

# **CREATING AN ECOSYSTEM THAT GIVES AFRICA'S SPORTS ECONOMY VALUE**

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Program

Submitted by

XXX

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## **Introduction**

For a long time, sports the world over has seen huge transformations in the way they have been run. There is a great interest from many stakeholders now in ways which previously had not been the case. Sadly, it seems that Africa is lagging behind in this because of the perceptions surrounding sport.

In Africa sport is perceived to be mere recreation. A waste of time. Unlike other parts of the world where sport is seen as a great investment, in Africa there does not seem to be much value in our sports. Curiously, even multinational companies based in Africa do not seem to place the same kind of value on sports here as they would in other parts of the world, particularly in Europe and North America. For instance, Red Bull has presence in Africa too, but you hardly hear of any Red Bull-sponsored sports events or programs in Africa. Not even do you hear Coca-Cola associated with sports much here either. But both these brands invest far more in sport in other regions.

This brings me to the question on whether there really is not much value in sports in Africa. If there isn't, what is not being done right, and how can it be mitigated? If there is value in sports, then why are potential investors not seeing it and taking advantage of it? What makes multinational companies want to invest more in sports elsewhere than in Africa?

I have always believed in going back to basics when things go wrong. Maybe it is the little things that need tweaking, rather than trying to find sophisticated solutions to problems.

## **Literature Review**

The absence of rival leagues and the monopolies of the leagues make them complacent (Kahn, 2000). An example is the creation of the Indian Super League in India which became a huge success and paved the way for it to be merged with the national football league. Even though there may not be such monopolies here in Africa, perhaps the creation of leagues to rival existing ones could foster some competition to increase the quality of sport.

Sport and media have a relationship which is important to giving value African sport. Probably at the apex of the pyramid which will give ultimately give value for our sports. One thing we have to deal with is the saturation of sport media with different sport products constantly competing with each other for viewership.

Nicholson (2007) says that mega events like the FIFA World Cup and Olympic Games competing with other year-long sports events such as the ATP tour in tennis, Formula 1 and the PGA Tour, who in turn also compete with other national sport competitions which place over the course of a season.

The use of media in sport has seen sport become a financial battlefield on a world scale. Thus the calls for regulation have grown stronger (Andreff, 2000). This would be very true in the case of Africa, if we are able to create such an ecosystem.

With an increasingly globalizing sports economy, Andreff (2008) notes that the sports economy geographically spreads to new countries when a new sport discipline settles down in a country being imported from a different country. Football entered the US market in the 1980s, while basketball and American football penetrated Europe more recently. All economic activity associated with these sports had geographically spread as well.

The sports economy, Andreff (2008) notes, has extended into developing countries but is hindered by underdevelopment of physical and sports activities. He further notes that the underdevelopment is tightly correlated to economic underdevelopment. In other words, the better a government performs economically, the better the chances of the country winning laurels in international sports competitions. This is true. A cursory look at the various sports and those dominant in those sports shows that countries that are in the higher middle income and higher income categories feature more prominently than those in the lower middle income and low income categories.

There is a social angle to sports that is also important in creating value, in the sense that once it helps change lives in a positive way, without necessarily having a monetary reward to it, it could act as a springboard to get out of poverty because one facet of life has been made easier. Burnett (2001) studied the social impact of the Australia- South Africa Sport Development Programme and as a result found that there were many spin-offs from the program. According to her, “in the school context, sports development found a unique educational expression as it was aligned to address the educational needs of teachers and learners”. This further highlights the importance of such social interventions in sports. Perhaps once the numbers in these projects are encouraging, it should bolster the will of enterprises to take sports more seriously and create models to make their own value for their brands.

Finally, one area that per my own estimation may not be gathering enough attention in Africa is the role of females in sports. We underestimate the female player and sports fan, and they really do add up to the numbers that could potentially make sport attractive to the corporate world. Ridinger and Funk in their 2006 study looked at understanding of gender differences within sport spectating. Picking their data from men’s and women’s NCAA Basketball games, it

was found that while there were common reasons that motivated people to attend games of both males and females, there were also differences that made women's basketball unique from men's basketball. The uniqueness of the women's game is what must be capitalised on and further exploited in furtherance of creating this ecosystem for Africa, especially because of the talent that abounds.

## **Discussion**

Being a continent dominated by countries in the low income and lower middle income brackets, with seemingly more pressing issues such as health, education and social infrastructure, sports will not get the attention it needs from governments for the foreseeable future. With sports and its attendant technologies evolving at an unbelievably fast pace, it will be difficult for African countries to keep up without the needed attention.

There is a need for a two-pronged approach to curbing the situation. Firstly, we need to catch governments' attention to either increase their investments in sports, or create an enabling environment for the private sector to invest in sports. Or both.

Secondly, we need to come up with solutions and methods by which those in the sports industry can show the value that sports can give those outside the sports industry, as is being aggressively pursued by companies in Europe and North America in particular.

At the heart of this investment in sports is sponsorship, or what I prefer to call corporate partnerships. I prefer to call them corporate partnership because it is more than just taking money from these "sponsors" in exchange for giving them exposure. It works both ways.

Taking football as an example, Chadwick and Thwaites (2004) noted that the six main sports sponsorship markets in Europe were growing at almost 7% per annum. While huge shirt

sponsorship been had been made since then. According to them, of the reasons for that growth was that sponsorships are proven to work. However, in Africa it is a common sight to clubs play without shirt sponsors. Currently, in Ghana, one of the biggest clubs, the second most successful club in Ghana, Hearts of Oak, play without a shirt sponsor. It is hard to imagine the second most successful club in England or Spain playing without a shirt sponsor. There would be a long queue of suitors waiting to be signed up with their logos emblazoned on their jerseys.

What can we do here to turn the tide? In England there was a time when financial pressure facing their clubs forced them to be more proactive in seeking sponsors. It looks like here in Africa, and Ghana particularly, we have reached that stage where clubs have to be proactive. In such cases, the onus for agreeing a deal would inevitably be on clubs and their agents to persuade sponsors for their marketing and communications objectives (Chadwick and Thwaites, 2004). The question now is, how do the clubs here achieve that?

But to tackle these issues, it is imperative that we look things from a financial perspective. When sports has a competitive purpose, it offers a spectacle, the organising of which necessitates finance, and the promotion of which can bring substantial income (Andreff, 2000). This is one thing that seems to be lost on the corporate world in Africa.

According to Andreff once again, sports offers markets for various viable economic activities. Commercial companies, bank and even the media have found an interest in financing sports. A case in point would be the SuperSport channel of South Africa which now prides itself in being the foremost investor in sports in Africa. And in Europe, this caused sports organisations to move from being non-profits to shareholding companies in many cases during the '90s. Here is another case of sports organisations in Europe figuring out what needed to be done to access that finance to push them to the level they find themselves in today. Considering they figured that out

as far back as the '90s when sport was being seen as a more commercially viable product, rather than mere entertainment and recreation. It shows how far behind most African sports organisations are.

Regrettably, there seems to be a long held perception that like many other facets, sports is riddled with corruption in Africa. The world of sport already has a hard time battling unfair practices, such as match fixing in the various sports all over the world, so there is a pressing need to ensure that the commercialisation of sport does not circumvent sporting rules and regulations. In creating an ecosystem for sports, there should be a regulating mechanism in place to check the penetration of money. Leaving it unregulated risks sports losing its ethical sense.

A case in point would be in Ghana, in 2018, when a documentary on corruption by undercover journalist, Anas Aremeyaw Anas, named "Number 12" was aired and ultimately led to all professional football being suspended until December 2019. If there is the feeling that such acts are persistent in our sports there would inevitably be a lack of interest from the corporate world. So this calls for much tighter regulation, and this should be an integral part of the ecosystem.

## **Conclusion**

Africa as a continent is a hotbed for talent in many sports. The diverse cultures we have, and the way of life alone creates a pool of talent for sports that we may be less known for. Archery, kayaking, wrestling, and even in the sports that we are more known for, football, athletics, boxing and the rest are all sports we have a natural inclination towards because of the way of life

in many parts of the continent. However, the problem is the seeming lack of value that causes a lack of interest in investing in these sports.

Due to the financial constraints, we cannot start with all the sports, but there has to be an elevation in the way the more popular sports are ran and financed on the continent. One thing that can be done is go outside the proverbial box and focus on the kind of sports which has a lot of local interest and scale it nationally, eventually. For example, in Japan the High School Football Competition is huge because of consistent broadcasting. Same goes for the NCAA competitions in the USA. In fact, it is even believed that the J-League, Japan's top football division owes its popularity to the High School Competition because it predates the J-League and its popularity transferred there.

The Europeans and Americans got their act right. As much as we can and should learn from them, I am of the belief that there certain African peculiarities that need to be applied in order to create an effective ecosystem for sports where it is a win-win for both sports organisations and their corporate partners.

It is not all doom and gloom, however, on the entire African continent. In South Africa, compared to the rest of the Sub-Saharan African region in particular, the numbers in terms of sponsorship growth from 1985 to 2000 shows that over there sponsorship expenditure grew from \$11.3 million to just under \$200 million over the period (Van Heerden and du Plessis, 2004). So in addition to studying the European and American models, we can take a cue from how the South Africans have managed their quite remarkable feats as well.

All in all, a study on where we have gone wrong as a continent, and what can be done to boost the investment in sports is required and hopefully, once the solutions have been found,



implementation will make us a force to be reckoned with in the world of sports and put individual African countries on the map and boost other sectors of their economies, such as tourism and trade.

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