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# SEARCH

SPORT EDUCATION FOR ACTIVE  
AND RESPONSIBLE CITIZENSHIP  
THROUGH HEALTH CARING



# **MODULE 4**

## **Economic induction related to sport**



# **SEGMENT 5**

**Sport and events**

The applications submitted by nations to host international sporting events have significantly increased over time. Such an increase in bids is caused by the **law of the market**. The main motivation driving the governments of the candidate nations to apply for a major sports event are the "perceived economic benefits" created by the event. Even medium level events, as well as global events, such as the World Cup, give a boost to companies in different sectors, with a positive effect on the benefit/cost ratio, including **public funding**, from the organization of the event.



The **economic impact**, is one of the most widely used studies to define the degree of influence that different sized sports events have (for example) on regional income and **employment rate**.

Occasionally, economic impact studies are required by law as evidence of efficient allocation of public resources. However, in most cases, economic impacts are part of public reports, trying to persuade media and stakeholders that the (planned) event will benefit the local, regional or national economy and can be financed by induced tax increases, at least to a considerable extent.

There are several methods to assess the potential benefits of hosting large events, including **multiplier analysis**, **input-output calculations** and surveys of decision-makers in relevant areas.

# Methods of estimation

One of the most common ways to evaluate the effects of organizing a sports event is the **input/output multiplier** referring to the investment in stadiums and infrastructure, as well as the expenditure of the organizing committees and the policies used, which involves multiplying the effects of income. Infrastructure, but also all the *facilities* related to the event: accommodation facilities, means of transport, marketing, suppliers.

Another method is the so-called "**post-post**" **analysis** which focuses on the impacts on macro or regional economic variables such as income/wages, employment and fiscal income, tourism, membership and civic education, development and welfare of stock markets, depending on their post-sports event variation.

Large events can lead to intangible benefits for the citizens. The Olympics games represent a classic example, as they often lead to accelerated political changes in international relations and labor markets. Studies on Tokyo 2020, (based on forecasts preceding the Covid-19 pandemic) show that the increase in international tourism results also from a **relaxation of tourist visa requirements**. In addition, the calculated increase in employment provoked by the Olympics in the Japanese economy, suffering from labor shortages, is expected to be achieved only if **women's participation in employment** will be increased.



Secondly, the 1992 Barcelona Olympics **urban regeneration** process has become a franchising model. Following this event, policymakers of cities around the world no longer applied for the Olympics only because they wanted to host the world's best athletes; rather, they applied because they wanted to ask their governments for billions of dollars in **infrastructure** investment which otherwise would never be built or which would be built far later.



Olympic Games are often perceived as exercises in urban "strategic planning". Master plans and zoning, which normally requires decades to be decided and implemented in modern multi-level democratic societies, may be accelerated;

The Olympics provide an exceptional imperative to **bypass established procedures** in city regeneration and rapid decision-making, breaking sclerotic democratic and legal processes in planning cities within democratic and transparent societies. Sport and sporting events can therefore be a useful weapon against the  
**ADMINISTRATIVE BUREAUCRACY.**

Doubts exist as to the positive effects of improvements related to sports projects because such urban accelerations engendered by major sporting events may represent later a cost. In fact, there is growing concern about "cathedral in the desert" projects concerning infrastructure offering a minimum value after the event.

In a more general view, doubts arise from the potential of general urban planning; the urban development of cities and communities needs to be shared alongside the organization of events to avoid them being a fake representation of reality.

Olympic village in Rome



## Organizing cost incurred by Fifa World Cup Host Nations USD, Billion

increasing expenses for the  
organization of the World Cup



This image shows the state of abandonment of the Rio 2016 Olympic swimming pool

Economists tend to believe in balances.

The concept of compensation of differentials is one of the most commonly exploited applications of this policy.

As regards major sporting events, this turns into a perception that any of their potential benefits will be offset by other negative effects, i.e., a sort of cost.

Employment related to the construction of the facilities, and subsequently to the management and implementation of the events, will not produce consolidated **employment rates**, but will represent a sort of "bubble" within a given period.

# Keywords

Market

Public Finance

Economic impact

Employment rate

Analysis of multipliers

Input-output calculations

Post-post analysis

Visa requirements

Female labour

Urban regeneration

Infrastructures

Administrative bureaucracy

Employment rates



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