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EUROPEAN UNION: EMPLOYMENT DRIVEN BY SPORT

EVROPSKA UNIJA: ZAPOSLOVANJE, ODVISNO OD ŠPORTA

ABSTRACT

The European Union has defined three basic pillars in order to enhance its growth and development: the economy, social policy and the environment. Economic growth and employment also represent two major targets of the Lisbon Strategy (designed to make Europe the most dynamic and competitive world region in the upcoming years). Governments of individual member states have not yet recognised the role the sport and leisure industry could play as major growth and employment drivers. It is very difficult to assess the impact of the sport and leisure industry on national economies, although several analyses have already been published. However, use of the gathered information in practice is in the very early stages. In this article, we describe several case studies showing how it is possible to increase employment by developing sport.

Employment potential and employability as such have also become important factors in the design of a new recreology studies curricula (part of a comprehensive European Social Fund project).

Key words: sport, employment, leisure industry, life style, recreology

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IZVLEČEK

Evropska unija je opredelila tri temeljne stebre za spodbujanje njene rasti in razvoja: gospodarstvo, socialna politika in okolje. Gospodarska rast in zaposlovanje sta tudi dva pomembna cilja Lizbonske strategije (z njeno pomočjo naj bi Evropa v prihodnjih letih postala najbolj dinamična in konkurenčna svetovna regija). Vlade posameznih držav članic Unije še niso prepoznale vloge, ki bi jo šport in prosti čas lahko igrala kot glavna nosilca rasti in zaposlovanja. Zelo težko je oceniti vpliv športne industrije in industrije za prosti čas na nacionalna gospodarstva, vendar pa je bilo nekaj analiz že objavljenih. Glede na zbrane podatke je tovrstna industrija šele na svojem začetku. V pričujočem članku opisujemo več študij primera, ki so pokazale, kako je mogoče z razvojem športa povečati stopnjo zaposlovanja.

Potencial zaposlovanja in sama zaposljivost sta prav tako postala pomembna dejavnika pri oblikovanju novih učnih načrtov za študije rekreologije (v okviru obsežnega projekta Evropskega socialnega sklada).

Ključne besede: šport, zaposlovanje, industrija za prosti čas, življenjski slog, rekreologija

INTRODUCTION

State administration and local governments play an important role and act as a crucial co-ordinating node in the area of employment: they create legislation and define organisational and economic conditions. On one hand, they create a business-friendly environment in the framework of objective market conditions while, on the other, they build up conditions enabling the general cultivation of human capacities.

It is impossible to develop programmes and activities constituting regional social infrastructures unless those efforts are backed institutionally and politically and if competent state or local administrators lack the relevant knowledge. And politicians have, so far, not seen sports as a potential driver able to launch economic growth and increase the employment rate.

According to Austrian and German studies, up to 7.5% of GDP is generated by sport-driven economic activities. Those studies give estimates of the impact of sport on relevant industrial sectors but do not consider any other types of economic impact that sport can have as a lifestyle factor: on public health for example (Helmestein, 2004, Meyer & Ahlert, 2000).

Tourism, large sport events, the Olympic Games, world championships, communal recreation etc.: all of these are considerable employment drivers. Sport events or active sport-related travelling have started to be considered as an important factor helping to support continuous regional development.

Active engagement in winter and summer sport activities has a demonstrably positive impact on investment in food and accommodation services and facilities, transportation, sport-related services, education etc. However, what are stated above are only some of the factors enhancing employment and regional economic growth.

METHODS

In this paper the methods of secondary and content analysis were used. Common statistical methods were applied to evaluate the share of the non-profit sector and employment. The methods of synthetic and casual synthesis were used to draw conclusions about grant, subsidy policy and employment policy (grant, subsidy policy), while the method of theoretical reflection was employed for the normative conclusion.

RESULTS

Sport and its interdisciplinary impact on the economy (model)

The real impact of sport activities may be examined through the “productive function” indicator. When we take all inputs and outputs of the system of sport activities into consideration, it is possible to carry out a whole range of analyses.

Main system inputs: (remunerated and volunteer) work, (material and human) assets, natural conditions.

System (e.g. sport facility, recreational facility, outdoor stay) outputs:

- a) direct economic outputs
- b) externalities (indirect outputs)

Profit, employment, taxes, business activities, investments consumption etc. may be considered as direct economic outputs. They are directly related to the creation of GDP.

The economic value of externalities (indirect outputs), on the other hand, cannot be calculated exactly. They are best described in the table below:



Figure 1: System outputs: Externalities

Figure 2 presents a model displaying the complex effect of sport on the environment.

The principle of the model, which was compiled to determine the possible factors of the multiplier effect of sport, allows an examination of the effects of two fundamentally different outcomes of sport:

- Output which can be economically measured and has direct macro- and microeconomic consequences.
- Output which is described in the economic literature as externalities (see Figure 1), with an uncertain output in economic terms.

The multiplier (total) output is the sum of the two partial, completely different outcomes. The resulting output may include, for example, only indirect economic outputs – externalities, not a directly measurable economic branch, or various combinations of direct and indirect economic impacts (for more details, see: Hobza & Reškořík, 2006).

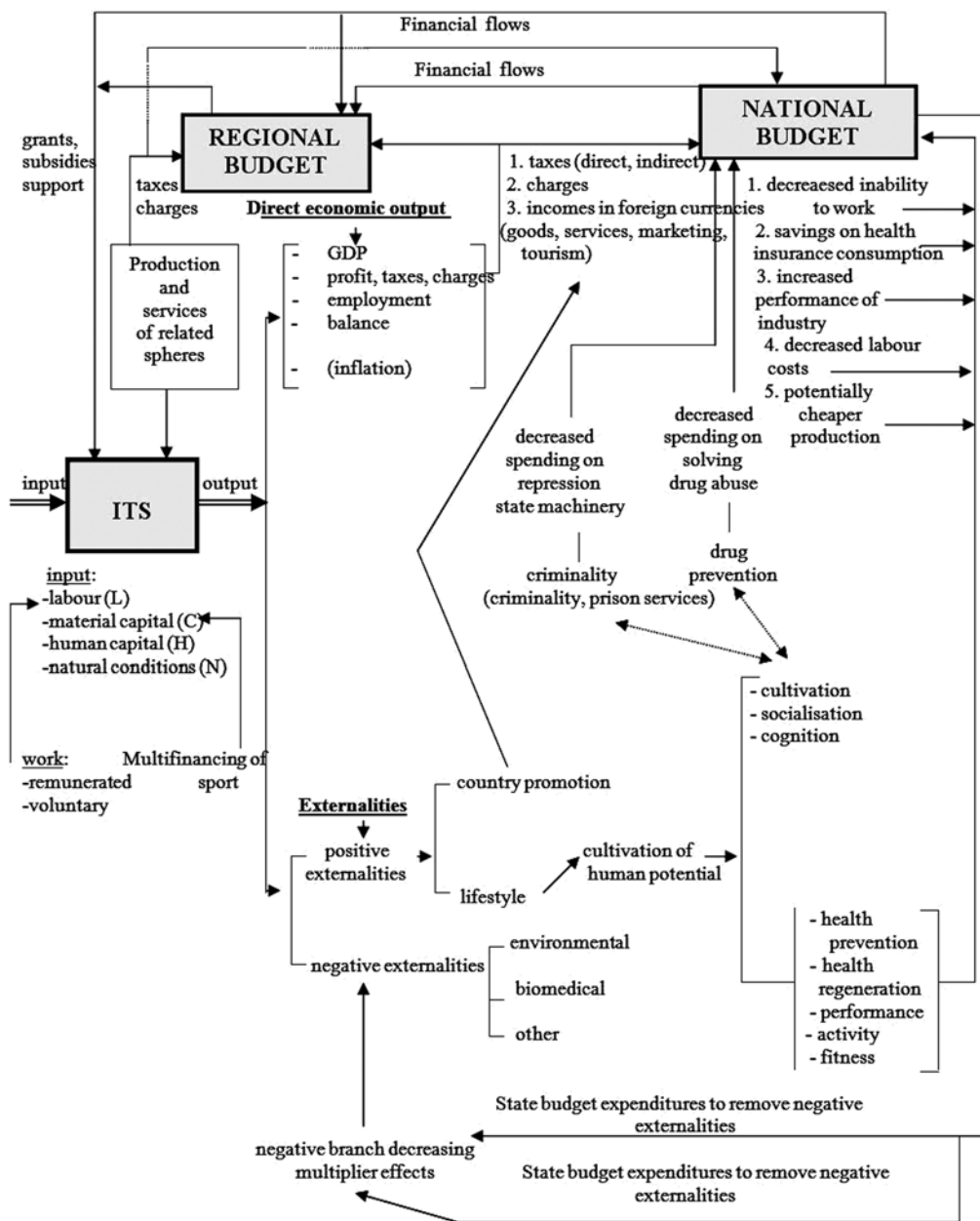
Figure 2 describes the overall impact of sport as an interdisciplinary agent.

Sport-driven employment in various sectors of national economies

a) Institutional backing of sport and development of the leisure industry

In order to ensure positive developmental trends, including the development of sport, it is necessary to provide the field with appropriate political, legislative and economic backing. This political, legislative and economic framework defines the conceptual and institutional basis on all levels of state administration and local government. Further, the progressive implementation of appropriate legislation, targeted financing and the public choice principle can be cited as examples of organisational and economic measures to be taken in order to strengthen sport activity-generated operational and investment capacities (which may range from activities exercised by national teams to municipal level sport clubs).

The Czech regions and municipalities currently invest more than five times what the national government invests in the development of sport. This means that local budgets have become the



Captions: ITS ... investments in sport

GDP ... gross domestic product

Figure 2: Overall impact of the system on the external economic environment (Hobza & Rektorič, 2006)

main driver of sport development and that local authorities have been investing in appropriate institutional and material facilities. Regional and municipal grant policies focus on supporting the existing network of sport clubs. Yet these financial are only designed to cover complementary sport services or to finance operating costs or the reconstruction of grounds owned by non-profit sport organisations.

In towns with over 20,000 inhabitants, mainly municipal authorities act as the founders of subsidised organisations called “allowance organisations” (along with joint-stock companies and limited companies). These main goal of these entities is to maintain sport facilities. They usually own sport halls, athletic stadiums, football and ice-hockey arenas, swimming pools as well as the new generation of aquaparks, recreational zones and wellness centres. An advantage of these organisations, created for a concrete purpose (maintaining sport facilities) is that it is easier to co-ordinate activities run by different facilities and to more easily ensure their economic saturation. This again makes it possible to carry out the joint marketing and management of all sport-related activities and to come up with a more comprehensive offer. These organisations seek to create an interesting programme offer and to use the full capacity of all the facilities.

These subjects founded with a purpose are able to come up with relatively complex solutions when it comes to organisational changes concerning sport facilities and communal recreation, including a readiness to apply for grants and ability to co-operate with the non-profit private sector. This is their advantage.

In contrast, the disadvantages can be described as follows:

- inflexible management and slow decision-making processes when it comes to issues such as general policy or property;
- low efficiency (or perhaps their more non-profit orientation);
- the inclination to expand the offer to areas where competitors have already been operating;
- the tendency to build new facilities (which are often expensive and difficult to finance);
- the inclination to have their financial needs extended (this concerns allowance organisations); and
- budget impact.

In some cases, we were able to detect trends reflecting this situation: allowance organisations created on the municipal level that were subsequently transformed into business companies. These are, according to the reasons often stated in support of such a transformation, greater flexibility in management and financial matters, more advantageous tax arrangements and others.

The most significant sport-driven employment is employment that is backed institutionally because it covers all of the following frameworks:

- public administration;
- local governments; and
- towns’ and municipalities’ business organisations and organisations founded in order to sustain a positive developmental trend in the field of sport (“sport for all”) and communal recreation.

b) The impact of the sport and leisure industry on employment in particular sectors**Tourism**

Experts regard sport-driven tourism as one of the most promising and fast developing areas of European economies. This can be proven by the fact that the habits of consumers and tourists have demonstrably changed as a result of lifestyle transformations. Sport-driven tourism represents an innovative product offered by regions and companies to adapt already existing products and services to the new situation. They want to bring new visitors to the regions. This kind of tourism represents a way to decrease the substantial seasonal ups and downs as well as to encourage clients who have high levels of purchasing power.

According to studies conducted by WTO/IOC on an international scale, there are nine dimensions of the way people spend their leisure time. See the following table for details:

Table 1: Nine dimensions of leisure time

Sport	sport activities
	adrenalin sports
	sport events
Cultural events	cultural events
	museum
	music
	cinema, theatre
Relaxation/Entertainment	other
	good food
Social events	body care
	meeting friends
	meeting relatives
Performance/participation	“having a drink”
	personal training
	gathering
Multimedia/active	hobbies
	computers
Sun/beach	Internet
	beach
Open air	mountains
	trips
Multimedia/passive	watching TV
	video

Source: WTO/IOC

According to the pan-European study by Valls & Suleda (2001), the three main motives for going on holidays were:

- swimming for pleasure;
- visiting friends and acquaintances; and
- recreation.

Austria is one of Europe's leading tourist destinations. 47% of the country's visitors say that winter or summer sports (Alpine skiing, cross-country skiing, other winter sports, tennis, horse riding, cycling and other summer sports) are their motivations to visit. According to a study conducted in Austria by Felderer (Felderer et al., 2006), 25% of the impact of tourism in Europe

is generated by sport. The same study says in Europe it is possible to create as many as 1.75 million jobs in this field and that other indirect effects bring the total number of jobs up to an average of 4 million.

c) Important international and national sport events and their impact on employment

In Figure 2 we can see economic benefits and costs related to each sport event. Besides directly generated effects, induced effects, multiplier effects and externalities, whether they be positive (health, performance etc.) or negative (environment, noise etc.), are generated.

The following examples of large sport events demonstrate economic benefits as well as a long-term rise in employment. The data on sport events were taken from a study by Felderer et al. (2006) prepared for the Austrian Federal Chancellery.

➤ The 2005 IAAF World Championships in Athletics in Helsinki

The organisers talk of the around EUR 130 to 150 million impact the championship had on the country's economy.

From a long-term perspective, this event has led to approximately 1,200 new jobs. Besides, the World Championships in Athletics have had a significant impact on tourism.

➤ 2006 Winter Olympics in Italy

The Games induced direct and indirect investments in the Italian economy, reaching EUR 17.5 billion. 57,000 new jobs were created as a result of the Games. However, the study does not mention the exact number of permanent jobs created within the region. The 2006 Italian Winter Olympics even resulted in a rise in GDP of 0.2%.

➤ 2006 FIFA World Cup in Germany

On the German national level the Cup induced a 0.5% rise in GDP. Through the Cup, the German economy received an estimated stimulus of up to EUR 10 billion. The study contemplates an extra 40,000 jobs in 2006. It is mainly construction works and crafts that benefitted from the Cup (approximately 20,000 jobs). However, these jobs had a temporary character. The increase in the industry and crafts fields is explained by the fact that a rise could only be expected in sectors providing services which might not be carried out in another place, i.e. which might not be imported.

➤ The UEFA Euro 2008 in Austria and Switzerland

In Austria itself, EUR 384 billion of added value was expected to be generated by this event. Out of this, approximately EUR 90 billion was to go to infrastructural investments, EUR 73 billion to the media, advertising and sponsorship and the biggest share (EUR 73 billion) to tourism. The UEFA Euro 2008 was set, according to the calculations, to represent around 8,600 jobs, mainly in the tourism field. These jobs did not have a permanent character but, thanks to the infrastructural development, a permanent increase of approximately 2,000 jobs was expected.

Organising large sport events clearly has positive aspects but it also has some drawbacks. Externalities range among the positive effects: increased knowledge of the region, greater prestige of the organising country, a direct economic impact, the strong promotion of employment before and during the event, the construction of modern sports infrastructure etc. The negative consequences include higher prices in the region, an excess of sport facilities after the event, a

negative environmental impact, the consolidation of governmental structures as a result of the importance of the event, stronger nationalism along with a sharp and sudden increase and then fall in employment in the region.

The overall impact, however, stabilises GDP and employment at a higher level, with this factor being, next to the prestige going to the organising country, one of the main motivations for organising world-scale sporting events.

d) The business sector

In quite a large number of First World countries, governments realise the importance of sport and its impact on general development of the economy. They commission studies assessing the way sport influences individual sectors of the national economy. More complex studies (e.g. Felderer et al., 2006) not only assess the economic effects but also evaluate other types of influence exerted by sport, including a health impact.

In Germany, Weber et al. (1995) conducted a complex study that is interesting for its comprehensive view of sport and its influence on employment and the development of various economic sectors. The authors approached the problem in a very systematic way: they broke individual initial relationships down between individual sectors of the national economy, with the main focus of their analyses being the proportion of sport in individual common co-ordinative relationships between the sectors.

The following table presents employment according to sectors (western states of the Federal Republic of Germany). It can serve as a basis for sport-driven employment studies in other countries.

Table 2: Employment according to fields of activity

Field of activity	Sport-driven employment (thousands)
Business entities offering sport products	81.9
Sport goods trade	64.2
Sport goods production	29.5
Press	11.4
Radio and TV	0.3
Construction industry	19.0
Restaurants	6.7
Car repair shops	2.8
Consulting and recruitment agencies	4.6
Public road transportation	1.9
Railway	0.9
Tourist agencies	3.7
Gas stations	3.2
Insurance companies	0.3
Trade and foodstuffs production	1.0
Gambling	0.1
Total	231.4

(Source: Weber et al., 1995, p. 280)

The table shows that employment within the business sector is mainly driven by the consumption of sport wear and equipment, sport goods production and trade, sport-driven tourism, construction and the media.

The overall proportion of employment in all sectors of the national economy is, according to Weber (Weber et al., 1995), as follows (see Table 3):

Table 3: Employment according to sectors

Sector	Employment ¹ (thousand people)
State and local government sector	103.2
Sport organisations	327.0
Business sector	246.0
Total	676.2

(Source: Weber, et al., 1995, pp. 282, 283)

For the employment curve, see Figure 3.

Sport-driven employment in individual sectors of the national economy

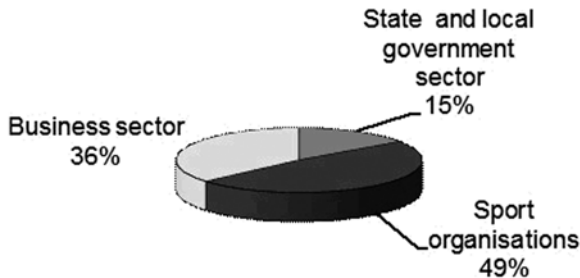


Figure 3: Sport-driven employment in individual sectors of the national economy

Since 1995, a significant shift towards the professionalisation and commercialisation of sport has occurred. This means that the relationship between the business sector and sport organisations has been changing in favour of business entities. Given the current social trends, growth is also expected when it comes to overall sport-driven employment.

e) *Volunteering and employment*

According to Badelt and Hollerweger (2001), volunteer work is defined as “work carried out for the benefit of others without a right to claim monetary fulfilment”. Volunteering occurs on a large scale although it is most often seen in social services, charity work, services offered by various churches and in sport. Thousands of sport clubs would not exist without volunteer work.

When defining the role volunteers play in sport, it is convenient to mention the difference between mutually beneficial and generally beneficial activities. Mutually beneficial volunteer activities are

¹The employment figure does not give the exact number of people employed in a particular sector but the overall number of people working directly or indirectly in the given field.

typical of sport: sport club members volunteer for the benefit of their clubs and, in return, they can benefit from being members of these clubs. Generally beneficial activities are used more in the fields of education, social and health services, charity and church activities etc.

Volunteering has a significant impact on employment: it creates a framework for a sport movement, followed up directly and indirectly by sport-driven employment, top-level sport, and employment within related economic fields (see section 2.4).

Volunteering in selected countries²:

➤ Czech Republic

No comprehensive data on volunteerism in the Czech Republic are available. It is only possible to estimate the value of volunteer work on the basis of sport associations' accounting records, member numbers and assets. In 2006, the total number of members registered by Czech sport associations reached 2.8 million (data from the Ministry of Education, Youth and Sport Expert Committee's report, as of 1 March 2006). The total asset value of these organisations amounted to 50.2 billion Czech crowns. Given these numbers, one can estimate that volunteers play an important role in taking care of clubs' assets and ensuring they continue to operate.

➤ Austria

The Vienna University of Economics and the Österreichisches Spendeninstitut conducted a research on sport volunteering. The researchers found that in sport an average sportsman volunteers approximately 2.95 hours per week. When we extrapolate these figures, we obtain a value of 30,300 full-time jobs. In Austria, it is only in the social services sphere that we can find more jobs extrapolated from volunteer work (approximately 83,000).

➤ Germany

A study on volunteerism showed that, out of approximately 12.3 million people aged 16 to 69 who are registered active sport club members, there are approximately 4.4 million who, besides sport, also engage in volunteer work, and that approximately 87% of those volunteers volunteer up to 5 hours a week. Volunteerism is most common in the countryside and in small towns (with less than 20,000 inhabitants).

➤ England

Sport volunteers are active in 106,400 sport clubs (8 million members). The volunteer work they carry out was calculated as being the equivalent of 720,000 full-time jobs. The value of this work is estimated at EUR 20 billion.

➤ Sweden

More than 500,000 Swedes work as volunteers in sport clubs (representing about 6% of the population). It is estimated that their activities could be quantified at EUR 1.5 billion per year. 22,000 Swedish sport organisations currently associate 4.5 million members.

➤ Finland

In Finland, the high proportion of volunteers in sport organisations is due to the basic orientation of the Finnish sport movement: sport for all (less than 3% of Finnish sport clubs train professional sportspeople). Volunteerism is, like in the Czech Republic, the very basis of the culture of sport.

²The data on volunteer work in selected EU countries (Austria, Germany, England, Sweden and Finland) were taken from a study by Felderer et al. (2006) prepared for the Austrian Federal Chancellery.

More than one-fifth of the population (over 1.2 million people) are members of a sport club, out of which there are approximately 500,000 volunteers. The total value of the work carried out by volunteers is estimated at EUR 1.5 billion a year.

The abovementioned data from selected European countries allow us to conclude that volunteer work has a tremendous impact on the economy and employment. When the created infrastructure, professional sport and media influence are included, it creates a complex that affects a significant segment of the population.

CONCLUSION

Sport and recreology (which is a scientific discipline and a field of study closely related to it) hold great potential in relation to employment. In general, it may be said that the growing professionalisation of sport and the increased interest in exercise, health and the body (which are considered as lifestyle factors) will in the upcoming years directly create stronger demand for expert jobs. It is estimated that this field will be developing dynamically. This assumption is also based on the fact that large sums are being invested in sport, recreational and other leisure activities. Another supporting argument is that work related to leisure time and sport tourism are very demanding from a work and labour force point of view.

In today's dynamic environment, it is therefore necessary to penetrate fields which have so far not been used as employment pools and to create new professions responding to the needs. Recreology (and its applied specialisations) as a field of study represents one of the possibilities for detecting emerging employment potential in a field that has been undergoing constant changes, expanding and becoming more and more professionalised. The growing emphasis on human health and the escalating danger of civilisation diseases extend the possibilities of the already broad offer proposed by recreology and biological-medical domains.

One of the allocated risks of sport in terms of its economic status is its high elasticity of demand. There is a stronger depression in sport in critical cycles of the economy than in any other branch. This depression is caused by various factors, of which the following are the most important:

- decreased support for sport from national and municipal budgets;
- lower levels of sponsorships and donations from companies and private individuals; and
- a lower level of consumption by inhabitants (and others).

An overall consequence of this is the rate of unemployment caused by sport which is very dependent on economic boom and bust cycles; despite that, sport holds the potential to play an important part in the balanced development of a developed society.

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