

The economic weight of sport: an imperfect solution?

Definition

The question of how much sport 'weighs' in an economy seems quite legitimate. Everyone says that sport plays a very important role in all societies. However, it is necessary to be able to demonstrate this, which is not easy given the availability of information. Furthermore, it appears that the concepts used must be clearly specified. In particular, it is essential to avoid the confusion that is commonly made between economic weight and economic impact: economic weight simply measures the volume of activity represented at a given time by a sector, an industry or a company, and can be expressed in many different ways; economic impact is based on growth theories and measures, in a given territory, the potential increase in net wealth created by a demand shock.

The economic weight of sport can be assessed using several types of measures: non-monetary measures (number of clubs, number of members, number of jobs, number of spectators, etc.); monetary measures (turnover, added value, revenue, expenditure, income, etc.). It is the monetary measures that are generally requested, but they are relatively easy to implement because of the availability of data. The most immediate measure refers to the method of calculating GDP, which amounts to using value-added. This method is difficult to envisage given the accounting nomenclatures which are not adapted to the measurement of a phenomenon as specific as sport, other measures are necessary. Finally, it must be stressed that evaluating the weight of sport in an economy by a single monetary figure does not make much sense in itself. The usefulness of such an evaluation lies in reasoning in relative terms: comparisons in time (is the economic weight of sport increasing or decreasing?); comparisons in space (is the economic weight of sport more or less important in France, compared to other major nations?) This explains the efforts made in several countries to experiment with different measurement methods.

Satellite account

The national account budgets do not allow crosscutting phenomena such as sport, culture, the environment, etc., which were, therefore, the subject of original attempts to construct satellite accounts in the 1970s. The aim was to gather the information that was scattered in the central account and reorganise it coherently. Applied to sport, three options were considered to solve the problem of articulation with the national accounts:

- the integration of the satellite account into the national framework. This solution has the advantage of overall coherence but has the disadvantage of limiting the consideration of the specificities of sport since it has to fit into the categories of national accounts;
- the autonomy of the satellite account relating to the national framework. In contrast to the previous solution, what is gained in specificity is lost in coherence;
- an intermediate solution between integration and autonomy.

Whichever option is chosen, the French and European experiences show that numerous difficulties stand in the way of the development of a satellite account for sport.

Industrial cluster

We will refer here to the Canadian work using national accounting to evaluate the place of sport in the economy other than from the economic circuit. The Canadian authors start from the logic of inter-industrial matrices à la Léontieff and use the concept of industrial clusters, which group together industries linked by buying and selling relationships around a central activity. From this, it is possible to identify those industries that are most interdependent and that constitute the core of the cluster. To establish the results, simulations were carried out: assuming an increase in demand for the sports industry, what are the effects on the other industries? For example, the shock to the sporting goods industry clearly shows the sectoral interdependence, with the other manufacturing branches in the lead, followed by the tertiary sector (wholesale trade, insurance, finance, transport, services, etc.), and finally, but to a lesser extent, the primary sector (forestry, livestock, etc.); the shock to the sports services sector shows the sectoral interdependence of the other branches (finance, insurance, public services, wholesale trade) and, to a lesser extent, with the two other sectors (primary and secondary).

This method also makes it possible to estimate the weight of the sports economy in Canada, but it is not possible to compare these results with those obtained in other countries since the methods used to obtain them are different. The need to develop an internationally standardised method to allow comparisons of the relative weight of sport in national economies is again apparent. This also applies to the analysis in terms of industrial clusters, which seems difficult to transpose to the French case, where we have tried to develop an analysis in terms of a meso economic system.

The economic sector of sport

The previous notion of cluster refers to the work of industrial economics, which considers the sectors as a way of dividing up the productive system, and mainly analyses the purchase-sale relations between the branches of an economy. Another conception of the commodity chain is to define it as an eco-system of relations defined by reference to the agents' strategic fields of action. Such a definition of the industry considers agents fulfilling very different functions (production, distribution, finance, etc.) but sharing a common interest: the practice of sport is at the centre of the sector, and changes in this area have important consequences for the other levels of the sector; the production of sporting equipment to meet the above-mentioned demand is shared between the public and private sectors according to the opportunities for profitability; the production and distribution of sports articles depend largely on the terms of international competition.

From this instrument, it is possible to follow the strategies of the different actors who are trying to adapt to the changes in the practice of sport in the context of the globalisation of the economy. It is not up to us here to judge the relevance of this instrument which, as always, depends to a large extent on the quality of the sports information that can be mobilised, hence the need to develop genuine economic observatories for sport.

National sporting expenditure

Given all the difficulties mentioned, the French Ministry of Sports pragmatically proposed to evaluate the economic weight of sport by summing up the expenses of the actors involved:

- Household spending on sport: purchase of services (tickets, courses, memberships, etc.), purchase of goods (clothing, shoes, sports equipment, etc.);
- Government expenditure on sport: salaries, subsidies, etc. ;
- Corporate sports expenditure: broadcasting rights, sponsorship, etc.

This methodology has been critically reviewed:

- There are still many double counts, which lead to an overestimation of the real expenditure (for example, in public expenditure, if the region subsidises the sports expenditure of a municipality).
- Conversely, certain expenses are not accounted for, such as the provision of personnel and sports facilities by local authorities.
- Other expenditures can be ignored such as tax expenditures, social security expenditures, and non-sports business expenditures.

The modification of the evaluation of the economic weight of sport in France, taking into account these different elements, did not greatly modify the final result, as both the under- and over-evaluations of certain expenses according to the methods used seem to compensate each other. On the other hand, the most important conclusion is that, if the amount of the nation's sporting expenditure remains stable (around 1.8% of GDP), its structure has evolved with, in particular, the decrease in public expenditure.

Further information:

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