

Role of Football in Economic Development

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Abstract

Football is the most popular sport in the world today. The 2010 football world championship in South Africa was viewed by over a billion people worldwide. Even the Euro 2012, the 14th European Championship for European National Football teams, was viewed by over 250 million people worldwide. In Europe and America, sports are important to economic development. About 2 million people are employed in the sports economy in the European Union that amounts to an overall 1.3% of the overall European Union employment. Therefore, it is not at all surprising that football being the most popular sports worldwide is a serious business nowadays with the top 20 richest football clubs generating total revenues to the tune of 3.73 billion euros during 2010-2011 season. There lies a vast scope for an affluent and popular football club to contribute to the sustainable development of the city it originates from through the economy, the environment and the society. In other words, a football club can be seen as an economic factor which can contribute to the economic prosperity, the quality of the environment and social equity. In fact, Rosca has developed a model for sustainable development of a city by using a football club through factors such as sustainable economic development, jobs creation, increasing revenues from taxes, local marketing, tourism and business environment.

Keywords: Football, Economy, Development, Sport, Clubs.

Introduction

Football occupies a significant place in Indian scenario. India's absence from the global stage of the World Cup 2010 was sorely felt, which reflected the poor sports mentality of Indians which has been producing software professionals, doctors and engineers, to name a few, rather than being identified as a nation of sports persons. Indian football has abundant talent but to popularize the sport, India needs professional clubs and a national team with whom the sponsors would like to associate themselves. Developing countries like Brazil and Argentina have made a mark for themselves on the global stage but India has been left far behind. The reason may lie in the fact the popular football clubs in India that boast of a large fan-base, like East Bengal, Mohun Bagan and Mohomedan Sporting are lacking a professional approach that act as barrier to their own development and the overall economic development that they can bring about to their city and to the country as well. The national football competition in India, the I-League has failed miserably to draw spectators. In the years to come, Indian football clubs need to adopt a professional approach and build adequate infrastructure, like well-built stadiums, so that football can act as a catalyst to the economic development of the nation.

The sports world provides a platform to bring together all the differing parties together in a friendly and harmonious manner so that all unpleasantness is wiped away to give way to friendship and to brotherhood. The impact of sports can be both direct and indirect. For example, in the fight against social evils and malpractices, football tournaments can be used to convey information and spread education. Again, in conflict areas, sport programmes provide safe spaces for children to play, and serve as containing contexts to restore a sense of normalcy in the lives of children most affected by conflict or disaster.¹ In this regard, football has a huge role to play since, among all forms of sports, football alone is called the 'beautiful game', a phrase coined by Stuart Hall. Pele, the legendary footballer, had dedicated his autobiography, *My Life and the Beautiful Game*, by saying "I dedicate this book to all the people who have made this great game the Beautiful Game". The Youth Football Development Model propagated by Horst Wein² and his subsequent work for the adult game is pervaded by the game intelligence approach to football, where he himself says: "The Beautiful Game is football that starts in the head and finishes with the feet." Incidentally, the current football development system in Spain, the current World and European champions, and the only national team to win three major trophies in a row, was put in place using Wein's Youth Football Development System as far back as in 1993.

The beautiful game, football is undoubtedly the most popular sport in the world today. The 2010 football world championship in South Africa was viewed by over a billion people worldwide. Even the latest football spectacle, the Euro 2012, the 14th European Championship for European National Football teams, was viewed by over 250 million people worldwide. In Europe and America, sports are important to economic development. About 2 million people are employed in the sports economy in the European Union that amounts to an overall 1.3% of the overall European Union employment. So, it is not at all surprising that football being the most popular sports worldwide is a serious business nowadays with the top 20 richest football clubs generating total revenues to the tune of 3.73 billion euros during 2010-2011 season, comprising over a quarter of the European football market.³

But, playing football is not just limited to the rich and developed countries which harbor some of the richest football clubs. In fact, the very nature of the beautiful game draws and attracts football talent from the farthest outreaches of civilisation. Given its universal popularity and wide reach, football has the potential to catalyse and sustain economic development among the third world and other developing countries. Playing football provides means for removing poverty, reconciling differences and spreading happiness. Happier people perform better in general and earn more income. In other words, playing football leads to happiness, greater productivity, more income and

¹ Y Vanden Auweele, C Malcolm & B Meulders, *Sport and Development*, Lannoo Campus, 2006.

² H Wein, *The Beautiful Game*, Dublin, The Beautiful Game Inc., 2011.

³ Dan Jones, *Deloitte Football Money League*, 2012.

economic development.⁴ This paper seeks to bring out the important role played by football in bringing about economic development of all the countries in the world, from the poverty-stricken countries of the 'dark' continent Africa to the war-ravaged Middle-East Asia to the over-populated South Asian countries like India to the richer European countries with their professional football leagues. Everywhere, football has a very important role to play in the economic development of the regions.

Economic Factors of a Football Club

Football clubs represent more than just a simple sporting organization. They are a driver of the economy and of the society, and can also contribute to the local environment.¹⁵ In the micro-stage, football is essentially a game played between football clubs of a region. There lies a vast scope for an affluent and popular football club to contribute to the sustainable development of the city it originates from through the economy, the environment and the society. In other words, a football club can be seen as an economic factor which can contribute to the economic prosperity, the quality of the environment and social equity. It is up to the authorities of a city to use the local football club in order to achieve economical, social and environmental development. In fact, Rosca has developed a model for sustainable development of a city by using a football club through following factors such as :

Sustainable Economic Development of the City: A football team can build a workplace, contribute to the city marketing and generate financial flows. Here municipality can charge extra taxes like revenue taxes. All these can help in promoting the economic development of the city.

Jobs Creation: A football team need many people for its proper functioning like ticket sellers, vendors of soft drinks, vendors of food, vendors at the team official store, gatekeepers, stewards, chefs at the club restaurant, doctors and accountants. These mean stadium jobs can be offered to local unemployed youths bereft of professional degree so that they can gain valuable professional experience.

Increasing Revenues from Taxes: The more successful a football club becomes, the more amount of revenue it will generate in the form of increased sale and income taxes. The more successful a football team is, the more it will be able to augment its revenues and it's budget, by winning trophies and participating in international competitions. A football team can also increase it's income from increased sales tax on footballer trading fees, memorabilia merchandising, entrance ticket sales and so on. Revenue can also be generated from the income tax levied on the workforce.

⁴ C Graham, A Eggers & S Sukhtankar, "Does Happiness Pay? An Exploration Based on Panel Data from Russia" in *Journal of Economic Behavior and Organization*, 55, (2004), 319-342.

⁵ V Rosca, Sustainable development of a city by using a football club, *Theoretical and Empirical Researches in Urban Management*, 7, 16, 2010.

Local Marketing: a football club is internally linked with the city of its creation. It makes good marketing sense if both the names of the football clubs and the city are coined together. For example, Manchester United and Manchester City. Manchester united is undoubtedly, the greatest English football club in history. Both these clubs have won acclaims in 2012 and at the same time did their city, Manchester, proud in the national and international stage.

Tourism Market: The football club using the name of the city of its origin is a great ambassador of the city and draws in spectators to its stadiums and tourists to its city. For, example, the FC Bayern Munich football team is synonymous with the city, Munich from where it originates. The legendary football team of the football league Bundesliga, created a vast potential tourist market not only for their city, Munich but also or their country, Gemany, when they toured China in July, 2012 and won the Yingli Cup and also defeated Wolfsburg. In the words of Rummenigge, 'We have gained an incredible number of friends'. It can be interpreted as 'we have gained an incredible number of tourists'. In an exclusive interview given to FC Bayern Munich, the legendary player when asked about the international presence of FC Bayern Munich football team in China, replied that, 'All our major rivals in Europe, the clubs who play important roles in the Champions League, regularly visit China. Both the Spanish and Italian Super Cups are being staged in China this year. It's vital for Bayern in particular to establish a presence here. We have to take this market extremely seriously, because it's such an important market. The region promises growth for the foreseeable future, and FC Bayern should try and be a part of it.'

Business Environment: According to Roysand and Jakobsen, a football club can attract business to the city it originates from. But, it hinges on the sporting success achieved by the club and on its social standing.⁶ In today's corporate driven business environment, it is quite natural that companies will try to associate their brand with the image of the football club. The companies will inevitably open their local representations much closer to the football clubs. In this way, the business environment of the city will improve. Arguably, the most successful and consistent football team in India in the last decade, Dempo SC, the two times winner of the erstwhile National Football League and the three times and current I-League champion has been successful in attracting Shah Rukh Khan and his Red Chillies Entertainment company as potential partner and investor.⁷ Obviously, Shah Rukh Khan, wants to diversify into the football sports business under the banner of the entertainment business run through his Red Chillies company. This is a classic example of a successful Indian football club attracting corporate investment. This will definitely improve the business climate of Panaji, where Dempo SC is based.

⁶ A Floysand & S Jakobsen, "Commodification of rural places: A narrative of social fields, rural development, and football", *Journal of Rural Studies*, 23,(2007), 206-221.

⁷ *The Hindu*, 'Shah Rukh Khan to buy Dempo', June 1, 2012.

Empirical studies have confirmed the important role played by football in the economic development of the local environment, the city and ultimately the country. In the United Kingdom, where the contribution of the sports economy to GDP is currently estimated to more than 2% as a result of which the contribution of the sports economy to GDP is three times that of the agriculture sector to the GDP.⁸ Penn had conducted a study on the role of English Football to the local economic development and had arrived at a conclusion that football clubs, particularly their new stadia, act as a stimulant to local economic development.⁹ Dobson and Goddard had also delved in the economics of football based on case study on the secondary market for trade in the shares of football clubs quoted on the London Stock Exchange. This study seeks to quantify the extent to which effects of major events that take place on the field of play, such as European qualification and elimination, or domestic promotion and relegation, have on share prices of football clubs that are focused on the London Stock Exchange. In their study had focussed on relationship between sports and economic development, in particular income growth and poverty alleviation.

Sustainable Economic Development and Football

Sustainable Development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".¹⁰ A football club has the capacity to contribute to the sustainable economical, social and environmental development of the city it belongs to, and not anyway, but by respecting the standard imposed through the above-mentioned definition set by the World Commission on Environment and Development Report. Sparvero and Chalip had proposed a model in which the football club contributes to the development of the city by helping the local economy, the local marketing and local social welfare, but, however, they do not refer to the environmental development.

Sustainable development of a city is possible by focusing on sustainable development of the society through means of identification and socialization. A football team gives it's fans ways and means to enjoy their free time by supporting their city-based football team. In this way, a football team builds communities based on strong social-cultural ethos. The thousands of people massing in the stadiums and lakhs more in front of giant television screens help in grouping and socialization. Sustainable environment development in a city is possible through controlling of traffic, noise and air pollution and reducing the high energy consumption. Traffic is a cause of atmosphere pollution.¹¹ To control traffic during football games, a good public transport system should be created, so that the public can avail of the public transport instead of using their own

⁸ R Penn, *Sport and Local Economic Development: The Experience of English Football*, Lancaster University, Lancaster, 2002.

⁹ S Dobson & J Goddard, *The Economics of Football*, Cambridge University Press, Cambridge, 2001.

¹⁰ World Commission on Environment and Development Report, The Report of the Brundtland Commission, *Our Common Future*, Oxford University Press, Oxford, 1987.

¹¹ A Socolescu & V Ciobotaru, *Prioritati ale managementului de mediu*, Bucarest, Meteor Press, 2006.

cars which would emit more green house gases. For example, having the Big Three of the Maidan - the East Bengal, Mohun Bagan & Mohammedan Sporting football clubs based in city of Kolkata, the Government transport department together with the sports department can help in the development of public transport services in Kolkata so as to facilitate the arrival and return of the sizeable number of fans both to and from stadium. There will be a cascading effect of the better transport conditions which will attract more fans to the stadium and as a result will stimulate higher revenues. Noise and air water pollution are among today's most difficult environmental problems.¹² Prohibiting loud demonstrations, controlling riots, usage of soundproof materials and banning of pyrotechnics are the usual means and ways of combating noise and air pollution. Playing under floodlights require a high level of energy consumption. This can be avoided by scheduling more matches during the day-time. Though this is desirable in the cooler climes of Europe, an enviable proposition in the hotter climes of India.

The Indian Scenario

The experience of European football clubs has not been replicated in India, which has a rich football legacy. Indian football has abundant talent but to popularize the sport, India need professional clubs and a national team with whom the sponsors would like to associate themselves.¹³ Developing countries like Brazil and Argentina have made a mark for themselves on the global stage but India has been left far behind. The reason may lie in the fact the popular football clubs in India that boast of a large fan-base, like East Bengal, Mohun Bagan and Mohomedan Sporting are lacking a professional approach that act as barrier to their own development and the overall economic development that they can bring about to their city and to the country as well. The national football competition in India, the I-League has failed miserably to draw spectators. Some of the banes of the Indian football scenario are as follows:

The most apparent of all the ills affecting Indian football is that it is burdened by an unprofessional set-up comprising of careless administrators, poor infrastructure, inept players and lack of sponsors.

As mentioned above, poor infrastructure does not provide the necessary fillip to job creation. Most of the football clubs do not have cafeteria or their own restaurants within the stadium, so that it is not possible for local unemployed youths to find jobs as chefs or waiters; nor do the unprofessional clubs have their own merchandising mechanism where local unemployed youths may find jobs vendors of the club footballers' memorabilia.

¹² F Bran & V Rojanschi, *Politici si strategii de mediu*, Bucarest, Editura Economic,2002.

¹³ J Swinnen & T Vandemoortle, "Sports and Development: An Economic Perspective on the Impact of the 2010 World Cup in South Africa", LICOS Centre for Institutions and Economic Performance, Katholieke Universiteit Leuven, 2008.

The performance of the Indian national and football teams against quality international sides can at best be termed as abysmal. This deprives the Indian national and football teams from winning trophies and making the cut to international competitions. This leads them in failing to augment their revenues and to increase their budget.

Indian clubs do not have good local marketing strategies. They do not promote the names of their city by joining the two names. For example, East Bengal and Mohun Bagan are both established and very popular football teams hailing from Kolkata. While East Bengal are the last two-times I-League runners-up, Mohun Bagan are the national football team of India, given its historical importance. But, both East Bengal and Mohun Bagan use the names of their respective sponsors in their names, instead of using Kolkata.

Lack of a professional set-up, absence of any definite football calendar, careless and irresponsible officials have forced corporate bodies to exit from the India scenario, much to the dismay of Indian football followers. Two disturbing events have rocked the Indian football scenario in the last two years - that of the withdrawal of the Mahindra football team followed by the withdrawal of the JCT team in 2012. Now even the Tata Football Academy is only focusing on nurturing local talent instead of also plying their trade in the national leagues and football tournaments. The withdrawal of the JCT football team, the first team to win the National League way back in 1996-97 was a body blow to the Indian football world. The lamentation of Bhaichung Bhutia, the only Indian player in the modern age who has achieved international recognition and is the face of the Indian football worldwide, said it all. "I am sad but not surprised, till now Indian clubs have not become commercial entities and as long as that does not happen, more and more clubs will go the JCT way. Year after year JCT spends crores of rupees but gets only minimal returns. AIFF also must do their bit to generate revenue which will keep the corporates interested. As long as situations don't improve in Indian football, clubs like JCT will disband themselves from football in India".

Lack of exposure and poor visibility of the I-League are the main reasons for which corporate bodies are shying away from entering the Indian football scenario.

Conclusion

In the years to come, Indian football clubs need to adopt a professional approach and build adequate infrastructure, like well-built stadiums, so that football can act as a catalyst to the economic development of the nation. First of all, investment in setting up a proper infrastructure comprising of well-built and properly equipped modern stadiums must be made. Only then will jobs be created, performance of the football team improve, markets will be created and fan base will increase thereby increasing the flow of tourists in and out of the country. But to attract investments from big corporate, the football administrators and the football clubs need to adopt a professional outlook

as that will assure the corporate of good returns on their investments. But, in all these developments, the main focus should be on the welfare of the football players who sweat it out on the field. Just looking after returns on investment will not suffice; it is the interests of the footballers which must come first.

Ultimately there is a role for football beyond just economic development; that is achieving the targets of the Millennium Development Goals. We have already crossed the first decade of this Millennium. The Millennium Development Goals (MDGs) are set of 8 specific targets that 189 countries signed up to in the year 2000 under the auspices of the United Nations in order to reduce global poverty and promote equitable and sustainable development.