

# Module 1. State funding – international, national, and regional/local funding strategies

Although most sport fans focus their attention on the action occurring ‘on the pitch’ or ‘on the court’, there is an increasing awareness of the action in the arena of the ‘politics of sport’ – particularly as it relates to revenue generation. Nation-states, government bodies, and entities or investment funds owned by nation-states, take a very keen interest in sport organizations because of the funds, or revenue sources, associated with their interests. This means that managers within the sport sector need to tune their strategic antennae to the needs of state funders to ensure they access those revenue streams. State financial investment (including in-direct support in the form of building stadia or offering tax exemptions, etc.) generates new and unexpected revenue streams for many sport organizations of various sizes around the world. This helps explain why both sport industry professionals – and even sport fans – pay more attention and develop strategies that best support their sporting organization’s revenue-generation interests.

Sport industry professionals need to be able to create, customize, evidence, and update their strategic offerings in ways that best meet the current objectives of state funders. For example, sports organizations might need to adapt their strategic value proposition to focus on the various political or social returns which they can provide to funders. To do this effectively, there are many demands placed upon sport managers. They must have the education, skill sets, and creativity required to develop successful strategic value propositions that will gain the attention in favour of state funders.

## *Module Overview*

To help guide you on this path to success, you need to (i) know the history of why states invest in sports; (ii) distinguish the framework of levels and forms through which state financial resources flow; (iii) understand the strategic significance of ‘sport’s virtuous cycle’ as it connects to state financing; and (iv) recognize the synergistic returns that could be used to benefit *both* sport organizations and their state funders. These four areas constitute the first half of module 3.1.

In the second half of this module, you will further your knowledge of alternative revenue sources available through state funding streams – with four more key learnings. These are about (v) sport organizations evidencing and communicating the ‘return on



investment' (ROI) they offer to state funders; (vi) understanding the value of selling 'soft power' through sport; (vii) developing propositions that sell state funders on synergies achieved through investments in sport; and (viii) considering the future of state investments in sport and what this means for sport industry professionals and their sport organizations.

It is likely that some terminology used above is new to you. Do not worry. Remember that being introduced to, beginning to understand, and then being able to use new terminology are all normal parts of the learning process. In addition to new terminology, across each half of this module, we will present you with a blend of frameworks, concepts, and theories. To deepen your learning, each of these will be 'brought to life' through a broad array of examples, in-depth case studies, and student exercises with which you will engage to demonstrate your learning.

## Unit 1.1 Why States Fund Sport – A Brief History

### *Sport & Empire*

Scholars of sport history have identified and analysed numerous ways to answer the question about why states have played such a significant role in supporting – and funding – sports for centuries. For example, as early as 1860 the British army began investing in organized sports that could be incorporated in the army's training regimens (Campbell, 2000). The idea driving this investment was that sport (and the training, discipline, and tactics associated with its practice) closely resembled war – but on a smaller and more manageable level.

Other authors have traced connections that demonstrate how sport has served the strategic needs of states for close to 2000 years. The strategic investment, by political leaders, in sport has been recorded across Europe – from the Roman to the British Empires, and from German education programs to communist state-building programmes (Mangan, 2004). For example, the completion of the building of the colosseum in Rome in the year 80 CE was marked by a week of state-run festivities. Sport was not just about helping armies prepare for battle. It could also be to curry favour with political dignitaries, and the public, who were entertained in public sporting arenas.

### *A More Recent History: Investing in Sport as a Social Good*

Since the year 2000, there has been an explosion of nation-state and international-institutional interest in the use of sport to achieve socially significant goals. You will likely be aware of the strategic value of sport to attempt to achieve socially significant goals.



For example, the government of the United Kingdom have identified sport's value (the full report is available through the link in the reference section below) in achieving goals related to health (physical and mental), well-being, personal development, social connectivity/inclusivity, promoting volunteering, and spurring economic development (H.M. United Kingdom Government, 2015; Berry and Manoli, 2018). Similarly, both Sport England and English Heritage, have identified that engagement with sport is associated with improved wellbeing, health, educational and economic prospects, and positive civic participation (Fujiwara, Kudrna and Dolan, 2014; Fujiwara et al., 2015).

The United Kingdom invests in sport because of their belief in its social significance – both domestically and internationally. For example, the Commonwealth Secretariat, the Commonwealth Advisory Body on Sport (CABOS) and the Commonwealth Youth Sport for Development and Peace Working Group (CYSDP) advance the use of sport in social programmes. The Commonwealth Secretariat published a 106-page analysis (which can also be found in the reference section below) that details the important contributions of sport to achieving the 2030 Sustainable Development Goals (SDGs). Their report highlighted the role of sport in creating safe and sustainable cities, peaceful and inclusive societies, inclusive and equitable education, sustainable economic growth, gender equality, as well as health and well-being (Dudfield and Dingwall-Smith, 2015; Lindsey and Chapman, 2017).

### *Sport as a Social Good in Europe*

Policymakers across Europe hold sport in a very high regard as a social integration tool within and across the continent (Gasparini and Cometti, 2010). A 2004 research report showed that 20 out of the then 25 European Community countries used sport with the specific aim of promoting multiculturalism and integration (Amara et al., 2004). Reports from the European Commission (2007; 2016) have declared sport as an important contributor to social cohesion, and more integrated societies due to its ability to bring together people across cultural, ethnic, and class divides. In 2010, the Council of the European Union affirmed the positive influence of sport in tackling social injustices such as gender inequality (Collins and Haudenhuyse, 2015).

### *Sport as a Social Good Around the World*

These beliefs in the value of state financial investment in sport also transcend European thinking and policy. There is truly a global recognition of the potential of investing in sport for the good of society. For example, you may be familiar with what Nelson Mandela said about sport in the year 2000 (words that many sporting organizations still use today to promote their work and justify continued government funding).



Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else does. It speaks to youth in a language they understand. Sport can create hope where once there was only despair. It is more powerful than governments in breaking down racial barriers. It laughs in the face of all types of discrimination. (The Global Goals, 2021)

The global belief in the value of investing in sport (for the good of people and society) is best reflected in the work of the United Nations. Between 2001 and 2009, the United Nations passed a multitude of resolutions to promote nations' use of sports to improve education, health, development, and peace (Nicholls, Giles and Sethna, 2011). When Kofi Annan was the Secretary-General of the United Nations, he described sport as "a universal language" that can help people irrespective of "their origin, background, religious beliefs or economic status" (2004). He said that sport teaches young people the "the ideals of teamwork and tolerance"; and so "that is why the United Nations is turning more and more to the world of sport for help in our work for peace" (2004). They formed a United Nations Sport for Development International Working Group (SDP IWG) which published numerous reports to champion the value of sport (Nicholls, Giles and Sethna, 2011). In 2014, the United Nations General Assembly adopted a resolution to formally recognize and reinforce the role of sport in driving positive social change (United Nations, 2015).

#### *Student Exercise:*

The remaining 'student exercises/challenges' is an optional tasks to deepen student engagement and learning

Many athletes and organizations from the world of sport have partnered with the United Nations, and their children's agency UNICEF, to support the role of sport in meeting the 2030 Sustainable Development Goals – which were adopted by 193 world leaders at the United Nations headquarters in New York. For example, Serena Williams, Neymar, David Beckham, and Liverpool Football Club have promoted awareness of the Global Development Goals, and the strategic significance of sport to help achieve those goals. In 2015, Liverpool Football Club coordinated with their then shirt sponsor, Standard Chartered, to play a match featuring the logo and hashtag of the UN's campaign.



Figure 1: Liverpool FC tweet



Liverpool FC tweet [online image]. Retrieved on March 30, 2022. Screenshot from author.

*Your Challenge:* Can you list three other clubs or athletes that have promoted the work of the United Nations or UNICEF? Think about the key messages communicated through these partnerships between clubs/celebrities and the United Nations/UNICEF. Make a list of the benefits to *both* the United Nations/UNICEF and the clubs/athletes involved.

## Unit 1.2 Understanding State Funding Streams: A Framework of Levels and Forms

Now that you understand the history of why states invest in sport, you must develop your ability to distinguish between the different ways through which states can fund, or invest in sport. If sport executives need to monetize their relations with state(s) then they should consider a framework of varying (i) *levels* and (ii) *forms* through which state resources flow.

- (i) The *levels* are most succinctly categorized into three. Working from macro, to meso, to micro perspectives (i.e., the largest scale to the smallest scale) these are the (a) international, (b) national, and (c) regional/local levels. The language used to distinguish between the three levels may vary across different countries. For example, in the United States, the terminology might instead refer to international, federal, and state. However, the principle remains the

same. Sport managers must be cognisant of the three broad levels (from macro to micro) from which sport organizations can draw down revenues, or implement monetizing strategies, from state partnerships.

### *Level 1: International*

International state funding includes investments made by a nation-state (or interests overseen by a nation-state) in a sport club in another country. A recent example, taken from Premier League football in England, is the acquisition of Newcastle United by Saudi Arabia's Public Investment Fund in October 2021. The fact that that investment fund is chaired by the Crown Prince of Saudi Arabia, Mohammed bin Salman, drew a lot of media scrutiny. However, this is only the most recent investment by a nation-state in a foreign sports club. Perhaps the most renowned examples are the enormous financial resources provided by Qatar to Paris St. Germain, or the funds supplied by the United Arab Emirates to Manchester City (Conn, 2021). In 2018, Manchester City declared in their accounts that Sheikh Mansour bin Zayed al-Nahyan, of the Abu Dhabi ruling family, provided more than £1.3 billion (an investment separate to, and beyond, the initial cost of acquiring the club) in funding to the club between the years 2008-2018 (Conn, 2018). In addition to that £1.3 billion of funding, the presence of Sheikh Mansour at Manchester City has coincided with significant revenue generation from other Abu Dhabi and United Arab Emirates sponsors (e.g., state airline Etihad). The inflated values of those sponsorships resulted in punishment from UEFA for breaching Financial Fair Play (FFP) regulations (Conn, 2020). These ownership structures, and state investments, illustrate a new broader pattern whereby nation states use sport to attract or persuade people<sup>1</sup>. It appears that sport clubs, leagues, associations, and governing bodies are increasingly open to pursuing the revenue generation opportunities afforded by nation-states or their state-owned enterprises.

### *Level 2: National*

This is likely the form of state funding that students are most familiar with; when nation-states spend public money to fund sport within their own national borders. People's familiarity with this level of spending is not surprising when you consider that, in the year 2017 alone, the European Union's (EU) then 28 Member States spent €51.3 billion of government funds on sport (Eurostat, 2019). Significantly, this large level of spending on sport has remained consistently high over the last two decades of figures recorded by the EU. These levels of investment are usually explained by the intensification of national rivalries to achieve success at international competitions; thus, justifying the escalation

---

<sup>1</sup> By new, we mean that there is a rationale different to those covered in the history of why states fund sports (see 3.1.1). This will be explored in detail later in the module, in 3.1.6.



of the use of public money to support elite sporting organizations (De Bosscher et al., 2019).

As many countries across the world increase their funding of elite sport (yet the total number of potential medals or trophies remains the same) it creates what has been described as ‘a global sporting arms race’ with no end in sight (De Bosscher et al., 2008). For example, China won its first Olympic gold medal at the 1984 games, but rose to the top of the gold medal table when it hosted the Olympics in Beijing in 2008. Yet, despite achieving this success, China has had to increase its spending on elite sport from \$8.49 billion per year in 2008 – to \$11.82 billion per year in 2011 – (Zheng and Chen, 2016) to maintain its new elite sporting status.

With these enormous financial resources at play, managers across the sport sector have had to balance their strategic value propositions in ways that best attract – and justify – the use of public monies. This often requires emphasizing their ability to deliver both (i) the social good of sport (see 3.1.1), and (ii) the elite international success their organization can help deliver to their nation state funder.

### *Level 3: Regional/Local*

One of the prime examples of sport organizations tapping public funds/resources at a regional/local level occurs in the United States. Individual regions – made up of the 50 separate geographic states – frequently compete to lure sport clubs/franchises to set up (or persuade them to remain) in a specific geographic area. Similarly to the ‘global sporting arms race’ (above) there is also a race between the regions/local areas *within* nation-states. For example, the taxpayers of Cobb County (in the state of Atlanta) paid an estimated \$400 million (other examples can be found here: <https://www.sportscasting.com/taxpayer-money-billion-dollar-stadiums/>) for the construction of Truist Park (formerly called SunTrust Park) to lure Major League Baseball's Atlanta Braves out of Atlanta City – and to their region. This showcases the ‘arms race’ that occurs at local levels. It is important to note that the stadium which the Atlanta Braves left behind (called Turner Field) was originally constructed for the 1996 Olympic Games. The Atlanta Committee for the Olympic Games spent \$209 million to build that stadium, and then retrofit it for the baseball-specific use of the Atlanta Braves (Sandomir, 1996). At that time, spending was part of an Atlanta City programme to persuade the Braves *not* to relocate into the Georgia suburbs. More recently, when the Braves’ new stadium was used to host the 2021 Major League Baseball All-Star Game, the Cobb County commissioners approved \$2 million to cover security costs. This again illustrates the recurring nature/opportunities for sport organizations to draw upon public funding.



- (ii) For sport managers to devise and implement successful monetizing strategies for their sport organizations, they need to acutely be aware not only of the above levels – but also of the different *forms* through which state funds become revenue generation opportunities. States provide revenue to sport organizations in the form of sponsorships, infrastructural investments (e.g., building sport stadia), or community provision funds (e.g., paying a professional sports club to assist in running youth sports/services). These are just three forms – explained using three examples. This list is far from exhaustible, but it is provided here to ensure that students are familiar with the diversity (and creativity) through which sport managers develop revenue generation opportunities from state decision makers.

### *Form 1: State Sponsorship*

When Arsenal Football Club’s players lifted England’s FA Cup in 2020 did you notice the sponsorship on their jerseys? Many people will immediately recall that the main sponsor, on the body of the shirt, was Emirates (the airline which is wholly owned by the government of Dubai). However, when you look closer, you will also see that the sleeve sponsor was ‘Visit Rwanda’. The Rwanda Development Board (RDB) paid Arsenal a total of £40M as part of their sponsorship deal to become Arsenal’s “official tourism partner” (Dixon, 2021).



**Figure 2: Arsenal Football Club's players lifting England's FA Cup in 2020**



From Fox Sports, 2020. <https://www.foxsports.com.au/football/premier-league/fa-cup-arsenal-v-chelsea-news-aubameyang-goal-video-highlights-result/news-story/8ba8b6844b9d82019805f8fef52201ae>

### *Form 2: Stadia/Infrastructure*

Political decision-makers usually justify the use of public monies to build stadia and infrastructure (and provide tax exemptions) for sport organizations based on promised returns of job creation, urban or suburban regeneration, general economic development, or boosted collective pride/morale/civil duty in a specific area or country (as explained in section 3.1.1; see also Coaffee, 2008; Gratton and Henry, 2001). The example (above) of the Atlanta Braves explains what this form of funding looks like in practice. Similarly, the London-based football club – West Ham United – benefited from state funds to move into their new home; the London Stadium (built for the 2012 Olympics). The total cost of £752 million (including a £323 million refit before West Ham moved in) was largely borne by taxpayers (Gibson, 2016). Furthermore, some academics have found that the continued popularity of, and passion for, sport means that there is no end in sight for the public monies being provided to build the stadia of private sport organisations/clubs/franchises (Zimbalist & Noll, 1997).

### *Form 3: Local/Community Service Funds*

Sport organizations, particularly those of a smaller size, have recognized the opportunity to draw upon grants or other local public funding (Berry and Manoli, 2018). For example, Charlton Athletic FC received £1.3 million per year from its local authority in London's

Royal Borough of Greenwich. They leverage the power of the club's brand in the local community to run youth services managed by Charlton Athletic Football Club's (CAFC) Community Trust (CACT). In total, the club's trust (CACT) operates with a budget of £4.9 million, but none of that money is provided by Charlton Athletic FC. In effect, this allows the club to run corporate social responsibility schemes without any financial outlay. Furthermore, they have used the funds of their charitable trust to run, and expand, their young player academies (under the remit of youth services provision) and spot talented players to train for future first team action and generate transfer fees.

## Unit 1.3 Sport Organizations: The Theory of Sport's Virtuous Cycle

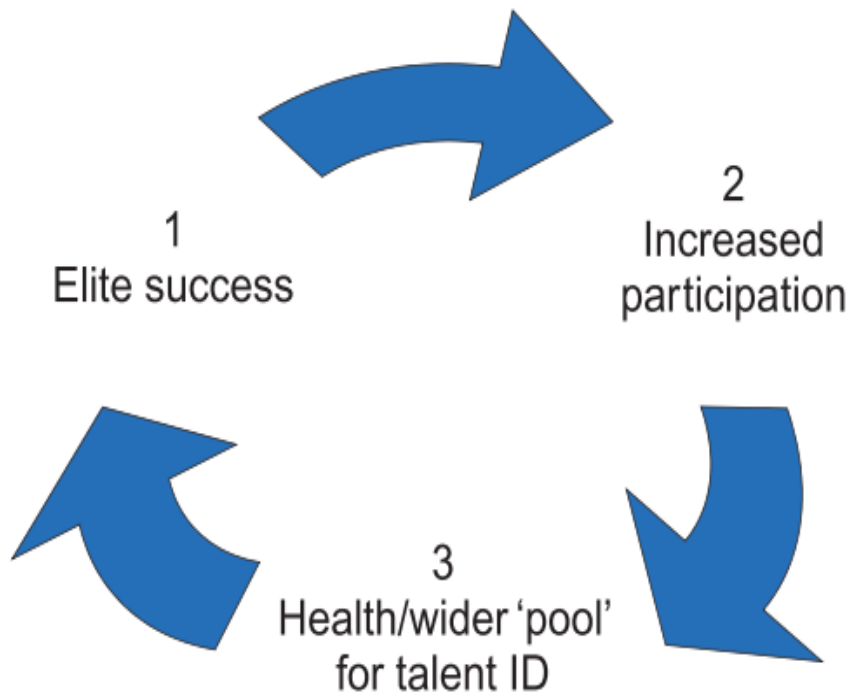
### *Sport's Virtuous Cycle*

Sport organizations have enjoyed remarkable success in drawing upon public funds – as you now understand from the examples explained throughout 3.1.2. You are also already knowledgeable on the many reasons given for why states (across all three levels) fund sport organization (through various forms). Furthermore, you are aware of many of the reasons why states and sport organizations have established close relationships over time (see 3.1.1). You learned a plethora of reasons why state decision-makers justify their investments in sports – both historically and in modern practice. These included political motivations (e.g., state building, public morale, or civic pride) and a widely held belief in sport's power to achieve social good (e.g., physical and mental health, personal development, and promoting volunteering).

At this point in your learning, it is important to also consider the *connections* between these benefits that sport organizations 'sell' to state funders. To achieve this, you should understand the strategic significance of 'Sport's Virtuous Cycle' (see figure 3).



**Figure 3: Sport's Virtuous Cycle**



From Why do governments invest in elite sport? A polemic, by J. Grix & F. Carmichael, 2012, *International Journal of Sport Policy*, 4(1), 73–90. <https://doi.org/10.1080/19406940.2011.627358>

The theory that underpins this virtuous cycle is that investment in one part of the sport ecosystem (in this case, elite sport) leads to the achievement of international prestige for the nation which, in turn, generates greater interest in sport participation across the population. Critically, the increase in participation is said to create a healthier nation (and you could also propose some other social goods identified in 3.1.1). Beyond the significant benefits accrued from having a healthier population – and a plethora of social good – there will also be greater opportunities to identify and develop future athletes. Those promising athletes will then be nurtured into becoming champions in the future – thus starting a new cycle of elite success and national prestige.

#### *Expected Vs. Actual Public Returns*

Now, it is important to understand that the theory of sport's virtuous cycle has been criticized for being grounded in misguided assumptions (Grix & Carmichael, 2012); that is, the returns that are *expected* to accrue from the investment of public monies in sport. Some scholars have stated their objections to using public money based on assumptions of the 'power of sport' (Coalter, 2013; 2015) to deliver the social returns as promised by sport's virtuous cycle. Although academic debates are beyond the scope of this module

and, it can be argued, these debates are not the responsibility of sport managers or executives (who are responsible for revenue generation) to resolve. However, it does raise some red flags that suggest sport managers will likely need to develop their skills in ways that help them engage with deeper and more meaningful evidence to support the claims they make (e.g., healthier population). Although a broad narrative of sport investments being a natural good still exists; sport managers and executives will likely need to demonstrate evidence of *actual* return on investment from the public money they have received. Of course, the need to demonstrate *actual* returns will vary in different political systems around the world. There will also likely be variances in the demand for evidence depending on the differing levels and forms of funding stream infrastructure explained in 1.2

On the elite sporting front, there has been considerable discussion in countries such as Australia, Canada, and the United Kingdom about whether elite sporting success (e.g., Olympic medals or World Cup progress) does actually deliver on its promises to promote mass participation or provide the ‘feel good factor’ that meaningfully boosts national prestige or morale (Green, 2007; Grix & Carmichael, 2012). Although there are lengthy statements and documents that outline these promises in great detail, and explain why governments must invest heavily in sport infrastructure (e.g., preparing for hosting sport mega events such as the Olympic Games), there are still very little follow-ups done to check whether those promises were fulfilled. This is another example, in context, about the gap between *expected* versus *actual* return on public investments in sport.

## Unit 1.4 Sport and State Synergies: A Case Study

Building upon the theory and arguments made in 3.1.3, it is helpful for your learning process if we now engage with a case study that reflects how the ideas underpinning sport’s virtuous cycle then translate into real-world practice. Charlton Athletic Football Club’s (CAFC) Community Trust (CACT) was briefly referred to in an earlier example (see 3.1.2). However, it will be advantageous to now revisit this, exploring that example in more detail – as a case study on sport/state synergies. You will remember that this case referred to state investment at the regional/local level (i.e., level 3). Now, it is important that we consider how this case can help us better understand the pursuit of synergistic returns on investment (to *both* the region/local community funders and the sport organization itself). This case study will help you understand how a sport club/organization can generate new revenues from public monies, and then spend that money in ways that directly benefit the club/organization – while still demonstrating public returns. When reading the case study, it is significant that you also connect it with the earlier learnings offered in this module (3.1.1 – 3.1.3); including the history of sport organizations receiving state funding to create ‘social good’, the theory of sport’s virtuous cycle, and debates about expected



versus actual public returns. This case study gives you an even more in-depth understanding of how these things work concomitantly – in real-world practice.

### *Case Study: Charlton Athletic Football Club*

Charlton Athletic FC play in the third tier of English professional football. However, they have demonstrated great success at leveraging their sporting brand to generate revenues from public funders. This case studied details their success at winning regional/local funds to provide local/community services.

Charlton Athletic FC leverage the power of the club's brand in the local community to win public monies provided to run youth services managed by Charlton Athletic Football Club's (CAFC) Community Trust (CACT). In total, the club's trust (CACT) operated with a budget of £4.9 million (The figure for 2020-2021 now stands at £5.3M) which was almost exclusively supplied by public monies. Not even £1 of that money was provided by Charlton Athletic FC. Instead, for example, more than 25% of its annual budget was directly provided by the local council/borough in which the club is located. London's Royal Borough of Greenwich (LRBG) provided funds of £1.3M per year. CACT's total operating budget is drawn from various levels of state funding/grants. It wins grants based on CACT's self-proclaimed expertise in using the club's brand for delivering youth, education, health, disability and mental health, equality and diversity, and social inclusion returns. You should now be able to recognize how claims of this type connect with Sport's Virtuous Cycle. Of course, you must also consider whether these claims are based on expected or actual returns.

In effect, the success that CAFC/CACT have enjoyed in drawing down public monies means that the club is able to its corporate social responsibility schemes – such as 'Football in the Community' without any financial outlay. The club used their brand to generate revenue from public funders, provide those revenues to the club's own charitable trust, and then managed to spend those funds in ways that benefit both the club and its public funders. For example, significant percentages of those public funds were used to expand the club's player academies (accepted as being under the remit of youth service provisions). CAFC/CACT allocate vast sums of the public monies to a category they term as 'Football and Sports Development'. This category includes funding for operating eight football academies at the club, as well as two advanced football training centres. Accounts, which the club's charitable trust must file with the charity commission in the United Kingdom, claimed to demonstrate evidence of *actual* success by giving examples of teenagers who have attended the club's academies and then later joined the club's first team or were sold to other clubs and generated transfer fees. They stated that their use of public monies to operate their football academies means that they



have 'historically provided exit routes for talented players'. They present this as evidence of an *actual* social good delivered on the public monies invested.

Finally, CACT's accounts also show that they set aside money to hire a professional 'bid writer to maximize funding opportunities' from public bodies. This should clearly demonstrate to students how seriously sport clubs take the pursuit of state funding. CACT's annual report stated that within political circles it is recognized that powerful messages can be delivered through football, sport, and positive role models. CACT recognize their ability to benefit from those political beliefs. They have received funding from a vast array of public purses including the Department of Work and Pensions, the Department of Communities and Local Government, Sport England, the Health Promotion Department of LRBG, the Mayor's Office, and the National Citizens Service (NCS).

#### *Student Exercise:*

The remaining 'student exercises/challenges' is an optional tasks to deepen student engagement and learning

It is important that you can identify synergies that can offer returns that satisfy the needs of *both* sport organizations and their public fund providers. Remember, most simply, synergies are about forming partnerships between organizations that produce returns or effects greater than if the organizations had remained separate. This is why people say synergies produce results that are greater than the sum of its parts.

*Your Challenge:* Make a list of synergies which you think will arise from the partnership between Charlton Athletic, its Community Trust, and the local borough that provided the financial resources? You should consider the positive returns to all the parties involved.

Can you now also identify another sporting organization which has successfully established its trust, won public monies/resources, and generated synergistic returns? Remember that this case study reflects a much broader trend in the sport sector. For example, in 2014 England's Football League (EFL) Customer Charter stated that their clubs' trusts had an annual turnover of over £44 million, and 2,500 members of staff (EFL, 2014). These figures do *not* even include clubs in England's Premier League clubs (the richest part of England's football pyramid) because they do not aggregate the revenue totals of their clubs' trusts. More recently, in 2021, the EFL stated that its clubs now attract over £62 million in funding (EFL, 2021).



## Unit 1.5 Sport Organizations: Evidencing *and* Communicating the Social Significance/Return on Investment (ROI) of Public Investment in Sport

Academics have identified that, over the last twenty years, (i) some governments, at the national level, have stated their intention to reduce the dependence of the sport sector on public funds; and, (ii) many private sector providers (e.g., corporations) have accelerated their investment in sport sponsorship. For example, the central government in the UK (i.e., national level) declared its intention to make the sport sector less reliant on government public funding (Berry and Manoli, 2018).

However, it would be imprudent for sport managers to ignore the significant revenue streams that states still supply the sport sector. Instead, sport managers must simultaneously attract private sector/corporate funding while becoming educated and attuned to the politics and policies through which sport organizations draw down revenue streams from state bodies. For example, as we saw above (3.1.3 and 3.1.4), sport managers must better emphasize the return on investment that their organization's key characteristics provide to the public. Those characteristics could include their organization's size, local or regional significance, the demographics of the members/participants/fans which they serve, the 'social good' they deliver to specific audiences in specific ways, and the benefits/appeal they deliver to potential partners (Berry and Manoli, 2018). This prepares them to drive their total revenue generation, and mix, across the different levels and forms (see 3.1.2) in a tailored and strategic fashion.

Most broadly, sport managers must collect, collate, and communicate their value to public funders – to ensure that governments continue to recognize their value and supply significant revenue streams. A good example of the collection, collation, and communication of a sport organization's public good is the English Premier League's annual 'Economic and Social Impact' report (2022). Other sport organizations – and their managers – can learn from the characteristics that ensure the success of the Premier League's report. For example,

- They commission Ernst & Young LLP, a globally renowned professional services provider, to collect and collate the data from the Premier League and its clubs. This helps provide a respectability to the documented evidence.



- They clearly communicate the importance of the Premier League in different ways (i.e., socially and economically) and at different levels (globally, nationally, and in local communities).
- They document their importance not only to elite levels of sport, but also their role in ensuring the success (or survival) of the entire 'football pyramid' (i.e., professional, semi-professional, and grassroots community football).
- They generate significant media interest when they release the report. This helps to communicate the Premier League's messages (on their social and economic good) to wider audiences.
- Finally, and perhaps most importantly, they illustrate and explain their 'cycle of growth' which continued investment in the Premier League helps unlock – not just for their benefit but for football fans and people all over the world. Figure 3 (below) is taken from the Premier League's 2022 Economic and Social Impact report. The report explains that the segment entitled 'distribute equitably' (within their 'cycle of growth') refers to the Premier League's "supporting [of] wider football, communities, and society" (2022).

Figure 4: The Premier League's 'Cycle of Growth'



Figure 4: The Premier League's 'Cycle of Growth'. From Premier League Economic and Social Impact, by Premier League, 2022.

It is important to recognize that reports of this nature are then disseminated, read, absorbed, and repeated through government outlets. For example, the UK's Department for Digital, Culture, Media & Sport (DCMS) carries a report – published in 2021 – which specifically identifies the importance of the Premier League to inspire people, promote participation, create jobs, and support the football pyramid.

*Student Exercise:* The Premier League's report asks audiences to recognize the immense cultural significance of the league. They document the ways and means that the league uses "the power of football to engage with a diverse range of people and communities across society" (2022).

*Your Challenge:* Can you identify and discuss the similarities between the Premier League's 'cycle of growth' and the theory of 'sport's virtuous cycle' explained in 3.1.3? Please then access the full report (using the link provided in the reference section below) and record two ways in which the Premier League receives state support and funding.

You should then write a paragraph to explain two synergies that the Premier League creates using the state funding they receive.

## Unit 1.6 Sport Organizations: Selling Soft Power

You will remember (from 3.1.2) that we already discussed the enormous financial investments made by some nation-states in sports leagues or clubs in other countries. We reviewed examples including Saudi Arabia's recent acquisition of Newcastle United, the enormous financial resources poured into Paris St. Germain by Qatar, and the more than £1.3 billion of funds supplied by the United Arab Emirates to Manchester City in one decade. In order to more fully understand the motivations for investment of this form, it is important that sport managers are familiar with the concept of 'soft power'. Sport organizations that are politically attuned are aware of their ability to harness and provide 'soft power' to state funders. In return, those sport organizations are given access to state revenues and resources.

What is Soft Power?

Joseph Nye is the leading academic for developing, defining, and refining the concept of soft power. Most simply, soft power is about getting other people to want to do the same things that you want them to do. This is different to the more widely known idea of (hard) power; which is usually associated with coercion – the ability to force people to do what you want – often using the threat of force or punishment (e.g., a military strike or economic punishment). Nye identified three forms through which soft power can be practised; these are political values, culture, and policy. Each of these three forms of soft power can help nation-states achieve their desired goals by persuading and positively attracting people to their political agendas.

How do Sport Organizations Benefit?

Many academic researchers and, more recently, media outlets have identified the strategic value of sport (e.g., the positive emotions it spurs in people) for countries wishing to invest in soft power agendas. This is not even something that many countries are trying to disguise. For example, the British Council has publicly lauded the value of sport, and the Premier League, for its ability to influence international audiences (British Council, n.d.a). They state that the Premier League is a part of what makes the UK's a soft power superpower (British Council, n.d.b). They justify further state investment in sport to maintain, and gain further, soft power. They also identify the dangers posed to the UK if they were usurped by emerging national powers, including China and India. Furthermore,



they point to the USA as a cautionary tale for the negative perceptions that can take a grip if investment ceases, or a country's soft power is taken for granted.

### How do Sport Teams Benefit Financially?

Any sport manager familiar with professional cycling would immediately think of the example of 'UAE Team Emirates'. The team was founded from an Italian base, but it was struggling to secure enough funding to survive. In 2017, it secured financial backing from the United Arab Emirates (UAE). First, Emirates, which is wholly owned by the government of Dubai's investment corporation, became the team sponsor. Months later, the First Abu Dhabi Bank (i.e., The UAE's largest bank – 37% of which is under UAE Government ownership) became another sponsor on the team's jersey. The Emirates and 'FAB' logo (i.e., First Abu Dhabi Bank) feature prominently on the team jersey, which is designed to display the national flag of the United Arab Emirates (see figure 5 below). The financial injections from the UAE meant that the team was transformed; from being at risk of survival, to targeting 'top three statuses' within three years. Those lofty targets were quickly met, and then exceeded, as the UAE Team Emirates won the last two editions of the Tour de France (i.e., 2020 and 2021).

**Figure 5: UAE Team Emirates jersey featuring the flag of the United Arab Emirates and the sponsor logos of UAE state-owned organisations**



From UAE Team Emirates brings on new sponsor ahead of Tour de France, by Cycling News, 2017, [https://www.cyclingnews.com/news/uae-team-emirates-brings-on-new-sponsor-ahead-of-tour-de-france/#disqus\\_thread](https://www.cyclingnews.com/news/uae-team-emirates-brings-on-new-sponsor-ahead-of-tour-de-france/#disqus_thread)



## Unit 1.7 State Investment in Sport: Selling Synergies

The benefits on offer to each party (i.e., states and sport organizations) makes state investment in sport a very attractive proposition. Nation states can justify their investment of resources using a selection/mix from those outlined earlier; Sport as a Social Good (3.1.1); Sport's Virtuous Cycle (3.1.3); Sport's Cycle of Growth (3.1.5); or Sport and Soft Power (3.1.6). Both the state investors and the sporting organization receiving the funds can communicate about promised returns on investment that might include, for example, the value to public health, the importance of public morale building, tackling social issues such as crime, gender inequality or racism, or the geopolitical importance of building (or maintaining) a state's power.

### *Student Exercise:*

The remaining 'student exercises/challenges' is an optional tasks to deepen student engagement and learning

Beyond the examples detailed above (e.g., shirt sponsorship at Arsenal FC and team sponsorship in the Tour de France) the Dubai government's airline, Emirates, sponsors a range of other sports. Emirates have been, and continue to be, a significant revenue source for sporting organizations across the sport ecosystem. Emirates have invested financial resources in sporting across the diverse array of golf, horse racing, equestrianism, sailing, tennis, cricket, rugby, Formula One motor racing, Australian rules football, and baseball.

- Can you name five specific examples, from the long list of sports provided above, of sport organizations that have received revenues from Emirates?

Emirates say these investments are part of their commitment to improving our world through their sponsorship of world-class events. They acknowledge the value of sport to bring customers and fans closer to their passions and help inspire young people. In their 2020-2021 annual report they state that their financial investment in sport stems from their "belief that sports and the arts are vital to vibrant societies, and have the power to inspire, and bring people and communities together" (The Emirates Group, 2021).

### *Your Challenge:*



Can you write a one-page executive summary that identifies how a named sporting organization (of your choice) could seek to form a partnership, or receive new revenues, from the Emirates Group? You should think about how your chosen sport organization can position (and document/evidence) its ability to further Emirates' stated mission (and values). This will help justify their Emirate's financial investment in your chosen organization. You should be able to (a) identify a similar investment that Emirates has made (e.g., naming rights on a sport property, cup, or team jersey), and (b) explain how your chosen sporting organization can meet – or exceed – the same returns on Emirates' investment.

Depending on your personal skill sets, and professional backgrounds, you may wish to emphasize the financial ROI or, instead, offer more of a strategic proposition (e.g., reinforcing Emirates' commitment to 'making our world better'). For example, students familiar with marketing could outline a unique selling proposition (USP) or a SWOT analysis (i.e., your organization's strengths, weaknesses, opportunities, and threats). The intention is that each student builds upon their skill sets to formulate a compelling strategy that would help their sport organization generate new revenue sources that are readily available from state funders.

#### *Useful Exercise Resources to Help You Meet the Challenge*

The website of the Emirates Group provides downloads of their annual reports from 1993-2021. These reports include useful summaries that identify how Emirates have activated their sporting investments each year. These could be used by sport managers, and students training to be sport managers, to identify new and exciting ways that sporting organizations have created partnerships with state-owned organizations. For example, did you know that the sporting goods manufacturer ASICS partnered with Emirates to offer free, guided sightseeing runs across the city of Dubai? They did this as a means of promoting unique sport experiences and products for people of all fitness levels and abilities (Kaddoura, 2021; The Emirates Group, 2021). This is yet another example of how organizations from across the sport sector can seek to form synergist partnerships with state-owned goods or service providers to generate new revenue sources.

## **Unit 1.8 The Future of State Investment in Sport**

We noted earlier that some academics have pointed to an uncertain future for the continued large-scale alternative revenue sources currently available to sport organizations from state funders (e.g., in the UK). However, other scholars project that the enormous state investments in sport organizations will continue apace (e.g., in the United States). Of course, these concerns/opportunities depend on which specific geographies



and sporting contexts you are referring to around the world. We must acknowledge the relative growth in corporate investments in sport instead of state funding (in some countries and some sports). However, sport managers would be irresponsible if they were not aware of (and trying to benefit from) the continued opportunities to generate alternative revenue sources from state investors.

The materials, evidence, and examples cited in this module help illustrate the strategic importance of sport to states (at all three levels; see 3.1.2) remains incredibly important. This module has helped you understand the hopes and fears of political institutions and leaders around the world – and their beliefs in how sport can be used to achieve those hopes and allay those fears. Sport is globally regarded as an essential strategic tool; whether that is to achieve micro specific social goals (e.g., community youth services or crime prevention) to macro geopolitical goals (e.g., UK investments to maintain soft power dominance over China and India). As long as state decision makers continue to cherish the strategic value of investing funds into sport organizations, then sport managers must ensure they continue to build compelling strategic propositions (and collate evidence of actual results) to monetize those interests – thus generating alternative revenue sources.

## References

Amara, M., Aquilina, D., Henry, I., & Taylor, M. (2004). *Sport and multiculturalism*. DG Education and Culture.

Berry, R., & Manoli, A. E. (2018). Alternative revenue streams for centrally funded sport governing bodies. *International Journal of Sport Policy and Politics*, 10(3), 429–450. <https://doi.org/10.1080/19406940.2017.1387587>

British Council. (n.d.). Sources of Soft Power. <https://www.britishcouncil.org/sites/default/files/sources-soft-power-report-perceptions-success.pdf>

British Council. (n.d.). Soft Power Superpowers. [https://www.britishcouncil.org/sites/default/files/j119\\_thought\\_leadership\\_global\\_trends\\_in\\_soft\\_power\\_web.pdf](https://www.britishcouncil.org/sites/default/files/j119_thought_leadership_global_trends_in_soft_power_web.pdf)

Campbell, J. D. (2000). 'Training for sport is training for war': Sport and the transformation of the British army, 1860–1914. *International Journal of Phytoremediation*, 21(1), 21–58. <https://doi.org/10.1080/09523360008714145>



Coaffee, J. (2008). Sport, culture and the modern state: emerging themes in stimulating urban regeneration in the UK. In *International Journal of Cultural Policy*, 14(4), 377–397. <https://doi.org/10.1080/10286630802445856>

Coalter, F. (2013). *Sport for Development: What game are we playing?* Routledge.

Coalter, F. (2015). Sport-for-change: Some thoughts from a sceptic. *Social Inclusion*, 3(3), 19–23. <https://doi.org/10.17645/si.v3i3.222>

Collins, M., & Haudenhuyse, R. (2015). Social Exclusion and Austerity Policies in England: The Role of Sports in a New Area of Social Polarisation and Inequality? *Social Inclusion*, 3(3), 5. <http://doi.org/10.17645/si.v3i3.54>

Conn, D. (2018). Manchester City accounts show Sheikh Mansour has put £1.3bn into club. *The Guardian*. <https://www.theguardian.com/football/2018/sep/13/manchester-city-accounts-sheikh-mansour>

Conn, D. (2020). Revealed: the scale of Manchester City's FFP breaches before 2014 UEFA deal. *The Guardian*. <https://www.theguardian.com/football/2020/jan/22/manchester-city-financial-fair-play-breaches-2012-13-accounting-sponsorships-uefa-champions-league>

Conn, D. (2021). Qatar's multibillion-dollar World Cup signifies shifts in wealth and power. *The Guardian*. <https://www.theguardian.com/football/2021/nov/21/qatars-multibillion-dollar-world-cup-signifies-shifts-in-wealth-and-power>

De Bosscher, V., Bingham, J., Shibli, S., Van Bottenburg, M., & De Knop, P. (2008). *The global sporting arms race: An international comparative study on sports policy factors leading to international sporting success*. Meyer & Meyer.

De Bosscher, V., Shibli, S., & Weber, A. C. (2019). Is prioritisation of funding in elite sport effective? An analysis of the investment strategies in 16 countries. *European Sport Management Quarterly*, 19(2), 221–243. <https://doi.org/10.1080/16184742.2018.1505926>

Department for Digital, Culture, Media & Sport. (2021). Fan-Led Review of Football Governance: securing the game's future. <https://www.gov.uk/government/publications/fan-led-review-of-football-governance-securing-the-games-future/fan-led-review-of-football-governance-securing-the-games-future>

Dixon, E. (2021). Report: Arsenal and Visit Rwanda seal “UK£40m” sleeve sponsorship extension. *SportsPro*. <https://www.sportspromedia.com/news/arsenal-visit-rwanda-sleeve-sponsorship-extension-brentford-umbro-kit-deal/>



Dudfield, O., & Dingwall-Smith, M. (2015). *Sport for Development and Peace and the 2030 Agenda for Sustainable Development*. Commonwealth Secretariat London.

EFL. (2014). Football League Customer Charter. <https://www.efl.com/news/2014/june/football-league-customer-charter/>

EFL. (2021). Supporters Charter. <https://www.efl.com/siteassets/supporters-section/eflsupporterscharter-sep21.pdf>

European Commission. (2007). *White Paper on Sport*. Office for Official Publications of the European Communities.

European Commission. (2016). *Mapping of good practices relating to social inclusion of migrants through sport: final report to the DG Education and Culture of the European Commission*. Publications Office of the European Union.

Eurostat. (2019). How much do governments spend on recreation and sport? <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/edn-20190923-1>

Fujiwara, D., Kudrna, L., Cornwall, T., Laffan, K., & Dolan, P. (2015). *Further analysis to value the health and educational benefits of sport and culture*. DCMS Research Report). Department for Culture, Media and Sport.

Fujiwara, D., Kudrna, L., & Dolan, P. (2014). *Quantifying the social impacts of culture and sport*. Department for Culture, Media and Sport.

Gasparini, W., & Cometti, A. (2010). *Sport facing the test of cultural diversity. Integration and Intercultural Dialogue in Europe*. Council of Europe Publishing.

Gibson, O. (2016). West Ham's Olympic Stadium deal explained: from Water City to the London Stadium. *The Guardian*. <https://www.theguardian.com/sport/blog/2016/nov/02/west-ham-olympic-stadium-deal-explained-london-mayor-sadiq-khan>

Gratton, C., & Henry, I. (2001). *Sport in the city: The Role of Sport in Economic and Social Regeneration*. Routledge.

Green, M., 2007. Olympic glory or grassroots development? Sport policy priorities in Australia, Canada and the United Kingdom, 1960 – 2006. *The International Journal of the History of Sport*, 24(7), 921–953. <http://dx.doi.org/10.1080/09523360701311810>

Grix, J., & Carmichael, F. (2012). Why do governments invest in elite sport? A polemic. *International Journal of Sport Policy*, 4(1), 73–90. <https://doi.org/10.1080/19406940.2011.627358>



H.M. United Kingdom Government. (2015). *Sporting future: A New Strategy for an Active Nation*. Cabinet Office.

Kaddoura, T. L. (2021). Uplifting Dubai. In *Frontrunner*. <https://www.asics.com/ae/en-ae/frontrunner/articles/uplifting-dubai>

Kofi Annan. (2004). Universal Language of Sport Brings People Together, Teaches Teamwork, Tolerance, Secretary-General Says at Lunch of International Year. <https://www.un.org/press/en/2004/sgsm9579.doc.htm>

Lindsey, I., & Chapman, T. (2017). *Enhancing the Contribution of Sport to the Sustainable Development Goals*. Commonwealth Secretariat London.

Mangan, J. A. (Ed.). (2004). *Militarism, sport, Europe: war without weapons*. Routledge.

Nicholls, S., Giles, A. R., & Sethna, C. (2011). Perpetuating the “lack of evidence” discourse in sport for development: Privileged voices, unheard stories and subjugated knowledge. *International Review for the Sociology of Sport*, 46(3), 249–264. <http://doi.org/10.1177/1012690210378273>

Premier League. (2022). Premier League Economic and Social Impact. [https://resources.premierleague.com/premierleague/document/2022/01/17/b61d9bb0-1488-4cd1-be25-82be98073252/EYUK-000142222\\_PL-economic-and-social-contribution\\_28\\_Spread\\_HR\\_2.pdf?utm\\_source=premier-league-website&utm\\_campaign=website&utm\\_medium=link](https://resources.premierleague.com/premierleague/document/2022/01/17/b61d9bb0-1488-4cd1-be25-82be98073252/EYUK-000142222_PL-economic-and-social-contribution_28_Spread_HR_2.pdf?utm_source=premier-league-website&utm_campaign=website&utm_medium=link)

Sandomir, R. (1996). At Close of Games, Braves Will Move Into Olympic Stadium. In *The New York Times*. <https://archive.nytimes.com/www.nytimes.com/specials/olympics/0730/oly-stadium-braves.html>

The Commonwealth. (n.d.). Sport for Development and Peace and the 2030 Agenda for Sustainable Development. [https://production-new-commonwealth-files.s3.eu-west-2.amazonaws.com/migrated/inline/CW\\_SDP\\_2030%2BAgenda.pdf](https://production-new-commonwealth-files.s3.eu-west-2.amazonaws.com/migrated/inline/CW_SDP_2030%2BAgenda.pdf)

The Emirates Group. (2021). Annual Report. [https://cdn.ek.aero/downloads/ek/pdfs/report/annual\\_report\\_2021.pdf](https://cdn.ek.aero/downloads/ek/pdfs/report/annual_report_2021.pdf)

The Global Goals. (2021). Sport Has the Power To Change the World. <https://www.globalgoals.org/sport-for-development-and-peace/>



United Nations. (2015). Annual Report 2014: United Nations Office on Sport for Development and Peace.

Zheng, J., & Chen, S. (2016). Exploring China's success at the Olympic Games: a competitive advantage approach. *European Sport Management Quarterly*, 16(2), 148–171. <https://doi.org/10.1080/16184742.2016.1140797>

Zimbalist, A. & Noll, R. G. (1997). Sports, Jobs, & Taxes: Are New Stadiums Worth the Cost? *Brookings*. <https://www.brookings.edu/articles/sports-jobs-taxes-are-new-stadiums-worth-the-cost/>

