company supplying sport-watch producers with batteries.
- **Total Effects:** direct plus indirect.

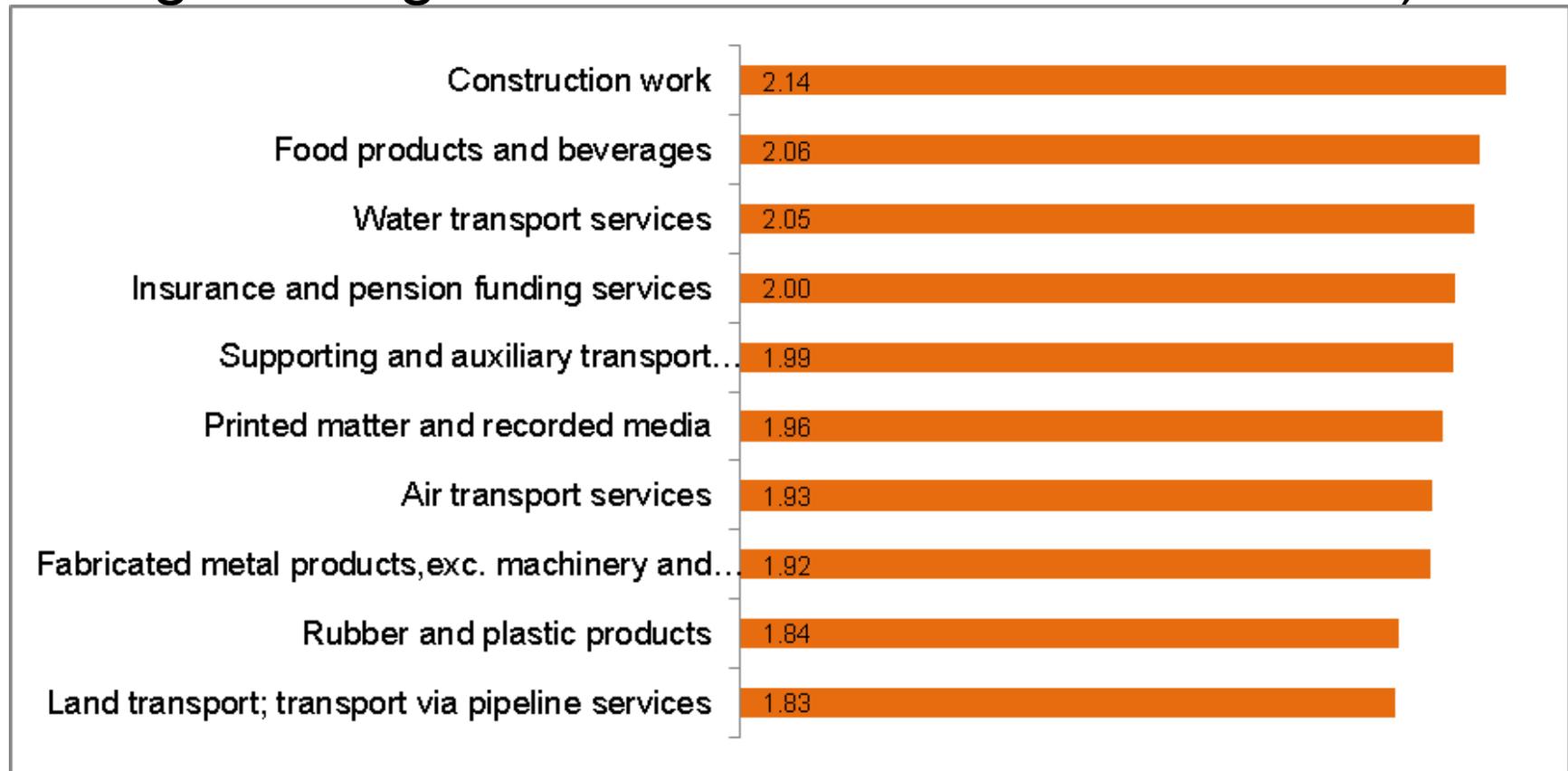
Gross Value Added

Top-5 contributing sectors to EU-wide GVA,
Broad definition, direct effects, in m €

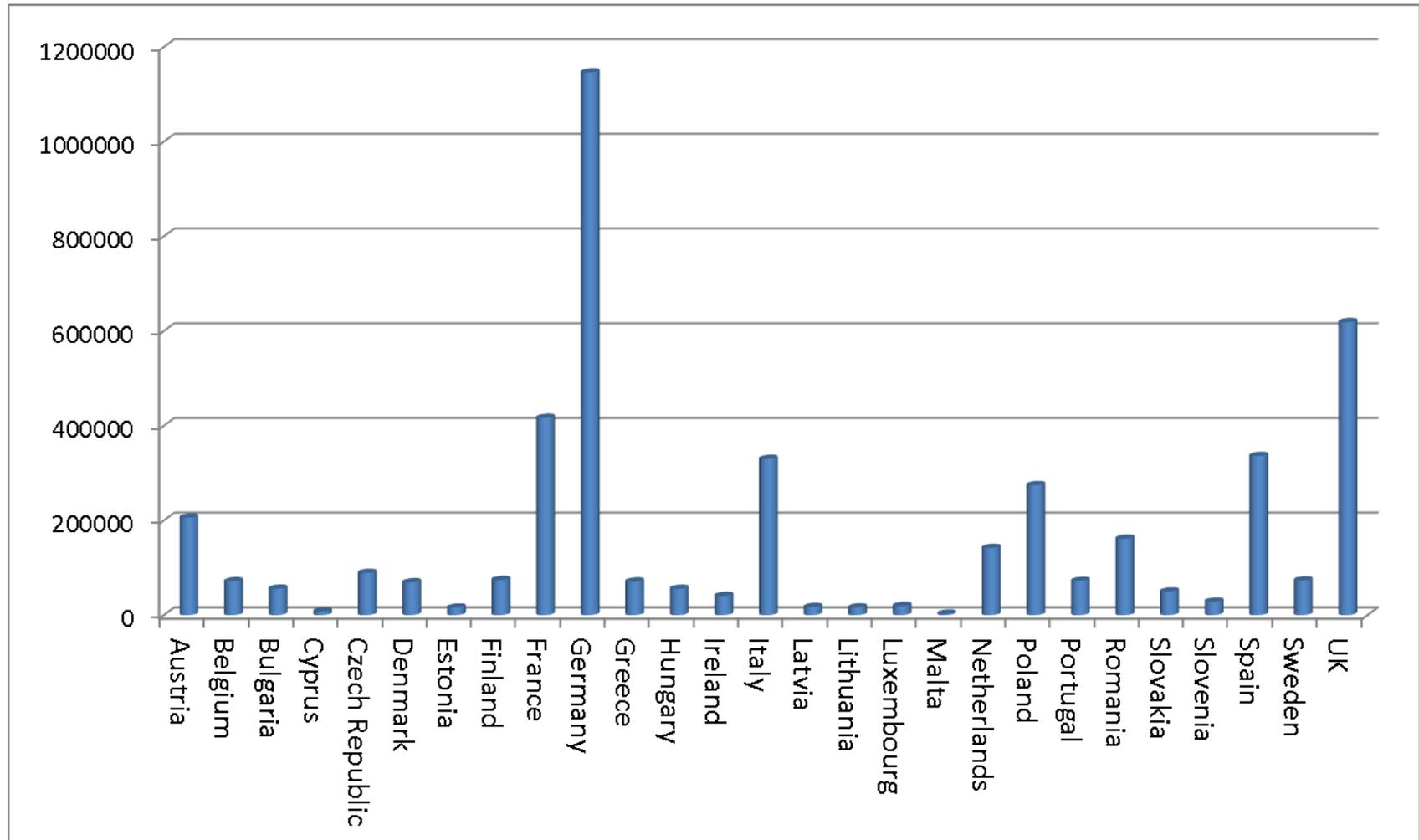


Sectorial Multipliers

Weighted mean top-10 EU-wide multipliers (on average strongest connections to other sectors):



Employment, broad, direct



Finding: Sport is under-recognised and under-documented

Share of sports by definition:

- statistical definition: 0.28% of GVA (28 bn €)
- narrow definition: 1.13% of GVA (112 bn €)
- broad definition (direct effects only):
1.76% of GVA (174 bn €)
- broad definition (direct effects plus multipliers):
2.98% of GVA (294 bn €)

PR1: Recognise sport as an important economic factor

Policy Recommendation 2

Finding: Growth in sport sector is employment-intensive – sport contributes to counteracting unemployment

– sport in overall EU employment: 2.12%

– share of sport in GVA: 1.76%

But: significant cross-country differences in labour productivity

Training and education of professionals (not only athletes) is required

PR2: Enhance labour productivity in the sport sector

Policy Recommendation 3

Finding: Great degree of complementarity between professional sport and voluntary activity – plays an important role in explaining cross-country differences since institutionalised sport leads to labour compensation and thus to measurable productivity

PR3: Leverage the economic impact of voluntary activity via policy-making, e.g. an appropriate instrument may be the formation of a Europe-wide network of volunteering in sport; the provision of pooled services for voluntary activity in sport may be considered

Policy Recommendation 4

Finding: Overall economic dynamics of sports in Europe have recently been characterised by divergence rather than convergence

PR4: Foster convergence across EU member states through sport, e.g. by expanding the sector in countries with a (far) below-average share of GVA and employment in sport; establish a joint monitoring facility of upcoming large-scale sport events (with a time horizon of up to 16 years); set up a portfolio of supporting tools

Finding: Important benefits associated with specialisation stem from the experience curve effect and the economies of scale effect, leading to unit cost degression, higher productivity and better service quality (improved competitiveness)

PR5: Capitalise on the sizeable growth-enhancing specialization advantages of sport

- a) Realise sport tourism-related growth potential
- b) Realise sport insurance-related growth potential
- c) Realise sport-related economic and legal consultancy growth potential

Policy Recommendation 6

Finding: By fostering institutionalisation and professionalization it is possible to target specific kinds of sport disciplines;
institutionalisation can positively interact with regional development strategies;
large-scale investments are particularly suited to serve as a beacon for the diffusion of innovation

PR6: Foster investment in sustainable sport infrastructure

Policy Recommendation 7

Finding: Satellite accounts, especially if they are based upon a multi-regional input-output model, help identify strengths and weaknesses of the national data reporting and collection systems and may serve as a reference and coordination tool for data gathering

PR7: Propagate consistent sport documentation and the exchange of best-practice models