

# THE IMPACT OF COUNTRY ATTRACTIVENESS ON INTERNATIONAL SPORT-EVENT-BIDDING SUCCESS: THE CASE OF WORLD CHAMPIONSHIPS, 1990-2012

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## Abstract

The concept of country attractiveness, which has been widely developed in the areas of international business, tourism and migration research, is an analytical construct to measure a country's characteristics with regard to its market or destination that attract international investors, tourists and migrants. The concept provides an account of the mechanism as to how potential investors, tourists and migrants evaluate more attractive countries based on certain criteria. Thus, in the field of international sport-event bidding, do sport event owners also have specific country attractiveness for their sport event hosts? This paper attempts to statistically assess the impact of country attractiveness on bidding success in international sport events, specifically in the World Championships of Olympic sports.

Based on the prior literature, country attractiveness is defined and measured as the three dimensions of sustainable development: economic, social, and environmental attractiveness. Thus, theoretically, the impact of country attractiveness is three-fold: First, from an economic perspective of signaling theory (Spence, 1973), if event owners choose the hosts based on signaling of bid countries' economic viability to maximize financial profits of hosting major sporting events, then they are more likely to award their events to countries which have higher economic attractiveness. Second, from a political perspective of soft power theory (Nye, 2004), if event owners choose the hosts following the philosophy of Olympism related to a bid country's soft power (Lee and Chappelet, 2012), then they are more likely to award their sporting events to countries which have higher social attractiveness. Third, from a sociological perspective of legitimacy theory (Dimaggio and Powel, 1983), if event owners who seek to obtain organizational legitimacy choose the hosts considering the principles of environmental sustainability, then they are more likely to award their sporting events to countries which have higher environmental attractiveness. These three main hypotheses of the paper are tested using quantitative methods. The proposed predicative model can be specified as follows:

$$\text{Bid wins}_{it} = \beta_0 + \beta_1 \text{GDP}_{it-1} + \beta_2 \text{GDP growth}_{it-1} + \beta_3 \text{Human Development}_{it-1} + \beta_4 \text{Sporting Success}_{it} + \beta_5 \text{Transparency}_{it-1} + \beta_6 \text{Political Stability}_{it-1} + \beta_7 \text{CO}_2 \text{ emissions}_{it-1} + \beta_8 \text{Renewable energy}_{it-1} + \beta_9 \text{Military Expenditure}_{it-1} + \varepsilon_{it}$$

In which, the subscripts in the equation denote each bidding country  $i$  in time  $t$ , which is the number representing the year when the event owner's choice for the host country took place. The dataset of the dependent variable, i.e. all World Championships hosts between 1990 and 2012, is collected from official Olympic single-sports events except Tennis, which comprise a total of 54 World Championships at the highest and senior level that were owned by 32 respective International Federations for 26 summer and 7 winter sports. Regarding explanatory variables, a country's economic attractiveness was measured by two main economic indicators: GDP (as a proxy of Market Size) and GDP growth (Market Growth). A bid country's attractiveness in the social dimension is captured by several socio-political indicators. Human development refers to the level of human development of a country and was measured by Human Development Index. Sporting Success represents each country's sporting power as measured by the number of Olympic gold medals won in the previous Summer and Winter Olympic Games. Transparency, referring to a country's soft power in terms of ethics and anti-corruption, was measured by the Corruption Perceptions Index. Political Stability measuring the level of countries' political stability was captured by Political Stability Indicator. The environmental attractiveness of each bid country is measured by two environmental indices: CO2 Emissions measures a country's production of greenhouse gases per GDP. Conversely, as a proxy of a country's environmental effort, Renewable Energy measures the level of total renewable electricity net generation of the country. As a control variable, Military Expenditure is a proxy variable used to measure each country's military power using the annual military expenditure of the country.

Considering the distribution of the dependent variable that is appropriate to use regression models for count data, various count data models (e.g. Poisson regression) were employed for the empirical estimation.

The analysis results reveal that event owners of the World Championships of Olympic sports are likely to prefer countries which have higher social and environmental attractiveness as well as economic one. These results suggest that bid countries can make use of their relatively higher attractiveness in each dimension in order to win the bid. For instance, Switzerland has comparatively better environmental records than other countries and has thus utilized marketing strategies with a focus on the principle of environmental sustainability as a core part of their bids (Chappelet, 2010).

## References

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