

**Sports Economics and Strategic Management**

Code: 43825  
ECTS Credits: 9

Degree	Type	Year	Semester
4316022 Sport Management	OB	0	1

**Contact**

Name: Ricard Esparza Masana  
Email: ricard.esparza@uab.cat

**Use of Languages**

Principal working language: spanish (spa)

**Teachers**

Judith Panadés Martí  
Francesc Trillas Jane

**External teachers**

Jordi Viñas  
Marta Pérez

**Prerequisites**

In order to follow this subject, it is recommended that students have a minimum mathematical knowledge (functions and their graphical representation, and equation systems) in order to solve the problem sets of the subject. Students also need to have basic knowledge of economics both in a microeconomic and macroeconomic setup. Finally, students should have a minimum knowledge of the EXCEL program in order to solve the some activities using real data.

**Objectives and Contextualisation**

This course serves as an introduction to the study of a wide range of economic phenomena that occur within the sports field. For this purpose, the course has been divided into two modules that complement each other: the Sports Economics module and the Strategic Management module. On the one hand, the Sports Economics section reviews the basic concepts of economic theory from the perspective of the sports world. This allows us to analyze sports phenomena using economic rationality in order to understand the economic behavior and decision-making that we observe in the sports field. On the other hand, the Strategic Management section provides the necessary management tools for a strategic planning process, differentiating it from the operational process. Within a sports organization, it is essential that management knows how to adopt a strategic vision for decision-making purposes.

The main objective is for students to begin studying the wide range of economic phenomena that take place within the sports field. To do this, the student will be provided with the basic economic analysis tools for making decisions within the field of sports management. The specific learning objectives are as follows:

1. Introduce the basic concepts of microeconomics so that students can conduct an analysis of the supply and demand for sporting events, analyzing the supply and demand for sport as a leisure service.
2. Get a closer look at the theory of production in the sporting events market, analyzing the cost structure of sports clubs and the trend towards indebtedness.
3. Contextualize the macroeconomic environment and the effects of organizing major sporting events.
4. Study sports institutions and governance, analyzing the role of institutions: clubs, leagues and federations.
5. Analyze rationality and incentives in sport.
6. Introduce strategic analysis tools, analyzing the strategy and purpose of sports companies.
7. Implement the ideal strategy in order to establish a business model within the sports field.

## **Competences**

- Be able to reason autonomously and critically on business topics and issues applied to sports environments.
- Communicate and justify conclusions clearly and unambiguously to both specialist and non-specialist audiences.
- Describe the socioeconomic and legal framework in which sports companies find themselves to undertake strategic management.
- Solve problems in new or little-known situations within broader (or multidisciplinary) contexts related to the field of study.

## **Learning Outcomes**

1. Analyse supply and demand in sport as a leisure service.
2. Be able to reason autonomously and critically on business topics and issues applied to sports environments.
3. Communicate and justify conclusions clearly and unambiguously to both specialist and non-specialist audiences.
4. Describe the costs structure of sports clubs.
5. Design a strategic plan.
6. Differentiate between the types of strategies: strategic, tactical and operational.
7. Formulate business strategies.
8. Identify the role of institutions in sport governance.
9. Solve problems in new or little-known situations within broader (or multidisciplinary) contexts related to the field of study.

## **Content**

### **SPORTS ECONOMICS PART**

#### **Tools for data analysis**

1. Introduction to statistics
2. Types of variables
3. Frequency distributions: absolute, relative and cumulative
4. Graphic representation of frequency distributions

5. Measures of central tendency and dispersion
6. Multivariate frequency distributions and correlation coefficient
7. Contingency tables
8. Simple linear regression model
9. Multiple linear regression model

Market, the supply function and the demand function

1. Demand function, supply function and equilibrium price.
2. Determinants of the demand and displacement function.
3. Determinants of the supply and travel function.
4. An application of the supply-demand analysis in the sports events market

Microeconomics: The price elasticity of the demand

1. What is elasticity and what is it used for?
2. The price elasticity of the demand
3. Demand curves and elasticity
4. Relations between elasticity and income
5. An analysis of the impact of the price of tickets for sporting events
6. Price discrimination

Microeconomics: The theory of production applied to sport events

1. The cost structure of sports clubs
2. Profit maximization versus audience maximization
3. Market structure and competition in the field of sporting events.
4. Analysis of the Organization of major sporting events: "The winner's curse".

Macroeconomics Macroeconomic variables and economic policies

1. The consumer price index and inflation.
2. Unemployment: analysis and measurement.
3. Measuring a country's income: real GDP, nominal GDP and economic growth.
4. Macroeconomic effect of the organization of a major sporting event.

Game Theory and Institutions: Introduction to Institutions: Clubs and Leagues

1. Introduction to Game Theory
2. Cooperation and coordination in game theory: the role of Institutions
3. The role of clubs: diversity of models

#### 4. The role of the Leagues

Institutions: federations

1. The role of federations
2. The monopoly of the federations
3. Conflicts with other Institutions
4. The National Selections

The corruption in sports

1. Why does corruption exist in sport?
2. Examples
3. Reform proposals

External and intrinsic motivation

1. Incentives to economy
2. Individual incentives
3. Group incentives
4. Unwanted effects

The role of the arbitrators/referees

1. The advantage of playing at home
2. The role of the Arbitrator
3. Reforms to the arbitration system and Use of technology

The role of coaches/managers

1. Managers in economics
2. The motivation
3. The coach as a Scapegoat
4. Best and worst coaches

Incentives and rationality in sport

1. Conflict and common interest in sport
2. Zero sum games
3. Mixed strategies
4. Rationality and characteristics of the Tasks

Rationality: the Example of Criminals

1. Mixed strategies in Penals
2. Theoretical examples

3. The penalty kick in football as a game
4. Empirical evidence

## STRATEGIC MANAGEMENT SECTION

### Structure of Strategic Management

1. Introduction to strategic planning and management.
2. Differentiating operational management and strategic management.
3. Methodological structure of the strategic reflection process.
4. Provision of a sports service model.

### Key Elements in the Design of the Organizational Structure

1. Organization chart design.
2. Growth forecasts for the organizational structure.
3. Subcontracting Policy.

### Internal Analysis

1. Relevant elements for the internal analysis of a sports organization.
2. Tools for conducting an internal analysis in a sports organization.
3. Identifying the elements of strategic value for the sports organization.

### External Analysis

1. The sports industry and its evolution.
2. Changes in demand and its influence on strategic management.
3. Identification of the business model based on demand.
4. Strategy and the study of economic-financial viability.

### Diagnostic Tools

1. Diagnosis as an interpretation of the analysis.
2. Traditional SWOT and Dynamic SWOT.
3. From SWOT to PREN.
4. Aspects to take into account in a diagnosis.

### Competitive Strategies and their Evolution

1. M. Porter's competitive strategy.

2. Adapting the competitive strategy concept to the present.
3. From generic to specific competitive strategies.
4. Competitive advantage and transient advantage.

#### Implementation: Balanced Scorecard

1. Introduction to the BSC.
2. BSC perspectives.
3. The BSC in the public sector and in sports clubs and federations (non-profit associations).
4. The BSC as a tool for transitioning from the strategy to the operative aspect.
5. Building a BSC in 10 steps.
6. Associating the diagnosis with the organization's generic and specific competitive strategies.
7. The Strategic Map.

#### Innovation

1. Leading Change (J. Kotter).
2. Elements that influence innovation in sport.
3. Incremental innovation vs. exponential innovation.

## Methodology

This course follows a methodology that focuses on a process of continuous and progressive learning. By completing a series of educational activities, the student will put into practice all of the necessary skills in order to acquire all of the course's knowledge and competencies. The pedagogical approach is active and encourages participation and self-management.

The in-class sessions of the sport economics section are divided into two blocks:

1. Theory block: these sessions will present the knowledge and tools related to the subject matter, which will then be covered in a later analysis. At the beginning of some of the sessions, the student will have to answer a brief questionnaire on the contents of the previous session.
2. Practical block: students will solve practical exercises in order to apply the knowledge presented in the theoretical block, in addition to working in groups on the course's case studies and exercises.

The duration of each section will depend both on the overall duration of the session as well as on the nature of the information being taught in the course.

The concrete methodology that will be implemented in the presential sessions of the strategic management part will be announced by the teacher in class.

#### Online modality

In the case of the online modality, the methodology will be adjusted in order students can achieve all the learning outcomes specified in this guide and at the same time develop the skills and abilities of the subject. To this end, the resources available in the modle classrooms will be optimized to maximize student involvement and motivation (forums, debates, simulation games, case studies, online presentations, etc ...).

Annotation: Within the schedule set by the centre or degree programme, 15 minutes of one class will be reserved for students to evaluate their lecturers and their courses or modules through questionnaires.

## Activities

Title	Hours	ECTS	Learning Outcomes
Type: Directed			
Problem solving and other practical activities.	27	1.08	6, 5, 7, 9, 2
Theoretical Lectures	63	2.52	1, 4, 5, 8
Type: Supervised			
Supervision of group work and class discussions	10	0.4	6, 5, 7, 9, 3, 2
Tutorials and monitoring of all work in progress	15	0.6	6, 5, 7, 9, 2
Type: Autonomous			
Solving problem sets	15	0.6	
Student Work	75	3	1, 4, 6, 5, 8
Textbook reading	10	0.4	1, 4, 6, 5, 8, 3

## Assessment

The evaluation of this course will be continuous and is based on the completion of several

assessment exercises that will each have the following weight when calculating the student's final grade for the course:

Sports Economics Section.

The final grade for this section of the course is obtained by calculating the weighted average based on the results from the various assessment exercises as described below:

- Final exam: 50%. During the last session of the Sports Economic section, a test will be given that includes all of the subject matter belonging to this section of the course. The exam will consist of both multiple choice questions and open-ended problems/questions. No material may be consulted during the exam. The minimum grade required in the final exam in order to compute the total average is 3.5 out of 10.
- Questionnaires: 25%. Each questionnaire contains 4 multiple choice questions with only one correct answer. Each correctly answered question is worth 2.5 points. Incorrect answers subtract 0.5 points. The final grade of the questionnaires is calculated as the arithmetic mean of all the obtained scores. The teacher will correct the questionnaire after all students have turned it in.
- Cases studies and exercises: 25%. The case studies and exercises to be done individually or as a group (as specified by the professor) must be turned in on the date indicated by the professor. This activity cannot be retaken in the event that the student does not hand in the task within the deadline set out by the professor.

Strategic Management Section:

The final grade for this section of the course is obtained by calculating the weighted average based on the results from the various assessment exercises as described below:

a) Final exam: 50%. During the last session of the Strategic Management section, a test will be given that includes all of the subject matter belonging to this section of the course. The exam will consist of both multiple choice questions and open-ended problems/questions.

b) Cases studies and exercises: 40%. The case studies and exercises to be done individually or as a group (as specified by the professor) must be turned in on the date indicated by the professor. This activity cannot be retaken in the event that the student does not hand in the task within the deadline set out by the professor.

c) Continuous assessment: Preparation and active participation in the classes: 10%. The student's level of preparation for the sessions will be assessed as well as their participation during each of the classes.

The course's final grade will be calculated as follows:

$$\text{FINAL GRADE} = (\text{grade Sports Economics section}) \times 0.6 + (\text{grade Strategic Management section}) \times 0.4$$

In order to pass the course as a whole, the student is required to obtain a minimum grade of 4 in each of the course's sections. If they have a final grade equal to or greater than 5, but without having fulfilled the previous requirement, the student will NOT PASS (grade = 4.9) the course and must retake the part in which they received a grade lower than 4.

#### Honor Code

Without prejudice to other disciplinary actions that are deemed appropriate, and in accordance with current academic regulations, academic irregularities committed by the student that may lead to a variation of their grade for an individual assessment activity, will be scored with a 0. The literal copying of texts from the internet without citing the author and the source, or without quoting the text, is an act of plagiarism that will not be admitted as an indicator for assessing the student's learning. The student will not be allowed to retake these activities.

### Assessment Activities

Title	Weighting	Hours	ECTS	Learning Outcomes
Cases studies and exercises	25%	3	0.12	3, 2
Final Exam	50%	4	0.16	1, 4, 6, 5, 7, 8
Questionnaires	25%	3	0.12	1, 4, 6, 5, 7, 8, 9, 3, 2

### Bibliography

Sports Economics Secion:

Borland J. and R. Macdonald (2003). Demand for sport. Oxford Review of Economic Policy, Vol 19 (4), 478-502.

García Villar J., P. Rodríguez Guerrero (2003). Análisis Empírico de la demanda en los deportes profesionales: un panorama. Revista Asturiana de Economía- RAE nº26, pp. 23-60.

Neale, W. C. (1964): "The Peculiar Economics of Professional Sports", Quarterly Journal of Economics, vol. 78, febrero, pp. 1-14.

Wen-Jhan Jane (2016). The Effect of Star Quality on Attendance Demand: The Case of the National Basketball Association. Journal of Sports Economics 2016, Vol. 17(4) 396-417.

Krugman, P., Wells, R., i Graddy, K., FUNDAMENTOS DE ECONOMÍA. Editorial Reverte (Capítulo 3).



Moskowitz, T.J.; Wertheim, L.J. (2011), Scorecasting, Crown Archetype.

Szymanski, S. (2009), Playbooks and Checkbooks. An Introduction to the Economics of Modern Sports, Princeton University Press.

Szymanski, S. (2015), Money and Soccer. A Soccernomics Guide, Nation Books. Sumpter, D. (2016), Soccermaths. Mathematical Adventures in the Beautiful Game, Bloomsbury Sigma.

Transparency International (2016), Global Corruption Report: Sport, available at [http://www.transparency.org/news/feature/global\\_corruption\\_report\\_sport](http://www.transparency.org/news/feature/global_corruption_report_sport)

#### Strategic management Secion

Paris, F. (2016) La planificación estratégica en las organizaciones deportivas. Ed. Paidotribo. Barcelona.

Slack, T. (2006). Understanding sport organizations: The application of organization theory. Human Kinetics, Champaign, IL.

Kaplan & Norton (2002) Mapas estratégicos. Ed. Gestión 2000. Barcelona. Lambin, JJ. (2003) Marketing Estratégico. Esic Editorial. Madrid.

#### Complementary References

#### Sports Economics Secion

Bar-Eli, M.; Plessner, H.; Raab, M. (2011), Judgement, Decision Making and Success in Sport, Wiley-Blackwell.

Dixit, A.K.; Nalebuff, B.J. (2008), The Art of Strategy, Norton. Gladwell, M. (2008), Outliers. The Story of Success, Little Brown. Kahneman, D. (2011), Thinking, Fast and Slow, FSG.

Szymanski, S.; Zimbalist, A. (2006), National Passtime: How Americans Play Baseball and the Rest of the World Plays Soccer, Brookings Institution Press.

Shmanske, S.; Kahane, L. H. (2012), The Oxford Handbook of Sports Economics, Volumes 1 & 2, Oxford University Press.

Silver, N. (2012), The Signal and the Noise. Why So Many Predictions Fail but Some. Don't, Penguin.

Taleb, N.N. (2004), Fooled by Randomness. The Hidden Role of Chance in Life and in the Markets, Penguin Books.

Trillas, F. (2018), Pan y Fútbol. El deporte rey, espejo de la economía global. Alternativas Económicas.

Zimbalist, A. (2015), Circus Maximus, Brookings Institution Press.

#### Strategic management Secion

Horvath & Partners (2003). Dominar el Cuadro de Mando Integral. Ed. Gestión 2000. Barcelona.

International, K. and International, K. (2016). The 8-Step Process for Leading Change - Kotter International. [online] Kotter International. Available at: <http://www.kotterinternational.com/the-8-step-process-for-leading-change/>

Kaplan & Norton (2000). Cómo utilizar el Cuadro de Mando Integral. Ed. Gestión 2000. Barcelona.

Robinson L. & Palmer D. (2011). Managing voluntary sport organisations. Ed. Routledge. Londres.

Thepalladiumgroup.com. (2016). Palladium delivers positive impact solutions: International Development, Strategy Execution & Impact Investment. [online] Available at: <http://www.thepalladiumgroup.com/>

**Software**

N/A