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HISTORY OF SPORT, ECONOMY, AND GLOBALIZATION IN THE 21ST CENTURY: POLITICAL AND ECONOMIC DIMENSIONS OF A GLOBAL PHENOMENON

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Abstract: The historical evolution of sport reveals its transformation from local physical activity into a global socio-economic institution. In the 21st century, sport has become a key arena where the forces of globalization, economic expansion, and political influence converge. Historical analysis shows that the integration of sport into national economies and global markets intensified after the Cold War, positioning it as both an instrument of economic growth and a means of political diplomacy. The commercialization of sport, supported by digital technologies and transnational media networks, has amplified its economic significance and geopolitical reach. However, the same dynamics have produced new challenges related to social inequality, ethical governance, and sustainability. Based on documented scientific literature, this paper examines the historical trajectory of the relationship between sport, economy, globalization, and politics, emphasizing how global power relations continue to shape the contemporary sports landscape.

Keywords: history, sport, economy, globalization, politics, 21st century

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Introduction

Sport's historical development shows how it has continuously evolved from a regional physical activity into a worldwide recognized industry that simultaneously creates economic value, influences media markets, and becomes significant in global politics. Sport is increasingly seen in the twenty-first century as a distinct "industry of meaning" and as a component of the global economy (Ivanović & Osić, 2025). Sports events have become highly visible venues where symbolic capital is transformed into economic and political influence, and its production and consumption occur within transnational value chains, including media rights, sponsorships, digital platforms, tourism, and infrastructure projects (Jackson & Dawson, 2021).

Under contemporary conditions of commercialization and digital mediatization, sport operates as a global market that is increasingly shaped by corporate strategies, negotiations over media rights, algorithmically mediated audience attention, and the international mobility of athletes, capital, and brands (Dašić et al., 2025). This process is not merely economic but also normative: the ways in which sport is organized, financed, and communicated influence what is recognized as "value" in sport (e.g., performance, spectacle, identification, national prestige, organizational reputation). Jackson and Dawson (2021) emphasize that the global sports business, particularly following crisis shocks such as the pandemic, must be analyzed as a field in which dominant market logics confront alternative visions of sports development.

As states and supranational actors increasingly use sporting events and sports organizations as mechanisms for international positioning, image-building, and influence, sport has emerged as one of the most significant tools of public diplomacy and the "return of geopolitics" in the twenty-first century (Kostadinović & Ilievska Kostadinović, 2025; Baltezarević et al., 2025). According to recent studies on sports diplomacy, shifts in the international order and the increasing significance of "non-conventional" diplomatic strategies that depend on events, publicity, and symbolic power have increased the interaction between sport and world politics (Lee & Krieger, 2024). In this way, sport serves as a platform for the simultaneous manifestation of political competition (prestige, legitimation, narratives of modernity, "soft power") and economic competition (investment, sponsorship, tourism).

A particularly important role in this dynamic is played by sports mega-events, which have become "nodes" where economic interests, urban policy, infrastructure development, media expansion, and the global reputation of host states and cities intersect. Recent literature highlights that mega-events are structurally linked to issues of governance, transparency, and public interest, as they are often driven by organizational models that produce democratic deficits, risks of non-transparent decision-making, and contested distributions of costs and benefits (Ludvigsen, Rookwood, & Parnell,

2022). For this reason, a historical examination of the relationship between sport and globalization in the twenty-first century must also encompass questions of the institutional architecture of sport, the relationship between the public and private sectors, and the mechanisms through which public resources are legitimized through sports projects (Dašić, 2021; Stanković, 2025).

Furthermore, since economic "hyper-commercialization" in many sports has advanced more quickly than the development of regulatory and oversight mechanisms, the research corpus of recent years highlights how the global expansion of sport is inextricably linked to issues of good governance, integrity standards, and corruption risks. According to systematic reviews, sport governance concepts are essential for comprehending how institutional flaws arise and why there is still a discrepancy between normative standards and real organizational practices (Thompson, McSweeney, & McCarthy, 2023). This is especially crucial for the current study because the abstract specifically addresses issues like sustainability, ethical governance, and inequality that result from global dynamics.

Finally, sport in the contemporary period should also be understood as part of a broader consumer and media culture, in which global sport becomes a commodity and an experience that is produced, packaged, and distributed through transnational cultural flows. Analyses of the relationship between global sport and consumer culture show that global sports markets have historically passed through phases of acceleration, integration, and "transnational hyper-commodification," particularly since the early 1990s. This directly explains why media, technology, and marketing are central to the economic significance of sport in the twenty-first century (Giulianotti, 2018).

Economic Impact of Globalization on the Sports Sector

Globalization has drastically changed the sports industry's economic structure over the last thirty years, moving from a locally based model of revenues and audiences to a multifaceted global market where sport is concurrently "produced," distributed, and monetized through media, sponsorships, digital platforms, foreign investment, and labor mobility. In many professional sports, broadcast rights, multinational corporate partners, and internationalized capital flows have replaced ticket revenues and local sponsors as the primary economic foundations. Sport is becoming more and more integrated into larger financial and market ecosystems as a result of this change (Andreff, 2024).

In the financial domain, globalization has led to changes in ownership structures and a rise in cross-border investments (e.g., in clubs and leagues), as well as to new practices of financialization, whereby certain sports-related resources—such as athlete con-

tracts, transfer rights, and even specific digital financial instruments linked to sport—are treated as tradable “assets” subject to portfolio logic (Franjić, 2022). Andreff (2024) demonstrates how professional sport, particularly football, has moved toward financing models in which media revenues and global markets serve as primary drivers (Stanković, 2023; Mladenović, 2025), alongside growing interest from investors outside the traditional sports sector (Narančić & Vitković, 2025). This transformation reshapes the economic dynamics of competitiveness: clubs with access to global capital sources and international media markets gain a structural advantage over locally financed entities.

Digitalization and platformization have advanced globalization in the media production and distribution sector. Professional sports increasingly depend on a complex, networked media landscape that blends broad audiences with content personalization rather than a single dominant channel (conventional television). The sports “multi-sided market” (clubs/leagues, media/platforms, advertisers/sponsors, viewers), where value is being created through platform-based models, user data, and novel monetization formats, is conceptually explained by Zheng and Mason (2022). Practically speaking, this means that secondary and tertiary revenue streams like highlight clips, interactive content, social media engagement, subscriptions, micro-transactions, and digital advertising ecosystems now contribute to the economic value of sport in addition to sporting outcomes and the “live event.”

A key market consequence of these developments is the restructuring of media rights markets. The rise of over-the-top (OTT) services and mobile video streaming is reshaping traditional bidding mechanisms, distribution models, and access control to sports content. Large digital platforms have emerged as new intermediaries capable of influencing pricing, accessibility, and packaging strategies for sports broadcasts. Hutchins, Li, and Rowe (2019) analyze how OTT services are characterized by high capital intensity and a strong capacity to intervene in sports media rights markets, altering audience habits and the global economic logic of sports content circulation. For sports organizations, this creates new revenue opportunities, but also new risks, including increased dependence on platforms, shifts in revenue structures, and the need for technological and legal capabilities that exceed traditional sporting competencies.

At the same time, sponsorship and marketing have grown extremely worldwide. Instead of only using on-site brand visibility, sponsorship value is increasingly determined by digital reach, engagement, audience analytics, and conversion rates. According to Koronios et al. (2020), online digital technologies have a substantial impact on the creation, communication, and evaluation of sponsorship since they facilitate world-wide fan connection and have an impact on sponsor awareness, attitudes, and purchase intentions. This “digital sponsorship” reasoning is especially crucial in today's globalized

world, where teams and leagues are relying less on local audiences and more on international fan bases.

Globalization has also significantly transformed the sports sector by extending economic activity beyond national boundaries and integrating sport into global markets for media, labor, and capital. One of the most influential channels of this process is the globalization of media and broadcasting rights. Through international television networks and digital streaming platforms, sports competitions reach global audiences, increasing the commercial value of broadcasting rights. As a result, professional leagues and clubs experience substantial revenue growth, although this also creates dependency on media contracts and exposure to market volatility (Solberg, 2002).

The internationalization of the sports labor market is another significant aspect of globalization. Player transfers have become a global financial structure including clubs, agencies, and regulating organizations due to the cross-border movement of athletes, which is especially noticeable in professional football. Richer teams are better positioned to draw elite players, which leads to financial concentration and competitive imbalance even though this improves talent allocation efficiency and elevates the standard of competition overall (Andreff, 2008; FIFA, 2025).

At the macroeconomic level, globalization has strengthened the recognition of sport as an economic sector linked to tourism, services, and related industries. Empirical studies conducted at the European Union level demonstrate that sport generates measurable contributions to gross value added and employment. However, these findings also emphasize the need for caution when interpreting indirect and induced effects, which depend heavily on methodological assumptions (European Commission, 2012).

Lastly, mega-sporting events like international tournaments and world championships are intimately linked to globalization (Table 1). Research regularly demonstrates that long-term economic advantages are unpredictable and heavily dependent on efficient planning and post-event legacy measures, but these events can boost short-term economic activity through tourism and infrastructure investment (Andreff, 2008).

Table 1. Key Economic Effects of Globalization on the Sports Sector

Area of globalization impact	Mechanism	Main economic effects on sport
Media and broadcasting rights	Global distribution of sports content through television and digital platforms expands audiences and increases competition among broadcasters	Growth in revenues for leagues and clubs; stronger global branding; increased dependence on media markets and commercial cycles
Global labor market and player transfers	Cross-border mobility of athletes and international transfer systems facilitate global allocation of talent	Increased financial flows and player valuations; development of transfer and agent markets; rising inequality between wealthy and smaller clubs
Macroeconomic role of sport	Integration of sport with tourism, services, and education allows sport to be measured as an economic sector	Contribution to GDP and employment becomes visible; indirect effects require careful methodological interpretation
Mega-sporting events	International events attract global spectators, sponsors, and media attention, encouraging public and private investment	Short-term increases in tourism and spending; risk of cost overruns and limited long-term economic benefits without legacy planning

Finally, globalization also reshapes the “production side” of the sports industry through the internationalization of the workforce and management practices. The migration of athletes and coaches, multicultural team structures, and the expansion of clubs into new markets affect costs, revenues, and organizational efficiency. In this context, Gulak-Lipka (2020) demonstrates that internationalization in professional clubs (using the example of basketball) generates high levels of diversity that require deliberate managerial responses. Depending on how these processes are managed, the outcomes may be positive—such as improved quality, market attractiveness, and sporting performance—or negative, including reduced cohesion, higher costs, and increased organizational risk.

Globalization's overall economic effects on the sports industry can be seen in: (a) modifications to ownership and financing models; (b) the restructuring of media rights markets through digitalization and over-the-top (OTT) platforms; (c) the shift in marketing and sponsorship toward digital metrics and international audiences; and (d) the internationalization of the workforce and management practices. These shifts increase reliance on international media and financial players while also creating new revenue sources and market expansion. The sports industry grows commercially as a result, but it also becomes more structurally complicated and susceptible to challenges from around the world.

Sport as an Instrument of International Politics and Diplomatic Strategy

In contemporary international relations, sport functions as a significant resource of public diplomacy and “soft power,” as it enables states and other actors to shape perceptions, narratives, and symbolic capital within the international public sphere through the high global visibility of sporting events. Unlike traditional diplomatic channels, which are often constrained by formal protocols and institutional frameworks, sport provides a broad communicative platform that connects state strategies, media attention, and the emotional identification of audiences. For this reason, contemporary scholarship treats sports diplomacy as a particularly dynamic and interdisciplinary field in which international politics, sports governance, and development narratives intersect (Postlethwaite, 2022).

In practical terms, sport is used to construct international relations at at least three levels. First, at the level of state reputation and image, sporting success and the hosting of major competitions can serve as tools of branding, presenting a country as modern, stable, and “attractive” for partnerships, tourism, and investment. Second, at the level of diplomatic initiatives, sports exchanges and events can open channels of communication and create favorable contexts for political dialogue, particularly in situations where formal diplomatic relations are burdened by tension. Third, at the level of internal and external legitimation, sport can be employed to consolidate political authority and social cohesion through the mobilization of national pride and shared symbols, which are easily internationalized through global media (Postlethwaite, 2022).

Because they are highly concentrated media and political “moments” where states vie for international attention and symbolic status, sports mega-events like the Olympic Games and world championships play a particularly significant role in this dynamic. According to research, states are increasingly using mega-events as tools of public diplomacy. Messages about national identity, development, and international importance are created through planning, ceremonial practices, infrastructural developments, and media storytelling (Grix & Lee, 2013). This use of sport is typical of both incumbent countries looking to restore or preserve their global influence as well as rising governments looking to quicken their international placement.

However, the literature emphasizes that the relationship between sport and soft power is not automatically positive; outcomes depend on context, credibility, and the manner in which strategies are implemented. Analyses of mega-events as components of national soft power strategies demonstrate that long-term planning, institutional coordination, and consistency in value-based messaging are crucial for achieving lasting effects. Otherwise, sports “visibility” may produce only limited or short-term gains (Grix & Houlihan, 2014). At the same time, discrepancies between projected

images and actual practices can generate reputational risks that outweigh potential diplomatic benefits.

Concepts like sports diplomacy, "sportswashing," and more general reputational and communication management techniques are frequently used in more recent studies to characterize this reputational ambivalence. According to studies, governments and other actors may utilize sport to deflect attention from contentious political topics, but doing so also raises the possibility of media criticism, counter-narratives, and civil society mobilization. Consequently, sport ceases to be a one-way tool of image formation and instead becomes a space of symbolic contestation (Grix, 2024).

Moreover, empirical studies highlight that regional and historical context is decisive for understanding the effects of sports diplomacy. Research on China, for example, shows that hosting the Olympic Games can be integrated into a broader strategy of international positioning and influence projection, but that outcomes depend on the interaction of economic capacity, media architecture, and geopolitical relations at a given moment (Jeong, 2024). This is an important consideration for any historical analysis: sport is not merely a "mirror" of politics and economics, but a channel through which political and economic processes are communicated, legitimized, and contested on the global stage.

In conclusion, sport serves as a tool for international politics through: (a) public diplomacy and soft power (perceptions, narratives, image); (b) mega-events as global visibility and symbolic prestige platforms; (c) national branding and reputational management strategies; and (d) diplomatic initiatives and international cooperation that use sport as a low-threshold communication channel. However, these same mechanisms can also have the opposite impact, especially when there is a discrepancy between projected values and real political or social actions. Due to this duality, sport is one of the most prominent platforms for the simultaneous construction and contestation of international legitimacy and prestige in the twenty-first century.

Conclusion

Based on the historical development of sport, the objectives of this paper, and the analyses presented in the introduction and central chapters, it can be concluded that in the twenty-first century sport has transcended the boundaries of an autonomous social activity and has become a complex global phenomenon that simultaneously functions as an economic sector, a media industry, and an instrument of international politics. The historical perspective demonstrates that this transformation was not abrupt, but rather the result of long-term processes of globalization, commercialization, and institutionalization of sport, which intensified particularly after the end of the Cold War.

The analysis of the economic impact of globalization on the sports sector has shown that sport is now deeply integrated into global market flows. Changes in financing models, the growing importance of media rights, the digitalization and platformization of sports content, and the globalization of marketing and sponsorship have transformed sport into a highly capitalized industry. At the same time, the internationalization of the workforce and managerial structures has contributed to greater competitiveness and global visibility, while also reinforcing structural inequalities between actors with access to global resources and those reliant on local sources. These processes indicate that economic growth in sport does not necessarily imply an equitable distribution of benefits, but often generates new forms of dependency and vulnerability within the sports system.

At the same time, this study has demonstrated that the economic expansion of sport cannot be separated from its political function. In the contemporary international context, sport operates as an instrument of public diplomacy and “soft power,” enabling states to shape their international image and positioning through sporting success, mega-events, and global media visibility. The analysis of sport’s role in international politics suggests that it represents a space in which national strategies, symbolic capital, and global power relations intersect. However, the findings also show that the effects of sports diplomacy are not automatically positive, but depend on institutional consistency, long-term planning, and alignment between projected values and actual political and social practices.

A particularly important finding of this paper concerns the ambivalent nature of global sport in the twenty-first century. On the one hand, sport acts as a driver of economic development, media innovation, and international communication, contributing to global interconnectedness and cultural exchange. On the other hand, these same processes raise issues of social inequality, ethical governance, transparency, and sustainability. This confirms that sport is not a value-neutral phenomenon, but a field in which broader economic and political contradictions of the contemporary world are reflected and reproduced.

In the twenty-first century, sport is simultaneously an economic industry, a media spectacle, and a political resource, whose functioning is shaped by global power relations and market logics. The historical approach adopted in this paper has made it possible to understand these processes as the outcome of long-term structural changes rather than as isolated features of the contemporary moment. For this reason, future research on the relationship between sport, economy, and politics should focus on a deeper examination of governance, regulation, and accountability mechanisms, in order to ensure that sport as a global phenomenon develops in a manner that balances economic efficiency, social justice, and institutional integrity.

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