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**An Examination of the Operation of Hungarian Leisure Sports System**

Markets, Value Creation, and Challenges in Leisure Sports

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*Ph.D. dissertation*

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## 1. INTRODUCTION

„Sport is part of every man and woman’s heritage  
and its absence can never be compensated for.”  
(Pierre de Coubertin)

My research has two main goals: first, to *introduce* the fundamentals, the conceptual frameworks of leisure sports (participation sports) economics – its basic ideas, concepts, stakeholders, markets, and its role in creating values for individuals, corporations and society; second, to *explore* the operation of Hungarian leisure sports system – the challenges facing the key stakeholders (the state, the civil society and the business sphere) and the relationships between them. Besides consumers, the state, the civil-society and the business sphere are the most important players in leisure sports. We know much about consumers<sup>1</sup>, which is the most-researched area in leisure sports economics; but we lack even basic data about the state, civil-society and corporations. We are told time and again that participation sports do not work well in Hungary<sup>2</sup>, but we do not have a clear picture of the factors that facilitate or hinder leisure sports’ operations, the challenges facing the stakeholders, and the stakeholders’ expectations.

My research questions:

- What kinds of markets for leisure sports exist (similarly to the professional sports markets) and what are their characteristics in Hungary?”
- How do leisure sports create values for individuals, society and companies?
- What are the features of the state, civil-society and business spheres in connection with leisure sports? What are the most important task, challenges for each of these spheres? Are the players in each sphere adequately carrying out their tasks?
- What challenges and tasks lie ahead? Where can improvements be made, and how?

The research is largely *exploratory*, because the issue is new in the field of sport management in Hungary, and since to the best of my knowledge no one has ever conducted a

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<sup>1</sup> I summarize all the basic fundamentals and knowledge about the customers in the 3<sup>rd</sup> chapter.

<sup>2</sup> In my interpretation, leisure sports “work well” when as many people as possible take part in sports during their free time; in other words, when consumer demand for leisure sports is as high as possible, and service providers (sports associations or businesses) are able to fulfill this demand. The key to a healthy society, sports markets, professional sports is a large number of people who take part in leisure sports on a regular basis.

similar study. In the case of research areas of mature industries there are lots of theories, studies, research, data, databases, but in my case there was just few of them. In the theoretical part of my dissertation I collected, integrated and completed all the existing theoretical and practical works. In the empirical part I conducted 31 in-depth interviews and questionnaire-research. Before these I identified and analyzed organizations that deal with leisure sports activities using the Hungarian Central Statistical Office (KSH)'s Company Code Register (Cég-Kód-Tár) and nonprofit database and I reviewed important documents and analyzed them. After the interviews I organized focus group to discuss my results. These are the first steps in this area, and there is a need for further studies covering the explored area to have enough information for complete coverage of the field (Karlsson [2009]).

I chose this topic for several reasons. First, most studies on sports economics deal with professional sports, and *leisure sports do not receive enough attention*. Downward and his co-authors highlighted this shortcoming in theoretical and practical sport studies in 2009. Secondly, sports in general, and leisure sports in particular, *are playing an increasingly important role in society and their economic impact is becoming more and more significant*. In 1985, the total amount of household spending on sport in the EU-countries was 35-40 billion USD<sup>3</sup>, represented 1.5 per cent of total household spending. Between 1985 and 1995 the amount of household spending on sport has doubled in England (£5 billion vs. £10.4 billion) (Gratton, 2000). Not only in England but also in the USA, Spain, France and Germany the impact of sport has been assessed more than 2 per cent of the GDP<sup>4</sup> (Lera-López – Rapún-Gárate [2007]). A study presented during the Austrian EU Presidency in 2006 suggested that sport in a broader sense generated value-added of 407 billion euros in 2004, accounting for 3.7 per cent of EU GDP, and employment for 15 million people or 5.4 per cent of the labour force, not only in the field of professional sports but also leisure sports (Varga [2008]). Furthermore, leisure sports *create values on the societal, economic and individual levels; they even create values for companies that operate in the leisure sports industry or are otherwise linked to leisure sports*. In my opinion *the key to raising the level of a nation's professional sports performance lies in leisure sports and the long-term development of it*. It is necessary to gain an in-depth

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<sup>3</sup> A XIII. European Sport Conference [1995] working paper, cited by András [2002].

<sup>4</sup> The methodology of assessing the impact of sport sector on the GDP in different EU counties is various (big differences in the case of sport equipments and gambling). Other problem that there are not a common use of concepts and ideas.

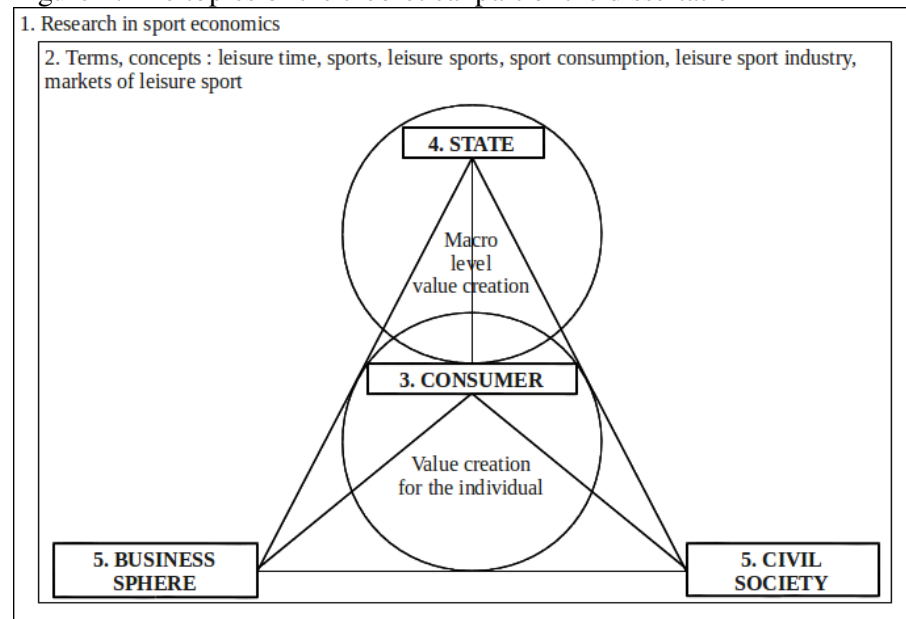
knowledge of the field, how it works, and the tasks that the various stakeholders need to fulfill. It is not enough to simply repeat the hackneyed idea that there is not enough money for leisure sports.

The final reason I choose this topic is *personal conviction*. As fate would have it, an illness made it impossible for me to participate in sports, which was once a very important part of my life. I made a commitment to continue “doing” sports – if not in practice, then in theory. I have dealt with leisure sports economics since the time of my university studies, 2003.

I would like my research to be useful from both a scientific and a practical point of view. As a member of the Institute of Business Economics’ Sports Research Center, my goal is to expand the poor literature on leisure sports economics. In addition, I aim to contribute to the development and the improved operations of Hungarian leisure sports. I managed to identify several key issues and problems through my empirical research. The state, civil-society and corporate spheres can all benefit from the findings.

### 1.1. THE MAIN TOPICS AND THE SET-UP

Figure 1: The topics of the theoretical part of the dissertation<sup>5</sup>



Source: Figure created by the author

The first chapter of this dissertation deals with sports economics. The second chapter

<sup>5</sup> The numbers refer to the chapters of the dissertation.

deals with fundamental concepts: interpretations of leisure and sports, a comparison of leisure sports and professional sports, concepts related to leisure sports, sport-consumption, the leisure sports industry and the markets for leisure sports. I will define all the important concepts that are central to understanding the topic. The third chapter aims to introduce the consumer market. The consumer is the most important stakeholder in leisure sports. Leisure sports (and the companies that provide leisure sport services) clearly create values for the consumer. *It is worthwhile for individuals to invest time and money in leisure sports so they can reap the short- and long-term benefits.* In addition to value creation, I also offer a brief review of leisure sport consumption and the factors determining it. The fourth chapter describes the state. The first part concerns leisure sports' impact on society and the economy – that is value creation on the macro level. Naturally, individuals, civil society and corporations also contribute to macro-level value creation. *It is worthwhile for the state to invest resources in leisure sports because such investments generate positive effects that spill over into the economy and society.* I will demonstrate these in the theoretical section with the help of academic literature review. I will then discuss the role of the state and the tasks it needs to fulfill; I will also write about the value creation of leisure sports for corporations. The fifth chapter begins with a discussion of civil society. I will define and differentiate nonprofit sports associations and for-profit sports companies, after which I will deal with service providers and other businesses that are related to leisure sports. The first figure shows the topics of the theoretical part of the dissertation. Following this theoretical section, the dissertation will turn its focus to empirical research and methodology: document analysis, secondary data analysis, qualitative in-depth interviews, quantitative questionnaire research and focus group research I conducted. My empirical research will introduce the markets and the opportunities to value creation. It will introduce the various spheres (at present, we still lack basic data on the civil-society and corporate spheres) and the tasks that the stakeholders must fulfill, along with their expectations and relationships to one another. I will also discuss the challenges and tasks lie ahead and improvements should be made. The dissertation will conclude with a summary, an evaluation of the research (validity, generalization and reliability), and a short summary of topics for further research opportunities.

My work is not about professional sports<sup>6</sup>. In some cases the literature do not make a distinction between professional sports and leisure sports (they just refer to sports).

The discipline of business economics supplied the primary theoretical background for my research. (Chikán [2008]). Contingency theory and the stakeholder approach played an important role. Value creation, the research of the state, the markets and organizations, and the companies are “the heritage of my institute” (Institute of Business Economics). In addition to business economics, my dissertation is also influenced by economics and sociology. The topic touches further scientific areas which I do not want to deal with such as medicine, biology, psychology, pedagogy, training, philosophy, policy, law, public administration and tourism.

Although sports are one of the most ancient activities in the world, they are one of the newest areas of scientific research (Pitts [2001]). This opens opportunity for researchers of sports to build new theories and break new ground. (Chalip [2006]).

## 1.2. A SHORT REVIEW OF RESEARCH IN SPORT ECONOMICS

The increased economic importance of sports has generated demand for economic analyses on the topic. The first publications on sports economics were written in America in the 1950s and in England in the 1960s. They focused on professional sports, especially team and league athletics (see Table 1.).

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<sup>6</sup> Read about professional sports in the dissertation of András [2003] and other works of András [2002, 2004], and in the dissertation of Stocker [2012].

Table 1: The first studies in sports economics

Country, year	Name of re-searcher/author	Field of research
United States		
1949	Topkis	Monopolistic state of professional sports
1956	Rottenberg	Labor market for baseball players, the operation of leagues
1956	Gregory	Labor market for baseball players
1964	Neale	The operation of leagues
1971	El-Hodiri – Quirk	A microeconomic modeling of league operations
1973	Demmert	The operation of team sports
1974	Noll	Relations between the government and business sphere in sports, antitrust analyses
Canada		
1969	Jones	The economics of ice hockey
United Kingdom		
1969	Sloane	Labor market for football players
1975	Hart	Demand for football Systems of competition
1982	Bird	
1984	Jannett	

Source: Andreff – Szymanski [2006]

The foundation of the North American Society for Sport Management (NASSM) in 1985 gave a great impulse to the field's development (Pitts [2001]).

“Sports management” has two principal approaches. Some authors regard it as the management of sports and athletes; others use the term to describe typical sports-management practices. (Pitts [2001]). I agree with the latter view. Initially, the literature focused mainly on the study of professional sports, and not always from a business standpoint. Even today, the majority of publications in sport management deal with professional sports.

In 1987, the literature on sports management primarily focused on physical education, college and university sports and athletes' careers (Pitts [2001]). In 1995, 65 percent of the articles in *Journal of Sport Management* concerned these topics (Slack [1996]). This situation was unchanged even in 2000: The spotlight fell on physical education and athletes' careers instead of economic considerations.

Given by the developing nature of the field, there are no “schools of research” in relation

to sports economics<sup>7</sup>. There are only a few significant, famous “sports scholars”, “sports researchers” or “sports economists.” There is little influential research and few major publications<sup>8</sup> – and even the existing ones concentrate on the American continent<sup>9</sup>. Costa [2005] conducted a Delphi research project on the present and the future of sports economics with the participation of the 17 most influential professors or “opinion leaders” of sports management. Eight of the participants were American and five were Canadian, with two interviewees from Australia and two from Britain. The main finding was that sports management is a unique interdisciplinary field for which theories must be created<sup>10</sup> (since the study of sports management is still in its infancy, researchers must rely on results from other disciplines such as business, management, marketing, economics, psychology, sociology and public administration). Theories must be created through high-quality research, and theory and practice must be combined.

Anglo-Saxon research usually takes a classical economic approach to the economic problems of professional team sports. A second influential element of methodological background is provided by the neo-Keynesian, neo-Marxist approach with analysis of the role and effects of sports on economies (András [2006]).

Henderson [2009] classified articles from 22 issues of *Sport Management Review* by content beginning in 1998, when the publication began, until 2007. He found that 10 percent of the articles discussed theoretical education and research, 30 percent focused on professional sports, 6 percent were about leisure sports and 55 percent concerned questions of organization (mainly corporate structure, HR issues) at professional and amateur clubs. Pitts [2002] reviewed articles from 33 issues of *Sport Marketing Quarterly*, which has been published since 1992. He found in that journal that 4.5 times as many papers discussed professional sports as leisure sports.

In the field of leisure sports, a considerable part of the research (English-speaking nations

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<sup>7</sup> The novelty of the field is clearly demonstrated by the fact that the first issue of the *Journal of Sport Economics* came out in 2000. Not even the *Journal of Sport Management*, founded by NASSM in 1987, has been around for very long.

<sup>8</sup> In the *Journal of Sport Management*’s first 15 years of publication (from 1987 to October 2002), only seven authors published papers more than five times: Chelladurai (16), Slack (15), Parks (9), Dunylchuk (7), Pastore (7), Weese (7) and Armstrong (6) (Qartermen et al., 2006). During my own research on *Journal of Sport Management* issues published between October 2002 and December 2011, I found 10 further articles by Chelladurai, five by Slack and one by Pastore.

<sup>9</sup> As of 2000, 13 of the 16 leading scientific sports journals were based in North America (Pitts [2001]). The authors mentioned above are mostly professors at North American universities (Ohio, Alberta, Ontario).

<sup>10</sup> The *Journal of Sport Management*, the number one scientific journal in the field, was named as the top forum for high-quality research.

taking the leading role) is devoted to two subjects: firstly, the effects of leisure sports from an economic (typically macro-economic) viewpoint; secondly, management questions from business economic viewpoints that are especially prevalent in the fields of operation management and certain functional fields (HR, finance, marketing)<sup>11</sup>. A third group of studies discusses the demand side and the consumption of sports from a marketing or sociological standpoint.

All traditional levels of economic analysis are represented in the studies on sports economics (see Table 2). The economic importance of sports, their contribution to GDP, employment and consumption are measured on the macro level. The analysis of the effects of important international events (Olympics, world championships) is also measured in macroeconomic terms. Microeconomic studies examine market operations, the characteristics of demand and supply and the operation of services and sports organizations. The mezzo level concerns the economy of sports and leagues and the specialties of players market (András [2002]).

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<sup>11</sup> For further examples of work in this field, see the following significant books recently published by Routledge: Oakey–Rhys [2008]: *The Sport and Fitness Sector*; Torkildsen [2005]: *Leisure and Recreation Management*; Westerbeek et al. [2006]: *Managing Sport Facilities and Major Events*; Wolsey et al. [2008]: *HRM in the Sport and Leisure Industry*; Wilson–Joyce [2007]: *Finance for Sport and Leisure Managers*; Green [2009]: *Sports Marketing*; Ferrand–McCarthy [2008]: *Marketing the Sports Organization*.



Table 2: Main fields of research in sports economics

Field of re- search	Levels of analysis		
	Micro	Mezzo	Macro
Professional sports	characteristics of services, behavior of market actors, the operation of sports organizations	economics of leagues, characteristics of labor markets, problems with cartels	Olympic games, questions of market regulation
Leisure sports	facility management, nonprofit characteristics, definition of demand, externalities, <i>examination of services</i>	sports economics, <i>leisure sports markets,</i> <i>leisure sports industry</i>	economic effects of sports, <i>sports policies,</i> <i>regulation</i>

Source: Based on Dénes-Misovicz [1994], Nagy [1996], András [2002] *with the author's additions*

Appendix 1 presents the situation of scientific studies in the field of sports economics carried out in Hungary along with the names of influential researchers and authors, their fields of research and their viewpoints. The summary also includes sociological studies that are relevant to economics. My review supports the conclusion that a business economics approach is not typical in the field of leisure sport research. Both in Hungary and abroad, economic-oriented papers and research typically discuss professional sports (especially football). In the economic press, only a few articles are dedicated to the topic<sup>12</sup>.

To sum up, neither scientific studies nor the economic press discuss the field of leisure sports. However, changes in recent decades – e.g. an increase in leisure time, greater understanding of leisure sports' positive individual, social and economic effects – necessitate greater research in this field.

## 2. TERM, CONCEPTS

For the sake of clarity, it will be necessary to provide a preliminary summary and clarification of terms – especially since the field of leisure sports has few accepted and established definitions. This chapter will discuss interpretations of leisure and sports, the his-

<sup>12</sup> I conducted a review of articles published from October 2000 to July 2009 by the most influential Hungarian economic periodicals: *Világgazdaság*, *HVG*, *Figyelő* and *Menedzsment Fórum* (from July 2001 to July 2009 in the case of *HVG* and *Figyelő*). The results are summarized in Appendix 2.

torical background of modern sports, a comparison of leisure and professional sports, interpretations of terms related to leisure sports, and the definition of sports consumption and the leisure sports industry. At the end of the chapter, I will present the markets of leisure sports in theory.

## 2.1. INTERPRETATION OF LEISURE TIME

There are several concepts and approaches to defining leisure time. Appendix 3 demonstrates different approaches (from historical, linguistic, sociological, management and economic perspectives). Although there is no unambiguous definition, there are common points such as “no work,” freedom and free activities. The concept of “leisure time” is well-described and summarized by Peterson’s pragmatic enumeration (cited by Vitányi [2001]) – we perform no paid jobs, no chores in relation to family and household, do not arrange our personal affairs and do not sleep. Dumazedier [1960] summarizes leisure time as the assurance of personal development, entertainment and refreshment/recreation. Boda–Falussy [1989]’s definition uses the term “time that is freely managed,” where the basic purpose is to decrease the total working time that falls on one unit of leisure time. The authors’ studies on several countries show that this value decreases when economic development increases – that is, there is positive correlation between the quantity of leisure time and GDP (Boda – Falussy [1989]). Similarly, Min – Yin [2010] state that the quantity of leisure time is, to some extent, symbolic of a country’s level of development.

**In my interpretation, leisure time is the period when we are not bound by either social or physiological duties – the time that we dedicate to personal development, entertainment and regeneration.**

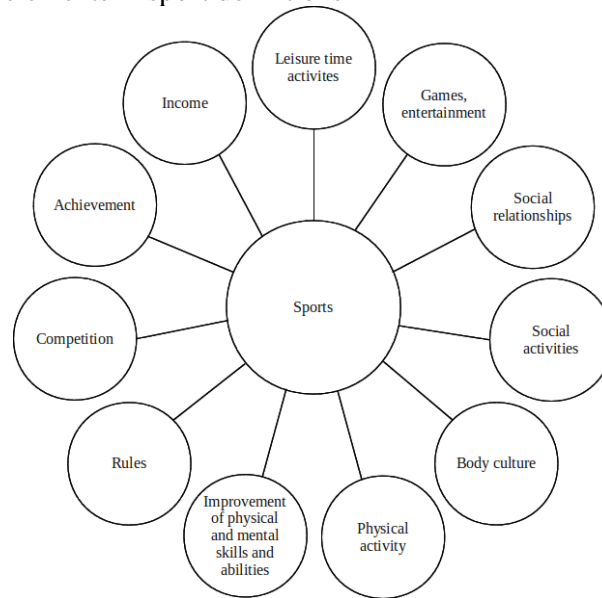
Mull et al. [2005] list nine types of leisure activities, one of which is sports. Sports can facilitate personal development, entertainment and physical-spiritual regeneration all at the same time. I outline the definition of sports in the following sub-chapter.

## 2.2. DEFINITION OF SPORTS

In Hungary, sports are considered to be full-fledged “sports,” in a legal sense, if they have a national federation. This circle includes Olympic sports, chess, and bridge, as well as any sport that belongs to a federation that is part of the General Association of International Sports Federations (AGFIS).

The table in Appendix 4 reflects the diverse nature of approaches to the definition of sports, not only between various periods but also within a given period. Although the term of “sports” can be approached in various ways and changes with time, there are classical elements that regularly reappear, as demonstrated by Figure 2.

Figure 2: Classical elements in sport definitions



Source: Figure created by the author

One generally accepted definition of sports, which I also consider valid, is the following: **“Sport means all forms of physical activity, which, through casual or organized participation, aim at expressing or improving physical fitness and mental well-being, forming social relationships or obtaining results in competition at all levels.”** (European Sport Charta [1997]). Competition can turn even those sports that require no physical effort (intellectual sports) into established forms of sports. Sports are also games and entertainment (Guttmann [1998]), although Huizinga [1990] explains in his work “Homo ludens” that the gap between professional sports and games is widening in modern societies. Professional sports are not leisure activities, but jobs with income.

As with every human cultural activity, sports change continuously<sup>13</sup>. The present-day form of sports dates back to the 18<sup>th</sup> century (Guttmann [1978]), when members of the educated, wealthy leisure class began to codify rules and establish regulatory bodies for

<sup>13</sup> See my detailed review of the history of sports from prehistory to the 20<sup>th</sup> century: Szabó [2009].

what had once been simply popular ritual activities.

The increase in people's disposable income and free time in the 19<sup>th</sup> century represented a favorable development for sports. In England, the spirit of bourgeois liberalism of the 19<sup>th</sup> century made it possible for the concept of "fair play" to be dispersed on all levels of society. Sports obtained a role in education (burning off spare energy, transmission of values) and they also offered an opportunity for social advancement. The first sports associations were formed in England. It was here that scientific methodology of training was developed and sports records were first registered. By the beginning of the 20<sup>th</sup> century, these practices had become prevalent on the entire European continent.

The separation between leisure sports and professional sports first occurred in the 20<sup>th</sup> century for a variety of reasons. First, the amount of leisure time in societies increased considerably. Second, as people became more health-conscious and began to recognize the importance of healthy lifestyles, a new form of sports came into being – one whose main goal was simply to maintain or improve physical fitness. In this type of sport, the goals of competition and achievement disappeared entirely and were replaced by the goal of recreation. Such sports (leisure sports) became a branch of the service industry. For professional sports, the importance of achievement and competition escalated; such competitive sports became a branch of show business<sup>14</sup> (Fóris – Bérces, n.a.).

### **2.2.1. Sport from the viewpoint of an economist**

In the case of sports activities, it is important to examine the market transactions. In informal sports, there is no need for market transactions; athletes need tools and equipment such as shoes or fitness DVDs, but no real service transactions take place in this scenario. Therefore, such sports cannot be examined by customary economic analytical methods. In formal sports, market transactions are necessary (Dénes [1998]). So when we examine formal sports, it is important to define what type of exchange takes place: For example, paying for entertainment (professional sports) or paying for the opportunity to exercise in a fitness center (leisure sports). In a professional scenario, a sport is a job and its basic objective is to earn income and develop the athlete's career. In case of leisure sports, people use sport services with the basic goal of preserving their health (Dénes – Misovicz

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<sup>14</sup> It is interesting to note that the role of entertainment does not only appear in professional sports, but in leisure sports, where the amateur athlete entertains himself, according to Nyerges – Petróczi [2002]. Loy [1968] interprets competition in an unusual way: Apart from competition between teams (a principal feature of professional sports), we can do sports in which we compete with nature (e.g. hunting, rock climbing) or even with ourselves. Hence competition is an important element of leisure sports as well.

[1994]). A similar approach is applied by Nagy [1995]), who identifies two categories within formal sports: recreational sports (which corresponds to leisure sports, in my interpretation) and professional sports (see Table 3).

Table 3: Differences between leisure sports and professional sports

	Leisure sports	Professional sports
Sports	leisure activities, physical effort, competition is not a necessary element	work, profession, does not necessarily involve physical effort, competition is a necessary element
The athlete's objective	leisure-time activities, preservation of health	income, career
Economic role of the athlete	consumer	workforce
Consumer	the athletes themselves	pleasure-seeking audience
Primary objective of the consumer	health benefits	enjoyment

Source: based on Nagy [1995] and András [2002]

In leisure sports, the athletes themselves are the consumers in an economic sense. The consumers of professional sports are the audience members who seek entertainment and pay to attend sports events (i.e. they pay for entertainment as service). Leisure sports is the focus of the present work. I provide a detailed discussion of this term (and related terms) in the next sub-chapter.

### 2.3. APPROACHES OF LEISURE SPORTS

The academic literature describes three general approaches toward conceptualizing leisure sports: The first stresses that the activity must take place during free time, must be voluntary, and must be organized – passive participation is entirely excluded. The second approach excludes elements that apply to professional sports (working, earning money, recording scores and statistics). The third approach lists the various sporting activities or their effects. This conceptual system is by no means definitive; other interpretations of “leisure sports” are certainly possible<sup>15</sup>. It is a huge deficiency of this area, that there are no common, unified definitions.

The sport administration, the sport policy and the various literature in this field use amateur sports, mass sports, leisure sports and recreation as they would have the same mean-

<sup>15</sup> See in Appendix 5.

ings, and fitness and wellness are two new concepts which also could cause trouble with the definitions, not to speak about sports for all. I tried to give a nice distinction among the above mentioned concepts (see Table 4.), using the results of my literature review (Wolanska, [1974, cited by Szabó 2002], Polányi [1998], Budai [1999], Goodchild et al. [2000], Berrett [2001], Canmac [2001], Földesiné [2002], Kovács [2002], Szabó [2002], Berrett – Reimer [2005], Bloom et al. [2005], Min – Jin [2010]) and my knowledge from the presentations of many different sport conferences.

Table 4: Different concepts in connection with leisure sports

Concepts	Changes	Characteristics
amateur sports	there is competition it is done only in leisure time <sup>16</sup>	no revenue from spectators
mass sports	political background before the change of the political system („sports are not a privilege of the rich”), sports were „obligatory”	the goal is to make the citizens, the „masses” move on different events
community sports	the synonym of mass sports, it is advisable to use it instead of mass sports	
leisure sports	the political background disappeared, the people have more free time, and more income, and they become more health-conscious	the increased leisure time should be spent usefully, the goals are leisure, active rest, recreation, preservation of health, self imposed, active free time activity (it is connected to free time, leisure time)
„sports for all” <sup>17</sup>	it has to emphasize that everybody should do sports	
(active) recreation	more and more health awareness of the people and more and more ser- vices	the goals are to stay healthy physically and mentally, to recover <sup>18</sup> , to enhance life quality, the well-being, a good overall condition (among others) through sport, <b>sport is a component of recreation</b> <sup>19</sup> the goals and the results are important, recov- ery and recreation
fitness	increasing demand towards leisure sport service providers	healthy lifestyle, form of life, movement or a status through sports and nutrition, the goals are better health condition and higher performance
wellness	service packages, programs, com- plexity, it is becoming life-style	it is a whole holistic program and lifestyle, with beauty culture, massage, natural therapy, gastronomy, tourism all serve physical and mental wellness, the physical, the emotional and social well-being

Source: the author’s concept

Business and service elements are not characteristic of amateur and mass sports, but they are prevalent in leisure sports and recreation, especially fitness and wellness. Fitness and wellness are terms that reach beyond the boundaries of my dissertation. Student sports (or school sports) may emerge as a “sub-domain” of leisure sports, but in this case, sports

<sup>16</sup> Before the change of the political system, lots of professional were „half-amateur”, or „pseudo-amateur”.

<sup>17</sup> The concept of „sports for all” has been existing for more than four decades in the Western societies, but we started to use this expression a few years ago in Hungary, as a synonym of leisure sports. According to the International Sport For All Federation, everyone has the right to engage in sports. The Ministry of Municipality has started to use this concept, they have developed a Program, called „Sports for All”, and organized programs such as „Move Hungary”, „Move Balaton”, „Challenge Day”, „Foot races”, „Open Gates Facilities”, „Olympics for Students”.

<sup>18</sup> The origin of recreation is recreatio which means the recovery of health.

<sup>19</sup> There are several trends in recreation: outdoor, health-seeking, experience-seeking, achievement-seeking. There are physical, psychological, social, intellectual, spiritual and creative recreation.

organized by schools, so business elements do not come into the picture.

I have identified a need to categorize leisure sports<sup>20</sup> (since the categories play a role in value creation later in this work). I have found the expressions “health sports” and “experience sports” to be helpful in describing people’s reasons, motivations for doing sports. In *health sports*, the *preservation or improvement of health* is the *main objective*; running, bicycling and swimming are prime examples<sup>21</sup>. People who participate in health sports tend to think in the long term (see the analysis of consumer durable goods later in this paper). In *experience sports*, the *main objective* is to *gain experience and momentary well-being*; leisure-time athletes tend to think in the short term (see the interpretation of consumer non-durable goods later in this paper.) There are several “sub-categories” of experience sports: extreme sports, fun sports and adventure sports. *Extreme sports* can be further subdivided into energy-intensive sports (e.g. Iron Man and super marathon) and high-risk sports (e.g. rafting and paragliding). In both cases, *excitement, the production of extra adrenaline and achievement are the main goals*. In *fun sports* (e.g. skateboarding, surfing, snowboarding, beach volleyball and beach football, and all the games we play irregularly), the unambiguous *objective* is *having fun and enjoyment, pleasure and play*. In *adventure sports* (e.g. scuba diving), the main objective is to *break away from the daily routine, to “adventure away.”* All types of experience sports may be considered “sub-categories” of leisure sports where relaxation and momentary enjoyment, well-being are the most important elements. In the case of “experience sports” the regularity is not so important as it is in the case of “health sports”. The effects of “experience sports” on the health are not only positive, the risk of injuries are high (especially in the case of extreme sports). We need more money and leisure time for “experience sports”, considering the costs and time of the journey to the sports places and the costs of equipment. Of course, it is not easy to categorize leisure sports, and there may be significant overlap between the individual categories. (Min – Yin [2010]). The regularity could be an important factor, the same sports could be “health sports” or “experience sports” (“fun sports”) too, the question is, how often do we work out, on a regular basis or once in a blue moon.

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<sup>20</sup> See Appendix 6.

<sup>21</sup> These are so-called aerobic sports, often called the “healthiest sports” (running, which helps people lose weight, bicycling, which supports stability, reflexes and sense of balance, and swimming, which exerts no pressure on the joints. All these sports improve posture, lung and heart function, and circulation.) By doing these sports at low- or medium-level intensity for 30 to 60 minutes several times a week, people can significantly support their health on a long-term basis. According to Kramer and Erickson [2007], those who practice aerobic sports develop their memory, attention and cognitive capabilities. Moreover, aerobic sports strengthen relations between cerebral networks.



Leisure sports may be classified by venue as well. Indoor sports take place in facilities, while outdoor or nature sports can be divided into sports pursued on dry land, on water or in the air (Zhou et al. [2000], cited by Min – Yin [2010]). We may speak about individual and team leisure sports (as in professional sports). Certain sports can be profitable while others cannot.

I would like to go into detail on a few more terms and concepts (existing in English). “*Public sports*” (or less frequently “mass sports”) predominantly refer to sporting opportunities provided by local governments in communal areas, parks and public facilities that are available to the entire population. The Hungarian language has no word that precisely describes this concept. “*Community sports*” (although the Hungarian language uses the term differently) refers to sporting opportunities organized by local communities. Every sport that is organized on a voluntary basis belongs to this category, regardless of whether it is an amateur, professional or leisure sports. “*Participation sports*” (in a sense, this is what leisure sports truly are) refers to the active participation of consumers in sports. “*Recreation sports*” refers to a kind of leisure activity where the athlete aims to optimize his physical and mental state and preserve, improve or restore his health and his ability to work (“*health sports*”). In the case of “*leisure sports*,” relaxation and entertainment are the principal objectives. “*Social sports*” refers to self-organized sport activities that are pursued within nuclear communities, for example at workplaces. The concept of “*sport for all*” is closely related to the concept of community sports, but it refers to leisure sports for an entire society, not only for a local community (Király [2011]).

**In my own understanding, leisure sports can be any physical recreational activity doing regular or irregular in our free time whose goal is to maintain or restore health, recreation, amusement, or to achieve a feeling of physical and spiritual well being, both during and after the exercise.** We can participate in sports at fitness centers that provide equipment and services on a for-profit basis; at facilities run by state governments, municipalities or communities; in public parks; with civil-society groups (organizations); or even at home.

We can identify the following prerequisites for the consumption of leisure sports (Budai [1999]): sufficient free time, adequate living standards and money, and the right attitude. Laki and Nyerges [2004] stress the same three factors. In my opinion, the most important element is the right attitude, which is much more difficult to measure than the time or

money factors. In her study on the sporting habits of Hungarian youth, Pataki [2007] established that attitudes directly affect people's inclination to actively consume leisure sports, while money has only an indirect impact. Meanwhile, research by Paár [2010] suggests that spending on sports is considered a luxury good in Hungary. All in all we can state that we can do sports in our free time easily if the economical and sociological surroundings are adequate for it.

In the next chapter I will write about the consumption of sports, and the related elements of it to the leisure sports.

## 2.4. CONSUMPTION OF SPORTS

According to Dénes – Misovicz [1994], sports economics focus on the alternatives that arise during the decision-making in relation to production, distribution, exchange and consumption of sports goods and services, as well as the social environment and the consequences of the realization of these decisions. According to András [2003, 2004], we can speak about “business operations” when sports’ operational expenditures are covered by revenues obtained from markets – that is, a sports organization is able to offer services that create value for both the customers and the owners. For customers, the value lies in the goods and services for which they are willing to pay (e.g. sport products and leisure services).

The following items are examples of sports products in both professional and leisure sports (See Mullin et al. [1993], Hoffmann [2000], Shank [2002]):

- tangible items (e.g. gym shoes),
- services (e.g. aerobic lesson),
- personnel (e.g. aerobic trainer),
- organizations (e.g. Andi Fitness Studio),
- places/locations (e.g. Sport Temple),
- ideas, images (e.g. health, fitness).

The supply side of sports includes sport activities, goods, events and news, all of which may be linked to leisure sports. Examples of sports consumers are:

- individuals who demand sports as viewers or participants. In the case of leisure sports, the consumers are the participants themselves.
- the sponsors/supporters who participate in the financing of sports on a business basis (business customer)

- the media that covers sports events (business customer). (Media coverage of leisure sports is negligible in Hungary).

Among tangible sport products, the most important ones are: entrance tickets, the physical environment of sport facilities, sports equipment, sportswear, sports footwear and branded souvenirs (merchandising products). The consumption of sports usually means using sports services, and the service involved in the provision of tangible goods is also important. The most important intangible elements of sports services are: sports events, sports stars, sports organizations, clubs, personnel and image (Hoffmann [2000], Neulinger [2007]), among which sports events, sport organizations, clubs, personnel and image are typically related to leisure sports.

Consumption of sports can occur in the following forms (Hoffmann [2000], Neulinger [2007]):

- participation at competitions and matches as viewers,
- following radio or television broadcasts of sport events, reading sports journals,
- participation at sports events and matches as players,
- active participation at leisure sport activities,
- playing sports-themed computer games or participating in online sports chat forums,
- purchasing sports equipment,
- purchasing sports merchandising products.

The maximum level of participation is when an individual himself takes part in a sport (or physical activity) either in his leisure time or professionally. If he actively participates in leisure sport activities (especially under formal terms), he surely has some relationship with the leisure sports industry. Sports, which was once a community activity, has developed into a complex, constantly changing industry that provides considerable business opportunities. In the following paragraphs, I will define and introduce the leisure sports industry along with the markets of leisure sports based on András [2003, 2004].

## 2.5. LEISURE SPORTS INDUSTRY, MARKETS OF LEISURE SPORTS

In the interpretation of Parks et al. [2007], every organization that offers customers products, services, venues, personnel or ideas related to sports is a member of the sports industry. Based on this definition, the **leisure sports industry encompasses organizations**

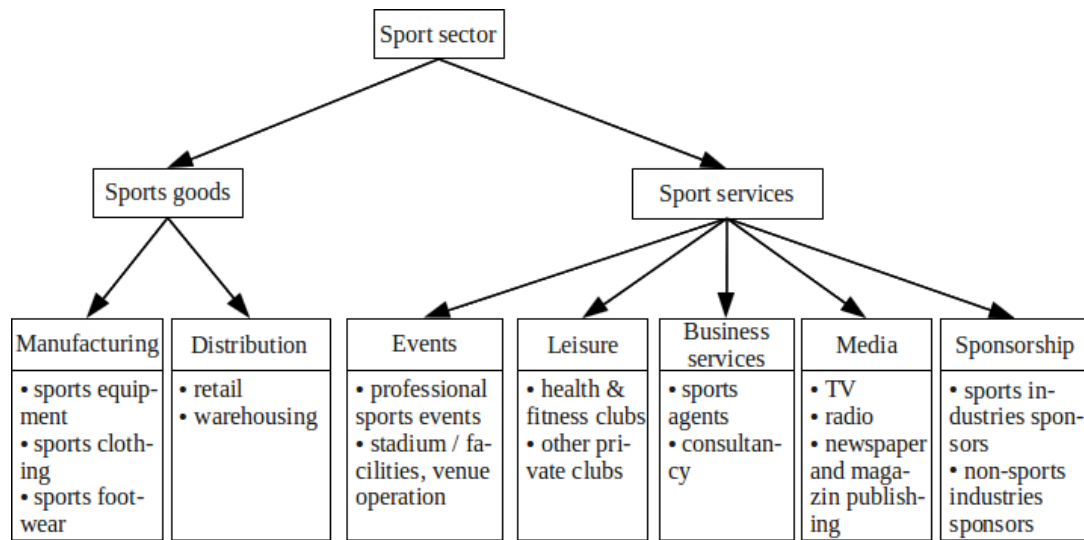
**that offer products, services, venues and ideas related to sports.** Parks' interpretation of "industry" is much broader than the one proposed by Porter, in which an industrial branch is merely group of enterprises that produce immediate complementary products.

Based on the relationship between product and customer, Parks et al. [2007] divided the leisure sports industry into three parts:

- Performance segment: From the viewpoint of leisure sports, important actors are the business-based providers of leisure sports and nonprofit organizations;
- Product and service segment: Important actors are the manufacturers and distributors of sports equipment and sportswear and the providers of services related to leisure sports (e.g. providers of facility-related services),
- Promotion segment: Enterprises related to merchandising, sponsorship, event organization and media.

In the model of Gratton and Taylor [2000] (see Figure 3), all factors apart from professional sports events are relevant to leisure sports (although the presence of media is not as meaningful as in professional sports).

Figure 3: Sport industry-model of Gratton – Taylor



Source: Gratton – Taylor [2000]

In another model, Parks et al. [2007] identified the principal actors of the sports industry: amateur and professional sports clubs (at schools, in communities or local governments), for-profit providers of leisure sports and enterprises that offer additional services (e.g. event organizations). The model also identifies six “supporting actors:” Regulatory and administrative entities, producers and distributors of sports products (equipment), facility builders, the media, consultants (e.g. marketing, media, PR and finances) as well as state and local governments.

The players in the leisure sports industry may also be viewed as stakeholders<sup>22</sup> in leisure sport service providers. Leisure sport service providers make contact with various societal and economic actors in the course of their operations. Among the countless players in a given industry, the most important ones are those who maintain durable, influential and reciprocal interactions with enterprises (Chikán [2008]). Literature calls these players “stakeholders.” Sport organizations are part of the society and economy and have several stakeholders.

Among stakeholders, consumers, players, sponsors and the media (the latter two are actually not consumers, but business customers) as well as distributors of merchandise products are interpreted by András [2003, 2004] as markets. András [2003, 2004] views football-related markets as all resources that generate revenues for companies that oper-

<sup>22</sup> See their presentation and characteristics by Király [2010].

ate football teams.

Based on the models of Gratton – Taylor [2000] and Parks et al. [2007] and the works of András [2003, 2004], I tried to determine the leisure sports markets. The *consumer*, *sponsorship* and *merchandising markets* are also relevant to professional sports. In addition, leisure sports includes *markets for sports equipment*, *sportswear* and *sports professionals*<sup>23</sup>.

The leisure sports markets not only generate income for corporate leisure sport providers, they may also create revenue for nonprofit providers of leisure sports. The direct sources of income are the consumers, sponsors and merchandising markets. The sports equipment and sportswear markets usually do not yield income for the provider of sports, except for the case where there is strategic partnership or agreement between the provider and the producer/distributor. Before analyzing the consumer market in detail, I briefly present the further markets (András [2003, 2004]) that unambiguously present business opportunities in leisure sports<sup>24</sup>.

### **2.5.1. The market of sports equipment and sportswear**

Producers of sports equipment and sportswear are suppliers to companies that provide the opportunity for people to do sports in their leisure time. Producers and providers have a symbiotic relationship, sharing mutually beneficial supply connections and marketing opportunities, they may improve their image and raise public awareness of their social responsibility activities. Consequently, the value of the brands may increase. Retailers and manufacturers of sports equipment and sportswear provide consumers with the tools they need to participate in leisure sports. If consumers' demand for leisure sports services increases, the demand for sports equipments and sportswear will also increase, meaning we can speak about derived demand. The demand is influenced by the price, quality, brand and brand loyalty.

### **2.5.2. Market of sports professionals**

A person who provides expert advice or consultancy services to leisure sports providers

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<sup>23</sup> It would be useful to think about the last two markets in the case of professional sports. And also about the “*facility market*”. Building and maintaining facilities also relevant not only in the case of leisure sports but also in the case of professional sports. Nowadays local governments try to do this tasks, but the future could be the market based operation. The business based service providers, facilities’ (e.g. tennis courts) revenues come from the consumer market.

<sup>24</sup> A more detailed analysis of markets, with an emphasis on market traits in Hungary, is presented in the results of my empirical research later in this dissertation.

is no different from any other employee. His labor-market value in training, organizing or consulting is defined by his qualifications, skills and other characteristics.

An expert for a leisure sports provider may be an internal stakeholder (e.g. sports trainer, instructor, organizer, manager), or an external stakeholder (e.g. consultant). In Hungary, brand-new job opportunities have recently arisen such as recreational organizer, health-care developer and sports organizer. An MSC degree in sports management is also available through a joint program by Corvinus University and the Semmelweis University.

Since 1<sup>st</sup> August 2004, Hungarian institutions that offer sports education must be accredited by the state in order to ensure quality<sup>25</sup>. Starting in 2010, vocational schools began offering non-degree qualifications in 12 areas of leisure sports, compared to three areas in previous years. In April 2012 a new system was introduced regarding the vocational qualifications. Basic courses are: qualification for trainers and fitness-wellness instructors, and part-qualifications are the following: fitness instructor, fitness instructor for groups, fitness-wellness assistant, aqua trainer. The personal trainers and dance instructors could be those people who took part in one of the basic qualifications. It is also possible to be sport organizers or sport managers in vocational schools in the field of leisure sports.

Consultants also belong to the market of sports professionals. They provide financial, marketing or media advice to people who want to operate a profit-oriented sports service provider or to organize events. (Event organizers belong to the market of sport professionals).

### **2.5.3. Market of sponsors**

Beginning in the 1970s, professional-sport sponsors began providing their teams with sports equipment rather than simply giving them money. Sponsorship is a two-sided business relationship that comes with rights and obligations for both partners. According to Paragraph 35(1) of Hungary's 2004 law on sports, "In sponsorship contracts, the sponsor, natural or legal persons or organizations without legal personality assume the obligation that, by means of money or material services, they support the sports activities of athletes, sports organizations, federations or corporations that they want to sponsor, while the sponsored parties enable them to use these sports activities in the course of their various marketing activities."

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<sup>25</sup> See a list of the most important accredited institutions in Appendix 7.

Enterprises may undertake sponsorship for a number of reasons (based on Meenaghan [1983, 1984], Irwin–Assimakopoulos [1992], Sandler–Shani [1993], Pope [1998] and Bennett [1999]):

- Corporate purposes: creating goodwill, reputation, image building, corporate social responsibility, connection to target groups
- Product-related purposes: introduction to the market, positioning, reference, brand consciousness, building loyalty
- Purposes related to marketing and increasing trade volume<sup>26</sup>
- Purposes related to media presence
- Hospitality – building connections to business partners
- Personal purposes: fame, acknowledgement, promotion of loved sports or athletes.

In Hungary, Vályogos-Misovicz [1994], Kassay [1998, 2003], Fazekas–Nagy [2000], Hoffmann [2000, 2007], Berkes [2008] and Ács [2010] have covered the topic of sports sponsorship with a focus on professional sports. Their analyses identified the same motivational factors for sports sponsors as appear in the above list.

In leisure sports, associations, enterprises or events may be sponsored by corporations that wish to exploit business opportunities. On the one hand, corporations get an opportunity to demonstrate corporate social responsibility; on the other hand, they improve their public image. A company may also find value in associating itself with sports, especially if the company's target consumer group is the same as the sporting event's target audience. In such cases, it becomes much easier for sponsors reach their customers.

#### **2.5.4. Merchandising market**

Merchandising was developed in the American film industry and quickly spread to sports. The term typically refers to the sale products with logos, symbols and images (the name, signature or picture of a famous athlete). Merchandising became widespread in the 1980s, especially in professional sports. A merchandising product can help evoke consumer demand. It helps companies market their goods and services, build up their brands and round out their advertising activities. Merchandising can be a PR instrument that helps a firm burnish its image. As part of service package, it can improve the reputation

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<sup>26</sup> Some of the authors (Sandler – Shani [1993], Pope [1998]) name this and the previously mentioned objective together marketing objectives. There are authors (Irwin – Assimakopoulos [1992]) who considers the increase of sales as an objective in relation to the product.



of basic services. It may also have important role in a team's relationships with its sponsors (András [2003]).

Nowadays, running races may be accompanied by products that have "brand-value" or rather "news-value." Commercial demand for these products is defined by the commitment of consumers (as well as by the price).

Having briefly presented four markets for leisure sports, I will now proceed with the fifth: the consumer market. In my opinion, the most important stakeholder groups in leisure sports are consumers, the state, civil society and the business sphere. I will focus on these actors (stakeholders) in the upcoming part of my paper.

### 3. CONSUMER MARKET

The principal stakeholder is the consumer; the principal market is the consumer market. This is the only market that is well-known and well-researched; to the best of my knowledge, there is still no comprehensive research on any of the other four leisure sports markets in Hungary. In the case of leisure sports, the basic service is intangible: Production and consumption occur simultaneously. The quality of the service is particularly important. In addition, consumption of sports is influenced by a number of factors that I will present in subchapter 3.3.

Direct and indirect costs are important factors that arise in connection with the consumption of sports services (and events). Direct costs are the price of tickets, while indirect costs include travel to the venue, parking, and other costs, along with the moneymaking opportunities that are lost because an individual is doing sports rather than working. **It is still worthwhile for an individual to invest time and financial resources in leisure sports, because it create values and have many other benevolent effects in both the short and long run.** I write about these in the following subchapter.

#### 3.1. WHICH VALUES DO LEISURE SPORTS CREATE FOR THE INDIVIDUALS?<sup>27</sup>

According to Dénes [2009a] the rate of the total sport expenditures and the total households expenditures was between 0.22-0.26 in Hungary between 2003 and 2007. Considering the same data in France this is six times as much as the Hungarian. Hungarian peo-

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<sup>27</sup> See Goodchild et al. [2000], Nana et al. [2002], Bloom et al. [2005], Mull et al. [2005], Chalip [2006], Downward et al. [2009], Henderson [2009], Lechner [2009].

ple spend only 16.5 percent of their sport expenditures to sport services, the French people 40 percent. Unfortunately Hungarians spend in average 13 years ill during their lives (Vass-Molnár [2007])<sup>28</sup>. The life expectancy in Hungary is much less than in the Western countries. In 2008 the life expectancy for men was 70 years, for women 78 (the average was 74.23), compared to the EU, where the average was 79.31. Hungary is among the 10 countries in the world where lots of people are obese (WHO [2010]). The data collected by the OECD on overweight and obesity rates show that over half of the adult population is overweight in at least 13 countries, including Australia, the Czech Republic, Greece, Hungary, Iceland, Ireland, Luxembourg, Mexico, New Zealand, Portugal, Spain, the United Kingdom and the United States. Considering the number of obese people, Hungary is on the 7<sup>th</sup> place in the world (OECD [2007]). According to the EUROSTAT [2011] the Hungarian men are on the third place in Europe, 21.4 percent of them are obese, (Malta is the 1<sup>st</sup> and the United Kingdom is the 2<sup>nd</sup>). In the case of women, 18.8 percent of them are obese and with this percentage Hungarian women are on the 5<sup>th</sup> place in Europe. Considering the time we spent watching television we also are on the first places.

There is a positive relationship between life expectancy at birth and health expenditure per capita and GDP. Hungary have 3 years lower life expectancies than would be expected on the basis of income and health expenditure (OECD [2009]).

There are too many who suffer from one or more of the so-called problems of civilization (such as stress, malnutrition, alcoholism, depression, obesity, lack of physical activity, etc.). To prevent and to overcome all these problems and their harmful effects leisure sports are perfect options.

If the purpose of sports is the *maintenance of bodily and spiritual health*, then sports can be viewed as a kind of consumer durable good<sup>29</sup> (Nagy [1996], Downward et al. [2009]). At the same time, regular participation in sports contributes to the development and maintenance of health, well-being, and long life, both in the present and the future (see the Health Belief Model (Glanz – Rimer [1995], cited by Henderson [2009]). Positive effects include: *maintaining bodily health*,<sup>30</sup> *maintaining spiritual health*<sup>31</sup>, *maintaining*

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<sup>28</sup> See Földesiné [2008].

<sup>29</sup> There is a connection with “health sports”.

<sup>30</sup> It has been scientifically proven that regular physical activity lowers the occurrence of heart and cardiovascular diseases. Physical activity reduces the risk of cardiovascular illness and type-2 diabetes by improving glucose metabolism and lowering body fat and blood pressure. See Hollmann et al. [1981], Lü-

*high spirits, improved ability to perform intellectual and physical work, development of positive self-image, body-weight management,<sup>32</sup> stronger, character and self-will, and stronger public morale.*

Sports develop *skills and abilities that are transferable to both the workplace and other areas of life*. Several theoretical models can be applied to this approach, such as the Theory of Planned Behavior, Social-cognitive, Self-efficacy, Commitment and Self-determination models (Henderson [2009]). In a 2009 study, Mocsai [2009] divided abilities into four groups: (i) motivational abilities (ii) abilities related to improving one's capacity for achievement (iii) "relaxation" and (iv) abilities to develop sensory intelligence. Mocsai lists numerous skills that can be developed in all four ability groups. Another study conducted in England found that students who regularly participated in sports achieved stronger academic results, were less likely to commit truancy and exhibited better behavior (Oakley – Rhys [2008]). Leisure sports have an *educator function*.

Naturally, leisure sports not only help people preserve their health, they also provide consumers with *enjoyment, excitement, and a feeling of well-being<sup>33</sup>*. These advantages are limited to the time period when people are actually participating in sports, so in this case, leisure sports can be considered as a consumer non-durable good (Nagy [1996]). Other such advantages include *the thrill of the game, the love of competition, the love of winning, enjoyment, excitement, relaxation, liberation, well-being, and the pleasure of spending time with family and friends* (see the enjoyment model (Henderson – Ainsworth [2000], cited by Henderson [2009]) and Social Support Model (Seefeldt et al. [2000], cited by Henderson [2009])). It could be difficult to separate the short-term and long-term effects of sports, they are present at the same time.

The sports that allow an athlete to improve or maintain his health should not be viewed as merely a consumer durable good, but also as a capital asset (Nagy [1996], Lechner [2009], Downward et al. [2009]). In this case, a sport's utility is not specifically in its impact on human health, but in the fact that *healthier people are capable of producing*

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schen et al. [1993], US Department of Health and Human Services [1996], Weiss-Hilscher [2003], cited by Lechner [2009], Oakley – Rhys [2008]. Since 1990, more than 1500 scientific studies have been published on the relationship between physical activity and health (Nana et al., [2002]).

<sup>31</sup> Regular bodily activity has a positive effect on depression and anxiety and helps to reduce various mental-health disorders (Goodwin [2003], Balogh et al. [2008], cited by Ács et al. [2011]).

<sup>32</sup> According to a U.S. study conducted over a 10-year period, men and women whose lifestyles involved only low-intensity physical activity were three times more likely to be obese than people in the active control group (Téglásy [2006]). See Lakdawalla – Philipson [2007].

<sup>33</sup> There is a connection with "experience sports" with the three categories: extreme sports, fun sports and adventure sports.

*more and are more reliable members of the work force; consequently, they will be able to earn more and achieve a higher standard of living*<sup>34</sup>. An additional advantage of healthier individuals is *reduced spending on health care*. Gémes (2009) with Hungarian representative health-study data from 2002 provided empirical evidence of physical activity's impact on the above mentioned facts. People who were inactive could not be reliable members of work force because they could not work effectively and they were on sick-leave more often than the physically active workers. They also spent more days in hospitals than the active people (cited by Ács et al. [2011]).

I finish this part of the chapter with Table 5, I made with the help of Henderson's article [2009]. I collected all the important models related to leisure sports, and the reasons and effects of doing sports considering the different models. I also show in the table the three different types of the consideration of leisure sports: consumer durable, consumer non-durable and capital asset.

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<sup>34</sup> Lechner [2009] with German panel data from 1984-2006 provided empirical evidence of physical activity's impact on incomes. People who participated in sports earned an average of €100 more monthly.

Table 5: Different models related to leisure sports

Different models in the literature	Author(s)	The reason for doing sports, and the positive effects	Leisure sport is considered as
Health Belief Model	Glanz -- Rimer [1995]	Disease avoidance, the advantages of being healthy	Consumer durable good
Theory of Planned Behavior	Ajzen [1991]	Control over opportunities, resources and skills	Consumer durable good
Social Cognitive Models	Glanz – Rimer [1995]	Learning – reinforcement	Consumer durable good
Self-efficacy Model	Bandura [1994]	Improvement of abilities and skills	Consumer durable good
Sport Commitment Model	Scanlan et al. [1993]		
Self-determination Theory	Hagger – Chatzisarantis [2007]		
Social Support Model	Seefeldt et al. [2000]	Social support, support of peers and other members of reference group	Consumer non-durable good
Enjoyment Model	Henderson – Ainsworth [2002]	Enjoyment, leisure, pleasure	Consumer non-durable good
Social Ecological Model	Sallis et al. [1998]	Complex, social and economical advantages	Consumer durable good, consumer non-durable good and capital asset

Source: Henderson [2009]

Most authors stress the long-term effects such as being mentally and physically healthy, improvement of abilities and skills. In the next chapter I present the literature review of consumer behavior. We will see the characteristics of it, and the factors which could influence the sport consumption.

### 3.2. CONSUMER BEHAVIOUR AND SPENDING

Recent years have seen the publication of numerous internationally important studies on consumer habits: in the USA: Cicchetti et al. [1969], Adams et al. [1966], Stemple [2005], Humphreys – Ruseski [2006]; in England: Gratton – Tice [1991], Farrell – Shields [2002], Sturgis – Jackson [2003], Downward [2007], Downward – Riordan [2007]; in Belgium: Scheerder et al. [2005], Taks – Scheerder [2006]; in Australia: Stratton et al. [2005]; in Norway: Skille [2005] und in Germany: Breuer [2006], Lechner

[2008], (Downward et al. [2009]). In the EU, Eurobarometer conducts authoritative studies on a continuous basis.

According to the majority of surveys, males, younger people and people with higher incomes and higher academic qualifications usually do more sports. Within a given country, sports activities are more strongly influenced by tradition and culture than by GDP per capita, while an individual's economic status can determine his inclination to take part in leisure sports (Földesiné [2009]).

Statistical significant associations were observed by Tuyckom [2011] in EU27 countries between overall leisure time physical activity and variables from the economic (GDP, real GDP, and public expenditures on health), food (available fat, available fruit, and vegetables), urbanization (the number of cities, urban population, total and new passenger cars, surfaced roads, facilities and the average distance from facilities), and policy (all governance indicators, stability, health policy) domains. Political stability and the effectiveness of public health policy are also definitive factors. Where politics are “physical-activity friendly,” opportunities and infrastructure are much better and participation in physical activities is higher. According to Wicker and her co-researchers [2009] the infrastructure has a significant effect on the sport consumption.

I briefly discuss the Hungarian situation of sport consumption in the following lines.

Every Hungarian study has shown that males and members of the younger generation do more sports than other groups. People who have higher academic qualifications (especially university degrees), better financial conditions and live in bigger communities are more inclined to dedicate time to conscious exercise than people who have lower academic qualifications, lower income potential and live in smaller communities (KSH [2000, 2006], Gábor Polányi [1998], Szonda Ipsos [2003], Eurobarometer [2010], Paár [2012]).

According to research by Földesiné in 2008, the proportion of those who participate in sports, hiking or walking on a daily basis is about 26 percent, while 13 percent of people take part in such activities at least three times a week. Those who do sports cited walking and hiking among their most frequent forms of exercise. In addition, aerobics, bicycling, football, running and swimming were mentioned frequently, as was the case in other studies (Földesiné [2008]).

According to the data of a representative Eurobarometer survey from 2009, a mere 5 per-

cent of the Hungarian population does sports activities regularly (five times a week), compared to the EU average of 9 percent. Even the proportion of people who exercise with “some regularity” (18 percent) is considerably lower than the European average (31 percent). Hungary’s proportion of people who do no sports at all is among highest on the continent.

According to surveys of Hungarian youth in 2000, 2004 and 2008<sup>35</sup>, the proportion of those who exercise regularly decreases with age; the higher a person’s level of education, the more likely they are to exercise; living in bigger, more developed communities (i.e. towns and cities) can mean a greater degree of participation at sports. According to Monspart [2010], a mere 6 to 7 percent of students regularly do sports apart from P.E. classes.

In 2004, I surveyed 641 university students in Budapest studying economics, engineering, law and liberal arts in order to gain data on their leisure and leisure sport consumption habits. I repeated the survey in 2006 among 539 students and in 2010 among 619 students, all at Budapest universities (See the results in Szabó [2006] and Szabó [2010, 2011a]).

Sports for senior citizens<sup>36</sup> are quite underdeveloped in Hungary: A mere 5 percent of people above the age of 60 exercise, which means roughly 100,000 out of 2 million pensioners. While persons between 50 and 60 years cited a lack of time (40 percent) and their health status (40 percent) as the main reason for their athletic inactivity, just 11 percent of those above 60 years old complained about shortage of time, while 66 percent of them cited their health status (Varga [2008] and Földesiné [1998]). 2012 was declared the year of “Active Aging and Cooperation between Generations” to encourage the development of sports for senior citizens.

According to analyses on present-day Hungary, the number of those who could benefit from leisure sports providers exceeds the number of those who actually do benefit from them. In Hungary, 16 to 18 percent of the adult population participates in sports activities with certain regularity<sup>37</sup>, if we use a narrower definition of “regularity” (at least twice a

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<sup>35</sup> For more on consumer habits on sports of young persons, see Polányi [1998], Laki – Nyerges [1999], Pluhár – Keresztes – Pikó [2003], Szabó [2004, 2006, 2010], Neulinger [2007], Pataki [2007], Csányi [2010], Perényi [2010].

<sup>36</sup> For details, see Földesiné [1998] and Földesiné [2005].

<sup>37</sup> In Finland 85 percent, in Sweden 82 percent, in Denmark 69 percent, in England 55 percent, in France 54 percent and in Australia 69 percent of the population does sports at least once in a month (Downward [2009]).

week and at least half an hour per occasion), a mere 9 percent of adult population does sports<sup>38</sup>. In March 2012, a conference entitled “Tasks and Opportunities in Leisure Sports 2012” I have heard just 2 percent of Hungarians do sports regularly. Currently, 38 percent of athletically inactive people say they would like to do sports. For the time being, 15 percent of those who regularly do sports use for-profit service providers<sup>39</sup>. About 8 percent of Hungarians say they can handle the financial burden of paying for sports services, while a further 13 percent say they have to give up other leisure activities in order to pay for sports services (Background for the National Sport Strategy “Sport XXI” [2005]). The preferred forms of sports at business-based providers are aerobics and other fitness-center activities. People can participate in walking, hiking, running and bicycling without needing to pay for outside service providers (there are, however, many examples of walking, hiking and running events that are organized by service providers.) Swimming pools are typically owned by local governments (the state) or associations, although many of the bigger fitness/wellness providers also offer swimming pools.

Paár [2011a] analyzed 2008 budgetary data for 7,650 Hungarian households and 19,637 individuals at the Hungarian Central Statistical Office (KSH) (see Table 6). Some 1,346 households spent money on sports, which corresponds to 17.6 percent of all households. According to Paár’s calculations [2011a], 1.48 percent of all expenditures in Hungary go toward sports. I am skeptical of this number, as Dénes [2009a] calculated annual consumer spending on sports at between 0.22 to 0.26 percent of all expenditures in the years 2003-2007. Even my own calculations indicate that a mere 0.44 percent of all household expenditures went toward sports in 2007 (Stocker-Szabó [2011]).

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<sup>38</sup> In other European countries this proportion is 21 to 50 percent. The proportion of people who do sports regularly is 25 percent in the United States, 29 percent in Australia and 68 percent in New Zealand (Henderson [2009]).

<sup>39</sup> In contrast, 15.6 percent of the population in the United States and 14.6 percent in Canada belongs to a fitness club (<http://cms.ihrsa.org>, downloaded on 11 December 2009). In the United Kingdom, 11.3 percent of people are members of a fitness club (Oakley – Rhys [2008]).



Table 6.: Sport expenditures in 2008

	Total (million HUF)	Average expenditure of all households in Hun- gary (HUF)		Average expenditure of households that spend on sports (HUF)	
		Households	Individual	Households	Individual
Sport expenditures	113 666	29 838	11 492	173 005	54 491
Net income	9 082 514	2 384 218	918 277	2 385 004	918 409
Expenditures of the households	7 685 852	2 017 585	777 069	2 017 585	777 069
Sport expenditures/Net income	1.25%			7.25%	5.93%
Sport Expendi- tures/Expenditures of the households	1.48% <sup>40</sup>			8.57%	7.01%

Source: Paár [2011a]

In his 2011 study, Paár divided European countries into four clusters based on different variables<sup>41</sup>, using integrative clustering methods. Residents of the countries in the fourth cluster – Hungarians among them – spend a fraction of the average sample on sports. Their life expectancy at birth is also far below the average (Paár [2011b]). By contrast, countries in the first cluster spend a relatively large amount on sports (they also like to participate in leisure sports, according to Eurobarometer surveys), and their life expectancy at birth is above the average. The structure of the clusters suggests that countries whose people put greater emphasis on leisure sports enjoy higher living standards and better economic conditions. Next I will examine the factors which influence the sport-consumption.

### 3.3. FACTORS INFLUENCING LEISURE SPORTS CONSUMPTION

Leisure sport consumption is influenced by several factors. Authors emphasize different factors depending on whether they use the neo-classical model, the household model or the psychological approach<sup>42</sup>. In the neo-classical model, the price of a product, the prices of other products and the consumer's income are definitive; in the household model, the emphasis is on the range of goods that can be obtained in a given period of

<sup>40</sup> This number is 2.3 percent in England (Király [2011]).

<sup>41</sup> See Appendix 8.

<sup>42</sup> For details on the neo-classical model, the household model and the psychological approach, see Király [2010].

time; and the psychological model stresses psychological and motivational factors.

Demand for business-based providers is defined by the following factors (Gratton- Taylor [1985]):

*The income and the disposable income of consumers:* Several studies (KSH [2000], KSH [2006], Gábor Polányi [1998], Eurobarometer [2010], Paár [2011b], Paár [2012]) have proven that persons with higher income do more sports in their free time (they have greater disposable income). According to Paár [2009], changes in Hungarians' consumption of sports coincide with net changes in income; in other words, sports consumption shows a high degree of income sensitivity. According to Eurobarometer, 56 percent of those who never do sports regularly struggle to pay their bills. According to Humphrey-Rusedski ([2006] cited by Paár [2011c]), every increase of \$10,000 in income raises the probability that a person will participate in physical activities; however, these authors also found that higher income has a downward effect on the quantity of time spent with physical activities. According to a Portuguese survey, higher incomes would increase the probability that people would exercise by 6.5 percent (Santos-Viseu [2001] cited by Paár, [2011c]). In Canada, 7.2 percent of those earning below 20,000 Canadian dollars a year regularly do sports in their leisure time, compared to 34.7 percent of those with annual incomes greater than 100,000 dollars (Bloom et al. [2005]). In Canada, the measure of the income elasticity is estimated at 3 percent, meaning every extra dollar earned yields an additional expenditure of 3 cents on leisure sports (Bloom et al. [2005]). According to Grossmann ([1972] cited by Király [2010]), an increase in income may result in two contradictory effects: On the one hand, people may spend more money on sports activities<sup>43</sup>, but dedicate less time to sports due to the increased cost of free time.

*Price of the service (and of related and complementary services):* Several Hungarian studies have certified that Hungarian consumers are predominantly price-sensitive. According to my own research in 2004, 2006 and 2010, Budapest university students' inclination to use sports services is mostly defined by the price.

*Quality of service (and of complementary services):* See Chapter 5 for a detailed discus-

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<sup>43</sup> Sports for the rich (tennis, golf, horseback riding) became prevalent, while facilities for sports that are popular among the "poor" began to fall into disrepair (e.g. the disappearance of soccer fields). Tennis courts and golf courses proliferated, horse polo fields appeared, bowling alleys were replaced by large bowling centers and squash courts appeared. (Sárközy [2009], cited by Dóczi [2011]). Members of the rather narrow upper- and middle classes may freely decide what sports they want to do and when and where to do them because they have greater cultural, economic and social capital (Földesiné [2009], cited by Dóczi [2011]).

sion.

*Distance and availability of the sports facility, transport alternatives and a consumer's own mobility:* We are willing to use gyms that lie within a 20-minute sphere of action. The proximity of public transport is an important consideration in decision-making (Hoffmann [2000]).

*Marketing activities of the providers (and of the competitors):* A leisure sports provider may be successful through conscious marketing to the target market and by executing the right strategy, especially through proper application of the 4Ps (in the case of services, the 7Ps are even more relevant) and communication instruments (Oakley – Rhys [2008]). We need proper information about the sporting opportunities and the sports provider's programs, services and accompanying services.

The propensity to do sports during leisure time may be influenced even by further factors listed in Table 7. A detailed discussion of these factors would go beyond the scope of this dissertation<sup>44</sup>. Here, I only enumerate the factors that define the situation internally and externally.

Table 7: Factors that influence leisure sports consumption

Internal factors	External factors	Situational factors
Personality Motivation Learning Reception Attitude, approach <i>Obligation</i> <i>Interests</i>	Culture, values Socialization Social class Reference groups and family <i>Fashion</i> <i>Media, the effects of professional athletes and stars</i>	Physical environment Social environment Task Time Previous experience <i>Physical capabilities, skills</i> <i>State of health</i> <i>Opportunities</i> <i>Access</i> <i>Substitute products</i>

Source: Based on Shank [2002] *completed with the author's ideas*

It is basically **the individual that decides about his own sporting activities** (his needs and demands are influenced by a number of factors). **He makes the decision, ensures adequate leisure time and, when required, supplies the necessary funds. He chooses between the options that may satisfy his own consumer demands: he does sports at corporate providers, in state-run facilities, in public places, in parks, at public organizations (associations) or at home.**

<sup>44</sup> See: Gratton-Taylor [1985], Hoffmann [2000], Shank [2002], Torkildsen [2005], Neulinger [2007].

Besides the individual, the state has a central role in leisure sports. The state is an emphasized stakeholder that is connected to leisure sports on numerous levels, as I will illustrate hereinafter.

#### **4. THE STATE AND THE LEISURE SPORTS**

Programs and organizations aimed at changing people's lifestyles were established in North America in the 1950s and 1960s. Dwight Eisenhower, then president of the United States, called a conference on fitness that principally aimed to combat "daintiness" caused by sedentary lifestyles, spoilt children, the prevalence of motorized transportation, and the unhealthy habits that young people were engaging in at neighborhood bars and clubs. Eisenhower's successor, John F. Kennedy, became a leading figure of the 1960s leisure sports movement after penning an article entitled "The Soft American." JFK organized running tests, initiated the "by bicycle towards fitness" program, and established the American Committee on the Research of Physical Performance (Kovács-Szollás [2008]).

Similar initiatives took shape in Western Europe in the mid-1950s. In the Federal Republic of Germany, Chancellor Konrad Adenauer called on the leaders of the federal states to build recreational complexes in 1956. West Germany witnessed a sharp upswing in the number of sports facilities and several thousand kilometers of bicycle paths were built. Healthy living became a fashion trend thanks to the Golden Plan of 1961, which elevated leisure sports to the same level as professional sports and allocated more financial resources for leisure sports. Nordic countries were the first to devise comprehensive recreation programs. Norway launched a national leisure sport program in 1960: 10 percent of the population became involved in the first phase (1960-1966), 30 percent in the second phase (1967-1972) and 62 percent in the third phase (1973-1982). Sweden built more than 5,000 recreation centers, enabling nearly 50 percent of the adult population to do sports on a regular basis. Starting in 1982, Finland began organizing a festival of physical education and sports that takes place every four years (Kovács-Szollás [2008]). Since these developments, Nordic countries have maintained a leading role in terms of the percentage of people who do leisure sports. Nowadays, the ratio of people in Finland and Sweden who do sports compared to GDP per capita is considerably greater than the EU average. Furthermore, Nordic countries rank among the global leaders in HDI and competitiveness.

#### 4.1. WHICH VALUES DO LEISURE SPORTS CREATE FOR THE SOCIETY AND THE ECONOMY?

If people do sports during their free time, *their health will improve and they will pose a lower burden on healthcare and social security systems*. In 2005, Hungary spent more than 2.526 billion forints (at the currency's 2005 value) taking care of the illness burden, or 11.49 percent of annual GDP. Some 83 percent of this was direct costs and the state financed 61 percent of the total burden. In 2009, the illness burden was 3.019 billion forints, or 11.6 percent of GDP; some 84 percent of this was direct payments and the level of state financing had risen to 65 percent (Ács et al. [2011]). Ács and his co-authors [2011] estimate that a 10 percent reduction in the level of physical inactivity in Hungary could reduce spending on inactive sick-leave pay by an average of 1.8 billion forints a year<sup>45</sup>, which means an annual average savings of 573,175 sick-leave days. In addition to reducing the total cost of treatment, it would also be possible *to avoid loss of income due to sickness*; moreover, *good physical condition could lead to greater productivity*<sup>46</sup>. According to Harmath and Czárán [2006], better health standards among the population affects the economy and society through four factors: higher productivity, a better supply of workers, stronger skills, and increased capacities in physical and intellectual capital.

It is possible to identify three kinds of spending related to bad health: direct, indirect and “soft costs.” Direct costs include spending related to illness and recovery, as well as the total costs of treatment, sick-leave pay, and disability pension. Indirect costs cover lost production due to sickness. They also include losses stemming from reduced output by workers with less-than-optimal health (this is also known as “presenteeism,” meaning the employee reports for work, but is less productive and efficient). Losses from presenteeism can be several times greater than losses caused by worker absences. The “soft costs” of sickness are those unquantifiable costs related to pain, suffering, and other, psychological burdens stemming from illness (Kollányi – Imecs [2007]).

Canadian researchers (Staines et al. [2003]) demonstrated that for every dollar the state

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<sup>45</sup> According to the Hungarian Health Insurance Company, all the sick-pays were a 101.6 billion forints in Hungary in 2009.

<sup>46</sup> According to data from Andreff – Szymanski [2006] and Bloom et al. [2005], the cost of caring for inactive people in Canada amounted to 2.1 billion Canadian dollars, or 2.5 percent of direct healthcare spending, plus an additional 3.7 billion Canadian dollars in indirect costs. The direct and indirect costs related to obesity amount to 4.3 billion dollars a year. According to Oakley – Rhys [2008] the health care costs would be £8.2 billion less by reducing the number of inactive people by 10 percent. This sum of money is the 5 percent of all the health care costs in England.

devotes to a person's exercise, it saves two to five dollars over 10 years<sup>47</sup>. The American disease-prevention center expressed similar views when it acknowledged that leisure sports are a good investment: "For every dollar they spend promoting physical activity, they reap three" (HVG [2003]). A paper entitled "Health and development through physical activity and sport" [2003], the World Health Organization established that *every dollar invested in physical activity brings savings of 3.2 dollars for health care*.

Life expectancy is decreasing due to poor health conditions resulting from a lack of physical activity. This means people spend less time in the labor force and produce less for the economy. It is difficult to measure the societal value of life in numbers, but it is indisputable that society also suffers losses. According to data from the American National Institutes of Health, physical inactivity is the reason behind 16.6 percent of total mortality and terminal illness (CDC [2004]). Through leisure sports, it is possible to *reduce the rate of mortality and disability* (Staines et al. [2003], Apor [2012]). Physical inactivity is responsible for an estimated 600 000 deaths a year in the European Union; it also causes an annual loss of 5.3 million years of healthy living due to premature disability and deteriorating health (Edwards – Tsouros [2006]). According to calculations by Nordhaus ([2002], cited by Ács et al. [2011]), a preserved year of life is worth \$3 million. Barro considers the population's health to be one of the most important indicators of economic output and growth (Barro [1997], cited by Ács et al. [2011]). An increase of about 1 percent in life expectancy boosts GDP by 4 percent (Bloom – Canning [2000]). The OECD adds that productivity is one of the most important components of human capital (Chikán – Czakó [2009]).

Sports are a sensible way for people to spend their free time and burn off spare energy. By increasing participation in leisure sports, boredom decreases, self-affirmation and self-discipline increase, and positive behavior develops in a positive milieu; therefore, *levels of crime and hooliganism will drop, as will the cost of keeping public order*. This will boost morale among the other members of society (Berrett et al. [1993], Oakley – Rhys [2008]).

Sports encourage dialogue between cultures and *help to combat discrimination in its*

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<sup>47</sup> The results refer to the year 1995. If the number of physically active people had been 25 percent more (58 percent instead of 33 percent), the health care costs of the government would have been 778 million dollars less, meanwhile they should have spent 237 million dollars more related to the more physical active people. The mortality and disability rate would have been 6 percent less, and the economic performance would have increased by 0.25-1.5 percent.

*various* forms (Eurobarometer [2003], Goodchild et al. [2000]). Hence athletics can *facilitate community formation* and social cohesion and help to bolster community spirit. They can be a force for national and cultural identity formation and can contribute to social/societal development at the local level (Chalip [2006], Oakley – Rhys [2008]).

Leisure sports impact the national economy by *increasing its capacity for output, productivity, and GDP*. Leisure sports also *create jobs, boost spending and generate tax revenues*<sup>48</sup> (Goodchild et al. [2000], Berrett [2001], Canmac [2001], Nana et al. [2002], Staines et al. [2003], Berrett – Reimer [2005], Hone [2005], Chalip [2006], Andreff – Szymanski [2006]).

Leisure sports are an increasingly important part of tourism. While tourism and sports tourism are not the topic of this dissertation, I would like to mention the possible links between tourism and leisure sports.

*Revenue sources:*

- health tourism;
- event tourism from various leisure sporting events, e.g. street races, swimming across Lake Balaton and multicultural youth events;
- leisure activities within the framework of resort tourism (equestrian, bicycle or golf tourism).

Leisure sports can also generate significant revenues through related *travel* – and not only in for tourism purposes. In the United Kingdom, sports-related travel accounts for 10 percent of total leisure travel (Gratton – Taylor [2000]).

Human capital plays a decisive role in explaining the differences in competitiveness between the economies of developed and less-developed countries<sup>49</sup> (Palócz [2006]). Suhrcke et al. [2005] expresses similar views in a 2005 study for the European Commission.

Leisure sports may have an important impact on the factors that could have an effect on the countries competitiveness: productivity, general welfare, standards of living, per-capita GDP, employment, and the rates of improvement in all these factors. Having looked through the determinant indicators in the macroeconomic sections of the competitiveness indexes, I believe it is also possible to identify a link between leisure sports and the following factors: available workforce and its efficiency and productivity; health

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<sup>48</sup> There are also some negative effects: due to the longer life span of the healthier people the government should pay more pension and ensure other services. And the cost of sport injuries is also a negative effect of doing sports.

<sup>49</sup> See Stocker – Szabó[2011] and Szabó [2011b].

status (this is an element of the quality of human capital, which figures heavily in the Human Development Index (HDI); the HDI, in turn, is a component of the competitiveness indexes), life expectancy in a given country, quality of life, the mortality rate, social cohesion and a safe, secure social environment (the latter two are components of social capital).

Nations where a large percentage of people participate in sports and spend a lot of money on leisure-time sports achieved better rankings in the HDI and the competitiveness indexes (Szabó [2011b]). Naturally, people in more-competitive economies have better opportunities to do sports in their free time and can spend more on sporting goods and services (GDP per capita is much higher among countries in the first cluster). Numerous other factors also come into play. Still, we can establish that *leisure sports have a positive effect on human capital, people's bodily and spiritual health, capabilities, and productivity*. Thus health and sports have a close symbiotic relationship with national economic competitiveness; when combined with appropriate economic and social policies, health and sports can mutually reinforce one another. Since human capital is an endogenous component of economic growth, it can be influenced to some extent through public-policy tools (Chikán – Czakó [2009]). In addition to macroeconomic competitiveness, leisure sports can also improve individual and corporate competitiveness.

In its 2004 European Competitiveness Report<sup>50</sup>, the European Commission stressed that *health plays a major role in economic growth by raising the productivity of the work force and increasing the number of employable people*. According to Ács [2012] there is a positive correlation between the sporting activity of a nation and the life expectancy, and between the sporting activity and the employment rate.

There are several methods trying to measure the social value (cost-benefit analysis, cost-efficiency analysis, program-estimation method, see Kozma [2009]). Using this methods could lead to important results in the field of leisure sports.

### **Sidebar: The corporations and the leisure sports**

The cumulative positive experiences of corporations whose staff participate in leisure sports are perceptible on the national economic level – and in my opinion, they are hardly negligible in individual corporations' profit statements, either. If employees participate in

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<sup>50</sup> European Competitiveness Report 2004; European Commission Staff Working Document; SEC [2004] 1397, p. 141.



sports, then *the amount that a company spends on sick-leave compensation decreases, there are fewer absences from work and there are fewer illnesses and workplace accidents*. Moreover, healthier people *perform better physically and intellectually*, they are more efficient, more productive and *express greater levels of satisfaction and motivation*. Sports help develop numerous *abilities that can be transferred* to the workplace (Neck et al. [2000], Nana et al. [2002], McDowell – Larsen et al. [2002], Lechner [2009]). According to surveys conducted by Canadian researchers in the early 1990s, companies that offered exercise programs increased productivity, reduced the number of absences, lowered employee turnover rates and recorded fewer workplace accidents. The study also found that a *25 percent increase in physical activity among workers on a societal level resulted in 0.25–1.5 percent increase in workforce productivity* (Nana et al. [2002]). In 1985, Daimler launched its Wellness Program; 10 years later, the company calculated it was saving \$16 per worker every month, while workers were spending \$100-200 less on healthcare per year (Smith – Westerbeek [2007]).

According to the EU, every euro that a company invests in workplace health reaps savings of €2.5-4.8. It would be truly worthwhile to spend more on workplace sports as a part of health-improvement programs and to treat workplace sports as an investment. Perhaps then, the EU would not lose 146 million workdays to illness every year.

Another dimension is the role sports can play in companies' corporate-social responsibility (CSR) programs. Companies could contribute to the (internal and external) community's well being by organizing leisure sport events or providing support and sponsorship. This would also have a positive impact on the company's reputation and image (Mallen – Adams [2008]).

I will summarize the potential of leisure sports to create values on the micro- and macro levels and their contribution to national economic competitiveness in Table 8.

Table 8: The potential of leisure sports to create values on the micro- and macro levels and their contribution to national economic competitiveness

Value Creation through Leisure Sports	Contribution to National Economic Competitiveness
<b>Micro level</b>	
<b>Individual factors</b>	
Maintenance / development / restoration of bodily health <sup>*51</sup>	Development of human capital (health conditions); increase in life expectancy, quality of life, productivity, and GDP; reduction in the mortality rate
Maintenance / development / restoration of spiritual health*	
Development of transferable abilities and skills*	Development of human capital (knowledge, capabilities); increase in worker productivity
Feelings of momentary enjoyment, excitement and happiness	-
Factor in workforce reliability / attaining higher individual income*	Higher worker productivity
Lower individual health-care expenses*	-
<b>Business factors</b>	
Lower company sick-leave expenses*	-
Fewer workplace absences / illnesses / accidents*	Increase in available workforce and productivity
Higher level of achievement (more satisfied, motivated workers)*	Higher workforce productivity
Development of transferable abilities/skills that are important for work*	
Demonstrating social responsibility through leisure sports (to both workers and the community)	-
<b>Macro level</b>	
Lower healthcare and sick-pay expenses*	Improved health conditions → increased economic productivity, GDP
Reduced loss of income due to illness*	Higher economic productivity, GDP
Lower mortality and disability rates, increased life expectancy*	Higher economic productivity, GDP and life expectancy, reduced mortality rate
Reduced crime, hooliganism, vandalism and lower spending on keeping public order	Development of social capital – building a safe and secure social environment
Community development	Development of social capital (social cohesion)
New jobs	Higher economic productivity, GDP
Additional tax revenues	-
Higher business revenues from increased consumption of sports tourism, travel and transport	Higher GDP

Source: Table created by the author

<sup>51</sup> With the mark \*: only in the case of doing physical activity regularly, e.g. in the case of “health sports”

I have to admit that the different leisure sports have different social, economical and health effects. The individual sports cannot create communities, and those sports could develop different abilities and skills. The effect of running or cycling on health is not the same as the effect of rafting and paragliding, or other extreme sports (see the health sports and the experience sports I mentioned before) In the case of extreme sports the risk of injuries is bigger and there are extra healthcare costs because of these injuries. Not all the sports could operate on the business level, creating business revenues (I will write about it later). Next chapter will concentrate on the roles of the state.

#### 4.2. ROLES OF THE STATE

In this chapter, I will describe the state's tasks in relation to sports – both in general and with special regard to leisure sports. In different time periods, the state played a greater or lesser role in sports depending on the interpretations and approaches that prevailed at a given time<sup>52</sup>. Recently, the World Bank ([1997], cited by Chikán [2008]) defined five basic functions of the state with respect to sports: defining legal frameworks, outlining economic policies, creating basic services and infrastructure, protecting people who are discriminated against or disadvantaged, and protecting the environment. Of these, defining legal frameworks, creating basic services and infrastructure, and protecting victims of discrimination and the disadvantaged are the most relevant to leisure sports.

Initially, liberal democracies left the issues of sports and leisure sports (even regulation and the outlining of legal frameworks) to civil society. These states limited their involvement in sports to two domains: physical education at schools and in the armed forces. In communist countries, the state was fully in charge of overseeing, controlling and financing sports, as leaders believed success on the athletic field could help legitimize their system. Since communism collapsed, the governments have only partially relinquished their influence on sports.

Within the EU, four types of national sports-regulatory systems are in operation:

- Bureaucratic, where public offices fulfill the roles of active regulators: (e.g. Belgium, Cyprus, the Czech Republic, Estonia, Finland, France, Greece, Poland, Latvia, Lithuania, Malta, Hungary, Portugal, Spain, Slovakia and Slovenia).

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<sup>52</sup> See Appendix 9.

- Voluntary, where the voluntary civil sphere has authority that enables it to make decisions (e.g. Austria, Denmark, Luxemburg, Germany, Italy, Sweden).
- Entrepreneurial, where the system's operation is defined by economic demand (e.g. the UK<sup>53</sup>, Ireland)
- Social, where sports sphere is described by cooperation of partners (e.g. the Netherlands).

Houlihan [1997] created five models to describe the state's influence on sports (the corresponding elements from the above list are in parentheses):

- strong central government role (bureaucratic),
- strong local government role (bureaucratic),
- sports are overseen by quasi-autonomous government bodies or semi-independent associations (bureaucratic and voluntary),
- responsibility is divided between governments and civil organizations, but the dominant role is with the citizens who may be financially independent (voluntary),
- the government plays a marginal role (entrepreneurial).

Hungary used to belong to the system that *operated with strong, bureaucratic central government involvement*; today, civil society and business should be engaging (or re-engaging) themselves in sports. In other words, Hungarians must initiate moves toward voluntary and entrepreneurial sports systems. Perhaps the most significant shift toward civil governance so far was the government's decision to make the Hungarian Olympic Committee (MOB) responsible for oversight duties that used to be the sole province of the state. At the same time, the state has retained numerous tasks that cannot be handed off.

According to Sárközy [2004] and András [2002], the state's responsibilities in (leisure) sports are:

- defining legal conditions, that is: *regulation and lawmaking*<sup>54</sup>
- outlining *strategic concepts*,
- tendering *support and tax breaks* for the civil-society and business spheres,
- *regulation of competition*,

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<sup>53</sup> See the operations of English leisure sports in Király [2010].

<sup>54</sup> Since the beginning of the 20th century, the shape of regulatory and supervisory bodies has undergone profound changes in Hungarian sports (See Appendix 10).

- *creating real (substantive) infrastructure, development of facilities.*

States can also function as *owners*: The state or municipalities usually own the necessary sports infrastructure and facilities<sup>55</sup>.

Stiglitz [2000] has named three objectives for states in developed market economies:

- alleviating the effect of market failures (monopolies, public goods, externalities, incomplete market failures, information asymmetry, unemployment). Of these, the *question of public goods* is the most relevant in case of leisure sports,
- influencing the distribution of incomes, re-distribution of incomes and *ensuring equal opportunity*,
- *inspiring the consumption of meritorical goods*<sup>56</sup>.

With respect to the question of public goods, based on Nagy [1996], we can group leisure sports activities into four categories depending on (a) whether consumers can be excluded from a service based on their ability to pay for it, and (b) whether consumption and usage are competitive or noncompetitive (see Table 9).

Table 9: Leisure sports services

	Competitive usage	Non-competitive usage
Consumers can be excluded from service	Private goods (tennis courts, fitness clubs)	Saleable goods, organized tours
Consumers cannot be excluded from service	Common goods, open sporting fields	Public goods city parks, forests, waters

Source: András [2006], based on Nagy [1996]

Private goods represent a distinct type of service, where a consumer who cannot pay may be excluded and consumers compete with each other to use the service (i.e. when one consumer uses a service, he decreases the usage opportunities for others). This type of good is offered by profit-oriented enterprises. The other distinct type of service is public goods, where excluding consumers is either impossible or prohibitively expensive, and usage is not competitive (i.e. goods may be used by more than one person at the same time). In this case, the profit-oriented business sphere is not able to ensure adequate sup-

<sup>55</sup> 69 percent of central budget expenditures on sports facilities goes toward development, while the remaining 31 percent is devoted to trusteeships. Municipalities own 75 percent of facilities and spend an annual 4-5 billion forints on maintenance and other expenses (Ács, [2007]). The state also delegates other sport-related responsibilities to the municipalities.

<sup>56</sup> The state creates values for meritorical goods that differ from market values. Individuals view the utility of these goods differently than the state does. This is because the individuals are boundedly rational (they lack of information) or because they are not aware of the consequences. Meritorical goods could be produced by the market itself but not in an adequate quantity. Furthermore, there is no guarantee that people would consume the goods in sufficient amounts.

ply. When it comes to public goods, the production of goods by market mechanisms cannot be ensured, hence the state must play a role in their provision. Among leisure sports, activities based on natural resources (water sports, hiking) are principally classified as public goods. There is no such thing as a “pure public good,” because it is always theoretically possible to exclude consumers, even if doing so incurs a considerable cost. Moreover, the noncompetitive nature of using public goods is only true to a certain extent: In the case of lakes, rivers, forests, and parks, consumption by one individual decreases other people’s opportunities to consume the resource (e.g. to do sports). It is more correct to state some leisure sports have the characteristics of public goods, to a certain extent, and hence require the presence of the state (András [2006]). In addition, common goods (public sports fields) also require the state on the supply side.

As the welfare society framework gains ground against classical neo-liberal market principles, more people are objecting to the idea that sports should work on a supply-and-demand basis – that the masses can be excluded from sports based upon their ability to pay. The exclusion of certain target groups (children, disabled persons, the unemployed and victims of discrimination) raises several problems. According to Stigler [1975], it is only fair that central governments ensure a more equitable distribution of the benefits that sports can provide. This “equality argument” holds that people should not be excluded from sports just because they do not have sufficient income. They need public financing.

Sports can be considered a meritorical good. Since people are uncertain about the long-term effects of meritorical goods, they underestimate (Musgrave [1987]) and “under-consume” sports services. That is why state cannot withdraw entirely from leisure sports. The state can play a key role in *boosting demand* (social marketing, health education, establishing an information system that publicizes sporting opportunities). On the demand side, the state may see a need to *change public attitudes toward sports*, and the state’s role in *sports education* and *student sports* cannot be neglected. On the supply side, the use of *facilities should be improved* along with the *construction of new facilities* through targeted tenders<sup>57</sup> and adequate *education of sports experts* (Downward et al. [2009]).

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<sup>57</sup> In England, a supply-side tax exemption is tendered for athletics groups that have “Amateur Sport Club” status. The tax concessions are as follows: A 80 percent tax break and full exemption from corporate taxes for clubs whose annual income is less than 30,000 pounds; an exemption from property taxes for clubs whose annual income from real estate is less than 20,000 pounds; and a 28 percent tax rebate for donations (Király, [2010]).

The Hungarian government's initiation of "National Sports Strategy 2007-2020" represented a meaningful moment for leisure sports and sports in general. All five parties in Hungary's parliament approved the plan in June 2007. Its most important advantage is that it lays out a long-term strategy that primarily regards sports as a tool to achieve important social objectives<sup>58</sup> such as health preservation, education, personality development and social integration. In contrast to the previous approach, which was more oriented toward professional sports, the strategy mentions leisure sports several times. However, this strategy has not achieved its purpose; as of March 2012, officials were still reviewing it. In the field of leisure sports, the so-called "Sports and Leisure Sports Strategy for Small Communities" was completed in 2008 (Varga [2008]), but nobody ever put the plan into action.

In summary, the state's areas of responsibility in the field of leisure sports are: regulation, ensuring satisfactory legal conditions, strategy, maintenance and development of infrastructure (facilities), ensuring public goods and common goods, creating equal opportunities, boosting demand, education of experts and supporting both the civil-society and the business spheres.

### **Sidebar I.: European Union**

A meaningful step for leisure sports came when the European Commission approved the "White Paper on Sport" as a comprehensive initiative in 2007. Its most important proposals with respect to leisure sports are:

- Guidelines related to physical activities along with the creation of a European health-development program that is set to last several years.
- Support for sports within the framework of European Union programs and funds. The programs include "Progress," "Lifelong Learning," "Youth in Action," "Europe for Citizens," and "LIFE," and the funds include the European Social Fund, the European Regional Development Fund, the European Integration Fund and the Rural Development Fund (LEADER, Liaison Entre Actions de Développement de l'Economie Rurale).
- The development of a common European statistical methodology to measure the economic effects of sports.

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<sup>58</sup> The content of the debate document was analyzed by Kozma [2005] with the help of the Osborne-Gaebler model. He concluded that state influence is still a defining factor, especially in relation to financing and support.

- Compiling studies on grassroots sports initiatives<sup>59</sup>, on sports financing, on examples of cooperation between civil society and the private sector.
- Initiating a European Social Dialogue Committee.
- Support for employers and employees in sports.

*“The EU supports such major social objectives as equal opportunity, social cohesion and health preservation. Sports can help to achieve all of these... Important areas are: helping under-developed regions close the gap with wealthier regions, increasing employment and productivity, and cross-border cooperation... In areas where these goals intersect with sports (education, youth, health preservation, workplace creation, tourism), sports-development objectives can have indirect access to support from EU sources” (Resolution of the Hungarian National Assembly on “National Sports Strategy” Chapter 1, Subchapter 5, Paragraph 1)*

The European Commission has set up the Health Enhancing Physical Activity (HEPA) network, whose top priorities include the maintenance and improvement of physical activities. Resources are allocated from several funds: The lifestyle and public-health programs of the Seventh Framework Program for Research and Technology; the program for public health (2007-2013); and general programs for youth, citizenship and lifelong learning.

In September 2008, the European Commission and the member states’ “Sport and Health” working group approved a publication entitled “Physical Activity Guidelines of the EU.” The document summarizes the positive effects of physical activity and reviews the existing guidelines.

The “White Paper on Sports” and “Physical Activity Guidelines of the EU” have served as the foundation for the EU’s sports strategies and for the European “Sport Program.” The first mention of sports in the EU’s basic treaties is in Article 165 of the Treaty of Lisbon. Sports remain within the competence of the member states; the EU’s role will still be to support, coordinate and supplement the member states’ athletics policies. Still, the EU could become more deeply involved with the indirect financing of leisure sports on larger scale, meaning it could take some of the burden off the states and help to reinforce the civil sphere. The experimental phase of the EU Sports Program starts in 2012. The EU is expected to announce a related call for tender bids.

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<sup>59</sup> For some examples of initiatives that work well, see: Janssens et al. [2004].



After analyzing the operative programs and calls for tender submissions in Hungary's First National Development Plan, the New Hungary Development Plan and the Rural Development Program, it is clear that support for sports activities has been rather haphazard. This is primarily because the key players in Hungary's sports industry mostly concentrate on professional athletics, which are not eligible for EU funding. However, community sports, health preservation, disease prevention and sports as a tool of social integration are all eligible for funding from Brussels. In other countries, the EU's LEADER program has supported these goals. Investments into equal opportunity and environmental sustainability receive priority. Good examples of funding and development (especially related to tourism) can be found in water sports, bicycling, horseback riding and golf (Habuda [2008]).

## **Sidebar II.: Financing**

In the past, the Hungarian government was solely responsible for financing sports<sup>60</sup>, the topic of sports finance would clearly have belonged in the chapter on the state. While this is no longer the case, the state's former role as the sole financier continues to influence attitudes. Many people still expect the state to fund sports to a considerable degree.

Starting in the 1800s, sports in Hungary represented values and interests that were not particularly central to sports, but were important for the state (e.g. national defense, patriotism, and independence). Under state socialism, sports were almost exclusively financed from state resources. Once state socialism ended, the social role of sport changed: It ceased to enjoy a privileged status and the state began to scale down its involvement. In the model of Hungarian sports financing, the 4Ms (maintaining, modernizing, marketizing and minimalizing) are all significant elements of the "pathway of development." Minimalization is the dominant component with respect to the state (Pollitt-Bouckaert [2002])<sup>61</sup>.

Sports finance means ensuring the resources that are necessary for sports activities. Public financing of sports is ensured by state and local governments, while private financing comes from households and corporations<sup>62</sup>. The proportion of public to private financing

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<sup>60</sup> For details, see Dénes [2009b].

<sup>61</sup> The book is about public administration and the four "pathways" refer to public administration and public services. However, I believe they apply to the field of sports as well.

<sup>62</sup> According to calculations by Dénes [2009b], the various actors financed sports activities in the following proportions between 2003 and 2007: The central government and municipalities: 57 percent (34 + 23); Households: 33 percent; Corporations: 10 percent.

differs from country to country. In most Western European countries, direct state contributions are the least significant source of sports finance. Table 10 shows the structure of sports financing in the Hungary of the mid-2000s based on estimates by Dénes-Keserű [2007]:

Table 10: The structure of sports financing in Hungary in the mid-2000s

Central budget	HUF 20 billion
Municipalities (local governments)	HUF 35-40 billion
Households	HUF 70-90 billion
Corporations	HUF 15-20 billion
Total	HUF 140-170 billion

Source: Dénes – Keserű [2007] p. 58.

The state finances the following areas of sport: physical education and student sports at schools, leisure sports (“sport for all”), professional sports and training for junior athletes. Private spending is most prevalent in leisure sports, where it accounts for two thirds of the total. The state is the top spender in the other two fields.

In recent years, direct state financing of sports accounted for 0.25-0.3 percent of the budget<sup>63</sup> (Sárközy [2008]). After the financial crisis struck, this sum decreased to 0.2 percent in 2010, but remains no lower than the EU average. At the same time, sports generate 0.7 percent of Hungary’s GDP, which is one of the lowest levels in Europe. In Western European countries, sports accounts for 1.5-2.5 percent of GDP (Dénes-Keserű [2007], Sárközy [2008]).

The Hungarian state budget devotes approximately 60 billion forints to sports every year through the central government and municipalities. The biggest amount goes toward sports facilities, while approximately one third (20 billion forints) went to “actual” sports. It is clear that professional sports receive the greatest financial consideration. Leisure sports suffer from a lack of resources, receiving just 4 percent of all state sport funds in 2004 (Background for the National Sports Strategy, [2005]). According to Dénes [2009b]), **an average of 9.1 percent of the central budget’s expenditures on sports went to leisure sports in each year between 2003 and 2007**, 39 percent went to professional sports, 36.3 percent was spent on facilities and 9.3 percent was devoted to training

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<sup>63</sup> The ratio of sport-oriented expenditures within the total factual budgetary expenditures was 0.33 percent in 2005 and 2006, 0.32 percent in 2007 (Dénes [2009b]).

up junior athletes<sup>64</sup>.

According to Elbert [2006]<sup>65</sup>, leisure sports can get support from the following resources:

- *Expenditures by respective governments* and other state support. State subventions for leisure sports come in three forms: *normative support* defined by law, *tenders* from various organizations and *individual decisions*. There is a considerable shift towards tenders. Under the government's new sports structure, the Hungarian Olympic Committee (MOB)'s role has been expanded to include not only professional tasks, but decisions on the allocations of resources and 7 billion forints in funding<sup>66</sup>. It is unclear how much of this money goes toward leisure sports.
- *Private contributions* from households and companies. This is leisure sports' most important source of funding.
- *Contributions from local governments*. The Hungarian law on local governments entrusts the bulk of public services to city, town and village government bodies. Supporting sports is one of the non-compulsory tasks assigned to local governments<sup>67</sup>. Local governments appropriate most of the funds for leisure sports; they own the overwhelming majority of sports facilities (70 to 90 percent) and usually finance renovation and operation costs. A considerable part of the municipality-owned facilities are outdated, badly managed and can only be operated with considerable financial support. In the new system of districts (*járások*) that is presently under development, municipalities will not be obliged to finance sports and the volume local-government resources will decrease.
- *Sponsorship*. The volume of sponsorship is still meager, but is growing.
- The *National Civil Fund* was set up to allocate subsidies to civil society. Most the

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<sup>64</sup> Based on Bardóczy [2012], see the state budget for sports between 2008-2012 in Appendix 11.

<sup>65</sup> Based on information presented at a conference entitled "Business for Sport – Sport for Business" on 5 October 2006. The event was jointly sponsored by M-H Communications and Hungarian newspaper *Világ-gazdaság*.

<sup>66</sup> The MOB has been responsible for allocating funds for major sporting events since 2011. However, it delegated this task to the Hungarian Leisure Sports Association (MSZSZ) and the National Leisure Sports Association (NSZSZ).

<sup>67</sup> Chapter 8 of Hungarian Law LV on Local Governments of 1990 charges municipalities with the duty of supporting sports and encouraging healthy lifestyles. Chapter 55 of Hungarian Law I on Sports of 2004 describes local governments' duties *vis-a-vis* sports as follows: "The communal government, with regard to the long-term development concept for sports, defines the local concept on the development of sports, oversees its realization, cooperates with the local sports organizations and associations, maintains and operates the sports facilities in its possession, arrange the conditions needed to the realization of physical education and sports activities at schools in hands of the local government and ensures the conditions necessary to the operations of sport tutorials carried out by the local government or at its schools."

fund's monies explicitly served purpose of supporting civil organizations via tenders (Jenei-Kuti [2009]). As of 1 January 2012, the National Civil Fund was replaced by the *National Cooperation Fund* of National Civil Fund Program (NCA)<sup>68</sup>.

In 2000, the (now defunct) Ministry of Children, Sports and Youth (GYISM) initiated the Sports Enterprises Support Program. Its goal was to support enterprises whose activities help to improve the people's health and physical well-being. GYISM provided investments and low-interest loans valued anywhere between 800,000 and 15 million forints. By 2003, programs aimed at financing sports activities had provided 358.3 million forints to a total of 46 entrepreneurs. The program made it possible to provide swimming instruction and coaching for children, to construct tennis courts, to establish fitness centers, and to support water sports and extreme sports (Habuda [2008]).

"In our country, sports are underdeveloped compared to similar fields such as culture and science," according to Sárközy [2006]<sup>69</sup>. "Traditional sports and institutional systems have gone with the wind. The state has to play a background, complementary role instead of being the cash cow for this essentially civil sphere."

In closing, leisure sports' relationship to the state is a much-debated topic. States have responsibilities that are codified in law and nobody disputes that basic standards must be established. The Hungarian government's new sports structure has delegated numerous tasks to the MOB. In my empirical research, I try to answer the following questions: Which are the state's most important responsibilities according to the state, civil society and business spheres? How effectively does the state carry them out? Has the state been able to create the conditions that are necessary for leisure sports to flourish? And which areas need change?

## **5. THE ROLE OF CIVIL AND BUSINESS SPHERES IN LEISURE SPORTS**

If consumers want to do sports in their leisure time, but do not pursue sports at home or in a public area, they use leisure sport services – either at a civil organization or at a provider that operates as a business. Numerous surveys have found that fewer and fewer

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<sup>68</sup> Each year, NCA distributes approximately 7 billion forints, of which 900 million forints goes toward sports. Currently, the National Cooperation Fund has a budget of 3 billion forints.

<sup>69</sup> Based on the information presented at the "Business for Sport – Sport for Business" conference on 5 October 2006 in Budapest. The event was jointly sponsored by M-H Communications and Hungarian newspaper *Világgazdaság*.

Europeans do sports within the framework of associations. Poland, Hungary and Latvia have the lowest proportion of people who do sports in associations, while the highest proportion is in Denmark, Belgium and the Netherlands. Nowadays, not even Belgium's ratio of athletes who participate in associations reaches 35 percent (Bukta [2005], Downward et al. [2009]). In European countries, **informal sports (at home or in public areas) – in other words, sports that are done in an economically unaccountable way – are becoming increasingly popular, as are sports done at business-based providers.** (Downward et al. [2009]). This data is further supported by a 2010 Eurobarometer survey that shows that 48 percent of people who participate in sports in the EU27 do so in public areas and parks, compared to 11 percent in fitness clubs, 8 percent in other sports centers and only 11 percent within the framework of sports associations. The data for Hungary is as follows: 36 percent of people who participate in sports do it in public areas and parks, 2 percent in fitness clubs, 4 percent in other sports centers and 3 percent within the framework of associations.

In the next chapter, I present the civil-society sphere in leisure sports, after which I will contrast association-based operations to corporate operations. This will be followed by a more detailed presentation of providers that operate on a business basis.

## 5.1. THE NONPROFIT SPHERE IN LEISURE SPORTS

According to the traditional definition, economies consist of two sectors: the market and the state. Nowadays, we are beginning to speak about three-sector economies, where the two existing spheres are supplemented by civil society.

The private sphere comprises profit-oriented business enterprises and not-for-profit organizations. From a historical point of view, civil society preceded the formation of business ventures; the market is a secondary institution compared civil society and its institutions<sup>70</sup>.

The nonprofit sector is often mentioned as a synonym for civil society, even though the two terms' meanings do not entirely coincide<sup>71</sup>. According to the KSH's definition, pri-

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<sup>70</sup> For a detailed review of the creation and interpretations of civil society, see Bocz [2009].

<sup>71</sup> A detailed interpretation of the two terms may be found in Bocz [2009]. "Not-for-profit organizations can have civil characteristics (e.g. voluntarism, independence from the government) as civil organizations can also have characteristics that are otherwise specific to not-for-profit organizations (e.g. an institutionalized operation without the primary objective of obtaining profit)." (Bocz [2009], p.48-49) "A heterogeneous multiplicity of organizations is present in the not-for-profit sector. These organizations can be from within the civil sphere or from outside of it, they can be closely or remotely associated with the govern-

vate and public foundations, associations, unions, advocacy groups and trade unions, public bodies, public-use organizations (Kht.) and institutions founded by nonprofit organizations all belong to the nonprofit sector, irrespective of their particular activities or sources of income. With the new law on civil issues (Law CLXXV of 2011), a new organizational format has been created: the “civil company” (civil társaság).

Civil-society organizations must have three parallel functions: provider (of public duties, services and alternative solutions), lobby (influencing decisions) and community builder. In addition, civil-society organizations may play an important role in tenders and various sorts of cooperation (with the state, with other nonprofit organizations and with for-profit organizations) as well as in the domain of information exchange (Breiner [2008]).

The roots of sports are clearly a product of the civil sphere. Associations that play an extensive role in the provision of sports services and in community building are particularly important<sup>72</sup>.

It is important to consider whether a civil-society organization approaches the state as an “*incorporating*,” “*concurring*,” “*ambivalent*” or “*critical*” organization (Bíró [2002]). I classify sports organizations as either “*ambivalent*” or “*incorporating*”.

Between the two world wars, the majority of associations were leisure-time and social associations. After World War II, sports associations became predominant (Bocz [2009]). In 1982, 51.5 percent of all associations (4,575 of 8,886) were sports associations; leisure-time associations were in third place with 16.1 percent of all associations (1,433)<sup>73</sup>.

In 1990, there were 2,716 registered sports associations, which rose to 3,064 in 1993 and reached 3,240 in 1994 (Bukta [2005]). When Bukta was compiling his data in 2001, the number of sports associations registered at local governments was between 6,500 and 7,000 (this roughly corresponds to the KSH’s estimates). About one third of these organizations were defunct, while an estimated 4,500 could be considered active (Bukta [2005]). There are no estimates on how many sports organizations actually give people the opportunity to do leisure sports. The KSH’s “Sport” category does not keep records on which organizations deal exclusively with leisure sports. Such groups can be found in

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ment, and they encompass organizations that are either lobbies based on self-organization or quasi-market organizations that seek economic profitability.” (Bocz [2009], p. 44)

<sup>72</sup> Theories and important authors who have written on the creation and operation of the nonprofit sector are listed in Appendix 12. I have highlighted those theories that I consider relevant to the creation and operation of Hungarian public-sports organizations.

<sup>73</sup> See Appendix 13 for details.

the KSH's "Recreational and hobby activities" category, which has two categories that are relevant to leisure sports: "Sports activities connected to nature" and "Mass sport, game and recreational activities". The KSH's "Multipurpose and other recreation, holiday and entertainment" group also has a subcategory that is relevant to leisure sports, "Public service sport and recreational activities (public benefit companies)",<sup>74</sup>.

Data compiled by Jenei-Kuti [2009] demonstrates a big difference between the number of nonprofit organizations that receive state money to perform public services<sup>75</sup> and the actual performance of these organizations. Some 26.9 percent of nonprofit groups that specialize in organizing sports, recreation and leisure-time activities receive commissions from the state, but these groups are only involved in 7.8 percent of all "public sport services". This is based on 15.9 percent of sports nonprofits, whose share from "public services" is a mere 3.2 percent. In the domains of leisure and hobbies, the number of organizations got money from the state for public services is 11 percent; their "emission" is 4.6 percent (Jenei-Kuti [2009]).

Besides associations, sports leagues are also considered nonprofit organizations as well as public bodies. Hungarian sports laws only acknowledge nationwide leisure sports federations, but these can have regional chapters. People can become members of leisure sports federations even if they only do sports in their leisure time. Only one professional federation is allowed per sport. Presently, the number of registered nationwide federations is 73. The Hungarian Leisure Sports Association (MSZSZ) currently has 25 member organizations, while the Budapest Leisure Sports Association has 40 members<sup>76</sup>.

As of 2000, the Hungarian Law on Sports restricted the number of legal persons, took away the national federations' status as public bodies and replaced them with five public bodies (three of them were new additions). As of 1 January 2012, the Hungarian Olympic Committee (MOB), which used to be a civil-society organization that performed state responsibilities, replaced its five predecessors and became the sole public body for sports. The MOB will take over the responsibilities of the "Association of Sport Federa-

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<sup>74</sup> A detailed examination of the categories and sub-categories mentioned can be found in my empirical research.

<sup>75</sup> "Performance of public tasks" is defined as those nonprofit organizations that are able to show that they actually perform services, and receive normative support from state or the local government and/or price-incomes from state resources for services they carry out as basic activities. These constitute a mere 7 percent of the nonprofit sector.

<sup>76</sup> According to the organizations' homepages.

tions” (NSSZ), the “Association of Leisure Sports Federation” (NSZSZ)<sup>77</sup> and the “National Association of Disabled Athletes”; the areas that were once controlled by independent associations will operate as special sections of the MOB. This fusion took place via consolidation (the five specialized areas no longer have legal status); the leaders of each area are vice-presidents of the MOB. The five task forces have the right to offer opinions and make suggestions on issues concerning their fields; they also have the right of consent on strategies related to their fields of competence (Constitution of MOB, p. 26).

Civil-society organizations operate in every domain of sports (public education, tertiary education, teachers, associations, coaches, sports sciences, sports health, sports facilities and journalism). These are the Hungarian Students’ Sports Association, the Hungarian University and College Sports Association, the Hungarian National Association for Teachers in Physical Education, the National League of Sports Associations, the Society of Hungarian Coaches, the Hungarian Society for Sports Sciences, the Hungarian Society of Sports Physicians, the National Association of Sports Facilities and the National Association of Hungarian Sports Journalists (Ács [2007]).

Volunteers are also part of Hungarian sports civil society, but their numbers are insignificant and their economic importance is marginal compared to Western countries<sup>78</sup>.

For the federations the representative functions of civil organizations (participating in drafting legal regulations) as well as the awarding of tenders, various sorts of cooperation and exchange of information are important tasks.

## 5.2. SERVICE PROVIDERS IN LEISURE SPORTS – SPORTS ASSOCIATIONS VERSUS SPORTS ENTERPRISES

Hungary’s 2004 Law on Sport provides for two types of sports organizations: associations and business ventures. This law defines even the national sports federations as sports organizations. In the case of sports for the disabled and leisure sports, the law dif-

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<sup>77</sup> This was created through the voluntary merger of the Hungarian Leisure Sports Association, the Hungarian Association of the Hikers, the Hungarian Association of Cyclists, the Hungarian National Association of Technical and Mass Sports Clubs, the Hungarian Students’ Sports Association, the Hungarian University and College Sports Association and the National Sports Association of the Disabled. In addition to these basic organizations, membership of the NSZSZ is open to every nationwide sports association of leisure, student and other sports groups that are nonprofit organizations, operate in at least eight counties and have at least 20 members. Whether the association itself is a member of the Association of Sport Federations has no bearing.

<sup>78</sup> See Király [2010].



ferentiates between sports associations, sports schools and special afternoon classes. The last modification of the regulation on sports (Law LXXXIII of 2010) mentions sports schools and foundations among sports organizations.

Sports organizations are established based on Law II of 1989, which also tenders the right of free assembly for sports organizations. They are social organizations responsible for the provision and supervision of regular opportunities in sports and physical education. The denomination “sports association” is a collective term referring to all sports organizations that carry out activities. Sports groups, sports clubs, exercise groups and gymnastic associations are also covered by this term. All of these offer opportunities for professional and/or leisure activities.

According to Law CXLV of 1997, a company may be classified as a sports enterprise if its main activities are sports or the creation of suitable conditions for one or more sports. As sports enterprise can be founded either as a limited liability company (Kft.) or as a joint-stock company (Zrt., Nyrt.). In the case of the sports for the disabled and leisure sports, the public-use company (Kht.) format is also possible.

Based on the interpretation of András [2002], sports ventures are enterprises that seek to satisfy consumer demands and make profit in the same process. Companies that operate in leisure sports do the same.

The owner of a sports enterprise is a definable entity whose principal purpose is to maximize profit. Associations’ main purpose is to maximize membership. The members of an association want to decrease the transaction costs, and they also want to create a “framework” to their sport activities. Sports associations do not pursue profitability (even though they survive from membership fees), but the sport enterprise does (Thiel – Mayer [2009]). Nowadays, the two types of organization exist side by side (See Table 11).

Table 11: A comparison of nonprofit and for-profit providers

	Nonprofit	<i>For-profit</i>
Fundamental characteristics	Part of private sector, democratic, autonomous, voluntarism is a feature, main purpose is to maximize the benefits for members	<i>Part of private sector, follow individual interests, main purpose is creating value for the owners (profit)</i>
Economic characteristics	Membership fee, profit maximization is not a key consideration, most important pursuits are the ideal of solidarity and to get the greatest possible number of people involved in sports activities	<i>Admission fee (for the service provided), profit maximization is a key goal, Consumer demand, seeks a high level of consumer satisfaction</i>

Source: based on Horsch [1994] and Thiel – Mayer [2009] *with the author's additions*

The sphere of associations is heterogeneous. In Hungary, there is one sports association for roughly every 2,000 citizens (compared to approximately 4,000 in 1989!). But, because of their orientation toward professional sports, the general population has little chance to join the associations. Sports organizations focus primarily on organizing competitions; only a few sports associations have a “lifestyle” orientation. The number of business ventures well exceeds the number of associations (Bukta [2005]).

In the case of leisure sports, the creation of enterprises can be explained by spectacular changes in developed market economies starting in the mid-1980s (in Hungary, the changes began in the mid-1990s following the collapse of state socialism). The increase in disposable income spurred demand for leisure sport service providers.

If we introduce elements of market coordination into the system, we create competition. On the one hand, this increases the effectiveness of resource management, and, on the other hand, the quality of services.

Currently, the association model, the business model and the state model exist side by side in Hungary (Table 12). Based on the interpretation of András [2003], associations typically have soft budget constraints: money is distributed and used inefficiently and politics often lurks in the background. In the business model, by contrast, the overwhelming share of income comes from the markets and consumers. Consumers are the principal stakeholders: The greater the consumer presence, the more secure the business venture.

The development of revenues may restrict expenditures; the owners are primarily interested in getting a return on their investment. Enterprises have to create “double value” in order to survive: They must create value for consumers and owners at the same time. Leisure sports providers operate as companies in the service sector (András [2003]) that have the additional feature of creating social value. Strictly speaking, when it comes to leisure sports, private interests and public interests exist side by side, which could be a good impetus for private individuals to cooperate with the state.

Table 12: Main characteristics of nonprofit, state-controlled and for-profit (commercial) operations

	Nonprofit	State-controlled	For-profit (commercial)
Owner	membership-like	representational	owner
Sports	activity	legitimacy, prestige	service
Consumer	marginal	marginal	most important
Form	civil organization	hybrid	business enterprise
Main purpose	decrease in transaction costs	social objective	value creation
Coordination mechanism	bureaucratical	bureaucratical	market

Source: András [2011]

According studies by Wicker-Breuer [2010], German associations struggle primarily with problems concerning human resources and financial issues. They must also deal with infrastructure issues, especially in relation to facilities. Research on this topic has also been carried out in Canada, Greece, Australia, England, Finland and Poland. Associations in these countries have encountered a mounting number of financial-resource problems, mainly due to a decrease in state support (in addition to the lack of ownership approach, resources and soft budgetary constraints).

In the case of European sports, the old model, which was based on associations and kept its eyes primarily on the interests of the athletes, is being replaced by the business model, where sports activities are produced as services and the purposes of these activities are defined by the owners’ long-term profitability considerations.

### 5.3. BUSINESS-BASED LEISURE SPORT SERVICES

A part of our leisure sports activities are now market transactions; our need for sports has become a consumer demand that is satisfied by specialized providers. Based on András

[2002], I interpret the providers of leisure sports services as users of resources that seek to create “added value” by precipitating changes in consumers’ physical and mental condition. Consumers pay the providers for leisure opportunities while simultaneously preserving their health. Table 13 classifies leisure sports providers from various points of view.

Table 13: Grouping of services and classification of leisure sports providers

Author, classification	Possible categories	Leisure sports services grouping
Sector-based classification of Browning and Singelmann	distributor, producer, social, personal	Personal
International Standard, Industrial Classification	commercial, HORECA, logistical, professional, personal, community and social level, budgetary	personal, community and society level
Out of market or via market	Out of market–via market: production, related to distribution and personal	commercial - personal
Classification from marketing viewpoint	accepted, professional, technical, in relation to possession	accepted and professional
Based on the role played in the process of regeneration	orientational, productive, transformational, maintaining, regenerating, supplying and others	others (in my opinion, this may be either maintenance or regeneration)

Source: based on Papp [2003]

Based on Lovelock’s service-topology, leisure sport providers’ targets are human beings, but the elements of the service can be either tangible or intangible. The service can be either continuous or one-time. Based on the relationship to the consumers, the service can exist with or without membership restrictions (András [2002]). The service can be both customized (e.g. a personal trainer) and mass-produced (fitness training for an entire group), while the power to make decisions depends on the decision-maker’s role within the service provider (is he a personal trainer or a receptionist). Typically, the consumer goes to the fitness center (in Hungary, most fitness centers have a single location, although chains have also appeared recently). Consumer demand for sports services fluctuates. This is not by chance: The fluctuation in demand is mostly periodical/seasonal; it is defined by the time of day and by season of the year. This means fluctuations in demand can be forecast fairly reliably. Last but not least, the human factor is very important.

As societies and cultures change, sports develop and human demand changes. Consequently, modern sports providers offer activities that did not exist even 10 to 20 years ago (e.g. fitdance, nia, or other types of exercise such as speed fitness). Both the services and consumer demand are heterogeneous and the different types of sports have various characteristics in relation to both services and consumer demand. Typically, people do “traditional” sports (in a sociological sense) without providers, but modern sports require sports providers (See Table 14).

Table 14: Sports with and without the involvement of providers

Typically without providers	“Intermezzo”	Typically with providers
athletics, running, <sup>79</sup> bicycling, hiking, gymnastics, water sports,	table tennis, floor ball, hand ball, skating, korfball, basketball, volley ball, badminton	fitness (and its various genres), wall-climbing, golf, martial arts, horseback riding, ski, squash, dance, tennis, body building

Source: Table created by the author

A key task of sports providers is attracting customers. Business only exist if they are able to create and maintain the interest of costumers. Leisure sport is not a basic need. It is the decision the individual whether to spend some money from his discretional revenues for it, whether he becomes a leisure sports consumer or not. Consumer-oriented services<sup>80</sup> and satisfied costumers could be key factors.

Based on the definition of Chikán [2008], business enterprises have the goal to satisfy consumer demand and generate profit. According to the double value creation of Chikán, value must be given for the consumer and the owners within the same process. According to the “sport management model” of Mull et al. [2005], the two keys to success are: adequate sports service and profit. Operation model of leisure sports providers do not differ from the model of operation of any other service providers. Smith and Stewart [2010] have the same opinion. According to the authors, sport is, on the one hand, a special domain because it encompasses strong historical, social and emotional effects. If we regard, at the same time, business operations and the enterprises and sport service providers themselves, we may find them identical to those operation in other industrial branches.

I have examined and overviewed the books of (leisure) sports management of the recent

<sup>79</sup> The presence of event organizers is the most significant in this type of sports.

<sup>80</sup> The consumer is the focus, all activities of the enterprise are determined by the objective of a best possible service for the consumers and by the on-going monitoring of consumer demand and preferences.

years (from 2004) which were available for me in order to detect the fields they discuss<sup>81</sup>.

Most discussed fields of the recent years were marketing and HR.

Considering Robinson's approach [2004], the management of leisure sport service providers has changed a lot since the early 1970s (See Table 15).

Table 15: Changing management styles in leisure services

Time scale	Early 1970's	Late 1970's, early 1980's	Mid 1980's	Late 1980's, early 1990's	Late 1990's
Management focus	Facility focus	Activity focus	Community focus	Market focus	Quality focus
Objectives	Maximize income	Maximize participation	Maximize opportunities for problem groups	Economic revenue and economic efficiency	Maximize quality and achieve best value
Management style	Centralized	Decentralized	Decentralized, advocacy, catalytic role	Expert marketer	Agent of organizational change
Mode of consultation	Professional	Consultant	Partnership	Market research	Customer surveys
Attitudes to clients	Regulation, control of users	Encouragement of under-users	Positive support of disadvantaged	Identify appropriate market segments, customer care	Citizens: one among group of stakeholders
Program emphases	Reactive	Informal, fun and sociability, elitism played down	Proactive, creative, developmental	Selling life-style, health and fitness	Meeting corporate goals through leisure

Source: Robinson [2004] p.19.

As a result of growing competition and increased customer expectations, service quality has been identified as one of the most important topics in the field of service management from the 1990s. Providing high quality service is not only the most important factor for customer satisfaction and loyalty, but it could determine the competitiveness of a service provider, and the profit. Service quality has attracted significant research attention, so I also deal with this topic.

I will describe the main characteristics of leisure sport services, and the main differences between leisure sport service providers and other service providers. Whether one is managing or simply researching a leisure sport service provider, all of these should be taken into consideration:

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<sup>81</sup> See Appendix 14.

- Athletes have *unique motivation, demand and expectation* of the benefits they receive from participating in sports. They have *different skills and attitudes*. A sport service must be in sync with the customers' physical and health status and their current needs and expectations. A tired, moody, grumpy customer could appreciate the same service totally differently than a customer who is in good spirits. It is important to identify the customer's motivation for doing sports and his problems, skills and attitudes<sup>82</sup>, because these determine not only quality of the service, but also the level of customer satisfaction (Ko – Pastore [2004]).
- From the four important characteristics of services (Heterogeneity, Intangibility, Perishability, Inseparability) *inseparability* is really important in the case of leisure sport services. *Human performance* is an important “core product,” and the behavior and performance of employees determines the level of service quality to a great extent (Chelladurai – Chang [2000], Papadimitriou – Karteroliotis [2000]). In a fitness club, different employees handle different procedures. Some operations are relatively routine, and can be standardized (receptionist), while others are more complex and unique, and hence should be customized (personal training, nutrition). In the latter case, the quality of the procedure is primarily judged by professional and human service standards.
- Customers are not passive participants, but actively take part in the service production; they are *co-producers* of the service and are also consumers. In addition, recreational sport services require a close relationship and a *high level of involvement*<sup>83</sup> between the service provider and customers. High involvement is a very special feature (Chelladurai [1992], Chelladurai – Chang [2000], Chang – Chelladurai [2003], Ko – Pastore [2004]). Involvement could have an advantageous effect on the judgment of service quality (Kelley et al. [1990], cited by Amorim [2007]); in addition, the bigger degree of control could be a value-creating factor for the service customer (Bendapudi – Leone [2003], cited by

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<sup>82</sup> This is not a sport-specific feature; all the personal services have this characteristic.

<sup>83</sup> See Krugman [1965], cited by Johnston [1995] who wrote about this involvement. According to him, consumers approach the marketplace and the corresponding product/service offerings with varying levels and intensity of interest and personal importance. Involvement of consumers while making purchasing decisions varies from person to person, between the different product/service offerings in question, as well as between different purchase situations and occasions. Some consumers are more involved in purchase processes than others. For example, a person who has a high level of interest in a product category would expend a lot of time making a decision with regard to the product and the brand. He would compare brands across features, prices etc. Another example is a person who is risk-averse; he would also take a longer time making a decision. If the situation is one of high involvement, the customer may be more sensitive and his satisfaction or dissatisfaction may be even greater.

Amorim [2007], Wakefield – Blodgett [1994]).

- Sport participation is a social process in which *clients interact and influence each other*. Clients can be either supportive of each other in their efforts (doing sport together, or struggle together) or disruptive of such efforts if, for example, they keep complaining or ridicule each other's appearance or fitness. Inter-client interactions must be taken into consideration very seriously. It is not advantageous if the service premises is either overcrowded or empty. (Chelladurai – Chang [2000], Ko – Pastore [2004]).
- *Word-of-mouth* is one of the most important promotion methods. 61% of the clients have heard about the services providers from his or her friends or acquaintances before trying the service out.
- Clients of a fitness club acclimate themselves to the service. They *spend more time* receiving the service relative to other services. This is a frequent, prolonged, “excruciating” participation<sup>84</sup> (Chelladurai [1992], Chang – Chelladurai [2003]).
- Satisfaction may be influenced by a range of factors *outside the control of a service provider*, such as weather conditions or social group influences (Crompton – MacKay [1989]).
- In sport and fitness services the *tangible physical surroundings* and other tangible cues are important variables. When customers evaluate whether to join a particular club, they may base their decision on those aspects of the club they can see, the physical appearance of the tangible facilities and goods. Up-to-date equipment and state-of-the-art facility design are much more important than they are for other services (Chelladurai et al. [1987], Ko – Pastore [2004]).
- In the sports industry, a *customer's experience is a major outcome* (Chelladurai – Chang [2000], Ko – Pastore [2004]). (See also leisure sports as consumer non-durable good).
- Outcomes (physical change, increased fitness level or increased performance) can be achieved only *after a meaningful period of time and consistent regular exercise*. Accordingly, judgments on the quality of the service can only be made some time after the service is delivered. This is referred to as post-consumption tangible evidence and post-consumption intangible evidence (e.g. various psychological

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<sup>84</sup> When we visit a sports service provider, we struggle against others, against ourselves, and against our expectations. By contrast, when we visit the hairdresser, all we need to do is sit for half an hour. In the case of sports, we have to spend several multiples of a half -hour before we feel its effects.



benefits such as confidence, self-esteem, and stress reduction). After-use benefits are more important than the service itself (Chelladurai – Chang [2000], Ko – Pastore [2004]).

Considering these characteristics, the state has two important roles related to service quality: the education of personnel, and the development of quality assurance systems (standards, regulations, specifications).

A wide variety of service quality dimensions have been proposed. Considering the most important service quality models, the three most important, emphasized dimensions are<sup>85</sup>: a, the core service (service product, core product), b, the physical context such as facilities (physical environment, service environment); c, the interpersonal interactions between the client and employee or between two clients (service process).

Synthesizing and summarizing the different approaches of different researchers<sup>86</sup>, the main factors in the case of leisure sport service quality are the following: a) the core service; b) the physical context; and c) the interpersonal interaction; d) outcome quality; and e) secondary services. It should be noted that the evaluation of the service product itself (e.g. fitness programs) and of the outcome of service consumption (e.g. physical change) are two different aspects in the consumption process of sport services. Therefore, it is necessary to separate program quality (core service) from outcome quality. As a 5<sup>th</sup> dimension, secondary services are also important in the case of leisure sport service providers. Service quality in the sport industry has attracted significant research attention from the mid 1990s, but the measurement of service quality in this field is still in a formative stage, there are not enough research and results are only from few countries available: from USA, Canada, Australia, Korea and from Europe, Greece. In most cases researchers deal with perceived quality (perceived performance) evaluated by the customers, and quality is also considered as meeting or exceeding customer former expectations. I summarize the most important factors of sport service quality in the Table 16. The importance of the different factors differs from country to country.

I performed a customer behavior research in 2006, and in 2010 in Hungary, and I asked university students in Budapest. When it comes to rating sport service providers, most important turned out to be *affordable pricing* (for 65% of them in 2010, and for 84% in 2006), followed by *proximity* (for 58% of them in 2010, and for 69% in 2006), *adequate*

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<sup>85</sup> See Appendix 15.

<sup>86</sup> See Appendix 16.

*opening hours* (for 54% of them in 2010, and for 68% in 2006) coming third, than the *interior of the service provider* (for 53% of them in 2010, and for 62% in 2006), the *sport programs of high standard*, (for 52% of them in 2010, and for 61% in 2006), the *staff* (for 27% of them in 2010, and for 42% in 2006) and the *other customers* (for 24% of them in 2010, and for 37% in 2006).

Table 16: The important factors of sport service quality

Dimensions of sport service quality	Factors
Program quality	program information, range of programs, range of activities and opening time
Physical environment quality	physical facilities, atmosphere, equipment, amenities, the design, ambience, cleanliness, temperature, lighting, music, convenience, accessibility, surroundings, location, safe parking
The interpersonal interaction – Process quality	attitudes, behaviors of both the employees of the service provider and other customers, employees' responsiveness, courtesy, skills, knowledge, reliability, empathy, helpfulness, kindness, and emergency procedures, reactions in the case of service failure
Outcome quality	physical change, valence and sociability
Secondary services	food and drink, child-minding

Source: Table created by the author

In some models, price is also mentioned. I don't consider price as a crucial factor in the quality of service. It is closely related to quality as in being an indirect indicator of the quality (customers couple higher price to higher quality), but instead of perceived quality, it rather influences expected quality (Berrett et al. [1993]). According to Berrett et al, the sport service providers' pricing policy is based on the costs or the competitors' prices and not on the demand. The reason for price-discrimination is the capacity management and meeting the costs and expenses, and not the corporate social responsibility. The lower prices are not for lower income people but for their profit objectives.

According to Bolton – Drew [1991] the customers have expectations about the service based on the image of the provider, the worth-of-mouth, their needs and own experiences. Perceived service quality is defined as the customer's assessment of the overall excellence or superiority of the service. A customer's assessment of overall service quality depends on the gap between expectations and perceptions of actual performance levels. A customer's assessment of value depends on sacrifice (i.e., the monetary and non-

monetary costs as sociated with utilizing the service) and the customer's frame of reference. Thus, there should be differences in customers' assessments of service value due to differences in monetary costs, nonmonetary costs, customer tastes, and customer characteristics. There is linkages among sacrifice and customer characteristics, service value, intentions, behaviour and loyalty.

According to Zeithaml et al. [1990] the gap between expectations and reality is broken down into five different components that correspond well with the risk points in the whole process from service request to delivery (see the gap-model (Veres [2002])). Four gaps are internal to the firm: customer expectation-management perception (not knowing what customers expect); management perception-service quality specification (wrong service standards); service quality specification-service delivery (performance not up to scratch); service delivery-external communication. The fifth gap, external to the firm, is that between expected and perceived service. From the companies' view the quality is an important opportunity for creating value for the customers. They have to know what the customers expect, and they have to build it in and implement in all processes of the service delivery. From the customers' point of view the quality is one of those factors, which influence their decisions, but in the case of services there are lots of subjective elements based on trust. All in all in the case of a sports service provider it is also important create value for the customers and the owners in the same process, and service quality is a good opportunity for doing so.

As far as the owners concern there are professional and financial investors. The professional investors think in the long run while the financial investors in the short run. The financial investors examine the market potential, the revenue-opportunities, and the opportunities for exit the industry (are there any investors who will buy his/her sport service provider). In most cases the financial investors do not know to much about the industry, about the operation of a sport sevice provider so they need well-qualified, experienced sport managers. In contrast with financial investors, the professional investors know a lot about the industry, he or she has the know-how he or she needed. With the long run thinking he or she wants to reach and involve into sports as many people as possible. The aims of a professional investor are: facility-development, enhance brand awareness and reputation (András [2003]). Although the aims and the interest are different, both investors want to realize yield after their investments which is expected based on the risk of the investment in the sport industry. In the 1990s and at the beginning of 2000s sport

service providers were good investments, with excellent returns in a few years. What is the situation nowadays? Is it worth opening a leisure sport service provider? I try to give the right answer in my empirical research.

## 6. THE STARTING POINTS OF MY EMPIRICAL RESEARCH, RESEARCH QUESTIONS, PROPOSITIONS, HYPOTHESES

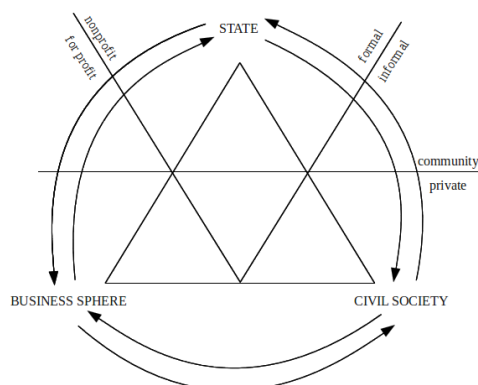
In the theoretical part I *introduced* the fundamentals, the conceptual frameworks of leisure sports (participation sports) economics – its basic ideas, concepts, stakeholders, markets, and its role in creating values for individuals, corporations and society; and I *characterized* the key stakeholders: the customers, the state, the civil society and the business sphere. We know much about consumers, which is the most-researched area in leisure sports economics; I summarized the knowledge about the customers in the 3<sup>rd</sup> chapter. We lack even basic data about the leisure sports markets, value creation, state, civil-society and corporations in connection with leisure sports. I had the aim to enrich this knowledge.

As the academic literature describes, there are differences between formal and informal sports, for-profit and nonprofit sports, and community (state/municipal) and private sector sports. *The state sphere deals with nonprofit-, formal- and community- financed leisure sports; civil society deals with nonprofit-, informal- and privately financed leisure sports, and the corporate (market) sphere deals with profit oriented-, formal- and privately financed leisure sports* (See Figure 4<sup>87</sup>). These three spheres represent the supply side of leisure sports, and individuals can choose between them. All three spheres are subject to broader interpretation as supply-side players, as I demonstrate in the chapters about the state and civil society. The corporate sphere includes other stakeholders besides service providers (sponsors, advisers, professionals, manufacturers of sports equipment and merchandise products, and distributors, which I define as the markets for leisure sports in the theoretical section). In my qualitative research I dealt with the broader interpretation of the three spheres, but in the quantitative section of my empirical research I regarded the state not only as a supply side player but as an entity that has other tasks and roles, however, in the case of the corporate and civil-society spheres, I questioned the service providers (as supply side players).

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<sup>87</sup> According to Ibsen – Jorgensen [2002] the *nonprofit-, formal- and privately* financed leisure sports belong to the volunteer sector, but in Hungary it is not so typical as it is in the Western-European countries, and we consider this part as a part of civil society.

Figure 4: The state, the civil society and the business sphere



Source: based on Ibsen – Jorgensen [2002]

The state clearly benefits from the positive values that leisure sports create in society and the economy. The individuals, the civil society and the corporate sphere contribute to macro level value creation; they also have a role in creating social capital. It is difficult to enumerate the societal values (physical and spiritual health, a sense of community, social cohesion), that come from the corporate sphere for the state and there are also the economic values (tax revenues, jobs, competitiveness, productivity and higher GDP) that the corporate sphere creates. Similarly, it is hard to quantify the societal values that civil society creates for the state, and there are also economic values. Civil society also helps create public goods and services.

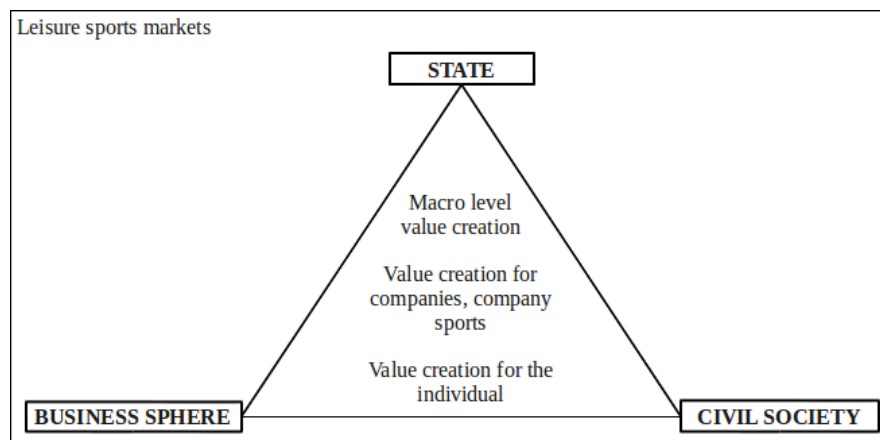
For the consumer, sports themselves create values. The civil-society and corporate spheres can help create values by providing various leisure sport services, and of course, the state can play a role by creating opportunities for people to do leisure sports. Much emphasis is devoted to how the corporate sphere can create values for consumers by improving the quality of services. Since sports associations have no owners, their main objective is not to create shareholder value, but to create value for the stakeholders – the people who participate in sports. For corporate providers of sport services, creating value for shareholders is just as important as creating value for customers. By contrast, the civil-society sphere has a particularly important role in social capital and community building. The state influences both civil society and the corporate sphere (e.g. with laws,

regulations, funding, subsidies, etc.). Each of the three spheres influence the other two. In order to function well – that is, for the consumer market to be as broad as possible – Hungarian leisure sports need support from the state, civil-society and corporate spheres alike, and all three spheres must cooperate with each other. Stakeholders in all three spheres have tasks and expectations to fulfill. All three spheres have room for improvement, as my research will demonstrate.

In the first phase of the empirical research, (for the trial interviews) I only had my research questions in line with my research goals: to discover, understand, and describe Hungary's leisure sports markets, to explore leisure sports' value creation, and to examine the various spheres. (The areas of my empirical research are presented in Figure 5).

- What kinds of markets for leisure sports exist (similarly to the professional sports markets) and what are their characteristics in Hungary?
- How do leisure sports create values for individuals, society and companies?
- What are the features of the state in connection with leisure sports, and what are the most important task, challenges for the state?
- What are the features of the civil-society in connection with leisure sports, and what are the most important task, challenges for this sphere?
- What are the features of the corporate spheres in connection with leisure sports? What are the most important task, challenges for this spheres?
- Are the players in each sphere adequately carrying out their tasks?
- Are there significant differences between the theoretical importance of certain tasks and the practical, real-life fulfillment of these tasks?
- Are there any cooperation among the spheres?
- What challenges and tasks lie ahead? Where can improvements be made, and how?

Figure 5: The areas of my empirical research



Source: Figure created by the author

Based on the trial interviews, document analysis research and my preliminary experiences, I formulated my propositions for the qualitative research. The trial interviews helped me develop the hypotheses I would test out in my quantitative research (see Figure 6 about the process of my research).

Propositions for my qualitative research:

Proposition 1: Like in professional sports, Hungary has markets for leisure sports that are supported by consumer demand. (These markets are part of a broadly defined corporate sphere).

Proposition 2: The stakeholders in the various spheres are aware that leisure sports have the potential to create values.

Proposition 3a: In order for leisure sports to function in Hungary, the civil-society and corporate spheres need the state.

Proposition 3b: The state has not adequately fulfilled the tasks laid out in sports-related legislation and sports strategies.

Proposition 4a: Hungarian civil-society groups that deal with leisure sports are struggling with a lack of resources (especially financial resources).

Proposition 4b: Hungarian civil-society groups that deal with leisure sports cannot fulfill the most important expectations.

Proposition 5: Hungarian providers of leisure sport services are able to fulfill current demand with an adequate quantity and quality of services.



Proposition 6: Stakeholders in each the three spheres do not cooperate extensively with stakeholders in the other two.

Hypotheses for my quantitative research:

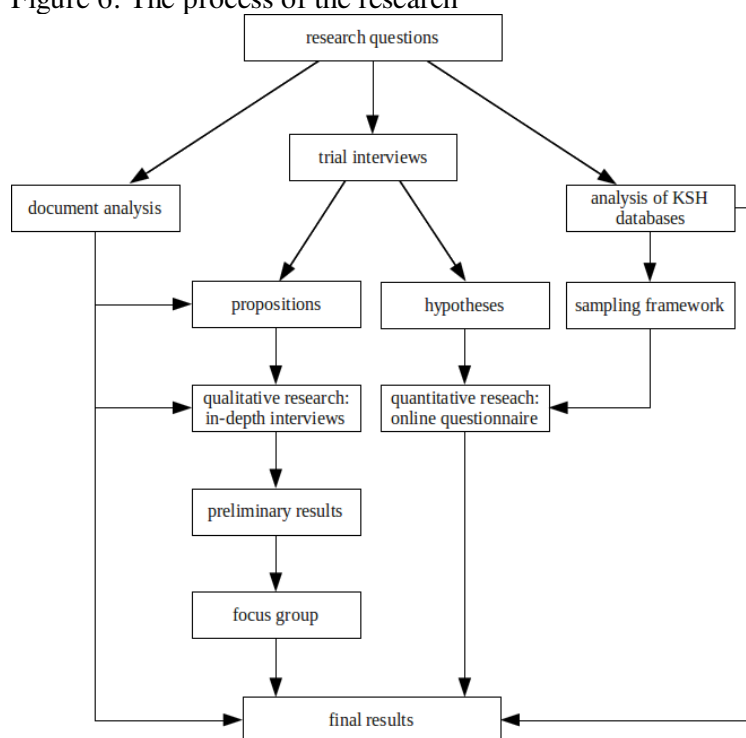
Hypothesis 1: On the state level, there are significant differences between the theoretical importance of certain tasks and the practical, real-life fulfillment of these tasks. Most tasks are theoretically more important than the state's practical fulfillment of them.

Hypothesis 2: On the civil-society level, there are significant differences between the theoretical importance of tasks related to consumer-oriented operations, efficiency and financial planning, and the practical, real fulfillment of these tasks.

Hypothesis 3: There are no significant differences between the theoretical importance and the practical, real fulfillment of tasks facing for-profit service providers.

See Figure 6 about the process of my research, and Table 17 with the propositions and hypothesizes.

Figure 6: The process of the research



Source: Figure created by the author

Table 17: Research questions – related propositions and hypotheses

Research question	Method	Proposition	Hypothesis	Remarks
1. What kinds of markets for leisure sports exist (similarly to the professional sports markets) and what are their characteristics in Hungary?	In-depth inter-views	1.		I also analyzed the Hungarian Law I. on Sports (2004), Hungarian Law LXXXIII. (2010) to amend certain laws related to sports, the Sport XXI. National Sport Strategy (2007), the Sports and Leisure Strategy for Small Communities (2008) and the New Hungary Development Plan (2007). For the 4th and 5th question I used KSH databases. I did focus group research to discuss the results with the interviewees
2. How do leisure sports create values for individuals, society and companies?	In-depth inter-views	2.		
3. What are the features of the state in connection with leisure sports, and what are the most important task, challenges for the state?	In-depth inter-views and questionnaires	3a., 3b.	1.	
4. What are the features of the civil-society in connection with leisure sports, and what are the most important task, challenges for this sphere?	In-depth inter-views and questionnaires, KSH database (NSZOR (Classification of Nonprofit Organizations))	4a., 4b.	2.	
5. What are the features of the corporate spheres in connection with leisure sports? What are the most important task, challenges for this spheres?	In-depth inter-views and questionnaires, and KSH database (Company Code Register)	5	3.	
6. Are the players in each sphere adequately carrying out their tasks? Are there significant differences between the theoretical importance of certain tasks and the practical, real-life fulfillment of these tasks?	In-depth inter-views and questionnaires	3b., 4b., 5	1., 2., 3.,	
7. Are there any cooperation among the spheres?	In-depth inter-views and questionnaires	6.	1., 2., 3.,	
8. What challenges and tasks lie ahead? Where can improvements be made, and how?	In-depth inter-views and questionnaires	3b., 4b., 5	1., 2., 3.,	

Source: Table created by the author

## 7. METHODOLOGY

The area of leisure sports is difficult to research and, at this point, has not been extensively explored. In order to paint a broader picture, it was necessary for me to approach the problem using several methods (triangulation):

- I identified and analyzed organizations that deal with leisure sports activities using the Hungarian Central Statistical Office (KSH)'s Company Code Register (Cég-Kód-Tár) and nonprofit database (NSZOR). I used the KSH databases for two reasons: they allowed me to become acquainted with the for-profit service providers and nonprofit organizations, to collect basic data and descriptions of these entities, and to gain a framework for the sampling in my questionnaires.
- I conducted in-depth interviews and focus groups with representatives from the state, civil-society and corporate spheres, as well as with university experts.
- Before conducting the interviews, I reviewed important documents and analyzed them. The documents included Hungarian Law I. on Sports (2004), Hungarian Law LXXXIII. (2010) to amend certain laws related to sports, the Sport XXI. National Sport Strategy (2007), the Sports and Leisure Sports Strategy for Small Communities (2008) and the New Hungary Development Plan (2007)<sup>88</sup>.
- I conducted questionnaire-research.

In terms of Babbie's [1999] exploratory-descriptive-explanatory framework, my research is primarily exploratory, and to a lesser extent descriptive.

This research is primarily functionalist-positivist, even if the interviews, the analysis of them was an inductive process, with the aim of revealing the key variables and searching the main relationships between them. Epistemologically I assume that there is an objective reality which I can describe, and my interviewees know part of this reality very well. I do not care about the subjective feelings of the interviewees about being part of the leisure sport system, what does it mean for them living, working in it, I would like to know as much as possible about the objective reality of the word of Hungarian leisure sports<sup>89</sup>,

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<sup>88</sup> Because of the length barriers I cannot put this analysis in the dissertation, but I have used the results of this analysis.

<sup>89</sup> Meredith et al. ([1989], p.309.) developed a framework for research paradigms. He used two key dimensions: the rational versus existential structure of the research process, and the natural versus artificial basis for the information used in research. He determined axiomatic, logical positivist, interpretative, critical theory research and direct observation of object reality, people's perceptions of object reality and artificial reconstruction of object reality. My research belongs to the logical positivist and considering the information used in research, people's perception of object reality. According to Meredith et al. interviews and survey research belongs to these methodological concepts.

which are the most important inducements and relationships in this leisure sport system. I claim that there is a “Hungarian reality” of leisure sport system in the beginning of the 2010s.

I aimed to do the triangulation in my research combining the resources and methods (see beforehand), which can enhance the reliability of my research.

## 7.1. SECONDARY RESEARCH – HUNGARIAN CENTRAL STATISTICAL OFFICE (KSH)-DATABASES

As secondary data I used Hungarian Central Statistical Office (KSH)’s Company Code Register (Cég-Kód-Tár) and nonprofit database (NSZOR, Classification of Nonprofit Organizations). I used the KSH databases for two reasons: they allowed me to become acquainted with the for-profit service providers and nonprofit organizations, and to gain a framework for the sampling in my questionnaires.

I looked up companies whose business activities may be related to leisure sports based on the Hungarian Central Statistical Office (KSH) 2009/1 Company Code Register TEÁOR (Standard Industrial Classification of All Economic Activities) numbers. I selected the following TEÁOR-activities related to (leisure) sports: (Sports activities and amusement and recreation activities)

- 9311 Operation of sports facilities (494 firms)
- 9312 Activities of sports clubs (98 firms)
- **9313 Recreational and sporting services** (299 firms): fitness-clubs (exclusively leisure sport services)
- 9319 Other sports activities (1158 firms)
- 3230 Manufacture of sports and athletic goods (105 firms)
- 4764 Retail sale of sports goods (489 firms)
- 7721 Rental of recreational and sports equipment (95 firms)
- 8551 Sports and recreation education (287 firms)
- 9604 Other amusement and recreation activities (1340 firms): I have to add this category, because lots of fitness clubs belong to this TEÁOR-group<sup>90</sup>. Basically

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<sup>90</sup> In 2008 I got a list about the fitness clubs in Budapest. There were 143 items on this list. In 2011 I found 138 fitness clubs on the website [fitneszterem.lap.hu](http://fitneszterem.lap.hu). There were only 45 clubs which were on both list, and I also could find them in the Company Code Register: 44 percent of these belong to the „Other amusement and recreation activities” (9604), 29 percent to „Recreational and sporting services” (9313), 15 percent to „Other sports activities” (9319), and 12 percent to Operation of sports facilities (9311). I examined all the companies in the Company Code Register which name contain „fitnes” (fitnesz and fitness): 37 percent of

baths, saunas, solariums, thermal baths, massage salons belong to this category.

Analyzing this database I can find basic data about the location, the year of foundation, the form, the revenues and the number of workers of the companies related to leisure sports. I could examine their contribution to Hungary's GDP and employment.

Consumer needs are met not only by businesses, but by nonprofit organizations as well. Using the database, which is based on the Classification of Nonprofit Organizations' codes, I looked up those activity categories that were relevant to my research. These were:

9 Recreational and hobby activities

- 91 Sports activities connected to nature (1640 organizations)
- 92 Mass sport, game and recreational activities (2560 organizations)

12 Multipurpose and other recreation, holiday and entertainment

- 122 Public service sport and recreational activities/public benefit companies (111 organizations)

In the nonprofit database I found data about the organizational form, the location, the number of workers and the revenues of the nonprofit organizations.

To sum it up, these databases were good sources for me to characterize the business enterprises and the nonprofit organizations in the field of leisure sports: their basic features, the number of employees, and their revenues.

## 7.2. IN-DEPTH INTERVIEWS

*In-depth interviews* make up the main part of my primary research<sup>91</sup>. I regard these interviews as my primary and most important research method; the other methods (document analysis, analyzing secondary data, questionnaire research, focus group research) played either a supporting or supplementary role. The analysis of my findings delves deeper into the topic of leisure sports than any other similar study to date. The first phase of scientific study was to identify and examine the various phenomena through explorative research and explorative interviews. A qualitative interview is a “targeted discussion” and repre-

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these belong to the „Other amusement and recreation activities” (9604), 32 percent to „Recreational and sporting services” (9313), 14 percent to „Other sports activities” (9319), and 17 percent to Operation of sports facilities (9311).

<sup>91</sup> I use in-depth interviews, explorative interviews and qualitative interviews as synonym, based on King [1994]. I used for this methodological part the chapter of King's work „The Qualitative Research Interview”.

sents a “data-generating method” (Manson [2005]). Qualitative research helps people become acquainted with a topic and understand it. I never aimed to obtain quantifiable answers in either the interview phase or the analysis phase. This kind of research is minimally structured, poses many open questions, and focuses on a special topic and subject matter. By contrast, a quantitative questionnaire is “relationship-independent,” meaning the respondent does not shape the questions or qualify the answers. It is not possible to achieve this “relationship independence” in qualitative interviews. An interviewee does not answer questions in a passive manner; rather, he himself determines the questions, the direction of the interview.

The aim of this research is to examine the three important spheres (the state, the civil and the business sphere), to explore their tasks, relationships, and all available information. Besides these I want to know as much as possible about the value creation of leisure sports, and about the leisure sports markets with the help of semi-structured interviews.

#### *The interview-guide*

Based on my knowledge from the literature, document research and my preliminary experiences, informal talks and trial interviews, I formulated the interview-guide (see in Appendix 17). Always the knowledge and the working area of the interviewee determines the questions, the direction of the interview, and the emphasis placed on each subject area.

#### *Sampling*

The selection of samples in the qualitative research differs from the usual statistical sampling procedure: In this case, the sampling is based on theoretical intention, not representation. Qualitative sampling concerns an intentionally selected small sample that takes shape as the research progresses. We have to make interviews until that point when we reach the “saturation point”, the new interview could not add anything new information.

I initially planned to conduct 20-30 in-depth interviews, and ended up with 31 (+1 unrecorded, short conversation). When selecting my interviewees, I employed the criterion, opportunistic and snowball methods (Miles and Huberman [1994], cited by Bokor [2000]). It was important to speak with representatives from the state, civil-society and corporate spheres. I also considered it important to get opinions from university ex-

perts<sup>92</sup>; these served as a “control” and to ensure the reliability of the information. I interviewed three representatives from the state, 10 people from civil society, 12 (+1) from the corporate sphere, and six university experts. I was careful to ensure that my interviewees did not all come from Budapest: The interviewee group includes people from Szeged, Somogy County and Pest County, as well as representatives from other counties and leaders of civil-society organizations in the countryside<sup>93</sup>.

I only failed to speak with three of the 19 people I had named in my proposal, and I managed to interview an additional 16 people who did not appear in the proposal. The interviews took place from April-September 2011, plus one in December. The six trial interviews were in 2009 and 2010. One of these six people I interviewed in December 2011. All of the interviews were good experience and all the interviewees were very kind and nice, frank and very helpful, I did not feel the “artificial interview situation”, the compulsion to conform, there were no taboos. Altogether I conducted 31 interviews alone, without any other help and I had an unrecorded, short conversation.

I asked each of my interviewees to recommend people with whom it would be essential for me to speak in order to write the best possible dissertation on leisure sports and how they work. If two interviewees recommended the same person (that is, if their name came up twice) I tried to get into contact with them; I only failed to make contact with three of the recommended people. From the original 16 interviewees (I named in my proposal), 13 people were recommended twice. This raises the reliability and the validity of my research, since I, the researcher, was not the only one who thought that these people were important for my dissertation<sup>94</sup>. I came across 13 further interviewees (from the 16 who were not named in my proposal) through the snowball method.

The people whose names were most often mentioned were Árpád Kocsis and Péter Salga: they far and away topped the list of recommendations. They were followed by Sarolta Monspart and László Szántó, then András Horváth, Gyöngyi Földesiné Szabó and Péter Cziráki. I managed to interview all seven of the most-recommended people (that is, the people who were most important to the topic of my dissertation), which I consider valu-

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<sup>92</sup> The list of interviewees sees Appendix 18 and which sphere(s) he or she belongs to. I happened that somebody belonged to more than one sphere which was advantageous for this research. The key sphere is in bold.

<sup>93</sup> I taught at the Budapest Leisure Sport Association while I was writing my dissertation, and I met people from clubs and different organizations from all over the country.

<sup>94</sup> Two of those three people who were present in my proposal as important interviewees, were not recommended by anybody, Ferenc Dénes was important to make an interview with, but I could not make an appointment with him.

able from the standpoint of reliability and validity. My interviewees included four of the 10 members of the Hungarian Olympic Committee (MOB)'s subcommittee on leisure sports (see Appendix 10), selected in February 2012<sup>95</sup>. When I asked people to recommend someone to speak with on the topic of business operations, everyone's first reaction was unequivocally Árpád Kocsis, manager of the Budapest Sports Office (BSI), Hungary's biggest private sports event organizer for running, cycling, swimming, hiking, fitness and roller skating.

### *The role of the researcher*

I always explained to the interviewees the background and aim of my research. I knew more interviewees personally, or his or her works. When I used the snowball method, my interviewees always called the next interview subject, and introduced me for him or her.

Every interviewee is waiting for the complete dissertation, they regarded me as an important source of information. This was an interesting situation, because I regarded my interviewees also the same. Everybody is waiting for the results very much indeed. Every interviewees told all their problems in the leisure sports, they thought I would be an important channel and more people could hear about the problems. I tried to be objective "outsider" during the whole research. The duality was interesting for me, that on the one hand I am an open, curious outsider researcher (a young woman researcher) who does not know the "cert" about the leisure sports, but on the other hand I am an aware, prepared researcher who has been dealing with this top since 2003, and has lots of experience, and theoretical and practical knowledge. Most interviewees asked my opinion about different topics, questions, and in most cases we discussed it after the interviews. The information I got from this after interview-discussions was also very important to have a clear picture about the Hungarian leisure sports system. I assured that the results are presented anonymously.

### *Record of the data*

I recorded the interviews on a voice recorder and also took notes. Fortunately that I took notes because two of my interviews disappeared from the voice recorder, so fortunately I had the notes and I could type these. I did not have the whole text, but I could remember well and my notes were also detailed. Notes were useful because in some cases the interviewees asked me to turn off the voice recorder. After the interviews I always read

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<sup>95</sup> András Horváth, Sarolta Monspart (the leader of the leisure sport subcommittee), Éda Pogány, Péter Salga.



through my notes, and added my further remarks. In most cases we met at the interviewees' office and I could observe the surroundings. I listened all the recorded interviews, on one hand because I typed some of them, on the other hand I controlled and completed those interviews which were made by a shorthand typist. I read the typescripts several times for analyzing.

### *Data analysis*

There are four methods for analyzing the typescripts:

- „Quasi statistical analysis”: counting and categorizing the words and expressions. This is an objective, systematic, quantifiable method.
- „Templates”: analysis through certain categories and topics. These categories may expand analyzing the text. The categories may stem from the existing knowledge base (priori) and the interviews' text and analysis (posteriori).
- „Editing”: the analyst approaches the text like an editor, seeking out meaningful topics, copying, pasting, cutting and rearranging. Glaser and Strauss' “grounded theory” provided a good example for the editing methodology. Everything comes from the text. It is necessary to continue analyzing and interpreting up until the point where the text does not contribute anything new to the given category. It is essential to acknowledge preconceptions and describe them explicitly.
- „Immersion/crystallization”: total immersion in the topic and not only theoretically, and the researcher has to observe everything in connection with the topic.

According to Kvale [1996] it is possible to condense, categorize, structure and interpret the text, and to use the combination of these methods.

I used the “Templates” and “Editing” analysis methods, and used categorizing and interpretation. I interpreted the text through a mostly realist, literalist (naturalist) reading, meaning I took the interviewees' words at face value and “regarded them as truth.” I assigned labels (phenomenon, activity, concept) to items in the interview texts, particularly in the longer paragraphs. I then grouped together labels that concerned similar topics or were linked to one another, which is how the categories were created<sup>96</sup>. In most cases, I assigned names to the categories based on my “priori codes”. I worked with about 500 pages of coded text, which represented about 80 percent of the entire interview text, using Nvivo9 software for coding. Data collection and data analysis took place in a parallel,

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<sup>96</sup> See about open coding Strauss-Corbin [1990].

iterative manner. The process of data collection and data analysis continued until the point of theoretical saturation (Glaser-Strauss [1967]) – that is, until the point where further interviews and data did not contribute much to the study or enrich its understanding.

I also tried to illustrate the relationships between categories graphically. I created a “cognitive map” that seeks to establish a kind of “logical order;” this outlines the most important concepts and the relationships between them.

Since several interviewees talked about the Budapest Sports Office (BSO) and the fitness sector, I prepared short case studies about both topics. The cases studies facilitate an understanding of the context and help to reveal the successes, the areas that need development and the problems. My goal was to provide the most extensive possible understanding of the Budapest Sports Office and the fitness sector, and to see what a single example can teach us. Both of these are “independent case studies” that can stand on their own; at the same time, they are “instrumental cases” – that is, they help achieve other goals, they contribute to our understanding of how the leisure sports business can work well.

### 7.3. QUESTIONNAIRE RESEARCH

The second part of my study is quantitative *questionnaire research*<sup>97</sup>. It emphasizes the tasks facing the private sector and the adequate provision of services. Naturally, I did not ignore the state’s influence on the private sector. I asked the stakeholders to assess the importance of the tasks they need to fulfill on a seven-point scale, and to assess the degree to which these tasks are being fulfilled in practice, also on a seven-point scale (see the Appendix 19, in the questionnaire, which was an online questionnaire). These scales demonstrate the difference between the theoretical importance of the tasks and the practical fulfillment thereof. In my research, the units of observation were organizations that provide leisure sport services, which included both nonprofit (associations) and for-profit service providers.

The advantage of asking questions online is that I could reach anyone, anywhere, anytime, and it is easy to forward the questionnaire (assuming the respondents use the Internet). It is also budget-friendly. All questionnaires were accompanied by a letter of introduction in which I provided my contact information and asked anyone to call me if they encountered problems (some respondents availed themselves of this opportunity). I

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<sup>97</sup> See the questionnaire in Appendix 19.

signed the letter as a member of the Corvinus University Sports Research Center in an effort to raise prospective respondents' confidence in the survey.

The online questionnaire could be filled out between November 3, 2011 and February 10, 2012. (Before that there was a trial round and based on this I made the questionnaire shorter). With help of the Hungarian Central Statistical Office, the Budapest Leisure Sport Association, and of one of my interviewees, and the web page [fitneszterem.lap.hu](http://fitneszterem.lap.hu) I sent the questionnaire to 1315 nonprofit organizations and nearly to 800 business companies with a covering letter, asking the leader of the organization to fill my questionnaire. I got back a total of 130 questionnaire, of which 126 were usable. From the 126 useable questionnaire there were 108 from nonprofit and 18 from for-profit organizations (fitness clubs). The rate of answering was 8.2% in the nonprofit sphere and only 2.25% in the for-profit sector. I tried to call fitness clubs or go personally but they did not want to answer my questions. In the B2B sector 80 questionnaire is enough to have reliable and generalizable result, so the 108 nonprofit questionnaire is enough, but the results from the 18 of for-profits are only indicative, the reliability and generalizability is not insured. I analyzed the data using the SPSS 15 program. Most of the people who fill the questionnaire wrote his/her email address in order to get the results back.

The stakeholders from the civil-society and corporate spheres not only offered opinions about themselves, they also discussed the tasks facing the state. I also asked for basic data (name, postal code, type of organization, branch of sports, year of establishment, number of employees, number of members, revenues, expenditures), the quality of services they provide, the demand for their services, the competitive environment, economic-financial information and their material circumstances. They could send back the questionnaire without completing all the questions. I wanted to enhance the rate of answering.

#### 7.4. FOCUS GROUP

On January 23, 2012, I conducted a *focus group* at the library of Corvinus University's Business Economics department. This offered an opportunity to scrutinize the stakeholders' opinions, give feedbacks about the findings, and raise the level of validity and reliability. My goal was to get the group's feedback on my conclusions and interpretations. The focus group provided valuable help: It checked the findings, supplemented it, and provided different shades of meaning and other feedback. I sent an invitation to all

my interviewees, but only 7 of them were present on the focus group (if more interviewees wanted to participate I would have organized more focus groups). The focus group was a three hours long professional discussion, which helped me a lot before finishing my dissertation. I recorded the discussion, and asked for the notes of the participants. 10 interviewees gave me feedbacks via email. I discussed the results with Árpád Kocsis, leader and owner of the Budapest Sports Office, Hungary's biggest private sports event organizer.

## **8. THE RESULTS OF THE RESEARCH**

First, I will present the secondary data, followed by the results of my primary research. I will concentrate on the quantitative part, which I regard as the most important part of my dissertation. I will also present brief case studies about the Budapest Sports Office and the fitness sector, which all my interviewees cited as a good example of leisure sport business.

### **8.1. ANALYSIS OF DATA FROM CENTRAL STATISTICAL OFFICE – BASIC SUPPLY-SIDE DATA**

Hungarian Central Statistical Office (KSH) provided me with the data I needed to describe both businesses and civil-society organizations that “supply” leisure sports activities. Using a database of 519,893 entities, I looked up companies whose business activities may be related to leisure sports based on the Company-Code-Register TEÁOR-numbers. There were 4365 companies related to leisure sports, 0.84 percent of all companies. This list is not limited to organizations that deal exclusively with leisure sports: The Hungarian Central Statistical Office (KSH) does not distinguish between corporations that deal with professional sports and corporations that deal with leisure sports, and the companies' names do not indicate whether they deal with leisure sports, professional sports, or both. Most of the leisure sports service providers, fitness clubs and bodybuilding clubs belong to the “Recreational and sporting services” group. Sports-related businesses predominantly deal with horseback riding, dance, fitness, cycling, football, running and tennis.

Sports-related companies are predominantly based in Budapest. This is especially true in the case of “Recreational and sporting services” (fitness and bodybuilding clubs), 43.5 percent of which are located in the capital, and services in “Other amusement and recrea-

tion activities”, 44.7 percent of which are Budapest-based. Eastern Hungary has the fewest (leisure) sports-related businesses: Just 12 percent of the country’s “Recreational and sporting services” are based in the eastern region, while 21.7 percent are located in western Hungary. (A detailed table is presented in Appendix 20.)

The majority of businesses were established after 1st January 2000, with the exception of “Manufacture of sports and athletic goods”. Some 43.1 percent of “Recreational and sporting services” and “Other amusement and recreation activities” services were established between January 2000 and December 2005, but a large number of these companies were also established between 2006 and 2009 (38.5 percent of “Recreational and sporting services” and 37.9 percent of “Other amusement and recreation activities”).

With respect to these firms’ legal status, the limited-company (Ltd, Kft.) format is dominant (with the exception of “Rental of recreational and sports equipments” and “a Sports and recreation education”), but the limited partnership (Bt.) format is also typical.

The annual revenue of the typical Hungarian sports businesses is less than 20 million forints. In terms of employee numbers, they are usually small enterprises with fewer than 10 employees. The total revenue of all such companies is estimated at 170 billion forints, or 0.6 percent of Hungary’s GDP. They employ a total of 25,000 people, or 0.65 percent of the total work force<sup>98</sup>. In the “Recreational and sporting services”, “Activities of sports clubs”, “Rental of recreational and sports equipment” and “Sports and recreation education” sectors, no company reports revenue higher than 300 million forints or employs more than 50 people. Furthermore, a high percentage of companies do not report their annual revenues.

Consumer needs are met not only by businesses, but by nonprofit organizations as well. Using the database, which is based on the Classification of Nonprofit Organizations’ codes, I looked up those activity categories that were relevant to my research. These were<sup>99</sup>: “Sports activities connected to nature”, “Mass sport, game and recreational activities” and “Public service sport and recreational activities”.

Nonprofit sports groups (like sports businesses) primarily deal with the following activities: horseback riding (478), dance (305), tennis (201), archery (123), and football (99).

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<sup>98</sup> By comparison, the number Hungarians employed in sports sector was 23,000 in 2002, or 0.9 percent of the total workforce. The Hungarian sports sector accounted for 0.7-1.0 percent of the GDP (Dénes-Keserű [2007], Varga [2008]). The British data is 1.8 percent in view of employment and GDP too (Király [2011]).

<sup>99</sup> I would hereby like thank István Sebestény for his assistance at the CSO.

Some 35.7 percent of “Sports activities connected to nature” organizations, and 32.7 percent of „Mass sport, game and recreational activities” organizations are located in western Hungary. The distribution of “Public service sport and recreational activities/public benefit companies” fairly equal across Hungary’s three regions, with roughly one third in eastern Hungary, one third in western Hungary and one third in Budapest.

Nearly all the organizations of “Sports activities connected to nature” (97.3 percent) and „Mass sport, game and recreational activities” (96.4 percent) are classified as “associations” (egyesület). All of Hungary’s Public service sport and recreational activities (public benefit companies) are registered as “nonprofit business companies” (nonprofit gazdasági társaság).

Many Hungarian nonprofits (40 %) do not report their annual revenues. For those that do, all the groups in the “Recreational and hobby activities” category report yearly sales of less than 5 million forints. Half of them reported annual revenues of less than 500,000 forints. One third of “Public service sport and recreational activities (public benefit companies)” recorded revenues of more than 50 million forints.

Some 28 percent of the nonprofit groups in the “Sports activities connected to nature” category, 29 percent of organizations in the “Mass sport, game and recreational activities” and 2.7 % of “Public service sport and recreational activities (public benefit companies)” received 1 percent donations from tax returns in 2009. (In Hungary, individual taxpayers can designate a nonprofit group of their choice to receive 1 percent of their income taxes as a donation.) Only five “Sports activities connected to nature” organizations and 10 organizations that deal with mass sports, games and recreational activities reported income greater than 10 million forints from the 1 percent donations. The average leisure sport-related nonprofit received just 50,000 forints from the 1 percent donations.

Unfortunately, the KSH’s database lists nonprofits with zero full-time employees and nonprofits with an unknown number of employees in the same category – and most leisure sport-related nonprofits are in this category. No nonprofit group in the “Recreational and hobby activities” category employs more than 10 persons.

The KSH’s data on civil-society and business organizations provides a foundation and a starting point for the further research. I learned that the majority of sports service providers deal with horseback riding, dancing, tennis and football, both in the nonprofit and for-

profit sectors. Fitness, running and cycling are dominant in the for-profit sector. While almost half of Hungary's fitness center businesses are based in Budapest, the nonprofit sector is more evenly dispersed throughout the country. A number of new for-profit sports service providers have been established in recent years. The for-profit companies are typically limited companies (Kft.) while the nonprofit organizations are typically associations (*egyesület*). The SMEs that provide sports services are typically micro and small companies with annual revenues of less than 20 million forints and fewer than 10 employees. Those nonprofit organizations that report revenues typically take in less than 5 million forints gross and have no full-time employees.

The following section will present the results of the in-depth interviews, the focus groups and the analysis of surveys.

## 8.2. RESULTS OF IN-DEPTH INTERVIEWS AND FOCUS GROUPS, AND TWO CASE STUDIES

Following the logic of the theoretical framework, I describe the results of the in-depth-interviews (IDI), which includes the findings of the focus groups. The focus-group participants and I refined and interpreted the results of the IDIs together. I will discuss the market for leisure sports first, followed by a discussion of value creation. A question arose in relation to value creation: Would the findings from local interviewees coincide with the findings from (international) literature (also supported by empirical research)? Would my interviewees view leisure sports and its potential to create values in the same manner as international sports economists? The next section discusses the tasks facing the various sectors, after which I will present short case studies about the fitness sector and the Budapest Sports Office (*Budapest Sportiroda*), both of which came up regularly in all 31 interviews. In each subsection, I will focus on the issue of fitness separately, as fitness is the area of for-profit sports that is the easiest to grasp and explain. At the end of the interview section is a table outlining the "shortcomings and areas to be developed." The 31 interviews form the basis for my description. All data, information and estimates come from my interviewees.

In general, the representatives from the different sectors expressed no differences of opinion on the various topics. I will always make it clear if the opinions were different, or if representatives from one sector put greater emphasis on a particular subject than others.

The key category in my qualitative research is **attitude formation and boosting demand**. This is connected to the markets, to value creation, and to the tasks that need to be carried out by the government, civil and business spheres, as I will demonstrate it in each section. All the players should form attitudes toward sports and boost demand, as this will help to increase the number of active sports customers and develop Hungarian leisure sports. In my view, political efforts aimed at boosting the supply of leisure sports are not good enough; instead, government leaders should be devoting resources to initiatives that will raise public demand for sports.

### 8.2.1. Leisure sports markets

In this section, I seek to answer my research question: “What kinds of markets for leisure sports exist and what are their characteristics in Hungary?” I will also describe the various leisure sports markets.

Leisure sports markets are part of the wider business sector, which can be connected to both business and civil society and even to the state<sup>100</sup>. My interviewees mostly talked about the consumer and sponsorship markets; I analyzed 164 paragraphs on the consumer market and 195 paragraphs on the sponsorship market<sup>101</sup>. I discuss the markets in the same order as in the theoretical section.

#### *Market of sports equipment and sports wear*

Only representatives of the business sector discussed this segment.

In the 1990s, the market landscape was covered by small sports retailers. Most of these have ceased to exist thanks to the arrival of large sporting-goods chain stores, which drove the independent shops into bankruptcy. Only the small retailers that sell major brands (Adidas, Nike, Puma) have managed to survive. Unlike in Western Europe, where a wide variety of players compete in the sporting-goods market<sup>102</sup>, Hungary’s market structure is an oligopoly, ruled by the three giants, Decathlon, Hervis and Intersport. At the end of 2011 Hervis had 28 outlets, Intersport had 17 (seven of which were company-

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<sup>100</sup> For instance, sponsoring state supported events or equipment provided for the nordic walking program of the state.

<sup>101</sup> 105 regarding market of sport professionals, 56 in sports equipment, and sports wear market and 3 paragraphs in merchandising market. None of my interviewees mentioned the “facility market”.

<sup>102</sup> The order of the first five worldwide in the sports equipment and sports wear retail: 1. Intersport (10 bn euro turnover), 2. Wall Mart Sport, 3. eBay, 4. Decathlon, 5. Sport2000; in production: 1. Nike, 2. Adidas, 3. Pou Chen, 4. Puma, 5. Oxyane (Decathlon) (source: Gábor Pósai, presentation of managing director of Decathlon at TF in 22.02. 2012.)



owned and 10 of which were franchises) and Decathlon had 14 stores. Decathlon has been the market leader since 2006. Demand and supply have grown in tandem in recent years: People have been trying out new sports and new sporting goods, which has spurred demand. However, the financial crisis has set back the market for both sporting equipment and sportswear.

According to my interviewee from the sports-equipment sector, Hungary's per-capita spending on sports equipment and sports clothing in 2010 was **60 euros**, compared to around 200 euros in France – more than three times as much. The per-capita spending in the Czech Republic and Slovenia was twice as much as in Hungary. Hence we Hungarians do not spend much on sports equipment and on sportswear.

Contrary to popular belief, the main generator of revenue for these markets in Hungary is not football or other ball games, but **fitness, hiking and winter sports (skiing)**. Running, swimming, hunting, skating and golf are the other areas where spending on sports equipment and sportswear has continuously increased in recent years. The price-value ratio is a determining factor in consumers' purchasing decisions.

**We are lagging behind other countries in terms of specialization in sportswear.** We use a single kind of sports shoes or clothes for a range of different activities. Street clothes and sport clothes are often interchangeable. This situation has changed in the last 10 years, but there is still room for improvement.

*“In foreign countries, when people go jogging, they buy jogging clothes; if they go cardio training, they wear cardio gear. It is not the same here. People here run in their normal street shoes and play tennis in a plain cotton T-shirt... This is a characteristic of Central and Eastern Europe. There are still opportunities here.” (Business-sector representative #8)*

Many small, specialized bicycle shops operate in Hungary (which also do service and repairs), so the segment is scattered. This is the only submarket where smaller shops are able to compete against the three big chains. Bicycle retail represents a significant part of the sports sector's income.

The turnover of various sports stores is **region-specific**. The success of local professional teams can have a direct impact on local demand.

*“Let's take a store in Szombathely, where basketball is much stronger than in other places. If we take a store in Győr, handball will be much stronger there. These are*

*very obvious on our income tables. In the last three years, we have managed to adapt our supply to the local demands.” (Business-sector representative #8)*

On the supply side, **Fitness Trade** was the dominant supplier of fitness machines until 2005-2006. It has now broken up into a several sub-units, but the company remains a significant market player, competing with firms such as **Finnrelax**. They provide solutions for everything – not only machines, but dietary supplements, pulse meters, squash, and wellness paraphernalia. The Fitness Trade company has installed machines in the biggest clubs in Budapest; they distributed **Techno Gym** machines until 2005, then switched to **Life Fitness** machines. These two major fitness-machine brands each claim about 50 percent of the market today.

*“None of the distributors have a 100 percent palette. In certain machines, Techno Gym is more advanced – very nice machines with Italian design. On the other hand, Life Fitness machines are more functional. I would create a mixed gym myself.” (Business-sector representative #12)*

Table 18 summarizes the characteristics of sports equipment and sportswear market, referring back to the theoretical part as well. I will use similar charts to summarize the characteristics of the markets in subsequent sections.

Table 18: Market of sports equipment and sportswear

Market of sports equipment and sportswear	
The product, the subject of exchange	Sports goods: sports equipment, sportswear <i>Chiefly products connected to fitness, hiking, winter sports</i>
Significant characteristics of the product	Close connection with leisure sport consumption, derived demand, <i>region-specific, specialization is not typical of Hungarian sportswear</i>
Major factors affecting the value of the product	Quality and brand of sports equipment/clothing, brand, <i>price-value ratio</i> , brand loyalty

Source: based on András [2003], *completion based on the interviews*

#### *Market of sport professionals*

The market for sports professionals proved to be more important for representatives of the business sector, but representatives of the civil sector has also talked about it. Three principal topics came up during my interviews on the market for sports professionals:

- training institutions (for fitness trainers, coaches, recreational professionals)
- sport managers<sup>103</sup>
- advisors, consultants

Two opposing trends – excessive liberalization and over-regulation – are both characteristics of **business-based training institutions**. The system is excessively liberalized because anybody can launch a training program within the framework of the National Register of Vocational Qualifications (OKJ). If an institution trains its students outside the formal education system, it is not even required to provide a minimum amount of training hours. The only regulations relate to the outcome of the training program, which is assessed by a professional exam. There are 30-50 professional training institutions in the country. At the same time, the system is over-regulated because the state has too much say in the curriculum and in the examination system. This results in excessive bureaucracy with no assurance of quality.

<sup>103</sup> In leisure sports, the sport manager is not connected to sportspeople. They are organizers of events, managers and directors of service providers.

*“If tomorrow, you decide to open a center for aerobics instructor training, you can do it... you are only required to give notification about it... In times past, you had to be registered – but this is not the case any more... There are oodles of sport training institutions all over the country... People are getting trained without any criteria on how and what and how much of it... It is a kind of factory for qualification certificates...” (Business-sector representative #2)*

The “Big Three” best-known training institutions are **Fitness Company**, **Fitness Academy (Fitness Akadémia)**, and **IWI**. Fitness Academy began operations in 1996. The owners could not find properly trained people to work in their fitness clubs, so they started to organize weekend to bring the job applicants up to the level where they could lead quality classes for consumers. There was an immense need for such classes 15 years ago. Business got going with aerobics and body building. They then widened their profile to train up sports organizers, managers, masseurs and finally instructors in various sports. Fitness Company appeared on the market in 1997, followed by IWI in 2000 with similar profiles. TF is another well-known training institution<sup>104</sup>. The most popular courses are those for **personal trainers** and **aerobics instructors**. There is a quality control system, called EQF in the EU, but it has not introduced in Hungary yet. IWI has had accreditation from EHFA (European Health and Fitness Association) since 2009, so they students get their papers according to the EQF-system (EQF Level 3,4.).

The Hungarian sports manager market operates entirely differently than in Western Europe. According to respondents who have lived and worked abroad, the Western European market for sports managers works like any other industry: There is a strong presence of professional investors, meaning investors who are familiar with sports and have a direct interest in ensuring quality services. In Hungary, leisure sports businesses are mainly backed by financial investors, whose main goal is to get a return on their money. They invest in leisure sports or in sports centers if they see a good opportunity, but they have little hands-on experience in the field. Ideally, they employ knowledgeable managers, but in many cases in Hungary – especially in case of fitness centers – the “managers” also lack practical knowledge (they may be the investor’s wife, friend, girlfriend or a sports instructor). Hence Hungary’s market for leisure sports managers remains in a formative stage.

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<sup>104</sup> Naturally there are various higher education (college, university) institutions on the market regarding sports professionals, which are either state subsidized or in fee-paying form (recreation, sports manager).

There are very few professionals who have real knowledge or experience running a business in the field of fitness centers. Major consulting companies (e.g. KPMG) are present only in major projects. Consultancies are more typically present in professional sports.

In many cases, **people who sell fitness equipment** also advise fitness clubs (Fitness Trade and Finnrelax have taken on hundreds of consultancy projects in recent years). However, their advice mainly concerns equipment sales. In some cases, former athletes try their hand at consulting: Indeed, a majority of those who have been **successful in competitive aerobics** try to operate their own clubs and/or consultancies. None of them have succeeded. Their advice did not bring success, especially in the early stages, and their clubs went bankrupt.

Table 19: Market of sports professionals

Market of sports professionals	
The product, the subject of exchange	The professional's capacity to work
Significant characteristics of the product	The professional is the workforce □(in training, in organizing, in consulting)
Major factors affecting the value of the product	The professional's education level ( <i>where, in which institution</i> ) capability, characteristics, <i>experience, connections</i>

Source: based on András [2003] *completion based on the interviews*

### *Sponsorship market*

Sponsorship of leisure sports is **much less significant compared to that of professional sports and draws in much less money**<sup>105</sup>. It is generally difficult for a leisure sport organization to find sponsors, although some companies find it beneficial to sponsor leisure sports.

In many cases, **barter deals** take place, where the parties advertise each other or exchange advertising platforms, but do not exchange money. Barter is a significant sponsorship tool even for one of the biggest leisure sport clubs, Oxygen Wellness.

Leisure sports sponsorship primarily means sponsoring events through which companies can **popularize their products, build their image, and demonstrate social responsibility**. Companies can find value in projecting a positive image and responsibility – not only to consumers, but to their own employees.

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<sup>105</sup> Exact numbers are not known.

*“It was a huge value for them, it was their best marketing push. They made their product known even among those who did not know them before.” (Civil-society representative #9)*

*“We offer a family day for the employees. It is a good feeling for the employees, seeing what a good event their company is supporting. XY had their family day in Szeged and it was really successful.” (Civil-society representative #7)*

By sponsoring professional sports the brand’s “real reach” is limited to the team and its loyal supporters (we know that through the media they can reach thousands of people). By sponsoring leisure sports, a brand can engage a wider circle of people “in their own medium.” The “new way” is for companies to target leisure communities and leisure activities. Their primary aim is to build **more direct, more active connections** with their target consumers. Brands try to get closer to people in their target group by creating social capital.

*“There are many who try to go into this direction, because this is now the trend, just like in Facebook – building communities, being in direct contact with people.” (University expert #3)*

*“We do not only give back to the source of our income. We feel we have something to do here on the national level. For instance, there was a Gypsy boy from Tárkányi who saw that he could go to one of our events like anyone else. He had a good time, did some sports, took part in a community, and had a personal experience, while an ETO football match on TV is not much of a personal experience. It is very important in terms of reputation, assessment and image. It is a line of CSR community involvement. Social responsibility is the future. This is the direction that would maximize the number of people who could benefit from the money, instead of just having the a sports team jam as many corporate logos as possible onto their T-shirts... to give back to the community, to get closer to them.” (Business-sector representative #3)*

Sponsorship of leisure sports is **safer and does not present the risks** that are present in professional-sports sponsorship (expectations of victory, the means of achieving success, doping, scandals, injuries). In leisure sports, there is no pressure to achieve results – everybody who takes part in a running race is a winner. This is a huge advantage. On the other hand, leisure sports lack the drama, the emotion and the thrill of victory that are part of professional sports.

According to the interviewees, Coca-Cola, Magyar Telekom, K&H Bank, Nike, Spar and EDF excel at sponsoring leisure sports in Hungary. These companies' names were mentioned in most of the interviews, and they sponsor all the major leisure sports events (Body Awakening, Vivicitta, marathons, half-marathons, other BSI events, swimming across Lake Balaton). Many times, the **personal preference** of a **marketing manager** or **other manager** determines which leisure sport gets sponsored. They might also receive **orders from the parent company** in sponsorship matters.

With few exceptions, sponsorship of leisure sports is more **local** than national. It is only possible to find a few local sponsors for local events. A brand's decision on whether to sponsor local sports depends significantly on its strategy, its market share and its position. Leisure sport sponsorship is a great opportunity for companies to gain a local presence without expending significant resources during the financial crisis. Local (small) companies can also reach their targets by sponsoring local events. According to certain sponsors, the price-value ratio in professional sports sponsorship is not always ideal: They cannot recoup the amount they spend on a team or player. This is why they choose to sponsor leisure sports on a local level.

A company's choice of whether to sponsor leisure or professional sports can be influenced by many factors: Its goals, strategy, market position, market share, and level of success are all important, as is the personality and the commitment of the manager. Other important factors include the maturity and the age of the company (generally, a company that needs to build its brand nationally prefers the broad media coverage of professional sports) and the company's attitude toward CSR (leisure sports are ideal for image building and demonstrating social responsibility, both internally and externally). There is no cut-and-dried recipe. Nowadays, we must also consider that major sponsors of leisure sports are also present in professional sports (e.g. Magyar Telekom, K&H Bank, Nike).

Sponsors who choose leisure sports expect the following:

- broad reach, a high number of participants who attend events, service
- consistency, good quality, regularly organized events or high quality service
- professional service
- media coverage – local media may be sufficient
- exclusivity, at least in the given industry

Companies may choose not to sponsor leisure sports because:

- in many cases, a leisure sports event occurs only once, not regularly
- insufficient quality of the events
- there are not enough relevant consumers
- for many organizations (especially civil-society groups) there is a lack of sponsorship strategy and a lack of professionalism. The prevailing attitude is, “we want your money”
- *“Those who are looking sponsors very often make the mistake of not thinking through what they want. They just send out a big shout into the forest: ‘Hey, woodsmen, give us some trees!’ But they have no idea how many woodsmen are in the forest or whom they are addressing... They do not think through exactly what they are asking for, why they turn to them... there is expert knowledge on that... we have received a lot of letters in which they even forget to write “Dear Mr XY Sponsor Manager,” they just go straight to the middle of the letter, which they send to 162 places and hope for some answers. This certainly does not work.” (Business-sector representative #4)*
- There is no expert at the organization who seeks out sponsors, serves them or organizes the sponsorship (particularly at civil-society organizations, but even at fitness clubs). So in many cases, sponsorship is impossible, even on a theoretical level
- the presence of industry competitors at a given event or service

We would expect that sports-equipment manufacturers and distributors would be major sponsors of leisure sports events, but not in Hungary. The exceptions are the Nike marathon and Adidas Streetball. The director of Decathlon told us that sponsorship of leisure sports has not played a significant role in his company’s budget, but this has begun to change (Decathlon is sponsoring Gerecse 50 and the swimming across Lake Balaton). Earlier, Decathlon organized events such as the “Big Sports Choice” (*Nagy Sportág-választó*) in its parking lots. It also organized street basketball games in towns where Adidas Streetball was not present. Intersport is the flagship sponsor of the Balaton Marathon. Sponsorship activity is important because it encourages participants and viewers to purchase sports equipment and sportswear.

There are very few sponsors of fitness services. A while ago, car dealers liked to sponsor squash, but the crisis has set this back significantly. Bigger, newer clubs might be inter-



esting for companies in terms of image building, but this is not significant – in fact, it is close to zero. Barter deals are specific to clubs.

Table 20: Sponsorship market

Sponsorship market	
The product, the subject of exchange	The company links itself to sports, opportunity for image association
Significant characteristics of the product	Double sided: For the company, demonstrating social responsibility, improving image, increasing awareness, <i>introducing the product, popularizing it, bringing it closer to the target group, “community involvement.”</i> For the sponsored party: Getting money or other products and services
Major factors that affect the value of the product	Effective appearance in the “media circus,” utilizing the value of sports, reaching valuable target groups, <i>with less risk, but often only on a local level</i>

Source: based on András [2003], *completion based on the interviews*

#### *Merchandising market*

The merchandising market for leisure sports **does not exist** in Hungary at the moment. It is not present in professional sports either<sup>106</sup>; there is simply no culture for merchandising and no demand for these products. Participants at the annual swimming across Lake Balaton competition find value in the T-shirt emblazoned with the words “I SWAM IT!” which they get as a “prize” for completing the race (*i.e. swam across Lake Balaton, the 5.2-kilometer swim across Hungary’s Lake Balaton is an annual event. In Hungarian, the T-shirt reads “MEGÚSZTAM,” which is a play on words: It simultaneously means “I swam it” and “I survived.”*). However, race organizers could not sell similar T-shirts to non-race participants, ostensibly because they lacked the “I SWAM IT” moniker – and hence lacked value. Participants get their T-shirts as part of the package they receive when they pay their enrolment fees, so they do not buy other souvenir T-shirts at the race. Meanwhile, the spectators do not have enough emotional dedication to buy merchandise products. The manager of the Budapest Sports Office (BSI) said the T-shirts he had intended as merchandising products in different running races ended up going to charity. Still, the BSI expects that the Hungarian merchandising market will develop. The

<sup>106</sup> „You must be taught if you would want to give presents to your loved ones, of any product from your favourite water-polo team, as it is impossible to buy.”- said by István Gergely olympic waterpolo champion in his blog, (<http://www.felsofokon.hu/olimpikon-blog/2012/01/30/merchandising-a-la-vizilabda>) and Stocker [2012] has also shown that this market does not operate in case of professional sports either.

company plans to become active in merchandising as soon as it becomes financially feasible.

Major fitness clubs also try to merchandise their own branded products (mainly sports clothing) to strengthen client loyalty. There is definitely potential in this market, but at the moment, it is generating close to zero sales.

Table 21: Merchandising market

Merchandising market	
The product, the subject of exchange	Products displaying logos, symbols, appearance
Significant characteristics of the product	“Brand value” and “News value”
Major factors that affect the value of the product	Price and <i>emotional</i> commitment, <i>attachment</i>

Source: based on András [2003], *completion based on the interviews*

### *Consumer market*<sup>107</sup>

There are three prerequisites for consumers to begin using business-based leisure sports service providers: The right **attitude**, adequate **leisure time** and sufficient **money**. This trifecta is only evident in a small part of Hungarian population. Sports do not occupy a prominent place in our consumption structure because we do not have the right attitude. If Hungarians’ attitudes were different, more people would find the money to pay for leisure sports – especially if the consumer behaviour could be changed, could be formed.

The state can do a lot to form attitudes in schools and in the media (see the discussion on the state’s role in sports below). Parents, teachers, nursery-school teachers, coaches, and PE teachers also have great responsibility for forming attitudes. Besides the state, civil-society and companies also have an interest in encouraging sports activities: It boosts the number of consumers, which expands the civil and business sectors’ sources of income.

One interesting new initiative from both the civil and business sectors is to enlist family doctors (general practitioners) in the effort to popularize active lifestyle. Civil society has launched the “Sport is Medicine”<sup>108</sup> (“Mozgasgyógyszer”) program, while the business sector has created services in which doctors play a role<sup>109</sup>.

<sup>107</sup> As I have shown it in the theoretical part, there are most data and research done on the consumer market, on the habits of consumers so in the empirical part, the research of the consumer did not get such a strong emphasis. My research on consumer behavior see [2004, 2006, 2010, 2011a].

<sup>108</sup> See [www.mozgasgyogyszer.hu](http://www.mozgasgyogyszer.hu)

<sup>109</sup> The aim of the Lifestyle Program called “You Are for It” (Érte Vagy!) supported by the Association of Hungarian Cardiologists, Semmelweis University and Teva, to make people be aware that they are all re-

*“If somebody went to the doctor with a high blood-pressure problem, instead of prescribing medicine, the doctor would refer the patient to us, and we would compile a personal training program for him. This kind of set-up does not exist yet.” (Business-sector representative #7)*

With the right attitude, the impulse to be active will come from the inside. People need internal motivation, the right approach, interest and commitment to have a need – and then demand – for leisure sports and leisure sport services. Health is the number-one concern for Hungarians. They want to be healthy, but they do not do enough to preserve their health.

People and their needs cannot be handled as a homogenous cluster on an overall social level. There should be **heterogeneous clusters**, or “segments.” Besides usual the segmenting criteria – gender, age, income – the cluster-forming factors should include and motivations (e.g. differentiating between health sports and experience sports).

One critical element for attitude formation would be sport socialization, which would be instilled and promoted in schools. But physical education in Hungarian schools does not keep up with the times. Sports subjects that were out-of-date 50 years ago are still compulsory today. These do not always represent a source of happiness and fulfillment for children today. Moreover, pressure to perform should not be the decisive factor.

*The system should be such that even an overweight child should feel good. They need community games, not the Cooper-test running” (civil society representative #2)*

*“A PE teacher is only interested in who he can take to the School Olympics. The majority of sports associations do not want to deal with the hassle of leisure sports.” (University expert #6)*

According to respondents, the most popular sports today are football, fitness, bicycling, running/jogging, hiking, swimming and different forms of dance. The aims of sports activities are: relaxation, enjoyment, pleasure, maintaining bodily and mental health, improving quality of life and self-development, and spending meaningful time with friends.

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sponsible for their own health. The program started in the beginning of 2012 advertises the importance of being active, having a healthy lifestyle and following up the therapy.

Once the need for activity is present, the next question is where to do it. This is not primarily defined by the **income of consumer groups** handled as a homogenous cluster. Only a narrow stratum has effective demand for business-based services.

According to the estimates of respondents who are well acquainted with the fitness sector, there are around **300,000 people who attend fitness clubs in Hungary**. This is the biggest “sport group,” but realistically, it only represents an opportunity for the middle and upper classes. 90 percent of population cannot afford to buy a fitness club pass. The present supply of fitness clubs amply covers demand; indeed, there is even an over-supply. The utilization of fitness clubs is around 40 percent. A major deficiency of the industry is that we lack precise empirical data; only estimates exist<sup>110</sup>.

*“Fitness centers address the middle or the higher class people, those who can afford to pay the monthly 15,000 forints. In Oxygén, a monthly pass was around 14,000-15,000 HUF in 2008 and there were 2,500 people per month going to the club.”*  
(Business-sector representative #7)

A leisure sport service provider’s physical location matters. A gym might do well in certain districts of Budapest or in certain big towns in the countryside, but in other places, there is no significant consumer need.

The majority of the population cannot afford to use business-based services and cannot pay for the opportunity to do sports. They might need help from the state, public parks or the civil sector.

On the demand side, we see heterogeneous consumer groups. (Only a fraction of the Hungarian population, around 9 percent do sports regularly (Background material for the Sport XXI National Sports Strategy [2005]. At a February 2012 conference entitled “Tasks, opportunities in the field of leisure sports in 2012,” one presenter estimated that the number of Hungarians who do sports during their leisure time was as low as 2 percent of the population.) Among certain groups, effective demand is strong enough to support expensive services, but there is a need for the state or civil society to create opportunities that are either cheap or free. One fact is certain: the state, the civil sector and business ventures **need to boost demand**. Increasing the consumer market is a leading priority.

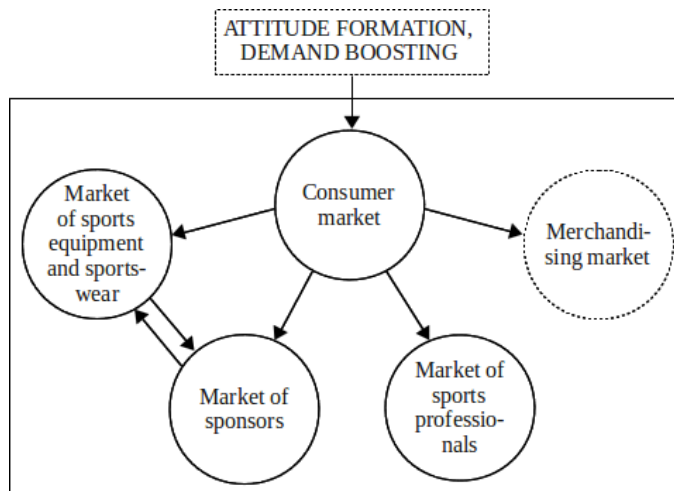
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<sup>110</sup> It is true for the whole consumer market, that leisure sports people are less tangible compared to professional sports people and are less easily „structured”. But it would be advantageous, to know the exact numbers for strategic planning and monitoring, as it was in England (Király-Gál, [2011]).

The number of consumers who are involved in leisure needs to be increased sharply, considering the goals, motivations, and financial background of the sport consumers. Market increases are being held back by the non-dynamic growth of the demand side. As many potential consumers as possible should be turned into effective consumers. **An increase in the consumer market would bring growth in the markets for sports equipment, sportswear, sports professionals, sponsorship and merchandising.** One would expect companies in the sports-equipment and sportswear market to sponsor leisure sports. This already happens to some degree, but could be developed further. Sponsorship activity is useful because it has an effect on the willingness of purchase of sports equipment and sportswear.

Figure 7 presents the “cognitive map,” the summary of the various markets. The broken line means that the area does not operate or is very weak. I will use this sign in the following illustrations as well.

Figure 7: Leisure sports’ markets



Source: Figure created by the author

With respect to *Proposition 1*, we can say there are four markets operating in Hungarian leisure sports. The fifth market – merchandising – is not functional<sup>111</sup>. Each market has a hidden potential. Expanding the consumer market is the key to exploiting this potential.

### 8.2.2. Value creation

In this section, I seek to answer my research question: “How do leisure sports create val-

<sup>111</sup> The interviewees did not mention the „facility market”.

ues for individuals, society and companies?” The topic of value creation for companies and the company sports was very popular, 149 paragraphs were about this in my Nvivo analysis<sup>112</sup>. The value creation for companies and the company sports are in the limelight, and in the future these topics are getting more and more important.

#### *Value creation for the individuals*

The interview subjects reinforced the health model’s findings that regular physical activity, both now and in the future, contributes to **the development and maintenance of bodily and spiritual health**. They heavily emphasized the factors related to spiritual health as well as the preservation of physical health. One particularly important example of value-creation related to bodily health was **weight control**.

The interview subjects, especially the civil-society representatives, stressed the importance of **development of skills and abilities** as discussed in the literature review.

*„We know the degree to which sports influence the love of life, the ability to struggle and the ability to resist. It is the best tool for developing our given skills and capabilities.” (Civil-society representative #5)*

The idea leisure sports are consumer non-durable goods received as much emphasis as the view that leisure sports are consumer durable goods. The interviewees stressed that leisure sports contribute to **momentary well-being** and cited **momentary happiness, enjoyment, excitement** as motivational factors – that is, people do not do sports in their free time for their long-term health, but for their short-term enjoyment. Momentary good feeling is not only attained through exercise itself, but through the game and the thrill of victory. Moreover, the value of victory comes not only from our ability to vanquish opponents, but also from within ourselves – the feeling that we have exceeded our personal boundaries.

*„The basic reason people do sports is not because they think they can stave off death, but because they want to feel good in the next half hour. They like activities that contribute to their momentary well-being: The game, the feeling of achievement, overcoming an obstacle, they were able to do it and they reaped the benefits.” (Civil-society representative #1)*

Individual accomplishments fill people’s hearts with pride, and this pride may not be just

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<sup>112</sup> The most popular topics were: the fitness sector, the areas which need improvement, the sponsorship and the consumer markets, than came the value creation for companies and the company sports.

a momentary feeling.

*“The only people who get the ‘I SWAM IT’ T-shirt are the people who actually did it. Sports-lovers are so proud of it that they wear the T-shirt for years.” (Civil-society representative #9)*

According to the people I interviewed, the **feeling of pleasure can be a useful incentive** for exercise, and it is important for school physical-education programs to teach the kinds of exercise that make students happy.

**Healthier workers perform better and are more reliable.** The representatives of the business sphere said **employers are looking for healthy, reliable employees who are capable of handling big burdens.** Interestingly, some members of the management class (which is usually highly educated and lives in good financial conditions) take part in sports regularly, but they “merely” do so because they like the challenging tempo, to live up to expectations, to look good, to be fit, and not having to struggle with excess weight. A sporty lifestyle allows them to perform at their maximum level on a daily basis.

The key to increasing leisure sports activities in Hungary may be found in formulating new attitudes, education, and public-service messages. Hungarians are still not aware that doing sports during their free time will **lower the amount they spend on healthcare** due to their improved health status. To date, no recognition among the Hungarian population that it is cheaper to spend money on sports than on doctors and medicine.

My interviewees spoke about the value-creation factors discussed in the academic literature. In their view, the problem is that a large part of the population does not recognize these principles; members of society are not yet aware of the value-creation factors inherent in leisure sports. Hence **there is a major need for education and attitude formation, using these value creation factors.**

#### *Value creation for companies and the company sports in Hungary*

The interviewees (mostly university experts) discussed the same important corporate-level value-creation factors that were described in the literature review – **a healthy labor force, low rate of absenteeism, higher levels of motivation, satisfaction and productivity.**

Workplace sports **are in the interest of both employer and employee. They represent**

a **win-win situation** where all parties benefit. A workplace sports program is a **long-term investment** that will not yield results from one day to the next. Companies must devote resources continuously, but these will definitely reap rewards in the long run. Nana et al. [2002] found higher productivity rates and lower rates of absenteeism as the long run effects of company fitness and wellness programs. After 10 years Daimler launched its Wellness Program, the company calculated it was saving \$16 per worker every month, while workers were spending \$100-200 less on healthcare per year.

**Companies can demonstrate corporate social responsibility** through leisure sports. These activities help the firms build up a positive image and create corporate community spirit.

In addition to the findings of the academic literature, the interviewees from the business community added that **companies can “draw in” more people by sponsoring leisure sports than by sponsoring professional sports**, which “supports” relatively few people, i.e. the team and its loyal fans. By sponsoring leisure sports, firms can establish a more direct, more active relationship; it allows them to get closer to the people (community involvement).

According to the business-sector representatives (and some civil-society representatives), **not only are there no Hungarian surveys that demonstrate sports’ beneficial impact on companies, there are also very few exercise programs**. Frequently mentioned exceptions include Coca-Cola’s “Testébresztő” (Body-awakening) Program and the STEP Program at Hungarian oil refiner Mol. At present, company sports are an up-and-coming topic that has not yet been remotely touched – but there are opportunities in this field.

Institutions, programs and forums (such as the TÉT Platform: TÉT is an acronym for Táplálkozás Életmód Testkultúra, meaning “Diet Lifestyle Body-Culture” and the Healthy Workplace Prize, and the Partner Chain Program) actively deal with this question, and certain workplaces have begun taking steps toward recognizing the importance of company sports. One significant pilot project is the company sports project at the Ministry of National Resources. If it is successful, the ministry plans to extend it to a broader scope of participants.

*„If the work-place starts dealing with sports, starts attitude formation, this field of sports could improve and rev up.” (Civil-society representative #8)*

Concrete types of workplace sports include:



- Gyms, fitness centers, organized classes, organized championship games (very few companies offer such programs)
- Family days and sports days, company Olympics (1 day out of 365)
- Opportunities to participate in events for free or at discounted rates. (These can be company-organized events, company-sponsored events, or “neutral” events that are neither organized nor sponsored by the company)
- Allowing workers to use *Kafetéria*, a Hungarian employee-benefits system, for sports activities; opportunities for workers to participate in athletics through company contracts with benefits providers (the “ALL YOU CAN MOVE” card, the SZÉP card<sup>113</sup>, (health-savings accounts<sup>114</sup>, or the vacation-check system in the past).
- Making it easier for workers to cycle to work, building bicycle-storage units, buying bikes for workers.

**Innumerable problems** crop up in relation to workplace sports, and these represent obstacles. Some problems are exterior, while others are within the companies themselves:

**There is a lack of laws, regulations and tax breaks** to support workplace leisure sports. The existing support structure – e.g. the above-mentioned *Kafetéria* system and recreation card – is not sufficient. It would be preferable to expand these opportunities instead of cutting them. (Starting in 2012, the government narrowed the ways that people can use payments to health-savings accounts and boosted taxes on *Kafetéria* benefits and the SZÉP card).

*„If you gather together all of Hungary’s laws on workplace sports... a profound stench wafts up, because the money flow for leisure sports is tied up by a string of petty, incomprehensible, meaningless restrictions... the state has truly created obstacles. You have to pay tax and social contributions on every expense related to sports.” (Civil-society representative #3)*

Furthermore, the general social environment and culture are not favorable: Not only are there no leisure sports within a company, there is none outside the company, either.

<sup>113</sup> According to the laws in 2012 the maximum sum of money for SZÉP card could be 450 000 forints. We can use it for accommodation, the sum of money is maximum 225 000 forints, for hospitality services, the maximum sum of money is 150 000 forints, for recreational services, maximum 75 000 forints. The company has to pay not only the income taxes but also the health care contribution, which means 10 percent more costs for the companies giving these allowances.

<sup>114</sup> The bath services, the convalescences and the sport services are not more tax-free for the members of the companies dealing with health savings accounts from January 2012. In 2010 more than 2 billion forints were spent on sport services from these health savings accounts (Gósi [2012]).

**Companies do not know how to reach out to their employees who, as it stands, do not exercise.** The goal would not be to promote exercise among those people who already like to work out and participate in sports; they should be targeting inactive people. Companies are incapable of reaching out to the inactive masses. They have neither the methods nor the personnel. Most companies approach sports days with a “let’s get it over with” attitude. **There is a lack of long-term approach, awareness, and true exercise programs.**

It is not entirely clear **which department within a firm should oversee company sports**, who should be responsible, who should provide the funding, or who will be able to claim credit for the program.

*„One problem is that it’s a borderline area – HR, strategy, marketing, communications... sometimes a ‘well-being program’ belongs to the communications department, sometimes it belongs to HR. If it is successful, they take the credit for themselves; if it needs work, they push it aside; if the program fails, they utterly wash their hands of it.” (Civil-society representative #3)*

An Alliance for Company Sports (Cégsport Szövetség) exists on paper, but it is not actually operational. That is a shame, because it would be a very good platform for collecting and exchanging best practices, expertise and concepts – the kind that are lacking in Hungary today. Coca-Cola has said it would be happy to share its experiences, but there has been no real interest from other companies. There is also a Hungarian Leisure Sports Association, which is a member of the European Federation for Company Sports (EFCS), but not much is happening on this front, either.

It is particularly important for company managers to get personally involved. **In present-day Hungary, a commitment from a manager matters much more** than spelling out the quantifiable, rational, advantages that can be useful for business purposes.

*„In Hungary there are some good examples, particularly at the multinationals, where someone occasionally takes the initiative, but these examples are few and far between. Coca-Cola is an example.” (Civil-society representative #8)*

My interview subjects discussed many of the corporate-level value-creation factors that appeared in the literature review, but did not broach the idea that leisure sports can help participants develop skills that are beneficial in the workplace. The business-sector repre-

sentatives emphasized the idea that support for leisure sports (adopting company sports programs, setting up or sponsoring events) presents an opportunity to demonstrate social responsibility, build up a positive image both internally and externally, reach out to a greater number of people and get closer to their target groups. Leisure sports also represent an excellent tool for promoting community involvement. But at present, the questions of whether or not a company embraces leisure sports – either through an employee athletics program or by sponsoring leisure sports – depends on the managers’ personal preferences and their level of commitment. **There is a big potential in this field, not only in the present but also in the future the workplace could be an important place of attitude formation and bosting demand towards leisure sports involving new customers.**

#### *Value creation on the macro level*

When it came to macro-level value creation, the interview subjects mostly spoke about **healthcare, reducing healthcare costs and mitigating the loss of income due to illness**. The issue of time horizons represented an incredibly important dimension: Spending on leisure sports is a long-term investment. The key to solving this would be to adopt a long-term mode of thinking.

*„ The elite leaders of society think in four-year political cycles. For them, the eight- or 12- or 20-year timeframe does not come into play... If I can raise the level of sports participation 10 percent among 20-30 year-olds today, the average blood pressure would be, say, 15 percent lower 15-20 years from now, and we would be spending less money on blood pressure medication. But these days, nobody cares what’s going to happen 20 years in the future.” (Business-sector representative #1)*

*„The problem is, that if we come across a good idea, we don’t let it take its natural course. We want to achieve fast, conspicuous results within one or two years. That’s not how things work.” (Government representative #2)*

Another key factor would be to concentrate more on disease-prevention rather than treating people once they become sick. Leisure sports would be a prime tool for preventing illness. 2012 is a “Year of Prevention” at the Semmelweis University<sup>115</sup>, it is a good initiative, it could set preventive processes going.

Leisure sports are also an excellent tool for **developing social capital**. First, it allows

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<sup>115</sup> Every student in this program has to involve 10 more people, they have to consult with this 10 people about the importance of health, and they have to encourage them participating on health screenings.

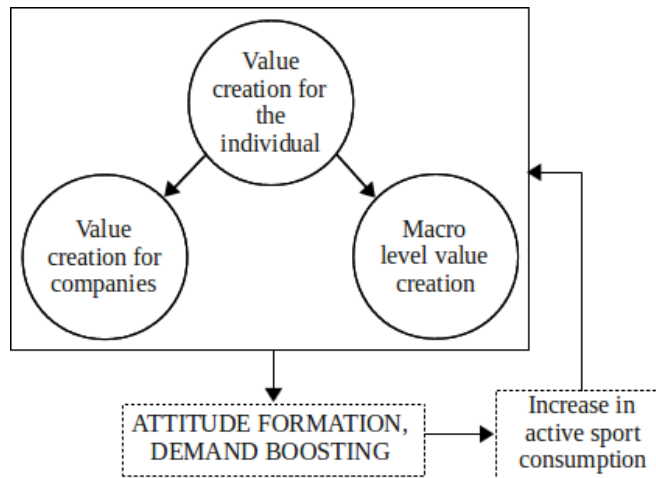
people to burn off excess energy, which thereby lowers the cost of preserving public order. Second, it facilitates community formation and social cohesion.

When discussing value-creation factors on the macro level, **my interview subjects focused on health and healthcare expenses**. Only one interviewee talked about leisure sports' capacity to create jobs and generate revenues (tax receipts). Nobody mentioned leisure sports' potential for boosting GDP or competitiveness. Several interviewees held out the Swedes and Finns – who are at the top of the various indexes and also do more sports than any other European nation – as role models for Hungarians.

The value creation factors (such as better health conditions, transferable skills, being more reliable worker) have an effect on the company, and on the society. **The communication of the value creation factors could help in the attitude formation and demand boosting**. It is especially true in the case of the individual value creation factors, and the value creation factors for companies.

Through attitude formation, the level of active sports consumption will increase, which in turn will open the opportunity to create values on the individual, corporate and macro levels alike. In other words, a positive **value-creation spiral** will be set in motion (see Figure 8).

Figure 8: Value-creation spiral in leisure sports



Source: Figure created by the author

In connection with the 2<sup>nd</sup> proposition my interviewees mentioned most of the value-creation factors that are discussed in academic literature. These include values on the individual level, macro level, and corporate level. Of these, the only factors that the interviewees did not discuss were transferable skills and increasing GDP and competitiveness. The interviewees said the problem is that a large part of the population is not aware of these important value-creation factors. *There is a great need for education and attitude-formation programs that use these value-creation factors in their communications.* Next I will deal with the three spheres: the state, the civil and the corporate sphere.

### 8.2.3. The state's roles, expectations from the state

In this section I seek the answer to the following research questions: “What are the characteristics of the state in leisure sports? What are its most important tasks? Do players in the various sectors think the state measures up to expectations? What areas of the state sector need to be developed?”

Leisure sports affects the economy and society in numerous ways (see the previous subchapter and the theoretical chapter on state's connection to leisure sports). On the other hand, doing sports is a basic human right and qualifies as a “public good,” hence the state has a role to play. The state has a legal duty to fulfill certain tasks.

It is necessary to **set certain priorities** and to **consistently pursue them**, not only in theory, but in **reality** as well. It is also necessary to examine how these different tasks are connected to each other. We must not forget that the state has a finite budget for sports and leisure sports (see Appendix 11). Dénes [1998] has long argued that sports should operate on a business basis. But the state should provide the framework and the infrastructure for sports. The government has now created a new structure for sports and has handed countless tasks over to Hungarian Olympic Committee (MOB). The tasks that remain are: planning, laws, legislation management, international relationships and coordination (Fazekas [2012]). How do the members of the various sectors evaluate the state's performance?

The following list presents the state's main priorities, according to my interviewees. Although these items are already included in Hungary's sports laws and the various government strategies, there has been no "great leap forward" in any area:

- Leisure sports strategy (leisure sports concept): Drafting, realization and feedback
- Regulations and quality assurance, training of professionals
- Development of facilities
- Attitude formation

The state is not a one-man show. It can be understood in many levels. The work of professionals in the ministries does not always coincide with political leaders' decisions. In the decisions of vote maximising politicians we do not always see professional consideration and professional or general knowledge<sup>116</sup>. There is more the interest, social, economical, political "increments".

Leisure sports are not very "visible": There are no achievements, foreign travels, world championships, Olympics or gold medals. In Hungary, leisure sports have been in the "shadow" of professional sports. It is questionable, what kind of weight MOB will give to the leisure sports. Politicians refer to leisure sports in their rhetoric, they pin the word on their flags, but when it comes to actual initiatives or allocating funds, they forget about leisure sports and push them onto the back burner. In recent years, the national government has devoted only 400-600 million forints to leisure sports out of an approximately 20-billion-forint annual sports budget. Whenever the budget needed to be cut,

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<sup>116</sup> See the theoretical background: Max Weber [1958], Woodrow Wilson [1887], Luther Gulick [1937], Herbert Simon [1957], Karl Mannheim [1946], Richard Rose [1974], cited by Jenei – Kuti [2009].

leisure sports was always the first to arrive on the chopping block. The present directions and priorities focus on winning Olympic gold medals, reviving professional football and developing facilities from the TAO (tax which companies have to pay, and they could get tax breaks if they promote professional sports). With this attitude, can the state motivate the masses and raise the number of leisure sports consumers? When a Hungarian athlete brings home a gold medal from the Olympics, how many fans are inspired to take up the sport during their leisure time? Nobody has ever measured this. Will leisure sports get a place in the facilities that are being built from the TAO? According to Tuyckom's [2011] research in the EU-27, countries that espouse "leisure sport-friendly" policies have higher percentages physically active people, better opportunities and better facilities.

#### *Leisure sport strategy – long-term planning*

Even though Hungary has a Sport XXI National Sports Strategy (currently under revision) as well as a Sports and Leisure Sports Strategy for Small Communities, the people who created these strategies have to see their vision of "sport should be everyone's passion" did not turn into reality. Hungarian National Sports Strategy's aim of making Hungary a sporting nation seems an illusion (Király-Gál, [2011]). A written strategy exists, but has little impact on reality. The **planning – implementation – feedback** flow should be followed. To date, Hungarian state sports officials have failed to plan beyond the short-term and have accomplished very little in the way of implementation and feedback.

The new system is based on a **process of planning – implementation – accounting and auditing**. Planning – from the grassroots to Parliament – follows this hierarchy: associations and clubs → federation → sections of the MOB (adds professional quality) → MOB → state secretariat (decision preparation) → National Economy Ministry → cabinet → Parliament. Certain divisions of the MOB, associations, federations and clubs are responsible for realizing the plans. The process of accounting and auditing is: association → sections of the MOB → MOB → state secretariat and other auditing bodies. The MOB executes the final audit, but must account to the state secretariat and other auditing bodies as well. Sports organizations with development strategies are also eligible to receive state resources. Leisure sports must gain a place in these development strategies.

To develop this thought further, state officials should **develop leisure sport strategies tailored to local needs**. This is completely missing in most places, according to the

evaluation of state's Sports and Leisure Sports Strategy for Small Communities<sup>117</sup>. Such strategies could significantly help to stimulate demand. The Regional Strategy recommends establishing voluntary multi-targeted associations. These should include regions and micro-regions where everyone develops local sport concepts with specific development programs, objectives, aims, methods of realization, scheduling, communications plans, target groups, measurable indicators, financing sources, personnel and organizations responsible for implementation, monitoring systems, feedback, small regional portals, and sport-information systems. In most places, all of these recommendations usually end up in a drawer of some bureaucrat's desk.

All interviewees stressed the importance of **long-term planning**. To date, the state has failed to take coordinated action to develop leisure sports. There has been no consistency, no stability, and no road map<sup>118</sup>. Planning and realization mostly takes place within the framework of four-year election cycles. Planning leisure sports development is a long-term project and does not necessarily fit neatly into months, years, or even four-year periods. When programs were in place, resources were not always available. The only long-term program is the 10 000 Steps Program, created by the state.

*„It would be good if we could plan for the long term and actually get to the realization phase. If we could get a program plan on track and make it run over ten years ... But then, it gets modified many times ... the sources dry up, and when we get money, we run out of time and everything becomes rushed. There are dams and sluices in the system. They slow you down, and then later you have to speed up so much that it diminishes the quality because there is trepidity.” (government representative #2)*

In addition to the lack of long-term planning and execution, there is a **lack of inter-ministry multi-level government cooperation**. Leisure sport is linked to education, healthcare, social matters, culture and tourism, among other areas of government. It would be imperative for these branches of government to begin cooperating with one another.

**The concept of program finance** is thought to be functional for leisure sports, but in previous years, it has not functioned well at all. Organizations or event organizers received financing on an ad-hoc basis or not at all. There were not too many concepts with

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<sup>117</sup> Most small regions, most managements of small regions do not have a future vision, or this future vision only reaches to the very next tasks and only structures those.”(p.15.)

<sup>118</sup> In the previous 20 years the sports law has changed 14 times.



responsible people and sources planned for many years. There is a need for clear goals to be set. Once there are stable, measurable, clear aims, a tender for a certain program financing could be an appropriate motivation in order to achieve the aims.

*“For instance, I secure sufficient state support for xy event each year and then xy will organise xy event every year. But this is not a concept. This is not, ‘Here is where I am and there is where I want to get.’ Not long term thinking.” (government representative #1)*

In summary, I completely agree with the notion that there is a need for a long-term leisure sport strategy or concept that considers the heterogeneous consumer groups and the needs of specific localities. It should be drafted and realized through inter-ministry, multi-level cooperation that runs on a continuous basis. This concept should transcend political cycles and should follow the planning – realization – feedback flow. Program financing already works, but its operating mechanisms should be thought through so as to avoid ad-hoc decisions. These objectives were described in the two strategies in 2007 and in 2008 (inter-ministry, multi-level government cooperation, targeting heterogeneous groups) but were never executed.

### *Regulation*

Regulations should derive from strategy. In many cases, strategies cannot be realized because **there are no mandatory regulations** attached. Leisure sports are “lagging behind” in the field of regulations.

Leisure sports needs more favourable regulations in order to stimulate demand. The state could help by **creating a favourable taxation environment** (VAT exemption or reduction for services, equipment rentals). The state has **continuously rolled back allowances that used to apply** (VAT-free sports equipment, allowances for hikers, referees’ salaries, VAT exemptions for medals and cups, 1 percent from the tax for leisure sports<sup>119</sup>). Law LXXXIII of 2010 reinstated the VAT exemption for medals and cups from 2011.

*“They grinded off all sorts of allowances. In the beginning, sports equipment was VAT-exempt for five years, but starting in 1994, sports equipment became subject to VAT... leisure sports organizations were also tax-free. In 2007 or in 2008 it depended on who was providing the service... BSI had to add VAT, but if it was a civil*

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<sup>119</sup> From 2005 to 2008 the state budget got 750 millions from taxes (1 percent for leisure sports), but the central budget gave 750 millions less for leisure sports, than this opportunity disappeared (Földesiné [2009]).

*organization or Futapest or Zöldgömb organizing a running race, for them it was tax free ... the hikers travel allowances did not count as tax free. Those who were certified hikers could qualify for railway-ticket discount, but this stopped a couple of years ago as well.... Referees' salaries were tax free up till the annual minimum wage, or from 2005 to 2008 up to a maximum of 5,000 forints per occasion, and then it ceased altogether. In BSZSZ's case, if they organize the same amount of handball, basketball and football matches they have an extra 2 and a half million expenditure because of the referees' salary ... Medals and cups were tax-free, but since January 2010 it is not the same any more.”(Civil-society representative #10)*

It is problematic that the “sports organization” category lumps together sports businesses and civil-society groups. Since the state does not want to give allowances to most of the for-profit businesses in this category, nonprofit organizations are not eligible, either.

When my respondents started to brainstorm about regulations, their ideas included a **leisure sports fund** and a **personal and corporate tax benefit**.

I fully identify with the idea of favourable regulations for leisure sports and with the idea of offering personal and corporate tax allowances. There is a need for advocates to lobby for these. The state would gain much more in the long run than what it loses in taxes. One presenter at the Leisure Sport Conference in February 2012 said facilities established from TAO should devote 20 percent of daily operating time and 10 days a year to community leisure sports. The question arose as to why entry tickets for leisure sports events could not be eligible for a 0 percent tax rate among corporate cafeteria allowances if tickets for professional sports events receive this benefit.

Quality assurance and training of professionals also fall into the theme of regulations. I will write about these in the following section. Only representatives of the state and the civil sector talked about these subjects specifically. Only 2 respondents from the business sector talked about this topic.

The interviewees raised three issues with respect to *quality assurance*:

- events
- professional training institutions
- quality assurance of fitness clubs

In the case of **leisure sport events**, there would be a need for determining measurable factors and a quality-assurance codex. This would allow quality to be measured. It would also weed out leisure sport “dabblers” who might turn off sponsors and consumers – not only at a given event, but for the long term.

In the case of business-based **professional training**, the “big three” (Fitness Academy, Fitness Company and IWI) and TF are considered quality training institutions. There are various kinds of OKJ-trainings for sports professionals. Here again, there would be a need for quality guarantee, which does not exist at present.

A major problem at **business-based providers and fitness clubs** is that nobody oversees them, e.g. whether an instructor is qualified to teach. There is no control and no **quality assurance**.

From quality assurance point of view it is a good tendency that the plan for a quality assurance codex was born. This will apply to leisure sport events. There are also new regulations in the works for fitness training institutions. Examinations should be taken more seriously and should instill professionalism; fitness clubs should be monitored from the quality point of view. These suggestions were included in the 2007 strategy, but the problems persist.

Interviewees were also only able to talk about problems in relation to *professional training*. Specifically, representatives from the state and civil sectors discussed the following subjects:

- the lack of leisure sport professionals in university/college training, over-training in certain areas, and the “chaos” of the BSC, MSC and OKJ training programs.
- the lack of sports writers and reporters who are familiar with leisure sports
- the “underdeveloped nature” of PE teachers
- the problems of under- and over-regulating at training institutions (see earlier)

**Leisure sports hardly ever appear in university/college training for sports professionals** (sport physicians, coaches, event organizers, sports manager). There is **over-**

**training** for recreational professionals. Not only the training of sports physicians, coaches and sport managers are professional sport oriented but also the training of professionals in sport media. They would also have a role in forming attitudes. A well-trained communications or media professional can adapt to any circumstances, but if the contractors (the state, sports organizations, event organizers) do not request it and do not pay for leisure sports news and consumers do not look for leisure sport in the media, no changes will be forthcoming.

The **modern, up-to-date education of PE teachers** is essential. Their **numbers** should also be increased because of everyday PE classes.

Training of leisure sports professionals should also adapt to the needs of the labor market and to the needs of consumers. If we want to form new attitudes, we need media professionals who are knowledgeable about leisure sports. But there is a need for interests of leisure sports in media, and such media professionals. PE teachers' training should also be modernized because of they play a key role in attitude-formation. The first two problems have not arisen yet, but the last idea has been written into the strategies. Quality professionals definitely have a key role in attitude formation. I would also add that there is a major need for professionals who have a business approach, broad business knowledge in all areas of leisure sports, and who are oriented toward consumers.

#### *Infrastructure, facilities*

In addition to drawing up strategies (concepts), one of the most important tasks facing the state is **to establish and develop facilities and make them suitable for leisure sports**. It is not necessarily the duty of the state to maintain the facilities. Civil society – and to a greater extent, the business sector – should take part in maintenance as well. At the moment, municipalities maintain the majority of facilities. According to my interviewees, not only is the supply of facilities bad (the quantity and quality of sports facilities is far below the European average), but also the **utilization of existing facilities**. If this could be improved, leisure sports could profit significantly. We would need plans, concepts on how existing facilities could be better utilized for leisure sport participants, for the community. The **“Open Gates Facilities Program” (Tárt Kapus Létesítmények Pro-**

**gram**<sup>120</sup>) was a good example, but it has stopped due to a lack of resources. It would be worth re-launching it.

*“A well-utilized facility could operate 13-14 hours a day continuously. About five hours should be taken up by competitive sports. The facilities should be operating for leisure sports consumers during the remaining of the hours.” (government representative #1)*

It is not huge halls or stadiums that are needed; a **running track** that can be used for free would also be a great help. Representatives of the civil sector have emphasized the importance of providing access to **low-cost sports** (running, jogging, bicycling, hiking). The state should also provide public goods in appropriate quality and quantity. This would mean equal access to sports, **equal opportunity** to participate. The state could also fulfill this task by providing public running tracks and parks that could ensure sporting opportunities for many people<sup>121</sup>. According to the government representatives it is planned to build or renovate facilities for leisure sports (multifunctional facilities in plazas, or parks) and sports grounds. Representatives of the state sector talked about sandlot playground tender, which has been a colourful addition. This is already under way: 10 communities have received around 10 million forints to build open-air multifunctional grounds.

Better use should be made of existing hiking trails and bicycle paths.

Facility development in 1990 was unique but there was practically no progress in facility development between 1990 and 1998. There are about 300 schools that have no gyms<sup>122</sup> even though school gyms would give excellent opportunities for afternoon and/or weekend leisure sports. According to many of my respondents, the number of facilities has decreased, not increased, and the existing ones are in bad condition. There has been a big step forward in the case of football stadiums and academies, but not in case of leisure sport centers or running tracks.

*“Since the change of the political system, 70 sports facilities have been demolished or made to disappear in Budapest. Housing estates, petrol stations, shopping centers*

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<sup>120</sup> The support of afternoon and/or evening opening times of sports facilities for various age-groups, genders, for friends and workplace companies, for communities and for families. Ensuring free use of places that give sporting opportunities that are connected to regular use of facilities.

<sup>121</sup> The facilities (or some of them) should be convenient for handicapped, disabled people also.

<sup>122</sup> György Gémesi: „Tasks, opportunities in the field of leisure sports in 2012” conference-talk, 03.03.2012., Bakonybél.

*and roads have been built in their place. Neither World War I nor World War II inflicted such a loss on Hungary... The number sports fields that have disappeared in the countryside is about the same, or probably more. No one has even conducted a survey on it ... Facilities should be built. We should be able to get back at least to the level of 1990. The state would have an enormous role in this.” (Civil-society representative #4)*

According to government representatives, leisure sports could also receive its share indirectly from facility developments from the TAO (taxes) that the 5 spectacular sports received (indirectly from the state). In the case of facilities established from TAO, 20 percent of daily operating time, and 10 days, should be dedicated to community leisure sports on a yearly basis.

The operation of the **sports information system** is a decisive infrastructure question in which all possibilities, facilities, events and professionals could be found. The sports information system has been on the schedule for a very long time but we should reach the complete realisation phase from the planning phase. It then needs to be continuously refreshed and maintained. There is also be a need for a leisure sport module.

Leisure sports’ utilization of existing sport facilities should be improved. There is also a need for new establishments. We are not necessarily talking about huge complexes or multifunctional establishments – even the odd running track would be a great step forward<sup>123</sup>. The Open Gates Facilities (Tárt Kapus Létesítmény) Program has been successful and has managed to draw many people into sports. An operating sport information system with a leisure sport module would also represent progress. All these are already included in the national and regional sport strategies. The phrases “conscious development of facilities,” the development of “establishments accessible for leisure sports” and the idea of “multifunctional establishments” appear many times in the strategy documents. The new Sport Law and the New Hungary Development Plan also mention establishments, but professionals emphasized these tasks again. At the same time, resources should be allocated for facility development even if they are “only” low-cost running tracks. And facilities that have been created from TAO should allocate adequate time and space for community members to enjoy leisure sports – not just in theory, but in reality as well.

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<sup>123</sup> See Wicker et al. [2009], he suggests the same.

*Attitude formation, boosting demand*

The state has a responsibility and a role in this area. **Attitude formation is a key factor in boosting demand**, and this is the foundation of everything in leisure sports. Shank's [2002] sport-consumption model contains many factors related to attitude formation (attitude, motivation, values, socialization).

Attitude formation can occur partly in school, partly at home, in communities (friends, workplace) or in the media. **The state** can principally influence **attitude formation** through **schools and the media**, and the state has big defaults as in this field. This is a project that brings long-term rewards. No long-term attitude formation was in progress in Hungary.

*"We see the Scandinavian examples ... how this kind of attitude could be built in 10 years. This can only be done through coordinated, organized work. You need willingness, decision, apparatus, so it will have to be done from public spirit, with joint forces... as a result of a very consistent attitude-formation work. It will happen gradually ... help is needed from the state and coordination of consistent steps."*  
(Business-sector representative #2)

**Schools**, where pupils often get their first impressions, are very decisive in sport socialization. Schools need to give students the opportunity to experience every kind of exercise. Everybody thought the idea of "Everyday physical exercise" was very useful and forward-looking in terms of getting children to like exercise and physical activities. It will start from 1<sup>st</sup> September, 2012, 3 PE lessons will be in the morning and 2 in the afternoon.

*"Sport socialization should be an expectation in school. In this way, it is not the market players who are 'working on' people."* (Civil-society representative #10)

*"The state sector should actually take responsibility for getting children involved in leisure sports in a regular way, from kindergarten to the end of the institutional schooling ... as in order for an individual to get started on this road, there is a need for cultural capital. You can get this kind of cultural capital in schools nowadays."*  
(University expert #5)

In addition to schools, the **media** could be another key player in attitude formation. Various ideas have cropped up on how media could form attitudes: **Communication in public media, including leisure sports in popular series on commercial TV channels, the**

**realization of major year-long campaigns** that are not presented by Olympic champions, but by everyday people. The media is in the business of drawing the public's attention to important topics and disseminating information. The public should be continuously reminded that physical activity is a necessary component of health maintenance. It would also be worthwhile to communicate individual value-creation factors (bodily and spiritual health, health maintenance, transferable capabilities, pleasure, delight, less spending on health care) in the form of **public-service advertisements**. People should become conscious of the notion that they are responsible for their own health and that leisure sports are an especially effective tool for accomplishing this.

*"I saw an ad in the USA saying that your legs are always at hand. This should be taught to Hungarians as well, so you can always run and walk and climb a mountain. This simple message is not communicated by anyone in Hungary, by neither the media nor state." (University expert #2)*

"Sports for everyone!" is the title in 2012 of the public-service campaign by ad agency Mediaunio<sup>124</sup>. After their "THERE IS NO BUT" campaign in 2009, leisure sport appears in the media again after all. In the year of football European Championship and the Olympic Games, Mediaunio would like to bring the people's attention to the importance of regular (minimum 3 times a week an hour) physical activity<sup>125</sup>.

The media is primarily interested in professional sport and professional athletes. Even at major leisure sports events like Vivicitta or at swimming across Lake Balaton competition, the media looks for famous professional athletes. The most important news is that Olympic swimming champion Laci Cseh shot the starting gun or that boxer Zsolt Erdei swam across the lake. The *Zöldpont* (Greenpoint) leisure sports program has not been on TV since 2005. At the moment *Mozdulj* (Make a move) leisure sports program runs on public TV. Cable provider Digi TV also has a leisure sports program on Digi TV, but there is a need for much more.

It is possible to get money from the state from tenders for **priority leisure sports events** as attitude formation<sup>126</sup> (this money was at MOB already in 2011). Sponsors also like to

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<sup>124</sup> MOB is supporting initiatives with 10 million HUF, the slogan of which is the same as one of MOB's (MOB basic rule accepted in 26. February 2012, page 9.).

<sup>125</sup> Details: [www.sportolnijo.hu](http://www.sportolnijo.hu)

<sup>126</sup> „A” category: leisure sport events with national interest communication (min. 5.000 people); „B” category: nationwide importance major leisure sport events (min. 1.000 people); „C” category: leisure sport events with local interest communication, cooperation of at least 3 events spread to 3 counties (min. 500 people).



appear on these big leisure sports events. The “10 000 STEP Program” has been running since 2004 with state support. This is the only long-term program that has survived.

The state can form attitudes directly through schools, the media and at major leisure sport events. Attitude formation is the most effective tool for boosting consumer demand. All of the state’s priority tasks are linked to attitude formation. All tasks – especially if they are realized successfully – have an effect on attitude shaping – if not directly, then indirectly. The civil and business sectors should join the state in attitude formation. **Hungary’s sports law, development plans and strategies are built around the philosophy of the “sporting nation.” But this idea remains far from becoming reality.**

#### *Other state tasks*

Financing<sup>127</sup>, developing sports science and regulation and auditing are also state tasks. According to the government’s regional strategy, the state’s catalyst role does not work, the private sector and the civil sector have not adequately engaged themselves, and there are no data or analyses on leisure sports. Both strategies (national and regional) say the private sector should deepen its involvement in the financing. Other priorities for the state include:

- “catalyst role” with financial support, motivation, tenders
- research, support for sports science
- coordinating, auditing, controlling

The state could be a kind of catalyst through financial support and allowances. The system basically works in an inverse way. Most people and organization think, “If I get money, I will do something good with it.” It should be, people, organization who do something good get money for it. If an event or service is good, the consumers vote with their feet: They go and they spend. Individuals and companies should be motivated to deepen their involvement in leisure sport financing. At the moment, motivation is largely missing.

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<sup>127</sup> In a way of sponsoring, tender competitions as well. This is the task of MOB since 2012, but MOB also receives sources from state budget. Most important tenders in 2011: „Supporting sports events which aim is health improvement” tender, “Tender of supporting leisure sport activities of people with disabilities and multiple underprivileged”, “Tender of supporting playground and sports ground building”.

Sport-science studies and conferences must be supported as well. In Hungary, there is hardly any data or numbers on leisure sports and there is a great uncertainty<sup>128</sup>.

The state should tighten its control and coordination over the use of state support, and tenders. It should do a better job enforcing compliance with the rules. It could facilitate contacts between leisure sport-industry players.

We have been listening to excuses such as “the state will do it some day”, “we cannot do this or that, because the state did not give us money for it” for years. People expect a lot from the state in connection with leisure sports. All these expectations have historical roots, so some are “justifiable;” others are baseless. According to my interviewees, is perfectly justifiable for people to expect the state to take the initiative in strategy, regulation, ensuring basic facilities and attitude formation; when it comes to leisure sports, the state is deficient in all these areas. These will remain state tasks even after the MOB takes over many strategic, management and support functions in the government’s new sport structure<sup>129</sup>. Other state tasks (tenders, sport science, coordination), developing concepts (decision preparation, initiating and reviewing regulations), and the sport information system are now the MOB’s competencies in the new structure.

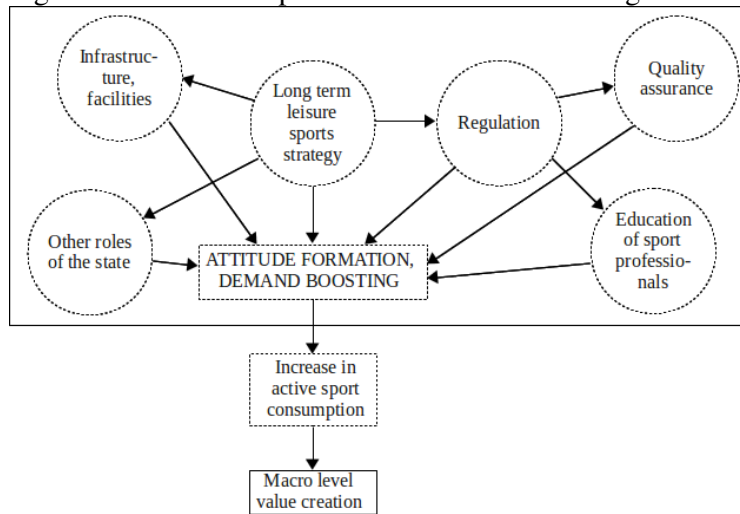
I close by summarizing the state’s task in Figure 9 (broken lines indicate that there are deficiencies in all tasks). According to the interviewees’ observations, **the long-term leisure sports strategy is a central element**, and every task affects **attitude formation and demand boosting**. If the state performs all statutory and strategic tasks related to leisure sports, it will go a long way to bringing more groups of people into leisure sports. Increased consumption of sports would positively affect factors of macro level value creation. It is obviously worthwhile for the state to boost the number of consumers who do sports. The harmony of the aims and the interests are there.

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<sup>128</sup> It is a progressive fact that the Hungarian Sport Science Association is organising more and more conferences, events where leisure sports appear and there are a couple of significant researches (Ács et al., [2011]), or Paár [2009], [2010], [2011a], [2011b], [2011c]. Sports consumption research will start, with the help of the Hungarian Sport Science Association, I will take part of it.

<sup>129</sup> See these in detail in the declaration of MOB, p.11-14. [http://www.mob.hu/engine.aspx?page=MOB\\_mob\\_alapszabalya](http://www.mob.hu/engine.aspx?page=MOB_mob_alapszabalya), time of download: 8 March 2012.

Figure 9: The most important tasks and shortcomings of the state



Source: Figure created by the author

In connection to *Propositions 3a and 3b*, both the civil and business sectors need the state to perform all statutory and strategic tasks. They primarily count on the state to form attitudes, take steps to stimulate demand (through schools, events, the media and by supporting events) as well as to draw up strategies and regulations. When it comes to leisure sports, the state's performance in all tasks is deficient.

#### 8.2.4. The role of local government

The central government and municipalities have different functions, and therefore cannot be handle together as if they were one and the same and it is worth talking about the tasks confronting municipalities. Sport is not a compulsory task for local governments and the principle of "We will spend if there is any money left" prevails. The three most important municipality tasks according to my interviewees are:

- maintaining facilities
- developing a local leisure sports concept
- communicating local sports events and a sports culture, which helps form local attitudes.

Municipalities fulfill their task of maintaining facilities, but leisure sport concepts and local leisure sport events often remain on the back burner – even though it would be much easier to organize sports locally than on a nationwide basis. According to the sports

law (§55), the local government should determine the local sports concept, and if more than 10 000 people live in a settlement they should determine all the sport related tasks and the money for these from their budget.

What do municipalities need to perform all their leisure sport-related tasks? Money and human resources are needed. There would be a need for a normative per capita and somebody who deals with leisure sports on a local level and is knowledgeable about leisure sports (e.g. a county sports manager). However, there is no sign of this happening. Rather, current trends suggest that decision-making is becoming more and more centralized at the national level and funds are being cut. So there will be neither financial nor human resources at the county or municipality level. In this way, county-level sports management is becoming weaker.

There are a couple of exceptions where things are working well. Somogy County in western Hungary has managed to put the regional philosophy into practice. Also, the sports manager in the city of Székesfehérvár is very conscientious and capable, while well Székesfehérvár is one of those few municipalities where there no budget deficits, and Szekesfehervar budgets adequate money for sports.

Municipalities do not have the financial or human resources for non-compulsory sports tasks and both types of resources will become even more depleted in the future. Local governments try to maintain facilities, but they have very little – or even no – energy for establishing and executing a local leisure sports concepts or to organize local events.

#### **8.2.5. Tasks of the civil sector**

In this section, I seek to answer the following research questions: “What are the features of the civil-society in connection with leisure sports, and what are the most important task, challenges for this sphere?” What areas need to be developed?

According to my interviewees – in line with the literature – civil society has three main tasks:

- to articulate, reconcile and represent interests
- providing services, organizing events
- community building

According to representatives of the civil, business and state sectors, civil society is good at organizing events on an association level and community building, but bad at represen-

tation of the members' interests. Everybody is hoping that advocacy for leisure sports will improve under the auspices of the MOB, even though the task force for leisure sports has just 10 members out of the total MOB membership of 240.

*Provision of services, event management*

Civil organizations offer an alternative to business-based services. By belonging to a sports association, people can do sports for the price of a membership fee, which is much more lower than the entry fees that business-based services charge. However, many sport associations are not open to leisure sports, preferring to concentrate on professional athletics. There is very little crossover between student/leisure sports to professional sports. Associations in certain areas – athletics, kayak-canoeing, handball, basketball, tennis, and triathlon – are open to leisure sports (which have obvious, rational reasons: community forming, market creation, increasing the number of viewers to professional events, income from membership fees<sup>130</sup>). Then, there are associations that are purely dedicated to leisure sports.

*“Let the doors be opened for people who want to do leisure sports! Nobody should be sent away from the clubs. At the moment 90 percent are sent away. The associations live from professional athletes ... Less than 10 percent of them are open to leisure sports people. UTE's canoeing section is a good example of how it can work.” (Civil-society representative #7)*

The most specific “civil service” is **event organization**, which is what civil society does perfect. Civil groups are able to organize events in a community or region where an event has special relevance – where it is interesting, attractive, where it can pass on the “sport is joy” feeling, form attitudes and generate further consumer demand for leisure sports. It is possible to organize running races or dance competitions anywhere that might interest local media and local sponsors. Some of the events organized by the civil sector are famous nationwide.

*“Major events are organized specifically by civil organizations in the countryside. The Swimming Across Lake Balaton competition is organized by the Somogy County Leisure Sport Association, the Nagyatád Sport Association does Ultra Marathon, and*

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<sup>130</sup> For instance, tennis clubs live from leisure sports' memberships.

*Iron Man or Vas Ironman are also organized by civil organizations.” (Civil-society representative #10)*

There are also many successful local events that are not well known on a national level; only people in the region are aware of them. They do not want thousands of participants; a few hundred local participants will suffice for things to work well.

Businesses that sponsor or support events expect professional-level organization. They want events that bear their company’s name to be impeccable and attract many participants. All points of contract should be met, and the budget and accounts should be in order. Sponsors often require exclusivity, i.e. they will be the only sponsor from their given industry. Civil organizations are not always able to fulfill these requirements and to serve their sponsors in a professional manner.

The aim is that people could take part in certain events for free. Events organized by national or county associations should primarily serve as a window for attitude forming. On the other hand, events that are not free could give the main proportion of their revenues. These organizations cannot survive from membership fees alone. At times there might be a sponsor, but long-term sponsorship is not typical. When it comes to events, civil organizations also fight to win grant money through state tenders.

Event organization is the civil sector’s major activity and its main source of income.

#### *Community building*

One of the reasons that civil organizations exist is that they **organize themselves from a grassroots level to achieve a common aim**, creating social cohesion and social capital without seeking financial gain. There is a major need for these community-building forces on a local level, to **organize their own sports activities locally**. The state or the MOB cannot perform this task and many people cannot afford business-based services.

*“A civil sports association in Kunszentmárton ... they do everything they can ... for children, for older people – to give them experience ... there are three or four people who are obsessed ... Ten years ago, nobody was doing sports in Kunszentmárton. Today, half the village does sports.” (Business-sector representative #1)*

Still, Hungarian civil society is neither strong enough nor organized enough. There is no tradition of being “civil,” organizations do not have enough resources, there are no up-and-coming young people starting new civil initiatives. People often work either free or

for very small compensation. One cannot address expectations to them as volunteers, not even if they are not educated enough or not dynamic enough.

There is a significant number of self-organized formal sports communities. They need an organized framework in order to take part in certain events and competitions, or to get support or sponsorship.

Nationwide associations have a great advantage in their national network; they have a national movement behind them. The Hungarian Leisure Sports Association is like one big family.

The civil sector fulfills its community-building function (even though it could still develop further) but the system desperately needs young sports organizers. Community building and event-organization are interrelated. If there is a community, the members will organize events, and vice versa. If there is a community, a civil association is “responsible” for that community and should represent its interests. At the same time, an organization that represents interests also builds a community, or can expand the existing community (see Figure 10).

#### *Representation of members' interests*

For historical reasons, Hungarian **civil-society sphere is weak and lacks resources**. This weakness is part of the reason why civil society **cannot advocate properly for the people it represents**. The civil sphere is not strong enough to be an equal counterweight to the state sphere, especially not in the area of sports. The MOB is an exception: It is a strong advocate, and since February 2012 the leisure sports are under the MOB's aegis. Perhaps this will bring change.

Consumers are not the primary source of support for the civil-society sphere; rather, it relies heavily on state support and tenders. Civil society's very existence depends on the state, and civil groups frequently have not wanted to “bite the hand that feeds them.” In the government's new sports structure, the MOB will be responsible for distributing tender money.

The corporate sphere also has little organized advocacy – not just for fitness, but for the other leisure sports as well. The Hungarian Leisure Sports Association (MSZSZ) is one civil organization that functions well. (Both the state and politicians have acknowledged the group. They have sought the opinion of the alliance's secretary-general, Péter Salga, on a number of topics and have tasked the group with projects such as the Nordic walk-

ing program and the quality-assurance codex. The MOB also praises the MSZSZ's organized work and its professionalism.) However, the MSZSZ **cannot advocate for the entire leisure sport sector**. It surely does not represent workers in the fitness sector. Its physical and human resources are finite and it does not have the capacity to strengthen workplace sports – a very topical issue.

Players in the fitness sector tried to create the **National Alliance of Fitness and Wellness Clubs Association** (*Fitness és Wellness Klubok Országos Szövetsége Egyesület*), but it foundered as soon as it got off the ground. The National Alliance of Personal Trainers (*Személyi Edzők Országos Szövetsége*) came into being within the IWI, but the organization does not function well because personal trainers tend to view each other as competitors and are reluctant to cooperate with one another. Similarly, competition between fitness clubs is too intense to allow for a common advocacy group. The founder of IWI, László Zopcsák tried to create a new association in 2010, named Alliance for Improvement of the Hungarian Fitness and Health (Magyar Fitnesz és Egészségfejlesztő Szövetség). They introduced the goals of the alliance<sup>131</sup>, but they have not started the real work yet.

One can find occasional examples where advocacy works. **The Hungarian Alliance of Ski Instructors** (*Síoktatók Magyarországi Szövetsége*) actively and skillfully handles tasks related to training and professional development. It also performs advocacy work for its membership, which presently comprises around 300 professionals. There are also national or county-level civil groups – for example, the MSZSZ or the Pest County Alliance for Sports (Pest Megyei Sportszövetség) – that do a good job advocating for their member organizations.

Since civil society is fundamentally weak and lacks resources, it cannot do an adequate job in advocacy or realizing the interests of its leisure sport members. With respect to the MOB, the question often arises as to how a 10-member task force on leisure sports can have much impact within a 240-member organization and how it will be able to advocate effectively for the leisure sport sector. On the other hand, the MOB itself has strong ad-

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<sup>131</sup> The goals: coordination of the Hungarian players in the fitness sector, organization of events, forums, increasing the physical activity among the Hungarian population, giving suggestions for the state how to enhance and promote recreation, making and maintaining contacts with Hungarian and foreign (EU27) professional organizations in the field of fitness and health, ensuring quality, promoting and financing research, and documentation, building and maintaining database for the Hungarian trainers.



vocacy powers, so belonging to the MOB is advantageous. It is also fortuitous that the 10 members of the task force on leisure sports have a broad range of professional backgrounds: They include people from the fitness sector, people from the corporate sector (who will promote workplace sports), and representatives from the Budapest Sports Office (BSI) and the MSZSZ.

#### *Other civil-society tasks*

In addition, the civil-society sphere faces the following tasks in leisure sports:

- Professionalism: Drafting concepts and plans, influencing decisions that affect the profession (this is related to advocacy, representation of the members' interests).
- Dialogue, information-exchange and partnerships – with each other, with professional sports, with the state (e.g. taking part in drafting regulations and decision-making, which is related to advocacy) and with international organizations.
- Consumer-oriented operations, promoting self-sustenance, moving toward a market-based framework
- Attitude formation

According to representatives of the state sphere, civil-society groups should **prepare plans based on professional standards**, take part in **drafting decisions**, and draw up **strategic and professional plans** for organizations and events. They should describe their current situation and state where they would like to be. They must develop programs and hold professional conferences. (The MSZSZ and the Hungarian Society for Sports Sciences (*Magyar Sporttudományi Társaság* (MSTT)) do a good job at this, organizing several conferences every year.) These tasks are listed in the MOB's new charter.

There is a major need for **continuous dialogue** between the state and civil society. The same is true for civil-society organizations: Dialogue is needed between sport and non-sport organizations, leisure sport groups and professional athletic organizations. Such cooperation has been entirely lacking so far. Hopefully, the various task forces within the MOB will begin cooperating with each other. Moreover, the modified law on sports contains "integration initiatives" that provide greater state funding for sport organizations that promote student sports or leisure sports.

National or county groups should provide their member organizations with **information**

(in general, they already fulfill this requirement) and should maintain contacts with international organizations as well.

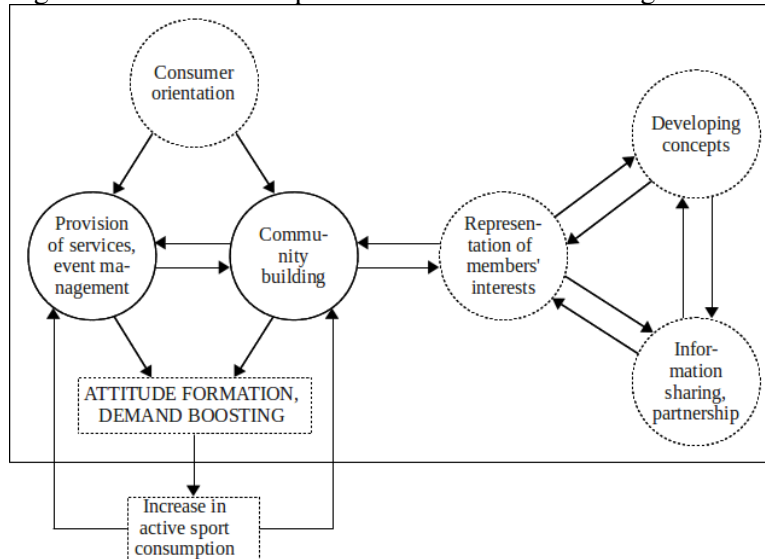
The corporate and state spheres have often criticized civil-society groups for their reliance on state funding, for lacking independence, and for their inability to function in a market environment. Of course, there are exceptions: Some groups function as real, consumer-oriented service providers that understand economics and business professionalism, but these are few and far between. Civil-society groups tend to think they are entitled to state funding; they think they need be propped up because they create social and economic value and make it possible for people to do sports. This is subject of debate between civil-society groups and business enterprises. Civil-society groups that function well tend to share the opinion of their business counterparts, arguing that the state should not artificially sustain entities that cannot survive from the markets, the consumers, membership fees and event-ticket sales. There is a very strong, but erroneous notion that the state helps “one-legged” civil society stand on its own two feet. The problem is that many civil society groups do not really want to stand on their own two feet. In the future, the MOB will distribute state resources and will decide who receives support and who does not.

Civil society has the (local) knowledge that allows it to draft (local) sport concepts, and it can also create larger-scale professional concepts and plans. If it performs these tasks well, it may increase its advocacy abilities and its capacity to realize goals. Relations between civil sports groups and other civil-society groups are not strong enough (an exception is the good relations and good information flow between certain umbrella associations and their constituent members). The state has historically bad relations with civil society, and the ability for people to “cross over” from leisure sports into professional sports needs significant development. Civil society must be able to function without state support and embrace market principles. It must support itself through consumer membership fees, event ticket sales and sponsorship. Civil groups must regard themselves as service providers.

The tasks facing civil society are summarized in Figure 10. The civil sphere can form attitudes by organizing events and community building (civil groups already fulfill these two tasks, but all other areas need improvement). When it comes to attitude formation,

civil society expects effective cooperation from the state. When it comes to their events, they expect tender money. Attitude formation helps to increase the number of sports consumers, which may have a positive impact on community-building and event organization because more people will want to be part of the community and take part in events – that is, to pay membership dues and buy tickets.

Figure 10: The most important tasks and shortcomings of the civil society



Source: Figure created by the author

My main observation for *propositions 4a and 4b* is that civil sports groups are weak and lack resources, and have a hard time functioning without money from the state and tenders. This coincides with Jenei-Kuti's (2009) observations on the civil sphere in general and with Wicker-Breuer's [2010] research on civil sports groups, which found that civil society struggles most with problems related to human and material resources. The civil sphere fulfills its tasks of providing services (somehow), organizing events and building communities, but its weakness prevents it from fulfilling its advocacy functions or influencing regulatory and legal decisions sufficiently. (The government's new sports structure may bring changes.) The civil sphere does not work on a consumer-oriented basis. It is also problematic that civil leisure sports groups have no relationships or partnerships with professional sports (nor do they maintain ties with other civil organizations. Moreover, Hungarian civil society does not enjoy the kind of relationship with the state that is typical in developed Western countries). Competitive sports must open up to leisure sports (they have already done so in some instances). It found a good idea from the state to create incentives for this through financial-support mechanisms.

### 8.2.6. The business sphere

In this section, I will seek the answer to the research questions, “What are the characteristics of the business sphere in Hungarian leisure sports and what are its most important tasks? What areas need to be developed?”

My interviewees understood the corporate sphere primarily as leisure sport service providers that work on a business basis. All the interviewees talked about these enterprises. Everyone mentioned the fitness sector and the BSI. Many of them spoke about sports-equipment and sportswear manufacturers and distributors, as well as the corporate sphere’s role as a sponsor and the various other leisure sports markets (I have already discussed the latter in the “markets” subsection).

**While Western Europe’s leisure sport industry has a history going back 50-60 years, in Hungary, it only came into being with the end of state socialism in 1989** – that is, barely 20 years ago. Hence it is not very developed. We know practically nothing about the industry: We lack the necessary depth of knowledge about both the industry as a whole and its constituent service providers.

Opinions were divided as to **whether it is necessary to assist and support the corporate sphere** (e.g. with tax breaks). Representatives from the business sphere, citing Western examples, said several times that tax breaks or a VAT exemption would be justified (this already happened in the 1990s), because their business activities help to create important value for society. Other interviewees, especially the academics, argued that sports service providers were just like any other service providers and do not deserve special subsidies or tax breaks. Given the competitive nature of the market, tax breaks would increase the service providers’ profitability, which would attract more competitors to the market – which, in turn, would decrease their chances to achieve profit. Supply would undoubtedly increase, but as I have stressed several times already, **the goal should be to spur demand for sports, not supply. It would be better to provide incentives for consumers.** The business sphere relies on the state’s attitude-formation activities; if attitudes change, corporations will benefit indirectly from the greater number of consumers who frequent their establishments – without receiving direct subsidies.

Several interviewees compared the corporate sphere’s operations to those of the civil-society sphere. In every case, they concluded that **the civil sphere has a lot to learn from the corporate sphere** when it comes to efficiency, organization, flexibility, re-

sponsibility, marketing, quality of service, and consumer-oriented attitudes.

*“You can’t close five minutes before the opening hours end, you can’t provide just half the information on your website, you can’t correct things later, you can’t answer questions. Simply put, we are here for the consumers, and we have to serve them continuously... Civil-society organizations’ biggest setback is that the people who are responsible for a certain task often don’t do it. You don’t know what to say.” (Business-sector representative #1)*

According to my interviewees, business-based service providers offer an adequate quality and quantity of services, thereby creating value for both the consumers and the owners. They must also promote the joy of exercise and other value-creation factors.

When we discussed the question of **which leisure sports work well as businesses** and can sustain themselves from consumers, **fitness** received the most votes. **Tennis, skiing and fighting sports** were in a dead heat for second place, while **cycling** (bicycle retail), **running** and **swimming** received honorable mentions. Also-rans included squash, small-field football, extreme sports, horseback riding, golf, boating/rowing, dance and yoga.

One of the key advantages of fitness is the constant appearance of new styles and trends.<sup>132</sup> The big sports-equipment sellers said people spend the most on products for **fitness, hiking and winter sports** as well as **retail cycling**. Table 22 summarizes the above findings related to business operations, supplemented by data on business-based service providers from the KSH’s Company Code Register (Cég-Kód-Tár), *Shape* magazine, and the BSI. All of these are good indicators for branches of business-based sports service provider.

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<sup>132</sup> For example, “speed fitness” is one fashionable new trend.

Table 22: Business-based leisure sports in Hungary

According to my interviewees	People spend the most on the following sports equipment and sportswear	The number of sport service providers in the Company Code Register	Shape magazine 4 year content analysis	BSI deals with
fitness	fitness	fitness	fitness	fitness
tennis		tennis		
skiing	skiing			
fighting sports				
cycling	cycling	cycling	cycling	cycling
running	running	running	running	running
swimming	swimming		swimming	swimming
	hiking			hiking
		horseback riding		
		dance		
		football		
			yoga	

Source: Table created by the author

The fitness sector has been dominant. IHRSA (International Health, Racquet & Sportsclub Association) collected the most important data in 2011 about the fitness sector in the EU27 countries. Despite of the global crisis, the fitness sector has been increasing.

Table 23: The fitness sector in the EU27

	2008	2011	<i>Estimation about Hungary in 2011</i>
Members	40 million people	44 million people	<i>300 000 people</i>
Employees	390 000	450 000	<i>?</i>
Fitness clubs	36 900	48 000	<i>600 – 800 (with the small clubs)</i>
Annual revenues	20 billion euros	28 20 billion euros	<i>144 million euros</i>

Source: IHRSA 2011 Report, cited by Zopcsák [2012], *additional Hungarian estimations based on the interviews*

The Hungarian fitness sector will be the focus of the following sections.

### 8.2.7. First case study: “The fitness sector”

The “Fitness Sector” provides an adequate quantity and quality of supply, but not every-

one can take advantage of it<sup>133</sup>.

My interviewees who work in the fitness sector estimated that there are **600-800 fitness centers** in Hungary. The palette is very broad, from small gyms that do not offer a complete service package (just the occasional aerobics class) to big centers that have everything from wellness services to all kind of sports. (There are 20-30 such centers, and these serve the majority of people who go into fitness centers). While the number of small- to medium-sized gyms is much greater, most customers frequent the bigger complexes. The gyms try to poach clients from each other. The big centers offer better value for money than the medium-sized ones and the medium-sized gyms are superior to the small ones. Consequently, the small gyms find themselves in an increasingly unpalatable situation. Just a quarter to a third of all centers are able to prosper. There are a number of reasons for this: 80-90 percent of fitness centers rent their premises instead of owning them, and the “club system”<sup>134</sup> has not taken root in Hungary. An estimated **300,000-400,000 people frequent fitness centers**, or 3-4 percent of the entire population. (According to a 2010 Eurobarometer survey, 2 percent of Hungarians exercise at fitness centers and 4 percent at other sports centers, compared to an EU average of 11 percent who go to fitness centers and 8 percent at other sports facilities. Some 15.6 percent of people in the United States, 14.6 percent of Canadians<sup>135</sup> and 11.3 percent of Britons belong to fitness clubs (Oakley – Rhys [2008]). According to the IHRSA in Holland and in Spain 15 percent of the population belong to fitness clubs, in Hungary only 2.5 percent.) My interviewees were not able to offer exact numbers, just estimates. One representative of the corporate sector said there were 300 clubs in Budapest that had Internet addresses.

Fitness centers first came on the scene after state socialism ended. Before 1989, there were some bare-bones “iron-pumping” rooms, some of which went on to become the first fitness centers, and security companies tried to open fitness clubs in those days. The first fitness centers, Andi Stúdió and Astoria Fitness, opened in 1988-89. One of my interviewees opened his gym, which was the fourth or fifth fitness center in Budapest, in 1994. At that time, it was easy to open a gym from every viewpoint, and you could get a return on your investment in 1-2 years. In Hungary, the following **periods** were impor-

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<sup>133</sup> Comparing the data of the EU and Hungary we can conclude that here in Hungary the average number of consumers in a fitness club is half as much as in the EU. The revenues are much less, we spend less in fitness centers, as other EU members’ customers.

<sup>134</sup> “Club system” refers to the model where customers pay a gym-membership fee on top of the price of using the facilities, not the system of competitive sports clubs and associations.

<sup>135</sup> <http://cms.ihrsa.org>

tant in the fitness center world, in chronological order:

**“Zero Hour”:** The 1970s and 1980s

- No fitness centers, just “body centers” and “iron-pumping” rooms in basements, usually in a bad state of disrepair
- Absolutely no service
- Absolutely no supplementary services

**Phase 1:** From the end of state socialism in 1989 to 1999

- Smaller gyms capable of handling 150-300 members
- Only basic services were available: aerobics, weightlifting, but no specialized machines
- Solariums and saunas were supplementary services
- Investors could get a return on their money within 2-3 years, hence it was worthwhile to enter the fitness industry
- Local clientele
- When a new center opened, it attracted new clients, not the old clubs’ members
- OTSH offered tenders from which 130 clubs were built during this period.

**Phase 2:** The beginning of the 2000s:

- The appearance of quality clubs that were financially strong, in good locations, not just attractive for locals, but for a larger geographic region
- Bigger areas, from 1,000 square meters
- More comprehensive services (e.g. beauty treatments, food and drink)
- Additional sports in addition to fitness, e.g. squash
- Additional services, e.g. personal trainers, nutritionists
- The quality of service became increasingly important thanks to strong competition
- Price competition: Smaller gyms found it difficult to compete against the bigger gyms based on the price-value ratio
- Big clubs began to siphon away clients from the smaller clubs, which may have driven 10-15 small clubs into bankruptcy. From the middle of the 2000s, the number of fitness centers did not grow, or grew only marginally
- The first “famous big club” arrived at the Eurocenter. Today, the most



popular is Gilda Max (with six units: Hermina, Flórián, Váci út, Allee, Óbuda, and Savoya).

**Third phase:** From the mid-2000s

- Appearance of 3,000-5,000-8,000 square meter fitness centers
- In most cases, the clubs are not just units, but networks
- Typically financed by financial investors (real-estate developers). Examples include Oxygén Wellness (Naphegy, Újpest, Fáy utca) and Sport Max (Újbuda, Hegyvidék)
- Holmes Place is the only strategic professional investor in Hungary (There was Gold's Gym, but it went out of business because the "club system" it employed failed to take on in Hungary.)
- Countless machines, services and service packages
- High service quality

There are presently 20-30 big fitness centers and many small- and medium-sized ones. As expected, many of the small- and medium-sized gyms (20-30 percent) went under. But more gyms had entered the market and there was money in the sector.

*"There are these ultramodern helter-skelter mega-centers like Oxygén, but the smaller studios still have a reason to exist... Being a small club is not a negative. You don't necessarily need a drastic amount of money to create a prosperous business. You can offer great exercise programs in smaller gyms as well..." (Business-sector representative #9)*

The question came up several times as to how big fitness centers can operate profitably. Many respondents say they are not profitable; they **exist to serve other facets of business**,<sup>136</sup> such as black-market employment and money laundering. Proving this would be impossible, and it is not my area of expertise.

*"If their price is less than the reasonable rate, people start to think, this is a money-laundering operation, not a reputable business." (University expert #4)*

*"These days, the realistic price for a monthly pass or a 10-visit pass would be*

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<sup>136</sup> If we look at the financial results of the frequently mentioned "big gyms" on the government's <http://e-beszamolo.kim.gov.hu> website, Holmes Place racked up a net loss of 289 million forints (there is no data for 2009. The operating loss was 208 million forints for 2009 and 190 million forints for 2008), Sportmax reported a net loss of 35.6 million forints (compared to losses of 12.2 million in 2009 and 180 million in 2008). There is no data on 2010 net income for the Fitness Factory (it reported net losses of 7.8 million for 2009 and 27.8 million in 2008). No data is listed for Oxygén in 2010 (its net loss was 44.1 million in 2009 and 86.4 million in 2008). Gilda Max reported a net profit of 149,000 forints for 2010 (compared to a net loss of 12.4 million in 2009).

*30,000-40,000 forints... It is not realistic to charge 15,000-20,000 forints a month for membership at an amazingly gorgeous place like Oxygén . This is only possible because the owner is not making his money from the fitness center.” (Business-sector representative #11)*

For myriad reasons, **financial investors** often establish fitness centers as a kind of “play-ground” for their family members, wives, or friends. The people who run these centers do not understand the business, and consequently, they do not prosper very well.

A **lack of economic and management experience** is one of the defining factors in this field. Just because somebody is a good aerobics instructor does not mean she will be a good gym manager. Typically, fitness centers have **no adequate business plans** or realistic business expectations. Fluctuation is fairly high at the bigger gyms; renters come and go, principally because they had no business plans. Many times, they not only **fail to hire a sports manager**, they do not even ask for business advice. There are also **very few consultants** in Hungary who can offer all the necessary experience and knowledge (operational experience, sports and training experience, economic qualifications, market knowledge, knowledge of foreign and domestic trends).

A **battle for clients** is raging and certain clubs try to poach each other’s customers. The intense competition is a major reason for the lack of cooperation between industry players. The prices demonstrate just how competition is: A monthly pass costs about half the 30,000-40,000 forints that it should cost. Hungarian consumers typically buy single-day tickets. The average customer works out twice a week; at the biggest gyms the average is 2.2 times a week. The average spending is 40 euro per month (12 000 HUF). There is a major need for **software to keep records on the clients**<sup>137</sup>. Such software would greatly facilitate the clubs’ marketing activities and help them gather market data.

A **lot of fitness clubs rent their premises** (80-90 percent) and very few own them. Rents are high (albeit lower since the financial crisis struck). There is no point in renting space for more than 5-7 euros/square meter per month; anything higher would make it impossible to achieve profit through regular fitness-center operations. People who own their premises may find it worthwhile to open a gym. One solution is to have security business and operate fitness centers, they provide security services for the whole shopping center

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<sup>137</sup> According to one of my interviewees who is familiar with the software market, there are presently two good software products, Wellness Gate and Smart Tools. It costs approximately 1 million forints to install them. Smaller gyms cannot afford this. My interviewee is planning to create a software program for small clubs. He will not sell it, but rent it out to gym owners for a few thousand forints a month.

and their gym can rent the space for a low price.

The **biggest items on the expense side are: rent, utilities** (roughly 1,000 forint/square meter) and **wages**, not to mention taxes. At many places, only the receptionist is registered with authorities, and possibly one or two trainers. Most employees work as contractors.

The centers constantly need to purchase new machines, partly due to amortization and partly due to ever-changing trends. The interviewee who works as a fitness machine distributor offered an interesting fact: **When an owner first opens his gym, he furnishes it with used machines nine out of 10 times**, because pre-owned machines cost half as much as new ones. Just one fifth or one sixth of fitness centers can afford premium-category machines (Techno Gym, Life Fitness). Banks that financed new gyms used to ask the fitness-machine distributors for a 100 percent buy-back guarantee, but this did not work. This is why the **market for used machines and machine-repair services** is thriving right now.

*“New machines will generally run up a net price of 10 million forints for 100 square meters of workout space.” (Business-sector representative #12)*

Several people said fitness centers might spend hundreds of millions of forints on a **marketing campaign without performing any market research**. They do not adequately assess the competition, the market and the opportunities. From every point of view, the field is extremely under-researched. We do not even know how many gyms are operating or the size of the consumer base. We also do not know enough about the consumers' demands.

Service providers have made strides with respect to marketing in recent years. Just a couple of years ago, only the big service providers did any marketing. Generally speaking, the majority of gyms and service providers – especially the smaller ones – completely lacked any marketing strategy, any relationship with customers, and any means of communicating messages to the consumers. Nowadays, they take advantage of online media or Facebook. There is much room for development in marketing, especially in the field of communications. They will need to spend money on this – but at present, most gyms try to solve all problems through barter deals. **There is also a lack of sponsors.**

Single-entry tickets are the dominant source of revenue. In Hungary, the “club system,” where clients pay an annual membership fee, does not work, even though it is a natural

fact of life in Western Europe. While Western European fitness centers survive from membership fees, their Hungarian counterparts live off of single-entry tickets. Many gym owners say the club system is the future. Some of them attribute the failure of multinational fitness giant Gold's Gym in Hungary to the fact that its business model was based on the club system. At present, most gym owners do not dare to introduce such a model out of fear that they will lose their customers. However, some new clubs are trying it out.

The other difference between Western Europe and Hungary is that **clubs with a highly specialized target group** have been operating in Western Europe for years. In Hungary, the only example of specialization is that some clubs are for women only.

**Budapest and the countryside:** Two different dimensions. Some clubs in big cities in the countryside have begun competing with the big fitness centers in Budapest, but they can only charge about half as much as their Budapest-based counterparts for single-entry tickets or monthly passes. There are also differences in the quality of service.

An estimated **third of fitness centers can operate profitably.**<sup>138</sup> The reasons for this can be summarized as follows:

- A lack of market research
- A lack of strategic professional investors, and financial investors often do not employ staff with adequate expertise – there is a lack of business and economic knowledge
- A low number of gyms that own their premises
- A low number of credible, professional advisors and managers
- A lack of realistic business planning
- A lack of record keeping and planning – smaller clubs cannot afford the expensive software
- The “club system” does not work
- The sponsorship market does not work for fitness centers (earlier progress in this area has been rolled back by the financial crisis)
- Profit is not a goal because fitness center owners “cross-finance” their operations through other activities

In addition to these facts, the lack of quality standards (because of the lack of the state's

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<sup>138</sup> Of the establishments listed on the government's <http://e-beszamolo.kim.gov.hu> website, 40 percent of Budapest fitness centers were profitable and 60 percent are loss-making in 2010. The interviewee who is familiar with the sector estimated that the rate of profitable gyms is more like 25-30 percent, especially if we include the gyms outside of Budapest.

regulation) and the lack of cooperation and advocacy (because of the weakness of the civil organizations) are also big setbacks. The fitness sector field needs research because we need exact numbers and data instead of estimations.

### *Quality of service*

Only the representatives of the corporate sphere spoke about quality of service during the interviews. In their opinion, the bigger fitness centers have absolutely no problem in the quality field, but there is room for improvement at small clubs.

One defining factor is the location of the service provider. In general, clients do not want to travel more than 20 minutes from their homes or workplaces. According to the in-depth interviews, the following items play a decisive role in service quality (in order of importance): Decent staff (behavior, politeness, knowledge), the state of the facility (uncrowded, airy, adequate light), design, cleanliness, modern machines, and supplementary services. Consumers have a hard time assessing the quality of a fitness program and its potential to bring results, so this does not figure in to their decision to choose a fitness center (or leave it). A suitable record-keeping system for clients and the related software are also important, as is the role of the gym's website, which must be constantly maintained and updated and must be able to serve the clients interactively (a client should be able to sign up for a class, cancel his attendance, ask questions, and provide feedback on his satisfaction or dissatisfaction).

All interviewees stressed the importance of **personal relationships** – for example, a receptionist who can greet the clients by name. In their view – contrary to the findings of both academic literature and my questionnaires – the physical environment is not the biggest factor that shapes the consumer's first impression upon entering the gym; rather, it is the personal touch, the human factor. At the same time, overcrowding during peak hours and a lack of space can generate a negative feeling.

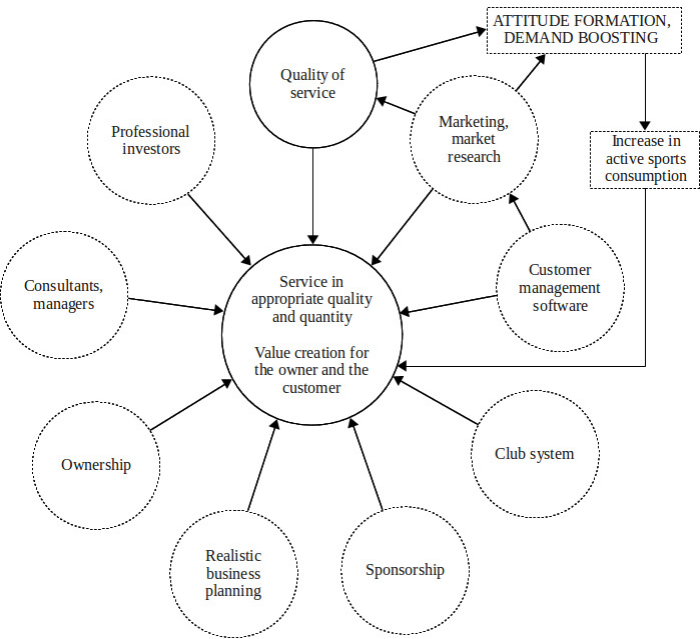
*“You have to handle the biggest clubs in the same way as you handle the smallest ones. The infrastructure has to be in place, and then the hospitality, the niceness, decent service... there are tiny tricks, like giving new guests a different-colored towel. This is a signal for the staff to pay special attention to them. When the staff is around someone who has a blue towel, they are all smiles, ‘how can I help you...’” (Business-sector representative #12)*

Naturally, the type of gym makes a difference. People expect different things from Oxy-

gén Wellness than from a small gym. There is a big difference between Budapest and the countryside with respect to the possibilities and the quality of service. There have been significant developments in recent years: Since the 2000s, big fitness centers (where the quality of service is already top-notch) are able to offer complete service packages and high-quality supplementary services.

The situation of fitness-service providers that offer a decent quality and supply of services could improve if there were more strategic professional investors; if they employed credible advisors and managers; if they drew up realistic business plans; if more gym owners owned their premises; if they did more market research or hired others to do it for them (this would also improve the quality of service and the opportunity for segmentation); if they used software to keep records on their clients; if they could implement the club system; and if they could sign more contracts with sponsors. Decent service quality combined with good marketing would spur demand, which would boost supply. In addition, the growing number of active sports consumers is a decisive factor in creating value for owners and profitability (see Figure 11).

Figure 11: The most important tasks and shortcomings of the fitness centers



Source: Figure created by the author

In relation to *Proposition 5*, we can say that business-based service providers (fitness centers) operate in a consumer-oriented manner and satisfy existing consumer demand in terms of both quantity and quality. The quality of service is also adequate, especially at the big fitness centers. While there are problems and areas that need work, fitness centers are still able to motivate 300,000 people to exercise, so we can learn from them.

#### **8.2.8. Lack of cooperation**

Cooperation has been missing from most areas of leisure sports. According to my interviewees, cooperation is necessary and theoretically important, but in practice, it does not exist. The reasons are egotistical self-interest, intense competition, a tendency to view others as opponents, and a lack of a culture of cooperation, which makes it difficult for people to recognize the synergies that cooperation can offer.

**There is no cooperation on the government-ministry level either**, even though several branches of the state – education, healthcare, social welfare, culture, and tourism – should be working together to build a well-functioning leisure sports sector. The main culprits are the poor “cooperation culture” and the maze of bureaucracy.

**There is no cooperation among companies in the leisure sports industry.** There are a handful of concrete scenarios in which some kind of cooperation might exist, but essentially, everybody views everybody else as an opponent. This is different from viewing them as a worthy competitor, which would be healthy in a market context. Since competition in the fitness-center market is intense, the market players do not cooperate – rather, they try to outdo one another. There is also a fierce battle for clients and sponsors.

Among civil-society groups, the race to find resources – namely, **government tender money** – is the chief area of competition. Civil groups also skirmish over consumers and sponsors; they fight not only with each other, but with businesses as well.

*“So long as there is a lack of resources in this field, and I have to do so much to fight the enemy – sorry, opponent – sitting next to me, who is my competitor in the race for resources – be it sponsor, clients or state resources – it will be difficult to find a common denominator.” (Business-sector representative #1)*

There is also usually **no cooperation between the corporate sphere and the civil-society sphere**. The two sides are more likely to work against each other. For example, many civil-society representatives speak badly of the BSI because it receives state funding, and the civil groups think these funds are being “taken away” from them.

The **civil sphere's cooperation with the state is not trouble-free**, either.

*“There were times when we offered them money (state funds), but then the time and the place for the event changed, but they forgot to tell us. They do not understand that if we appropriate funds, we expect somewhat fuller cooperation from them. It would be nice if they would obey the written and unwritten rules on a practical level as well.” (Government representative #2)*

Yet some good examples exist. The MSZSZ has long maintained good relations with the government's sports personnel and has been a reliable professional partner for more than 20 years. It also maintains decent cooperation with its member alliances (in areas such as information flow, tenders, joint projects).

Coca-Cola is another exception. Civil society and other business ventures (e.g. organizers of the swimming across Lake Balaton competition, the MSZSZ, Fitness Company) are able to cooperate well with the soft-drinks maker. The organizing committee for the Lake Balaton competition regards the Lake Velence Swim, the Danube Swim in Paks, and the cross-swimming events at Porec Bay and Lake Fertő as important “sister events”. The organizers of the swimming across Lake Balaton race also enjoy excellent relations with the BSI and work with them to popularize various events. The BSI has also offered to cooperate with organizers of running races and other events.

Regarding the *Proposition 6*, we can state that, with a handful of exceptions, cooperation is insufficient – both within the various spheres and between them – and needs serious development. In the new structure, we can expect cooperation between the MOB's professional task forces. Also, the 10 members of the MOB's task force on leisure sports represent different fields (fitness, workplace sports, BSI, MSZSZ), so there is hope that these areas will cooperate in the future.

#### **8.2.9. Best practices and the case study of the Budapest Sports Office**

According to the interviewees the best practices, the good examples in the field of the leisure sports are the following events<sup>139</sup>:

- BSI-events (business sphere)
- Swimming across Lake Balaton competition (civil sphere)
- Challenge Day (state-local governments)

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<sup>139</sup> I could speak with one of the founders/organizers of these events, which is important considering the reliability and validity of my research.



- Coca-Cola's "Testémbresztő" (Body-awakening) Program and Women Sport Festival<sup>140</sup> (business sphere)
- "Big Sports Choice" (Nagy Sportágválasztó) (civil sphere – state – business sphere)

The interviewees mentioned other important events such as: 10 000 Steps Program, Fitt Balance, local running events, running clubs (especially women running clubs), Avon-clubs, Iron Man, Nordic Walking Program, Senior Games, Streetball, Tour De Pelso, Ultra Marathon, programs of Zöldgömb, MOL-STEP Program, E-on Family Football.

*Second case study: The Budapest Sports Office*

All interviewees spoke of the **Budapest Sports Office** (BSI), which organizes world-class running races, as an exemplary model in the field of leisure sports.

*"[BSI manager] Árpád Kocsis and his people are the best example on how to sell city running. They can make profit, because they are customer-oriented service providers with high quality services" (Civil society representative #3)*

Reasons for the BSI's success:

- Árpád Kocsis is an outstanding sport and marketing expert, an upright professional partner, enthusiastic, knowledgeable, and continuously seeks to improve his skills. He is at once both a manager and leader
- Strategic thinking, long-term planning in certain markets (they have marketing strategy, communications strategy, sponsorship strategy, merchandising strategy, sports-equipment shop, innovation strategy, international strategy)
- It serves a broad target market – their events offer several race distances and they offer a segmented supply
- It operates across the country, not just in Budapest, so their target market is broad in a geographic sense as well
- They do not deal exclusively with running races anymore. The BSI organizes events in a broad range of sports (cycling, swimming, fitness, walking, Nordic walking, hiking, roller skating). It has a diversified portfolio in order to reach as broad a target group as possible
- High-quality service for both consumers and sponsors, creating value for

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<sup>140</sup> It got an Innovation Award in November 2011 from the TAFISA (the Association for International Sport For All).

partners through top-notch service

- 20 years' of experience and continuous innovation in the Hungarian market, a long learning curve, and a strategy for innovation
- International relationships an international strategy. The BSI has become more and more international over the years and has entered foreign markets
- Marketing activities, media appearances in Hungary and abroad – both usage of ATL and BTL marketing. It has exploited the opportunities offered by online media and has well-considered marketing and communications strategy.

The BSI first won the right to organize a marathon in Hungary's capital in late 1991. The contract was broken on 31 December 1992 when the Budapest city council backed out of the running-race business. The BSI went on as a private enterprise, organizing events beginning with the IBUSZ Marathon. Nowadays, it organizes events throughout the year across the country, with different distances for different groups of people. It has changed its basic business concept twice so far:

The first "change" was that they made every event a "multi-event." Instead of two different race distances, athletes could choose six or seven different distances to run. They also realized that "What is successful in Budapest must be successful in the countryside as well." Since 1998, they have continuously expanded to the point where they are doing events in six or seven cities nationwide. Under the so-called "Hungaricum concept," the BSI organizes running races at Balaton, Hortobágy and the summit of Mount Kékes, at locations that everybody knows. The Kékes Summit run began 14 years ago, the Balaton Marathon and the Hortobágy race have been around for eight years and the run around the Balaton began four years ago.

The second "change" was shaped by the principle, "What is successful in running can also be successful in other sports." The BSI expanded its focus to fitness, walking, hiking, swimming, cycling and roller-skating.

In 2012, barely a third of the BSI's activities take place in Budapest and less than half the events are running races. Nowadays they attract around 100,000 people to 25-30 events annually; 20 years ago they attracted 5,000-10,000 participants, 10 years ago 30,000, and five years ago 50,000. The number of events and participants has continuously increased,

which was no accident: It was the result of conscientious work and a well-planned strategy.

Some 60-70 percent of the BSI's revenues come from sponsors and the rest comes from consumers and race-entry fees from athletes. In recent years, they have successfully applied for state funding as well. Government money now account for 5 percent of the BSI's revenue. This sparked a storm of contention among civil-society representatives, who asked why a well-off private company should be getting state tenders. They argued that the BSI could get along quite well without state funds. At the same time, the BSI uses state money many times more efficiently than the civil groups do. In the future, the BSI plans to raise the percentage of revenue it gets from consumers. It would be ideal if one third of the BSI's revenues came from the sponsors and around two thirds came from consumers, Kocsis said.

Sponsors like to conclude contracts with the BSI. They get decent service, they can be sure that the event will not be cancelled, and they know that things will proceed as outlined in the contract. The BSI has a lot of long-term contracts. Kocsis has international expertise, 20 years of domestic experience, and has surrounded himself with a high-quality professional staff. Very few of the BSI's industry peers share the view that sponsors are important even after the money is transferred. Very few of them have a long-term sponsorship strategy. The BSI's partners like the fact that the BSI serves as the organizer, advertising agency, contractor agency, hostess and PR service all in one. The BSI has sponsorship relationships with several big corporations including Magyar Telekom, K&H Bank, Generali Insurance, Nike, Spar, EDF, Coca-Cola, E-On, Metropol, Samsung and Intersport.

*"In 1994, we signed our first contract with [supermarket chain] Plus... which has now been acquired by Spar... I hope it will last at least 20 years. Before, we worked with Libress for 18 years. We began cooperating with Nike in 1992 and with Coca-Cola in 1994, and the first event with K&H Bank was in 2001... Sponsorship techniques have taken shape over the past 30-50 years around the world. I think we are well acquainted with them and use them well. And the partners are grateful for this professionalism... Today, whenever a new colleague joins our company, I always start by instilling the idea that sponsors are very, very important. I mean they are not just important up until the moment they sign the contract and transfer the money, but afterwards as well. We are responsible for our sponsors." (Business-sector represen-*

tative #1)

The BSI also offers decent quality to the consumers. Its standards of service are high (providing directions, refreshment stands, package before and after the race, supplementary services, Internet homepage). Although the BSI's race-entry fees are lower than in Western countries, representatives of the state and civil society complain that their services are expensive. Yet it costs twice as much to run in a marathon in Vienna or London as in Hungary, and the service standards are the same. According to Kocsis, Hungarian prices will eventually rise to Western levels in the long term, and for this to happen, it is necessary to continuously provide top-flight service. People are always willing to pay for good quality. This is the key to building a strong business for the long term – a fact that many people on the Hungarian market have not yet come to terms with.

*“It costs 22 euros to run a marathon in Budapest and it costs 55 euros in Vienna. And the difference between service levels is not that great – sometimes, it's even better here. But I think the prices will even out in around five years.” (Business-sector representative #1)*

The BSI devotes a huge amount of energy to marketing. They spend a lot on publications and promotions that do not bring any financial return. Supplementary services include the Spuri webTV, a webRadio and the *Spuri Runner's Magazine* (*Spuri Futómagazin*), as well as an Internet homepage from which photos, workout plans, race results and news articles can be downloaded. The BSI jointly established the Spuri Runner's Shop with Csaba Szűcs, the top Hungarian marathon runner. The shop sells practically every accessory related to running and carries all sports brands. If people are looking for advice in addition to premium-quality goods, they come here. All of these “extras” are aimed at providing value for the customer.

*“Spuri magazine is absolutely incapable of turning a profit, but we keep it going because it is important for someone who knows everything about marathons to get close to the people, and to offer the kinds of publications in which you can read about these things. So, we spend a lot of money promoting healthy lifestyles and running, and nowadays, everything else... because if you want to have participants, consumers, and customers, you have to give them information.” (Business-sphere representative #1)*

In addition to ATL communications (billboards, radio spots), the BSI has recognized the opportunities that lie in online and community media. Several thousand people visit their

homepage every day. As these lines were being written (25 February 2012), the BSI's Facebook page boasted 6,250 fans. They have also begun creating Facebook pages for their individual events. Furthermore, the BSI has an e-mail database with 45,000 names and a text message database of 60,000 phone numbers. Their incentive schemes – the Regular Runner (Törzsfutó) program, the Spuri runner's card, Half-Marathon Mania, the Field Runner Cup, Family-member discounts, the Jubileum runner's club – are also successful.

In 2011, the number of non-Hungarian runners in the 26<sup>th</sup> Nike Budapest International Half-Marathon and the 26<sup>th</sup> Spar Budapest International Marathon increased by around 55 percent from the previous year. The races were preceded by a worldwide advertising campaign that lasted more than a year. The BSI advertised in the biggest runner's magazines and websites, it made appearances at major marathons in other countries and conducted a direct mail campaign based on a database of European runners. The BSI is constantly widening its market – it does not limit its scope to Hungarian runners. In 2011, Budapest was the third most-popular destination for “running tourism” in Central and Eastern Europe after Vienna and Prague. The decided majority of the visitors came to Budapest specifically to attend the BSI's races and two thirds of them were here for the first time. The runners hailed from 61 countries, mostly from France, Great Britain, Germany, Italy and Finland.

The BSI help to promote running (and leisure sports) with a constant stream of new ideas. At present, they mainly deal with running races, but they offer to collaborate with other branches of sports as well. The other organizers could use the web page [www.futonet.hu](http://www.futonet.hu) to promote their events, and they send out a separate newsletter for each Partner competition in order to raise the public's awareness. In addition, the BSI launched a “Running Ambassador Program” at the end of February 2012 in Budapest and 26 other towns and cities. There are now 48 Running Ambassadors who work to organize runner communities and offer advice in their hometowns.

In sum, the BSI has implemented planning–realization–feedback model; they plan for the long term; they have a strategy; they operate on business principles, efficiently, and in a consumer-oriented manner; they provide a high standard of service to both their consumers and sponsors; they reach a broad target group (not just in running and not just in Bu-

dapest anymore) and constantly pay attention to new opportunities; they innovate, perform market research, build up databases, and build upon foreign experiences. Kocsis himself is a key contributor to the BSI's success, put as he puts it, *"This is not a one-man show. We are a team, it's just that I am the one who is most visible to the public."* (Business-sector representative #1)

The BSI won the Ede Minarik prize in 2001, receiving a certificate of acknowledgement for its diligent work in sports. Since then, the main source of acknowledgement is the smiles on the faces of athletes as they cross the finish line. We could feel deficiency, when managers and trainers from the professional sports world constantly receive awards and BSI get nothing.

#### **8.2.10. Deficiencies and areas that need development and change**

According to my interviewees no important changes happened in the last 20 years in the field of leisure sports. We are always talking about the leisure sports and the need for changes, but not only the state but also the civil society did anything.

*„The question is, how long should be the transition period? Since 1989 20 years went by. How many years do we need? We are planning, we are talking about the changes but we do not realize anything. So we cannot start the way of changes the Finnish people did 50-60 years ago.”* (Civil-society representative #6)

My interviewees listed a large number of deficiencies and areas that need development and change. I compared the data from my interviews with my preliminary document analysis: Table 24 shows whether an area that needs development is mentioned in the documents, and if so, in which document. The abbreviations are as follows: DP = The New Hungary Development Program (2007) (Új Magyarország Fejlesztési Terv, the former Hungarian government's national development program); LS = Law I. on Sports (2004) (A sportról szóló 2004. évi I. törvény); NSS = the Sport XXI National Sports Strategy (2007); SLSSC = the Sports and Leisure Strategy for Small Communities (2008). Items in bold represent the most important tasks according to the focus group and other feedbacks. Items in italics did not appear in any documents.

Table 24: Deficiencies and areas that need development and change

DEFICIENCIES AND AREAS THAT NEED DEVELOPMENT AND CHANGE	
IN ALL THREE SPHERES	
<b>ATTITUDE FORMATION – BOOSTING DEMAND: Implementing the “sports-loving nation” philosophy in everyday life</b>	DP, LS, NSS, SLSSC
<b>Strengthening workplace sports, encouraging inactive workers to participate</b>	NSS
<b>Strengthening sponsorship of leisure sports</b>	NSS, SLSSC
Using the power of the media and raising the number of media platforms for leisure sports	NSS, SLSSC
<b>Cooperation between the three spheres</b>	NSS, SLSSC
IN THE STATE SPHERE	
<b>Long-term leisure sports strategy, long-term leisure sports projects</b>	NSS, SLSSC
<b>Planning-fulfillment-feedback procedure</b>	SLSSC
Target group-specific strategy: local level, different consumer groups (in municipalities and civil society, and in small communities as well)	LS, NSS, SLSSC
<b>Inter-ministry, multi-level government cooperation</b>	NSS
<b>Favorable regulatory and tax environment for individuals and organizations (to help attract greater financing from individuals and companies)</b>	NSS, SLSSC
<i>Quality control for leisure sport events</i>	
Quality control and quality standards for vocational institutions	NSS
Regulation and control of service providers to ensure quality	NSS
Number and quality of leisure sports experts	LS, NSS
Modernization of training for physical education teachers	NSS, SLSSC
<i>Sports journalists that understand leisure sports</i>	
Number and quality of facilities	DP, LS, NSS, SLSSC
Increasing usage of existing facilities for leisure sport purposes	NSS, SLSSC
Development of sports facilities that are not budget-intensive, e.g. running tracks	NSS, SLSSC
Sports-information system <i>with leisure sports modules</i>	LS, NSS, SLSSC
Improving the research of sports, <i>including leisure sports</i>	SLSSC
Coordination and monitoring (tender money, enforcement of regulations, information exchange between stakeholders, relationships)	LS
IN THE CIVIL-SOCIETY SPHERE	
<b>Traditional civil-society functions – representations of the members, advocacy, safeguarding interests</b>	NSS

Cooperation, dialogue, information exchange, partnership between sport-oriented civic groups, other civic groups, and state and international organizations	NSS
<b>Cooperation between leisure sports and professional sports</b>	NSS
<i>Stronger participation in the formulation of decisions, plans, strategies and concepts</i>	
<i>Consumer-oriented approach to “market-based” operations, become real service-providers</i>	
IN THE BUSINESS SPHERE	
<b><i>Realistic business planning</i></b>	
<b><i>Marketing activities, market research, keeping records on clients</i></b>	
<i>Professionalism, professional investors</i>	
<i>Credible, reliable experts, advisers and sports managers</i>	
<i>Club system</i>	
<i>Private ownership of premises</i>	

Source: Table created by the author

In the next part I will present the results of my quantitative research.

### 8.3. QUANTITATIVE RESULTS

In this section, I will seek quantifiable results for the following research questions: “Which are the most important tasks facing each of the three spheres? Are the players in each sphere adequately fulfilling these tasks? What is the difference between a given task’s theoretical importance and its practical fulfillment?”

I received back 130 questionnaires of which 126 were useable for my analysis. Of these, 108 were from nonprofit groups (including 93 associations) and 18 were from for-profit businesses, all fitness centers. Due to the small number of responses from the fitness centers, the data can only be regarded as indicative and descriptive, not scientifically reliable<sup>141</sup>. The basic data is presented in the tables in Appendix 21.

Each association had an average of 104 members in 2011 (excluding the three that had more than 1,000 members). However, 70 percent of them had fewer than 100 members.

**One-third of leisure sport associations’ revenues come from membership dues** (business-based enterprises, by comparison, draw 75 percent of their revenues from consumers, i.e. single-entrance tickets and monthly passes). Some 15 percent of associations’ gross income comes from sponsors and supporters, usually from event sponsorship (fit-

<sup>141</sup> I do not even perform the same analyses on the fitness centers as I do on the associations.



ness centers typically have no sponsors). More than 26 percent comes from the state (in the form of tenders or other support from municipalities and the central government. The corporate sphere characteristically receives no such income. Another 13 percent of the associations' revenues are generated by ticket sales at events (the corporate sphere draws 20 percent of its revenues from events). This demonstrates just how badly the associations need state funds (first and foremost tender money)<sup>142</sup>. The other income source is the 1 percent donations from individuals' tax returns, (Hungary allows taxpayers to select an NGO to receive 1 percent of the total value of their annual tax bill), which can be viewed as a form of "state support." **Hence associations "obtain" roughly one-third of their revenues from the state and municipalities, and nearly one third stems from events** (this includes sponsorship money, as sponsors are present at events). This supports the interviewees' statements that leisure sport associations cannot survive off of membership dues, and that event organization is an important source of revenue for them. Table 25 breaks down the associations' and for-profits' various revenue sources.

Table 25: Revenue sources for the nonprofit associations and for the for-profit service providers

Revenue	Nonprofit associations (n=93)	For-profit service providers (n=18)
From consumers	33%	75%
From sponsors	14.43%	1.67%
From tenders	21.5%	0%
From the state or local governments	4.83%	0%
From events	13.19%	20%
From partners	1.8%	1.67%
Others	8.24%	1.67%

Source: Table created by the author

Some 17.5 percent of the associations report revenues of less than 50,000 forints, 19.3 percent take in between 50,000 and 500,000 forints, and 43.9 percent have sales between 500,000 and 5 million forints. In other words, 80 percent of associations get by on revenues of less than 5 million forints. Of the 93 associations, 16 percent said they are constantly struggling financially, 58 percent said they break even, and **26 percent reported they were consistently in the black**. The business enterprises did not respond to the questions related to revenue.

<sup>142</sup> The MOB will be responsible for distributing this money in the future.

Altogether **37.2 percent of the associations described their own services as “high quality,”** just 2.2 percent said they were “excellent.” Some 5.4 percent said the quality of the services they provide was “low” and 3.2 percent described it as “very low.” (The corresponding numbers for fitness centers were: 33.3 percent “high quality,” 16.7 percent “excellent,” 16.7 percent “low” and 0 percent “very low.”) The majority of associations – 51.6 percent – said they thought their quality of service were adequate or average, compared with one-third of the fitness centers. The percentages were similar with respect to the level of demand for services: 19.6 percent of associations said it was “high” and 6.5 percent said it was “very high,” while 53.5 percent described demand as “average,” 18.3 percent said it was “low,” and 2.2 percent said it was “very low.” (The corresponding numbers at fitness centers were: 33.3 percent “high,” 16.7 percent “very high,” 16.7 percent “average,” 33.3 percent “low” and 0 percent “very low.”)

Altogether **11 percent of the associations said they had a significant advantage over their competitors** and two of them (2.2 percent) enjoy monopolies. Some 73.6 percent said they were in an average situation. **Eleven percent said they were being squeezed out of the market** and 2.2 said they had already become unable to compete. (The corresponding numbers for the fitness centers were: 16.7 percent with a significant advantage; 16.7 percent with monopolies; 33.3 percent described their competitive situation as average and 33.3 felt they were being squeezed out of the market. None said that they had become unable to compete.) Some **34.8 percent of the associations said none of their managers had any economic/financial academic background.** 13 percent said a member of management had completed a course in economics or finance, 18.5 percent had a manager with a mid-level degree, and 33.7 percent had someone with a high-level degree. All fitness centers said at least one of their managers had some kind of qualification in economics. 16.7 percent had a manager who had completed a course; 16.7 percent had a manager with a mid-level degree; and 66.7 percent had a manager with a high-level degree.)

The associations showed a moderately strong positive correlation on the 1% significance level between the following items:

- Service quality and demand for the service:  $r=0.433$
- Service quality and the organization’s competitive position:  $r=0.296$
- Service quality and the organization’s financial situation:  $r=0.277$
- Demand and the organization’s competitive position:  $r=0.491$  (when the

effect of a partial correlation with the quality of service is filtered out:  
 $r=0.429$ )

Associations spend most of their funds on maintenance. Expenses related to events are also significant. Like fitness centers, they spend very little on marketing and development. Fitness centers said their greatest expenses were maintenance and rent, which is in line with the data from my interviews (see Table 26). Associations reported average annual expenses of 4.9 million. The fitness centers did not provide data.

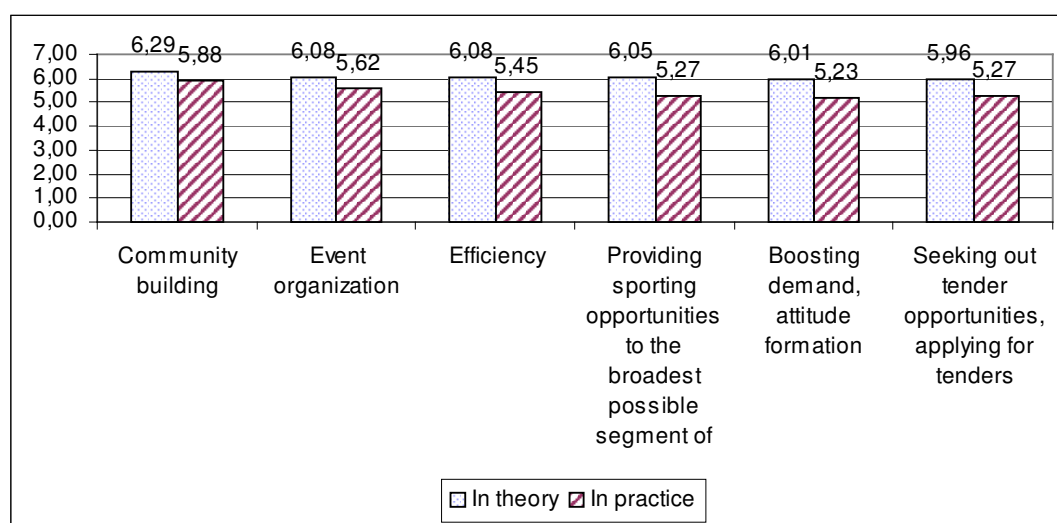
Table 26: Expenses

	Nonprofit associations (n=93)	For-profit service providers (n=18)
Maintenance, rent	39.79%	48%
Wages	12.84%	41%
Marketing	4.26%	3.8%
Development	3.0%	3.4%
Administrative costs	5.79%	2.2%
Other	33.85%	2.8%

Source: Table created by the author

The leisure sport associations' **most important tasks, both in theory and in practice**, are outlined in Figure 12. (Respondents were asked to rate each task on a seven-point scale; in every case, the practical fulfillment of the tasks was rated lower than the tasks' theoretical importance.)<sup>143</sup>

Figure 12: The most important tasks for the associations

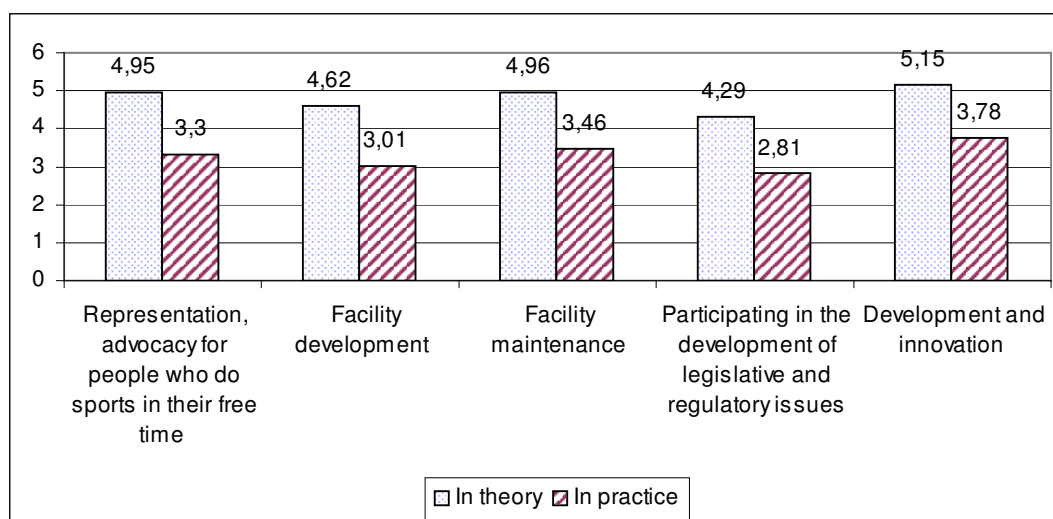


Source: Figure created by the author

<sup>143</sup> See Appendix 22 for the average ratings and standard deviations of all tasks.

In theory, ensuring an adequate physical environment is very important for associations, but in reality, the task often remains unfulfilled (6.0 in theory and 4.73 in practice). There is a similar gap in the task of finding sponsors (5.95 in theory and 4.77 in practice). These two areas show a significant difference between theoretical importance and reality. The **biggest differences** are presented in Figure 13.

Figure 13: The biggest differences between theoretical and practical importance of different tasks for associations



Source: Figure created by the author

Using a **paired-sample t-test**, I arrived at the conclusion that **there are differences between theoretical importance and practical fulfillment in all the factors examined**<sup>144</sup>. In every instance, the tasks were much more important in theory than in their practical fulfillment.

My interviewees cited community building and event organization as important. On a certain level, sports associations perform both tasks well. They can build communities and organize events if they reach out to the broadest possible stratum of people. Also, both my qualitative and quantitative research showed that boosting demand and forming attitudes were among the most significant tasks. Associations cannot survive from membership dues and event revenues, so they need to win tenders and sponsorship money. However, they do not place enough emphasis on obtaining sponsors (this was mentioned in the interviews as well: They do not have adequate staff and cannot seek out and serve

<sup>144</sup> The critical values for the t-test at a 95 percent confidence level showed that we must reject the zero hypothesis, that the importance of each task is the same in theory and in practice.

a sponsor in a professional manner<sup>145</sup>.) One surprise that goes against the findings of academic literature is that associations listed efficiency as the third most-important task, not just in theory, but in practice as well.

The associations do not have the resources to develop and maintain their facilities. They lack the funds to carry out general maintenance, to innovate, or to create the kind of physical environment that they desire. Reinforcing the findings of my interviews, the associations said they were weak in the field of advocacy, even though it is important, and they do not put enough emphasis on taking part in decisions that affect their profession (e.g. helping to shape laws and regulations) – even though these are theoretically important to their profession<sup>146</sup>.

During the quantitative phase, I was able to demonstrate a moderately strong positive correlation between all individual factors on the “cognitive map”<sup>147</sup> of the civil-society sphere, except for between community building and advocacy, where I could not demonstrate any relationship.

For associations, consumer-oriented operations, long-term planning, community building, growth and improving the quality of services at associations all have a moderately strong correlation with the quality of service, demand for a service and the organization’s competitive situation.

For those tasks with a major difference between theoretical importance and practical fulfillment, the only moderate correlations are found between the following tasks: Adequate physical environment and quality of service, adequate physical environment and competitive position, and the ability to obtain sponsors and competitive position.

Since I had to assess 32 tasks, I tried to “compress” the tasks using **factor analysis**. I found eight factors<sup>148</sup> among the practically fulfilled tasks using the “principal component analysis” method<sup>149</sup>, which eight factors covered 73 percent of all variance. The sixth factor, which I named “services and the advertising thereof” (event organization,

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<sup>145</sup> With much respect to the exceptions, e.g. the Hungarian Leisure Sports Association.

<sup>146</sup> It should be stressed that the alliances, not the associations, ought to be responsible for ensuring advocacy and taking part in regulatory decisions, but regrettably, they do not do so, either.

<sup>147</sup> I would like to emphasize that these “cognitive maps” are not testable models, I was simply curious about the correlations.

<sup>148</sup> See Appendix 23 for the rotated factor matrix.

<sup>149</sup> Since the KMO test’s value was 0.795, and the Bartlett test’s zero hypothesis was rejected (i.e. the possibility that there are no correlations between the factors was rejected) and the level of significance was less than 0.05, it was possible to do a factor analysis.

community building, boosting demand, marketing activity, and providing an adequate physical environment) has a moderately strong correlation with quality of service and competitive position ( $r=0.36$  and  $r=0.302$ ). The fourth factor, “consumer demands” (defining the target group, consumer-oriented operations, efficiency, developing the quality of service, managing changes), the seventh factor, “broad target group” (ensuring disadvantaged people the chance to do sports, providing sporting opportunities to as broad a stratum as possible and wide-ranging services) and the eighth factor, “strategy” (long-term planning, strategy development) all have a weak correlation to demand ( $r=0.278$ ;  $r=0.26$  and  $r=0.25$ ).

**Using hierarchical clustering** (the Ward method) of the variables for question 13 (the practical fulfillment of the tasks), I identified four clusters among the associations. Using the ANOVA test, I found that the level of practical fulfillment of the tasks in each cluster was different. The third cluster (which includes 16 associations) was the “best performer.” Interestingly, there is no difference in the financial situation of the “best performer” and the “worst performer” clusters. This indicates that an association’s financial background is not necessarily a decisive factor.

In the following paragraphs, I will briefly analyze the data from the fitness centers, but again, these results are only indicative.

The **most important tasks for fitness centers in theory and in practice** are: efficiency, developing the quality of service, and long-term planning/strategy development.

There is a moderately strong positive relationship between service quality and demand, and a strong positive relationship between financial situation and quality of service.

For fitness centers, the **biggest differences** between theory and practice crop up in the following cases: obtaining sponsors, marketing activity, achieving profit, development, innovation, facility development, growth, cooperation, partnerships, and forming strategic alliances with profit-oriented enterprises. With the exceptions of marketing activity and cooperation, all the above-mentioned factors have a strong positive correlation with the quality of service as well as the service provider’s financial situation. There is also a strong positive correlation between cooperation and financial situation. A paired-sample t-test showed that there are a total of **eight factors that present no difference between theoretical importance and practical fulfillment at the fitness centers**. Among these, defining target markets, long-term planning, community building, and financial planning

are important for the fitness centers in both theory and in practice. The other four factors are important in neither theory nor practice.

The theoretical and practical importance of quality of service and long-term strategy is beneficial for all business enterprises. Based on the interviews, fitness centers usually have no sponsors, even though they consider sponsorship important. The interviewees also stated that many gyms do not have the money or the energy for marketing activity and do not conduct market research. According to their estimates, only a third of all gyms are profitable; this problem arose in the questionnaires as well. If there is no profit, there is no growth, no money to develop facilities and no money for innovation (e.g. to implement a “club system” or to purchase software to keep client records). The questionnaires also reflected the interviewees’ assertions that there is no cooperation between players in the corporate sphere, even though they consider cooperation important in theory.

I examined whether the association managers and the fitness-center managers shared the same opinions with regard to all the variables. Using the ANOVA test, I began by with an examination of variance homogeneity<sup>150</sup>. Out of the 32 pairings I examined, we have to reject the zero hypothesis in 21 cases – that is, the opinions are not the same. In a total of 11 cases there was no significant difference between the opinions of the managers at the associations and the fitness centers. **Both groups consider the following to be important in theory** (and variance homogeneity exists)<sup>151</sup>:

- Event organization
- Obtaining sponsors
- Long-term planning

In the case of „growth” in practice the association managers and the fitness-center managers shared the same opinions, it is not typical for the nonprofit and for-profit leisure sports services<sup>152</sup>.

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<sup>150</sup> The zero hypothesis of Levene’s test states that population variances are not equal if we rejected it, it means that the variance homogeneity is there.

<sup>151</sup> There was no significant difference between the two groups’ opinions, (with heteroskedasticity), which both groups consider (more) important in theory: defining target groups, development, innovation, efficiency, boosting demand, forming attitudes, community building, adequate physical environment, providing the opportunity to do sports to as broad a social stratum as possible, managing changes.

<sup>152</sup> There was no significant difference between the two groups’ opinions, (with heteroskedasticity), which both groups has difficulties in practice: developing human resources and training, developing facilities, achieving profitability, participating in the development of legislative and regulatory issues, representation, providing a wide range of service, performance measurement, managing changes, competing for customers/members.

Comparing the two groups, and looking back to the results of the interviews, the civil associations can truly learn a lot from business-based fitness centers when it comes to quality of service and consumer-oriented operations. At the same time, the business enterprises need to develop their marketing activities and their methods of obtaining sponsors.

In the following paragraphs, I will present the questionnaire respondents' assessment of the tasks that the state needs to complete and compare them to my interviewees' assessment. See Table 27 for a list of the state tasks that are considered most important and an assessment of how well the state fulfills them. These tasks are written in bold if both the civil and corporate spheres (the entire sample) view them as important; the tasks are written in italics if only one sphere views them as important.

While the average ranking of the theoretical importance of all state tasks is above 5 (with two exceptions: tax breaks and state support for the corporate sphere, and quality assurance), the average assessment of the state's practical fulfillment of these tasks is below 3.5. That is, the state handles all of its tasks in a less-than-optimal manner<sup>153</sup>.

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<sup>153</sup> See Appendix 24.



Table 27: The most important tasks for the state and the fulfillment of them

The whole sample (n=115)	Associations (n=81)	Fitness clubs (n=18)
<b>Satisfactory regulations for leisure sports (e.g. tax breaks)</b> (6.67 and 2.63)	Satisfactory regulations for leisure sports (e.g. tax breaks) (6.65 and 2.81)	Creating satisfactory legal conditions (6.83 and 1.67*)
<b>Supporting leisure sport events</b> (6.52 and 2.18* <sup>154</sup> )	Supporting leisure sport events (6.49 and 2.33*)	<i>Receiving EU funding</i> (6.83 and 2.17)
<b>Creating satisfactory legal conditions</b> (6.38 and 2.44*)	Creating satisfactory legal conditions (6.31 and 2.635*)	Satisfactory regulations for leisure sports (e.g. tax breaks) (6.67 and 2.17)
Boosting demand, attitude-formation (6.24 and 2.57)	<i>Cooperation with civil society</i> (6.28 and 3.15)	<i>Boosting demand, attitude-formation</i> (6.67 and 1.83)
Supporting nonprofit organizations (6.23 and 2.17)	<i>Supporting nonprofit organizations</i> (6.27 and 2.19)	Supporting leisure sport events (6.33 and 1.75*)

Source: Table created by the author

Using paired-sample t-testing on the entire sample, I found that **all the factors I examined showed a significant difference between theoretical importance and practical fulfillment**. This is true even if we limit the examination to the opinions expressed by either the associations or the fitness centers. Moreover, the **biggest differences** between theoretical importance and practical fulfillment **are in the areas that are considered the most important**. According to the associations, there is a very great difference with respect to “providing satisfactory incentives, allowances for civil society” and “provides incentives for corporations to devote resources to leisure sports” but the difference is not so stark when it comes to “cooperation with civil society” In the corporate sphere’s opinion, there are big differences between theoretical importance and practical fulfillment in following state tasks: “facility development”, “facility maintenance”, “creating incentives for households to consume leisure sports” and “build leisure sport strategy, set priorities”. The results of the interviews support the notion that the civil sphere still expects state support: According to the associations, “supporting nonprofit organizations” and

<sup>154</sup> Two statements referred to it, I composed one variable from the two variables.

“cooperation with civil society” are among the five most important tasks that the state needs to fulfill.

All the tasks on my “cognitive map” have a moderate or strong relationship with attitude formation. The task with the strongest relationship is “build leisure sport strategy, set priorities” ( $r=727$ ).

See Table 28 for the areas that are considered the weakest (these received the lowest values when respondents were assessing the state’s practical fulfillment of its tasks).

Table 28: The “weakest areas”

The whole sample (n=115)	Associations (n=81)	Fitness clubs (n=18)
<b>Creating incentives for households</b> (1.95)	Creating incentives for households (2.17)	Creating incentives for households (1.17)
<b>Providing incentives for corporations to devote resources to leisure sports</b> (2.09)	<i>Supporting nonprofit organizations</i> (2.19)	<i>Providing satisfactory incentives, allowances for corporations</i> (1.33)
Supporting leisure sport events (2.09 and 2.27)	Provides incentives for corporations to devote resources to leisure sports (2.22)	<i>Facility development</i> (1.5)
Supporting nonprofit organizations (2.17)	<i>Supporting leisure sport events</i> (2.23 and 2.43)	Provides incentives for corporations to devote resources to leisure sports (1.5)
<b>Build leisure sport strategy, set priorities</b> (2.23)	<i>Providing satisfactory incentives, allowances for civil society</i> (2.35)	Build leisure sport strategy, set priorities (1.5)
Providing satisfactory incentives, allowances for civil society (2.25)	Build leisure sport strategy, set priorities (2.41)	<i>Supporting for-profit organizations</i> (1.5)

Source: Table created by the author

The interviews reinforced what I established in my quantitative research – that the state does not fulfill a single one of its leisure sport-related tasks adequately. The biggest problems are in attitude formation, boosting demand and enacting regulations (laws, tax breaks, creating incentives for households and corporations to devote resources to leisure sports), as well as supporting leisure sport events (which is also a tool for forming attitudes). But all areas need improvement. Strategy-development is among the tasks where

the state's performance is weakest. In the questionnaire research, the civil-society sphere expressed the opinion that the state needs to give them greater benefits (e.g. tax breaks) and support than it has up until now. The corporate sphere does not share this opinion: Business representatives think the state could provide them with better benefits and other support. Everybody is still waiting for the state to bring the "change." This is problematic: On one hand, the state does not work well, on the other, the various players expect too much from the state in terms of support. In the government's new sports structure, the MOB will be responsible for distributing government money and grants, for drawing up concepts and regulations, for offering opinions, and for preparing decisions in the above-mentioned questions.

## 9. CLOSURE

In the final chapter I summarize the most important details, I evaluate the propositions and hypotheses, and also write about the validity, reliability and generalizability of the research. Finally come the topics for further research.

### 9.1. SUMMARY

This paper examines a field that, to the best of my knowledge, has not yet been broached on an academic level in Hungary. I have done what I aimed. I introduced the operation of leisure sports markets, their relationship to one another, evaluated leisure sports' value creation, and described the three spheres' characteristics, the tasks they need to fulfill and their shortcomings. I thereby took the first steps in the study of leisure sports economics. The novelty lies in the fact that the research focuses on the entire sector, not just on consumers and consumption of sports; moreover, I examined the subject matter from an economic point of view, not a sociological standpoint (although naturally, aspects of sociology appear many times throughout my work). Within the framework of the dissertation, I endeavored to describe as much as I possibly could about how leisure sports work in Hungary, to provide an exposé of the field, and to introduce the "Hungarian reality." Although the consumer was not the focal point, everything – be it a sports association, a for-profit service provider, an event, or any market – is based **on the presence of consumers**. There is a need for consumers who demand a particular sport and are willing to pay for it.

Based on my research, **the key to a well-functioning Hungarian leisure sports sector**

**lies in the formation of attitudes and boosting consumer demand.** It is necessary to develop the country's leisure sport culture and Hungarians' approach to leisure sports. First, it will be necessary to *disseminate information that emphasizes sports' ability to create values* (physical and spiritual health, transferable skills, higher revenues and lower expenses). Second, consumers need to *learn about different kinds of exercise*. The *state can fulfill its attitude-formation tasks principally through schools and the media*. Civil society can accomplish this mostly through *community building and organizing events*. The main tasks for the *corporate sphere* in connection with attitude formation are *marketing activities and improving the quality of services*. Attitude formation is absolutely essential; at the same time, an adequate economic and societal environment will make it easier for us to devote one of our most important resources, our free time, to leisure sports.

*The "feeling of happiness" that people experience when they do sports can be an incentive.* It is important for school physical-education programs to teach the kinds of exercise that make students happy. "Happiness through sports" also needs to be emphasized in the media, in civil society, at events, and in the activities and communications of for-profit service providers.

It is possible to make much greater use of the power of the media. *Leisure sports need to get greater emphasis in the media* – in the form of promotional campaigns, public-service messages, shows about leisure sports, (sports) shows, popular television series, and in the various marketing and communications activities, *targeting the segmented consumer groups*.

*Workplace sports* programs are a particularly important topic that the interviewees discussed extensively. Such programs represent a win-win situation for all parties involved: They create values for both individuals and companies, and also for society. However, the current tax system does not support an expansion of company sports; companies do not plan for the long-term and do not offer much in the way of long-term exercise programs. Business leaders do not know how to reach out to their inactive employees. The question of whether workplace sports are important is determined by the managers' personal opinions, not by business considerations. Still, there is great potential in workplace sports. It may have a significant role in forming attitudes and increasing demand for leisure sports. *Corporate sponsorship* of leisure sports is also an area that needs development. About the sponsor market I will write when I evaluate the first proposition.

Table 29 presents the dissertation's propositions and hypotheses, and states whether my research supports or refutes them:

Table 29: Evaluation of propositions and hypotheses

Proposition 1: Like in professional sports, Hungary has markets for leisure sports that are supported by consumer demand. (These markets are part of a broadly defined corporate sphere).	Accepted
Proposition 2: The stakeholders in the various spheres are aware that leisure sports have the potential to create values.	Accepted
Proposition 3a: In order for leisure sports to function in Hungary, the civil-society and corporate spheres need the state.	Accepted
Proposition 3b: The state has not adequately fulfilled the tasks laid out in sports-related legislation and sports strategies.	Accepted
Proposition 4a: Hungarian civil-society groups that deal with leisure sports are struggling with a lack of resources (especially financial resources).	Accepted
Proposition 4b: Hungarian civil-society groups that deal with leisure sports cannot fulfill the most important expectations.	Accepted
Proposition 5: Hungarian providers of leisure sport services are able to fulfill current demand with an adequate quantity and quality of services.	Accepted
Proposition 6: Stakeholders in each the three spheres do not cooperate extensively with stakeholders in the other two.	Accepted
Hypothesis 1: On the state level, there are significant differences between the theoretical importance of certain tasks and the practical, real-life fulfillment of these tasks. Most tasks are theoretically more important than the state's practical fulfillment of them.	Accepted. All the tasks present very significant differences between theoretical importance and practical fulfillment.
Hypothesis 2: On the civil-society level, there are significant differences between the theoretical importance of tasks related to consumer-oriented operations, efficiency and financial planning, and the practical, real fulfillment of these tasks.	Accepted. But there are also significant differences with respect to other tasks; all the tasks present very significant differences between theoretical importance and practical fulfillment, the differences are not the greatest in the tasks listed here.
Hypothesis 3: There are no significant differences between the theoretical importance and the practical, real fulfillment of tasks facing for-profit service providers.	Rejected. There are no differences in just eight tasks out of 32. Four of these tasks are important, while the other four are not.

Source: Table created by the author

Evaluating the *first proposition*: In theory, there are five distinct markets for leisure

sports. In Hungary, there are only four, because the merchandising market does not exist. Of course, every market has room for further development.

Hungarians spend just half as much as their Czech or Slovak neighbors in the sports equipment and sports clothing markets. Most of the revenues are generated by fitness, hiking and winter sports (skiing). Hungarians are lagging in the specialization of sports apparel; revenues of certain sports apparel are region-specific.

In the market for industry advisers, vocational institutions are characterized by over-liberalization on the one hand (no entry barriers) and over-regulation on the other (examinations and study materials). There is no market for sports managers in Hungary: The area is still developing and there are few true experts in the leisure sports consultancy market.

Sponsorship of leisure sports is minuscule compared to sponsorship of professional sports. Typically, companies sponsor events with the goal of popularizing their products, building their image, creating a positive impression, or demonstrating corporate responsibility. The companies want to get closer to their target groups in their own surroundings. In general, sponsorship of leisure sports occurs on a local level, not on a nationwide basis. It also entails lower risks than sponsorship of professional sports. There are a lot of barter deals as well. *The sponsorship market could grow if the organizations would pay attention to the needs of the sponsors and deal with them in a professional manner.* In addition to professionalism (both in terms of the event and the service), sponsors of leisure sports expect to reach a broad target group. They also expect continuity (not only one event), (local) media coverage, and exclusivity (i.e. they want to be the only sponsor from their particular industry branch).

In the consumer market, very few people participate in sports during their free time. The principal reason is that they do not have the right attitude toward leisure sports, (and they do not have time and money). Increasing the consumer market would, in itself, boost the markets for sports equipment, sports clothing, sport professionals, and sponsorship. It might breathe life into the merchandising market as well. *The consumer market should not be viewed as a homogenous group: Consumers can be categorized by income levels (the principal dividing line) as well as their goals and motivations.* Income is the key factor that determines whether a consumer will be inclined to participate in sports at private service providers, civic associations, or public/communal facilities. Present-day

Hungarian society has a need for all three types of supply.

Considering the *second proposition* my interviewees mentioned most of the value-creation factors that are discussed in academic literature. These include values on the individual level (physical-spiritual health, transferable skills, enjoyment, increased revenues, decreased expenses), macro level (reduced healthcare expenditures, mortality and disability rates, income losses, and cost of preserving public order; and increased life expectancy, community formation, job creation, tax and consumer revenues, GDP and competitiveness), and corporate level (lower rates of absenteeism, workplace accidents, sick-leave pay, higher productivity, greater worker satisfaction and motivation, development of skills and abilities, social responsibility). Of these, the only factors that the interviewees did not discuss were transferable skills and increasing GDP and competitiveness. The interviewees said the problem is that a large part of the population is not aware of these important value-creation factors. *There is a great need for education and attitude-formation programs that use these value-creation factors in their communications.* Through attitude formation, the level of active sports consumption will increase, which in turn will open the opportunity to create values on the individual, corporate and macro levels alike. In other words, a positive value-creation spiral will be set in motion.

When it comes to *the state (3a. and 3b propositions and first hypothesis)*, we have to say that both civil society and the corporate sphere need the government to fulfill the tasks laid out in legislation and the sports strategies. These two spheres depend on the state to *help form attitudes, boost demand, and create a supportive regulatory environment.* My quantitative research confirmed the results of my interviews: the state does not fulfill a single task in the manner that meets the expectations of the leisure sports sector. The average theoretical importance of state tasks was higher than 5 on the 7-point scale (with the exceptions of the “state support for the corporate sphere” and “quality control” tasks, which received ratings lower than 5). The state’s practical fulfillment of these tasks received an average rating of 3.5. The most important tasks are *attitude formation and boosting demand* (the state can help change attitudes directly through schools, the media, and at major leisure sport events as well). Another key question for the future is the adoption a *long-term leisure sports strategy* (or concept) that *addresses the needs of diverse consumer groups.* The plan should *last for several parliamentary terms* and should be realized through *cooperation between more ministries.* It would require *action and feedback.* As the quantitative findings demonstrate, it is imperative for the government to

*implement an adequate legal framework for leisure sports.* This would help encourage the private sector (individuals and companies) to devote greater financing to leisure sports. Also, an adequate regulatory framework would help improve quality (at events, at vocational institutions and at businesses that sell leisure sport services) and facilitate the training of leisure sport experts. As it works in the case of TAO, leisure sports need similar regulations, encourage the companies finance the leisure sports.

The interviews highlight the need to *make better use of the existing facilities for leisure sports*; to construct *less cost-intensive facilities, such as running tracks*; and to create a *sport-information system with leisure sport modules*.

According the quantitative data, it is precisely the most important tasks that are experiencing the most significant problems. Specifically, the state is not adequately fulfilling the tasks of forming new attitudes, boosting demand, implementing regulations (tax breaks, incentives for financing from households and companies) and financial support for leisure sports. These tasks present the biggest gaps between theoretical importance and practical fulfillment; furthermore, the state's inclination to set priorities and create strategies for them is particularly weak.

In the questionnaire research, as in the interviews, civil-society representatives said they need the state to provide greater subsidies and support. Similarly, stakeholders in the corporate sphere opined that they were not getting enough in the way of state support or subsidies. There are two sides to these complaints: on the one hand, the state is not fulfilling expectations; on the other hand, certain stakeholders expect too much from the state, especially when it comes to funding. Clearly, the state has an important role as a “catalyst,” but it will take time before people abandon the mindset that everyone can expect everything from the state. Hungarians who work in leisure sports and at sports-service providers need to quit relying on the nanny state (and, inevitably, complaining about how badly it works) and adopt an approach that is business-like, economical, professional and consumer-oriented. Due to the increasing consumer demand and revenues not only they will be in a better position, but also the consumers itself, and the society and the economy.

Based on the interviews and the questionnaires, high-priority state tasks are linked to attitude formation. (“Attitude formation” has a medium-to-strong correlation to all tasks). All the tasks affect attitude formation – if not directly, then indirectly. Since an increase



in active consumption of sports could positively impact certain aspects of macro-level value creation, it is worthwhile for the state to encourage the widest possible groups of consumers to start participating in leisure sports.

When assessing the tasks facing *civil society* (and evaluating the *4a and 4b propositions* and *the second hypothesis*), we can say that Hungarian civil society is weak and lacks significant resources. It would be unable to function without state funding and tenders. At the same time, there is a great need for local organized leisure sports. Sports associations receive roughly one third of their money from the central government or municipalities (20 percent comes from government tenders). Slightly less than a third of their funding comes from events (both ticket sales and sponsorship money). Only 26 percent of leisure sports associations say they maintain a positive financial balance on a continuous basis. *The associations simply cannot survive on the revenues from ticket sales and membership dues. Besides tender money, they also need a permanent flow of sponsorship funds; they need to put greater emphasis on finding sponsors.* (This view was reinforced during the interviews. However, the civil-society representatives generally said they have neither the personnel nor the expertise to find sponsors and serve them adequately.)

*Due to its general weakness, civil society cannot fulfill its representation function of its members and does not play a sufficient role developing regulations and other legislative decisions.* This may change because the government's new sports structure puts the Hungarian Olympic Committee in charge of managing the country's entire sports infrastructure. The questionnaires showed that the associations' practical fulfillment of their tasks is far below the theoretical importance of these tasks. Civic groups manage to organize events and build community spirit, which facilitates the formulation of new attitudes. (Still, my quantitative research suggests that they cannot even organize events or build community spirit at the desired level. My interview research suggests that in order to build community spirit, the associations need to be "rejuvenated" with younger staff. Also, event organizing is relevant to a particular locality; they should put the emphasis on organizing events that attract a lot of people.) Improved attitudes will help increase the number of active sports consumers, which, in turn, will have positive impact on community spirit and event organization. *Civil society does not operate in a consumer-oriented manner. They do not think they are service-providers, and they need to be customer-oriented. Another problem is the lack of relationships or partnerships between leisure sports and professional sports.* (Similarly, there is a lack of cooperation between civil-

society groups themselves, and the state has not developed the kind of relationship with civil society that is typical in Western countries.) More sports associations need to *open up to leisure sports*, as some already have. I support the idea of the state creating incentives for this with extra state funds for associations that support student sports or leisure sports. The government's new sports structure gives the Hungarian Olympic Committee greater control over strategies, along with greater administrative and funding responsibilities (including tender and tender monies). Hopefully this new structure *increase the level of cooperation and partnership among civil-society groups of different kind of sports*, because the whole sphere need it so much.

Evaluating the *fifth proposition* and the *third hypothesis*: in the *business sphere*, for-profit service providers (e.g. fitness centers) respond to the consumer demand with adequate quantity and quality of supply. Still, their operations are not problem-free; in many cases, they *lack professionalism (investors with knowledge of the industry, credible, reliable managers, realistic business plans)*. Also, the “*club system*” where clients pay an annual fee to belong to a fitness center, *does not work in Hungary* because clients do not accept it. This deprives Hungarian fitness centers of extra revenues that their counterparts in Western Europe rely on.

The interviews and the questionnaires reveal that fitness centers generally *do not have sponsors* and cannot find any, even though they consider sponsorship important. Many fitness centers *do not have enough money or energy for marketing activities and do not carry out market research*. Many smaller fitness centers *do not even have software to keep records on clients*. The interviewees estimate that *only a third of fitness centers are profitable*. This problem was in the questionnaire responses as well. Stakeholders in the corporate sphere *do not cooperate with one another*, even though they theoretically consider cooperation to be important, according to the questionnaires and interviews. The corporate sphere has only four tasks that present no difference between theoretical importance and practical fulfillment – defining target markets, long-term planning, community building and financial planning. Still, several hundreds of thousands of people exercise at fitness centers and it is possible to learn from them.

With some exceptions, stakeholders *do not cooperate* with each other, either within a given sphere or between the spheres – and this field is in need of development. Participants in the focus group said it is very rare for major players in the three spheres to come together at the same table. The leisure sports field needs to conduct more forums, profes-

sional meetings and other opportunities for discussion. In the new sports structure, the Hungarian Olympic Committee's various subcommittees are expected to cooperate; in addition, the 10 members of the subcommittee on leisure sports represent different areas of the sector (fitness, workplace sports, the Budapest Sports Office, the Hungarian Leisure Sports Alliance (MSZSZ)). Hence there is hope that cooperation will improve in the future.

## 9.2. EVALUATION OF THE RESEARCH

Table 30: Validity, reliability, generalizability

	What does it mean "traditionally"?	What does it mean in the case of qualitative research?	What does it mean in this research?
Validity	the measure that an instrument measures what it is supposed to	the qualitative researcher reveal and understand the "local knowledge" and meanings	I did my best and I tried to reveal and understand as much as possible about the Hungarian leisure sports
Reliability	to measure the same thing with the same methods, ability to measure consistently	other researcher's results would be the same?	we need more research in this field to evaluate this, in the case of quantitative research the results of the associations are reliable
Generalizability	the ability to use the results universally	refers to the extent to which one can extend the account of a particular situation or population (context) to other persons, times, or settings (context) than those directly studied	we need more research in this field to evaluate this, in the case of quantitative research the results of the associations are generalizable

Source: based on Gelei [2002] p.189.

The questionnaire research about the associations is reliable and generalizable. The weak point of the questionnaire research is the validity, because of the lack of context and the past time. The validity of qualitative research is much better, because qualitative research try to understand the reality in context, the interviewees' meanings deeper and detailed, in the present (Babbie [1999]).

The types of **validity** according to Maxwell [1996]:

- Descriptive validity: the first concern of most qualitative researchers is the factual accuracy of their account, that is, that they are not making up or distorting the things they saw or heard. If you report that an informant made a particular statement in an interview, is this correct? → I taped all the interviews, and I wrote all the important keywords and sentences during the interviews.
- Interpretive validity: the understanding of the interviewees is the most central element. It captures how well the researcher reports the participants' meaning of events, objects and/or behaviors. Are the participants meanings the same as the researcher's meanings? → To ensure this I discussed my results and conclusions with my interviewees, and there was a focus group discussion also.
  - Communicative validity: seeks to assure interpretive coherence in dialogue and may be sought during all stages of the research process. The interviews were conducted in a dialogical form. Communicative validity was also increased by discussing the empirical results with other researchers and the interviewees (focus group, personal discussions, emails).
  - Pragmatic validity: there may be discrepancies between what people say in an interview situation and what they do in real life. The researcher should bring back the results to the interviewees, involve them, and with the help of the results it could happen that their behavior will change. The representatives of state and civil society said that the focus group discussion was very useful for them and they will change some thing in the future.
- Theoretical validity goes beyond concrete description and interpretation and explicitly addresses the theoretical constructions that the researcher brings to, or develops during the study. Is the new construction or theory valid? → I did not want to build new constructions or theories.

Reliability means the ability to measure consistently at different time and location. The quantitative research is objective, the qualitative research is by all means not, and the researcher cannot be objective, independent from the research. Subjectivity can be eliminated neither from the research process nor from the results (I tried to be an objective researcher), because the researcher is the „instrument” for measure. Other researcher's

results would be the same? To enhance reliability I did the following:

- I taped the interviews (except one)
- I made interviews with university experts
- I managed to interview all seven of the most-recommended people
- From the original 16 interviewees I named in my proposal, 13 people were recommended twice by other interviewees. This raises the reliability and the validity of my research, since I, the researcher, was not the only one who thought that these people were important for my dissertation
- I managed to interview all the most important people in connection with Hungarian popular leisure sports events
- My interviewees included four of the 10 members of the Hungarian Olympic Committee (MOB)'s subcommittee on leisure sports, and I also interviewed one of the owners of the BSI
- I discussed the results with other researchers and the interviewees (focus group, personal discussions, emails).
- Triangulation which may include multiple methods of data collection and data analysis
- I did qualitative and quantitative research, and my qualitative results were reinforced by the quantitative research

**Generalizability** refers to the degree to which research findings are applicable to other populations or samples. According to Maxwell [1996] in the case of qualitative research there is a generalizability within the context which is more important and the other form of it is „outside” generalizability, which means generalizing from the sample to the whole population. I discussed the results with the interviewees that ensure generalizability within the context. Considering the other form of generalizability, some questions have arisen: Could this research be a starting point for further research? Shall we stop here or should we develop the experiences and do further research? Do the results constitute a „whole story” about the Hungarian leisure sports? Is this a „credible story”? I think the results show us a credible “story” about the Hungarian leisure sports in the 2010s, but we need to do further research. Let’s see the topics of further research in the next part.

### 9.3. TOPICS FOR FURTHER RESEARCH

Scientific cognition is a deliberate process. Researchers must begin by observing, revealing and describing different phenomena and uncharted areas of study. This is what this dissertation seeks to accomplish in a new field of Hungarian academic literature: leisure sport economics. The next step in the cognitive process is explanations, quantification and hypothesis control (Meredith et al. [1989]).

I took wide-ranging approach in my qualitative research, hoping to give future researchers an opportunity to formulate their own basic ideas for additional inquiries into specific questions.

Based on data from my interviews, I described and introduced the leisure sports markets. In Hungary, only four of these exist – the merchandising market essentially does not exist. *Further research on each market is necessary*, especially quantitative analyses. There is a need for researching the “facility market”, which was not mentioned by the interviewees in this research.

*All factors related to value creation among individuals, corporations and the socio-economic sphere should be quantified.* The first steps have been taken by Ács et al. [2011], who revealed that reducing inactivity levels by 10 percent would allow Hungary to save 1.8 billion forints a year in sick pay. Also, the STEP project at MOL reported that workplace absences dropped 2 percent during the first two years of the program, from 2007 to 2009. Healthcare indicators at MOL have also improved. This quantification of value-creation factors must continue in Hungary, along the lines of the international examples presented in my dissertation.

*It is also important to conduct further research into the field of workplace sports.* This was the topic that the interviewees mentioned most often. *Corporate exercise programs should be examined in greater detail.* (I had no opportunity to do this during course of my research). Moreover, *a generally accepted methodology should be established that would persuade employees to exercise more and measure the effects of increased exercise.*

I can unequivocally assert that the main question is how to change Hungarians’ (segmented groups’) attitudes toward leisure sports (through schools, media, events, work-

places, associations, service providers). *The most effective methods of attitude formation could be researched through studies on consumer behavior and (social) psychological analyses.* It would also be possible to *conduct time-efficiency studies that would analyze time use, consumer habits, motivation and related factors.* For example, why did the amount of time that Hungarians devote to sports and walking decrease between 1999/2000 and 2009/2010 (based on KSH data)? Another key question is, what is the most important reference group for the sports consumers? Depending on the age group, the reference group could be parents or friends, but schools, teachers, trainers, the media or “stars” can also be influential. This should be researched more thoroughly in Hungary, international research exist (Snyder- Spreitzer [1973], Kenyon és McPherson [1974], Greendorfer [1977, 1979], Greendorfer and Ewing [1981], Martin and Dodder [1991], Woolger-Power [1993], Mulvihill et al. [2000], Yoh [2005], cited by Neulinger [2007] who dealt with this topic in Hungary).

The effects of leisure sport-related media campaigns (e.g. Médiaunio’s “Sports for everyone!” campaign, social advertising, or popular television series that focus on leisure sports) *should be measured with traditional media-economics methods:* How many people can be reached (“reach”)? How much does the campaign cost, how many times does it need to be repeated, and how effective is it? How many people can remember it (“recall”)? How many people are getting interested in exercise, and how many are actually starting to exercise? *These results can be measured by comparing the number of people who were inspired to begin doing sports by the campaign to the number of people who have been motivated by a popular athlete who wins an Olympic gold medal.* As far as I know, no one has ever performed such calculations.

The functions and roles of each sphere were clearly outlined, but further quantitative research may also be needed. This is especially true for the business sphere. It would be good to get a complete, clear picture and quantifiable results about the fitness sector, which is the sector that operates best on a business level in Hungary. *The available balance sheets and financial statements should be analyzed more deeply.*

The next step for researchers is the *categorization of leisure sports*, a detailed analysis of each category, a detailed analysis of each individual sport in each category, and the *synergies that can be generated by linking leisure sports to professional sports.*

The government’s decision to put the Hungarian Olympic Committee – an NGO – in

charge of Hungary's entire sports structure (also leisure sports) presents additional opportunities for research. It would be useful to *examine the results of this new structure and to identify areas that need further improvement.*



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tés: 2011. november 22.

## APPENDIXES

### Appendix 1

Table 31: Sport researchers in Hungary

Author (work-place)	Academic degree	Research area in sports	Field in sports	Professional field
Pongrác, Ács (PTE)	PhD	Sport statistics, sports economics, the regional competitiveness of sports	Professional and leisure sports	Economics and business economics
Krisztina, András (BCE)	PhD	Business elements in sports, sports business	Professional and leisure sports	Business economics and finance
Miklós, Bánhidi (NYME)	PhD	Sports tourism, sports geography	Professional and leisure sports	Geography
Péter, Berkes (SE-TF)	PhD	Sponsorship, sports business	Professional sports	Marketing
Andrea, Gál (SE-TF)	PhD	Sport sociology, sport consumption	Leisure sports	Sociology
Ferenc, Dénes (SE-TF)		Sports business, sports services	Professional and leisure sports	Economics and business economics
Tamás, Dóczy (SE-TF)	PhD	Sport sociology, Sports tourism, Football hooliganism	Professional and leisure sports	Sociology
Péter, Fóti (ME)		Sportsociology	Professional and leisure sports	Sociology
Gyöngyi, Földesiné Szabó (SE-TF)	Doctor of the MTA	Sport	Professional and leisure sports	Sociology
Istvánné, Hoffmann (BCE)	Doctor of the MTA	Sports marketing, sponsorship	Professional and leisure sports	Economics and marketing
Lili, Kassay (BCE)		Sports marketing, sports media, sponsorship	Professional sports	Marketing
Miklós, Kozma (BCE)	PhD	Sports finance, PPP	Professional sports	Business economics, finance
László, Laki (MTA)	Doctor of the MTA	Sociology, lifestyle, sports at school	Professional and leisure sports	Sociology
Tamás, Laczkó (PTE)	PhD	Wellness	Wellness	Geography
Tibor, Misovicz (BCE)		Sport sociology, sports business, sports media	Professional and leisure	Sociology

			sports	
Anetta, Müller (EKF, SZOLF)	PhD	Sports tourism, health tourism	Leisure sports	Sociology
László, Nádori (SE-TF)	Doctor of the MTA	EU and sports, theory of trainings	Professional and leisure sports	Sociology
József, Nagy (APEH)		Sports economics, sports marketing	Leisure sports Sport for all	Economics
Péter, Nagy (BCE)		Sports economics	Professional and leisure sports	Economics
Ágnes, Neulin- ger (BCE)	PhD	Sport consumption	Leisure sports	Marketing
Mihály, Nyerges (SE-TF)	PhD	Event management	Professional sports	Management and Organiza- tion
Dávid, Paár (NYME)		Sports economics, sport con- sumption	Leisure sports	Economics
Szilvia, Perényi (DE)	PhD	Sport consumption and values	Leisure sports	Sociology
Gábor, Polányi		Sport consumption	Leisure sports	Sociology
Tamás, Sárközy (BCE)	Doctor of the MTA	Sports law	Professional and leisure sports	Law
Tamás, Sterbenz (SE-TF)	PhD	Sports economics, decisions in sports, competitiveness	Professional sports	Economics, decision theory
Miklós, Stocker (BCE)		Values creation, competitiveness	Professional sports	Business eco- nomics, finance
Tamás, Szántai (BCE)		Sports marketing	Professional and leisure sports	Marketing
Ferenc, Takács (SE-TF)	dr	Body culture	Professional and leisure sports	Sociology
János, Váczi (SE-TF)	PhD	Sports economics, sport-finance	Professional and leisure sports	Economics

Source: Table created by the author, data collection between July 2009 and July 2011<sup>155</sup>

<sup>155</sup> There are important researchers from the field of medicine, biology, psychology, pedagogy, doping: Dr. Róbert, Frenkl, Prof. Dr. József, Pucsok, Prof. Dr. József, Tihanyi, Dr. Miklós, Vass, Dr. Péter, Apor, Dr. József, Bognár, Prof. Dr. János, Gombocz, Dr. Pál, Hamar, Dr. László, Honfi, Dr. Ágota, Lénárt, Prof. Dr. Zsolt, Radák, Dr. Erzsébet, Rétsági, Dr. Tamás, Szabó – I have to mention them.

## Appendix 2

The first numbers show the search scores and the second in brackets the relevant numbers considering leisure sports. I read all the articles and determined the relevant articles about the given expressions.

Table 32: The number of articles about leisure sports

Expressions	Világgazdaság 1 <sup>st</sup> October 2000.– 18 <sup>th</sup> July 2009.	HVG 18 <sup>th</sup> July 2001.– 18 <sup>th</sup> July 2009.	Figyelő 18 <sup>th</sup> July 2001.– 18 <sup>th</sup> July 2009.	Menedzsment Fórum 1 <sup>st</sup> October 2000.– 18 <sup>th</sup> July 2009.	Total
Leisure sports	4 (3)	15 (5)	18 (8)	6 (5)	43 (21)
Recreation	0	15 (2)	10 (1)	11 (5)	36 (8)
Mass sports	1 (0)	18 (3)	5 (2)	3 (0)	27 (5)
Sports services	0	0	1 (0)	0	1 (0)
Sport service pro- vider	0	18 (2)	13 (1)	1 (1)	32 (4)
Sport enterprise	0	4 (1)	1 (0)	0	5 (1)
Sport entrepre- neur	0	0	0	0	0
Sport consump- tion	0	0	0	0	0
Sport consumer	0	0	0	0	0
Sport business	0	8 (0)	1 (0)	2 (0)	11 (0)
Sport market	0	2 (1)	1 (0)	1 (1)	4 (2)
Sport policy	1 (0)	6 (0)	2 (1)	0	9 (1)
Sport finance	4 (1)	10 (0)	4 (2)	1 (0)	19 (3)
Sport check	2 (2)	0	0	0	2 (2)
Sport tourism	0	2 (2)	3 (0)	3 (1)	8 (3)
Sport equipment	5 (0)	7 (3)	4 (1)	88 (3)	104 (7)

Source: Table created by the author

### Appendix 3

Table 33: Leisure sports concepts

Author (year)	Approach	Concept	Definition
Tibori [2002]	Historical, sociological	Free time	Due to the technical and social development it was possible to have time for non productive activities, free time as a result of temporary exemption from work or duties
Murphy [1981]	Linguistic	Leisure/Free time	“Leisure” comes from the Latin word “ <i>licere</i> ” (French <i>loisir</i> ), which means “permitted” or “freedom”
Vitányi [1995, p. 383.]	Linguistic, sociological	Free time	If we have some free time, we do something we like or we have opportunities for. But in leisure time freedom and self realization is there.
		Leisure	
Csikszentmihályi [1997]	Sociological	Flow	Harmony and full immersion in s, altered stay of being
Dumazedier [1960]	Sociological	Leisure/Free time	Relaxation, diversion, or broadening knowledge
Peterson (cited by Vitányi [2001])	Sociological	Leisure/Free time	Leisure is activity - apart from the obligations of work, family, and society
Kaplan (cited by Vitányi [2001])	Sociological	Leisure/Free time	Leisure consists of relatively self-determined activity-experience that falls into one's economically free-time roles, that is seen as leisure by participants, that is psychologically pleasant in anticipation and recollection, that potentially covers the whole range of commitment and intensity, that contains characteristic norms and constraints, and that provides opportunities for recreation, personal growth and service to others.
Torkildsen [2005]	Business	Leisure	a) Time at one's own command that is free of engagements or responsibilities („disposable” time) b) Any activity pursued during leisure, either individual or collective, that is free and pleasurable (rest, relaxation, social and creative activities) c) Being free, freedom (mentally and spiritually), d) a+b+c altogether, e) recreation (I agree with this explanation)
Boda – Falussy [1989]	Economical	“disposable” time	Time which is left after obligations of society and physiological needs (sleeping, eating)

Source: Table created by the author, based on the works of different authors presenting in the table

## Appendix 4

Table 34: Sports definitions (between 1955-2009)

Author(s)	Key words in their definition of sport
Huizinga [1955]	Free activity, without material/profit interest, has its own system of rules
Caillois [1961]	Free, bound in space and time, uncertain, non-productive, governed by rules, role-play (out of the real world)
De Grazia [1963]	Pure leisure, an activity which exists for itself
<i>Explanatory Dictionary of the Hungarian Language [1966]</i>	<i>Power, skills, quickness, not a work, the aim is to improve physical and mental health, skills, competition</i>
Loy [1968]	Formal or informal game, social institution, social system
<i>Nádori [1976]</i>	<i>It has its own system of rules, free time activity, competition, physical activity, part of our culture, part of our history and society</i>
Bourdieu [1978]	Special social phenomenon having no origins in other phenomena
Takács [1979]	Body culture
Kun, Sipos [1979]	Performance-centeredness, physical and mental, free game
Heinemann [1980]	Exercise, performance-oriented, governed by social norms, non-productive
Kelly [1982]	Organized, physical exertion, measurement, rules and forms
Spears, Swanson [1983]	Physical prowess and skill, competition, strategy and/or chance, engaged in for the enjoyment and satisfaction
Elvin [1993]	Competition, physical activity, organizational framework, quality of experience is influenced by the outcome
Dénes, Misovicz [1994]	Leisure time, exercise, game, competition
<i>Nagy [1996]</i>	<i>Leisure time, physical activity, competition, power</i>
Wann [1997]	Prowess, skill, competition, strategy and/or chance, engaged in for the enjoyment and satisfaction and/or personal gain
<i>Before the European Sport Charta</i>	<i>Leisure time activity, obtaining results in competition, different rules</i>
<i>European Sport Charta 2nd article [1997]</i>	<i>"Sport" means all forms of physical activity, which, through casual or organized participation, aim at expressing or improving physical fitness and mental well-being, forming social relationships or obtaining results in competition at all levels</i>
<i>European Council [1997]</i>	<i>Physical activity, regular or occasionally, improving fitness and mental well-being, forming social relationships, results in competition</i>
<i>Watt [1998]</i>	<i>Physical activity, rules, competition is not necessary, fight against ourselves</i>

<i>2000. évi CXLV. törvény a sportról</i>	<i>Rules, free time activity or physical or mental work, regularly or irregularly, organized, development of physical and mental skills</i>
András [2003]	In classic interpretation: physical exertion, competition, leisure time activity
<i>Bloom et al. [2005]</i>	<i>Physical exertion, skills required, competition, rules, achievements, development of achievements</i>
<i>Oakley – Rhys [2008]</i>	<i>Physical activity, competition, organization, rules (meeting some common criteria)</i>
Varga [2008]	<ul style="list-style-type: none"> <li><i>a) Concentrated, appreciable human activity with physical fitness and also has an effect on the mental-spiritual well-being</i></li> <li><i>b) Body culture</i></li> <li><i>c) The professional sports generate profit (far from the aims and original idea of sports)</i></li> <li><i>d) Voluntary civic action and an opportunity to self-improvement</i></li> <li><i>e) Community sports and leisure sports have positive effect on the individual and the community</i></li> </ul>
<i>Henderson [2009]</i>	<i>Rules, physical activity, coordination, competition</i>

Source: Neulinger [2007] and with the author's additions

## Appendix 5

Table 35: Leisure sports concepts in the Hungarian and international literature

Concept	Definitions, key words of the definitions	Focus, key words	Source
Amateur sports	Amateur sport does not include professional sports teams, or spectator spending associated with these teams.	Denial of the elements of professional sports	Berrett – Reimer [2005]
Amateur sports and active recreation	Amateur sport involves participants who execute skills that require practice or preparation; it involves competition with other participants, oneself, or nature; and it occurs in a structured environment.	Exclude passivity and in a structured, organized form	Berrett [2001]
Sports and recreation	Physical activity	Exclude passivity	Canmac [2001]
recreation	of one's own free will, free time activity, entertainment, play, physical activity, active relaxation, sports, mass sports, running, aerobic	Free will, free time, exclude passivity	Wolanska, [1974, cited by Szabó 2002]
recreation	The culture of free time, well-being, quality of life, the aim is to enhance health or recover, harmony, recreation, optimal mental and physical state	The aims (well-being, quality of life), recreation, recovery, sports are part of recreational activities	Kovács [2002]
recreation	Free time activity, with pleasure, self improvement, and community improvement, emotions and free will are important	Free time activity, "free" activity sports are part of recreational activities	Szabó [2002]
Leisure sports	Health-preservation free time activity with pleasure	In free time, distraction, health-preservation	Polányi [1998]
Leisure sports	require physical exertion and/or coordination, most leisure activities involving the use of recreational vehicles, such as yachting. It also includes activities with animals where these involve physical exertion on the part of the human participants, for example horse riding and racing. Indoor leisure activities such as bowling are included.	Exclude passivity	Goodchild et al. [2000]
Leisure sports	Every sports that are not professional sports (no incomes)	Denial of the elements of professional sports	Földesiné [2002]
Leisure sports	In free time, relaxation, entertainment, recreation, health-preservation, preserve or improve mental and physical abilities	In free time and aims are important	Kovács [2002]
Leisure sports	No competition and effort to maximum per-	Denial of the ele-	Bloom et



Concept	Definitions, key words of the definitions	Focus, key words	Source
	formance	ments of professional sports	al. [2005]
Leisure sports	leisure sports are non-competitive physical recreations which people make use of free time to participate in voluntarily in free form with relaxed feelings in relaxing environment. This kind of physical recreations is mainly to adjust psychology, cultivate temperament, relieves fatigue, restores energy, strengthen physical fitness, improve healthiness and enjoy the pleasure of life. There are recreation, fitness, exploration and intercourse activities.	In free time, voluntarily, aims are important	Min – Jin [2010]
Leisure sports and students' sports	Physical and mental health, healthy lifestyle, prevention, preservation of health, physical recreation, play.	Aims and effects are important	Budai [1999]

Source: Table created by the author, based on the works of different authors presenting in the table

## Appendix 6

Table 36: Leisure sports' „sub-categories”

The name of the sub-category	„Health sports”	„Experience sports”		
		Fun sports	Adventure sports	Extreme sports
Common characteristics	Of one's own free will. Physical activity in leisure time, competition is not important			
Goal, the consumers' need	<b>Preservation and improvement of health</b>	<b>Gain experience, momentary well-being, enjoyment, relaxation</b>		
		Pleasure, play „having fun”	Break away from the daily routine	Excitement, the production of extra adrenaline and achievement
The time for realizing the goals	<b>Long term</b>	<b>Short term</b>		
Leisure sports is considered as	Consumer durable and capital good	Consumer non-durable good, the value creation/benefits/goals only during the sporting activity		
Regularity	Regularity is important to achieve the goals	Regularity is not important to achieve the goals		
Effects on the health and risks	Positive and low risks	Not always positive and the risks of injuries are higher especially in the case of extreme sports		
Investments	Low (money and time)		Higher investments, more time and money needed (costs and time of the journey to the sports places and the costs of equipment)	
Examples	Running, swimming, cycling	skateboard-ingbeach vol-leyball, and all the games played irregu-larly	scuba diving	Iron-man, Rafting, paraglid-ing

Source: Table created by the author based on Min – Yin [2010] and Kovács [2002]

## Appendix 7

Table 37: Most important accredited institutions<sup>156</sup>

Institute	Areas of qualification of trainers <sup>157</sup>
Budai Sportoktató Akadémia <a href="http://www.bsa.sport.hu/">http://www.bsa.sport.hu/</a>	Wide variety of trainers, it is worth searching on the website
Budapesti Szabadidősport Szövetség <a href="http://www.bszszsport.hu/">http://www.bszszsport.hu/</a>	fitness-wellness, different trainers, instructors, recreational health program leader
Fitness Akadémia <a href="http://www.fitnessakademia.hu/">http://www.fitnessakademia.hu/</a>	aerobic-fitness, kayak-canoe, tennis, bodybuilding, swimming, wellness
Fitness Company <a href="http://www.edzokepzes.hu/">http://www.edzokepzes.hu/</a>	aerobic-fitness, bodybuilding, recreation
IWI <a href="http://www.iwi.hu/">http://www.iwi.hu/</a>	aerobic-fitness, yoga, recreation, bodybuilding, wellness
MLSZ Szakmai és Felnőttképzési Intézet <a href="http://www.mlsz.hu/felnottkepzes/">http://www.mlsz.hu/felnottkepzes/</a>	football
Pilates Institute <a href="http://www.pilates-institute.hu/">http://www.pilates-institute.hu/</a>	pilates
TF Továbbképző Intézet <sup>158</sup> /Felnőttképzési csoport <a href="http://www.tfti.hu/hu/">http://www.tfti.hu/hu/</a>	Wide variety of trainers, it is worth searching on the website

Source: Table created by the author

<sup>156</sup> Naturally not all the accredited institutions are in the list, just the most important, most famous institutions.

<sup>157</sup> See [http://atheneszki.hu/downloads/KPPR031\\_Sportedzo.pdf](http://atheneszki.hu/downloads/KPPR031_Sportedzo.pdf) (the time of downloading: 1st December, 2009.), there is a 141 pages long document about the qualification of trainers

<sup>158</sup> On 30 June, 2009. „Továbbképző Intézet” ended, and the successor was from 1st July 2009. „Felnőttképzési Csoport”.

## Appendix 8

Table 38. : Country clusters (average values)

	Recreation and sports services (PPP)	Equipment for sports, camping and outdoor ac- tivities (PPP)	Gini coef- ficient	Average consumption (PPP)	Average life expec- tancy at birth (years)
Finland, Norway, Sweden, Austria, Slo- venia	238.20	118.20	25.40	17,052.80	79.7860
Denmark, Bel- gium, United Kingdom, France, the Netherlands, Ireland, Italy, Greece, Cyprus	227.20	43.00	29.50	17,945.70	79.9020
Spain, Portugal, the Czech Republic	99.67	29.00	32.00	10,711.33	78.9200
Bulgaria, Poland, Ma- cedonia, Hungary. Romania, Slovakia, Turkey	28.18	9.18	30.70	5,763.00	73.1755
Average sample	140.41	41.69	29.46	12,422.34	77.2290

Source: Paár [2011b]

## Appendix 9

Table 39: Role of the state according to various schools

school, representative	„Essence”	Roles, tasks of the state	Roles, tasks of the state in the area of sport, <i>leisure sports</i>
Classic, Adam Smith	The market's invisible hand and the primacy of free competition in the whole economy	Legal protection of life, freedom and property	<i>Passing sports laws</i>
Neoclassic	Free competition of businesses, with limited resources	Ensure the conditions of free competition, but intervene in cases where free competition is endangered	<i>Passing laws, limit monopolies</i>
Keynesian, Keynes	State intervention is necessary to increase employment and growth and also due to externalities and commons	Fiscal interventions, increasing of investments, internalizing externalities by taxes, funding and price regulations	<i>Influence sport either through the whole economy or through specific taxes or fundings</i>
Monetarism, Milton Friedman	Reducing the involvement of the state and the primacy of monetary policy are necessary to achieve economic stability	Passing, interpretation and enforcement of laws, insurance of stable monetary system through monetary policy, performance of tasks which the market cannot or doesn't want to or would be too expensive	<i>Passing sports law and intervention in areas where the market cannot or doesn't want to (public goods)</i>
Institutionalism	Specialization of work processes and manpower through technical development	Regulation, support of R&D, as well as taking care of those „left out of the industrial system” (the poor, the sick, the disabled)	<i>Regulation, insurance of equal opportunity and fair conduct</i>
Legal Economics	Externalities cease to exist through clarification of property rights	Contribution to the clarification of property rights	Clarification of property rights of facilities and players

Source: Based on Szeles [2007], with the author's additions

**Appendix 10:** Evolution of governing and supervisory bodies of sports from the beginning of the 20th century until today<sup>159</sup>

The Physical Education Act (No. 53 of 1921) was the first sports law in Hungary (related to Kunó Klebelsberg). It laid the foundations for the Hungarian sports system of the 20th century, it founded the College of Physical Education and it made physical education a mandatory part of the education system. The reason for the strict regulation was that the Trianon peace treaty banned any kind of military training which resulted in an attempt to ensure physical training of youngsters and citizens through physical education and the sports movement. Act No. 12 of 1941, considering the existing state of war, centralized sport government, deprived sports federations and associations of their independence. The prime minister's decree No. 5520 of 1941 mandated that the physical education of young people as well as sports have to be governed by an appointed leader with a nation-wide authority. The National Sports Center was created inside the Ministry for Religion and Public Education (VKM) to supervise the implementation of the decree. After World War II, the head of VKM was augmented with the National Sports Committee, a people's representative body created on coalition grounds.

- ✓ The National Bureau for Sports (OSH) was founded in 1948, with the focus on organization and funding of professional sports, it didn't have any leisure sports related tasks.
- ✓ In 1951, the OSH was abolished and the National Committee for Physical Education and Sports (OTSB) was created under the jurisdiction of the Council of Ministers.
- ✓ The Hungarian Council for Physical Education and Sports was created in 1958.
- ✓ Based on decree No. 19 of 1962, the Hungarian Physical Education and Sports Federation (MTS), the union of sports federations was created, first in the form of a people's organisation, later as a social organization.
- ✓ The National Bureau for Physical Education and Sports (OTSH) was created in 1973. Decree No. 9 of 1986 created the National Bureau for Youth and Sports but it remained an empty shell, as it was unable to ensure monetary funding of sports. It was reorganized shortly thereafter: the National Bureau for Sports was created in 1989. It operated inside the organization of the Ministry for Culture. The Right of Association Act (No. 2 of 1989) declared sports clubs as social associations, which meant they no longer were directly controlled by the state. The Local Governments Act (No. 65 of 1990) declared task physical education and sports organizational tasks as optional tasks of local governments. After 1992, the OTSH operated under the government's control, it became an independent state agency belonging to the Prime Minister's Office. It was first supervised by a dedicated minister without portfolio, and from 1993, by the Minister of Interior. The Sports Law (No. 65 of 1996) was basically a law about sports administration and sports funding. It introduced a system of sports scholarships, specified the state's and local governments' tasks related to sports, the system of sports administration as well as of the MOB and the individual sports associations. It created two public foundations, named after Wesselényi Miklós and Gerevich Aladár, and regulated their financing (directly financed by the state budget, they receive a given percentage of gambling taxes). Law No. 36 of 1998 created the Ministry of Youth and Sports, as a successor of OTSH (from 1 January 1999). The Sports Law (No. 145 of 2000)

<sup>159</sup>

Based on Fazekas Attila's lecture „A review of Hungarian sports”, as well as Chapter 1 of Pásztor Csilla's study „Legal aspects of doping” [2006].

completed legal regulation of sports. It created the legal basics for sports markets (sponsorship and commercial contracts), created the NGO system, the a Sports Court of Arbitration, it aimed at financially securing the competitive system of sports. The law created three new public bodies and it gave the same legal status to the Hungarian Olympic Committee. The three new bodies aimed at joining forces of sports associations, the umbrella organizations of leisure sports and the sports associations of the handicapped, respectively. Their main focus was to support member representation and public resource allocation.

- ✓ Based on the regulations of Law No. 11 of 2002, the Ministry for Children, Youth and Sports was created on 27 May 2002.
- ✓ The currently effective law about sports is Sports Law No. 1 of 2004. This law created the National Sports Council which helps the government in the areas of sports strategy and sports financing.
- ✓ The government issued Decree 297 of 2004 on 29 October 2004 to created the National Sports Bureau, supervised at first by the Prime Minister's Office, later by the Ministry for Interior.
- ✓ Based on the regulations of Law 55 of 2006, sports were supervised the Minister of Local Governments and Regional Development (more precisely: a ministry secretariat instead of the former body with national powers).
- ✓ Based on the regulations of Law 20 of 2008, the Minister of Local Governments became the supervising minister of sports. Inside the Ministry of Local Governments, the body carrying out the functions of state sports government is the Secretary for Sports (with 2 departments: Department of Sports and Strategy, Department of Sports Administration). The Parliament's Committee for Sports and Tourism has the right to propose, comment and decide and contributes to the supervision of government work.
- ✓ The Ministry of National Resources, which is responsible for sports issues, was created in May 2010 and it is also responsible for healthcare, education, culture and social affairs.
- ✓ The law passed on 22 June 2010 abolished the National Sports Council, and with effect from 1 January 2011 the Mező Ferenc Public Sports Foundation, and their functions were transferred to the Hungarian Olympic Committee (MOB). Several functions of the Wesselényi Miklós Public Sports Foundation were transferred to the Ministry of National Resources and the MOB.
- ✓ In December 2011, the new Sports Law abolished the five public bodies, the two public foundations (Wesselényi és Gerevich) and the National Sports Council for good. From 1 January 2012, one single public body, the Hungarian Olympic Committee (MOB) controls Hungarian sports life. The National Sports Institute, which deals with training young athletes, is also taken over by MOB. There are five professional sections inside MOB, the section responsible for leisure sports is presided by Monspart Sarolta, its members are: Garancsi István (touring) , Horváth András (MSZSZ president), Katus Tamás (fitness), Máth István (BSI), Nádas Pál (civil, tenders, paralympics), Péter Zoltán (IBM, workplace sports), Pogány Éda (Body Awakening, workplace sports), Salga Péter (MSZSZ secretary general), Schneider Béla (football).

## Appendix 11

Table 40: State budget for sports 2008-2012

State budget for sports 2008-2012					
	Budget funding in 2008	Amount remaining after the cuts in 2009	Amount remaining after the cut in 2010	Amount remaining after the cut in 2011	Budget of 2012
National Sport Services Institute for the Education of the New Generation (from 2011. on NSI + NSK)	3 983 400	3 458 800	3 267 900	3 432 700	4 557 300
Tasks related to the education of the new generation	1 063 600	1 370 600	1 326 900	1 615 800	2 185 800
Funding of MGYLSZ – MLSZ academy + up (new row in 2011)	200 000	0	0	2 200 000	1 900 000
Funding of the education of the new generation of hockey players	0	170 000	0	0	0
Funding of school, students' and university sports	356 700	293 700	285 200	335 200	335 200
Funding of professional sports	2 146 100	2 299 900	2 176 100	3 355 800	3 260 900
Appreciation of sport achievements	1 972 200	1 900 200	1 930 200	2 073 000	2 355 400
Funding of selected international sport events (Formula-1)	3 361 400	2 940 000	3 878 500	0	0
Funding of Olympic and Paralympic Games participation	500 000	0	0	0	570 000
Funding of sports federations in connection with preparation for the Olympic Games	360 000	0	0	0	0
Funding of the Hungarian Paralympic Committee and its member organizations	0	275 000	57 300	90 300	230 000
Funding of the National Sport Federation of the Handicapped and its member organizations	253 500	0	172 700	139 700	
<b>Funding of leisure sports</b>	<b>320 900</b>	<b>241 000</b>	<b>53 200</b>	<b>454 603</b>	<b>413 300</b>
<b>Funding of sport activities aiming at health development (leisure and student sports)</b>	<b>226 400</b>	<b>126 400</b>	<b>0</b>	<b>0</b>	<b>0</b>
Development and maintenance of state, local government and other sport facilities (including Debrecen Stadium from 2011)	539 500	190 800	121 300	472 015	3 859 300
Stadium security project (from 2011)	0	0	0	960 000	960 000
PPP development of sport facilities	1 400 000	929 500	1 339 000	0	0
<b>Expenses related to the promotion of sports</b>	<b>60 000</b>	<b>25 000</b>	<b>15 000</b>	<b>8 100</b>	<b>15 000</b>
Sport hygienic, anti doping tasks	196 400	275 000	249 500	303 500	314 900
Facilitation and projects of strategic and sport science innovation tasks	301 700	71 100	44 200	44 200	37 200
House of Hungarian Sport program	372 500	337 500	302 500	302 500	302 500
Expenses related to the final settlement of Sportfólió Kft.	142 400	0	0	0	0
Operation fundings	190 200	186 600	180 900	255 900	500 000
Total	17 960 100	15 104 400	15 413 200	16 056 118	21 816 800

Source: Bardóczy [2012]



## Appendix 12

Table 41: “Theories” of the existence and operation of the nonprofit sector

Theory (author(s))	A very short description of the theory and its key elements	Is it relevant?
<b>I. Economic theories</b>		
Heterogeneity-theory/Theory of public goods/Theories of market and state failures (Weisbrod [1977, 1986, 1991])	Nonprofit organizations have a dual role: firstly, the complete the state supply of public goods; second, they fulfill the role of an alternative provider besides the private goods that are produced by the market sector.	x
Theory of contract-based connections/Theory of trust (Hausmann [1987, 1991])	Nonprofit organizations appear where consumers are not able to judge exactly whether the quantity and/or quality of the received services fits the expected level; there is an information-asymmetry.	
Theory of consumers’ self control (Hausmann, [1987])	The purpose of the establishment of nonprofit organizations is to ensure consumers’ control over producers and service providers.	
Theories of support (Fama-Jensen [1983])	Nonprofit organizations receive relatively lots of direct and indirect support; that is why they are founded.	
Supply side economics (James [1987])	It is not really the surplus demand but rather the heterogeneity of the demand that explains the involvement of nonprofit organizations in the production of public goods and quasi-public goods. They rather “substitute” state (less costs, more trust). Nonprofit sector will flourish in those countries that are heterogeneous in religious, political and cultural sense.	x
Stakeholder theory of the nonprofit sector (Krashinsky [1997])	The existence of nonprofit organizations can be explained by the fact that they are able to produce adequate values and outcomes for different stakeholders.	x
<b>II. Sociological theories</b>		
Governance theories (Etzioni-Halevy [1983])	Because of increasing social demands, governments have undertaken and financed such tasks and services that they were able to satisfy less and less effectively.	
Theory of crisis of legitimacy (Habermas [1993]; Offe [1985])	Governments have to satisfy such demands that private enterprises would not satisfy due to a lack of sufficient profit. States have to look after more and more tasks, to which financial resources are ensured by tax-paying individuals and market enterprises. Governments get into the trap of contradicting requirements and interests. Political parties will be able to hold their promises less and less, which will lead to a decrease in social support finally resulting in a crisis of legitimacy.	

Social movements theory (Smelser [1963])	In a society, structural opportunities and tensions occur, convictions are contrasted and various groups are formed. Whether these movements can realise their goals, recruit members and transform into an organization in the future can equally be influenced both by the regular communication between leaders and participants and by the allocation of certain financial and material resources.	
Theory of protest (Tilly [1978])	People with common values and protest against states in general must be organised into a group (e.g. with the help of a nonprofit organization).	
Theory of social capital (Putnam, Leonardi, Wanetti [1993], Bourdieu [1997])	In societies there three types of capital: private capital is produced by market actors, public capital is produced by public institutions and social capital is produced by the civil society. Nonprofit organizations are the generators and transmitters of social capital.	x
III. Interdisciplinary theories		
Partnership between governments and the nonprofit sector (Salamon [1981, 1987])	Through nonprofit organizations, the state ensures services and plays a role in their financing, too. State cooperates with nonprofit service providers.	x
The failure of “self-activity” (Salamon [1981, 1987])	There is a need for intervention and support from the state because of the following factors: (1) law efficacy, (2) particularism, (3) paternalism and (4) amateurism.	x
Third way model (Salamon-Anheier [1993])	Services should not be carried out exclusively by profit-oriented, nonprofit or state-owned organizations but they should be ensured by cooperation of the three sectors.	x
Theory of social origins (Salamon-Anheier [1998])	In certain countries, differences in social, cultural and economic development has extended roles. The formation and the size of state, for-profit and nonprofit sectors and the opportunity for choosing among them did not only depend on the decision of the individual consumers but also on the historic development (liberal model, social-democratic model).	x
Theories of welfare states (Welfare-mix), (Rein [1986], Rose [1985], Evers [1988 and 1995])	According to the so called welfare-mix theory, households are not only “consumers” but also actors in various roles (welfare and social integration). To ensure wealth, state, market actors and households equally have determining roles. The “third” sector broadens the supply “by informal production”, generates new types of demands and rights and also creates a “new” trend of “decreasing the role of the state” according to which family and social life have to be protected from state interferences.	

Source: based on Botz [2009] and Jenei-Kuti [2009]

## Appendix 13

Table 42: The number of associations

Area	1862	1878	1932	1982	1987	1989
Culture, religion	88	346	1809	14	90	327
<b>Sports</b>	<b>1</b>	<b>24</b>	<b>951</b>	<b>4 575</b>	<b>3 013</b>	<b>3 048</b>
<b>Recreation and hobby</b>	<b>87</b>	<b>276</b>	<b>4 684</b>	<b>1 433</b>	<b>1 729</b>	<b>1 998</b>
Education	11	87	102	99	119	134
Health care, social services	97	365	2 851	9	12	563
Emergency and relief	–	118	1 335	2 705	1 481	1 167
Professional	21	612	2 351	-	-	638
Others	14	89	282	51	126	521
Total	319	1 917	14 365	8 886	6 570	8 396

Source: Bocz, 2009: The source of data between 1862-1989 are the Hungarian Academy of Science and the Hungarian Central Statistical Office (KSH)

Table 43: The rate of associations

Area	1862	1878	1932	1982	1987	1989
Culture, religion	27.6	18.0	12.6	0.2	1.4	3.9
<b>Sports</b>	<b>0.3</b>	<b>1.3</b>	<b>6.6</b>	<b>51.5</b>	<b>45.9</b>	<b>36.3</b>
<b>Recreation and hobby</b>	<b>27.3</b>	<b>14.4</b>	<b>32.6</b>	<b>16.1</b>	<b>26.3</b>	<b>23.8</b>
Education	3.4	4.5	0.7	1.1	1.8	1.6
Health care, social services	30.4	19.0	19.8	0.1	0.2	6.7
Emergency and relief	–	6.2	9.3	30.4	22.5	13.9
Professional	6.6	31.9	16.4	–	–	7.6
Others	4.4	4.6	2.0	0.6	1.9	6.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bocz, 2009: The source of data between 1862-1989 are the Hungarian Academy of Science and the Hungarian Central Statistical Office (KSH)

Table 44: The number of nonprofit organizations

Area	1996	1997	1998	1999	2000	2003	2004	2006
Culture	4 680	4 656	4 826	4 970	4 942	5 710	5 685	6 527
Religion	1 089	1 199	1 242	1 295	1 295	1 423	1 381	1 457
<b>Sports</b>	<b>7 130</b>	<b>7 140</b>	<b>6 789</b>	<b>6 740</b>	<b>6 469</b>	<b>7 008</b>	<b>6 751</b>	<b>7 190</b>
<b>Recreation and hobby</b>	<b>7 559</b>	<b>7 943</b>	<b>7 796</b>	<b>7 664</b>	<b>7 346</b>	<b>8 545</b>	<b>8 496</b>	<b>9 739</b>
Education	5 105	5 856	6 275	6 771	6 866	7 573	7 665	8 107
Research	959	1 020	1 046	1 063	1 057	1 148	1 130	1 189
Health care	1 913	2 075	2 108	2 084	2 111	2 418	2 419	2 739
Social services	3 496	3 882	4 052	4 178	4 137	4 548	4 587	5 136
Emergency and relief	1134	1085	1009	968	892	842	813	864
Environmental protection	984	1 012	973	996	1 019	1 246	1 191	1 398
Community development	1 673	1 948	2 060	2 349	2 401	3 004	3 065	3 637
Economic development	672	730	741	851	878	1 015	1 060	1 288
Protection of rights	549	572	553	560	561	682	675	823
Protection of public safety	1 197	1 322	1 375	1 434	1 408	1 702	1 743	1 995
<b>Multipurpose tender-making</b>	<b>701</b>	<b>706</b>	<b>690</b>	<b>684</b>	<b>688</b>	<b>772</b>	<b>754</b>	<b>766</b>
International relations	618	661	663	678	637	749	722	811
Professional economic advocacy	5 396	5 114	4 772	4 490	4 088	4 145	3 880	4 070
Politics	461	444	414	396	349	492	374	506
Total	45 316	47 365	47 384	48 171	47 144	53 022	52 391	58 242

Source: Bocz, 2009

## Appendix 14

Table 45: Important topics in the literature considering leisure sports management

	Robinson [2004]	Knop et al. [2004]	Torkild sen [2005]	Mull et al. [2005]	Wester beek et al. [2006]	Parks et al [2007]	Oakey – Rhys [2008]	Hoye et al. [2009]
Facility- management			X	X	X	X		
Planning	X	X		X				
Strategy	X	X		X				X
<b>Marketing</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>HR</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>		<b>X</b>	<b>X</b>
Leadership			X			X		X
Organizational structure		X	X		X	X		X
Organizational culture		X			X	X		X
Change- management	X						X	
Performance measurement	X	X						X
Service quality	X				X		X	
Finance	X			X	X	X		X
Law				X		X	X	
Event manage- ment			X		X	X		
Maintenance				X				

Source: Table created by the author

## Appendix 15

Table 46: The dimensions of the different service quality models

Model/Dimension	Physical Environment	Human Interactions	Core Product
Lehtinen – Lehtinen [1983]		Process Quality	Outcome Quality
Grönroos [1984]		Functional Quality	Technical Quality
Parasuraman, Zeithaml, - Berry [1988]	Tangibles	Reliability	
		Responsiveness	
		Assurance	
		Empathy	
Lehtinen – Lehtinen [1991]	Physical Quality	Interactive Quality	
Rust – Oliver [1994]	Service Environment	Service Delivery	Service Product
Dabholkar, Thorpe, Rentz [1996]	Physical Environment Quality	Reliability	
		Interaction Quality	
Brady – Cronin [2001]	Physical Environment Quality	Interaction Quality	Outcome quality

Source: Table created by the author

## Appendix 16

Table 47: Research on leisure sports service quality

Author(s) (year) - model	Country	Industry	What was measured?	Quality was considered as
Chelladurai et al. [1987] – Scale of Attributes of Fitness Services (SAFS)	Canada	Fitness	Perceived service quality	Meeting or exceeding customer expectations
Crompton – Mackay [1989] - SERVQUAL (REQUAL)	Australia	Recreation	Perceived and de-sired service quality	
Kim – Kim [1995] - Quality Excellence of Sports Centers (QUESC)	South-Korea	Fitness		Meeting or exceeding customer expectations
Howat et al. [1996] – CERM-CSQ	Australia	Recreation	Perceived service quality	Quality as value
Chang – Chelladurai [1999] – Scale of Quality in Fitness Ser-vices (SQFS)	USA	Fitness		Meeting or exceeding customer expectations Conformance to speci-fi-cations
Kouthouris et al. [1999] - SERVQUAL	Greece	Fitness	Perceived and de-sired service quality	Meeting or exceeding customer expectations
Han [1999]	Korea	Skiing	Perceived service quality	Meeting or exceeding customer expectations Quality as value
Ko [2000] SSQPS	USA	Recreation		Meeting or exceeding customer expectations
Lam [2000] - Service Quality Assessment Scale (SQAS)	USA	Fitness	Perceived and de-sired service quality	
Papadimitriou – Karteroliotis [2000] FITSSQ	Greece	Fitness	Perceived service quality	
Afhintos et al. [2001] - QUESC	Greece	Fitness		
Alexandris et al. [2004]	Greece	Fitness		

Source: Table created by the author

**Appendix 17: The interview guide**

- Introductory part, short exposition of the topic and the goals
- Introduction of the interviewee
- The areas of the interview (at the beginning of the interview I always let the interviewees to talk about what was the most important for him/her):
  - o The definition, interpretation, role, toperation of leisure sports in Hungary, value creation factors
  - o The markets of leisure sports
  - o Stakeholders, and their goals, roles, tasks, relationships among them
  - o The three sphere: the state, the civil-society and the business sphere in details, their tasks in theory and in practice
  - o In the case of service providers the detailed history and operation
  - o Challenges, key problems, areas which need improvements, future
- Expression of thanks, and invitation for the focus groups (discussing the results)



## Appendix 18

Table 48: The interviewees

The name of the interviewee	Workplace/Occupation/Important activity related to leisure sports	From which sphere?	I mentioned him/her in the proposal (T)	Duration of the interview	Took part in the focus group (F) Gave feedback (V)
1. Attila, Ábrahám	He was under secretary in the Health Ministry, responsible for the Public Health Program, between 2004 and 2006 he was the president of the National Sports Council, he is one of the founders of the National Alliance of Fitness and Wellness Clubs Association, he works now in the Hungarian Kayak-Canoe Federation	<b>state</b> civil-society	T	1 and a half hour	
2. Júlia, Ábrahám	Leader of the Fitness Academy, professor at the ELTE University, she is one of the founders of the National Alliance of Fitness and Wellness Clubs Association	<b>business</b> university civil-society	T	1 and a half hour	F
3. Gábor, Bardóczy	He worked in the Ministry of National Resources , and now he works for TAO-Office, he is the director of it	state	T	1 hour and 25 minutes	V
4. Zsuzsanna, Bukta	Expert, advisor for civil-society and EU-tenders, professor at the ELTE University	university	T	The record lost, 80 minutes	V
5. Péter, Cziráki	Leader of the Zöldpont Leisure Sports Association, editor of Zöldpont magazine and Zöldpont Bulletin, the founder of the Alliance for Company Sports	civil-society		3 hours and 25 minutes	F
6. Hunor, Dudás	Sport manager for Boscolo Hotel and fitness center, former manager of Krisztina fitness center	business	T	1 hour 22 minutes	V
7. Zoltán, Farkas	He was the leader and sport manager of Oxygén (one of the most popular big fitness centers in Budapest) and now he is the manager of First Club Fitness center	business	T	1 hour 15 minutes	
8. Gyöngyi, Földesiné Szabó	DSc, sport sociologist, professor of SOTE, she was the president of NSZSZ	<b>university</b> civil-society	T	54 minutes	
9. Andrea, Gál	Professor of SOTE, sport sociologist	university		1 hour 13 minutes	
10. János, Györfi	Strategic advisor for NSSZ, leader of Sport Innovation Committee of MSTT, former strategic analyzer for the Leisure Sport Department of GYISM and for the National Sports Council	<b>civil-society</b> state		1 hour 30 minutes	
11. Istvánné, Hoffmann	DSc, expert in sport marketing and sport sponsorship, founder of Sponsorship Salon, professor of BCE	university	T	1 hour 45 minutes	
12. András, Horváth	President of MSZSZ, organizer of Szeged sports life, member of MOB Leisure Sports Committee	civil-society	T	2 hours	V
13. Zsolt,	Founder of Fit Profit advisor company, owner of three	<b>business</b>	T	1 hour	F

Horváth	fitness centers, manager of several fitness clubs, he is one of the founders of the National Alliance of Fitness and Wellness Clubs Association	civil-society		22 and 2 hours 49 minutes	
14. Endre, Ipacs	Founder and organizer of Big Sports Choice (Nagy Sportágválasztó)	civil-society		1 hour 30 minutes	V
15. Attila, Jezer-niczky	Leader of Pest County Sport Federation, and Leisure Sports Association, owner of water sports company	<b>civil-society</b> business		2 hours 10 minutes	V
16. Lili, Kassay	Owner of Businessgroup advisory company, founder of Sponsorship Salon, professor of BCE and member of Sport Research Center of BCE	university business		40 minutes	V
17. Árpád, Kocsis	Owner, leader of Budapest Sports Office (BSI)	business	T	2 hours	V
18. Sarolta, Monspart	President of NSZSZ, OEFI, professional leader of Avon Physical Activity Program, former president of Wesselényi Miklós Sport Foundation, leader of MOB Leisure Sports Committee	<b>civil-society</b> state	T	1 hour 22 minutes	F
19. József, Nagy	Leader of APEH sport association, sport researcher, participant from Hungary in the conferences of „Sport for all”, he was responsible for leisure sports in OTSH, „Father of Challenge Day”, former president of MSZSZ and TAFISA, and he suggested that 1% from our taxes could use for leisure sports	<b>civil-society</b> state	T	1 hour 35 minutes	V
20. Péter, Nagy	Sports economist	university		1 hour 10 minutes	
21. Attila, Pati Nagy	Owner of Fitness Company Hungary	business	T	1 hour 48 minutes	
22. Éda, Pogány	Director in Coca-Cola, dealing with CSR, founder of Coca-Cola Testémbresztő, member of MOB Leisure Sports Committee	business		1 hour 45 minutes	
23. Gábor, Pósfai	Director of Decathlon Hungary	business		1 hour 25 minutes	V
24. Péter, Salga	Secretary-general of MSZSZ, NSZSZ, member of MOB Leisure Sports Committee	civil-society	T	2 hours 15 minutes	
25. László, Szántó	Organizer of Swimming Across Lake Balaton	civil-society		1 hour 37 minutes	F
26. Laura, Szanyi	Responsible for sponsorship at E-on	business		1 hour 5 minutes	V
27. Bulcsú,	Sport manager, sport leader of Sportmax Hegyvidék	business		1 hour 30 minutes	
28. Péter, Tóth A.	Responsible for sponsorship at Magyar Telekom	business		1 hour 12 minutes	V
29. Zoltán, Ujj	Leader of Zöldgömb Sport Club, editor and reporter in Civil Rádió	civil-society		2 hours 20 minutes	F
30. Máté, Varga	Works for Fitness Trade, advisor	business		The record lost	
31. Henrietta,	She works in the Ministry of National Resources , deals with leisure sports	state		1 hour 15 min-	F

Vass				utes	
+1 László, Zopcsák	Leader of IWI-Hungary (International Wellness Institute)	business	T	It was a short conversation, not recorded	

## Appendix 19: The questionnaire

Details on the organization/company responding to this survey:

1. Name: .....
2. Postal Code: .....
3. Type of organization:
  - ☐ Sole proprietorship
  - ☐ Partnership (Bt.)
  - ☐ Limited company (Kft.)
  - ☐ Joint Stock Company (Zrt., Nyrt.)
  - ☐ Association
  - ☐ Union
  - ☐ Alliance
  - ☐ Foundation
  - ☐ Public body
  - ☐ Public-use company (Kht.)
  - ☐ Other (please specify):
4. Type(s) of sport activity / branch(es) of sport industry: .....
5. Year of establishment:.....
6. Number of employees in 2010:.....
7. Number of members/visitors in 2010:.....
8. 2010 revenue (in thousand forints): .....
9. Sources of revenue (as a percentage of the total):
  - ☐ % from regular business operations, own revenues (from consumers/members)
  - ☐ % from sponsors and supporters
  - ☐ % from tenders
  - ☐ % from municipalities and the state
  - ☐ % from events
  - ☐ % from agreements with business partners
  - ☐ % other (please specify)
10. Expenditures in 2010 (in thousand forints): .....
11. Reasons for expenditures (as percentage of the total):
  - ☐ % general maintenance costs (utilities, rent, etc.)
  - ☐ % salaries
  - ☐ % marketing expenditures
  - ☐ % development and investment expenditures
  - ☐ % administrative expenditures
  - ☐ % other (please specify)

12. **In theory**, how important are the following activities and tasks to your organization's operations? If you can think of any important activities or tasks that do not appear on the list below, please describe them and assess their importance!

1=not important at all, 7=highly important

Defining target markets	1 2 3 4 5 6 7
Establishing cooperation or partnerships with the state	1 2 3 4 5 6 7
Establishing cooperation, partnerships or strategic alliances with nonprofit organizations	1 2 3 4 5 6 7
Establishing cooperation, partnerships or strategic alliances with profit-oriented corporations	1 2 3 4 5 6 7
Event organization	1 2 3 4 5 6 7
Development and innovation	1 2 3 4 5 6 7
Consumer-oriented operations (identifying and tracking consumer demand and preferences)	1 2 3 4 5 6 7
Efficiency	1 2 3 4 5 6 7
Providing opportunities for disadvantaged people to participate in sports	1 2 3 4 5 6 7
Long-term planning, strategy development	1 2 3 4 5 6 7
Developing human resources and training	1 2 3 4 5 6 7
Boosting demand, attitude formation, popularizing sports	1 2 3 4 5 6 7
Providing supplementary services	1 2 3 4 5 6 7
Community building	1 2 3 4 5 6 7
Improving facilities	1 2 3 4 5 6 7
Maintaining facilities	1 2 3 4 5 6 7
Marketing activities	1 2 3 4 5 6 7
Ensuring adequate physical environment (sports equipment, dressing rooms)	1 2 3 4 5 6 7
Growth	1 2 3 4 5 6 7
Achieving profitability	1 2 3 4 5 6 7
Seeking out tender opportunities, applying for tenders	1 2 3 4 5 6 7
Financial planning	1 2 3 4 5 6 7
Participating in the development of legislative and regulatory issues	1 2 3 4 5 6 7
Providing sporting opportunities to the broadest possible segment of society	1 2 3 4 5 6 7
Representation, advocacy for people who do sports in their free time	1 2 3 4 5 6 7
Representation, advocacy for organizations and corporations	1 2 3 4 5 6 7
Providing a wide range of service	1 2 3 4 5 6 7
Improving the quality of services	1 2 3 4 5 6 7
Obtaining sponsors	1 2 3 4 5 6 7
Performance measurement	1 2 3 4 5 6 7
Managing changes, adapting to changes in the environment	1 2 3 4 5 6 7
Competing for customers/members	1 2 3 4 5 6 7
Other (please specify):	1 2 3 4 5 6 7

13. **In practice**, how important are the following activities and tasks to your organization's operations?

1=not important at all, 7=highly important

Defining target markets	1 2 3 4 5 6 7
Establishing cooperation or partnerships with the state	1 2 3 4 5 6 7
Establishing cooperation, partnerships or strategic alliances with nonprofit organizations	1 2 3 4 5 6 7
Establishing cooperation, partnerships or strategic alliances with profit-oriented corporations	1 2 3 4 5 6 7
Event organization	1 2 3 4 5 6 7
Development and innovation	1 2 3 4 5 6 7
Consumer-oriented operations (identifying and tracking consumer demand and preferences)	1 2 3 4 5 6 7
Efficiency	1 2 3 4 5 6 7
Providing opportunities for disadvantaged people to participate in sports	1 2 3 4 5 6 7
Long-term planning, strategy development	1 2 3 4 5 6 7
Developing human resources and training	1 2 3 4 5 6 7
Boosting demand, attitude formation, popularizing sports	1 2 3 4 5 6 7
Providing supplementary services	1 2 3 4 5 6 7
Community building	1 2 3 4 5 6 7
Developing facilities	1 2 3 4 5 6 7
Maintaining facilities	1 2 3 4 5 6 7
Marketing activities	1 2 3 4 5 6 7
Ensuring adequate tangible environment (sports equipment, dressing rooms)	1 2 3 4 5 6 7
Growth	1 2 3 4 5 6 7
Achieving profitability	1 2 3 4 5 6 7
Seeking out tender opportunities, applying for tenders	1 2 3 4 5 6 7
Financial planning	1 2 3 4 5 6 7
Participating in the development of legislative and regulatory issues	1 2 3 4 5 6 7
Providing sporting opportunities to the broadest possible segment of society	1 2 3 4 5 6 7
Representation, advocacy for people who do sports in their free time	1 2 3 4 5 6 7
Representation, advocacy for organizations and corporations	1 2 3 4 5 6 7
Providing a wide range of service	1 2 3 4 5 6 7
Improving the quality of services	1 2 3 4 5 6 7
Obtaining sponsors	1 2 3 4 5 6 7
Performance measurement	1 2 3 4 5 6 7
Managing changes, adapting to changes in the environment	1 2 3 4 5 6 7
Competing for customers/members	1 2 3 4 5 6 7
Other (please specify):	1 2 3 4 5 6 7

14. **In theory**, how important should be the following activities and tasks for the state? If you can think of any important activities or tasks that do not appear on the list below, please describe them and assess their importance!

1=not important at all, 7=highly important

Satisfactory regulations for leisure sports (e.g. tax breaks)	1 2 3 4 5 6 7
Cooperation with civil society	1 2 3 4 5 6 7
Cooperation with the business sphere	1 2 3 4 5 6 7
Receiving EU funding	1 2 3 4 5 6 7
Creating incentives for households to consume leisure sports	1 2 3 4 5 6 7
Providing opportunities for disadvantaged people to participation	1 2 3 4 5 6 7
Providing satisfactory incentives, allowances for civil society	1 2 3 4 5 6 7
Providing satisfactory incentives, allowances for corporations	1 2 3 4 5 6 7
Boosting demand, attitude-formation	1 2 3 4 5 6 7
Improving “public goods” for leisure sports (public spaces, parks, forests, water, public sports grounds)	1 2 3 4 5 6 7
Maintaining “public goods” for leisure sports (public spaces, parks, forests, water, public sports grounds)	1 2 3 4 5 6 7
Facility development	1 2 3 4 5 6 7
Facility maintenance	1 2 3 4 5 6 7
Quality control, quality assurance	1 2 3 4 5 6 7
Build leisure sport strategy, set priorities	1 2 3 4 5 6 7
Developing a sport information system	1 2 3 4 5 6 7
Supporting leisure sport events	1 2 3 4 5 6 7
Training for sport specialists, professionals	1 2 3 4 5 6 7
Supporting nonprofit organizations	1 2 3 4 5 6 7
Supporting for-profit organizations	1 2 3 4 5 6 7
Creating satisfactory legal conditions	1 2 3 4 5 6 7
Provides incentives for corporations to devote resources to leisure sports	1 2 3 4 5 6 7
Other (please specify):	1 2 3 4 5 6 7
Other (please specify):	1 2 3 4 5 6 7

15. On a scale of one to seven, please indicate **the degree to which you agree** with the following statements on Hungarian leisure sports:

1=strongly disagree, 7=strongly agree

The state's tax regulations for leisure sports are satisfactory.	1 2 3 4 5 6 7
The state cooperates with civil society in leisure sport-related issues.	1 2 3 4 5 6 7
The state cooperates with the corporate sphere in leisure sports.	1 2 3 4 5 6 7
The state receives EU funding for leisure sports.	1 2 3 4 5 6 7
The state creates incentives for households to consume leisure sports (e.g. by offering tax breaks).	1 2 3 4 5 6 7
The state provides opportunities for disadvantaged people to participation.	1 2 3 4 5 6 7
The state provides satisfactory incentives, allowances for civil society.	1 2 3 4 5 6 7
The state provides satisfactory incentives, allowances for corporations that invest in leisure sports.	1 2 3 4 5 6 7
The state encourages demand for sports and actively takes part in popularizing and shaping public attitudes toward sports.	1 2 3 4 5 6 7
The state works to develop "public goods" for leisure sports (public spaces, parks, forests, water, public sports grounds).	1 2 3 4 5 6 7
The state works to maintain "public goods" for leisure sports (public spaces, parks, forests, water, public sports grounds).	1 2 3 4 5 6 7
The state (and/or municipality) funds the development of facilities that are necessary for leisure sports.	1 2 3 4 5 6 7
The state (and/or municipality) funds the maintenance of facilities that are necessary for leisure sports.	1 2 3 4 5 6 7
The current state regulations on quality control and quality assurance are satisfactory.	1 2 3 4 5 6 7
The state makes a coherent leisure sport strategy that is built upon well-defined priorities.	1 2 3 4 5 6 7
The state runs a functioning sport-information system.	1 2 3 4 5 6 7
The state supports an adequate number of leisure sport events.	1 2 3 4 5 6 7
The level of state support for leisure sport events is satisfactory.	1 2 3 4 5 6 7
The state provides an adequate level of training for sport specialists, professionals.	1 2 3 4 5 6 7
The state provides adequate support for civil organizations.	1 2 3 4 5 6 7
The state provides adequate support for corporations that invest in leisure sports.	1 2 3 4 5 6 7
The current legal framework creates adequate conditions for civil society to participate in leisure sports.	1 2 3 4 5 6 7
The current legal framework creates adequate conditions for the corporate sphere to participate in leisure sports.	1 2 3 4 5 6 7
The state provides incentives for corporations to devote resources to leisure sports.	1 2 3 4 5 6 7



16. How would you rate **the quality of service** at your organization?

- ☐ very low
- ☐ low
- ☐ satisfactory
- ☐ good-quality, high
- ☐ top-quality, very high

17. How would you evaluate **demand for your organization's services** over the past year (compared to your competitors)?

- ☐ very low
- ☐ low
- ☐ average
- ☐ high
- ☐ very high

18. How would you describe your organization's **competitiveness**?

- ☐ we are uncompetitive due to strong competition
- ☐ we are being crowded out of the market
- ☐ we enjoy an average competitive position
- ☐ we enjoy significant competitive advantages
- ☐ we have a monopoly

19. What is the **highest level of economic/financial specialization** attained by members of your organization's (senior) management?

- ☐ no economics/finance background
- ☐ some coursework in economics/finance
- ☐ mid-level degree on economics/finance
- ☐ high-level degree in economics/finance

20. How would you describe your organization's **financial situation** over the past year?

- ☐ continuous financial troubles, negative financial balance
- ☐ break-even
- ☐ continuous positive financial balance

21. Respondent's position within his/her respective organization:

22. If you would like to know the results of this survey, please supply your e-mail address below!

## Appendix 20: Analysing the KSH-databases

Table 49: The location of the companies

TEÁOR (Standard Industrial Classification of All Economic Activities)	n	Budapest	Western-Hungary	Central-Hungary	Eastern-Hungary
Operation of sports facilities	494	<b>41.3%</b>	25.3%	20%	13.4%
Activities of sports clubs	98	<b>40.8%</b>	21.4%	21.4%	16.3%
<b>Recreational and sporting services</b>	<b>299</b>	<b>43.5%</b>	21.7%	22.7%	12%
Other sports activities	1158	<b>40.4%</b>	24.3%	17.4%	18%
Manufacture of sports and athletic goods	105	<b>32.4%</b>	22.9%	<b>30.5%</b>	14.3%
Retail sale of sports goods	489	<b>33.5%</b>	27.8%	18.4%	20.2%
Rental of recreational and sports equipment	95	<b>33.7%</b>	29.5%	20%	16.8%
Sports and recreation education	287	<b>41.5%</b>	22.3%	21.3%	15%
Other amusement and recreation activities	1340	<b>44.7%</b>	20.8%	19.7%	14.9%

Source: KSH [2009] Company Code Register

Table 50: The data of the foundation

TEÁOR (Standard Industrial Classification of All Economic Activities)	Before 1 <sup>st</sup> January 2000	<b>Between 1<sup>st</sup> January 2000. and 31<sup>st</sup> December 2005</b>	Between 1 <sup>st</sup> January 2006. and 31 <sup>st</sup> December 2009	After 1 <sup>st</sup> January 2000
Operation of sports facilities	<b>37.7%</b>	35.6%	26.7%	62.3%
Activities of sports clubs	27.6%	34.7%	<b>37.8%</b>	72.5%
<b>Recreational and sporting services</b>	18.4%	<b>43.1%</b>	38.5%	81.6%
Other sports activities	33.6%	<b>40.1%</b>	26.3%	66.4%
Manufacture of sports and athletic goods	<b>51.4%</b>	27.6%	21%	48.6%
Retail sale of sports goods	34.2%	<b>35.2%</b>	30.7%	65.9%
Rental of recreational and sports equipment	31.6%	<b>40%</b>	28.4%	68.4%
Sports and recreation education	<b>36.9%</b>	30%	33.1%	63.1%
Other amusement and recreation activities	19%	<b>43.1%</b>	37.9%	81%

Source: KSH [2009] Company Code Register

Table 51: The form of the companies

TEÁOR (Standard Industrial Classification of All Economic Activities)	Ltd (kft)	Plc (zrt)	(kkt)	Limited partnership (bt)
Operation of sports facilities	<b>65.6%</b>	1.6%	1.2%	31.4%
Activities of sports clubs	<b>66.3%</b>	1.0%	0	31.6%
<b>Recreational and sporting services</b>	<b>63.5%</b>	0.3%	0.7%	35.5%
Other sports activities	<b>50.6%</b>	0.5%	0.9 %	47.7%
Manufacture of sports and athletic goods	<b>64.8%</b>	1%	0	34.3%
Retail sale of sports goods	<b>55.4%</b>	0	1.6%	42.7%
Rental of recreational and sports equipment	48.4%	0	0	<b>51.6%</b>
Sports and recreation education	41.8%	0.3%	2.7%	<b>55.1%</b>
Other amusement and recreation activities	<b>56.8%</b>	0.7%	0.5%	42%

Source: KSH [2009] Company Code Register

Table 52: Revenues of the companies

TEÁOR (Standard Industrial Classification of All Economic Activities)	unknown	<b>0-20 million (M)</b>	21-50M	51-300M	301-500M	501-1000M	Above 1000M
Operation of sports facilities	13.2%	<b>68.8%</b>	9.7%	7.1%	0.4%	0.6%	0.2%
Activities of sports clubs	20.4%	<b>64.3%</b>	9.2%	6.1%	0%	0%	0%
<b>Recreational and sporting services</b>	20.4%	<b>74.6%</b>	3.3%	1.7%	0%	0%	0%
Other sports activities	9.2%	<b>78.8%</b>	5.6%	5.4%	0.7%	0.3%	0%
Manufacture of sports and athletic goods	9.6%	<b>57.1%</b>	<b>15.2%</b>	<b>13.3%</b>	2.9%	0%	1.9%
Retail sale of sports goods	13.1%	<b>59.7%</b>	<b>17.6%</b>	8.2%	1.0%	0.2%	0.2%
Rental of recreational and sports equipment	14.7%	<b>80.0%</b>	2.1%	3.2%	0%	0%	0%
Sports and recreation education	15.8%	<b>78.0%</b>	4.5%	1.7%	0%	0%	0%
Other amusement and recreation activities	14.9%	<b>78.1%</b>	3.2%	2.8%	0.3%	0.3%	0.4%

Source: KSH [2009] Company Code Register

Table 53: The number of employees

TEÁOR (Standard Industrial Classification of All Economic Activities)	0	1-9	Less than 10 (micro)	10-49 (small)	50-249 (middle)	More than 250
Operation of sports facilities	13.6%	80.6%	<b>94.2%</b>	5.3%	0.6%	0%
Activities of sports clubs	19.4%	74.5%	<b>93.9%</b>	6.1%	0%	0%
<b>Recreational and sporting services</b>	21.0%	77.3%	<b>98.3%</b>	1.7%	0%	0%
Other sports activities	10.2%	86.7%	<b>96.9%</b>	3.0%	0.1%	0%
Manufacture of sports and athletic goods	10.5%	70.5%	<b>90.0%</b>	5.2%	3.8%	0%
Retail sale of sports goods	13.9%	83.8%	<b>97.7%</b>	2.2%	0%	0%
Rental of recreational and sports equipment	16.8%	83.2%	<b>100%</b>	0%	0%	0%
Sports and recreation education	17.1%	82.2%	<b>99.3%</b>	0.7%	0%	0%
Other amusement and recreation activities	24.3%	57.4%	<b>81.7%</b>	1.8%	0.7%	0.1%

Source: KSH [2009] Company Code Register

Table 54: Location of the organizations

NSZOR (Classification of Nonprofit Organizations)	Budapest	Western-Hungary	Central-Hungary	Eastern-Hungary
Sports activities connected to nature (1640 db)	19.5%	<b>35.7%</b>	21.1%	23.7%
Mass sport. game and recreational activities (2560 db)	23.9%	<b>32.7%</b>	17.6%	25.8%
Public service sport and recreational activities (public benefit companies) (11 db)	30.6%	20.7%	15.3%	<b>33.3%</b>

Source: KSH [2009] NSZOR (Classification of Nonprofit Organizations)

Table 55: The legal status of the organizations

NSZOR (Classification of Non-profit Organizations)	foundation	Special foundation (közalapítvány)	<b>association</b>	nonprofit business company (nonprofit gazdasági társaság)
Sports activities connected to nature	2.7%	0%	<b>97.3%</b>	0%
Mass sport, game and recreational activities	3.6%	0.1%	<b>96.4%</b>	0%
Public service sport and recreational activities (public benefit companies)	0%	0%	0%	<b>100%</b>

Source: KSH [2009] NSZOR (Classification of Nonprofit Organizations)

Table 56: Revenues of the organizations

NSZOR (Classification of Nonprofit Organizations)	<b>unknown</b>	0-50 000	51 000-500 000	501 000-5 million	5 million – 50 million	More than 50 million HUF
Sports activities connected to nature	<b>40.4%</b>	9.9%	19%	<b>24.5%</b>	5.7%	0.4%
Mass sport, game and recreational activities	<b>40.9%</b>	7.9%	17.9%	<b>27%</b>	6.0%	0.2%
Public service sport and recreational activities (public benefit companies)	22.5%	5.4%	2.7%	9%	<b>27%</b>	<b>33.3%</b>

Source: KSH [2009] NSZOR (Classification of Nonprofit Organizations)

Table 57: The number of employees of the organizations

NSZOR (Classification of Nonprofit Organizations)	<b>Unknown or 0</b>	0<<1	1	1<<5	5<<10	10<<50
Sports activities connected to nature	<b>94.3%</b>	1.8%	1.9%	1.6%	0.3%	0%
Mass sport, game and recreational activities	<b>94.1%</b>	2.5%	1.6%	1.7%	0%	0%
Public service sport and recreational activities (public benefit companies)	<b>42.3%</b>	4.5%	0.9%	18%	10.8%	<b>18.9%</b>

Source: KSH [2009] NSZOR (Classification of Nonprofit Organizations)

**Appendix 21:** Basic data about nonprofit and for-profit sport service providers in my data

	n	Budapest	Western-Hungary	Central-Hungary	Eastern-Hungary
Location of the nonprofit organizations in my data	107	28.3%	<b>33.9%</b>	16.7%	21.1%
Sports activities connected to nature (KSH)	1640	19.5%	<b>35.7%</b>	21.1%	23.7%
Mass sport, game and recreational activities (KSH)	2560	23.9%	<b>32.7%</b>	17.6%	25.8%

	foundation	union	association	alliance	Public use company (kht)
Type of the nonprofit organizations in my data	0.9%	1.9%	<b>86.9%</b>	6.5%	0.9%
Sports activities connected to nature (KSH)	2.7%	-	<b>97.3%</b>	0%	-
Mass sport, game and recreational activities (KSH)	3.6%	-	<b>96.4%</b>	0%	-

	Before 1 <sup>st</sup> January 1989	<b>Between 1st January 1989 – 31st December 1999</b>	Between 1st January 2000 – 31st December 2005	After 1 <sup>st</sup> January 2006
Year of establishment	18.1 %	<b>41.9%</b>	24.8%	15.2%

	0-50 000	51 000 - 500 000	<b>501 000-5 million</b>	5 million – 50 million	Over 50 million
Revenues of the nonprofit organizations in my data	17.5%	19.3%	<b>43.9%</b>	15.8%	3.5%
Sports activities connected to nature (KSH)	9.9%	19%	<b>24.5%</b>	5.7%	0.4%
Mass sport, game and recreational activities (KSH)	7.9%	17.9%	<b>27%</b>	6.0%	0.2%

	<b>We do not know or 0 person</b>	1 person	1<<5	5<<10	10<
Employees of the nonprofit organizations in my data	<b>76.1 %</b>	7.6%	5.5%	2.2%	8.6%
Sports activities connected to nature (KSH)	<b>94.3 %</b>	1.9%	1.6%	0.3%	0%
Mass sport, game and recreational activities (KSH)	<b>94.1 %</b>	1.6%	1.7%	0%	0%

	n	Budapest	Western-Hungary	Central-Hungary	Eastern-Hungary
Location of the for-profit organizations in my data	18	<b>83.3 %</b>	0	0	16.7%
<b>Recreational and sporting services (KSH)</b>	299	<b>43.5 %</b>	21.7%	22.7%	12%

	Before 1 <sup>st</sup> January 2000	<b>Between 1<sup>st</sup> of January 2000 and 31<sup>st</sup> of December 2005</b>	Between 1 <sup>st</sup> of January 2006 and 31 <sup>st</sup> of December 2009	After 1 <sup>st</sup> of January 2000
Year of establishment	<b>33.3 %</b>	16.7%	50%	66.7%
<b>Recreational and sporting services (KSH)</b>	18.4%	<b>43.1 %</b>	38.5%	81.6%

	<b>Limited company (kft)</b>	Joint stock company (zrt)	kkt	Partnership (bt)
Type of the for-profit organizations in my data	<b>83.3 %</b>	0%	0%	16.7%
<b>Recreational and sporting services (KSH)</b>	<b>63.5 %</b>	0.3%	0.7%	35.5%

	0 person	1-9 person	<b>Less than 10 person (micro)</b>	10-49 (small)	50-249 (middle)	Over 250 person
Employees of the for-profit organizations in my data	0	83.3%	<b>83.3 %</b>	16.7%	0	0
<b>Recreational and sporting services(KSH)</b>	21.0%	77.3%	<b>98.3 %</b>	1.7%	0%	0%

## Appendix 22

Table 58: The importance of the different task in theory and in practice

	Associations, in theory (n=78)		Associations, in practice (n=74)		Fitness clubs, in theory (n=18)		Fitness clubs, in practice (n=18)	
	Mean	Standard deviation	Mean	Standard deviation	Mean	Standard deviation	Mean	Standard deviation
Defining target markets	4.55	2.03	4	2.2	6	1.19	5.8	1.21
Establishing cooperation or partnerships with the state	5.12	1.69	3.85	2.07	3.5	2.2	2.2	1.52
Establishing cooperation, partnerships or strategic alliances with nonprofit organizations	5.17	1.39	4.35	1.68	2.33	2.28	1.4	0.83
Establishing cooperation, partnerships or strategic alliances with profit-oriented corporations	4.91	1.85	3.82	2.06	5.17	1.92	1.6	0.83
Event organization	6.08	1.24	5.62	1.59	5.67	1.23	3.6	1.4
Development and innovation	5.15	1.7	3.78	1.64	6.17	0.92	2.4	2.41
Consumer-oriented operations (identifying and tracking consumer demand and preferences)	4.82	1.78	4.19	1.84	6.33	1.53	5.2	2.48
Efficiency	6.08	1.17	5.45	1.46	7	0	5.2	2.48
Providing opportunities for disadvantaged people to participate in sports	4.95	1.59	4.04	2.03	4	1.88	2.4	1.55
Long-term planning, strategy development	5.47	1.56	4.68	1.85	6.5	1.15	6.2	0.76
Developing human resources and training	4.65	1.63	3.66	1.93	4.5	2.04	2.2	1.21
Boosting demand, attitude formation, popularizing sports	6.01	1.1	5.23	1.34	6.17	1.25	3	1.96
Providing supplementary services	4.38	1.68	3.22	1.78	6	0.84	5.2	2.48
Community building	6.29	0.88	5.88	1.34	6.33	1.14	5.2	1.66
Facility development	4.62	2	3.01	2.08	5.83	1.1	2.2	2.48
Facility maintenance	4.96	2.07	3.46	2.3	5.83	1.1	3.8	2.73
Marketing activities	4.79	1.64	3.7	1.81	5.83	1.38	1.8	0.78
Ensuring adequate tangible environment (sports equipment, dressing rooms)	6	1.23	4.73	1.83	6.5	0.79	3.6	1.92
Growth	4.68	1.78	3.58	1.84	6	1.03	2.4	2.03
Achieving profitability	3.47	2.12	2.82	1.95	6	1.46	2.2	1.52



Seeking out tender opportunities, applying for tenders	5.96	1.33	5.27	1.85	2.83	2.26	3	2.36
Financial planning	5.65	1.4	5.15	1.7	5.83	2.26	5	2.36
Participating in the development of legislative and regulatory issues	4.29	1.8	2.81	1.97	3.33	2.11	2	1.6
Providing sporting opportunities to the broadest possible segment of society	6.05	1.29	5.27	1.79	6.17	1.25	3.6	2.23
Representation, advocacy for people who do sports in their free time	4.95	1.93	3.3	2.02	3.83	2.75	2.4	2.41
Representation, advocacy for organizations and corporations	3.65	2.02	2.61	1.78	3.33	2.77	2.2	2.01
Providing a wide range of service	4.29	1.73	3.53	1.9	5.33	1.75	3.6	2.13
Improving the quality of services	5.26	1.52	4.34	1.81	6.83	0.38	6	2.36
Obtaining sponsors	5.95	1.31	4.77	2.08	6.5	1.15	1.2	0.41
Performance measurement	4.23	1.75	3.39	1.92	5.83	1.38	2.6	1.68
Managing changes, adapting to changes in the environment	4.96	1.66	4	1.9	6	0.84	3.8	2.21
Competing for customers/members	4.15	1.82	3.35	2.02	6.33	1.53	4	2.36

Source: Table created by the author

## Appendix 23

Table 59: Rotated factor matrix

	1st factor	2nd factor	3rd factor	4th factor	5th factor	6th factor	7th factor	8th factor
Competing for customers/members	0.809							
Growth	0.731							
Achieving profitability	0.695							
Performance measurement	0.594							
Developing human resources and training	0.547							
Development and innovation	0.533							
Representation, advocacy for organizations and corporations	0.512							
Facility maintenance		0.873						
Facility development		0.841						
Establishing cooperation, partnerships or strategic alliances with nonprofit organizations			0.802					
Establishing cooperation or partnerships with the state			0.767					
Participating in the development of legislative and regulatory issues			0.519					
Representation, advocacy for people who do sports in their free time			0.505					
Providing supplementary services			0.395					
Defining target markets				0.777				
Improving the quality of services				0.543				
Consumer-oriented operations				0.536				
Managing changes				0.425				
Efficiency				0.409				
Obtaining sponsors					0.721			
Establishing cooperation, partnerships or strategic alliances with profit-oriented corporations					0.694			
Financial planning					0.624			
Seeking out tender opportunities, applying for tenders					0.530			
Boosting demand, attitude formation						0.702		
Community building						0.612		
Event organization						0.522		

Ensuring adequate tangible environment						0.498		
Marketing activity						0.428		
Providing sporting opportunities to the broadest possible segment of society							0.758	
Providing opportunities for disadvantaged people to participate in sports							0.737	
Providing a wide range of service							0.484	
Long-term planning, strategy development								0.802

## Appendix 24

Table 60: The importance of the different task in theory and in practice for the state

	Whole sample - theory (n=115)	Whole sample - practice (n=115)	The opinion of associations - theory (n=81)	The opinion of associations - practice (n=81)	The opinion of fitness clubs - theory	The opinion of fitness clubs - practice (n=81)
	Mean; Standard deviation	Mean; Standard deviation	Mean; Standard deviation	Mean; Standard deviation	Mean; Standard deviation	Mean; Standard deviation
Satisfactory regulations for leisure sports (e.g. tax breaks)	6.67; 0.63	2.63; 1.61	6.65; 0.69	2.81; 1.65	6.67; 0.49	2.17; 1.38
Cooperation with civil society	6.21; 1.06	2.86; 1.45	6.28; 0.96	3.15; 1.42	5.67; 1.41	1.83; 1.1
Cooperation with the business sphere	5.64; 1.47	3.15; 1.6	5.75; 1.38	3.04; 1.51	5.83; 1.25	4; 1.68
Receiving EU funding	6.13; 1.6	2.93; 1.66	6.11; 1.11	3.2; 1.62	6.83; 0.38	2.17; 1.51
Creating incentives for households to consume leisure sports	5.36; 1.77	1.95; 1.4	5.38; 1.69	2.17; 1.51	5; 2.14	1.17; 0.38
Providing opportunities for disadvantaged people to participation	5.9; 1.36	2.85; 1.45	5.96; 1.21	3.02; 1.48	5.33; 1.94	2.33; 1.14
Providing satisfactory incentives for civil society	6.1; 1.27	2.25; 1.42	6.21; 1.11	2.35; 1.51	5.33; 1.75	2.17; 0.71
Providing satisfactory incentives for corporations that invest in sports	4.68; 1.8	2.29; 1.49	4.79; 1.75	2.53; 1.54	4.67; 1.75	1.33; 0.49
Boosting demand, attitude-formation	6.24; 1.09	2.57; 1.42	6.19; 1.03	2.73; 1.48	6.67; 0.49	1.83; 0.71
Improving “public goods” for leisure sports (public spaces, parks, forests, water, public sports grounds)	6.12; 1.17	2.56; 1.39	6.24; 1.1	2.75; 1.4	6; 0.84	2; 1.19
Maintaining “public goods” for leisure sports (public spaces, parks, forests, water, public sports grounds)	6.1; 1.17	2.68; 1.48	6.18; 1.11	2.89; 1.48	6.17; 0.71	2.17; 1.38
Facility development	5.97; 1.3	2.43; 1.35	5.99; 1.22	2.67; 1.4	6.17; 1.25	1.5; 0.51
Facility maintenance	6.04; 1.22	2.49; 1.37	6.05; 1.16	2.72; 1.42	6.33; 0.97	1.67; 0.77
Quality control, quality assurance	4.94; 1.72	2.77; 1.52	4.89; 1.7	3.07; 1.52	5; 1.57	1.67; 0.77
Making leisure sport strategy, set priorities	5.3; 1.57	2.23; 1.33	5.2; 1.51	2.41; 1.34	5.67; 1.85	1.5; 0.79
Developing a sport information system	5.66; 1.53	2.88; 1.5	5.64; 1.44	3.09; 1.54	5.5; 1.95	2.17; 1.1
Supporting leisure sport events	6.52; 0.97	2.27; 1.23	6.49; 1.02	2.43; 1.28	6.33; 0.97	1.83; 0.71

		2.09; 1.21		2.23; 1.26		1.67; 0.77
Training for sport specialists, professionals	5.7; 1.27	2.82; 1.34	5.68; 1.15	2.91; 1.29	5.5; 1.86	2.33; 1.41
Supporting nonprofit organizations	6.23; 1.1	2.17; 1.08	6.27; 1.06	2.19; 1.05	5.67; 1.28	2.17; 0.71
Supporting for-profit organizations	4.37; 1.84	2.3; 1.34	4.32; 1.76	2.5; 1.33	5; 1.78	1.5; 0.79
Creating satisfactory legal conditions	6.38; 1.18	2.35; 1.38	6.31; 1.19	2.52; 1.41	6.83; 0.38	1.67; 0.77
		2.53; 1.35		2.75; 1.35		1.67; 0.77
Provides incentives for corporations to devote resources to leisure sports	5.79; 1.5	2.09; 1.27	6.01; 1.32	2.22; 1.29	5.17; 1.38	1.5; 0.79

Source: Table created by the author

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