

The Economic and Social Impact of Sport in Local Communities

Cătălin Octavian MĂNESCU¹

Abstract

Through its socio-cultural dimensions, sport offers a unique opportunity to get to know other people, to communicate with them, to take on different responsibilities, to acquire moral attitudes (for example, tolerance, respect for fellow human beings, etc.), to accept behaviours linked to the activity (which contributes to personality development), to experience emotions that are more difficult to feel in other spheres of life, accept positive lifestyle elements (e.g., those linked to diet, rest, etc.), to adapt to the objective being pursued (through cooperation, cohesion, etc.) and become more active in society, stimulated by the performances of others. The factors that lead to the consolidation of the economy of a region or a community are presented, by giving the example of large scale events organised, where sports infrastructures are built, local and international tourism is stimulated, substantial financial resources are generated from television rights, sponsorship, entry fees, licences (advertising), stamp and coin issues, etc, and, at the same time, large numbers of people are mobilised to support these events. Sport has become a huge economic enterprise which, if properly managed, can bring consistent benefits at both micro-economic (club, city, region) and macro-economic (a country's entire economy) levels.

Keywords: sport, education, economy, social activities, community, strategy, key concepts.

JEL classification: I15, I18, I28

DOI: 10.24818/mrt.23.15.02.03

1. Introduction

Sport is a phenomenon of the modern world that, from the point of view of civilisation, emerged relatively late from the original forms of education through play and art. As such, it is seen as both an individual experience and an institution, leisure, and high-level specialisation with a view to competitions, spontaneous expression and elaborate technique, educational practice and spectacle, play and work, physical exercise, and psychological behaviour.

In a world faced daily with political upheaval, economic and social transformation, different religions, and multiple cultures, the universal language understood by all humanity is sport. Whether it's a game or a top competition,

¹ Cătălin Octavian Mănescu, Bucharest University of Economic Studies, catalin.manescu@defs.ase.ro



whether it's about numbers, whether it's natural or uses materials or facilities, it finally succeeds in crossing the barriers of any ideology.

Although today it takes on the sophisticated forms of high-level competition or leisure, over the last few decades, sport has asserted itself as a constant and popular mass phenomenon.

2. Sport as a Social & Educational Activity

Sport is one of the most dynamic social activities that aims to perfect the human being. Through its socio-cultural dimensions, sport offers a unique opportunity to get to know other people, to communicate with them, to take on different responsibilities, to acquire moral attitudes (for example, tolerance, respect for fellow human beings, etc.), to accept behaviours linked to the activity (which contributes to personality development), to experience emotions that are more difficult to feel in other spheres of life, accept positive lifestyle elements (e.g., those linked to diet, rest, etc.), to adapt to the objective being pursued (through cooperation, cohesion, etc.) and become more active in society, stimulated by the performances of others.

The social structure of sport is also highlighted by Magnane, in whose opinion it represents "a leisure activity in which physical effort is the dominant feature, practised in the manner of competition, with specific rules and institutions and capable of being transformed into a professional activity". In any social activity, including sport, the problem arises of the effectiveness of the activity carried out in its specific context.

Effectiveness can be judged by its biological, psycho-social and cultural effects, or by the relationship between the "investment" and the effect obtained.

Educational activities and the expenditure they entail justify the application of the main principles of economic rationality. The problem of avoiding waste of time, money and skills also confronts specialists in the field of physical activity. Obviously, from an economic point of view, sport has and will continue to have a major impact on society.

Sport can be considered as belonging to the area of service production, in its position as a provider of the service called education (physical, through movement). Under these conditions, we consider that, in the field of sport, we can speak of three types of "customers": primary – the direct beneficiaries of the effects of physical exercise; secondary – parents, sponsors, local authorities; third – society.



Sport - A Provider Of The Service Called Education

Sport can be considered as belonging to the area of service production, in its position as a provider of the service called education (physical, through movement). Under these conditions, we consider that, in the field of sport, we can speak of three types of "customer":



PRIMARY – the direct beneficiaries of the effects of physical exercise



SECONDARY – parents, sponsors, local authorities



THIRD – society



3. Sport & Economics

Physical exercise, by virtue of its biological function, helps to maintain and improve health. This has favourable repercussions on the budget of each family, but also on society in general. Nowadays, with the move towards professionalisation, sport has become a highly valued profession in society and, undoubtedly, one that is very well paid in certain sports (football, tennis, handball, etc.). Through media coverage, sport transforms its protagonists into superstars whose profits can be considerably increased by selling their image to various international trusts.

Sport, especially performance and high-performance sport, represents a major investment area, which is why economists, managers, specialists in finance and accounting, as well as in tourism and trade, are all turning their attention to it. Sport has become a huge economic enterprise which, if properly managed, can bring consistent benefits at both micro-economic (club, city, region) and macro-economic (a country's entire economy) levels; to argue this point, I mention the acrimonious struggle between nations to organise major competitions (Olympic Games, World Championships, and European Championships).

When these large-scale events are organised, sports infrastructures are built, local and international tourism is stimulated, substantial financial resources are generated from television rights, sponsorship, entry fees, licences (advertising), stamp and coin issues, etc. At the same time, large numbers of people are mobilised to support these events. At the same time, it mobilises significant human resources in the fields of media, protection, and security, etc. All of these factors lead to the consolidation of the economy of a region or, why not, a country.



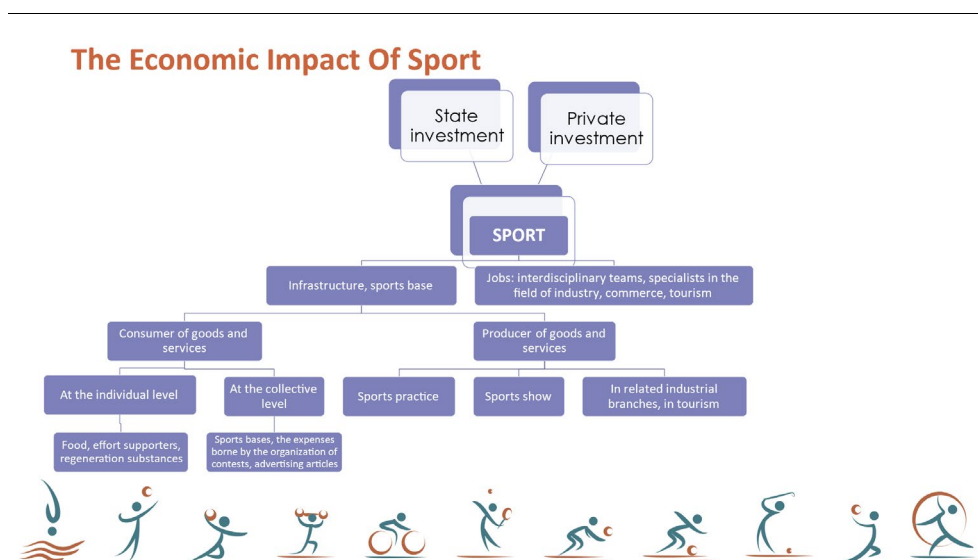
4. The economic effects of sport

From a temporal point of view, the economic effects of sport are immediate (like those mentioned above) and delayed (sports bases, housing areas, press centres built for various occasions - which can be used at a later date).

Sport is an extremely attractive field for applied science. It can offer new jobs, because it is an area where skill and creativity can lead to high-performance results. Sports performance itself is the result of individual preparation by the sportsperson, assisted by an interdisciplinary team.

Not only are services characteristic of sport, but also a certain type of goods production. The "sports industry" is supported and, at the same time, stimulates the production of sports equipment, facilities and materials, electronic measuring and recording devices, and medical assistance. Today, this sports industry, which is one of the most prosperous in the world, provides a large number of jobs and financial resources, some of which logically re-enter the sports circuit through sponsorship.

In conclusion, we can appreciate that sport is also a consumer and producer of goods and services. Each position can be assigned several dimensions, as can be seen in diagram below.



5. Key Concepts in sport

In Romania, the National Strategy for Sport 2022-2023 is based on a series of key concepts which, as is the title of this thematic session, can constitute points of territorial attractiveness and development such as:



Wellbeing or quality of life refers to the physical, mental and social health of individuals in a group, taking into account multidimensional aspects both subjectively and objectively.

The concept of *public health* evaluates the general state of health of a community, sanitary services, hygiene and environmental quality, as well as public policies and laws in force that aim to combat and prevent the discomfort caused by diseases - diabetes, obesity, cardiovascular problems, insufficiency pulmonary, etc. - and premature deaths. Sport and physical activities represent a tool through which central and local authorities can directly support the improvement of the health status of the population, by capitalizing on the social attractiveness of sport and the positive image it enjoys.

Community development is a long-term approach, which refers to a planned action at the group level, with the aim of solving shared problems within the respective community. The problems addressed are at an economic, social, environmental or cultural level, and the efforts made by the community, together with local authorities, aim to support disadvantaged communities, vulnerable groups and develop the general well-being of the community. Municipalities play a key role in promoting the practice of sports and physical activity among the population, as they are the closest institutional component of the administration for the citizen to the principle of subsidiarity. Municipalities are in direct contact with public/private sports clubs and other types of institutions that allow citizens to get involved in sports and, in many cases, municipalities support these institutions from a financial or technical point of view in order for them to develop their activities sports for the benefit of society. Therefore, the role of municipalities in the local sports system can be considered crucial because they have a huge potential to promote the practice of sports and physical activity through the policies they implement.

Education in a formal context is carried out in a well-structured framework, following certain educational plans and school curricula. Through the role it plays in formal and informal education, sport contributes to the enrichment of human capital at the European level. The values imparted through sport help to develop knowledge, motivation, skills and preparation for individual endeavour. Time spent practicing sports activities at educational institutions and colleges produces beneficial effects for health and education, effects that need to be strengthened.

The concept of *culture* refers to the values, traditions and customs and defining features of a community, elements that are transmitted longitudinally and reinforce basic beliefs and assumptions. These collective ideas and values, along with underlying norms, define and influence the behavior of individuals in a community.

Sports facilities are indispensable in promoting sports and a healthy lifestyle. Sports facilities, such as ice rinks, swimming pools, sports grounds, football/tennis courts, etc., support the practice of various sports, provide individuals with the opportunity to participate in sporting events, events that further contribute to the



quality of life, the attractiveness of the community, and it correlates with tourism and economic development.

Sports management is essential in running sports organizations, promoting values of efficiency and focusing on set results. The purpose of sports managers is to achieve organizational and financial goals through strategic planning, leadership and organization. Likewise, sports management tends to transform financial resources into sports performance. Principles such as effectiveness, efficiency, value for money are applied in this segment, taking into account the specifics of the sport. The activity of managing sports bases involves, among other things, optimizing the way in which financial resources of any kind are allocated and used, material sports human base, attracting funds from alternative sources, beyond the formal ones, using modern techniques and methods of analysis of sports performance, objective evaluation and use of data in decision-making.

Gender policies and equality between women and men represent a basic principle at the level of the European Union, in all activity fields. Equal rights and unrestricted access to practicing sports or participating in competitions are basic elements in the unitary development of this field. Sport makes an important contribution to economic and social cohesion, as well as to the formation of better integrated societies and supports intercultural dialogue by providing opportunities for interaction in an inclusive and open environment.

Tourism represents one of the most powerful economic branches that can be developed and fruitful exponentially, both through the exploitation of natural areas and through artificial activities and attractions. Tourism develops new businesses and jobs, contributes substantially to the economy and supports sustainable community development. Sports tourism is an important branch of tourism and economy due to the potential for internationalization of sports events and competitions and the development of related activities. The concept of *ethics and integrity* is correlated with the ability of individuals to clarify what is right and wrong and how they act, thus identifying moral standards.

Use of *empirical data and digital technology* – digitization and investment in modern technology is a strategic objective of the EU. EU investment in this area represents more than 20% of the multi-annual budget 2020-2027. Taking into account the existing opportunities, the need to modernize the approach in sport by using empirical data at the level of policies, programs and decisions, as well as the advantages offered by the use of digital technology to facilitate access, increase popularity, promote or increase participation in sport, but also of the enormous potential represented by digital sports, it is important that this element - digitization and use of data - is embedded in the transformation of sports.



6. Conclusions

The social and economic character of sport - the EU White Paper on Sport, 2007 unequivocally defines the role that sport has in the social sphere - "sport is a field of human activity that presents a high degree of interest for the citizens of the European Union and that has immense potential to bring them together and address everyone, regardless of age or social origin". The same document emphasizes "the important contribution to economic and social cohesion, as well as to the formation of better integrated societies [...] the special role that sport can have for young people, for disabled people and for those who belong to disadvantaged categories, [...] sport can also facilitate the integration into society of immigrants and people of foreign origin and can support intercultural dialogue, promote the feeling of common belonging and participation.

The quality of the budget process and economic efficiency influence the quantity and quality of resources available to achieve organizational objectives. The selection of a well-trained human resource has a direct impact on the strategic direction at the organizational level, in accordance with the financial and material resources available. From the perspective of sports strategy, material resources, the modern sports material base have a direct impact on the rate of practicing sports in schools and mass, as well as on the number of performance athletes. The funds likely to be capitalized must meet certain well-defined standards and criteria to ensure the performance and development of the sports field.

The economic dimension of sport - in this area the Commission's efforts are directed towards:



1. the integration and valorization of sport in the regional development process
2. promoting innovation and sustainable practices through sport.

A study carried out by the EC on the contribution of sport to regional development through structural funds demonstrates this contribution and indicates a specificity of inter-regional projects and the focus rather on urban areas.

Sport makes a direct contribution to regional growth, encourages employment and social cohesion, innovation, sustainable development and urban regeneration, enhancing the overall attractiveness of regions.

References

1. Magnane, G. (1964). *Sociologie du sport. Situation du loisir sportif dans la culture contemporaine*, Gallimard.
2. Tudor, V. (2009). *Le sport roumain, vers ou?* Discobolul, nr.15, ANEFS București
3. <https://sport.gov.ro/wp-content/uploads/2023/05/Monitorul-Oficial-Partea-I-nr.-452.pdf>
4. https://politicisport.ro/wp-content/uploads/2016/07/Strategia-Nationala-pentru-Sport-si-Tineret-in-Romania-pentru-perioada-2016_2032.pdf