
INSTITUTIONAL ENVIRONMENT INFLUENCING THE ESTABLISHMENT OF SPORT COMMISSIONS IN SMALL AND MEDIUM SIZED MUNICIPALITIES: A COMPARISON BETWEEN JAPAN AND THE FLORIDA STATE

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Synopsis:

Abstract:

1. Aim/Research Question

Many cities have strived to maximize economic impact of tourism. Sport Commissions (SCs) play important roles to attract tourists by hosting sport events. In the United States, SC is the prevalent organizational structure that promotes tourism development via sport. Indeed, the number of SCs has been increasing since 1980s and currently 657 SCs are successfully managed in not only large counties but also small and medium sized municipalities (SMMs; NASC, 2015). In Japan, while numerous local governments including SMMs have started to become interested in launching SCs, they have limited information about the practical strategies to sustain SCs (Watanabe et al., 2011). Besides, because of the lack of understanding, local governments struggle with developing proper legal systems to support SCs.

Given the problem, this research was conducted to explore the current legal/institutional environment that can help SMMs to launch/sustain their SCs. Specifically, the authors explored what kind of institutional environment supports SCs' financial stability by comparing American SCs as model cases and Japanese SCs as emerging cases. Doing so can offer valuable insights to policy makers in SMMs, who aim to create economic impact in their cities by utilizing SCs.

2. Literature, definition, and backgrounds of question

In this study, SC is defined as an organization which hosts/organizes sporting events to increase inbound tourists. Yanagi (2014) insisted that the recognition of SCs is low in Japan, and hence, further relevant information and support should be provided to establish more SCs and further magnify economic

impact by sport tourism. Harrison-Hill and Chalip (2005) suggested that “cross-leveraging of sport and destinations is facilitated when vertical and horizontal alliances are formed among sport and tourism providers.” This recommendation suggests that vertical alliances between municipalities and their SCs are important. Although previous literature has focused on SCs in large cities (Bartow, 1998; Gratton & Henry, 2002; Hoshino, 2013), they have offered few concrete plans/systems for SMMs to manage SCs. Thus, the more appropriate information for SMMs would rather be expected.

3. Methodology

We conducted in-depth interviews with executive directors from SCs to explore their institutional environment, contributing to their SCs’ financial stability. We selected Gainesville Sports Commission (GSC; Florida) as a model case for American SCs in SMMs. There are currently 26 SCs in Florida. GSC is one of the earliest SCs and considered successful in SMMs. On the other hand, (a) Izumo Sport Commission (Japan) and (b) Tokamachi Sport Commission (Japan) were selected as emerging cases. These SCs were selected based on the population size of municipalities where they are located and their fame in sound management. Focal points of the interviews were to understand (a) the current legal/institutional environment surrounding SCs and (b) how it influences SCs’ financial conditions.

4. Results, discussion and implications/conclusions

The results suggest that SCs often receive financial supports from their local governments even if they are independent private entities. Specifically, the “bed tax system” was found to contribute to the financial stability of SCs in Florida, and “designated administrator system” was identified as the institutional framework that supports Japanese SCs. Bed tax is a government financing system which additionally charges tax to room nights (RNs) in local hotels. Certain percentage of bed tax will be allocated to tourism related organizations including SCs. To receive this public funding, SCs in Florida must report to their counties about their contributions of sporting events that they host. Specifically, how many RNs their sporting events generated, how much bed tax for the county/ies SCs generated, and how many RNs were generated from tourists outside of the county/ies are often reported.

On the other hand, there is no system alike bed tax which helps Japanese SMMs to launch/sustain SCs. Besides, whilst larger municipalities might be able to have sufficient budget to develop tourism, it is extremely difficult for SMMs to secure such budget. Instead, two SCs that we investigated applied “designated administrator system” to maintain their business operations. Designated administrator system is an outsourcing system where governments permit private organizations to manage public facilities. With this system, SCs in Japanese SMMs can maximize the profitability of facilities that they manage and receive funds from their local governments. Its significant difference with bed tax is that since SCs receive budget for facility management, they are not evaluated based on inbound tourists they attract. Thus, as compared to SCs in Florida, Japanese SMMs’ SCs tend to have a less incentive to increase inbound tourists. These institutional differences may determine the popularity of SCs in Japan and Florida.

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5. References

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