

# THE ATTITUDE OF POLISH ENTREPRENEURS TO THE FACT OF STAGING THE MEGA SPORT EVENT– THE CASE OF POMERANIAN SMEs TOWARDS EURO 2012

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## **Abstract**

In the course of preparations to the 2012 European Football Championship (Euro 2012) many doubts have arisen as to the actual cost-benefit balance affecting the hosting country. The event is accompanied by intense promotion of the agglomeration and the region, especially abroad. In effect, one can anticipate the competitive position of both the region and the businesses operating there to improve. The investigation whether the Euro 2012 will have an impact on the Pomeranian Region was conducted twofold. In the first area, the short run increase in business activities were investigated using the field research among the entrepreneurs. The second part of research was focused on the growth willingness of entrepreneurs.

**Keywords:** SME, Euro 2012, business decision, entrepreneur, mega sport event

## **Introduction**

Speculations about the relationships between the event and the economy typically arise at the time the host country is selected. The term ‘speculation’ here is used most appropriately, since no reliable method has so far been developed to assess the impact of the event organisation on the host country, region, or city before it is actually held (*ex ante*). Moreover, its effects are not obvious even after it ends (*ex post*).

Nevertheless, there is no doubt that a large sports event does leave an imprint on its venue. That is why its effects are customarily referred to as the ‘legacy’, irrespective of whether they are positive or negative in nature. For the same reason, it is only sensible to study the mega sports events’ impact on the economy.

When taking up studies of the effects *ex post*, one cannot avoid the problem of identifying those economic changes, which were triggered by the very large sports

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event, among all changes which have occurred in the economy. Moreover, a mega sporting event is typically a one-off venture; therefore, the impulse the economy gets from it may be minor. Much, of course, depends on the character of the event. First, the Football World Cups or European Championships are spread over a longer time. Second, they affect several cities/regions. Still, the long-term effects are certainly much easier to capture for a smaller area, since contribution to the overall business activity is doubtlessly highest at this level. Therefore, it is postulated to focus on the smallest possible affected area, e.g. a city, perhaps a region, instead of the whole country (Matheson, 2006).

The authors take this fact into account and carry out an analysis of readiness of entrepreneurs operating in the area of Pomerania to undertake activities related to the staging in the area of Euro 2012. The main thesis is the assumption of a little interest of business representatives with the fact of mega sporting event preparation and taking therefore no binding action.

Another major error consists in non-existence of exhaustive comparative studies between the *ex ante* estimates and the actual effects of various global events measured *ex post*. Were such analyses undertaken, perhaps by the same teams, they might enable identifying the discrepancies and arriving at a better description of the mistakes made. Unfortunately, the swiftness of the changes occurring in our world nowadays does not leave science unaffected. Few researchers go back to the earlier conducted studies, partially because of shortage of funds (the funds are easier to be obtained for the *ex ante* researches – before the event is granted or just after), and partially because of new challenges they face. This paper presents the results of an *ex ante* study as well, though the authors intend to confront them later with the findings of its *ex post* counterpart to be conducted once the UEFA European Football Championship in Poland and Ukraine has come to an end.

## 1. Literature background

While there is considerable literature on event impacts, few studies actually address the business activities and competitiveness behind them. Mega events, such as the Olympics, FIFA World Cup or Euro, have always had implications for the host centre's urban infrastructure by providing opportunities for new investment and tourism (Essex, Chalkley, 2004). Whitson and Macintosh (1996) stress that mega events have become an attractive option in urban policy as a means of improving the appearance of the environment, creating a "spectacle" to attract global investment, facilitating fast-track development and promoting a new image through place marketing. The nature of the regional state is thereby transformed from bureaucratic and hierarchical forms of decision-making to more responsive, entrepreneurial and business-orientated approaches (Cochrane, Peck, Tickell, 1996).

Most existing studies of the economic impact of large scale sports events stay at the country level, or go down to the region or city at best (Matheson, 2009; Baade,

Matheson, 2004; Preuss 2007). It is, however, worthwhile to dive as deep as to the micro level – i.e. ponder the potential impact of an event on individual businesses.

## 2. Methodology

Actually, the impact on the region and the entire economy starts at the enterprise level. Its potential size translated to increased business activity is the function of multiple factors, to name e.g. the general entrepreneurial spirit in the region and the latter's competitive position. An injection of extra funds to the regional economy can only bring about increased activity of the existing enterprises, if they perceive it as offering a developmental perspective and have an optimistic view of their own potential. The higher the activity growth at the level of individual businesses, the higher the effects of the organised event. Therefore, we investigate the expectations of business owners and their attitude towards the increase of activities.

In the perspective of the Euro 2012, enterprise growth seems linked primarily to the regional environmental factors. The event is accompanied by intense promotion of the agglomeration and the region, especially abroad. The city and the entire region hosting the event gain in recognisability. The investors perceive them as more attractive, and this should translate to growth in investments. In effect, one can anticipate the competitive position of both the region and the businesses operating there to improve.

On the other hand, it is not enough to improve the competitiveness of the region to have the growth of the firms (or grow of the number of new firms established). We expect that not all of the entrepreneurs would be ready to alter their activity. Therefore we investigated whether the Euro 2012 has an impact on the Pomeranian Region twofold:

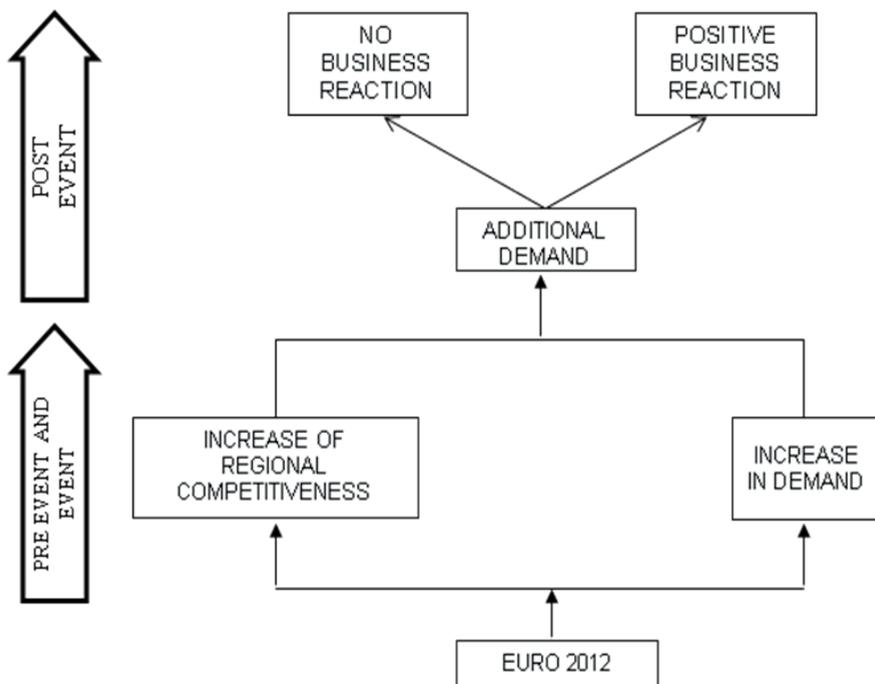
- assessing the interest of entrepreneurs in participating in activities connected with Euro 2012 – this will lead to short term activities,
- readiness of entrepreneurs to increase their activities in long run – growth of the firm.

This concept is explained in figure 1. The first area: the short run increase in business activities were investigated using the field research among the entrepreneurs. In order to evaluate the link between organisation of the Euro 2012 in Poland and the entrepreneurs' decisions, a questionnaire-based survey has been conducted. The main purpose was to identify the entrepreneurs' stance with respect to the opportunities and threats connected with organisation of the Euro 2012.

In view of the above, the following set of questions was addressed to them:

- What are your hopes in connection with the Euro 2012?
- Do you anticipate any support in connection with the Euro 2012, and if so, of what kind?

- Are you preparing for the Euro 2012 (planning to introduce new products or services, embark on investments aimed at enhancing your competitive edge etc.)?
- What problems can you see in connection with the organisation of the Euro 2012?



**Figure 1.** The concept of research

*Source:* Authors' own.

The survey was conducted under the direct interview method in October 2009, i.e. less than three years before the Euro 2012. The population sample was made up of 300 businesses employing at least one person and no more than 250 people. In other words, the survey focused on the SME sector, except for the self-employed. The rationale for the latter's exclusion was that businesses hiring no employees were formed primarily to create jobs for their proprietors and their developmental potential was marginal. The surveyed businesses operated in Pomerania (Northern Poland), and specifically in three municipalities: Gdańsk (40%), Gdynia (20%), and Sopot (10%), and their vicinities, i.e. the communes of: Kartuzy, Puck, Nowy Dwór, Tczew, and Wejherowo (30% in aggregate). The inclusion of the municipalities next to the tournament venue was obvious. However, it was resolved to go deeper into the neighbouring communities because of the assumption that entrepreneurs from outside Gdańsk and the Tri-City might join in the preparations for the Euro 2012. The distances from Gdańsk to the capital towns of the communes were: Kartuzy – 32 km, Tczew – 32 km; Nowy Dwór – 39 km, Puck – 57 km, Wejherowo – 45 km.

The authors then selected the branches they thought should benefit most from the organisation of the Euro 2012. The survey comprised the following industries: hoteling, transport, catering, and construction. Each industry was equally represented (25%). The tourist trade was consciously excluded from the survey, since a vast majority of firms operating in the industry deal with outbound tourism, which means that organisation of the Euro 2012 will be neutral to them. To make things worse, identification of the businesses specialising in or including visitor-offered services proved impossible.

The second part of our research was focused on the growth willingness of entrepreneurs. We evaluated this on the basis of interviews conducted amongst 982 small firms from the Pomerania Region in 2009. Firms were from different branches, employing up to 250 people. This research was performed among entrepreneurs who were previously studied in 2006 and 2008. The sample in 2006 contained firms from different branches, but mainly with employment within the range from 10 to 250 people. However, in 2009, some of them decreased, and the final sample consists of firms with different size, but still from the SMEs sector. This longitudinal study allowed us to observe all changes within the firms, and also around them.

### 3. Findings

In order to estimate the attitude of the Entrepreneurs in the Pomerania region prior to the Euro 2012 and in time of the event a detailed survey has been conducted. Most businesses included in the survey have a long history and enjoy a well-rooted position in the market. 15% of companies were established earlier than in 1990, 42% SMEs were formed between 1990 and 1999, which was the period of peak entrepreneurial explosion in Poland, 33% were set up in 2000–2006, and only 11% represented young firms with the history going back to 2007–2009. As concerns the legal form of the analysed entities, proprietor businesses predominated, which is typical for SMEs (44%), limited liability companies represented 34%, whereas joint stock companies and general partnerships accounted for 4% of the population each. The remaining 14% of the respondents represented other legal forms, or did not answer the question.

The conducted survey clearly reveals that most businesses do not plan any special actions in anticipation of the Euro 2012. Nearly 78% of the entities surveyed do not plan any projects related thereto. The steps planned or taken to a modest scale focus predominantly on introduction of new products, higher promotional budget, and improvement in the quality of the products and services offered. Not surprisingly, the location plays a major role in perceiving organisation of the Euro 2012 as an opportunity for the firm to develop. Businesses from Gdańsk, where the stadium is located and where four matches will be played, see their developmental chances highest. Gdynia comes second after Gdańsk in terms of the entrepreneurs' hopes.

Again, this should not be surprising considering that the city is known abroad, largely due to its organisation of mass events such as the OPEN'ER, or tall ship rallies.

Among the entrepreneurs planning to take action in anticipation of the Euro 2012, only  $\frac{2}{3}$  have opted for new investments. Decisions of the kind concerned primarily the purchase of machines and/or equipment, and the erection of expansion of the premises.

The entrepreneurs' passivity is reflected in the fact that they do not get involved in the event out of their own accord. Instead, they await its positive effects, i.e. city promotion (26%), improved infrastructure (21%), stadium construction, and new city centre creation (13%).

To see this attitude among entrepreneurs is hardly surprising, considering that Gdańsk will only host four matches of the games: three group matches, and one quarter-final. In practice, the event will last about 10 days. This is a relatively short time, and most firms cannot see any reason why they should take action connected directly with the organised event or meeting the needs of the visitors coming over to watch it. As concerns the link between the specific industry and the perceived developmental chances, the highest expectations of the Euro 2012 were reported by businesses dealing in the hotel and catering trades. Their immediate anticipation is increased income and profit from intensified flow of visitors.

On the other hand, it is not uncommon to hear entrepreneurs say they can see no chances to develop their business due to the organisation of the Euro 2012. The latter result is interesting in the context of the success propaganda accompanying the event. As such, it can reflect either common sense, or the traditional line of thinking: "I will not succeed anyway".

#### **4. Pomeranian entrepreneurs' attitude towards growth of the firm**

One of the most important factors influencing the activity of a firm is an attitude of entrepreneurs toward growth. For investigating this attitude we propose to look at the goals of the owner-managers. We know from the literature that not all of the owners are ready to increase their activities for being afraid of losing control over the firm (Cuba, Milborne, 1982; Wasilczuk, 2005) or because of expected higher work load (Wiklund, Davidsson, Delmar, 2003).

Our data was gathered in longitude studies among 982 small firms' owners from the Pomeranian Region. One of the investigated characteristics was the growth of those firms (achieved, intentions to, goals etc.). Up to 58% of investigated firms declared the growth as a goal of their firms. More than one third would like to keep the status-quo. And finally, only 1% think about reducing the level of operation. What is important, only 1% of all investigated firms believe that their firms would be closed.

Let us stress that the research was conducted in 2009, in the year of worsened economic conditions, and even so, more than a half of owners intended to increase firms' activities. Hence, one can request a fairly expansive approach to business and big business ambitions. If only 2 percent of respondents intend to reduce or eliminate the activity, it means that despite the economic downturn they perceive their prospects more optimistically.

Therefore, looking at those results in terms of our general topic, we state that even the small impulse from the market would accelerate operations at the region's firms. We expected that perceived increase in demand, because of infrastructure spending, additional demand from visitors (during Euro 2012 and after), additional demand caused by multiplication effect, would encourage owners to increase their activities.

## **5. Recommendations**

The presented results reveal that interest in taking action, especially capital expenditure, in anticipation of the mega sport event planned in Poland is relatively low among businesses. They might have been surveyed too early, or entrepreneurs adopted a passive attitude to the planned event. The true reason remains unknown, although for the time being the latter option seems more likely. Based on the results obtained, one can conclude that the chances for developing business, if any, are perceived primarily in the anticipated changes in the environment. This proves further that higher hopes tend to be linked not with the event itself, but with its legacy.

Regretfully, the results of our survey also reveal that most respondents do not expect any support from the local authorities. Hence, it may be concluded that the surveyed entities do not perceive the local government as their partner or competent advisor. One might ponder the causes of the situation and find them distributed between both sides. Entrepreneurs are by definition independent, hence unwilling to cooperate. On the other hand, the local authorities have not promoted themselves among the SMEs as the agency both potent and competent to provide support.

## **6. Summary**

The Euro 2012 was supposed to be major test for Poland, especially for the regions preparing to host the crowds of visitors. Organisation, efficient communication, and safety can determine future development and further opportunities of organising subsequent mass events. The transformations already underway in Poland will certainly pertain to the country's development, not only in the infrastructural aspect, but also in the emotional and cultural dimensions, in the sphere of building invaluable experience, and in other areas.

The survey conducted in the Pomeranian region proves, however, that organisation of the Euro 2012 has not triggered any dynamic increase in activity among the

Polish entrepreneurs. It turns out that if not forced directly to adjust to the emerging opportunities, they do not plan any changes ahead. Admittedly, the picture obtained may have been caused by the relatively long time (3 years) separating the survey and the event. Therefore too, the authors intend to verify their *ex ante* studies with an *ex post* survey planned after the end of the Euro.

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## **NASTAWIENIE POLSKICH PRZEDSIĘBIORCÓW DO ORGANIZACJI WIELKOFORMATOWEJ IMPREZY SPORTOWEJ NA PRZYKŁADZIE POMORSKICH PODMIOTÓW SEKTORA MSP W TRAKCIE EURO 2012**

Podczas przygotowań do mistrzostw Europy w piłce nożnej 2012 (Euro 2012) pojawiło się wiele wątpliwości co do rzeczywistego bilansu kosztów i korzyści dla organizatora. Imprezie towarzyszyła intensywna promocja poszczególnych regionów, zwłaszcza za granicą. W efekcie można było przewidywać poprawę pozycji konkurencyjnej zarówno regionu, jak i funkcjonujących tam podmiotów. Badanie, czy Euro 2012 miało wpływ na region Pomorza przeprowadzono dwutorowo. W pierwszej części potencjał wzrostu został określony na podstawie badań ankietowych przeprowadzonych wśród przedsiębiorców. Druga część badań dotyczyła gotowości osób zarządzających z sektora MSP do zwiększenia aktywności w celu podniesienia pozycji konkurencyjnej własnej firmy.