

# **SPORT BUSINESS IN LEADING ECONOMIES**

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# SPORT BUSINESS IN LEADING ECONOMIES

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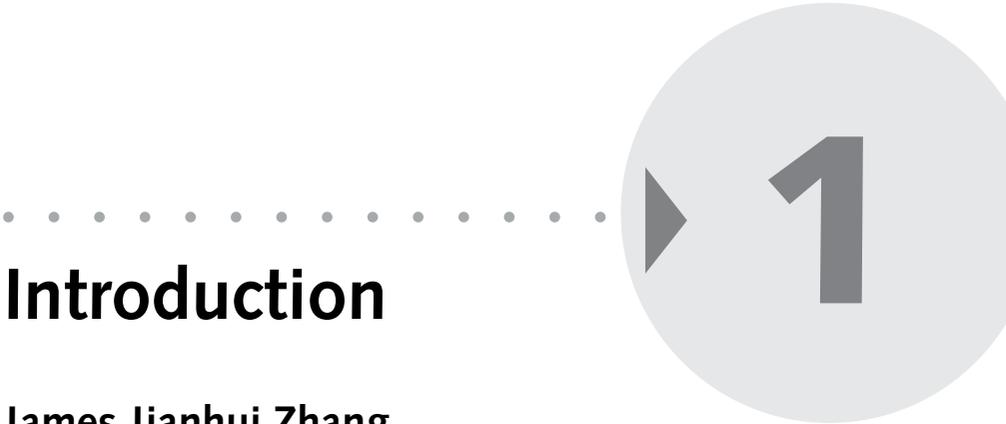


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# Introduction

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*This chapter illustrates the significance of examining the sport industry development in selected leading economies and sport-driving forces. Criteria for choosing representing countries in different continents are documented. These elements are prefaced by an overview of the evolving landscape of a globalized sport marketplace and its impact on Asian sport development, and concluded with a brief summary.*

## **A Globalized Sport Market Place**

The 21st century has seen a rapid growth of free flow of capital, ideas, people, goods, and services that lead to the interaction, exchange, and integration of economies and societies. Globalization has resulted in companies, organizations, and even countries forming links and partnership through trade, investment, and activities that strive for border-transcending competitiveness. The global flows that shape the sport industry have several dimensions,

including the following: (a) international movement of people such as human resources (e.g., coaches, athletes, and students), tourists, and even migrants; (b) technology and goods that are created and manufactured by corporations and government agencies; (c) economic investment and stimulation that are centered on the rapid flow of money and its equivalents around the world; (d) media production that entails the flow of images and information through newspapers, magazines, radio, film, television, video, satellite, cable, and the internet; and (e) ideology linked to the flow of values centrally associated with state or counter-state beliefs, attitudes, and opinions (Hill & Vincent, 2006). As a matter of fact, globalization has benefited the sport industry in a number of ways, including but not limited to (a) spread of sports throughout the world; (b) diversity in athlete origins participating in many of the professional and amateur leagues around the world; (c) increasing number of countries participating in international sport events; (d) increasing number of athletes participating in a diverse range of sports, often crossing gender and religious lines and climate barriers; and (e) increased opportunities in sport participation and also employment for athletes, coaches, and leaders to access (Thibault, 2009).

For a variety of reasons, such as seeking access to new markets, development of new customers, enhanced marketing opportunities, sport and brand growth, acquisition of resources, and profit generation, increasingly more professional and amateur sport leagues and teams, sporting goods manufacturers, sport service companies, and other sport organizations are seeking to compete in the international marketplace than ever before. For instance, more and more sport organizations in the United States are embracing a global vision as their domestic target markets have become saturated. For many sport organizations, globalization is the result of stagnant or declining home markets. Many sport managers believe that the potential for long-term growth and stability can be realized through international operations (Walker & Tehrani, 2011). For instance, in addition to developing international broadcasting programs and conducting exhibition

games, the National Basketball Association (NBA) has developed and launched such programs as Basketball Without Borders, which is aimed as a synergistic approach for youth development through basketball and grassroots expansion of NBA markets (Means & Nauright, 2007).

Today, a corporation can successfully operate in countries around the world. Shifts in technology, transportation, and communications are creating a world where anything can be made and sold anywhere on the face of the earth. Although internationalizing of sports has been ongoing since the late 19th century, the past two decades have marked the speediest rise of a globalized sport production and consumption marketplace due in part to the advancement of modern technology. Globalization has been used to describe ideologies in the following two areas: consumerism versus capitalism. In an era of globalized sport marketplace, sports have become a commodity to meet the needs of commerce (Gupta, 2009; Nauright, 2015). Numerous forces have in recent years led to greater diversity in sport coverage, events, and participants. Technological changes have transformed broadcasting revenues, creating more sport entertainment options for fans and more revenue streams for organizations than ever before. Capital investment has moved with great speed, creating new stadia, teams, and sponsoring opportunities. Athletes are perceived (and oftentimes act) like entertainment celebrities. The economic impact of sports can be felt in the areas of media, the aforementioned corporate sponsorship and influence, branding and celebrity culture, and the general sense of commercialization of sport. When sport managers are driven by the search for diversification in assets, capital flows, and new markets to enter with existing products or product associations, changes do occur. Approaching modern sport management with an international focus from the outset would better serve sport managers in the development of their organizations. There has been an escalated rise of North America- and Europe-based organizations as multinationals (Pfahl, 2011).

To achieve global reach and influence, North American and European sport organizations are increasingly embracing a global

vision as their regional target markets have become saturated, and they are selling products far beyond their initial focused markets. A globalized marketplace has brought increased complexity in organization operations in terms of interdependence, ambiguity, and multiculturalism. Unlike domestic settings, global leaders have to face greater challenges in such areas as connectedness, boundary spanning, ethical standards, dealing with tension and paradoxes, and understanding diverse culture (Mendenhall, 2013). Traditional management models derived in the western contexts were rarely designed for broader, international applications. Due to differences in cultural norms and a variety of other factors, domestic management models from one part of the world generally do not work well in other parts of globe. Likely, management models developed in Africa, Asia, and Latin America are often different than those adopted in the western countries, because common values, ethics, beliefs, perceptions, and attitudes vary from culture to culture, country to country, and even region to region. The importance of such variables as relationships, short-term profits, hierarchies, employment security, diversity, and risk may also be different. Apparently, if a business cannot integrate a global perspective into its management, its capability of competing in the globalized marketplace would be tremendously hampered. For an organization to maintain its competitive edge in a global setting, its leaders must develop competences that overcome cultural, national, and regional difference and embrace the best practices in various parts of the world (Morrison, 2000; Yeung & Ready, 1995; Zhang, Chen, & Kim, 2014). Sport professionals, scholars, and administrators responsible for making the strategic, cultural, political, and economic decisions for sport organizations must be prepared for the challenges of the new sport landscape. They must be equipped with knowledge, skills, abilities, and world-views that are inclusive yet can differentiate cultural and other related elements (Thibault, 2009; Zhang, Cianfrone, & Min, 2011). The new demands within a global perspective are one of the primary reasons students from countries with growing economies to seek graduate education in Western countries where sport

management programs are comparatively better developed and more advanced (Danylchuk, Baker, Pitts, & Zhang, 2015; Mao & Zhang, 2012; Zhang et al., 2014).

Within the duality of global and local, sport organization personnel must make strategic decisions to establish and sustain a brand presence in local markets while identifying ways in which to establish or increase an international presence. Differences in global, national, regional, and local communities make this task a challenging one. The sport managers responsible for making the strategic, cultural, political, and economic decisions for sport teams or organizations must be prepared for the challenges of the new sport landscape. They must be equipped with skills, abilities, and worldviews that are inclusive yet can differentiate cultural elements. The international nature of modern sport requires sport organizations to modify their personal and management practices in order to remain effective and competitive in a border-transcended market place. Those sport organizations that seek to compete globally must recognize that entry into the global marketplace requires substantial commitment to the planning, investing, organizing, leading, and monitoring process of organizational operations. A strategic plan along with clearly articulated goals and objectives serves as the cornerstone of a successful global expansion; to develop and implement such a plan, effective leadership is crucial. With more concerted efforts to understand the concept and application of global sport leadership, policies, regulations, best practices, and training programs can be formed to develop managerial skills, guide management functions, and ultimately, ensure the high achievement level of sport organizations that provide goods and services in a boarder-transcending, continent-transcending, and culture-transcending market environment and climate (Zhang et al., 2014).

The growth trends of sport on different continents and regions increasingly resemble those observed in North America. In North America alone, the estimated size of the sport business industry has risen sharply in recent years, from USD 213 billion at the end of the 1990s to over USD 485 billion in 2016. Of the gross domestic sport product, sport business transactions are primarily in the following

segments: advertising and endorsements (14.1%), sporting goods (13.2%), spectator spending (12.9%), operating expenses (11.99%), gambling (9.86%), travel (8.38%), professional services (7.95%), medical expenses (6.57%), licensed goods (5.48%), media broadcast rights (3.64%), sponsorships (3.34%), facility constructions (1.29%), multimedia (1.15%), and internet (0.12%). While not relying on hosting international mega sport events, large-, medium-, and small-scale events generated by sport leagues, conferences, and teams have been an integral part in forming the cultural and economic basis for many communities and have become one of the most popular leisure and entertainment options in North America. Spectator sports, in particular, have shown steady and tremendous growth in the last two decades, and the revenue produced by spectator sport has shown a 5–6% annual growth rate in recent years. Participation in health, fitness, and sport club activities is another sector of the sport industry that has expanded rapidly. This trend is in part due to increased concern about the obesity epidemic, medical costs, consciousness of disease prevention, and adoption of a physically active lifestyle. For instance, over 50 million Americans regularly participate in sport or fitness activities at least 100 days per year (Plunkett Research, 2014; Zhang et al., 2011). According to Chelladurai and Riemer (1997), participation in organized sport provides physical and psychological outcomes at both individual and team levels. At the individual level, sport participation enhances athletic performance, goal attainment, skill improvement, personal growth, contribution to team, immersion/involvement, belongingness, friendship, social support, and perseverance; at the team level, sport participation contributes to team performance, goal attainment, team maturity, group integration, interpersonal harmony, norm and ethics, equality, decision making, and leadership.

Former UN Secretary General Kofi Annan once made the following observation about the power of sport: “People in every nation love sport. Its values, fitness, fair play, teamwork, the pursuit of excellence are universal. It can be a powerful force for good in the lives of people devastated by war or poverty, especially children. The International Year of Sport and Physical Education is a

reminder to governments, international organizations and community groups everywhere to draw on the promise of sport to promote human rights, development and peace” (United Nations, 2005, p. 2). The core values that are integral to sportsmanship make sport a valuable tool for promoting peace, equality, health, and education for everyone.

## Impact on Asian Sport Development

The Asian Continent currently has 51 countries, with over 4.2 billion residents (United Nations, 2011). Accounting for over 60% of the world population, in recent decades Asian countries have experienced powerful boom in both their economies and sport industry. Successful hosting of mega sport events highlights the achievement, growth, and potential of Asian countries, such as the Seoul Summer Olympic Games in 1988, the Nagano Winter Olympic Games in 1998, the 2002 World Cup co-hosted by Japan and South Korea, and the 2008 Beijing Olympics. According to Bloom, Canning, and Malaney (1999), Asian countries, particularly those located in East Asia, have nearly tripled income per capita during the last 30 years, which is one of the most extraordinary economic phenomena of this century, although there is a mixture of developed, developing, less-developed, and least developed countries that are primarily located in South and Southeast Asia. To a great extent, the “miracle” economic growth is attributed to an accumulation of trade and industrial policies, technological progress, savings and capital accumulation, effective governance, investment in education, and improved provision of healthcare.

Dolles and Söderman (2008) noted that just as the trend in other regions, mega sport events in Asia have become central stages today, on which athletes represent their nations in competing for excellence and the host countries promote their national identities, present their cultures, and utilize the initiatives associated with hosting the event to rejuvenate community and economic development. This is a rather new observable phenomenon in Asia, where sport and recreation have been assumed of a new relevance in the

Asian society, attracting attention not just from the residents but also from political and business sectors. The future holds great promise for Asian countries due to a strong calendar of major events, growth in sponsorship and television rights, and increased number of sport participants and consumers. According to [Horne and Manzenreiter \(2006\)](#), there are two central features of mega-events as important for analysis: (a) mega-sporting events are deemed to have significant economic, social, and tourism consequences for the host city, region, or nation and (b) they will attract considerable international media coverage.

Mega-sporting events in Asia are mainly connected with international multi-sport competitions, such as the summer and winter Olympic Games, and Fédération Internationale de Football Association (FIFA) World Cup. There are regional tournaments that can be quantified as mega-events, like the Asian Games, regulated by the Olympic Council of Asia (OCA), or the Commonwealth Games, governed by the Commonwealth Games Federation. Mega sport events may also be elite-level international sports competitions, such as the World Aquatic Championship and the Asian Football Championship.

During the 1964 Tokyo Olympic Games, 5,151 athletes representing 93 countries participated in 163 events of 19 sports. The Tokyo Games were the first to use computers to record results and be televised to the world in color TV via geostationary satellite launched a year earlier. The 1964 Games can be considered a fulcrum point in the global visibility and popularity of the Olympics. The Tokyo Games were not held as a commercial event to generate enormous fees for sponsorship and broadcasting rights; rather, it was event used to portray a recovered national prestige. The event became a symbol of Japan's post-war restoration. Various city infrastructures were constructed that went beyond the scale of basic urban development. South Korea was the second Asian nation to host the Olympic Games in 1988, hosting 8,391 athletes competing in 25 sports with 237 events, along with 11,331 media representatives. The Seoul Games became a launching pad for South Korea to boost its international image and diplomacy, promote business and tourism development, and strengthen overall national achievement

level. With a slogan of “Discover Tomorrow,” Tokyo, Japan will be the host for the 2020 Summer Olympic Games. Through preparing and hosting this multi-nation, multi-sport event, the organizing committee wants to bring hope to the people of Japan still recovering from the tsunami disaster, strengthen the nation’s healing process, and promote an image of being the world’s safest city filled with innovation.

Gaining international prestige has been one of the critical foreign policies for China after its years of historical humiliation in the 1800s. Hosting the Olympic Games could be a catalyst to propel economic growth in Beijing and surrounding areas, enhance China’s international prestige, and promote a national image of strength and unity among both Chinese and people across the world (Ong, 2004). When IOC President Juan Antonio Samaranch finally announced on 13 July 2001 that Beijing had won the right to host the 2008 Summer Olympic Games, the entire city erupted into a gigantic celebration party (Abrahamson, 2002). As competition to host the Olympic Games has been intense since the 1984 Los Angeles Olympic Games, after an unsuccessful bid for the 2000 Summer Olympics Beijing doubled its efforts and was eventually elected as the host city for the Games of the XXIX Olympiad on 13 July 2001. The Beijing Organizing Committee for the Olympic Games (BOCOG) stated that lasting goal for the XXIX Olympic Games would be to promote the environment as the third pillar of Olympism and that sport could be a powerful force in raising awareness about sustainable development at local and global levels. The “Green Olympics” concept was initiated in 2000 by BOCOG and the Beijing Municipal Government to promote the environmental sustainability of the Games (United Nations Environmental Program [UNEP], 2007).

In terms of Winter Olympic Games, the 1972 Winter Olympic Games were held in Sapporo, Japan, which were the first Winter Olympics ever held outside Europe or the United States, hosting 1,006 athletes from 35 nations in 35 events of 6 winter sports. In 1998, the Winter Olympic Games returned to Asia. The event was held in Nagano, Japan, hosting 2,176 athletes from 72 nations, where there were 68 events in seven sports; noticeably, a total

of registered 8,329 media representatives reported the event. In 2022, the Winter Olympic Games will return to Asia as Beijing and Zhangjiakou of China have been selected as the cohost cities of this mega event.

The Asian Games owes its origins to the existence of small Asian multi-sport competitions since 1913. The first official Asian Games were held in 1951 in New Delhi, India after the formal foundation of the Asian Athletic Federation in 1949. The founding Asian NOCs agreed that the Asian Games would be held regularly every 4 years. Due to regional conflicts in Asia, the NOCs decided in the 1970s to revise the constitution of the Asian Games Federation. A new association named the OCA was created, supervising the Asian Games under the auspices of the IOC, formally starting with the 1986 Asian Games in South Korea. The 15th Asian Games in 2006 was positioned in the host city of Doha, Qatar; with its USD 2.6 billion investment into preparing for hosting the event, Qatar intended to be positioned as a leader in destination positioning for major international events, cultural relations, tourism, and investment opportunities. During the event, 9,530 athletes representing 45 Asian nations, along with 1,300 accredited journalists representing 110 nationalities, participated in this mega event. Apart from the investment in sporting facilities, housing, and infrastructure in Doha, this record number of event participation was greater than the 2004 Olympic Games held in Athens, Greece; apparently, the Asian Games has become a mega-sporting event. In 2010, 45 nations took part in the Asian Games held in Guangzhou, China. These nations came from the shores of the Mediterranean Sea (Lebanon) to those lying in the western reaches of the Pacific Ocean (Japan) and with Indonesia in the South and Mongolia in the North. If including Russia and Turkey, which are not fully categorized as “Asian” nations, the population of “Asia” is over 4.0 billion and represents approximately 66% of the World’s population, of which approximately 2.5 billion reside in China and India (Central Intelligence Agency, 2013).

With its historic decision to award hosting the FIFA World Cup finals for the first time by dual host countries (i.e., Japan and South Korea) in Asia, football’s governing body FIFA moved strategically toward promoting football on a global scale (Baade & Matheson,

2004; Dolles & Söderman, 2008). Japan and South Korea had their own reasons for wanting to host the 2002 FIFA World Cup. While the South Koreans aimed at introducing the finals as a “catalyst for peace” (Sugden & Tomlinson, 1998) on the Korean peninsula, the Japanese focused their bid on its ability to advance political stability, high technology, and the country’s infrastructure. To date, the 2002 FIFA World Cup was the biggest single-sport world-level sport event in Asia. The 64-game tournament with its 32 participating teams was attended by an unprecedented 2,705,197 spectators in both countries, with an accumulated worldwide TV audience of nearly 50 billion. The co-hosts Japan and South Korea spent a combined USD 4.4 billion (Japan USD 2,881 million; South Korea USD 1,513 million) in building 20 new arenas or refurbishing existing arenas. Qatar has recently been selected as the host of the 2022 World Cup. As Qatar is ranked 90th in the FIFA world rankings list and 10th in the Asian rankings (FIFA, 2012), along with a population of 1.45 million and a modest land mass. Evidently, there has been a shift in philosophy when FIFA makes decisions on selecting future World Cup host cities. Symbolically representing the enthusiasm and passion for soccer by many Asian countries and their people, Qatari administrators made convincing appeal to the international community that a small Asian nation is willing and capable to stage a mega international sport event.

These mega sport events and many other smaller scale sport events have helped accelerated sport development in Asia. In the 1990s and the first decade of the 21st century, the growing prosperity and the further penetration of elite sport by commercial and media interests had a symbiotic impact that led to the rapidly gained popularity and achievement. China’s drive for global sporting success was epitomized by its quest for Olympic supremacy, which was resoundingly achieved in such a startling manner in 2008. The Beijing Games has been regarded as an epoch-marking moment in the history of sport. China’s invitation to join the World Trade Organization in 2001 marked its emergence as a global economic powerhouse and gaining the hosting rights for the 2008 Olympic Games was simply a blessed opportunity to boost its geopolitical advancement.

Asia has become a prime target market for the expansionary strategies of some of the world's most powerful professional sports leagues, teams, manufacture companies, and media corporations. The influence of transnational broadcasters in Asia and the intensive marketing efforts of Western sport organizations provide European and American-based sports leagues, such as the English Premier League (EPL) and the NBA, with great advantage in dominating the marketplace, which at time could hamper the survive and thrive of indigenous Asian sport product development. Sport consumers in Asia tend to develop a predisposition of choosing globally marketed Western sport leagues, teams, stars, and licensed products over those made in Asia. Although media production in general is thriving in Asia, media sports have so far remained to be predominantly Western, where EPL, Formula One, NBA, and Major League Baseball dominate multiple media platforms. Presence and promotion of Western sports in Asia are supported by the financial resources of some of the world's largest media conglomerates, such as Disney, News Corporation, ESPN, Fox Sports, and Sky Sports networks. The massive popularity of both the EPL across the Asia-Pacific and the NBA in China signify a highly dependent form of consumption that squeeze out local teams that are deemed inferior and less glamorous by comparison. As a result of this popularity of Western sport leagues, Asian corporations, such as Samsung, Air Asia, Chang Beer, Emirates Airlines, Malaysia Airlines, and Tiger Beer, have used the EPL to attract customers within Asia, devoting little of their promotional budgets to local Asian professional clubs. It has long been believed that hosting mega sport events in Asia would signal the emergence and readiness of Asian cities and countries on the world stage. However, besides the intermittent flourishing of sporting nationalism around such mega sport events, in regional sport competitions such as cricket and hockey, and in some successful professional club competitions such as the soccer A-League in Japan, there is little evidence of the arrival of a sustained, localized sports culture. Sports culture in Asia still primarily revolves around imported consumption. It still awaits the emergence of a viable system of sports production and locally oriented consumption (Rowe & Gilmour, 2010).

The pressures of globalized culture and sport products could weigh heavily on local cultural and sport elements. Local sport traditions and the need to retain sport identity and domestic product can clash with increasing capitalist ideals (e.g., wealth, status, and stardom). Sometimes, the outside cultural forces are rejected, sometimes they are embraced, and other times hybrids of both are accepted, such as the National Football League in Europe, baseball in South Korea, and soccer in the United States. Asian countries are in particular facing challenges and dilemmas in protecting local and national sport interests versus generating consumer sport interests through imported sport products, investment in exporting versus investment in inventing and developing sport products, balancing between importing talents (athletes and coach) versus developing talents, balancing between supporting commercial sports versus developing Olympic sports with medal potentials, and dealing with anxieties and struggles between local administrative control versus the sense of loss of control (Zhang & Min, 2012).

The critical question here is “what to do in Asian countries?” Fundamentally, Asian countries need to build their own sport competition systems that follow the principles and best practices effective for managing, marketing, and growing the sport business. Numerous scholars have pointed out that sport competitions and the game events are the fundamental element and a major driving force of the sport industry. Event attendance reflects the highest form of consumption by a spectator, and it is a major revenue source for sport leagues, teams, and event organizers (Mullin, Hardy, & Sutton, 2014; Pitts & Stotlar, 2012; Zhang, 2015), which utterly affects the consumption levels of many secondary products, such as parking, concessions, program sales, in-game sponsorship, endorsements, use of team logos, sport travel, and media productions (Leonard, 1997; Noll, 1991; Zhang et al., 2004). To a great extent, various categories of sport business transactions are direct or indirect functions or extensions of the competitive game events (Crawford, 2008). For instance, without a well-established competition system, athletic stars would not be made and sport heroes would not emerge, which would significantly hamper the revenues generated from sport endorsements (Braunstein & Zhang,

2005). Similarly, without the game events, there would not be televised broadcasting, event sponsors, and betting on the results of the event (Zhang et al., 2011).

A strategic plan along with clearly articulated goals and objectives serves as the cornerstone of a successful global competition. Within the framework of internationalization lies regionalization. Blocs of countries or market areas within a specific geographical, cultural, or economic condition have developed in the modern era. Although groups of nations have come together for various purposes throughout history, in the era of globalization formal entities such as the European Union, the Association of South East Asian Nations, and the Non-Aligned Nations have developed in response to various forces of global competitiveness. A region can form governing bodies for various sports and regional tournaments and develop regional networks, strategies, products (sport leagues, tournaments, news media, business journal, and reports), and promotions. Identifying, strengthening, and perfecting local sport heritage are necessary to reinforce the market competitiveness of local sports; after all, sports are historically embedded in cultural contexts (Pope & Nauright, 2010). For instance, in recognition of the strength of the connection between the foreign athlete and the home-country market, sport organizations in western countries have made concerted efforts in recruiting and marketing foreign players and coaches. There are five basic approaches that western professional sport teams, leagues, and tours have demonstrated as part of their internationalization strategies, including broadcasting, licensing and merchandising, playing exhibition and formal competitions, marketing foreign athletes, and grassroots programs (e.g., exhibition games, youth clinics, media penetration, and educational programming). Can Asian sport leagues and teams do the same? Taking the case of Taekwondo as an example, today there are 13,950 martial arts schools throughout the world, with more than 6 million martial arts participants and USD 1.5 billion business. The World Taekwondo Federation, one of the world's largest martial arts organizations, has 185 member nations with more than 70 million participants learning Taekwondo all over the world with an annual growth rate of 20–25% (Zhang & Pifer, 2014).

Corporations in Asia should be persuaded to use Asian sports as a vehicle to market their products both nationally and internationally. Growing economies, large populations, and purchase power in Asian countries can be bases for attracting western corporations to sponsor Asian sport events and related products. All organizations must strive to integrate principles of fairness, honesty, and respect in cross-cultural management. Many sport organizations seek not only to establish and apply international management standards but also to contribute in a positive manner to the quality of life in the host country. The codes of conduct for multinational organizations, or international business ethics, encompass business conduct and the morals of these organizations in their relationship to all people and entities with whom they come into contact. To ensure just and fair conduct by organizations in dealing with the public, devising social responsibility guidelines for the corporation and training all employees along these guidelines are of the utmost importance (Zhang & Pifer, 2014).

In recent years, China has experienced powerful boom in both its economy and sport industry. Successful hosting of mega sport events highlights the achievement, growth, and potential of China, such as the 2008 Beijing Olympics. Just as the trend in other countries and regions, mega and large sport events in China have moved from a peripheral attention to a main governmental stage today, on which athletes represent China to compete for excellence in international competitions and the government promotes its national identity, presents its multi-ethnic cultures, and utilizes the initiatives associated with hosting sport events to further boost community and economic development. This is a rather new observable phenomenon in China, where sport and recreation have been assumed of a new relevance in its society, attracting attention not only from the residents but also from political and business sectors. Without a doubt, the recent proposition for accelerating the development of sport business and consumption proclaimed by the Chinese State Council (2014) would further advance the pace and magnitude of China's sport industry. Undoubtedly, the proclamation has highlighted the significance of sport business to national economic growth, identity and consolidation, health and

well-being, and international competitiveness (Altukhov, 2015; Nauright, 2015).

While the Chinese government continues to provide substantial support to the development and growth of its sport industry, establishing a firm foundation and a well-coordinated system for the continued growth of the sport industry is only a work-in-progress, and governments at various administrative levels face numerous challenges. As China has transformed from a centralized government system to a market-driven economy promoting privatization, market balance, international trade, and community reconstruction, one major challenge is to adapt, sustain, and advance the sport industry within a newly reformed political regime, societal context, and market environment. China has had a glorified history of athletic success in international competitions; yet, how to maintain its high level of sport attainments within a new commercialist system, how to promote mass participation in sport activities and cultivate active living, and how to grow the management and marketing aspects of the sport industry to be comparable with the achievement level of its training of elite athletes are critical questions faced by the administrators, professionals, and researchers in China. Naturally, collaborating with institutions with experiences in sport industry operations and seeking assistance from scholars and professional experts can be constructive and a wise approach to advance the Chinese sport industry. Most importantly, it is necessary for the Chinese sport industry to move toward an increasingly globalized marketplace (Zhang & Pifer, 2014).

## **Significance of Studying Leading Sport Forces**

Comparative study is a research methodology in the social sciences that aims to make comparisons across different countries or cultures. It involves comparisons and contrasts between various aspects of sports culture, sport development, and organizational structures in different countries. Some of the ground of comparative studies has been influenced by the recent growth of an

interconnected global system. Anecdotally, comparative sport studies can serve four purposes: (a) describing, understanding, and learning sport systems, processes, or outcomes; (b) analyzing and improving the management and achievement of sport institutions; (c) highlighting and inquiring the relationships between sports and society; and (d) exploring and establishing generalized theoretical and/or practical statements that are valid in more than one country. An important aspect of comparative sport is contextualization. A nation's sport system cannot be viewed adequately without looking into those contextual factors that might influence or affect it. Social, cultural, political, administrative, economic, and education conditions are all involved in shaping sport systems and determining their outcomes. Nations with strong national traditions of sports, for example, might have better outcomes with less funding than nations that historically have not placed a great value on sport development and achievement. Understanding social, cultural, and historical influences is particularly important when developing new sport programs that can be introduced from one country to another; nonetheless, a reality is management practices effective in one country may not work as well in another. Comparative studies can help provide evidence for developing new sport systems, programs, and even frameworks, ideas for revitalizing one system by incorporating effective elements identified in other countries, and parameters to track progress over time. As making comparisons leads to a deeper level of understanding of domestic provision and organization of sporting opportunities, important lessons can be learned about how domestic provision can be shaped and adjusted for greater effectiveness. Comparative sports analyses should not only emphasize the sporting environment, organization, administration, and training methods, but also the causes promoting or hampering sport development of different countries and attempted solutions in the light of their social, political, cultural, and national ideologies. It is not sufficient to merely know sport systems are different than one's own system. It must explain as to why this difference exists. According to (Dimanche, 1994), there are four factors that impede comparative studies: (a) misunderstanding of the value and benefits of

cross-cultural research, (b) ethnocentrism and ignorance about other cultures, (c) lack of resources, and (d) effect of cultural and language differences.

Culture is defined as “a social system of shared symbols, meanings, perspectives, and social actions that are mutually negotiated by people in their relationships with others” (Stead, 2004, p. 392). Because people internalize meanings from their cultural contexts, it is impossible to separate their development and behavior from these contexts. It is also important to note that cultural context is fairly rigid; therefore, it cannot be readily changed by an individual. National cultural values and characteristics shape and affect human thought and behavior. Culture is a major factor contributing to individual differences in behavior (Berry, Poortinga, & Pandey, 1997). Whiting and Whiting (1975) sought to uncover causal connections between cultural phenomena and the behavior of members of those cultures. They suggested that any culture, with its specific environment and historical background, can be understood as a maintenance system that is an antecedent to child-training practices that match the specific needs of each culture. These practices, in turn, lead to the development of certain observable national personality “types” for such things as music, art, recreation, play behavior, crime and suicide rates, etc. There is also a growing debate over whether civilization is converging or diverging. Although cross-cultural psychology has produced theories on subjective cultural issues, little empirical research has been completed, and studies have generally been of a preliminary and speculative character. Culture is a major influence in consumption decision making. Buying patterns and motives often differ among nations. One approach to comprehending cultural differences is the theory of individualism versus collectivism (Triandis, 1995). Individualism is a culture that emphasizes an individual rather than an interdependent construct of self. Individualism affects people’s values as well as their behavior. Individualistic cultures view personal goals as being more important than group goals. People are expected to look after themselves and their immediate family. Collectivism emphasizes conformity, belonging, empathy, and dependence. In collectivistic cultures, people belong to in-groups

and collectivities that are supposed to look after them in exchange for loyalty (Hofstede & Bond, 1984).

Many nations and regions have strategically developed and adopted a comprehensive plan to use sport events and sport participation as a catalytic agent to transform communities, revitalize urban environment, improve public infrastructure, project destination image for tourism and business, enrich residential quality of life, nurture an active lifestyle, enhance societal harmony and solidarity, and promote inter-organizational collaborations and work efficiency (Thibault, 2009; Zhang et al., 2011). Nonetheless, according to Coakley (2009), “all organized sports depend on material resources, and those resources must come from somewhere ... playing, watching, and excelling in sports depend on resources sullied by individuals, families, governments, or corporations” (p. 316). Economic capacity exerts significant influence on the organization, provision, and achievements in sports. Today, as sports are becoming increasingly commercialized, following economic conditions are most dominant in the development and achievement of sports: (a) market economies where material rewards are highly valued; (b) countries, societies, and communities with cities of large and dense populations; (c) industrial or post-industrial societies and communities with financial resources and advanced urban development; (d) willingness for capital investment and perceived return on investment; (e) cultures and lifestyles that emphasize consumption and material status symbols; and (f) ideologies that use sports as a metaphor to inspire people, promote meritocracy, maintain social order, and even showcase administrative advantage. For instance, due to a growing interest in leisure activities, adoption of healthy lifestyles, augmentation of sport competitions and events, evolution of sport media technology, and most importantly, globalization of the sport marketplace, the sport industry has shown rapid growth and become one of the largest industries in North America (Pitts & Stotlar, 2012; Zhang et al., 2011). The growth trends of sport on other continents and in other regions resemble those observed in North America.

This book is designed to compile, analyze, and compare the sport industry development in selected leading economies and

sport-driving forces. A total of 11 countries were designated, including China, Japan, and South Korea representing Asia; Russia, the United Kingdom, and Germany representing Europe; the United States and Canada representing North America; Brazil representing South America; South Africa representing Africa; and Australia representing Oceania. Choosing these countries was based on the following considerations: (a) continental representation, (b) country population, (c) gross domestic product (GDP), (d) GDP ranking within a continent, (e) Olympic medal account (gold and total), (f) total medal ranking within a continent, and (g) recently notable sport event or achievement. Detailed information for the criterion variables adopted to select representing countries for the comparative analyses are presented in [Table 1](#). Except for Russia that was ranked fourth in GDP among European countries, all other countries were top economic forces in their respective continents; as the relationship between economy and sport is reciprocal, taking into consideration a country's GDP was deemed necessary. While there could be many indicators for the overall strength of a country's sport industry, recent summer Olympic Games medal accounts (both gold and total) are undeniably a leading variable. Based on this criterion variable, all of the selected countries were top sport performers in their respective continent; in particular, this indicator is supportive of including Russia in the analyses although Russia was not economically ranked among the top three European countries. Additionally, being able to host or win a mega sport event is also a strong indicator of a country's capacity of managing and advancing its sport industry.

For each of the selected countries, a leading scholar was identified and invited to contribute to the book, which was based on his/her research accomplishments, scholarly standing, active involvement in academic associations and conferences, overall academic reputation, and availability and willingness to participate in the book project. The lead author might have decided to take on the writing assignment individually or form an authorship team to complete the task. A list of authors or co-authors, including their bio-sketches and photos, is provided in the about the authors section. Each authorship team was requested to include at least the following five

Table 1: Criterion Variables Adopted to Select Representing Countries for the Comparative Analyses.

Country	Continental Representation	Country Population	GDP 2013–2014 (USD)	GDP Ranking within Continent	2008 Summer Olympiad Medal Count	2012 Summer Olympiad Medal Count	2012 Medal Ranking within Continent	Notable Sport Event or Achievement		
									Gold	Total
Australia	Ocean Pacific	23,821,400	1,252 billion	1	14	46	7	35	1	Hosting the 2018 Commonwealth Games
Brazil	South America	203,657,210	1,904 billion	1	3	15	3	17	1	Hosting the 2016 Olympic Games
Canada	North America	35,675,834	1,615 billion	2	3	19	1	18	2	Hosting the 2015 Women's World Cup
China	Asia	1,401,586,609	11,212 billion	1	51	100	38	88	1	Hosting the 2008 and 2022 Olympic Games
Germany	Europe	82,562,004	3,413 billion	1	16	41	11	44	3	Winning the 2014 World Cup
Japan	Asia	126,818,019	4,210 billion	2	9	25	7	38	2	Hosting the 2020 Olympic Games
Russia	Europe	142,098,141	1,176 billion	4	23	73	24	81	1	Hosting the 2018 World Cup
South Africa	Africa	53,491,333	324 billion	2	0	1	3	6	1	Hosting the 2010 World Cup
South Korea	Asia	50,348,758	1,435 billion	3	13	31	13	28	3	Hosting the 2012 World Cup
United Kingdom	Europe	63,843,856	2,853 billion	2	19	47	29	65	2	Hosting the 2012 Olympic Games
United States	North America	325,127,634	18,125 billion	1	36	110	46	103	1	Winning the 2015 Women's World Cup

components in its chapter: (a) recent history and developmental stages of a country's sport industry; (b) current state of being in the country's sport industry, such as scope, magnitude, structure, governance, major policies, facilities, programs, and major happenings; (c) developmental characteristics, strength, and highlights of the country's sport industry; (d) contemporary challenges and issues in the country's sport industry; and (e) trends of development and advancement in the country's sport industry. The authorship team might choose to include additional information that was pertinent to the development of the sport industry in a country. The length of each chapter was kept at approximately 10,000–12,000 words; additionally, a well-documented reference list was required. Where feasible, figures and graphs were encouraged and even expected in an effort to enhance user-friendly illustrations and enchant the presentation of content. The sequence of the chapters that follows this introduction is arranged based on an alphabetical order of country names.

## Summary

Comparative sport studies are fundamentally designed for cross-country and/or cross-cultural understanding, learning, and improvement. By recognizing the achievements, administrative procedures, and best management practices of peer countries and using them as a mirror or referencing parameter, government agencies and sport organizations of a country may be able to identify areas that need improvements in their own administration and cultivate development and growth in the country's sport industry. Considering that the countries selected for inclusion in the current book are leading sport forces in the world, their administrative practices, experiences, insights, and lessons learned can be useful information, recourses, and wisdom for other countries and regions. In addition to individual reports on the selected countries, in this book a chapter is devoted to make systematic and combined comparisons among countries using the five perspectives that were specified for formulating individual

reports, namely recent history and developmental stages of a country's sport industry; current state of being in the country's sport industry, such as scope, magnitude, structure, governance, major policies, facilities, programs, and major happenings; developmental characteristics, strength, and highlights of the country's sport industry; contemporary challenges and issues in the country's sport industry; and trends of development and advancement in the country's sport industry. In this process, a qualitative research method was carried out that followed research procedures suggested by [Creswell \(2012\)](#). Themes were identified and assertions associated with these perspectives were preliminarily articulated.

The international nature of modern sport requires sport organizations to modify their management practices in order to remain effective and competitive in a border-transcended market place. It is necessary for the leaders of these organizations to develop perspective consciousness (understanding differences), state of planet awareness (understanding global issues), cross-cultural awareness (understanding cultural diversity and similarity), systematic awareness (operations of international organizations), passion for participation (conducting sport business), personal reflexivity, and cultural and social adaptability. Organizations and managers must develop an understanding and sensitivity to the laws, regulations, values, norms, and standards of behavior and business operations of other countries and cultures.

Finally, selection of leading sport forces for the current book report was merely based on the magnitude of a country's economy, perceived size of its sport industry, and its achievements in recent summer Olympic Games and consequential ranking within a continent. Future research efforts should also take into consideration a country's performance at Winter Olympic Games. Instead of using a country as the unit of analysis, future studies may conduct comparative analyses based on a city, region, culture, sport, and even continent. Ultimately, learning from the past and learning from each other by sport organizations are indispensable pushing forces for continued advancement of the sport industry in each country, region, continent, and the entire world.

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