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# The Coordinated Development of Sports Industry and Tourism under the Perspective of Soft Power: A Case Study of Henan Province

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**Abstract** As an industry representing soft power, the coordinated development between sports industry and tourism plays an important role in promoting economic growth. Using the cointegration theory, we carry out empirical test of economic growth, the output value of sport and tourism income; using the coordination theory, we carry out the evaluation of the coordinated development between sports industry and tourism. It is found in the study that there is a long-term stable dynamic equilibrium relationship among economic growth, the output value of sport and tourism income. The sports industry and tourism in Henan Province have undergone six stages (imbalance-on the verge of imbalance – barely coordinated-primarily coordinated – moderately coordinated – well coordinated). In the process of coordinated development, sports industry significantly lags behind tourism, so it is necessary to strengthen the sports industry personnel's quality, and optimize the coordination between the sports industry and tourism, so as to promote economic development level.

**Key words** Sports industry, Tourism, Granger test, Cointegration theory, Entropy method

Soft power is a concept developed by Joseph Nye of Harvard University to describe the ability to attract and co-opt rather than coerce, use force or give money as a means of persuasion. Nye coined the term in a 1990 book, *Bound to Lead: The Changing Nature of American Power*. He further developed the concept in his 2004 book, *Soft Power: The Means to Success in World Politics*. The term is now widely used in international affairs by analysts and statesmen. For example, in 2007, CPC General Secretary Hu Jintao told the 17th Communist Party Congress that China needed to increase its soft power, and the US Secretary of Defense Robert Gates spoke of the need to enhance American soft power by "a dramatic increase in spending on the civilian instruments of national security – diplomacy, strategic communications, foreign assistance, civic action and economic reconstruction and development." According to the IfG – Monocle Soft Power Index the United Kingdom currently holds the top spot in soft power thanks to a combination of international perception, global reach of British media, inventions like the world wide web, architecture, international diplomacy, students seeking to study in the UK, cultural missions and the number of highly publicized international events held there.

In 2010 Annette Lu, former vice-president of the Republic of China (Taiwan), visited South Korea and advocated the ROC's use of soft power as a model for the resolution of international conflicts. General Wesley Clark, when discussing soft power, commented that "it gave us an influence far beyond the hard edge of traditional balance-of-power politics."

In economics, soft power means the long-term development potential of the industry, which produces the slow effect, and determines the long-term future. Soft power is a manifestation of en-

hanced regional competitiveness. For the Central Plains Economic Zone, the development of Henan Province plays an invaluable role. Sports industry and tourism are regarded as the representative industries of soft power. The coordinated development of sports industry and tourism plays a significant role in promoting the regional economic development, and is also the manifestation of regional competitiveness.

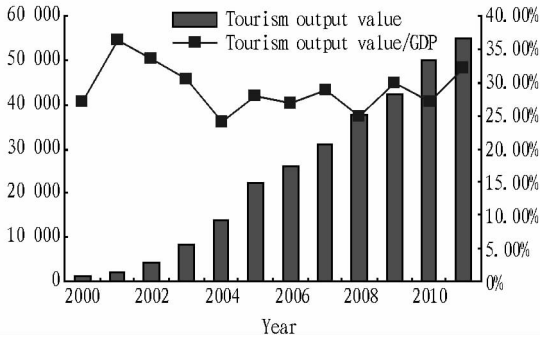
## 1 Current situation of development of sports industry and tourism in Henan Province

**1.1 Current situation of development of tourism in Henan Province** In recent years, the domestic tourism market in Henan Province has experienced rapid development, showing a trend of sustained, comprehensive and rapid growth. But in terms of the development of the international tourism market, there is a gradually widening gap between Henan Province and the advanced provinces. This gap is mainly manifested in the inbound tourism market.

As of the end of 2011, Henan Province received 1.6829 million inbound tourists, an increase of 42.14%; the tourism earned foreign exchange of about \$ 549 million, an increase of 12.4%; it received 305.99 million domestic tourists, an increase of 18.7%; the total domestic tourism revenue was 276.6 billion yuan, an increase of 23.25%. The number of inbound tourists exceeded 1.5 million for the first time and the number of domestic tourists exceeded 300 million.

Currently, the number of inbound tourists received in Henan Province is ranked 14th in the country, and the foreign exchange earnings from tourism are ranked 18th in the country. The contribution rate of tourism income to the province's GDP shows an overall volatile upward trend, as shown in Fig. 1.

Currently, tourism is regarded as a pillar industry of the national economy and a new growth point in Henan Province. In



**Fig. 1 The tourism income and its contribution to GDP in Henan Province during the period 2000 –2011**

June 2011, Henan provincial government made a decision on speeding up the development of tourism in Zhengzhou, Kaifeng, Luoyang, Sanmenxia and other tourist cities along Yellow River. In June 2011, the Henan provincial government made a decision on speeding up the development of tourism in Zhengzhou, Kaifeng, Luoyang, Sanmenxia and other tourist cities along Yellow River. Zhengzhou, Luoyang, Kaifeng and Sanmenxia travelling route is located in the junction of eastern and western tourism development, with convenient transportation and rich tourism resources, as well as supporting industrial system. The advantages of key tourism areas are very obvious.

**1.2 Current situation of sports industry development in Henan Province** With the improvement of the economic development and people's living standards, diversified and multi-level development of sports industry has become an inevitable trend. In recent years, on the basis of investing heavily in the construction of sports industry facilities, Henan Province has continuously relied on the sports facilities and sports resources, to provide the products integrating body building, recreation, leisure and other services for the tourists in the tourism process, which effectively organically combines tourism and sports industry.

However, due to higher requirements of tourism and sports industry, it lacks appropriate market supply in Henan Province, and particularly the shortage of high-quality sports and tourism practitioners has severely inhibited the rapid development of sports and tourism.

## 2 Study of the impact of sports industry and tourism on the economy

The sports industry and tourism are regarded as the representative industries of soft power, having great growth potential and making great contribution to the economic development, indicating that the development of sports industry and tourism is an inevitable trend of future development. In order to study the elasticity of sports industry and tourism to economic growth, respectively, we take the logarithm of the above indicators, respectively. The data are from Henan Statistical Yearbook in 2012. For time-series data, in order to avoid spurious regression problem, we should first check the stationarity of time-series data, namely whether there is

unit root in the series. In this article, we use Augmented Dickey – Fuller (ADF) test method to test the economy (LNGDP), the output value of sport (LN TY) and tourism income (LN LY). Test results are shown in Table 1.

**Table 1 Unit root test**

| Variable | <i>t</i> value | 5% critical value | 10% critical value | <i>P</i> value | Conclusion     |
|----------|----------------|-------------------|--------------------|----------------|----------------|
| LNGDP    | -1.344 6       | -3.020 7          | -2.650 4           | 0.587 7        | Non-stationary |
| DLNGDP   | -3.666 0       | -3.020 7          | -2.650 4           | 0.013 5        | Stationary     |
| LNTY     | -1.068 4       | -3.000 5          | -2.642 2           | 0.709 2        | Non-stationary |
| DLNTY    | -3.619 1       | -3.012 4          | -2.646 1           | 0.014 4        | Stationary     |
| LNLY     | -0.502 9       | -3.012 4          | -2.646 1           | 0.877 2        | Non-stationary |
| DLNLY    | -3.245 3       | -3.012 4          | -2.646 1           | 0.042 9        | Stationary     |

Note: The data are calculated based on Eviews 6.0.

**Table 2 The regression results**

| Variable | coefficient | Std. Error | <i>t</i> -statistic | Prob.   |
|----------|-------------|------------|---------------------|---------|
| C        | 0.578 6     | 0.124 7    | 4.640 6             | 0.000 2 |
| LNLY     | 0.898 7     | 0.044 8    | 20.081 5            | 0.000 0 |
| LNTY     | 0.066 5     | 0.048 4    | 1.374 1             | 0.004 6 |

Note: The data are calculated based on Eviews 6.0.

$R^2 = 0.994\ 9$ , corrected  $R^2 = 0.994\ 4$ , and  $F$  statistic is 1 957.04. Various test parameters are significant, and the regression results are quite good. The regression equation is as follows:

$$LNGDP = 0.578\ 5 + 0.898\ 7 \times LNLY + 0.066\ 5 \times LNTY$$

So the residual sequence is as follows:

$$e_t = LNGDP_t - 0.5785 - 0.8987LNLY_t - 0.0665LNTY_t.$$

Then using ADF method, we carry out stationary test on the residual sequence, and the test results are shown in Table 3.

**Table 3 Unit root test results of residuals**

| Residuals | T statistic | 5% critical value | 10% critical value | <i>P</i> value | Conclusion |
|-----------|-------------|-------------------|--------------------|----------------|------------|
| $e_t$     | -3.4482     | -3.0124           | -2.6461            | 0.0206         | Stationary |

According to the test results on the stationarity of residuals in the table, we know that  $P$  value of residuals is less than 0.05, so at the 5% significance level, it should reject the null hypothesis with one unit root, that is, this residual sequence is stationary,  $e_t \sim I(0)$ . So there is a long-term dynamic equilibrium relationship between LNGDP and LN LY, LN TY. Although there is a long-term dynamic equilibrium relationship between economic growth, sports industry development and tourism income, we can not validate the causality between them. According to the Granger causality test, we get the following results (Table 4).

From the Granger test, in the lag period of 3, it is found that when the null hypothesis is "tourism income does not Granger cause economic growth",  $P$  value is 0.0485, less than the critical value of 0.05 at 5% significance level, so it rejects the null hypothesis, and it is believed that tourism income does Granger cause economic growth.

Similarly, in the lag period of 4, it is found that when the

null hypothesis is "sports industry does not Granger cause economic growth",  $P$  value is 0.026 2, less than the critical value of 0.05 at 5% significance level, so it rejects the null hypothesis, and it is believed that sports industry does Granger cause economic growth.

In summary, it is found that both tourism income and sports industry does Granger cause economic growth. According to the

**Table 4** Causality test of sports industry, tourism income and economic growth

| The null hypothesis                                       | Number of samples | $F$ statistic | $P$ value | Conclusion |
|---|-------------------|---------------|-----------|------------|
| Tourism income does not Granger cause the economic growth | 19                | 3.5322        | 0.0485    | Reject     |
| Sports industry does not Granger cause economic growth    | 18                | 4.6375        | 0.0262    | Reject     |

### 3 The empirical analysis of coordination between sports industry and tourism

From Granger causes and multiple regression analysis, it is found that the development of tourism income and sports industry is an important factor affecting economic growth, and affects the economic growth in varying degrees, then the impact of the coordinated development between sports industry and tourism on economic growth will become increasingly important.

In this article, on the basis of the system collaboration and

regression results, it can be derived that for each additional 1% in the tourism income, GDP will increase by an average of 0.898 7% ; for each additional 1% in the output value of sport, GDP will increase by an average of 0.0665% , so increasing tourism income and the output value of sport can to some extent accelerate economic development.

the development of tourism and sports industry, we introduce the coordinated development degree model, and make objective evaluation of the coordinated development between tourism and sports industry in Henan Province, in order to provide a reference for promoting the rapid economic development.

Based on the principles of scientificity and operability, we build the indicator system of tourism system and sports industry system, respectively. The specific indicators are shown in Table 5.

**Table 5** The evaluation indicator system for the coordinated development between tourism and sports industry in Henan Province

| Goal layer  | Subsystem              | First level indicators                 | Second level indicators   |
|---|------------------------|--|---|
| The evaluation indicator system for the coordinated development between tourism and sports industry in Henan Province | Tourism system         | Tourism economy                        | Total tourism income  |
|   |                        |  | Tourism income/GDP  |
|   |                        |  | The total number of employed persons in tourism/The total number of employed persons in the tertiary industry |
|   |                        | Tourism resources                      | The total number of tourist   |
|   |                        |  | Regional forest coverage  |
|   |                        |  | Garbage treatment rate  |
|   | Sports industry system | Sports industry scale                  | The number of star-rated hotels   |
|   |                        |  | The number of main tourism resources points   |
|   |                        |  | Sports industry's total income  |
|   |                        | Sports industry development efficiency | The total number of sports industry practitioners   |
|   |                        |  | Net fixed assets value of the sports industry at the end of the year  |
|   |                        |  | Growth rate of sports practitioners   |
|   |                        |  | Per capita consumption of sports/Total expenditure  |
|   |                        |  | Sports R & D expenditure/local fiscal expenditure   |

The data selected for the coordination study are the time-series data in the period 2000-2011, and we must first standardize the raw data, and carry out dimensionless standardization of the indicators.

The specific steps of the processing are as follows:

(i) Assuming the original series has  $m$  rows and  $n$  columns, the initial data can form the following matrix:

$$X = (x)_{m \times n}$$

where  $m$  is the time axis;  $n$  is the number of indicators.

(ii) Using the formula  $Y_{m \times n} = x / \sum_{i=1}^m x_{in}$ , the original data are standardized.

After the standardization of the above-described series, we further determine the weight of the indicators. Before determining

the weight, we calculate the entropy value of indicator  $n$ .

We can use the following formula to calculate the entropy value of indicator  $n$ .

$$En = - \frac{1}{\ln m} \sum_{i=1}^m Y_{in} \times \ln Y_{in}.$$

Then we further determine the information utility coefficient of indicator  $n$ , using the formula  $Un = 1 - En$ , and the formula  $fn = Un / \sum_{i=1}^m U_i$ .

The unit of the indicator and the corresponding weight results are shown in the following table.

In this article, we select the calculation formula of coordination degree proposed by Yang Shihong (2011) in Urban Ecological Environment Study, to reflect the coordination between sports

industry and tourism development. The formula is as follows:

$$C_v = S/\bar{X} = \sqrt{2 \left[ 1 - \frac{x \times y}{\left( \frac{x+y}{2} \right)^2} \right]},$$

where  $x$  and  $y$  are the overall level of development of tourism and sports industry, respectively;  $C_v$  is the coefficient of variation, and the smaller the value, the higher the coordination degree.

Based on the above formula, we can find that if  $C_v$  is smaller,  $C = \frac{x \times y}{\left( \frac{x+y}{2} \right)^2}$  will be larger and better, so we can establish the model of coordination as follows:

$$C = \left[ \frac{x \times y}{\left( \frac{x+y}{2} \right)^2} \right]^2$$

This coordination degree can reflect the quality of coordination between tourism and sports industry development, but the overall level of both is not interconnected, so it is difficult to be more realistic to evaluate the coordination degree as a whole.

On this basis, it is necessary to introduce the integrated development model of coordination degree as follows:

$$D = \sqrt{C \times (ax + by)}$$

where  $ax + by$  is the linear combination of tourism and sports industry;  $a$  and  $b$  are the additional factors of influence of tourism development and sports industry on economy, respectively, and if the value is larger, it indicates that the degree of influence is higher, but the size of its value is not equal to the size of elasticity.

The influence of tourism development and sports industry on the economy is very important, but the degree of influence is somewhat different. From the preceding regression, it can be seen that tourism has a great impact on the economy, so let the weight  $a = 0.6$ ,  $b = 0.4$ . The greater the value of  $D$ , the larger the degree of coordination.

**Table 8 The classification reference table of coordinated development degree**

|                                |                     |                           |                           |                      |
|--------------------------------|---------------------|---------------------------|---------------------------|----------------------|
| Coordinated development degree | 0 – 0.39            | 0.40 – 0.49               | 0.50 – 0.59               | 0.60 – 0.69          |
| Coordination level             | Imbalance           | On the verge of imbalance | Barely coordinated        | Primary coordination |
| Coordinated development degree | 0.70 – 0.79         | 0.80 – 0.89               | 0.90 – 1                  |                      |
| Coordination level             | Medium coordination | Good coordination         | High quality coordination |                      |

According to the coordination degree of tourism and sports industry in Henan Province and the classification reference table of the coordinated development, we can derive the status of coordination between tourism and sports industry in the period 2000 –

**Table 9 The coordination level results of sports industry and tourism**

| Year | Coordination degree | Coordinated development level | Coordination type | Year | Coordination | Coordinated development level | Coordination type |
|------|---------------------|-------------------------------|-------------------|------|--------------|-------------------------------|-------------------|
| 2000 | 0.131 7             | Imbalance                     | Sports lag        | 2006 | 0.558 8      | Barely coordinated            | Sports lag        |
| 2001 | 0.158 3             | Imbalance                     | Sports lag        | 2007 | 0.615 9      | Primary coordination          | Sports lag        |
| 2002 | 0.212 7             | Imbalance                     | Sports lag        | 2008 | 0.635 2      | Primary coordination          | Tourism lags      |
| 2003 | 0.439 1             | On the verge of imbalance     | Sports lag        | 2009 | 0.651 6      | Primary coordination          | Tourism lags      |
| 2004 | 0.479 2             | On the verge of imbalance     | Tourism lags      | 2010 | 0.715 4      | Medium coordination           | Sports lag        |
| 2005 | 0.562 4             | Barely coordinated            | Tourism lags      | 2011 | 0.808 6      | Good coordination             | Sports lag        |

According to the calculation step of entropy method, we use the weight of various indicators that has been derived and the weighted average method, to calculate the overall level of tourism and sports industry, respectively. The calculation results are shown in Table 7.

**Table 6 Distribution of unit and weight of second-level indicators**

| Second-level indicators   | Unit                 | Weight |
|---|----------------------|--------|
| Total tourism income  | 10 <sup>8</sup> yuan | 0.172  |
| Tourism income/GDP  | %                    | 0.024  |
| The total number of employed persons in tourism/The total number of employed persons in the tertiary industry | %                    | 0.148  |
| The total number of tourist   |                      | 0.007  |
| Regional forest coverage  | %                    | 0.024  |
| Garbage treatment rate  | %                    | 0.069  |
| The number of star – rated hotels   |                      | 0.096  |
| The number of main tourism resources points   |                      | 0.005  |
| Sports industry's total income  | 10 <sup>8</sup> yuan | 0.165  |
| The total number of sports industry practitioners   |                      | 0.046  |
| Net fixed assets value of the sports industry at the end of the year  | 10 <sup>8</sup> yuan | 0.203  |
| The growth rate of practitioners  | %                    | 0.008  |
| Per capita consumption of sports/Total expenditure  | %                    | 0.014  |
| Sports R & D expenditure/local fiscal expenditure   | %                    | 0.177  |

**Table 7 The overall level of tourism and sports industry**

| Year | 2000   | 2001    | 2002    | 2003    | 2004    | 2005    |
|------|--------|---------|---------|---------|---------|---------|
| X    | 0.1793 | 0.189 9 | 0.231 9 | 0.267 5 | 0.318 7 | 0.351 4 |
| Y    | 0.1658 | 0.176 2 | 0.192 0 | 0.231 9 | 0.337 9 | 0.564   |
| Year | 2006   | 2007    | 2008    | 2009    | 2010    | 2011    |
| X    | 0.4127 | 0.479 2 | 0.558 9 | 0.651 6 | 0.808 4 | 0.959 3 |
| Y    | 0.5801 | 0.461 2 | 0.615 9 | 0.439 2 | 0.410 0 | 0.418 4 |

Based on the coordinated development degree, the classification reference table is as follows:

2011, and make lag comparison according to the size of comprehensive development level.

The specific results are as follows:

