

INTERNATIONAL  
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SYMPOSIUM

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# ABSTRACTS

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# **International Sport Business Symposium**

**Topic I:**

## **Communication**



# **Dimensions of Olympic Sponsorship Risk: Risk Management, Sponsorship and the 2008 Beijing Olympic Summer Games**

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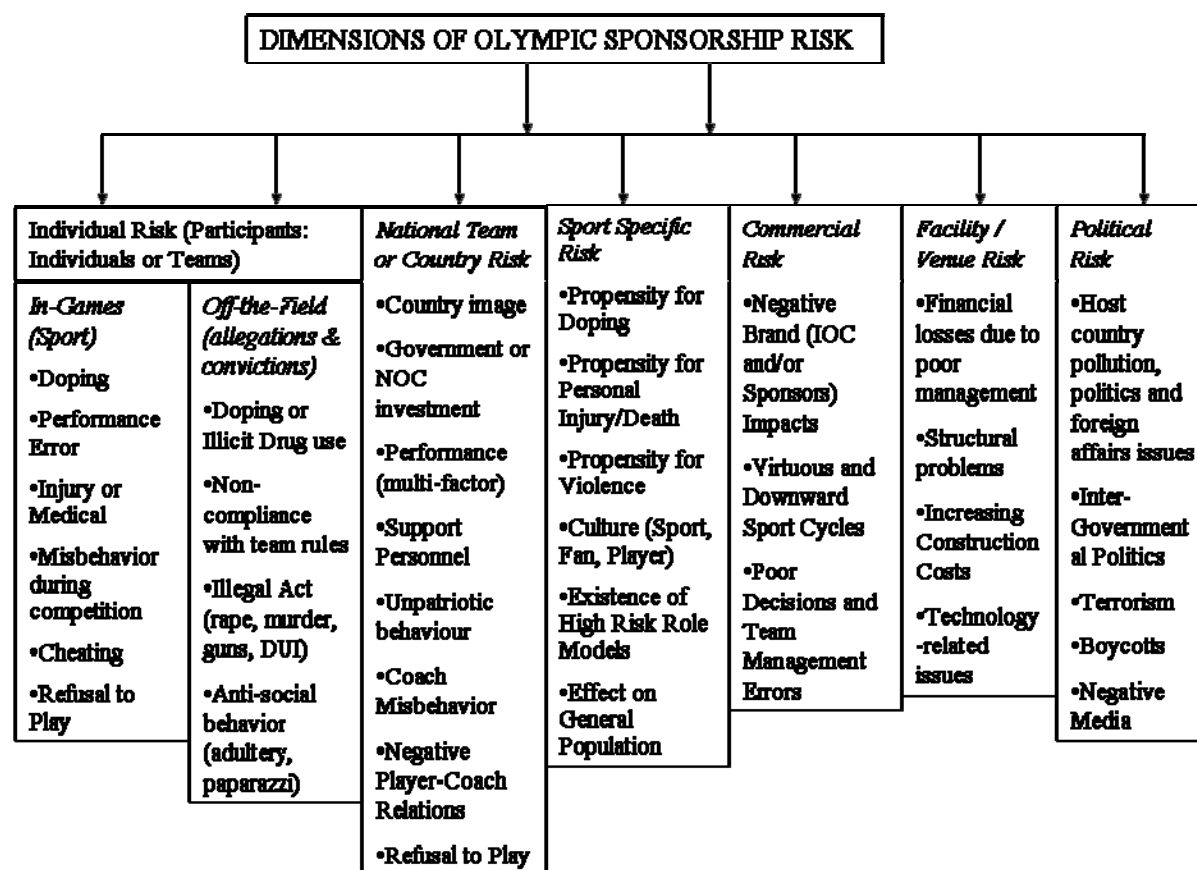
## **Abstract**

Five important trends in sport are driving this research. First, sport is being scrutinized publicly on a large scale around such issues as doping, violence, criminal off-field activity, gambling, negative messages to youth, and player disloyalty. Second, sponsorship is growing as a body of literature (Walliser, 2003) and as a promotional tactic predicted to be a US\$37.7 billion global business in 2007 (IEG, 2007). Third, both practitioners and academics are demanding improved models for effective sponsorship evaluation (O'Reilly et al., 2006; Harrison, 2003) in response to questions about the ROI capabilities of sponsorship (Crompton, 2004). In response, a few strong models have been developed empirically (e.g., Grohs, Wagner & Vseteckia, 2004). Fourth, examples of the 'down-side' to sport sponsorship are becoming more common (e.g., Michael Vick) (O'Reilly & Foster, 2007), potentially threatening the continued growth and development of the field. Finally, and most importantly, the 2008 Olympic Summer Games in Beijing, China are widely expected to be the 'grandest' Games on record and, from a sponsorship perspective, will involve a high-priced and extensive international and domestic sponsorship program that is expected to exceed the US\$1.05 billion in sponsorship revenues that the 2000 Sydney Summer Olympic Games attracted: US\$550 million – or 18% of total Games' revenues – from the international sponsorship (TOP) program and US\$492 million (16%) from domestic sponsorship (IOC, 2002).

Given the scope and risk involved with this blend of factors, a risk management perspective (see Harding 1998) to sponsoring the Olympic Games is suggested for corporations who are international or domestic Olympic sponsors. Similarly, this would be of benefit to organizations considering sponsoring future Olympic Games or other mega-events (e.g., World Cup, Super Bowl, The Oscars, and Wimbledon). Specifically, this research involves the development of a portfolio of risk dimensions specific to the Olympic Games from secondary data analysis, author experience, and previous literature in the area (e.g., Cornwell, Pruitt & van Ness, 2001). This portfolio (see Figure on the following page) includes 7 general dimensions of risk, including individual/team risk (both sport-related and off the field), national team risk, sport risk, commercial risk, facility risk, and political risk. Each general risk then has between 4 and 6 specific risk dimensions within itself. The example of 'In-Games (Sport)' includes the dimensions of doping (e.g. positive test for steroids), performance error (e.g. a favoured athlete crashes in the 100 meter hurdles), injury/medical (e.g. a local favourite is hurt in practice and cannot compete), misbehavior during competition (e.g. athlete throws a chair at judge after a disqualification), cheating (e.g. athlete shortens

the marathon course), and refusal to play (e.g. athlete refuses to wrestle an opponent for political reasons).

Figure:



As outlined in the Figure, a sponsor may be interested in these various forms of risk, as they may pose a potential threat to the sponsor's brand and to the intended promotional objectives already being sought. To illustrate the dimensions and their relevance to the 2008 Beijing Olympic Games, we will take the case of Volkswagen, one of Beijing's 2008 Partners (i.e., domestic sponsor) who could assess the risk to its promotions and its brand vis-à-vis each of the risk dimensions in the model. For example, Volkswagen management would consider the risks inherent with associating itself with an event where athletes could be caught doping, could commit an illegal crime, or who could boycott the Olympics.

In summary, this research advises mega-event sponsors and potential sponsors to take great interest in the level of sponsee risk (around the Olympic Games).



**Norm O'Reilly** is Director & Associate Professor at the School of Sports Administration (SPAD) and Director of the Institute for Sport Marketing (ISM) in the Faculty of Management at Laurentian University in Sudbury, Ontario, Canada. A holder of B.Sc., MA, MBA and PhD degrees and a professor with tenure, Norm is an active researcher and an accomplished teacher. As a researcher, Norm has published 2 books, 25 articles in refereed management

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# **A Study on the Information Channel and Promotion Effect of the 2008 Beijing Olympic Games**

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## **Abstract**

### **Study Background**

Since the 29th Olympic Games will be held in Beijing in 2008, the host country-China has started the preparation for a long time to ensure of the Games' success. As regards to the promotion of the Games, great efforts have been taken. In the June 19th, 2007, according to the news in the website of Chinese Ministry of Justice, the Chinese Publicity department, Ministry of Justice, State Sport General Administration, Beijing Olympic Committee and Law Popularization decided that a one-year Olympic Law Popularization Activity, with the purpose to hold a high-level games, practice the idealism of the Olympic Games, promote the universal sports and create a safe social environment. A team "Chinese Star promotion team for Beijing Olympic Games" was organized by Advertise Company of Xinhua Financial Media Company and a department superior to China State Sport General Administration, for the promotion of the Games. The promotion of the Games is considered to be carried out through various channels, levels and perspectives (Juan Chen, 2004 i ).

### **Study Purpose**

On the background of multi-channels promotion of the Olympic Games, through questionnaire, this study tries to research the information channels and promotion effects of Beijing Olympic Games. The purposes of this study are as following: First, according to the abundant content (including information about programs, theme, the host place, etc), the perception on the different content perspectives was analyzed to know to how extent the promotion influence reached; second, due to the promotion is carried out through various channels, this study tried to find whether the different channel arouses different effect, which can be as reference for the similar promotion.

### **Literature Review**

As regards to the research on "event tourism", two main aspects are focused on now: one is the study on the marketing of event tourism, which is to analysis the market groups, strategy, segmentation and so on (Robyn Stokes, 2008; ii Neha Singh and Clark Hu, 2008; iii Dimitri Tassiopoulos and Norbert Haydam, 2007; iv Daniel C.



Funk and Tennille J. Bruun, 2007; v Janet Chang, 2006 vi ) .The other one is to understand the impact of event tourism from different perspectives (Danny O'Brien, 2006; vii Decker, Varano, and Greene, 2007; viii Dogan Gursoy, Kyungmi Kim and Muzaffer Uysal, 2004 ix ), etc.

When it comes to event tourism such as Beijing Olympic Games, most of the literature did the research on its benefits. Within it, on the basis of perception of the public, researches on the aspect of promotion operation mostly concentrated on the effect of promotion. Based on the FIFA 2002 hosted by Japan and Korea, Samuel Seongseop Kima, James F. Petrick (2005) x concluded five positive and three negative aspects of its impacts after the collection and analysis of questionnaire data. Hyun Jeong Kima, Dogan Gursoya, Soo-Bum Leeb (2006) xi took the FIFA as a example to compare the public perception of pre- and post-games.

In addition, a academic point with high agreement is that event tourism can bring up the image of host places (Choong-Ki Lee, Yong-Ki Lee and BongKoo Lee, 2005; xii Andrew Smith, 2005 xiii ). In the study on the fast-developing convent industry of Chengdu, Li Xing and Zuo Shuren (2006) xiv indicated that convent in Chengdu has the impacts of resourse-concentration, image-promotion and publicity.

As regards to the information channel of event tourism, advertisement and broadcast forms got the most attention (Gu Liang, 2006 xv ). According to the difference from the aspects of content, purposes and effects, Long Jun and Xue Lingfeng divided the whole group into the domestic one and foreign one (Long Jun and Xue Lingfeng, 2007 xvi ). However, on the whole, the research on the information channels of event tourism is of shortage.

## Study Method

This study did the analysis in the methods of both quality and quantity. On one hand, the theory support is needed on the basis of relative literature; on the other hand, through the data-collection of questionnaire, this study analyzed the public perception and information channels of Beijing Olympic Games.

The data is collected through the interview for the passer-by on the street or the residents at home with the questionnaire. The district covered by the questionnaire includes the big cities (such as Beijing, Shanghai) and other places of different provinces(such as Sichuang, Magnate).

## Study Conclusion and Limitation

According to the analysis of information channels and promotion effect of Beijing Olympic Games, the following can be concluded:

First, either from the utilization of information channels or from the public perception, it's obvious that great effort has been taken on the promotion of Beijing Olympic Games, which indicates the importance of the Games.

Second, the promotion of Beijing Olympic Games received the high praise from the public. However, the study indicates that the strength of promotion is stronger than the

extent of public perception. That is, the effort of publicity of Beijing Olympic Games need be promoted.

Third, multi-channels is used in the promotion of Olympic Games, with which, the main three are “TV/Broadcast/Movie”, “Newspaper/Magazine/Book” and “Internet”. At the same time, the promotion by the oral broadcast of “friends and relatives” is important as well.

This study obtained certain conclusions, but still has its limitation. The efforts and the concentration of the promotion of the games vary from information channels, which is not analyzed deeply in this study. What’s more, the promotion effect is influenced by the individual factors, which is shortage of consideration in this study. Only domestic interviewers were questioned in this study as well. According to the limitations, relative studies can be deeper.

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Dr. Guo is actively involved in research activities in Tourism Development and Marketing. She has led in some key research programs such as “The Local Folk Custom and Culture in Shanghai”, “International Tourism Marketing about 2010 Shanghai World Expo”, “China Outbound Tourism Positioning Market”, “Tourist Market Demand the Sustainable Development of Chinese Tourism and Co-ordination System”, “Tourism Master Development Planning in Chinese Local Areas” respectively supported by China National Tourism Administration, Shanghai Tourism Administration and by some some provinces, cities and townships in Mainland China, etc.

Dr. Guo actively participates in domestic and international seminars and conferences as well as academic journals in tourism. Her main publications include “A Study on Potential Tourism Market for 2010 Shanghai World Expo”, “In Introduction to MICE industry in China”, “A Trend on the Future Tourism Consumption in China”, “Development Strategies of Tourism Industry for the Western Areas in China”, “A Study on Outbound Tourism Market by Mainland Chinese Pleasure Travelers”, and “A Study on the Tourism Market Features and Marketing Policies of the Famous Historic & Cultural City in China”, etc.

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# **International Sport Business Symposium**

**Topic II:**

## **Political Economy**



# **When Will it be Africa's Turn? Prospects and Challenges for South Africa Hosting the Olympic Games**

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## **Abstract**

Since South Africa's readmission to international sport more than a decade ago, it has increasingly used sport tourism events, and mega-events in particular such as the 1995 Rugby World Cup, the 2003 Cricket World Cup, the unsuccessful 2004 Cape Town Olympic Bid and the 2010 Federation Internationale de Football (FIFA) World Cup to reposition itself internationally and to drive socio-economic development. Sport, and sporting events such as the FIFA World Cup and Olympic Games, have increasingly become highly sought after commodities for both developed and some developing countries as they move towards event-driven economies. The benefits associated with the hosting of mega-events are deemed to have several tangible, long-term outcomes and legacies, much needed in the context of a rapidly developing and transforming country such as South Africa. Cornelissen & Swart (2006:108) warn, however, that the economy of sport mega-events "has developed to such an extent internationally, that events have gained a self-perpetuating dynamic of their own, characterised by distinct coagulations of interests and the predominance of certain corporate and political actors".

The hosting of the 2010 FIFA World Cup in South Africa has raised critical debates and concerns relating to the ability of developing countries to successfully host mega-events of this magnitude. The slogan "It's Africa's Turn" has also centralized political imperatives pertaining to Africa's right to benefit from the mega-event industry. Cities in South Africa such as Cape Town and Durban have indicated an interest in bidding for the Olympic Games in the future. This paper critically examines the issues pertaining to whether Africa should be entitled to host an Olympic Games as well as the opportunities and challenges that a South African city willing to host the Games is likely to face. The paper draws from current experiences linked to South Africa's preparation for the 2010 FIFA World Cup. Key issues under examination are political aspects, infrastructural considerations as well as developmental and legacy imperatives. The political aspects include bidding interests and prospects for the International Olympic Committee (IOC) giving Africa a chance. Furthermore, the study will critically review and examine the debates and discussions pertaining to host city selection and use of facilities as well as financial resources in the context of city legacies, including who are the key stakeholders and what are the emerging interests and concerns. The investments in infrastructure development specifically are often justified in relation to long-term tangible benefits to the general populace. The construction of infrastructure in particular is expected to generate local economic

development and contribute to the reimagining of a location. How will South Africa be likely to benefit from infrastructural investments linked to hosting an Olympic Games? Will 2010 infrastructural investments better position South Africa to host the Olympic Games in the near future? What type of unique challenges will the Olympic Games pose to a potential host city given the nature of the event? Development and legacy imperatives are critically important in the African context. This aspect is particularly important given the massive public investments required to bid for and host a mega-event such as the Olympic Games.

### Research Question

The overarching research issue is to assess Africa's, in particular, South Africa's prospects to host the Olympic Games in the near future. In particular, the approach adopted by FIFA (which resulted in South Africa securing the bid to host the FIFA World Cup 2010) to rotate hosting of the World Cup continentally is discussed. Also, challenges that are likely to be faced are highlighted.

### Methodology

The study utilises primarily a desk-top (secondary sources) methodological approach to ascertain information relating to the 2010 FIFA World Cup, Olympic Games hosting decision-making processes, importance of mega-events for developing countries as well as pre-, during and post challenges of hosting the Olympic Games.

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# The Olympic Games and Urban Displacement: The Case of Beijing

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## Abstract

Urban spectacles such as the Olympic Games have been long perceived as being able to impose desired effects in the city that act as host. This kind of urban boost may include the creation of new jobs and revenue for local community, growth in tourism and convention business, improvements to city infrastructure and environment, and the stimulation of broad reform in the social, political and institutional realm. Nevertheless at the other end of the debate, the potentially detrimental impacts of Olympic urban development, particularly on disadvantaged and vulnerable groups, have also been increasingly noticed in recent years and subsequently cited by a number of high profile anti-Olympic groups to campaign against Olympic bids and awards.

The common areas of concern over Olympic-related projects include the cost and debts risk, environmental threat, the occurrence of social imbalance, and disruption and disturbance of existing community life. Among these issues, displacement of low-income households and squatter communities resulting from Olympic-inspired urban renewal are comparatively under-explored and have emerged as an imperative area for research inquiry. This is particularly the case where many other problems have become less prominent.

Changing a city's demographic landscape, particularly displacing lower income people from the area proposed for a profitable development is a highly contentious matter in its own right. Some see it as a natural and inevitable outgrowth of the process of urban evolution, without which cities cannot move towards a more attractive location for consumption-based business. Others believe it reflects urban crises and conflicts, highlighting the market failures, polarization and injustice. Regardless of perception, these phenomena are visible everywhere in post-industrial cities and particularly cannot be ignored when planning for the Olympic Games and other mega-events. The aim of this paper is to start the process of placing the displacement issue in the context of Olympic preparation and to seek a better understanding of their interrelations.

In order to develop a better understanding of this issue in terms of cause, process, influential factors and its implication on planning policy, this paper studies the topic from both theoretic and empirical angles. It portrays various situations where the Olympics may trigger or facilitate displacement in host cities during the preparation of the Games, identifies several major variables that may affect the process and the overall outcome, and explores what could be learnt in generic terms for planning Olympic oriented infrastructure so that ill-effects to the local community can be effectively controlled. The paper concludes that the selection of development sites, the integration of Olympic facilities with the city's fabric, the diversity of housing type produced for local residents and the dynamics of the new socioeconomic structure

defined by the (Olympic) redevelopment scheme are the key considerations along with other social and legal methods to reduce the imperative of displacement.

Linking the issue of displacement and the Olympics is not political or academic posturing but an attempt to outline the challenge that a host city may face. The study is based on the compilation and re-examination of a wide range of data from literature resources regarding Olympic preparation and recent Olympic host cities. In particular Seoul and Beijing's Olympic-oriented urban displacement are used as important case studies in the paper. But The conclusion is rather defensive than critical from the urban regeneration point of view and recognises the positive effect of the Olympics in contributing towards slum clearance and inner city renewal in Beijing along with the city's popular ODHR (The Old and Dilapidated Housing Redevelopment) programme. This paper does not involve any politically offensive and sensitive discussion.



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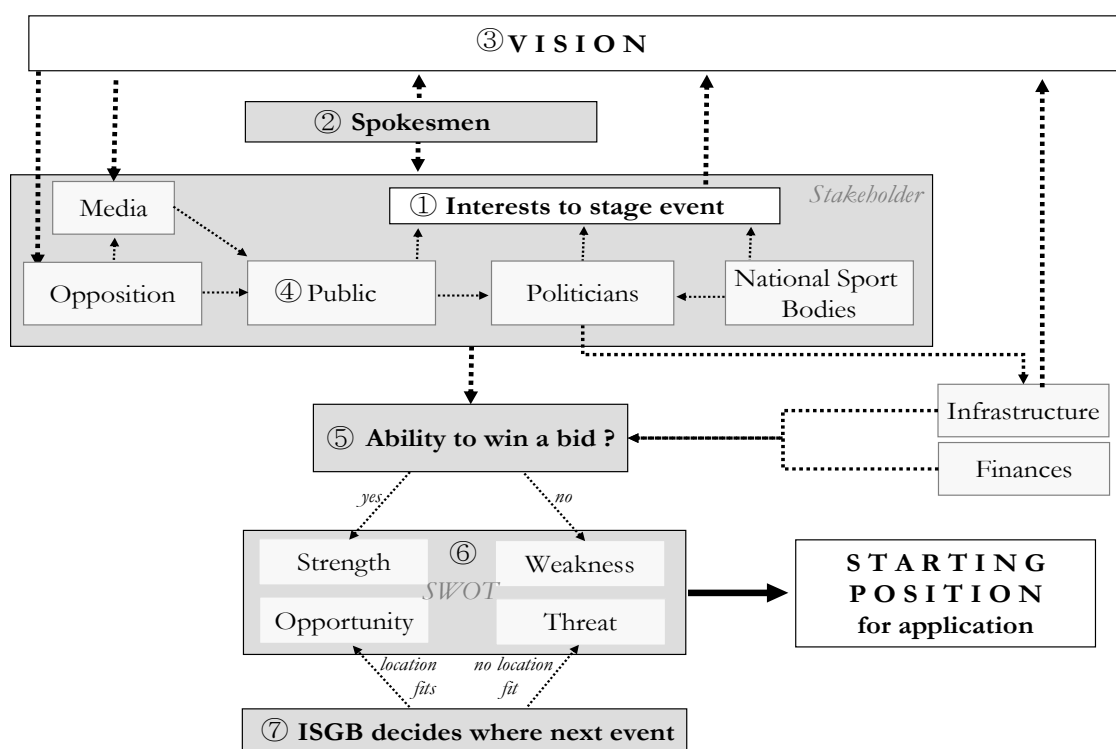
# The Spinning Process of Hosting Olympic Games – Important Steps before it all Starts

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## Abstract

The purpose of this paper is to analyze the initial stages from the moment when the brainchild of hosting a MSE is born and until the starting position for application.



The methodology in the research is based on literature review, intensive studying of former bid procedures, analyses of case studies from various Olympic Games bids and experiences of past Olympic Games bids. This document analysis is used to build a complex model which shows the interrelations of important aspects to start a successful Olympic Bid.

### Advocating and spinning for hosting a MSE

- 1) Who wants the MSE initially?
- 2) Subsequently asking spokesmen
- 3) -to present a vision and a plan
- 4) -to win the public opinion and politicians
- 5) -setting up a convincing SWOT analysis
- 6) -demonstrating the ability to host
- 7) -and convincing the IOC / ISGB about the ability to host the MSE

A clever politician will closely monitor the public opinion polls (Preuss & Solberg, 2006) - in accordance with public choice theory (Caplan, 2007). When the idea of a MSE is born this can go public immediately or be held back for planning and advocating the spinning process. A strong reason for holding it back is to appoint some good spokesmen and to enable them to handle the most like frequent asked questions (FAQ's).

FAQ's typically stated by opponents are:

- Initial costs for the application for a MSE and the outcome if the region/city is not selected.
- Who is financing the application and eventual hosting of the MSE?
- Overrun of budgets, because this often has been the case.
- How and where are the facilities and infrastructures needed for the MSE going to be built?
- Opportunity costs (always a very tricky argument) of hosting the MSE?
- Security to be handled sufficiently and what are the major risks of hosting the MSE?
- Risks of negative media, impact and image.
- The risk of not receiving sufficient consensus from the public and the politicians?

FAQ's typically proposed by proponents might be:

- Brand value increases the brand of the region.
- Legacies can change the society and create social capital and pride.
- Exports will increase for companies regardless if the companies are sponsoring or not.
- Supporting facilities and infrastructure will increase and show capability.
- A strong vision can be marketed promoting the country, the region and the city.
- Cities recently hosting MSE's over the last 20ys have been very happy analyzed in the aftermath. But before, up to and during the games all sorts of con's have been published.

The British Olympic Association defines "developing visions for the bid" as the most important task for the bidding team. This goes in line with the winning of the public support. A strong vision gives a clear idea of what the outcome of the future Games may be.

It is important, that the public has a considerable interest in hosting the MSE. No International Sports Federation (ISGB) will stage a MSE in a region where the citizens are not in favor of the event (Stockholm 2000 and 2004). Furthermore, politicians will hesitate to direct funds to the regions bidding committees if the public support for the MSE is not sufficient.

Time of the decision	For MSE	Vision or challenge for the society
1999	Turin winning the W-OG 2006	Paraolympics, Regional redevelopment and increased tourism – but rumor says the vision was formulated after being elected.
2001	Beijing winning the Summer Olympic Games in 2008.	“It’s a dream”., unforgettable. To promote understanding of cultures, a green Olympics, harmony , education and to develop environmental and humanistic values. Promotion of a new economic super power, city development, increased tourism, environments,.
2004	South Africa winning the Football World Cup 2010	Breathtaking story telling on possible social and racial integration, safety, health, AIDS in Africa, criminality et al – being the first African country hosting a MSE.
2000	Germany winning the Football World Cup in 2006	Motto "A time to make friends" Image changing of the German nation and citizens as integrative, peaceful and funny. To erase the image of being cold and too organized. Chancellor Angela Merkel hopes that "the atmosphere that we Germans presented to the world will last long past this summer".
2005 Nov.	London winning the S-OG 2012	The vision as per 2008: “Everyone’s Games” focusing on the Olympic Spirit and to inspire the world youth to practice sports and preferably Olympic sports – and the internal vision: 'London' -- the world's most diverse city and redevelopment of East London.

A lack of public support is crucial as none of the applicant cities with the lowest public support in the bid periods have been appointed to host the OG. Vancouver for the Winter-OG in 2010 is the lowest with a public support of 60% (source Holger Preuss).

The analyses conclude, that people or institutions behind the brainchild of hosting a MSE must be prepared to advocate intensively for the MSE. First of all to inform and convince the press and media of the magnitude of the idea. The media will – if mostly positive - influence the public opinion. With a positive public opinion the politicians may be convinced of the advantages of the MSE. Mistakes made in the beginning of the process can lead to serious weaknesses during the bid preparations.

This initiation of the bid process is a classical spin process and the selection of suitable spokesmen for the idea is important. Crucial obstacles are winning the public’s opinion and convincing the government and political parties of the positive outcome.

The findings are too, that the advocating process is fragile because the media requires all relevant FAQ’s to be available before any thorough full analysis have been or could be performed.

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# The Hidden Hosts: Satellite Venues at the Summer Olympics

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## Abstract

### Research Question

What factors and agendas determine the selection of satellite venues for Summer Olympic games?

What are the economic, social and political impacts of serving as a satellite venue for Olympic competition?

### Abstract

On the 8th of August 2008 Beijing will officially become the 22nd city to host the Summer Olympic Games. In actuality however, more than one hundred other towns and cities, ranging from Adelaide to Zaragoza, have also served as Olympic hosts, acting as ‘satellite venues’ for one or more events. Football and sailing have been the two sports most commonly hosted outside of the primary host city, but other events ranging from canoeing through handball to softball have also been held in such ‘satellite venues’

In spite of their number, the implications of these satellite venues has been almost totally overlooked in both the academic literature surrounding the impacts of hosting the Olympic Games and in the official reports of organising committees. This paper aims to reverse this trend by examining the role and significance of satellite venues in the Olympic hosting process. Through an analysis of a wide range of past Games sites, the paper will begin to assess the economic and political implications of satellite venues.

The first issue to be considered will be how satellite venues are chosen. Despite the significant attention that has been given to how the IOC selects Olympic hosts, we know little about how the specific sporting venues are allocated. The paper will argue that whilst pragmatism (either through the necessity for specific geographical locations for events like sailing and rowing, or through the cost benefits of utilising already existing facilities) often plays a role, other more complex factors can also be at work. In particular, site selection has often been influenced by regional and national political agendas. The paper will demonstrate, for instance, that the allocation of ‘satellite venues’ has often been used to induce regional and/or national governments to support Olympic bids and to obtain subsequent funding from them to stage the Games.

The paper will also examine the motivations of the satellite venues themselves. Using case-studies from Adelaide (2000), Canberra (200) and Belfast (2012) it will

demonstrate that the lure of hosting Olympic competitions has been utilised by local parties seeking to further their own local agendas.

Secondly, the paper will consider the economic impacts of serving as a satellite venue. Again, this is an issue that has previously been overlooked in economic impact reports about the costs and benefits of hosting the Olympics. The paper will address questions such as; how significant an impact can serving as a satellite venue have for a city, town or region, what are the financial costs and benefits of acting as a satellite host, what legacies are delivered, and where does the issue of satellite venues fit within wider regional development strategies?

### Methodology and Resources

Due to the almost total paucity of secondary sources relating to this topic the paper is based upon a detailed critical analysis of published primary source documents. Focusing primarily on Summer Olympic Games from Atlanta (1999) to London (2012), the paper utilises post-games reports, bid documents, government reports and legal findings to construct an analysis of the role of satellite venues within the overall Olympic process.

**Charles Little** is Senior Lecturer in Sports History at The London Metropolitan Business School. He has authored numerous journal articles on themes including Olympic bids, the Olympics Games and political protest, and sport and national identities.



**Margaret M. Gold** is Senior Lecturer in Arts and Heritage Management at London Metropolitan University. She is the joint author of *Imagining Scotland* (Scolar Press, 1995) and *Cities of Culture* (Ashgate, 2005) and most recently co-edited *Olympic Cities: City Agendas, Planning and the World's Games, 1896-2012* (Routledge, 2007).

# **International Sport Business Symposium**

**Topic III:**

## **Legacy**



# Developing and Delivering Regional Community Legacies for the 2012 Games

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## Abstract

The London 2012 Olympic and Paralympic Games has the unique potential to deliver a range of sustainable sporting, social, cultural and economic legacies, not just for London, but for the whole of Britain. This paper focuses on one particular area of Olympic legacy - the social legacy as it impacts on communities, with specific reference to the South West region of England, which will host the sailing events in the 2012 Games. Whilst the focus of this paper is clearly on social impacts, it also identifies issues, impacts and opportunities to deliver the wider regional legacy objectives across five key areas identified for Olympic legacy, currently referred to as 'Strategic Flames'. These five themes are Business Opportunity, Tourism and Regional Image, Sporting Opportunity, Cultural Celebration, and Community Engagement.

Despite the fact that Olympic tourism has impacts well beyond economics, the obsession with economic evaluation has tended to overlook these other often substantial benefits. Future Olympic host destinations need to be wary of assuming that the economic impacts of the Olympic and Paralympic Games will be large, and of studies that take a partial view of event impacts and predict large impacts. There is now pressure on governments to report on the social and environmental impacts of their activities as well as the more traditional economic performance using a 'Triple Bottom Line' (TBL) framework. The positive social impacts both as a feel good or psychic income and the potential health and fitness impacts are often overlooked. This presentation, whilst not directly addressing economic or environmental issues, argues that there is a need to report more on the social impacts of Olympic-related activities as well as the more traditional economic performance. This will be done through an exploration of the impact of Olympic events on host communities. This approach is essential if Olympic tourism in general, and the Olympic and Paralympic Games in particular are to realise their full potential such that future host Olympic destinations can truly benefit from the experience. The public, in general, are less easily convinced by claims of large economic benefits. With the use of practical examples from the UK, linked to the 2012 Games, this presentation will argue for a more balanced assessment of Olympic events and discuss the ways in which these wider social benefits can be maximised.

There is a small but growing body of literature examining the social impacts of sporting events on host communities. The 2012 Games have the potential to add value through community participation and fostering community well-being. Unlike economic impacts, social impacts are usually intangible. As previously outlined, there

is a large body of evidence supporting economic impact assessment and these tend to dominate research on event impacts. Yet, much of the political legacy expectation is that the Games produce transformational social and community impacts, helping to create a sense of national well-being. Whilst the hosting of sporting events is often linked to a sense of pride and self-actualisation amongst the resident population, it's hard to measure civic pride.

The increasing prominence of the 2012 Games has resulted in the emergence of a variety of initiatives, programmes and projects across the UK, involving a diverse range of community stakeholders and interest groups. This paper will highlight and review a selection of projects within the South West of England, whilst also analysing their potential impacts and legacies for communities in the region. These ongoing initiatives include a programme called 'Train of Events' aimed at recruiting, training and placing volunteers in event support linked to sporting and cultural events running up to the Games; a 'Train the Sports' Coaches' Programme designed to boost the number of sports coaches operating in the community who are qualified to UKCC (UK Coaching Certificate) standards; efforts to involve young people in schools with the learning opportunities arising from the Games (e.g. languages, sports science, international exchanges, geography, etc.); and an innovative programme of culture and language awareness put in place at event venues to prepare for increased exposure to international visitors.

This paper also attempts to develop a holistic conceptual framework to assess the community impact of Olympic events (and situate this framework within wider regional legacy objectives). The proposed model will specifically address issues relating to community impact, leveraging social benefits from Olympic events, Olympic legacy and community-based outcomes, the organisation of Olympic stakeholders, and future coordination of Olympic-related social impact research. It is important to assess and analyse these impacts against a conceptual framework in order to rationally allocate resources and to be able to undertake comparative studies, thus building a more robust body of knowledge about community impacts of large scale events. Secondly, these impacts will potentially impact differentially on different members of the host community, which will vary across sub-regions and communities. It is thus important to consider the incidence of policy effects on different community sectors and assess how policy might be directed to modify, re-direct or ameliorate these impacts. In summary, this paper demonstrates that selected regions of the UK are already delivering a diverse range of tangible community legacy outcomes not only prior to London 2012, but before the opening ceremony of the Beijing Games.

## Research Question

The Olympic and Paralympic Games has impacts well beyond economics, and the obsession with economic evaluation has tended to overlook these other often substantial benefits. This presentation suggests that there is a need for a more balanced assessment of Olympic-related activities, as they impact on host communities, and future research should focus on the ways in which these wider social benefits can be maximised at regional and local level.

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Richard's research interests lie in sport tourism, Olympic studies and major sporting events. His recent work has focused on emerging Olympic-related research themes connected with the 2012 Games. This includes analyses of the opportunities to use the London 2012 Olympic and Paralympic Games to maximise long term sport tourism benefits, and several research projects investigating the impact and legacy of the Olympics on sport and regional economies. Within the event sport tourism field he is currently developing research on the leveraging of positive benefits for host communities especially in relation to sport event tourism impacts. Richard's work focuses on the process of leveraging the most positive benefits for local communities from major sporting events. In other recent work he has explored the challenges for the cultural programme of the London 2012 Games. Initial findings suggest the need for a regional devolution of the cultural programme if it is to achieve an authentic representation of culture throughout the whole of the UK. Linked to this, Richard was awarded a prestigious Winston Churchill Fellowship in 2007 to undertake an Olympic Education project in Australia.

Richard is also currently working on two longer term tourism research projects. The focus of these studies is to investigate host community reactions towards Olympic tourism, sport tourism and sporting events with the first stage of data collection for both studies commencing in 2007. The first project looks at residents attitudes towards the construction of Europe's first artificial surf reef in Bournemouth, looking at the potential changes in attitudes pre, during and post construction. The second, and most prominent of Richard's long-term resident perception research projects is an Olympic-related study investigating host community reactions to major sporting events in Weymouth and Portland, which will play host to the Olympic sailing events. This longitudinal study, in the area of community engagement and levels of public support, has particular relevance as the UK moves towards 2012. Richard also presented at a recent ESRC (Economic and Social Research Council) Seminar Series on Olympic tourism flows, and is a member of several working groups and committees linked to the delivery of legacy objectives linked to the 2012 Games. Further details of his other Olympic-related research outputs can be found at:

[http://www.bournemouth.ac.uk/cesr/Olympic\\_Related\\_Research.html](http://www.bournemouth.ac.uk/cesr/Olympic_Related_Research.html)

Outside of the 'Olympic' research arena, Richard is also currently collecting fieldwork for several experiential studies of distance runners as sport tourists. This underpins much of his PhD research, which is a multi-method ethnographic look at the experiences of distance runners. This has resulted in several journal articles and book chapters which explore the social world of the distance runner. Most recently, he was also involved with the organisation and promotion of the 1st Commonwealth Sport Tourism Conference in Sabah, Malaysia, attracting a diverse range of industry practitioners and academic delegates with an interest in sport tourism.

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# **Sustainability of Olympic Venues.**

## **Criteria for the Sustainable Performance of Olympic Sport Facilities**

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### **Abstract**

#### Research Question

“Sustainability of Olympic Venues” means developing an Olympic Master Plan for the Host Cities, which guarantees the sustainability performance of Olympic Venues, as well as a sustainable Olympic Legacy. But what are criteria and indicators therefore?

#### Introduction

“Altius, citius, fortius” (faster - higher – stronger) is not only the slogan for most of the Olympic Games, but is also the idea for the planning of Olympic architecture in the last years. Olympic venues are not only sport facilities; they stand for national and regional representation and shall show the competence of technology, engineering and architecture of the Olympic Cities. In the last years more and more of the Olympic planning is based on sustainable and ecological ideas and the sustainable performance of Olympic Venues is seen as a market opportunity. But most times rivalry and competition between the host cities decided the design and avoided the sustainable realization of the Sport Facilities for the Olympic Mega-Event.

“The ‘Green Games’ concept is increasingly a reality,” said Jacques Rogge, President of the International Olympic Committee (IOC), at the award ceremony of the United Nations Environmental Programme (UNEP) [1]. “Champion of the Earth 2007“ is the title of the international environment award, the IOC and its President Jacques Rogge was honoured with for their work in the field “Olympic Games and sustainable development”. Rogge added that since the early 90s the IOC and the Olympic Movement had progressively taken the environment and sustainability into account throughout the lifecycle of an Olympic Games project. Today environmental protection and sustainability were prime elements of Games planning and operations [2].

The main reasons of getting the award were the important environmental outcomes of the Olympic Games of the last years, which had been achieved through efficient ecological and sustainable planning. Olympic Games, like the Green Games 2000 of Sydney and the Winter Games of Torino 2006, had provided sustainable legacies, such as rehabilitated and revitalised sites, had increased environmental awareness, and had improved environmental policies and practices [3].

Future Olympic Venues, like Beijing 2008 (Summer Games), Vancouver (Winter Games) and London 2012 (Summer Games) appear to compete for the “Greenest Games”. The Olympic City London campaigns with the slogan “The Greenest Games in modern times” [4]. Low Carbon, low waste, green transportation and re-use of materials during the construction of the Olympic Buildings are the basis of the Sustainable-Development-Strategy, which was published by the Olympic Delivery Authority 2012 days to go until the start of the London 2012 Olympic Games.

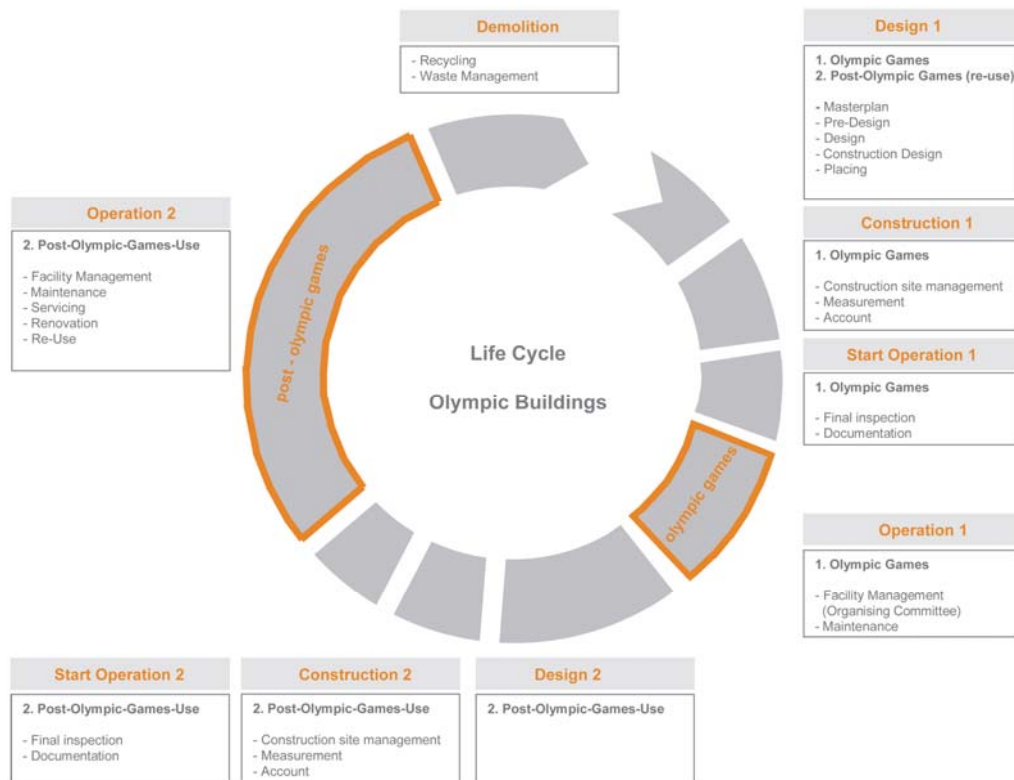
## Intention

The Olympic and Paralympic Games occupy a short period of six weeks which constitutes just 0.3% of the normal forty year life of a sport facility (Fig. 1). Whilst the Olympic Games is the main event with gargantuan spectator numbers every facility, the remaining 99.7% of the facilities’ lifetime is important too: it is the legacy period.

The intention of the project was the development of international criteria for the sustainable performance of Olympic venues to guarantee a permanent, constant and sustainable development and legacy for further Olympic Games, which includes ecological, economic and socio-cultural aspects, as well as an efficient re-use and a sustainable legacy conception. The criteria for “Sustainable Architecture of Mega-sporting Events” are the outcomes of a dissertation, which were done at the University of Technology, Darmstadt (Germany) and the University of Technology, Sydney (Australia) in cooperation with the German Sports Federation (DOSB), sponsored by the scholarship programme of the German Federal Environmental Foundation (DBU) and the German Academic Exchange Service (DAAD).

These criteria shall be available for planners and architects in form of a checklist (based on qualitative and quantitative indicators) to assure an international standard for sustainable sport architecture of Olympic Games already in the master planning phase (candidature procedure/ Olympic bid).

The main focus of the project are the Olympic Summer and Winter Games starting with the Games of Barcelona 1992 and Lillehammer Games in 1994. Positive and negative outcomes of former Olympic Games, like Munich 1972 (architectural design), Montreal 1976 (financial fiasco) or Atlanta 1984 (temporary buildings) has also been included in the results of the study.



**Fig. 1** Life cycle of Olympic Venues

## Methodology

If a city is applying for the Olympic Games, the Candidate City must carry out an environmental impact assessment for all Olympic Venues [5]. In the last years different assessment and rating methods were used for those assessments:

*SBTool*: Olympic Winter Games 2006, Turin (Sustainable Building Tool)

*GOBAS*: Olympic Summer Games 2008, Beijing (Green Olympic Building Assessment System)

*LEED*: Olympic Winter Games 2010, Vancouver (Leadership in Energy and Environmental Design)

*HQE*: Application for the Summer Games 2012, Paris (Haute qualité environnementale)

*BREEAM*: Olympic Summer Games 2012, London (BRE Environmental Assessment Method)

After analysing the assessment methods, the study showed, that these tools assess the ecological building performance, but functional, social and economic aspects or Olympic topics, like sports infrastructure, re-use, legacy etc. are not considered.

Therefore the presentation will give an integrated concept for the sustainable performance of Olympic venues, which was the main result of the study. This concept includes criteria and indicators (economical, ecological and social) that are based on these international rating and assessment methods [6], but also on requirements of the Olympic Movement and discussions with architects (sport facilities), as well as on ecological and sustainable guidelines of former and further Olympic Games [7]. These criteria and indicators have been modified in international criteria for sustainable sport facilities.

Examples, like the Summer Games of Barcelona 1992 (revitalisation of brown field – opening to the sea) and the Games of Munich 1972 (developing of an sport park - town's landmark) will show that Olympic Games also could have positive impacts and legacy on the urban development in an ecological, economical and social way. Also the Green Games of Sydney 2000 will demonstrate the sustainable legacy of ecological planning strategies.



**Fig. 2** Sustainability Strategy for Olympic venues of the Olympic Movement

## Results

The following figure shows a list of criteria, which has been developed for the sustainable building performance of Olympic venues. These criteria include functionality and Olympic aspects, as well as quality categories and will be available in form of quantitative and qualitative indicators for all Olympic planners and architects

to guarantee a sustainable Olympic Legacy for future Olympic Games and their Host Cities.



**Fig. 3** Sustainability Strategy for Olympic venues of the Olympic Movement

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- [1] cp. [http://www.olympic.org/uk/news/olympic\\_news/full\\_story\\_uk.asp?id=2045](http://www.olympic.org/uk/news/olympic_news/full_story_uk.asp?id=2045); 23.02.2007
- [2] cp. [http://www.unep.org/champions/About\\_the\\_Prize/](http://www.unep.org/champions/About_the_Prize/); 23.02.2007
- [3] cp. [http://www.olympic.org/uk/news/olympic\\_news/full\\_story\\_uk.asp?id=2045](http://www.olympic.org/uk/news/olympic_news/full_story_uk.asp?id=2045); 23.02.2007
- [4] cp. <http://www.london2012.org/en/news/press+room/releases/2007/January/2007-23-01-09-30.htm>; 23.02.2007
- [5] International Olympic Committee: Candidature Acceptance Procedure and Questionnaire for the XXII. Olympic Winter Games 2014; Lausanne; 2005; p.67
- [6] rating systems like LEED (USA), BREEAM (GB) or SBTTool (international)
- [7] e.g. Greenpeace Olympic Environmental Guidelines



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# An Analysis of Cost Overruns at Olympic Games

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## Abstract

### Introduction – The Theoretical Context

The economic impacts from staging Olympic Games have received substantial attention in recent years (see Essex & Chalkley, 1999; Preuss, 2004; Solberg & Preuss, 2007). However, not only the Organising Committees (OCOG) costs rise but also the capital investments are tremendous and often cause problems to the politicians due to immense cost overruns for construction in the run up to the Games. Such as in Montreal 1976 this can even cause serious financial problems for the host city. This paper investigates reasons why Olympic Games often become more expensive than planned during the bidding phase. This will be done by a descriptive analysis of the OCOG budgets and capital costs for the Olympic Games hosted between Munich 1972 and Sydney 2000.

The cost side includes both operation expenditures (OCOG) and capital investments. In general, public- and private entities often share the burden of financing the Olympic investment. Table 1 illustrates the proportion financed by the public sector for the Games between 1972 and 2000.

*Tab. 1: Public sector funding of Olympic Games 1972-2000*

Montreal76	München72	Barcelona 92	Seoul88	Sydney 2000	Atlanta 96	Los Angeles 84
95%	85%	60%	50%	30%	20%	10%

Source: Preuss (2004)

The fact that many of the positive impacts from Olympic Games have characteristics of public goods and externalities provides the rationale for governmental funding (Samuelson, 1954; Preuss & Solberg, 2006). While the government is willing to financially support the Olympics as long as the welfare economic benefits exceeds the aggregate long run marginal costs, the host city often wishes more inputs to be used as long as the cities (regional) benefits exceed what they contribute to the Olympics themselves. This, in turn, is a classical principal-agent situation which is a “pervasive fact in economic life” (Arrow 1985, 37). The agent (representatives from the host city) can take advantage by exaggerating the positive Olympic effects and undermining its costs when reporting to the principal (central government). Due to the complexity of Olympic Games and its huge number of impacts, the principal cannot observe all action of the agent. This complicates the principal’s possibility to control the activities of the agent and to detect its opportunistic behaviour. For some of the impacts (costs

and benefits), there will be information symmetry where the host city or OCOG has more information than the government. Furthermore, those actors involved in the Olympics will often be involved in several relationships, where those who are the principal in one relationship can be the agent in another relationship. Table 2 displays the different roles and objectives of those involved in Olympic Games – and their roles as principal and agent.

*Tab. 2: Principal-agent relations in the bidding process for Olympic Games*

Cascade level	Principal	Agent
1	Population (nation): <i>Demands Olympics</i>	Government: <i>Subsidises Olympics (capital infrastructure of host city) and supports bid, e.g. by giving financial guarantees</i>
2	Government: <i>Demand Olympics which promote economic growths, international reputation, and national presentation.</i> Local residents (city): <i>Demand Olympics</i>	Local Government: <i>Subsidises Olympics and expedite city development, local representation, gives political support and backs the bid</i>
3	Local Government: <i>Demand profitable organization of Olympics and long-term benefits from event in regards to the long-term city development, local representation</i>	Bidding Committee: <i>Optimize Olympics organization and maximize short-term success (Olympic Games) because the success is visible and the principal will rate that</i>

## Method (Data Collection)

Data needed to be collected to describe the long term cost development of Olympic Games. The data collected are the costs (also including OCOG budgets) for the Olympic Games for all Summer Games editions of the Olympic Games between Munich 1972 and Sydney 2000 (excluding Moscow 1980 due to missing data). The data were collected at the IOC Olympic Study Centre in Lausanne. The financial data collected for each Olympics were from the first official budgets published at official bid books. Further data stem from host cities' annual reports towards the IOC. The last data available are from the official final report of the OCOG which winds up the year following the Olympics.

## Results

With some few exceptions, all Olympic Games became considerably more expensive than first planned. This is illustrated in an overview in Tab. 3.

*Tab. 3: Cost development of Olympic Games from 1972 to 2000*

	Operational costs (OCOG)			Capital investments		
	First budget	Final account	% increase	First budget	Final account	% increase
Munich 72	1968	1974	+222%	1965	1974	+171%
Montreal 76	1972	1977	+538%	1972	1977	+385%
Los Angeles 84	1983	1984	-10.6%	1983	1984	+3.4%
Seoul 88	1982	1989	+82%	1982	1989	+352%
Barcelona 92	1988	1993	+28%	n.a.	n.a.	n.a.
Atlanta 96	1989	1997	+51%	1989	1997	+14%
Sydney 2000	1993	2001	+68%	1990	2001	+228%



## Discussion

The analysis differentiates between “planned” cost overruns (such as can be explained by the principal agent theory) and “unplanned cost overruns.

Unplanned cost overruns are e.g. that the IOC (in several cases) demanded better Olympic facilities than the host cities had initially planned. This applied to arenas, but also to accommodation, transport as well as the location of facilities. Some host cities ran into time pressure due to bad planning, strikes or other problems, a situation that owners of land and entrepreneurs took advantage of. Further reasons for unexpected cost overruns are the “winners curse” of the winning bid city, inexperienced organizers and the lack to be able to copy the Games from the previous organiser due to time and cultural differences. However, in some cases the governments became aware that Olympic Games can promote the destination/nation effectively (so called signaling effect) or of other benefits. This can make the government willing to spend more resources than initially planned for the Olympic Games. If so, the agent will find it easier to persuade the principal to spend additional resources on the Olympics. This may have been the case for the Olympic Games in Seoul 1988 and Sydney 2000 (Preuss, 2004).

Planned cost overruns occur when the agent is able to benefit from information asymmetry against the principal. The two US-Olympics, Los Angeles 1984 and Atlanta 1996, are a good example, how a missing principal agent relation can reduce cost overruns. In the USA the US governments have traditionally been unwilling to fund the hosting of Olympic Games and therefore the Principal-Agent constellation was not given. This may have had a disciplinary effect on those representing the host destination – preventing them from planning expensive facilities and projects after being elected as host. If the agent (host destination) does not expect any financial support from the principal (government), this will also moderate the agent’s spending. However, the US-Olympic Games also had overall low general capital investments compared with other Olympic host cities.

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# **International Sport Business Symposium**

**Topic IV:**

## **Macroeconomic Impacts**



# **Regional Economic Impact of the 1996 Summer Olympic Games – Wage and Employment Effects Reconsidered**

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## **Abstract**

The majority of studies suggest that sporting events or sports stadia have little or no significant effect on regional wages, income and/or employment (e.g. Baade, 1987; Baade and Dye, 1990; Baade, 1994; Baade and Sanderson, 1997; Baade and Matheson, 2000, 2001, 2003, 2004; Carlino and Coulson 2004). A number of works, particularly those of Coates and Humphreys (1999, 2000a and b, 2002, 2003a and b) or Teigland (1999), have even arrived at significant negative effects. To our knowledge, only very few multivariate ex post studies have found significant positive effects of sports facilities and sports events. Baim (1994) found positive employment effects for Major League Baseball (MLB) and the National Football League (NFL) for 15 cities in the USA, Jasmand and Maennig (2008) found positive income effects, but no employment effects in the case of the 1972 Olympic Games in Munich.

Hotchkiss, Moore and Zobay (2003) (HMZ) found significant positive effects on employment in regions of Georgia, USA affiliated or close to activities of the Atlanta Olympic Games in 1996, but they did not find significant effects on wages. This study was conducted on county level for the federal state of Georgia. HMZ used quarterly data on employment and wages provided by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor. The period of consideration is from first quarter of 1985 to third quarter of 2000. They employed a difference-in-difference model (DD). There are two major concerns associated with this analysis. (1) Bertrand, Duflo and Mullainathan (2004) pointed out that DD models tend to overestimate the significance of the intervention due to serial correlation. HMZ do not address the serial correlation problem in their paper. (2) Besides some robustness checks they estimated the intervention effect in the intercept (level effect) and in the slope (trend effect) in two separated DD regressions. Galster, Tatian and Pettit (2004) argue that a standard DD approach can supply distorted results if level and trend effects are not estimated together.

The aim of this paper is to reconsider the employment and wage effects of the 1996 Olympics in Atlanta, Georgia. We pursue two main issues. (1) The setup of HMZ will be analyzed to identify possible problems due to serial correlation and model specification. Therefore, a DD model using an arbitrary variance-covariance matrix as well as the ignoring time series information (ITSI) model will be used. (2) The analysis will be extended. First, the period of consideration will be prolonged to fourth quarter of 2007. Second, not only the general data on wages and employment will be used. Rather, the data will be divided into subsamples according to two- or three-digit classified industries by the NAICS/SIC system. Thus, it should be analyzed whether

the economic impact vary across different industries (e.g. construction, manufacturing, trade, transport, accommodation, food services).

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**Wolfgang Maennig** is professor of economics at the Department of economics of Hamburg University. Beforehand he was professor at E.A.P. Paris-Oxford-Berlin-Madrid. He was a visiting professor at the American University in Dubai as well as at the Universities Stellenbosch (South Africa) and Istanbul, and at the University of Economics Bratislava. He was also visiting scholar at International Monetary Fund in Washington, D.C., at Deutsche Bundesbank in Frankfurt and at Institute for Advanced Studies in Kiel. His research concentrates on economic policy, sport economics, transport economics and real estate economics and has been published in academic numerous journals, including *Economic Letters*, *Regional Studies*, *Regional Science and Urban Economics*, *Labour Economics*, *Applied Economics*, *Journal of Sports Economics*, and *Contemporary Economic Policy*. Wolfgang Maennig has worked as an expert for many bids of large sport events, eg. the Olympic bid of Berlin 2000, Leipzig 2012, Munich 2018 and the Athletics World Cup Berlin 2009. He was Olympic Champion (rowing, eight with coxwain) at the Olympics 1988 in Seoul and president of the German Rowing Federation, 1995-2001. In 2000 he received the Olympic Order.

# **Stock Market Reactions to the Olympic Announcements of the 1996-2008 Games**

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## **Abstract**

The purpose of this paper is to examine the effect of the nomination of Atlanta, Sydney, Athens, and Beijing, as the host cities for the 1996, 2000, 2004 and 2008 Summer Olympics, on their respective stock exchanges. Additionally to this, the paper also examines the effect on the stock exchange of the respective loser cities, such as Athens, Beijing, Rome and Toronto.

Academic literature suggests that mega sporting events have a positive contribution to the host area economy. This implies that the stock exchange of the host city should react positively to the announcement of such events. Therefore, the economic theory to be tested is that the mega event of the Olympics, and its anticipated positive effects on the hosting country's economy, will create a positive reaction on the host's stock exchange, upon the announcement of the nomination. Accordingly, the losing city should experience a negative effect. A significant factor in the study is the extent to which the outcome of the voting has been already anticipated by the stock market.

Therefore, this paper examines the following research hypotheses:

H1: Olympic Games announcement provokes significant positive reaction from the stock market of the winner country.

H2: Olympic Games announcement provokes significant negative stock market reaction of the loser country.

In order to analyse the stock market effect of the various Olympic announcements, an event study methodology is performed. This study adopts an event study analysis, since it is the most appropriate methodology to measure the change in stock prices associated with the release of new information, especially the effect of an unanticipated event on stock prices. Daily closing prices for the General Index of each stock exchange are gathered from the Bloomberg database for 5 years before and 5 years after each Olympic announcement. General Indices' daily returns are analysed through Generalised Autoregressive Conditionally Heteroskedastic (GARCH) (which take into account that the variance is time dependent), Autoregressive (AR) and Market Models. Each of the models is augmented with an Olympic announcement dummy to determine if there is an Olympic Games effect on each of these stock markets.

The findings reveal a significantly positive effect on the Athens Stock Exchange as a whole, while no overall impact on the remaining stock markets is found. Given that the literature on this topic is very limited, a study over the individual industry portfolios is needed before these results can be considered conclusive.

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From 2000 until 2008, she worked in the Research and Compliance Department of the Securities Company of the National Bank of Greece, after ranking first in a national recruiting competition. From 1998-2000, she worked as an economist in the Consumer Banking Departments of the American Express Bank and the National Management and Organisation Company. During the period 1992-1997 and alongside her undergraduate studies, she



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