

## THE CONTRIBUTION OF SPORT TO ECONOMIC AND SOCIAL DEVELOPMENT

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**ABSTRACT.** In contemporary social life, both ordinary people and political and cultural personalities value sport as a phenomenon with special functions in the development of the individual and through its socio-economic implications. Through its economic-financial implications such as the ever-flourishing industry of sports equipment and technology, huge amounts of money, accumulated and handled by clubs and sportsmen, advertisements, legal implications concerning national and international regulations, political implication in relationship with competition between countries, national pride, cultural implications including media, spectators, fanaticism, health implications in correlation with the obsession with the healthy body and others, it can be said that today sport is a major social phenomenon. This is valid for the developed countries, but also for the developing countries even if the agreement of opinions is not so high in this regard. In our paper we analyze the social and economic dimensions of the sport and of how it came to influence sustainable development today, as well as a presentation of the gains generated by some of the most important sporting events over time.

**Keywords:** *sport events, sport practices, economic effects, social dimension, economic growth.*

**REZUMAT.** *Contribuția sportului la dezvoltarea economică și socială.* În prezent, atât pentru oamenii simpli, cât și pentru personalitățile politice și culturale, sportul este un fenomen cu caracteristici specifice care contribuie nu doar la dezvoltarea individuală, dar are și implicații economice și sociale. Prin implicațiile sale economice și sociale care au în vedere industriile și tehnologiile de echipament sportiv, implicațiile legale manifestate prin reglementările naționale și internaționale, implicațiile politice care vizează competițiile între țări și mândria națională, implicațiile culturale care fac referire la mass-media, spectatori și chiar fanaticism, implicațiile pentru sănătate care vizează un corp sănătos și altele putem să afirmăm că sportul este un fenomen social major. Acest lucru este valabil atât pentru țările dezvoltate cât și pentru țările în curs de dezvoltare chiar dacă există

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divergențe de opinie în acest sens. În lucrarea de față analizăm dimensiunile economice și sociale ale sportului, și felul în care sportul contribuie la dezvoltarea durabilă, precum și o prezentare a câștigurilor generate de cele mai importante evenimente sportive.

***Cuvinte cheie:** evenimente sportive, practici sportive, efecte economice, dimensiune socială, creștere economică.*

## **Introduction**

People practice sports and physical activities for a variety of reasons, including pleasure, to improve their physical condition and health and to a sense of well-being. Promoting sport to help people achieve these goals is important in itself, but there are other reasons to encourage sport and physical activity in addition to immediate personal benefits.

Sport is considered a real institution with specific rules and internal operating mechanisms. Sport has positive values, if we talk about sports as physical activities for recreational purposes, or used as therapeutic means. Things are starting to get a different connotation when we talk about performance sports, which, according to many specialists, have become a product, which is intended to be sold as profitably as possible. In a modern economy, sport contributes directly to economic activity, it can be used as a vehicle for generating a wider range of economic activities and social actions, while being a powerful motivating factor for various individuals and groups. In short, sport and physical activity can have major economic and social effects, especially at local or regional level.

Nowadays, both internationally and nationally, the importance of the harmonious development of the society based on the use of the principles of the innovative economy increases, thus increasing the role of the social factors of the economic growth (Sitnikov and Bocean, 2013). In this sense, sports activities have a great significance and a great social potential. Sport and physical education are important for the social-political life of the country, and by the fact that they can contribute to the consolidation of the economic potential.

## **Literature review**

### ***The social dimension of sport***

Starting from the premise that socialization is the process by which people acquire skills, attitudes, values and behaviors that make them able to

participate as members of the society in which they live, through its educational and cultural dimensions, sport is recognized as a strong socializing factor.

Sport offers unique opportunities to meet other people, to communicate, to assume different roles, to acquire moral attitudes such as fair play, tolerance, respect and to live emotions different from other spheres of life and so on. Through its forms of practice (sports for all, performance sports and adapted sports - for people with special needs), sport helps to socialize children, by learning different roles in games, the elderly re-establish contact with the social world, young people value their performances in the competitive social framework, and people with special needs manage to exceed their limits. Due to its flexibility, sport is an appropriate form of social development, being applicable in cultural, political and economic diversities of different countries.

A facet of socializing through sport is its character of spectacle that gathers around it a large number of spectators and viewers from all over the globe. The spectator's connection with his team or with the sportsman, shows that the sport triggers psychological reactions, experiences and special behaviors, going so far as to identify with the athletes in the arena. We mention the ability of sport to provoke positive social behaviors, to prevent and reduce antisocial attitudes among young people.

Sport has as its basic feature the competition with a predominantly competition character, but also a formative character, present both in performance sport and in sport for all (Barbu et al., 2019). The functions of the sport are complex, acting on the athlete, answering the need for movement of young people everywhere. Moreover, the correspondence between the practice of physical education and sport, in its various forms and the effect, their impact, spreads throughout the social life, bringing the structural continuity of the entire training and educational system.

In the field of physical education and sport there are objectives with physiological functions, others with instructive-educational functions and last but not least, objectives with social functions. If we combine the functions, the profession, the education, the relaxation, the entertainment, the hygiene, the self-reliance, we reach the interpersonal relationships that are so important in the development of the youth.

A healthy society cannot be built without understanding the role of physical education in the evolution of children towards maturity. How could children be better educated to follow the rules, if they were not initiated in compliance with the rules of play? The mentality of a winner must be created from childhood and can be found throughout life in all areas of activity. The desire for self-sufficiency, a necessary condition for the progress of society, can be developed especially through sport, leading to the development of the individual's personality.

The one regarding the sport and the physical education under their fundamental aspect, as human activities endowed with a social function and that contribute to the formation and the development of the personality, is immediately tempted to ask what relation can exist between these activities and the culture.

This is because both sport and culture contribute to the enrichment of human heritage: firstly by the intelligent and deliberate development of our body, secondly, by a patient search that constantly follows the field of our intelligence and sensitivity.

First of all, sport and culture were born from the same source, which is called free time. There is no culture and no sport without this time that the work leaves the man and with whom he can do what he wants. Sport can express all feelings, all human emotions, just as culture and cultural spectacle - especially dance and theatre, the most complete arts - express feelings and emotions in the actor and, through sympathy, in the spectator.

Through sports, competitive or recreational activities, by spending leisure time in a pleasant, organized, beneficial for health, one can satisfy the need for movement, but also the desire to watch sports competitions as spectators, which makes the sport phenomenon it becomes a social phenomenon.

### ***The economic and financial dimension of sport***

Sport is defined as a factor with major impact on economic growth and the creation of new jobs. Sport is a tool for local and regional development, urban regeneration or rural development. The sport benefits from synergies with the sectors: tourism, financial, infrastructure, based on partnerships that can be concluded with other sectors of activity that lead to the creation of new sports bases (Stroe and Barbu, 2006).

Sport is often closely linked to the private business sector, which is normally geared towards short-term profit, which is at odds with conservation. In areas with potential and demand for sport, planning and monitoring can provide strong support for the sustainable development of communities based on sport and physical education.

At the same time, from a cost point of view, the (professional) performance sport often exceeds the amateur sport. From the economic activity point of view, professional sport offers for consumers and entertainment services, and the spectators obtain psychological satisfaction from the consumption of these services and, therefore, they are ready to pay for it. At the same time, the higher the quality of the services provided (which is expressed in the prestige of the competition), the higher the price.

Sport is an important economic enterprise that can bring benefits in other areas of society, based on competent management (Constantinescu, 2008).

Generally speaking, sport aims on the one hand services, infrastructure, material goods and on the other hand, the commercialization of the phenomenon on three levels:

- the transformation of some sporting events, clubs and sportsmen, into value brands;
- increasing the importance of sport as a source of profit for the business environment through sponsorships, marketing rights, broadcasting rights;
- development of sports-related businesses - sports equipment, materials and sports facilities.

The present active commercialization of the sport, forced its transformation, into one of the most intensely developed types of business. This fact facilitates a new visualization of sports activities through the intensification of research in the field of sports organizations management (Florea et al., 2018). All over the world, the increased social-political significance of the physical culture and sport, condition the active participation of the state in the economic-financial support of sports organizations (Apostu et al., 2010).

As society develops, physical activity and sport, increasingly, penetrate into all spheres of human life, becoming one of the most significant and integral parts of the vital activity of world civilization (Barbu, 2009).

Currently, millions of people live a healthy lifestyle in all countries of the world, whose component is practicing physical activity and improving health, participating in sports competitions. In the last decades, with gigantic rhythms, the sport of performance has developed, gradually becoming a real industry of spectacular sporting events.

A society that practices physical culture and sport, inevitably, will have prosperous citizens in other areas, such as: education, health, science, etc., and, on the contrary, in a society where the practice of sport is not emphasized and caring for the physical condition of the nation, we will also have a moral degradation: drug addiction, alcoholism, culture and education will decline, moral values, conscience and pride for his people will not be as important. Consequently, the inferiority complex of the nation will be intensely developed. Therefore, the physical health of the nation is an extremely important element for the economic and political state of society, it is an essential component, which underlies the conception of the world and ideological positions, the determining priority of human behavior.

The commercialization has determined at global level, a change in the attitude of some governments towards the sporting field, this not only

perceived as a mere consumer of the public subsidies, but as a productive sector of the industry and the economy in general.

Another general trend is the different ratio of athletes to the field, in the sense of increasing professionalism in an increasing number of disciplines and of the number of nations that grant financial rewards for the performances obtained at the major international competitions. The problem that arises in certain European countries is related to the balanced orientation of the financing of the sport for all and the performance sport (Profiroiu and Popescu, 2003).

Although elite sport can generate profit for potential investors, it can only develop if there is a broad base of talented athletes who can improve their potential and gain experience in the lower competitions. As a result, investment in performance sport can only be ensured after the base of children and juniors is created - a potential source of values.

In recent years, the sports sector in Europe has undergone many changes that have influenced the field of resource management, employment and/or technological evolution. Given that in the European space, sports activities have diversified / multiplied against the background of globalization, the labor force involved in this sector has increased by almost 60% in the last 10 years; however, there is a tendency to employ averaged qualified personnel in the field, while for highly qualified occupations (coach, psychologist, sports doctor, physiotherapist, etc.), there is a high level of competition, including at the level of management positions, IT and customer service.

At European level, on the one hand, there is a higher involvement of some less active traditional population categories and on the other, a change in the way subjects participate in sports activities, in the sense that they are inclined to play individual sports and less team sports. This fact is explained by the decrease of the leisure time budget of the active population, which makes it difficult to synchronize the activities of several people. As a result, from an economic point of view, sports service providers have to design flexible programs to meet these changes, in the form of multiplication of fitness centers, personal trainers and programs that can be practiced at home.

An increasingly significant part of the economic value of sport is related to intellectual property rights (copyrights, trademarks, image and its dissemination, etc.) In careful analysis, especially in the regional/local context, there are contradictions between the costs of some sports activities and limited access of certain categories of population, as beneficiaries.

Although sport has an important share in the economy, the vast majority of sporting activities take place within non-profit structures, many depending on the public support, in order to favor the access of all citizens to sport, the so called sport for all.

Certainly sport generates economic values by creating jobs (organization, maintenance, construction, etc.) on the one hand, and, on the other hand, through the effects/benefits it has on health and, finally, capacity, work of citizens (Turcu, 2008).

At the same time, we confirm that sport and physical culture strongly influence the quality of human capital, the structure of consumption and demand, consumer behavior, external economic relations, tourism and other indicators of the economic system.

Thus, sport as a special type of business is specific to a number of characteristics, such as: as a commodity, sport can provide a valuable show, where performance athletes are trained, different components of sports infrastructure, sports attribute, etc.; a high degree of unpredictability of sports results and, therefore, risks associated with an investment in sports; longer duration of the "life cycle" of the sports infrastructure, athletes and coaches, which can be used as an object in which to invest for sale and profit.

It is known that in order to obtain a professional in the field of sport it is necessary to invest in its development at least 5-7 years, a large volume of capital - financial, material and labor costs invested in sports; the need to maintain an extensive infrastructure to ensure the practice of physical culture and sport: sports equipment, special means of transport, etc.

These and many other factors contribute to a significant participation in the sporting activity of state and public organizations, that is, the state-private partnership. Although it is believed that a large number of sports activities must be provided at the expense of the state, however, at present, in this regard, there is the problem of the efficient use of the budgetary funds allocated for sports.

Therefore, the economic role of physical culture and sport is pronounced in several main directions. First of all, sports health improvement practices contribute to minimizing economic losses in almost all areas of the company's vital activity and are an alternative to vices, which, have a powerful destructive effect on the economic system (Turcu, 2009).

Secondly, physical activity is an important factor in increasing the life expectancy of the population and has a positive effect on increasing the working age of people. Thirdly, physical culture and sport are some of the main components of high quality workforce training and, therefore, it is the factor of ensuring economic growth (Șomărescu et al., 2016). Fourth, physical activity, sport and sport-events tourism are, at present, important sphere of extensive entrepreneurial activities, which ensure, on the one hand - the employment of many people in the sectors of the sports industry and the tourist complex, and on the other part - the mentioned sectors complete the budget from the tax receipts, which allows the state to effectively solve the social problems of the population.

### ***The economic influence of major sporting events***

The economic component of physical education and sport is divided in two, taking into account the economic activity at the macroeconomic and microeconomic level. Macroeconomics reveals general trends in the development of physical culture and sport, develops measures for the state regulation of economic relations in the sports field. At the microeconomic level, the emphasis is placed on the analysis of the economic behavior of certain entities in the field of physical culture and sport.

Thus, at both levels, physical education and sport aim to carry out the following tasks:

- accumulation and systematization of economic knowledge in the field of physical culture and sport;
- generating new knowledge and research in the field of physical activity and sports economics;
- identifying the economic problems arising in the process of developing economic relations in the field of physical and sports culture, as well as determining certain ways to solve them;
- determining the trends of economic processes development in sports activities inside and outside the country, forecasting their direction and dynamics;
- elaboration of practical recommendations for increasing the efficiency of economic relations in the field of physical culture and sport.

In terms of global sports market revenue, statistics show that the North American sports market is the largest in the world, with revenues of over \$ 50 billion of US dollars from major sports leagues - NFL, MLB, NBA and NHL. The NFL, for example, generates nearly \$ 9 billion in revenue each year, while the NBA around \$ 3.7 billion.

In comparison, the European football market is estimated at 28.4 billion euros in the season 2017-2018, according to a Deloitte report. More than half of this revenue is generated by the so-called big five leagues. The term refers to football in the first leagues in England (Premier League), Germany (Bundesliga), Spain (Primera Division), Italy (Serie A) and France (Ligue 1).

Assessing the economic impact of mega-events requires further consideration. Mega-events (for example, the World Cup, Olympics, European Championship, Champions league, Euro league) attract many thousands of visitors to a city. The visitors generally bring "new" money to the area, rather than just relocate spending within an area. To the extent that the visitors stay for longer periods of time and spend higher amount per day, mega-events may benefit a local economy. From a broader (for example, country) perspective,



however, there remains considerable expenditure switching, as tourism money generated by a popular event in one country often comes at the expense of expenditures in other countries (Mules and Faulkner, 1996).

The World Cup in Russia had excellent figures. It was the most watched final tournament in history, and social media played a very important role here. The only major minus was the sponsors. At the 2018 edition, partner companies contributed \$ 1.45 billion, down from 2014, when revenues were \$ 1.62 billion.

However, FIFA has managed to attract record receipts from TV rights. Revenues amounted to over \$ 3 billion. The World Cup in Russia was broadcast on 210 countries on various platforms. FOX US has paid \$ 425 million to watch the matches from the 2018 and CM 2022. Telemundo has paid 600 million euros to broadcast the matches in the Spanish-speaking countries. Also, the rights to India, Pakistan and Nepal were sold for \$ 90 million.

Gratton and his colleagues have studied and analyzed the economic impact of major sports events in the United Kingdom (UK). Authors have provided a detailed overview of ten economic impact studies undertaken at major sports events, all World or European Championships, in the UK since 1997.

Those 10 events were: 1997 World Badminton Championships, 1997 European Junior Boxing Championships, 1997 European Junior Swimming Championships, 1998 European Short Course Swimming Championships, 1999 European Show Jumping Championships, 1999 World Judo Championships, 1999 World Indoor Climbing Championships, 2001 World Amateur Boxing Championships, 2001 World Half Marathon Championships and 2002 World Snooker Championship.

The authors' analysis was based on using a standard questionnaire survey to interview key interest groups at an event and the data collected was then analyzed using a specialist statistical software package and spreadsheets to calculate the additional expenditure in the host economy. Results showed that the most significant economic impact is attributable to the 2002 World Snooker Championship (2.27 million of pounds) closely followed by the 1997 World Badminton Championships (2.22 million of pounds). Both these events took place over a two week period and this extended period for the events did lead to higher economic impact (Gratton et al., 2006).

FIBA EuroBasket 2015 was the 39th annual edition of the EuroBasket championship that is organized by FIBA Europe. It took place in four different countries: Croatia, France, Germany, and Latvia.

According to the sources of income analysis, it was concluded that the measure as a whole Latvian economy has brought more than 15.3 million, which is a direct complement to national budgets, with more than 2.2 million Euro

VAT revenue. Based on the results it is concluded that the following events in addition to sports, country image and the development of tourism, also provide significant economic benefits to the organizing state (Kehris et al., 2015).

After the Sydney Olympics hundreds of people were provided with employment in the Olympic village which functioned as a suburban area with shops, offices, entertainment facilities, fitness centers. This was the first suburbs in the world which was operated with solar power and after the Olympics as many as 5000 people were provided with homes here. The buildings having functioned as hospitals during the Olympics were reused as schools, kindergartens, leisure centers. The 2008 Football European Championship contributed to generating employment of nearly 6000 people in Austria, 7500 people in Switzerland, 13400 people altogether. The Football World Championship in South-Africa and its preparations between 2005 and 2010 created 415,000 workplaces in the country which struggles with a 24.3 % unemployment rate.

In December, 2005 Price Waterhouse Coopers published a report claiming that three quarters of the economic effects of the Olympics on the GDP would be realized in London considering the whole period of 2005-2016, meaning that only one quarters would fall on the outside London territories of the UK. In contract, the results show a different impact. The national impacts are much more extensive than that of in London. The GDP increasing effect of the Olympics has already appeared, the investments had been done. The achievements in connection with tourist arrivals are significant. The income, the addition value of which is related to the Olympics, can be estimated as much as 762 million GBP (Denes, 2012).

Today's sports market size is experiencing strong growth, having developed into a full-blown worldwide industry in the past decades, with unprecedented levels of revenue and more industry players than ever. The market is divided into four main segments: gate receipts (ticket sales for live sporting events), sponsorship, media rights and merchandising.

### **Conclusions**

Sport directly generates economic activities, be it large football clubs or local sports clubs and gyms. The sports activities require human contribution and, therefore, are quite effective in generating jobs locally, both within the actual sports activities, as well as for the construction and maintenance works of the sports bases. In short, sport is an important factor in increasing employment. As an essential element of the experience economy, sport is effective in attracting talents and encouraging new and innovative forms of experience, from new types of sports to new methods of measuring performance and

monitoring activities. Sports events and activities can have a direct and powerful impact on local economies, also offering great marketing and promotion opportunities - from specific products to foreign investments. Sport has multiple links to other economic activities, especially tourism, and can be a significant element of a broader development strategy. Sport and physical activities can both improve mental agility and physical condition, and both can have direct effects on productivity and professional insertion capacity, thus contributing to active aging and good health. Sport is effective in motivating people and promoting welfare and social cohesion. Sport is especially beneficial in creating relationships with social groups that face exclusion and developing basic but transferable skills, as well as in increasing the capacity for professional insertion. An intense physical activity can lead to a reduction in the use of carbon dioxide-generating means of transport and generate other environmental beneficial effects.

**All authors of this paper contributed equally to the research.**

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