

# IS PRIORITISATION OF FUNDING IN ELITE SPORT EFFECTIVE? AN ANALYSIS OF THE INVESTMENT STRATEGIES IN 16 COUNTRIES



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## ABSTRACT

**Research question:** This paper explores the extent to which nations prioritise elite sport funding; whether such nations are more successful than those whose funding is more diversified; and, if the sports that receive the most funding are also the most successful.

**Research methods:** Data on public expenditure for elite sport programmes (2011/2012) were collected on a sport-specific basis in 16 nations (n=445 funded sports). The Herfindahl index and concentration ratios of the four/eight most funded sports (CR4/CR8) are used as proxies for prioritization. Success was measured using top 3 and top 8 places during the Olympic Games and World Championships. Descriptive analysis and linear regression are applied to identify the relationship between the distribution of funding and success.

**Results and findings:** Generally, all sample nations are prioritisers. Nations with smaller total elite sport budgets tended to prioritise more. There is a slight negative association between the distribution of funding within a country and subsequent success, indicating that the sample countries that prioritise more tended to be less successful. Sample nations that diversify their funding more, are found to be successful in a wider range of sports. In addition, the data illustrated only low allocative efficiency for some nations.

**Implications:** The study produced ambiguous conclusions that prioritisation as a deliberate strategic choice is an efficient way to invest funding. The findings have important implications for high performance managers and suggests that a more diverse resource allocation policy may help to avoid unintended negative consequences.

This is a summary of a published paper, that should be referred as follows:

De Bosscher, V., Shibli, S., Weber, A.C (2018). Is prioritisation of funding in elite sport effective? An analysis of the investment strategies in 16 countries. *European Sport Management Quarterly*, published online, DOI: 10.1080/16184742.2018.1505926.

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## STUDY HIGHLIGHTS

- All nations prioritise: the majority of a nation's funding is allocated to a minority of the sports contested;
- Sample nations that target funding to fewer sports (i.e. prioritise), tend to be less successful than those with a diversification approach (or vice versa).
- Nations that spread their funding more widely (i.e. diversification), win medals in more sports.
- Sample nations with lower elite sport expenditures tend to prioritise more, but those with higher expenditures do not necessarily prioritise less
- most nations have efficient funding strategies, as they, perform better in the sports in which they invest most; exceptions are Wallonia, Finland and South-Korea

## IMPLICATIONS

- prioritisation is not necessarily an efficient funding strategy, as among successful nations are both prioritisers and diversifiers. Different approaches along the prioritisation/diversification continuum can be efficient
- This paper offers the application of recognised economic techniques (HHI CR) to assess whether prioritisation takes place and if so the extent to which it does take place.
- Offers the compilation of a unique data set that for the first time enables transnational comparisons to be made between input(funding) and output (success) on a like for like basis

Prioritisation, can be examined by analysing how the proportion of funding is allocated over a portfolio of sports as shown by the HHI-index and the concentration ratios CR4 and CR 8.

Figure 1: Concentration ratios CR4 and CR8 and Herfindahl index of the sports funded in the sample nations: Olympic and non-Olympic sports (ranked by CR8)

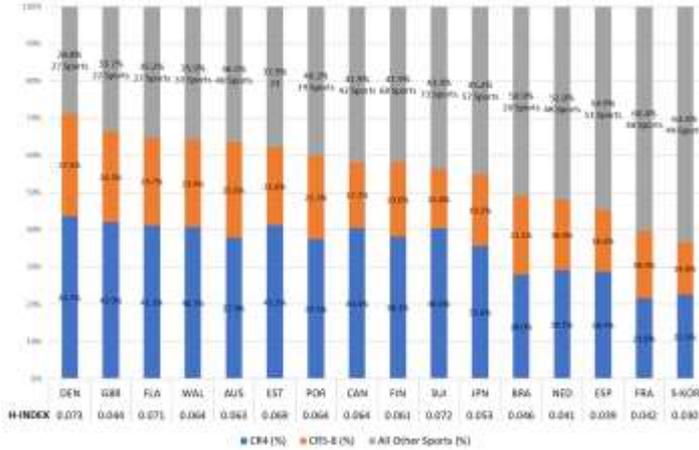
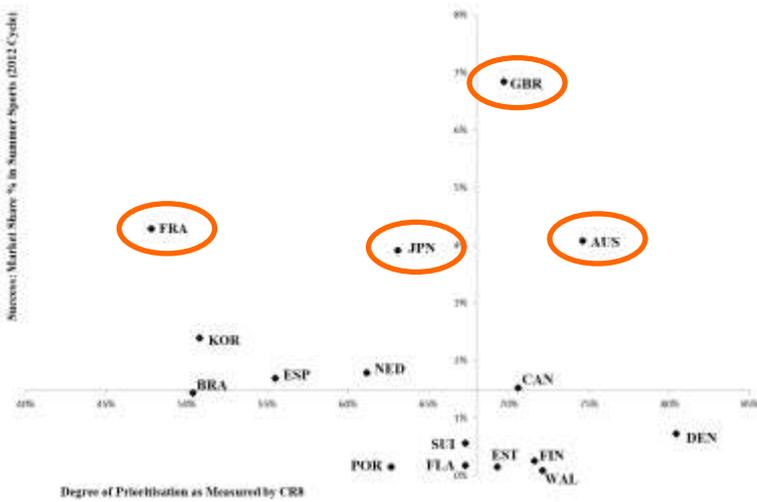


Figure 2: Scatterplot of the CR8 values (as a proxy of prioritisation) against the outputs of success in summer sports



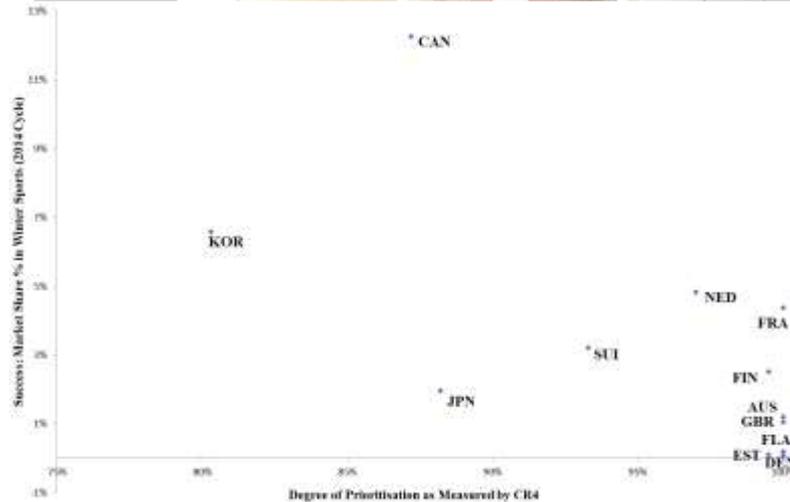
**Great Britain, France, Australia and Japan, are the four most successful countries in the sample and are also on opposite ends of the concentration ratio spectrum. Australia and Great Britain have a highly-targeted funding approach while France prioritises the least.**

**One observation about Figure 1 is that all countries in the sample are prioritisers. More than 58% of a nation's funding is spent on eight sports**

**Four countries stand out as clearly diversifying their funding more than average: South Korea, Spain, the Netherlands and France**

Correlations reveal a modest (negative) association that sample nations which prioritise more (higher the CR4 or CR8 values), tend to be less successful ; this is not significant, for summer sports (figure 2) and significant for winter sports (figure 3). The Spearman's rho coefficients between the total number of sports funded and the number of sports in which nations win medals, is significant

Figure 3: Scatterplot of the CR4 values (as a proxy of prioritisation) against the outputs of success in winter sports



**In winter sports, using CR4 (as there are only seven sports), Canada was the most successful country and used a prioritised approach, spending 87% of its relevant funding on four sports**

**EFFICIENCY OF NATIONS**

- The overall regression analysis (for all sports in 16 nations, n=445), after bootstrapping, demonstrates a significant relationship between the share of funding distributed to sports and the share of success achieved by these sports.
- for most nations, the share of medal performances in the four/eight most successful sports is generally higher than the share of the funding they received

- half of the countries appear to be less efficient in their funding distribution; notably Wallonia, Finland, South-Korea, Flanders and Denmark, the funding distribution to the CR4 sports is higher than the share of success in these countries



SPORTS POLICY FACTORS LEADING TO INTERNATIONAL SPORTING SUCCESS

