

# Does sport make you happy? An economic valuation of the well-being derived from sports participation

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## Aim of paper and research questions

This paper values the contribution that participation in sport makes to the happiness and well-being of individuals in the UK. No other research has undertaken this exercise for the UK. The results can therefore both inform and evaluate current UK sports policy.

## Literature review

As a form of physical activity, and from an explicitly economic perspective, it is argued in the UK that sports participation can help to promote positive externalities such as enhancing health and well being (DCMS/Strategy Unit, 2002). The promotion of an active lifestyle is undertaken and monitored by a variety of agencies including the Department of Culture, Media and Sport (DCMS) and Department of Health, whilst the promotion of sports participation in communities is the responsibility of Sport England. Both the DCMS and Sport England have collected large-scale data sets to monitor sports participation (The Taking Part and Active People Surveys respectively) but these have only been analysed in a descriptive, a-theoretical way as a benchmark for policy targets (Downward et al., 2009). This paper models the impact of sports participation on self-reported well being, placing an economic value on this impact. This can contribute to public policy debate by prompting discussion of the value of the net benefits derived from committing expenditures to promote sports participation. The theoretical underpinnings of the paper comprise a synthesis of determinants of sports participation presented in international research such as Scheerder et al. (2005), Breuer (2006), Taks and Scheerder (2006), Downward (2007), Downward and Riordan (2007; 2008) and Wicker et al. (2009) with theoretical concepts drawn from a literature that examines the economic value of standard economic variables upon subjective well being. This literature argues that analysis can proceed by formally examining the objective determinants of subjective states by assessing the impact of economic phenomena on stated conditions of well being according to official social surveys (Annand & Clark, 2006; Frey & Stutzer, 2002; Helliwell, 2003). For example, Golden and Wiens-Tuers (2006) examine the impact of overtime working on worker well-being and Oswald (and co-authors) in a series of papers examines the impact of money and sex, comparative wages and lifecycle on wellbeing (Oswald & Blanchflower, 2004; Oswald, 2008; Oswald & Blanchflower, 2008). This approach raises the related questions of: 'Does participation in sport raise well-being?' and 'What is the implied economic value associated with participation?'

## Research design and data analysis

16,701 out of a total of 28,117 observations from the first year of the UK 'Taking Part Survey' (DCMS) are used in the analysis, for sports participants aged 16 years and older. Following Oswald and Clarke (2002) an ordered logit analysis on self-reported happiness is estimated. As well as controlling for human capital, economic, social and lifestyle variables, sports

participation, defined as a 'life event', is employed as a regressor. The relative coefficients of annual income and life events on happiness can then be used to calculate a monetary value, that is 'compensating' or 'implied' monetary value, for each kind of life event. Sports participation overall, the number of sports participated in as well as individual sports are investigated.

## Results

The results indicate that, for example, on average a person is willing to pay about £19,000-23,000 per year to participate in sports, while an additional sport participated in is valued at about £1,600-3,500 per year. Furthermore, on average, an extra minute of sports is valued at £3,7 per year, while an extra day- £329 per year.

## Discussion and conclusion

The results indicate that the life-event method of analysis can be applied to give an implied economic value of sports participation. This could be used to produce an aggregate value of sports participation and then assessment of public expenditures upon sports participation.

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