Does soft power matter in hosting global sporting events?: The case of the Olympic Games bids, 1990-2011

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Soft power, a term initially coined by Joseph Nye, is the ability of a country to exert its influence on the actions of another through non-military means such as persuasion or attraction, rather than coercion (Nye, 1990). Nye (2004) has envisioned a country's soft power, as opposed to its hard power (i.e. military and economic power), to be a new rule of the game in international politics after the demise of the Cold War. However, specifically, dose a country's soft power matter in hosting global sporting events? This paper aims to address this research question by statistically estimating soft power's impact on the result of the host city selection in the Olympic Games bids.

There might be several hypotheses explaining the IOC's voting behavior with regard to preference for soft power of a country. The idea of the Olympic movement, i.e. "Olympism" could influences the IOC's preference for a country, observing the universal values such as humane ethics, environmental efforts and a certain philosophy of sport. For example, principles for Olympic governance contain transparency, democracy, accountability, autonomy and social responsibility (Chappelet, 2008a). In a soft power context, good image or reputation of a country could attract and persuade the IOC into being in favor of the country. Regarding ecological concerns, in 1994, the IOC adopted the environment as the 'third pillar' of the Olympic ideology and, five years later, an Agenda 21 for the Olympic Movement, that is, a series of sustainable development principles (Chappelet, 2008b). Based on the theoretical and historical background as discussed above, the main hypothesis of the paper is constructed as follows:

Given a country's hard power, its soft power can affect the result of bidding for the Olympic Games.

The proposed econometric model is articulated below:

$Host\ Success_{it}$ (or $IOC\ Rank_{it}$) $= \beta 0 + \beta 1\ Transparency_{it-1} + \beta 2\ CO2 Emissions_{it-1} + \beta 3\ Particulate\ Emissions_{it-1} + \beta 4\ Sporting\ Superiority_{it} + \beta 5\ GDP_{it-1} + \beta 6\ GDP\ Growth_{it-1} + \beta 7\ Military\ Expenditure_{it-1} + \beta 8\ Continental\ Rotation_{it} + \varepsilon_{it}$

where i denotes each bidding country for t which is the number of year when the IOC's voting for the host country took place. The dependent variable, the IOC's preference for the desirable candidate, is measured by Host Success which represents the IOC's final decision of the host sites and IOC Ranks which stands for the IOC's ranking of the bidding countries in the year t. The explanatory variables related to soft power are defined in ethical, environmental and sporting dimensions: Transparency is measured by the Corruption Perceptions Index produced by Transparency International. In order to measure environmental sustainability, CO_2 and Particulate Emissions are collected from the World Development Indicators of the World Bank. Sporting Superiority represents each country's sporting power, counting the number of gold medals won in the last Summer and Winter Olympic Games. As control variables, the models include hard power factors comprising GDP, GDP Growth and Military Expenditure as well as Continental Rotation which is a dummy variable assigning a value of 1 if a bidding country is located on the same continent as the host country of the preceding Summer and Winter Olympics, 0 if not. The data set is constructed from all bidding countries for the Olympic Summer and Winter Games in the post-cold war era (between 1990 and 2011). The data grouped by overall and each seasonal model are regressed respectively by panel data estimation methods using both fixed-effects and random-effects models. To choose a data-corresponding model from the two, the Hausman (1978) specification test is performed.

The empirical results suggest higher sporting superiority and ethical transparency, and lower CO_2 and particulate emissions are likely to increase the probability of the successful bids. These results lead to several implications regarding soft power's impact on the Olympic host city choice. Firstly, higher national Olympics records, which means, for instance, world-popular sports stars who have won gold medals in the Games, could attract the IOC members and influence their decision-making concerning the host country. Secondly, a country's ethical reputation is likely to persuade the IOC to choose it as the rightful host country. Thirdly, environmental efforts of a country could also be appreciated as a desirable value by the IOC preferring an ecological legacy of the Olympic Games.

References
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