ÖMER SEYMEN

RECOMMENDATIONS FOR THE ENHANCEMENT OF ECONOMIC IMPACT OF HOSTING MEGA SPORTS EVENTS

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ABSTRACT

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Scholars have highlighted the actual impact of major sports events on host nations and have showcased negative consequence. The study aimed to provide a baseline of suggestions that can be considered by countries willing to host the MSEs so as to safeguard economic progress after hosting these events. The study undertook a case study analysis of four MSE’s Italy 2006 Olympics, China 2008 Olympics, Germany 2006 FIFA World Cup, and South Africa 2010 FIFA World Cup using historical literature and then analyzed several macroeconomic variables identified to be linked to MSEs which included GDP, FDI, unemployment exports, imports, inflation, and tourist’s numbers and expenditures.

The research suggested seven considerations that prospective host nations can target to incorporate in their national strategy plan, which included good governance, joint hosting, attracting FDI, reducing unemployment, positive trade balance via increasing exports and reducing imports, managing and reducing inflation, and finally, increasing tourists numbers.
INTRODUCTION

Relevance and topicality. Over the decades, many countries have passionately contested to host one of the mega sports events with the aim of achieving the highly pronounced economic bearing linked to these events. In spite of the various economic advantages associated with the hosting of the events, several scholars have articulated doubt in realization of the benefits portrayed on the hosting nations. According to Zimbalist (2015), the risk involved is high to verify economic benefit as the huge investments in these undertakings may evolve to harsh economic times when the projects become “White Elephants” after the completion of the events or when the developments inhibit the country’s further progress in other areas. In the same line, these events have been noted to lead to unwarranted debts resulting from funds obtained to actualize the developments while the amenities created are not efficiently utilized to generate income which can cover the maintenance costs (EC, 2016). Burgo & Cromartie (2016) pronounce that the major sports events are beneficial only through continual use of the extended facilities created as a result of the events.

The subject discussed is of high significance to those countries that have an interest to host a major sport event since the costs incurred in the preparation process is colossal and there is a need to develop a robust way of realising the gains on a long-term perspective rather than on a short-term perspective to make sure the investments made are fully utilised after the event hence making best use of the opportunities activated by such events.

In the past, the decision to host MSEs was determined by the leadership of the country or city but currently the society are usually involved in this decision through public polls (Coates and Wicker 2015). In Europe and US, support for hosting MSEs has declined in spite of the wide ranging promotions purporting economic benefits where in the USA, Boston and in Germany, Hamburg pulled out of their intentions to host the Summer Olympics of 2024, and other cities in Europe like Graubünden, Krakow, Munich, Oslo, and Stockholm did not bid for the Winter Olympics of 2022 due to low public support (Streicher, Schmidt, Schreyer, & Torgler, 2016) which expresses distrust by the society regarding the assurance of economic advantages of these events and also, the society seems to prefer the funds to be utilized in other developmental activities. Current research from some scholars indicate no economic benefit is realized from hosting MSEs (Mitchell and Stewart 2015, Sullivan and Leeds 2015).

Moreover, studies have shown that some countries have neglected the amenities immediately after the end of the event, extremely wasting the citizen’s taxes as the funding is often provided by the government or hosting city, and consequently, laying an everlasting negative impact on the hosting country. Many scholars have thus concluded immense setbacks associated to
the hosting of the MSEs resulting from the downgrading of the economic activities after the event is over (Baade & Matheson, 2016; Zimbalist, 2015; Banović, Jurčić, & Petronijević, 2017).

Majority of these countries have misused billions of dollars in bidding towards hosting these events and for those who have succeeded, the income produced has been marginal when compared to the amount of input in funds for these projects (Burgo & Cromartie 2016). The MSEs occur within a short period of time thus recouping the massive capital invested within this period is not possible necessitating the need to thoroughly find the ways in which the investments could be created for long-term income creation by the hosting nation in addition to the income generated during the short term period of hosting the event.

Despite the high possibility of the unfavourable economic outcome on the host countries of MSEs accruing from the huge expenses required, limited research has been conducted in this area to suggest effective ways through which host countries can adopt or integrate in their national strategic plans to maximise on the benefits ensuing from the hosting of the MSEs and it is the existence of this gap that the current study is conducted. The need to maintain and improve the economic condition of a nation which has hosted one of the international sports activities has been on the rise in the recent past and this study will provide a guideline on how to develop consistent positive impact of the facilities constructed during preparation of these major events to ensure economic stability.

**The research problem** addressed in this paper – what is the economic impact of hosting MSE and what are the possibilities to enhance this impact.

**The object** of this paper is economic impact of hosting MSE.

**The aim** of this paper is to identify the benefits and drawbacks related to the impact of hosting MSE and to provide with recommendations on how to enhance the economic impact of hosting MSE.

The recommendations can be considered by countries willing to host the MSEs so as to safeguard these countries economy from the extensive theoretical assumption that MSEs generally promote the economic setting of the hosting country. The proposals highlighted in the study, would drive the achievement of economic development in hosting countries through transforming the direct effects of these events that are likely to become possible burdens into workable solutions that propagate long-term community development (VanWynsberghe, 2014). According to VanWynsberghe (2014), nations/cities need to constitute there long-term plans for its local populace into the bid for hosting MSEs instead of following through these plans after the event has ended.

To reach the aim of the paper the following objectives were set:

1. To define the concept of major sports events (MSEs) by elaborating their multifaceted nature.
2. To analyse the areas affected by hosting MSEs and evaluate the actual benefits and drawbacks using the most appropriate criteria identified from previous literature.

3. To collect the evidence surrounding maximization of the benefits and elimination of drawbacks associated with the hosting of MSEs by inspecting the key indicators that are connected to these nation’s/ city’s development.

4. To make recommendations that are essential to a nation or city when seeking to enhance the economic impact of hosting MSE.

The paper is structured in 3 main parts.

The first part is the literature review and will begin by surveying the MSE’s characteristics through examining their sophistication which include the stakeholders involved, noting the overall challenges associated with hosting these events, identifying the various types of MSEs, and finally, expounding on the most recognised MSEs namely; the Olympic Games and the FIFA World Cup. Further, the study will investigate the different ways applied by numerous academicians to gauge the impact of MSEs on host nations with the intention of identifying the benefits and drawbacks linked to hosting the events. Using these analysis, the study will identify specific measurable economic variables that will be examined in relation to the economic growth of the hosting nation. The research will use the quantifiable economic variables to examine the impact of the perceived economic growth as proclaimed by the organizers of these events.

The second part is the field analysis where four MSEs will be analysed based on the economic indicators found critical from exploring the literature review. The four MSEs will include two MSEs from the Olympics and the other two from the FIFA World Cup. Since the impact of MSEs on host nations is different for developing and developed nations, the two from each type of MSE will be represented by the status of development such that the MSEs analyzed for Olympic Games will consist of one from a developing nation and the other from a developed nation, and the same will apply for the FIFA World Cup MSEs to be analyzed. The period analyzed will be based on the study by Takongmo & Yao (2017) where 9 years before the MSE and 10 years after the event for both the Olympic Games and FIFA World Cup Games. The study will implement methods and criteria applied by two studies which are Scandizzo & Pierleoni (2017) and Osada, Ojima, Kurachi, Miura, & Kawamoto (2016) by undertaking a trend analysis and cost benefit analysis of the macroeconomic variables on an ex ante and ex post impact of the games. The most current MSEs selected that fit the criteria of the period to be analyzed encompass of the 2006 Winter Olympics held in Italy, 2008 Summer Olympics held in China, 2006 FIFA World Cup held in Germany, and 2010 FIFA World Cup held in South Africa. The 2010 FIFA World Cup in South Africa does not meet the criteria for 10 years after but it is the best recent World which fits the criteria for choosing the MSEs.
The third part will discuss the proposed actions to be premediated by prospective hosts of MSEs to augment their economic standing via enhancing the nation’s and city’s setting through taking advantage of the opportunities initiated by hosting MSEs. In this section, the practicality of the proposed actions will be dissected and the expected outcomes will also be highlighted in relation to the benefits and risks involved with the proposed conclusions. Furthermore, implications of the proposed actions on the host country will be checked and lastly, the study will be evaluated to confirm it accomplished the objectives stipulated.

**Research methods.** To accomplish the objectives of the research, the study implemented a mixed methods model which is a combination of both qualitative and quantitative approaches. The integration of both approaches allows better investigation of the research than application of one method (Almalki 2016) to provide a superior analysis of the topic hence increasing the study’s dependability and originality of the suggested solutions.

**Information sources.** The study will use verified internet sources to explore the various sources of secondary data like government publications, official and certified websites, books, and lastly, published journal articles, that have relevant information relating to the topic of study to provide accurate and reliable evidence regarding the subject matter.
I. THEORETICAL ASPECTS OF MEGA SPORTS EVENTS AND THEIR ECONOMIC IMPACT

1.1. The concept of Mega Sports Events (MSE).

Ranjan (2016) describe mega events as events that collaborate people to develop, drive, and partake in dissimilar exercises aimed at different goals and are prearranged by global coordinators who have specialized in events planning including being more official and with strict rules. On the other hand, Griffin (2015) demarcated mega events as a one-time occasion or periodic event planned to happen within a specified amount of time with the aim of notifying the public of the striking hosting environment. Müller (2015) studied the various dimensions that signals an event is a mega-event by exploring the appeal of the location by guests, the popularity of the event, the costs involved, and the city’s renovation and infrastructural developments, to further grouping mega-events as events that invites a huge proportion of guests both local and international, has wide media coverage, spends enormous amount of funds, and have significant effect on the constructed amenities and society.

Mega sports events are events that comprise of one or more sports challenges administered in either one or more host nations or cities with global participation in the event and are featured by extreme developments in the location of the event such as building and upgrading of sports facilities, transport network reengineering, security upgrading and related improvements (EC, 2016).

1.1.1 Identification of Parties Involved in MSE.

MSEs are administered by organizing committees who involve various stakeholders in the planning, preparation and implementation of the events. By taking advantage of the international aspect of MSE and advancements in telecommunications, MSEs use media to attract promoters, marketers, economic progress supporters, sports groups, among others to relate their trademarks with the event so as to grow their scope and power hence increasing market base (O’Reilly, 2016). Parent (2015) summarized the stakeholders integrated by organizing committees of MSEs as follows.

Cities or Nations. The governments are the main players in successful implementation of the MSE through assisting in the necessary requirements of the event. Majority of the funding is contributed by the cities or nation. These events are global and support in certifying easy entry permits during the event period is provided by the host nation including other actions necessary in fulfilment of the event actions such as closure of roads and improvement of security.
Public. The society includes the indigenous citizens and prospective visitors, resident companies, societal establishments, educational providers (schools, universities and colleges), sports organisations, tourism agencies, trade panels, developmental groups, and focus groups who are the contributors to the taxes used in actualizing the activities around MSEs. The society also are among the expected viewers of the event and thus add to the sales generated through purchase of tickets, hotel accommodation and other expenses incurred as a result of the event.

Sports associations. These are international or domestic firms that in charge of sports management within their dominion and are responsible for approving the sports events, provide guideline to the rubrics of the sport under competition via offering the event with technical professionals to confirm the standards of sport facilities created and supervise the operations of the events.

Broadcasters. The media plays an important role in promoting the event particularly during the happening of the event to make available the real-time worldwide reporting of the event together with endorsing the champions and affiliates of the events through the numerous production channels. They supplement the income from the event via procuring the rights to film and announce the event.

Sponsors. The organizing committee receives funds from different sponsors of the event to market their products or services using “cross promotions”.

Delegations. These consist of coaches and other support personnel who decide on the contestants for the event.

Partner organizations. The organizing committee connects with other organizations to receive specialised services that includes expertise advices and to gain partners in optimizing the impact of the event. Several partner organizations have been identified, namely; consultants, the United Nations, respective host nation’s foundations, and others.

1.1.2 Challenges of hosting MSEs.

Similar to other capital intensive projects, the society, the broadcasters, law-makers and civil-society establishments are questioning the economic wave resulting from MSEs on the hosting nation due to three main reasons: First, hosting a MSE is a complex process where many stakeholders with vast interests are united and can be categorized into three key phases which include bidding, preparation, and managing the legacy. Hover, Dijk, Breedveld, & Van Eekeren (2016) examined the bidding, preparation and hosting, and governing the legacy of the MSEs and noted numerous setbacks involved at each stage of the process. Worries from statesmen and wider community was seen to be high during all the three phases; in bidding, the determination of the winner awarded was found not to be open to bidding countries and the benefits of the event indicated in the bidding document raised alarm as they were seen to be over stated leading to the
event organizers to be perceived as not being truthful with their decisions, and thus prompting
nations to be involved in corruption, while costs inflate at the expense of the tax payer.

During the preparation phase, the society was observed to be concerned with the long-term
viability of the event versus the sponsoring of the event; whereas in the legacy phase, the possibility
of influencing sporting activities was questioned including the distribution of the expenses and
income generated from the event and facilities created (Hover et al., 2016). Secondly, the modern
sport amenities created especially stadiums, are usually not utilized to ensure income generation
after the event which have high maintenance costs, and thirdly, the huge costs are seen to supersede
the benefits of these events due to the short-lived nature, and these costs are likely to impair the
advancement of other value adding projects hence negatively affecting the hosting nation’s
populace (EC, 2016).

1.1.3 Types of MSEs.

According to Muller (2015), the table below shows all types of events that possess the
attributes of mega events but grouped them into major, mega or giga events which in this study is
represented by MSEs.

Table 1

<table>
<thead>
<tr>
<th>Event</th>
<th>Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olympic Summer Games</td>
<td>Giga</td>
</tr>
<tr>
<td>European Football Championship</td>
<td>Mega</td>
</tr>
<tr>
<td>Football World Cup</td>
<td>Mega</td>
</tr>
<tr>
<td>Expo Shanghai</td>
<td>Mega</td>
</tr>
<tr>
<td>Asian Games</td>
<td>Mega</td>
</tr>
<tr>
<td>Olympic Winter Games</td>
<td>Mega</td>
</tr>
<tr>
<td>Commonwealth Games</td>
<td>Major</td>
</tr>
<tr>
<td>Universiade</td>
<td>Major</td>
</tr>
<tr>
<td>Pan American Games</td>
<td>Major</td>
</tr>
<tr>
<td>APEC Summit</td>
<td>Major</td>
</tr>
<tr>
<td>European Capital of Culture</td>
<td>Major</td>
</tr>
<tr>
<td>Rugby World Cup</td>
<td>Major</td>
</tr>
<tr>
<td>Super Bowl</td>
<td>Major</td>
</tr>
</tbody>
</table>

Source: Muller (2015)

The Olympic Games which consists of both summer and winter sessions and the soccer
World Cup are the highly regarded mega sports events (MSE) in the globe being viewed by
uncountable number of fans by means of the various media platforms and telecommunications
advancements (O’Reilly, Armenakyan, Lu, Nadeau, Heslop, & Cakmak, 2016). The study
concentrates on surveying the two mega events namely; Olympics and soccer World Cup since they
are the most recognized sporting events and which have substantial impact on the hosting nation
due to their enormous amount of funding required.
**Summer and Winter Olympics.** The Olympics games is headed by the International Olympic Committee (IOC) but constitute two other organizations who operate closely with the IOC to plan the games and they are the International Federations (IFs) whom oversee world ranking sports at state level and the National Olympic Committees (NOCs) whom control and promote Olympic movement in the respective countries (Olympic, 2018). The Summer Olympic Games was introduced in 1896, and the Winter Games in 1924 (Olympic, 2018).

Prospective host nations/cities must showcase suitable plan and effort towards realizing a sports event legacy to be awarded the chance to host the Olympic and Paralympic Games by the IOC (Kirsty & Zaiontz, 2015) which is approximately seven years before the occurrence of the event for preparation where the host nations or cities incur all expenses associated with the event though the IOC assist to cover some expenses (Baade & Matheson, 2016). The IOC obligates the host city/nation to create a Cultural Olympiad setting which is among the finest in the host country, and also globally in art and presentation (Kirsty & Zaiontz, 2015). The hosting costs of the Olympics have not been the same for cities and nations on the different recurring events that have occurred. Although the cost of hosting the Olympic Games used to be fair, the cost has dramatically increased over the decades, for example, the 1948 London Olympic Games costed about $30 million in today’s dollars and the 2008 Beijing Olympic Games costed roughly $40 billion (Griffin 2015), while the Winter Olympic Games of 2014 which occurred in Sochi amounted to an estimated $51 billion (Orttung & Zhemukhov, 2014).

According to the Organizing Committees of the Olympic Games (OCOGs), all cities which have hosted the Olympics within the last two decades have recovered their investments though the OCOG accounts for only the functioning costs and not the larger part of the investment which consists of “stadiums, the Olympic Village, media centre, infrastructure”, and others (Zimbalist, 2015) therefore, the information is not dependable to truly confirm the economic benefits of these events.

More often, some scholars have disputed the projections laid while contesting to host the events claiming incorrect multipliers are used to overrate the actual financial benefit resulting from the events preparation. For instance, the scenario of Brazil hosting the 2016 Olympics were projected on a scale multiplier of 4.26, expressing that $1 will produce an income of $3.26 for the succeeding 10 years and an estimated increase on GDP by $13billion in addition to the 120,000 new jobs created every year until 2016 (Dr. Gordon & Dr. Barbosa, 2014).

One of the reasons offered by countries to bid for hosting Olympics is the ability of the event to promote the overall health of the population through engaging in sports, which have the overall benefit of lowering the public health cost, however, there is no present research to support
this notion and the actually, the impact of these events to the local population has been congestion and a strain on public resources, such as healthcare during the event (Mitchell and Stewart (2015)).

**FIFA World Cup.** FIFA which stands for ‘Fédération Internationale de Football Association’ is an organization created to apply soccer as a means of social mixing and personal growth and has supported communities to build peace, improve health, provide education among others (FIFA, 2018). FIFA organizes the most recognized soccer tournament in the world, the FIFA World Cup, which according to many studies has provided a strong positive social influence on the hosting nations (Ranjan, 2016). In various countries, soccer plays a significant role and is highly famous than many other sports in numerous African countries due to its initiation during the colonization era (O’Reilly, et al., 2016). Though the FIFA operations are locally inspired, the goal of the organization is to transverse across the globe using the FIFA World Cup as the platform to achieve its objectives (FIFA, 2018). The minimum threshold set by governing firms for the hosting of these events can be rigorous for example, the FIFA World Cup unifying organization demands large investments in stadium construction and upgrading with a minimum of eight ‘up-to-date’ sports ground having seat volumes of about 40,000 people (Griffin, 2015).

The costs associated with hosting the FIFA World Cup also vary, similar to costs of hosting the Olympics. In the year 2010, Switzerland hosted the executive members of FIFA where their main agenda was deciding who would host the 2018 and 2022 events of World Cup. At the beginning of the nominations, FIFA got 11 bids from 13 countries willing to host the two tournaments. The countries that were participating were South Korea, Belgium, Russia, Netherlands, Qatar, England, Portugal, Spain, United States, Japan, and Australia. The outcome was that Russia was to host the 2018 World Cup while Qatar won the opportunity to be the host in 2022. The bidding nations never disclose the amount of money of money they spend to influence FIFA's decision, but it is estimated at half a billion dollars (Mitchell and Stewart, 2015).

One major similarity is the costs are in billions of US dollars, for example, the FIFA World Cup of 2002 prompted South Korea to devote $2 billion in the construction of ten new-fangled stadiums comparable to Japan’s $4 billion expenditure in constructing and revamping ten stadiums (Griffin, 2015), the World Cup which occurred in South Africa costed $7.5 billion, the 2014 World Cup in Brazil costed an estimated $14 billion whereas the latest World Cup for 2018 in Russia has been estimated at $20 billion (Müller, 2017) showing an incremental increase in the hosting costs. Contrariwise, nations through their cities, states and regions intensely contest to host these events aiming at the uncertain benefits anticipated, though the expenses related to these events are the backbone to the host nation’s quagmire (Chen, Ghirmay, Lee, Dongfang, & Chiu 2018).
1.2 An overview of the areas of the impact of hosting MSEs.

Mega events spur economic growth for the host country or city by creating a range of advantages and disadvantages in the short run and long run (Burgo & Cromartie 2016). Griffin (2015) used quantifiable and non-quantifiable elements to examine the benefits and drawbacks of hosting MSEs by exploring previous literature and are summarized in Table 2 below.

Table 2
Quantifiable and non-quantifiable advantages and disadvantages of hosting MSEs

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Quantifiable</th>
<th>Non-Quantifiable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increase in trade.</td>
<td></td>
<td>1. Increase in exports.</td>
</tr>
<tr>
<td>2. Increase in tourism and general expenditure.</td>
<td></td>
<td>2. 'Feel good factor' / local (civic) pride.</td>
</tr>
<tr>
<td>3. Creating employment.</td>
<td></td>
<td>3. Community spirit.</td>
</tr>
<tr>
<td>4. Attracting investments.</td>
<td></td>
<td>4. Legacy.</td>
</tr>
<tr>
<td>5. Increase exchange rate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Improved stock market activities.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Disadvantages                                  | 1. General impact is temporary.                                              | 1. Crowding effect on tourism.                                                     |
|------------------------------------------------|                                                                              | 2. Environment degradation.                                                        |
|                                                | 2. Overstated economic benefits.                                             | 3. Inconvenience on locals lifestyle.                                               |
|                                                | 3. Overcrowding / traffic congestion.                                       | 4. Deepening of existing social differences.                                       |
|                                                | 4. increased crime.                                                          |                                                                                   |
|                                                | 5. High costs involved.                                                     |                                                                                   |

Source: Created by student using Griffin (2015) analysis.

Table 2 above shows a consolidated guideline of the measures implemented in various studies to analyze the impact of MSEs on host nations where it was noted that in most studies, these variables have been analyzed separately and cannot prove with certainty the net effect of MSEs on host nations.

A study by Banović, Jurčić, & Petronijević (2017) analyzed the impact of MSE on the development of emerging nations of Croatia and Serbia by scrutinizing the bidding document to confirm the actuality of the projections on the economic growth pointers. The study’s aim was to provide more information to the deliberations surrounding the actual happenings on a number of failed and won bids, and on the forthcoming bids for similar sport events. In the study, the economic impact and infrastructure legacy, tourism and image promotion, social impact, and political impact were examined to provide an all-inclusive view of the impact associated with the characteristics of MSEs.
Another study by Amponsah, Ahmed, Kumar, & Adams (2018) using previous studies, highlighted that the intentions to host MSEs are diverse and included improvement in the cultural, economic, environmental setting, health and human rights, stock market price, countrywide and global coverage, advertising of state culture worldwide, economic growth, infrastructure development and image promotion, setting a legacy, city and regional advertising, and lastly, the drive to signal planning and administrative capability, economic ability, and sports supremacy. In this study, some of the negative effects of hosting MSEs comprised of paybacks being inflated while expenses are undervalued, and most importantly, host nations are seen to misinform the public raising doubt of the actual implication of the event.

Ranjan (2016) noted that the main aim of statesmen to pursue hosting MSEs is to invite additional infrastructural investment to their nation/city which include transportation, housing, telecommunication, sports, and recreational amenities to promote the place image, increase awareness of the nation’s culture, and enrich emotional commitment.

Banović et al (2017) research found out that the bidding projections were extremely overstated and even though developmental projects were undertaken, the cost-benefit realization and long-term consequence was concluded to be on the loss making side which is similar to Baade’s & Matheson’s (2016) conviction that hosting MSEs is a financial loss plan which is only beneficial in rare situations and mostly in developed countries, where still the usage of the sports amenities is not maximized resulting to introduction of huge sustenance expenses of the amenities constructed.

Using the different methods used by scholars to gauge the impact of hosting MSEs, the benefits of MSEs are categorized into six key areas, namely; economic, physical and environmental, social-cultural, psychological, political, and tourism and country image.

**Economic Impact.** The primary aim which prompts countries to intensely contest hosting MSEs are economical with emphasis on stock exchange incomes, improving the gross domestic product (GDP), creating employment and unravelling the unforeseen economic progress prospects (Li & Jago 2013). Hosting of the MSEs has been associated to increase in trade (Chalip, 2014) and overall foreign direct investment like expansion of industrial sector results from the efficacious implementation of these events (Griffin, 2015).

Despite promoting developmental activities and seen as a means to economic gain, MSEs have been confirmed to have several impediments such as inflating the benefits stated when bidding for the event, reducing expenses declared, inequality in allocating nation’s funds, abuse of societal civil rights, and re-strategizing city or national goals to fit in the requirements of the event (Boykoff, 2014; Müller, 2015; Zimbalist, 2015). MSEs utilize substantial amount of capital which is in hundreds of millions or billions of US dollars to prepare the event such as developing the
infrastructure, venues, new staff, and other expenses where the costs are directly proportional to number of stakeholders thus the higher the costs the more the stakeholders involved and the higher the chances of misappropriation of funds (Müller, 2015). The capital expenditure for MSEs is obtained from societal taxes with no input from private venture capitalists due to the non-profit making nature linked to MSEs (Zimbalist, 2015b).

Physical and environmental impact. The Olympic and FIFA World Cup are known for rapid urban development (Griffin, 2015, Ranjan, 2016, Amponsah, et al, 2018) mainly arising from the minimum requirements set down by the IOC and FIFA. The main requirements are highlighted in Table 3 below;

Table 3
Minimum requirements to host Olympics and FIFA World Cup

<table>
<thead>
<tr>
<th>Infrastructural demands</th>
<th>Olympics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. 40,000 accommodation rooms for fans.</td>
</tr>
<tr>
<td></td>
<td>2. An Olympic Village to accommodate 15,000 participants and executives.</td>
</tr>
<tr>
<td></td>
<td>3. Internal and external transportation facilities.</td>
</tr>
<tr>
<td></td>
<td>4. Specialized sports infrastructure.</td>
</tr>
<tr>
<td></td>
<td>5. Event management operations expenses.</td>
</tr>
<tr>
<td></td>
<td>FIFA</td>
</tr>
<tr>
<td></td>
<td>1. 12 modern stadiums with seating capacity of 40,000 spectators and one that can accommodate 80,000 for the opening and the last match.</td>
</tr>
<tr>
<td></td>
<td>2. Ease of transportation to and from the stadium.</td>
</tr>
<tr>
<td></td>
<td>3. Event management operations expenses.</td>
</tr>
</tbody>
</table>

Note: Created by student using information from Matheson & Baade (2016) and Matheson & Baumann (2013)

Both the IOC and FIFA affirm to be mindful of the costs associated with hosting of the respective MSEs (Matheson & Baumann, 2013) but the minimum requirements as stipulated in Table 4 are very costly to implement. For example, a full Olympic track is larger than the present soccer stadiums and it is for this requirement that Boston was unable to qualify to host the 2024 Summer Games in spite of having four large outdoor sports fields and proposed to develop a $400 million new stadium for the track and outdoor events (Matheson & Baade, 2016). The requirements stated by the IOC and FIFA World Cup improve the living conditions of the society in the long term as the facilities created such as stadiums can be used for sport development activities while the road networks and public transport enhanced by the events would reduce traffic congestion after the event.

MSEs implementers have been observed to neglect the environmental impacts especially the high quantity of carbon emissions due to the large audiences resulting from hosting MSEs, though the IOC and FIFA spearhead several environmental and social agendas that concentrate on
reducing the direct impact of MSEs to the environment and on sustainable development of the general public (Amponsah et al, 2018).

**Social-cultural impact.** Despite the importance of economic impact when hosting MSE, the society concentrates on the social impact which include better integration within the public, and heightened interest in sports (Mitchell and Stewart 2015). FIFA uses soccer as a means to achieve social development in terms of sponsoring education and improving physical health (O’Reilly et al, 2016).

Additionally, mega events have social bearing on employment, incomes and dislocation (Ernst and Young Global Limited, 2015). Moreover, MSEs improve the wellbeing of the host society through increasing the opportunities such as creation of jobs, increased income, and reduction of traffic congestion due to new infrastructure developed, increasing trade caused by increase in demand of products and services, and improving tourism which aids in increasing the total income of the nation (Ranjan, 2016).

**Psychological.** Further, non-economic goals exist and encompass of prestige (Appelbaum, 2014), “national pride, community and civic awareness and spirit, creating a legacy” (Griffin, 2015). MSEs influence better social integration within the host country (O’Reilly et al, 2016) for instance, the MSEs prompt people from different social divides to join together and support their country building team spirit thereby, improving the community relations between them. A study conducted by the London School of Economics showed that the 2012 Olympics held in London caused a significant increase in happiness among the London population (LSE, 2016).

**Political.** Grix, Brannagan & Houlihan (2015) describes the influence of the MSEs in the political plan of countries with diverse processes. Countries have adopted the hosting of MSEs to showcase to the world a change in the political climate so as to enhance the perception of its image, among the countries that have implemented this strategy are South Africa and China. In South Africa, the hosting of the soccer World Cup in 2010 was a way of eliminating the widely known notion of racism in the country where studies have indicated that the sport was selected due to its rigid history relating to racism (O’Reilly et al., 2016)), and in China, the Olympic Games of 2008 was partly to present the democracy in the country after the happening of events that indicated lack of political goodwill from the leadership through confinement of political activists.

Mega-events epitomize an unexpected interference into host community, (Grabher & Thiel, 2014) that distorts the economic, political and social interactions of the nation and usually directed at benefiting the selected key stakeholders (Müller, 2017). According to Taks, Green, Misener, & Chalip (2014), the success of an event depends on the hosts’ ability to integrate other strategic means with the advantages of the event to accomplish particular objectives and not to use it as a solution on its own. Likewise, Griffin (2015) states that commercial sustainability of the
created infrastructure in the host city is possible when the creation is assimilated into the hosting country’s economic agenda and a strong development plan for the host city established.

In developed countries, most of the infrastructure to host the events is presently in existence as opposed to developing countries where much of the required infrastructure has to be constructed and thus it is easier for developed countries to host MSEs than developing countries. Baade & Matheson (2016) claim that apart from the logical explanation of the economic benefits perceived from these events, the viewed progress after the occurrence is very low compared to the projected benefits. Zimbalist (2015) extrapolates that scrutiny of after event outcomes have not been able to provide proof of enduring financial gains generated from the happening of these major event.

**Tourism and country image.** Destination marketing firms, local mega-event planning boards, other linked commissions and involved parties administer the intricate mission of planning the MSE (Werner, Dickson & Hyde, 2015). Unlike types of events are fused into marketing strategies for destination awareness where the MSEs are recognized as an exclusive model to draw the attention of tourists resulting from the incomparable characteristic of promoting beyond the norm (O’Reilly, et al., 2016).

The occurrence of the major sports events initiates upgrading of hotels, attractions sites and infrastructure to these destinations where doubts in regaining the investments is highly debated (Stewart, 2014). MSEs are observed to be an opportunity for the country to make known its natural environment to the international guests, the soccer World Cup of 2010 in South Africa received around 400,000 world-wide travelers, and the 2008 Olympic Games attracted 6.5 million tourists and an estimated 400,000 international tourists whom are supposedly presumed to have financially contributed significantly to the city (O’Reilly, et al., 2016).

Moreover, according to Griffin (2015), long lasting benefits such as increased tourism is expected from hosting of MSEs though other studies indicate the increase is temporary. Meurer & Lins (2017) reviewed the international travel receipts in Brazil to gauge the waves prompted by hosting of the 2014 soccer World Cup and the 2016 Olympic Games where the two scholars found out that both events spurred international travel into the country during the time of the event but the upsurge declined within two months after the occurrence of the event. The study indicated that the football World Cup led to a rise of around 50% in international travel receipts within the two months period of the event whereas, 28% upsurge was noted throughout the period of the Olympics. The research checked the number of receipts for the succeeding two months after the events and noted a decline within the first month and a null effect after the second month signaling the rise in international travel into Brazil was temporary. The benefits and drawbacks of MSEs are summarized in table 4 below;
Table 4  
*Summary of benefits and drawbacks of hosting MSEs*

<table>
<thead>
<tr>
<th>Impact</th>
<th>Benefits</th>
<th>Drawbacks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>(i) Upsurge in economic undertakings.</td>
<td>(i) Huge capital required.</td>
</tr>
<tr>
<td></td>
<td>(ii) Creation of employment.</td>
<td>(ii) Increase in public debt.</td>
</tr>
<tr>
<td></td>
<td>(iii) Rise in labour supply.</td>
<td>(iii) Possible tax increase.</td>
</tr>
<tr>
<td></td>
<td>(iv) Improved living conditions.</td>
<td>(iv) Other more rewarding investments.</td>
</tr>
<tr>
<td></td>
<td>(v) Increase in income.</td>
<td>(iv) Underestimation of event expenses.</td>
</tr>
<tr>
<td></td>
<td>(vi) Donations from event organizers</td>
<td>(v) Increase in maintenance costs.</td>
</tr>
<tr>
<td>Physical and</td>
<td>(i) New and upgraded sports facilities.</td>
<td>(i) overcrowding.</td>
</tr>
<tr>
<td>Environmental</td>
<td>(ii) Improved local infrastructure.</td>
<td>(ii) Underutilization of created facilities.</td>
</tr>
<tr>
<td></td>
<td>(iii) Improvement in industrial pollution.</td>
<td></td>
</tr>
<tr>
<td>Social-Cultural</td>
<td>(i) Heightened interest in the sports associated with the event.</td>
<td>(i) Possible increase in crime.</td>
</tr>
<tr>
<td></td>
<td>(ii) Spread of sports opportunities among the youth such as elite sports.</td>
<td>(ii) Society displacement.</td>
</tr>
<tr>
<td></td>
<td>(iii) Memorable experience.</td>
<td></td>
</tr>
<tr>
<td>Psychological</td>
<td>(i) Improves social collaboration.</td>
<td>(i) Corruption.</td>
</tr>
<tr>
<td></td>
<td>(ii) Increase in national pride.</td>
<td>(ii) Justification of change in political climate.</td>
</tr>
<tr>
<td></td>
<td>(iii) Happy and stress-free feeling during event.</td>
<td>(iii) Lack to accomplish objectives.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(iv) Modification of host's values to reflect international standards.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(v) Alteration of national strategy to incorporate the high requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>of the events.</td>
</tr>
<tr>
<td>Political</td>
<td>(i) Demonstration of effective planning, administration and execution of</td>
<td>(i) The marketing could be to benefit a few and not the host nation.</td>
</tr>
<tr>
<td></td>
<td>projects.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(ii) Increase in international partnerships</td>
<td></td>
</tr>
<tr>
<td>Tourism and Country</td>
<td>(i) Advertising of environment.</td>
<td></td>
</tr>
<tr>
<td>Image</td>
<td>(ii) Increase in tourism during the event.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iii) Knowledge of international visitors expectations.</td>
<td></td>
</tr>
</tbody>
</table>

1.3 Determinants of hosting MSE and their impact on the hosts’ decisions.

Many studies have been conducted to scrutinize the effect of MSEs on hosting nations using various measures and the research noted that the measures are related. Table 5 below summarizes some of the previous empirical studies.

Table 5
Overview of previous empirical studies

<table>
<thead>
<tr>
<th>Researcher+ M2:RS</th>
<th>Type of MSE analyzed</th>
<th>Period analyzed</th>
<th>Method Applied</th>
<th>Criteria</th>
<th>Important factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Griffin (2015)</td>
<td>Summer Olympics, Winter Olympic and FIFA World Cup</td>
<td>A seven year duration was surveyed which encompassed of 3 years before the event, the year of the event, and 3 years after the event</td>
<td>Ordinary least squares regression</td>
<td>Status of development of nation (developed versus developing nations), gross domestic product (GDP), size of population, savings rate, inflation rates, interest rates, and type of MSE gauged against the impact of capital deployed represented by cost and financial income.</td>
<td>The economic variables that were found to have an influence on cost of the MSE consisted of status of development of nation, size of population, savings rate, inflation rates, interest rates, and type of MSE whereas those that had an impact on income comprised of status of development of nation, size of population, and savings rate.</td>
</tr>
<tr>
<td>Ranjan (2016)</td>
<td>Various</td>
<td>Various</td>
<td>The study utilized purpose sampling method to search the germane studies that explored the environmental, economic and social effects of MSEs</td>
<td>Financial, social, political, tourism, country image, and physical elements of the hosting nation’s economy. Other detailed inquiry among the studies analyzed included creation of employment, number of international guests, continual use of constructed facilities, national economic impact, extent of media coverage, and optimistic public perception.</td>
<td>Financial, social, political, tourism, country image, and physical elements of the hosting nation’s economy</td>
</tr>
<tr>
<td>O’Reilly, Armenakyan, Lu, Nadeau, Heslop, &amp; Cakmak, 2016</td>
<td>Olympics and FIFA World Cup (2008 Beijing Olympics in China &amp; 2010 FIFA World Cup in South Africa)</td>
<td>During event occurrence</td>
<td>Intercept-surveys in high traffic tourist areas of the host country, exploratory factor analysis with principal axis, independent T-tests, Four way ANOVA factoring and promax rotation,</td>
<td>Country image (Country character, country and people competence, evaluation of people and country, and people character), destination image (Built environment beliefs, evaluations of destinations, natural environment of country, and travel intentions), and mega event image (MSE evaluation, experiential beliefs, intentions, logistics beliefs, and security beliefs.</td>
<td>Type of event where Olympics was rated higher than FIFA World Cup. Security concerns</td>
</tr>
<tr>
<td>Meurer &amp; Lind (2017)</td>
<td>Olympics and FIFA World Cup</td>
<td>Trend of number of international travel receipts in Brazil</td>
<td>International travel receipts in Brazil</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Based on the sources provided in the table
Table 5
Overview of previous empirical studies (Cont.)

<table>
<thead>
<tr>
<th>Researcher</th>
<th>Type of MSE analyzed</th>
<th>Period analyzed</th>
<th>Method Applied</th>
<th>Criteria</th>
<th>Important factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banović, Jurčić, &amp; Petronijević (2017)</td>
<td>Croatian bidding committee for the European football championship of 2012, 2009 World Handball championship in Croatia and Serbia.</td>
<td>2009 &amp; 2012</td>
<td>Scrutinizing the bidding document against actual economic growth pointers. Ex ante analysis and ex post evidence were also examined</td>
<td>Economic impact and infrastructure legacy, tourism and image promotion, social impact, and political impact.</td>
<td>Employment, spending of spectators, infrastructure regeneration, bidding cost and total expenditure, population perception of the event, support from leadership and bonding with neighboring countries, media coverage, number of visitors, prompted by event, spending during event period.</td>
</tr>
<tr>
<td>Scandizzo &amp; Pierleoni (2017)</td>
<td>Olympics</td>
<td>Various</td>
<td>The input-output (I-O) method and the computable general equilibrium (CGE)</td>
<td>Cost benefit analysis, ex ante and ex post analysis.</td>
<td>Ex post cross-country econometric studies tend to catch sizable differential and persistent benefits ignored by individual studies, especially on macroeconomic and trade variables.</td>
</tr>
<tr>
<td>Takongmo, C. O. M. &amp; Yao, K. (2017)</td>
<td>Olympics</td>
<td>1967 - 2015</td>
<td>OLS de-trending method with fixed effects &amp; difference-in-difference technique</td>
<td>Any linear trends in the GDP of the dataset is removed by de-trending and obtaining the residual values of GDP. Each of the seventeen countries studied is matched with a new country similar to its GDP and close in geography, for comparison of the GDP.</td>
<td>GDP</td>
</tr>
<tr>
<td>Matheson &amp; Baade (2016)</td>
<td>Olympics</td>
<td>various</td>
<td>Cost benefit analysis</td>
<td>Cost side - general infrastructure such as transportation, housing, sports infrastructure, operational costs, and security costs. Benefits - visitors spending, improvements in infrastructure, increased trade, foreign investment, number of tourists, civic pride.</td>
<td>General infrastructure plus costs, visitor spending, increased trade, foreign investment, number of tourists, and civic pride.</td>
</tr>
</tbody>
</table>

Source: Based on the sources provided in the table
From Table 5 above, different scholars have used different methods to analyze the economic impact of hosting MSEs, where no specific way can be confirmed to be the correct method since the impact of a MSE is very wide in scope due to the varied consequences for economic action, financial administration and constant economic competitiveness (Ernst and Young Global Limited, 2015).

The scrutiny of the empirical studies could not generalize the approaches to find the best standard approach to evaluate the impact of hosting MSEs, but the findings showed that different scholars applied varying approaches to analyze the economic sway of the hosting nations by incorporating similar variables relating to economic assessment such as economic/financial, social, political, tourism, country image and physical elements of the hosting nation’s economy, similar to Ranjan’s (2016) study which focused on surveying the various evaluation methods used by different scholars in their quest to analyze the impact of MSEs on hosting nations.

According to Global Sports Impact Survey (2014), no universal acknowledged method of analyzing the benefits of hosting major sporting events exist, each country applies its best suited method, and also, no standard has been developed to be able to compare different MSEs (Ranjan, 2016). The direct financial impact of MSEs is computed by approximating the number of visitors to the event, the duration of stay, and the amount spent per day by each visitor, but the long-term consequence is intricate to quantify attributed to the complexity in approximating opportunity cost (Ernst and Young Global Limited, 2015).

**Economic indicators.** Previous literature has shown that the impact of MSEs on the host countries are generalized to the six factors namely economic, physical and environmental, socio-cultural, psychological, political, and tourism which includes place image.

From the economic perspective, the costs associated with MSEs are enormous and have been considered in a number of studies to be of high significance in evaluating the impact of MSEs as these costs could be used to undertake other economic developmental activities such as increasing educational facilities, health facilities, creating employment, among others which greatly stimulate economic growth of a nation or city (Griffin, (2015), Ranjan, (2016), Banović et al, (2017), Osada, Ojima, Kurachi, Miura, & Kawamoto, (2016)). In various studies analyzing the impact of MSEs on economic growth, gross domestic product (GDP) has been used to represent economic growth (Osada et al, (2016), Takongmo & Yao (2017)) and thus an accepted economic indicator affected by MSE.

One of the benefits of MSEs is to create international awareness of the nation/city and signal trade openness where several host nations have been noted to implement policies that indicate trade liberalization immediately after being chosen to host a MSE. The disclosure of Barcelona to host the Olympics in 1992 led to Spain complying with the European Economic
Community in 1986, and these economic partnership agreements (EPAs) and free trade agreements (FTAs) augment economic efficiency in the long-term by encouraging trade and investment flows especially with the assurance of enduring pledge to global candidness prompted by the MSE hosting (Osada et al, 2016). Foreign direct investment (FDI) is a result of attracting foreign companies to create domestic affiliates in hosting countries by contributing capital inflows in operating countries and acquiring control on the local subsidiaries (Xu, 2014) and hence is an economic indicator influenced by hosting MSEs. Trade (which includes exports and imports) and FDI are affected by other factors not related to MSEs, though these events indirectly provide a substantial boost to these indicators which in turn promote economic growth. In Bruckner and Pappa (2015) study, MSEs were found to improve GDP through trade openness.

Using Griffin’s (2015) study, the status of development of a country was found to have an effect on both the cost of the event and the income from the event. In Takongmo & Yao (2017) study, mixed results were found for developing and developed countries which indicated that MSEs have a positive effect on economic growth of developing countries while negative effect on the economy of developed countries. Consequently the status of development of a nation would be a good economic indicator of the impact of MSEs on host nations.

Social factors which include employment, income, human rights violations such as displacement, deaths caused by the MSE, the perception of the event, increase in tax rates are important factors to consider when evaluating the economic impact of MSEs. The rate of unemployed populace in a nation is vital in determining the economic growth as this rate negatively affects the productivity and output of a nation. During preparation of MSEs, an increase in employment has been observed in all host nations due to the numerous developmental activities experienced though temporary and the maintenance of infrastructure and facilities created need to sustain and promote employment through the increase in sports interest, widening of sports prospects and related activities.

The political side associated with the event is important understand the background surrounding the hosting of the event. MSEs are used for rapid development at the expense of the tax payer where the leadership of a nation/city would implement with the aim of diverting large sums of money to a specific minority group through tenders related to preparation of the events. Due to the enormous funds involved, high corruption has been noted related to MSE where the exact expenses of most MSEs are not clear providing leeway for huge sums of money to be diverted to benefit a few especially the leadership who highly followed through the bidding to being awarded the opportunity.

To summarize, MSEs have been characterized to consist of events that occur within a set period of time and managed by international organizations with the aim of progressing the economy
of the host nation by exposing that nation to the international hemisphere. The Olympics and World Cup were found to be the main MSEs valued globally with the intention of rapid development and long-term economic growth. However, the notion of economic development has not been showcased by any of the host nations questioning the goal behind enormous funds used to undertake the events.

Many researchers have examined the impact of these events by looking at various factors that elaborate the tangible and intangible benefits expected which are grouped into the six key areas of impact explained by economic, physical and environmental, socio-cultural, psychological, political, and tourism and country image. Scholars have used different ways to analyse the impact of these events but no standard way has been confirmed to be able to provide concrete information regarding these events. Among the critical factors that have been applied in previous studies include analyzing the costs surrounding these events, macroeconomic variables namely GDP, unemployment rate, exports, number of tourists and their expenses. Factors revolving around the social and political impact have also been noted to be important in evaluating the impact of these event.
II. ANALYSIS OF PREVIOUS CASES OF HOSTING MSE’s AND THEIR ACTUAL ECONOMIC IMPACT

2.1 Research Design

**Background.** Many countries bid to host MSEs by postulating positive views towards economic growth using ex ante studies on economic growth to provide the funding authorities and public referenda with evidence supporting expenditure in the event, though these studies have been observed to positively sway the media and related partners that the event is valuable to the local and national economy through financing itself or via increase in tax (Maennig, 2017). Conversely, sports analysts have not found any connection between the ex-ante view stated and the actual impact observed in relation to economic growth confirming that the ex post results prove non-existence of perceived economic progress from hosting the MSEs, and instead of examining these findings in detail before embarking on this uncertain investment, nation’s/cities continue to put their efforts towards bidding for the MSEs because of the guarantee of international publicity and alleged improvement in economic standing (Griffin, 2015). According to Amponsah et al, (2018), MSEs are funded based on the nation’s/city’s honor to display its interest in sports and neglecting the importance of the economic progress behind the huge costs incurred.

The substantial funds utilized in undertaking these events could be placed on more promising and assured projects that promote the economy of a nation or city. The direct financial benefit achieved from the short duration of these events is far too low compared to the expenditure input related to these events and hence the long-term advantages are the most important in ensuring economic progress. Precise measurement of the total economic impact is a complex undertaking especially the long-term effect, and therefore it is necessary for host country’s leadership to seek the hosting of these events with an economic growth perspective where the investment and anticipated benefits are assimilated to the prevailing developmental goals to capitalize on the opportunity of these events so as to be part of the production dimensions and economic advancements abilities of the nation or city (Ernst & Young Global Limited, 2015).

**Goal of the field analysis.** The objective of the field analysis is to consolidate both the short-term and long-term benefits actualized, plus the drawbacks encountered on cities/nations that have hosted recent MSEs with emphasis on Olympic Games and FIFA World Cup to identify the bottlenecks that need thorough consideration before attempting to implement this highly risky venture so as to ensure the opportunity provided by hosting the MSE is magnified.

**Research method/tools.** The study implemented the use of mixed methods which include both qualitative and quantitative approaches to measure the impact of MSEs on the economy of the host nation. The qualitative aspect relied on previous literature relating to the objectives of the study.
and the quantitative method made use of data from the World Bank indicators website which provides approved statistics on various macroeconomic variables required in the study.

To begin with, the study used a case study approach to deliver a cost benefit analysis of the MSEs selected in the study on an ex ante and ex post impact of the games similar to approach applied in Scandizzo & Pierleoni (2017) study by using the main six factors impacted by these events as noted in previous research undertaken by Ranjan (2016) and Griffin (2015) namely economic, physical and environmental, social, psychological, political, and tourism which include country image. Next, to provide a better and more advanced analysis, the study implemented a trend analysis method as used in Osada et al, (2016) study

**Research Scope.** The study examined *four recent MSEs* that complied with the criteria of the period to be checked to provide an updated view of the impact of MSEs based the methodology used in this research. Two MSEs from the Olympics and the other two from the FIFA World Cup were seen to be capable of delivering a suitable evaluation basing on the notion expressed by O’Reilly et al, (2016) that these two types of MSEs have varying influences on economic impact of the host nation. In addition, the key similarity of the Summer and Winter Olympics and World Cup’s is the desire to achieve international recognition and influence while the major difference is that, the Olympics is a competition in various sports between best players of specific age and physical status whereas the different World Cup’s is a tournament between the world’s best players (Chukwuebuka, & Chinedu, 2014) and FIFA World Cup was chosen for its wider spread influence globally than the other types of World Cups such as Rugby World Cup, Cricket World Cup, among others. By combining Griffin’s (2015) claim that the status of development of a country has an effect on both the cost of the event and the income from the event, and Takongmo & Yao’s (2017) study, which articulated mixed results for developing and developed countries, the study applied the same concept in selecting the two MSEs from each type of MSE and consequently chose the *2006 Winter Olympics held in Italy, the 2008 Summer Olympics held in China, the 2006 FIFA World Cup held in Germany, and the 2010 FIFA World Cup held in South Africa.*

The period analyzed was based on the study by Takongmo & Yao (2017) where *9 years before the MSE and 10 years after* the event was considered for both the Olympic Games and FIFA World Cup Games. The range of data used in the study aimed at investigating the impact of the MSEs on host countries from the time of conceptualizing the idea and bidding represented by 2 years before being chosen to undertake the event, being selected represented by 7 years before the event, the event occurrence period which is the year of the event, the short term impact represented by 1 year after the event, medium term impact represented by 5 years after the event and long term impact looked at 10 years after the event. Notably, The 2010 FIFA World Cup in South Africa and the 2008 Olympics in China do not meet the criteria for 10 years after since the macroeconomic
variables for these events will not be available from the reliable sources used in the study but they have been selected because they best fit the criteria for choosing the recent developing nation that has hosted a MSE.

Further, using the trend analysis and cost benefit analysis on the ex-ante and ex post periods of the selected events, the actual benefits and drawbacks of these MSEs will be highlighted with the key agenda of proposing actions that will maximize the benefits and reduce or eliminate drawbacks identified.

2.2 Case studies of the selected MSEs

2006 Winter Olympics in Turin, Italy. The MSE was the first to be held in a large city serving over 900,000 residents, where best scores in the number of contestants and in turn National Olympic Committees (NOCs) was observed in addition to the highest number of NOC’s that acquired medals (Olympic website, 2018).

With an initial budget of 500 million euros, the MSE costed 3.5 billion euros distributed as 1.5 billion euros in administration expenses and more than 2 billion euros in sports amenities where the Italian government contributed the most, with contributions from municipality of Turin amounting to 200 million, private investors at 300 million, and 159 million from organizations and authorities (Pastorelli, 2014). The infrastructure developments related to the event included the road, railway connections, and the city’s airport and aimed at developing the Piedmont area of Turin from an industrial setting to a tourist destination with competitiveness of other well-known cities such as Florence and Rome in addition to being a commercial centre (Huus, 2016; Daneo, 2014). In spite of the progress made in improving the city, the direct income from the event which included TV rights, sponsorship, ticket sales, among others was below one billion euros (Daneo, 2014).

The leadership of Turin took advantage of the MSE to administer, organize, and fast-track the implementation of prior plans of developing the city as stated in its strategic plan, that is, transforming the area to an international environment through developing the city’s facilities and then advertising the region (Fonio & Pisapia, 2014). According to Pastorelli (2014), public referenda was encouraged by the media which is managed by the political group hence only explaining the benefits prompting the minority populace of the mountain recreation facilities to easily accept by anticipating financial benefit. More, during preparation of the events, the city advanced it security monitoring systems and local mountain communities complained of not being involved in this resolution portraying the importance of including the residents on security upgrades instead of enforcing it (Fonio & Pisapia, 2014).

One of the major setback from the event was the creation of White Elephants, whereby, after 4 years, in 2010, the Ex Olympic village developed for the participants was neglected and
abandoned as shown in figure 1 below (ABC News, 2018). Later in 2014, the “$100 million luge and bobsled track” constructed specifically for the Turin Games was dismantled due to high maintenance expenses amounting to 2.2 million euros per year for the bob run and 1.5 million euros for the ski jumps as these games were not widely practiced in the country (USA Today, 2014; Pastorelli, 2014).

Several challenges were noted before and after the event, though benefits were clear as the MSE was provided an opening to promote the mountain hotels in the Susa and Chisone valleys where majority of the games were scheduled apart from the advertising the city of Turin (Pastorelli, 2014). Other benefits encompassed increased viewing of the events via advancements in video coverage of the games which expanded to 18 nations in 5 continents and an increase in fans following up on the results of the games on www.torino2006.org website which recorded more than 600 million page views (Olympic website, 2018).

2008 Summer Olympics in Beijing, China. The MSE costed as estimated $44 billion and represented a great celebration for the nation after 30 years of successful economic growth where the China regime constructed an extraordinary national sports ground labelled “the bird’s nest” as and upgraded several arenas, training facilities, the main airport situated at its capital, and the city’s road network (Huus, 2016). The National Swimming Centre recognized as the “Water Cube”, presented striking venues and the MSE used the cycling competition to showcase the history of the city by passing along the Great Wall and the “Forbidden City” (Olympic website, 2018a).

O’Reilly et al, (2016) noted that the inspiration to hold the event was to change the perception of the international community in three ways, firstly in terms of human rights abuses associated with the current regime where political advocates were detained, secondly, in regards to the environmental concerns caused by high pollution rate, and thirdly, being among the largest manufacturers of products worldwide, alarms associated with the quality of its products had been questioned so it became necessary to undertake robust arrangements to boost the country’s image in the global business platform.

The venues of the MSE were incredible and the administration of the activities was admirable with the opening ceremony being the most memorable consisting of four hours of remarkable fireworks and tens of thousands of performers assessed to cost over 100 million dollars converting the model of the MSE to a gigantic festival with brilliant building structures and showbiz (Huus, 2016, Olympic website, 2018a).

The MSE was characterized by 37 venues, 6 situated outside Beijing, in Hong Kong, Qingdao Tianjin, Shanghai, Qinhuangdao, and Shenyang, and among the 31 in Beijing, 6 were in universities to be used by student when the event ended (Olympic website, 2018a). 4.7 billion Fans viewed the event, which indicated almost 70% of the globe’s habitants and showed an increase of
20% from the previous Summer Olympics that occurred in Athens mainly facilitated by the large populace of China (Pop, Kanovici, Ghic, & Andrei, 2016) and outstanding performances were observed from the participants having exceeded 40 world and 130 Olympic best scores (Olympic website, 2018a).

Numerous setbacks were seen from the event, where although the event attracted 6.5 million tourists with an estimated 400,000 coming from outside China (O’Reilly, 2016), the city of Beijing experienced a decrease in hotel reservations during the occurrence of the MSE (Griffin, 2015), expressing some high degree of the crowding effect caused by the games. Also, condemnation surrounding the elimination of hoary localities and displacement of its respective occupants was noted, in addition to the doubt in the declaration of profit from the event by the city’s organizers (Huus, 2016).

Better-quality air has positive effect on the society’s mortality rate (He, Fan, & Zhou, 2016), and Chen et al. (2013) articulated that the China regime enriched its air quality policies during the event period although there was no sustenance to the implementation of these policies as they declined immediately the event was over, showing that the policies were short-lived and a cover up to the actual continuation of environmental degradation by the country.

In the same line, Beijing city is slated to host the Winter Olympics in 2022 (Baade & Matheson, 2016), and during its bid to host the Winter Olympics in 2022, voter protesters were against China claiming no improvement to the human rights upheaval was noted after the Summer Olympics Games in 2008 but Beijing still won the bid based on the assurance to minimize high air pollution in the city (Phillips, 2015). Advancements to improve the air quality in the region after the Summer 2008 Olympics included removal of one million automobiles for its roads (Phillips, 2015), enhancement of its coal-fired heating methods and closing down the high pollution systems influencing other surrounding cities like Tianjin and Hebei to implement related actions aiming at assisting Beijing to win the 2022 Winter Olympics (Xinhua, 2015).

2006 FIFA World Cup in Germany. The MSE increased the benchmark for hosting FIFA World Cup by utilizing almost 4 billion dollars in creating state of the art stadiums and amenities including other costs associated with the event (Ward, 2018). The amount spent on sport facilities was estimated at 2 billion in which five new stadiums were constructed and seven existing stadiums renovated and upgraded (Humprey, & Fraser, 2016, Muller, 2017). As opposed to other host nations, in Germany, private companies contributed significantly to the construction of these stadiums.

The MSE produced high income for sponsors through products merchandises and ticketing sales amounting to 3 billion dollars (Raza, 2018). Large numbers were observed during the matches resulting to a total of 3.36 million viewers at the stadiums (Viana, Barbosa, & Sampaio, 2018)
The 2006 World Cup in Germany was commended to have been a successful project due to the increase in tourists expenditures estimated at 400 million dollars at the period of the event and creation of over half a million jobs during the ex-ante period up to the time of the event indicating only short-term job creation (Raza, 2018). Moreover, long-term positive effect of the games were noted in Cologne city acclamation an upsurge of over 7% in foreign guests (Raza, 2018).

MSEs have high negative impact on the environment of the host city, in terms of amount of garbage generated, air pollution caused by transportation systems, and augmented use of natural resources in the development of structures but Germany’s actions towards these challenges were much admired. Air pollution was maintained by providing ‘free’ transport to fans through using the same ticket for the stadium entrance, to reduce energy and water utilization, the stadiums were fitted with solar power gadgets and rain water gathering mechanisms, and carbon dioxide was managed by the FIFA’s carbon reduction Programme (ET, 2018; Staab, 2018). All these were directed towards long-term maintainability of the infrastructure created and protection of the environment (Staab, 2018).

2010 FIFA World Cup in South Africa. The 2010 FIFA World Cup in South Africa costed approximately a total of 3.9 billion dollars and spending between 1.3 billion and 2 billion dollars in constructing 5 new sports grounds and upgrading 5 existing stadiums (Pop, Kanovici, Ghic, & Andrei, 2016, Muller, 2017). The MSE aimed at improving the identity of the nation by confiscating the apartheid rule perception of previous political regime through inviting the world to showcase political development in terms of inclusion of everyone (O’Reilly et al, 2016) and further, other scholars have related the event to reducing poverty (Muller, 2017). Chukwuebuka & Chinedu (2014) stated that the event made Africans generally happy since the event was happening for the first time in Africa continent.

The event initiated high spending in hotel facilities and in improving the transportation network within the hosting city thereby providing the opportunity to advertise the accomplishments and exquisiteness of the nation to the worldwide network where the event attracted nearly 400,000 foreigners to the host nation (O’Reilly et al, 2016). Furthermore, according to a report by the United Nations World Tourism Organization (UNWTO) in 2015, the number of international guests in South Africa increased during the ex-ante and ex-post periods of the MSE, specifically, four years before the event approximately 5 million guest were received as compared to four years after the event when an estimated 9.5 million guests travelled to South Africa.

Muller (2017) noted that the stadiums cost went beyond the bidding approximations by more than ten times. In 2004, the FIFA Inspection Group proposed upgrades to only three stadiums, the DHL Newlands Stadium in Cape Town, the Ellis Park Stadium in Johannesburg and the King’s Park Stadium in Durban, but the nation went on to construct 5 new stadiums, Nelson Mandela
Bay Stadium in Port Elizabeth, Moses Mabhida Stadium in Durban, Mbombela Stadium in Nelspruit, Cape Town Stadium in Cape Town and the Peter Mokaba Stadium in Polokwane and refurbishment upgrade another 5 stadiums, First National Bank Stadium, Ellis Park Stadium, Royal Bafokeng Stadium, Free State Stadium and Loftus Versfeld Stadium (Humphrey, & Fraser, 2016) explaining the extreme cost overrun by the national event organizers and misallocation of public resources since all stadiums are publicly owned, private investors expressed worry to the long-term profitability of the stadiums after the event hence avoided the high risk of maintenance and operational costs (Muller, 2017).

Numerous challenges have been associated with the event. A study by Humprey, & Fraser (2016) on the utilization of these stadiums show very low usage during the ex-post period leading to the “White Elephants” dilemma hence the event has been seen to cause negative legacies especially with the increase in debt. The misappropriation of funds has led to serious financial breakdown and economy stagnation caused by unmanageable consumption due to deteriorating production and attributed to scarcities in local supply prompting increase in unmaintainable importation heightening the risk of more foreign debts (Chukwuebuka & Chinedu, 2014).

The event did not aim at improving the quality of life of people, it focused on elevating the rich as the poor who represent the highest portion in the nation did not benefit or are not benefiting from the consequences of the event. The goods and services delivered during the games were provided by those who were connected to FIFA and the infrastructure developed is not used by the high unemployed working population as these facilities like rail, road require funds which is not available to the poor leading to acrimoniousness among the wider populace in regards to the event./ (Chukwuebuka & Chinedu, 2014).

Another setback noted from the MSE was the increased pollution caused by the event which was neglected where the event produced an estimated 2.75 million tons of carbon dioxide which when compared to other similar events, it was ten times that of Germany in 2006 and twice as much as the Beijing Games in 2008 (Amponsah et al, 2018).

2.3 Analysis of the macroeconomic impact of hosting MSE in the selected countries

Effective measuring of a nation’s economic growth indicators is one of the most reliable ways in which a nation can accurately confirm with certainty its economic standing. MSEs have been known to cause economic hardships to host nations influencing many countries presently to shy away from hosting of the events.

The study analyzes the trends in GDP, FDI, unemployment rate, exports, imports, inflation, and number of tourists and their expenditures to evaluate in financial terms whether hosting of the
respective MSEs had a significant financial influence to the economy of each nation checked on an ex-ante and ex post period of the event.

**Figure 1. Analysis framework of macroeconomic variables**
*Source: Created by student on MS PowerPoint using Takongmo & Yao (2017) approach*

**GDP trend.** Graph 1 below displays the trends in GDP of the various nations. The GDP of Germany was at 2 trillion dollars during the planning and bidding phase, then rose gradually during the preparation stage to reach a high of 3.8 trillion dollars by the time of the event in 2008, thereafter, the GDP was seen to slightly vary at this new level all through the short-term, medium-term, and long-term periods indicating stability at a higher level than the position it was during the inception of the MSE as described by stage 1.

The GDP of Italy was constant at the time of stage 1 and part of stage 2, then began to rise marginally 4 years before the event occurrence from a low of 1.3 trillion dollars to 1.9 trillion at the time of the event in 2006, then it rose slightly during the short-term, then stabilized at the 2 trillion mark during the medium-term and long-term.

During stage 1, the GDP of China was at around 1 trillion dollars and showed steady growth throughout the 5 stages of the analyzed period with most progress observed from 3 years before the event year where it reached 4.6 trillion dollars and more upsurge was seen after the event. In the short-term, the GDP slightly passed the 5 trillion dollar mark, and by the medium-term, the GDP had doubled to nearly 10 trillion dollars. In the long-term China attained a GDP of over 12 trillion dollars which was an outstanding performance in economic growth.

South Africa’s GDP trend generally shows very little growth compared to the rest of the countries analyzed despite tripling its GDP during the ex-ante period by moving from 122 billion
dollars in stage 1 to 375 billion dollars at the time of the event. In the short-term, the GDP increased to 417 billion dollars, after which, the GDP declined during the medium term to a low of approximate 300 billion dollars, but in the beginning of the long-term period, an increase in GDP was observed.

Graph 1  
*GDP trends before and after the MSE*

![Graph showing GDP trends](image)

*Note: Created by student on MS Excel using World Bank data*

**FDI trend.** Graph 2 below shows the respective trends in FDI for the four nations being checked. A steep declining trend in the FDI for Germany was observed at the time of stage 1, moving to the announcement of the event, then a temporary low increase after the year of announcement, but then a high increase noted 4 years before event which then declined slightly the year preceding the event to reach 98 billion dollars at the year of the event. In the short-term, the FDI was constant and during the medium-term, surges were observed though settling at slightly lower than the 100 billion dollars mark. In the long-term, the movements in GDP continued and by 2017, it was at the 129 billion mark nearing the amount of FDI at the beginning of planning to host the MSE.

By the time of planning and bidding, Italy showed marginal fluctuation in FDI proceeding to the preparation period at an average of 10 billion dollars and rose 3 years before the occurrence of the MSE to attain a high of 59 billion dollars at the year of the event. In the short-term, the FDI doubled to 120 billion dollars, then decreased to reach 50 billion dollars by the medium-term. In the long-term, FDI reduced to lows of 7 billion dollars similar to the value of FDI amount during planning and bidding.

In China FDI was estimated at 5 billion dollars during planning and bidding period, then rose to 10 billion dollars in the year of being selected to host the MSE, where it fluctuated during
the period of preparation and reached 57 billion dollars by the year of the event happening. 1 year before the event was when a high increase in FDI was observed. FDI declined during the short-term period but by the medium-term period, it had increased to 73 billion dollars, thereafter, a steep rise was observed during the long-term to 216 billion dollars in the year 2016 but declined again to 102 billion dollars the following year.

In South Africa, the FDI trend did not indicate any significant movement in the ex-ante and ex-post periods when compared to the other nation’s FDI variations, though moderate increase was noted 4 years before the event where it rose from 1 billion to 6 billion dollars which then declined to less than zero at the time of the event and remained constant by the short-term period. Upsurge was later observed during the medium-term period to reach a high of 8 billion dollars, and then, rose and fell to a low of 4 billion and a high of 7 billion in the long term.

Graph 2
*FDI trend before and after the MSE*

![Graph showing FDI trends](image)

**Note:** Created by student on MS Excel using World Bank data

**Unemployment trend.** In Germany, the rate of unemployment wavered from 9% during the planning and bidding stage, to a low of 8% and a high of 11% during the preparation stage and then back to 8% at the time of the event. The unemployment rate remained constant in the short-term, and then declined gradually during the period of medium-term and long-term to reach low levels of 5% and 4% in that order.

In Italy, the rate of unemployment was at 12% during stage 1 and remained constant until the beginning of stage 2 where it decreased marginally to reach 7% at the time of the event, then to 6% in the short-term. In the medium-term, consistent rise in unemployment was seen to reach 8%,
after which the rate continued to increase in the long-term to a high of 13% and lastly, stabilizing at 12%.

In China the announcement to host the event marginally increased the rate of unemployment from 3% to 4%, and then the rate remained constant all through the preparation stage, the year of the event, the short-term period, medium-term period, and long-term period.

In South Africa, the unemployment rate was rose during stage 1 to 27%, and then declined moderately to reach 25% at the time of the event, thereafter, the rate of unemployment remained constant during the short-term and medium-term, but rose to 27% during the long-term. Graph 3 below shows the trends in unemployment rate for the four nation’s under study.

Graph 3
*Unemployment rate trend before and after the MSE*

![Graph showing unemployment rate trends for four nations](image)

*Note: Created by student on MS Excel using World Bank data*

**Exports trend.** In graph 4 below, the export values for China is in tens of billions while the rest are in billions to visualize the trends better. With exception of Italy where marginal increase in exports was observed, the other nations, China, South Africa, and Germany, showed high increase in exports from stage 1 to stage 5. In 2008, a decline in all countries was observed but there after a rise in exports was continuous in all countries indicating the MSE improved the amount of exports.
Graph 4
*Exports trends before and after the MSE*

Note: Created by student on MS Excel using World Bank data

Imports trend. Graph 5 below displays that during the time of announcement of the MSE the imports in Germany were steady at the 700 billion level but after the announcement of the MSE, the imports rose continuously until the event happening where it had reached the 1.6 trillion level, there after it has been fluctuating around the 1.5 trillion mark. Similarly, in Italy the trend was the same though the imports started rising 4 years before the MSE as opposed to 6 years before the event as the case in Germany but with lesser degree compared to Germany, and later fluctuating at the 600 billion level. In China, the imports began to increase like Germany, 6 years before the event where the imports were at the 200 billion level and have risen steadily to the 2.5 trillion level, quite a significant rise. Due to the low number of imports in South Africa as compared to the other three nations studied, no significant impact was observed from graph 5, though, matching the number of imports during stage 1 which stood at 37 billion, tripling to 116 billion by the time of the event, and rising to 140 billion in the short-term, and then declining to 116 in both the medium-term and long-term, the rise was similar to the trends in the other nations except the declining trend. Here, the confirmation of MSEs increasing the imports of host nations is articulated.
Graph 5
*Imports trends before and after the MSE*

![Graph showing imports trends before and after the MSE](image)

**Note:** Created by student on MS Excel using World Bank data

**Inflation trend.** Graph 6 below shows that the inflation rate of South Africa declined for two years after the announcement of holding the MSE, followed by a steep rise for 5 years and the declined 2 years before the event. After the event, marginal increase was observed during the short-term and medium term, in the long-term, inflation was uncertain. In Italy, inflation was constant during the time of announcement and preparation, declined slightly in the short-term, fluctuated during the medium-term, followed by a decline in the long-term. In China, inflation rose after the announcement with high upsurge and low declining reaching a high of 6% during the event period from a low inflation of approximately 0%. High decline during short-term period, but increased during medium-term period to settle at a lower rate of around 3%, and then declined to 2% in the long-term. In Germany, inflation was stable after announcement, followed by a slight increase of 1% by the period of the event, then declined in the short-term while increased in the medium-term, and finally declined in the long-term to approximately 1% where it was when planning for the event.
Graph 6
*Inflation trend before and after the MSE*

Note: Created by student on MS Excel using World Bank data

**Number of tourist’s trend.** In China, the number of tourists increased after the announcement but declined on the year of the event, it also declined during the short-term, and increased marginally during medium-term and long-term. In Italy, the number of tourists was stable after announcement with a slight increase during the event and has continued to rise steadily in the short-term, medium-term, and long-term. In Germany, number of tourists started to increase after the announcement of hosting the MSE and has risen throughout the period before the event and after the event. In South Africa, insignificant fluctuations were observed before the event, and after the event.

Graph 7
*Number of tourist arrivals trend before and after the MSE*

Note: Created by student on MS Excel using World Bank data
**Tourist’s expenditures.** In graph 8 below, Germany shows consistent increase in tourist expenditures from the time of announcement up to the time of the event, followed by slight movements but has maintained the high tourist’s expenditure of above 50 billion dollars. In Italy, tourist expenditures started to rise after 3 years from the time of being announced as a host country thereafter rising up to the time of the event, increased in the short-term and several surges where observed during the medium-term and long-term though maintaining an average of 40 billion dollars. In China, the expenses were seen to be proportional to the number of tourists, where it rose steadily during announcement and past the event year to the medium-term, after which a decline is observed in the long-term.

Graph 8
*Tourist expenditures trend before and after the MSE*

Note: Created by student on MS Excel using World Bank data

2.4 The main issues identified

From the analysis, different countries had different reasons to embark on hosting MSEs and the study has noted that economic growth is an indirect consequence of the main elements being focused on. In Italy, the MSE aimed at rapid infrastructural development of Turin city to match other cities. The summary of the benefits and drawbacks of the MSE are highlighted in Table 6 below.
Table 6  
*Actual benefits and drawbacks highlighted in the Italy 2006 Winter Olympics*

<table>
<thead>
<tr>
<th>Impact</th>
<th>Benefits</th>
<th>Drawbacks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Impact</td>
<td>(a) Marginal increase in GDP.</td>
<td>(a) Cost overruns related to event were at 80%.</td>
</tr>
<tr>
<td></td>
<td>(b) High increase in FDI before event and in the short-term.</td>
<td>(b) No consistency in GDP growth.</td>
</tr>
<tr>
<td></td>
<td>(c) Marginal increase in exports.</td>
<td>(c) High decline in long-term FDI.</td>
</tr>
<tr>
<td></td>
<td>(d) Increase in imports before and in the short-term, and maintenance at this new level.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(e) Stabilization of inflation before the event and in the short-term, Decline inflation in the long-term.</td>
<td></td>
</tr>
<tr>
<td>Physical &amp; Environmental Impact</td>
<td>(a) Development of roads, railway connections, and the city’s airport.</td>
<td>(a) Creation of 'White Elephant'. Ex Olympic village abandoned.</td>
</tr>
<tr>
<td>Socio-Cultural Impact</td>
<td>(a) Increased video coverage</td>
<td>(a) Increase in unemployment in the medium and long-term.</td>
</tr>
<tr>
<td></td>
<td>(b) Extraordinary Olympic spirit showcased.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(c) Reduction of unemployment before event and in the short-term.</td>
<td></td>
</tr>
<tr>
<td>Tourism and Country Image Impact</td>
<td>(a) Promotion of hotels in Turin</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Gradual increase in tourist numbers during the event and in the long-term.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(c) Increase in tourist's expenditures before the event and in the short-term.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Findings summary of qualitative and quantitative analysis

In China, the MSE aimed at improving the image of the country though showing compliance to reduction in air pollution and change in political climate especially with regards to improvement in human rights violations. Table 7 below displays the summarized actual benefits and drawbacks observed as a result of the MSE.
Table 7
*Actual benefits and drawbacks highlighted in the China 2008 Summer Olympics.*

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Drawbacks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Impact</td>
<td>(a) Consistent GDP growth before and after event. (b) Increase in FDI before and after the event. (c) Increase in exports and imports before and after event.</td>
</tr>
<tr>
<td>(a) Unstable inflation rate before event with high increase the two years before the event.</td>
<td></td>
</tr>
<tr>
<td>Physical &amp; Environmental Impact</td>
<td>(a) Construction of extraordinary sports grounds, upgrade of several arenas, training facilities, the main airport environments, and the city’s road network. (b) Reduction of pollution.</td>
</tr>
<tr>
<td>(a) Creation of 'White Elephants'.</td>
<td></td>
</tr>
<tr>
<td>Socio-Cultural Impact</td>
<td>(a) 20% increase in video coverage and event viewing.</td>
</tr>
<tr>
<td>(a) Marginal increase in unemployment before and after event.</td>
<td></td>
</tr>
<tr>
<td>Political Impact</td>
<td>(a) Display change in political climate (b) Showcasing development of nation with regards to international standards. (c) Effective planning and administration of event, only 2% cost overrun.</td>
</tr>
<tr>
<td>Tourism and Country Image Impact</td>
<td>(a) Increase in number of tourists before, in the medium, and long-term. (b) Consistent increase in the tourist’s expenditures before the event and up to the medium term.</td>
</tr>
<tr>
<td>(a) Decrease in number of tourists and hotel bookings during event year.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Findings summary of qualitative and quantitative analysis

In Germany, no clear reason was identified as the main reason for hosting the MSE, but the nation has been observed to be full of football fans which is showcased by the high number of fans that attended the MSE and other football games after the event. As opposed to the other nations that have hosted the FIFA World Cup, Germany did not experience the major drawback of “White Elephants as the stadiums not only served the MSE but are also fully utilized after the event. The summarized actual benefits and drawbacks of the MSE are shown in Table 8 below.
### Table 8

**Actual benefits and drawbacks highlighted in the *China 2008 Summer Olympics.***

<table>
<thead>
<tr>
<th></th>
<th><strong>Germany 2006 FIFA World Cup</strong></th>
<th><strong>Drawbacks</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Impact</strong></td>
<td>(a) Increase in private public partnerships. (b) Marginal increase in GDP. (c) Increase in FDI (d) Decrease in inflation after the event.</td>
<td></td>
</tr>
<tr>
<td><strong>Physical &amp; Environmental Impact</strong></td>
<td>(a) Construction and upgrade of stadiums and related infrastructural developments. (b) Improvement in environmental care standards</td>
<td></td>
</tr>
<tr>
<td><strong>Socio-Cultural Impact</strong></td>
<td>(a) Increase in short-term employment</td>
<td></td>
</tr>
<tr>
<td><strong>Tourism and Country Image Impact</strong></td>
<td>(a) Increase in number of tourists and their expenditures</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Findings summary of qualitative and quantitative analysis*

In South Africa, the MSE was associated with showcasing the development in change of political climate of the previous regime which focused on the apartheid rule. Additionally, the country used the MSE to display its natural environment and showcase the economic development of the nation to the international community aiming at identifying opportunities that would reduce poverty and enhance economic growth though the management of the event negatively impacted the country as a whole as seen by the summarized actual benefits and drawbacks observed after the MSE in Table 9 below.
Table 9
Actual benefits and drawbacks highlighted in the South Africa 2010 FIFA World Cup.

<table>
<thead>
<tr>
<th>South Africa 2010 FIFA World Cup</th>
<th>Benefits</th>
<th>Drawbacks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Impact</strong></td>
<td>(a) Increase in exports and maintenance of imports</td>
<td>(a) Extreme cost overruns and misuse of public funds. (b) Increase in debt. (c) No significant change in GDP. (d) No increase in FDI. (e) Unstable inflation before event with marginal increase after event.</td>
</tr>
<tr>
<td><strong>Physical &amp; Environmental Impact</strong></td>
<td>(a) Construction and upgrade of stadiums and related infrastructural developments.</td>
<td>(a) Heightened pollution during event.</td>
</tr>
<tr>
<td><strong>Socio-Cultural Impact</strong></td>
<td></td>
<td>(a) Was to reduce poverty but it did not. (b) Increase in unemployment after the event.</td>
</tr>
<tr>
<td><strong>Psychological Impact</strong></td>
<td>(a) Feel good factor to the African continent as a whole.</td>
<td></td>
</tr>
<tr>
<td><strong>Political Impact</strong></td>
<td>(a) Confiscated the apartheid rule perception of previous political regime</td>
<td></td>
</tr>
<tr>
<td><strong>Tourism and Country Image Impact</strong></td>
<td>(a) Marginal increase in tourist’s expenditures.</td>
<td>(a) No significant increase in tourist’s numbers.</td>
</tr>
</tbody>
</table>

Source: Summary obtained from findings of case study and macroeconomic analysis

Though all these factors in the long-term may provide benefits, the uncertainty surrounding the long-term impact depends on the follow up by host nations to realize the gains in economic growth otherwise if the aim was to benefit a few through misuse of public funds, then the benefits may not be realized by the residents of these nations. The study explored specific measurable variables which were found to be influenced by the MSEs to quantitatively analyze in financial figures whether the MSEs provided benefit to the host countries.

The GDP variable represented the economy growth of the nations under examination. In both the developed and developing nations, the respective MSE were seen to amplify the economy growth of these nations from the time of announcement to the event year, and also in the long-term. The FDI trend in developed nations showed an increase during the ex-ante phase and in the short-term, mixed results were observed in the medium-term and long-term. For developing countries,
MSEs were seen to increase FDI in the long-term. In developed countries, unemployment was seen to reduce in the medium-term while in developing nations, unemployment increased in the long-term.

The results showed that MSEs increased exports in both developed and developing countries in the ex-ante and ex-post phases. In developing countries, imports increased during the ex-ante phase and, in the medium term and long-term periods. For developed countries, similar results on imports was observed. For inflation, mixed results were noted between developed and developing nations where in developed nations, the MSE reduced inflation in the long-term but increased inflation in the long-term for developing nations. MSEs were seen to increase the number of tourists and their expenditures in both the developed and developing nations on both the ex-ante and ex-post phases.
III. RECOMMENDATIONS FOR ENHANCEMENT IMPACT OF ECONOMIC IMPACT OF HOSTING MSE’s

The section uses the actual findings highlighted in the various MSEs analysed to identify key areas of economic development affected and propose actions that could be implemented by nations willing to host MSEs before embarking on this major economic development undertaking.

3.1 The key areas of considerations for the enhancement of economic impact of hosting MSE.

To ensure strong and unquestionable integration of the MSEs into the economic development of host nations by maximizing the benefits and eliminating the drawbacks of MSEs, the section concentrates on the elements found key in economic growth of host nations from the field analysis section. The proposed key areas in boosting the economic impact is looked at from the perspective of managing costs and promoting economic development and are summarized in Table 10 below.

Table 10
Key considerations to enhance economic impact through hosting MSEs

<table>
<thead>
<tr>
<th>Considerations to enhance impact of hosting MSE’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ensure good governance of public resources through enforcing transparency and accountability, and applying the rule of law.</td>
</tr>
<tr>
<td>2. Hold the MSE’s in multiple neighbouring nations.</td>
</tr>
<tr>
<td>3. Ensure consistent and increased flow of FDI on both ex-ante and ex-post periods</td>
</tr>
<tr>
<td>4. Focus on constantly reducing unemployment rate.</td>
</tr>
<tr>
<td>5. Ensuring a positive balance of trade between exports and imports.</td>
</tr>
<tr>
<td>6. Focus on reducing inflation in the host country.</td>
</tr>
<tr>
<td>7. Ensure consistent increase in tourist’s numbers and expenditures.</td>
</tr>
</tbody>
</table>

Source: Summarized proposed considerations developed by student based on findings.

- Ensure costs are effectively managed.

The effect of cost has been noted in many previous studies and including this study to be an important dimension of analyzing and confirming the actual economic impact in host nations seen by the billions of dollars spent to host MSEs. Actions that influence the reduction of this cost or ensure effective use of the funds provided will definitely aid in maximizing the benefits and reduce or eliminate the drawbacks associated with MSEs.

The first consideration to be implemented by prospective host cities is to ensure good governance of public resources through enforcing transparency and accountability, and applying the rule of law. Previous studies and certified distributed information has portrayed that majority of Private Finance Initiatives (PFI) and Public Private Partnership (PPP) Projects are included in the nation’s budgetary expenditure claiming value generated from investment made, but the risk
initiated by the PFI/PPP projects implemented, continue to be passionately questioned (Owolabi, 2018).

Good governance is the appropriate, responsible, and best approach to gain political leadership and influence utilization of available possessions in the quest for social objectives and rule of law is the application of government authority by using predetermined and presented rules that have been accepted by majority based on social values and enhancing community livelihood (Johnston, 2018). Accountability and transparency create the solution for viable social equality in nations looking forward to accelerate their economic standing (Agwor, 2015). Transparency is a situation in formal corporate undertakings where essential and technical facts or statistics is made accessible and in an understandable manner to an allied group of people or the public, and accountability is to validate that processes were adhered to as per criteria and guideline provided to achieve the results obtained (Johnston, 2018).

From the study analysis, various setbacks were observed arising from hosting the respective MSEs but important to note is there is no precise financial expenditure breakdown for any MSE which has occurred indicating there is neither accountability nor transparency in how huge public funds are utilized which could have been exerted to other better societal projects. According to Baade and Matheson (2016), the two main reasons that could cause the lack of this information are the complexity in merging the accurate documentation for each project instigated by the event and the major problem of corruption among organizers of these events. Studies have shown that displaying transparency and accountability improves the view of corruption with the government. Brusca, Rossi, & Aversano (2017) evaluated the effect of transparency, the excellence of the budgetary administration committee and the power of audit organisations on corruption and trust in state governance using a comparative analysis on broad data from 75 nations globally on information distributed by international establishments in relation to transparency and accountability of a nation and corruption and trust in state governance and found that transparency, the excellence of the budgetary administration committee and the power of audit organisations decreased the opinion of corruption but did not build trust on the government affairs.

The second consideration is to **hold the MSE’s in multiple neighboring nations** to reduce the total expenditure and financial burden of unutilized sport facilities which has been one of the main setbacks in hosting of MSEs. The number of developments required to undertake would be shared among the several nations bidding for the event. In spite of the bid between US, Canada and Mexico to host the 2026 FIFA World Cup having most sports infrastructure in place with exception of minor upgrades (USA Today, 2018; Vomiero, 2018), the number of stadiums expected to be available for the event by FIFA officials is divided among the hosts and this would immensely
assist to manage the costs of the event (Brennan, 2016). The trend in multiple nations bidding for MSEs has become common, Spain and Portugal bided in FIFA World Cup of 2018 though they were not successful and has been linked to the unstable economic situation facing Spain in the current years (Ogden, 2018). The Holland and Belgium bid to co-host either the 2018 or 2022 World Cup suggested 12 hosting cities with 14 sports grounds surpassing FIFA’s prerequisite where 7 sports grounds already existed reducing the costs for constructing sports facilities (FIFA 2018b). For FIFA World Cup of 2030, another joint bid from South American nations namely, Uruguay, Argentina, and Paraguay has been confirmed and in the same bid against England, a united UK bid comprising of Scotland, Wales, Northern Ireland and England is forecasted as a possibility bid (Price, 2018).

- **Ensure improvement in economic performance.**

  In spite of the economy growth of a nation being influenced by many other factors such as human capital and social capabilities (Ali, Egbetokun, & Memon, 2018) among others, the study identified FDI, unemployment, trade balance, inflation, and tourism numbers and expenditure as the main economic variables expected to be improved by hosting of the event since these variables are directly linked to the benefits associated with hosting of the events. From graph 1 above, apart from the GDP of China showing steady growth before and after the event, the other nation’s GDP were not noticeably affected by hosting of the event confirming that the reasons for holding these events are not steered towards economic growth though economic growth has been the main reason behind biding to host the events.

  From the amount of funds utilized in these events, progressive economic growth should be observed from host countries and as such the proposals that follow are directed towards improving the economic growth of the host nation by specifically focusing on actions that will positively impact these economic variables through the notion of hosting MSEs.

  The third proposal to ensure consistent and increased flow of FDI on both ex-ante and ex-post periods to boost and influence progressive economic growth. The proposal is based on the AK growth model which is part of the endogenous growth concepts (Soylu et al, 2018) indicating that the more capital is invested in the nation, the higher the output and increase in economic growth. As shown in Graph 2, the study found that with exception to South Africa, the other nation’s which included Italy, China and Germany, their FDI trends were very unstable indicating the MSE was not aimed at enhancing the respective nation’s FDI standing. Several studies have shown a positive relationship between FDI and economic growth.

  The fourth proposal is to focus on constantly reducing unemployment rate. Reducing the rate of unemployment to improve economic growth is an important objective of advanced nations as the two macroeconomic variables are requisite components incorporated in economic agendas of
most countries (Soylu et al, 2018). In recent years, demographic characteristic such as increase in population, number of people in an area, age, and others influence economic growth, and according to Okun’s law, unemployment is inversely proportional to economic growth such that an increase in one variable leads to a decrease on the other variable (Misini & Pantina, 2017). In Okun’s analysis, extra labor force yields more production, and so an upsurge in unemployment rate was noted when the economic growth rate was minimal or reduced and decrease in unemployment noted when economic growth rate was positive (Soylu et al, 2018). Ruxandra (2015) inspected the connection between economic growth and unemployment for the period after 2007 in the Romanian nation and found that Okun’s Law applied in that society.

Each nation experiences a type of unemployment caused by number of births, expansion, shrinking and dissolution of businesses, and ups and downs in employment requirements (Professor Richardson, N.d). There are different ways in which the population feature unemployment and it is important to understand the different circumstances so as to be able to identify the cause of unemployment to guide in providing a lasting solution to the unemployment quandary in many nations around the world including both developing and developed as shown in Graph 3 above where Italy’s and South Africa’s unemployment rate was growing, China’s unemployment rate was constant at 4% while Germany’s unemployment rate was decreasing but still at around 4%. Soylu et al (2018) described the various kinds of unemployment as follows.

- Voluntary unemployment is the unemployment caused by the labor force not willing to work at the pay presented and are out of employment because of searching for more paying roles.
- In involuntary unemployment, the labor force is willing to work at the market pay rate but are not able to secure jobs.
- Frictional unemployment is a scenario prompted by relocating.
- Fractional unemployment is where the nation has maximized its employability capability but still unemployed labor force exists.
- For cyclical unemployment, the increase in unemployment is caused by the fluctuations in production capacities necessitated by changing demand nature of people’s needs, wants, and tastes and preferences and hence a drop in demand lower production and thus drives a portion of the labor force out of employment.
- In seasonal unemployment, the population is driven out of employment due to changing levels of production similar to cyclical unemployment though here the cause is not demand but the changing lifecycles of different sectors like tourism, construction and agriculture, where the labor force are active during specific seasons of the year. In highly industrial
nations, both seasonal unemployment and cyclical unemployment is experienced as a result to fluctuations in the demand for products.

- Technological unemployment is initiated by technological advancements such as innovation in the production chain reducing the number of labor required due to automation.

- Structural unemployment is more complex as it is caused by a misalignment of the labor force to the employment opportunities caused by a combination of factors on the labor force scopes such as geographical setting, profession, expertise and preferred sector causing stagnation of the unemployment rate within all businesses.

- Hidden unemployment is a situation in which the productive populace have no opportunity to add their input into the nation’s output process inhibiting economic growth.

Unemployment is acknowledged to be a primary influencer of prevalent degrees of poor society and revenue disparity, and has several negative economic and social repercussions such as attrition of labor force, social marginalization, demonstrations, and heightened crime in many areas in addition to increase in ill health among the populace (Makaringe & Khobai, 2018).

Unemployment inhibits the progress of young people and spawns disagreement in many households especially when it lasts for a long period of time (Professor Richardson, N.d). For the reasons highlighted, it is of extreme significance to cognize the linkage between unemployment and economic growth to make sure that comprehensive programs are instigated to reduce unemployment with the intention of enhancing economic growth. (Makaringe & Khobai, 2018).

The fifth proposal looks at having a positive balance of trade between exports and imports. Global trade allows distribution of products and services around the international market environment and is a vital stimulator of economic development in a nation (Dinç, Gökmen, Nakip, & Azari, 2017). Finding an appropriate balance of trade has been a main subject of top deliberations in many nations (Mogoe & Mongale, 2014) aimed at increasing overall national produce and subsequently, progress the living standards of the society (Ali, Sheikh Ali, & Dalmar, 2018). Dinç et al, (2017) examined the relationship between foreign trade and economic growth in various developing countries, plus Iran and Turkey and found that international trading has positive influence on economic growth. Scholars have connected international trade inequalities to global economic instability, like during the 2008 economic crisis, it is noted that huge foreign imbalances were experience between US and China where China altered the cost of Renminbi using exchange rate interferences, consequently, reducing the prices of China exports to the US and increased the prices of US imports to China seriously affecting the trade balances between the two nations (Shaikh & Weber, 2018).
Mogoe & Mongale (2014) investigated the influence of foreign trade on economic growth in South Africa and the study found out that exports were positively connected to GDP while imports were negatively related to GDP and the study recommended that state leaders need to expand and reinforce the power of the export segment so as to attain a positive net effect with the imports segment. In the study, all countries portrayed a stable balance of trade as the analysis showed an increase in exports before and after the event, while on imports, Italy, Germany, and South Africa maintained their volumes with marginal fluctuations but China’s imports are seen to continue growing which could be attributed to an increase in raw materials for processing and later exportation.

The sixth proposal focusses on reducing inflation in the host country. Price can be measured through the consumer price index (CPI) which is a temporary index and purchasing power parity (PPP) which is a spatial index but in international comparison program (ICP), consumer price index contributes over 70% hence vital in defining the country’s foreign investment prospects (Chen & Hu, 2018). Price constancy is an important economic variable that assists to support economic growth and uphold viable progress (Ruzima & Veerachamy, 2016). According to Misini & Pantina (2017).

In the study, the inflation for all nations varied widely though for the developed nations, Italy and Germany, inflation reduced to nearly zero in the long-term but for the developing countries, China and South Africa, inflation was highly volatile and still high.

The last proposal revolves around increasing tourist’s numbers and expenditures. Attracting tourism through sports events improves the socio-economic growth of a nation by linking a major economic industry to a world-wide dominant activity (Peeters, Matheson & Szymanski, 2014). Sports tourism has been of interest to nations attributed to the element of national branding and international relations (Uvinha, Chan, Man, & Marafa, 2018). Sport tourism is recognized as the travelling to participate in sports activity, observe a sport activity or to view an extraordinary sport structure (Roche, Spake & Joseph, 2013). To maximize on increasing the tourists numbers it is important to understand the drive and desires of the various categories of tourists such as viewing sporting events, going to exclusive sports facilities and actual sports involvement (Roche et al, 2013).

The first group of tourists are spectators whom are most concerned with the sport or the event and the purchased product is the spectator sports market. The second group are the ones who like social excursions, events that are legendary or those that involve well known participants are involved, and to view famous sports, historical and exciting structures while the third group are the main contestants that encompass of leagues, tournaments and sports persons that are competing
including those who contributed like coaches (Roche et al, 2013). The different groups of tourists would require different ways of attracting them so as to increase their numbers to the maximum.

3.2 Recommendations for the implementation criteria

The section describes the implementation criteria of the considerations highlighted which will aid in guiding the implementers in host nations that will find the study useful.

**Good governance.** To ensure good governance in the management of MSE’s, the reasons for bad governance of the public resources as explained by Baade and Matheson (2016), need to be incorporated in identifying the possible practical approaches to the dilemma of managing MSE costs. The complexity in consolidating all information on the expenditure of the numerous projects prompted by the event, and the issue of corruption will guide in determining the opposite methods to be implemented and incorporated in the bid to host MSE’s so as to safeguard the public from the exaggerated and wastage use of public resources as seen in all of the MSE’s that were examined (Baade & Matheson, 2016). In the OECD 2018 Global anticorruption and integrity forum which focused on discussing governance problems in relation to corruption in projects identified the key challenges to purchasing and supplies, and public infrastructural projects as the political interference in making decisions and thus influencing bid rigging and leading to misapplication of set processes instigated by competing interests among stakeholders (OECD, 2018).

Accountability, transparency and involvement of the public are the primary reasons for having an open government data (OGD) process where the state is liable to provide information to the public to be used for varied reasons, among which is to discover value adding initiatives through contribution of many participants in state activities (Saxena & Muhammad, 2018). Measures that would ensure accountability, transparency, public involvement, and fight against corruption would aid to make certain good governance in the hosting of MSE’s.

Accordingly, state leaders and managers of public resources need to support the releasing of accounting data as a way of improving the administration of public resources and in decreasing the negative view of corruption associated with public projects (Brusca, Rossi, & Aversano, 2017). To manage the threats of corruption, honesty and reliability need to be embraced by the internal workforce and guarantee answerability and liability when procedures are neglected (OECD, 2018). The society respects the law not because of the fright of the penalty but because they believe they have contributed in reforming its usefulness and efficacy, as a result, candid implementation of the law obliges the collaboration of government and the public, and entail compound and profoundly embedded social practices and integration (Johnston, 2018). Further, offenders of the law, should not only be put on trial, but additionally be summoned with social condemnations, for instance,
media coverage, wide denunciation, and dismissal from professional and trade connections (Johnston, 2018).

In the case of hosting MSE’s, organisers of all expenditures related to the event need to be transparent and accountable through providing the public with detailed information about the expenses. For each project related to the event, that is, from bidding for the event to the event occurring, the expenditures to be provided for thorough scrutiny by the lawmakers and the selected public associations of host countries before being approved for spending and constant follow up of the operations to ensure compliance with agreed costs and standards failure to which, legal proceedings should follow. Compilation of these cost should be distributed for future scrutiny when a cost benefit analysis would be evaluated to confirm the realization of the economic and social benefits anticipated.

A comprehensive financing scorecard needs to be created to evaluate forthcoming investments that includes the approximations of overall expenses estimates, impact on national debt and a comparison of benefits for substitute investments to distinguish the opportunity cost. Additionally, the dimensions of private sector involvement is important to capitalize on competences and the profitmaking sustainability of the properties created such as through public private partnerships (PPPs) (EY 2015).

**Joint hosting of MSE.** For nations to solely undertake a MSE is complex due to the many projects and stakeholders involved and when it is a joint venture, the situation is two-fold, either complexity increases depending on the relationship and coordination between the hosting nations as more stakeholders are integrated or the complexity is reduced by the reduction in expected deliverables from each nation. Fortunately at present, FIFA and IOC have modified their rules to allow joint hosting due to experiencing difficulty when seeking host cities making this proposed action practical especially after the bid for 2026 World Cup, where a joint bid between three nations namely USA, Canada and Mexico won against Morocco. In the bid, FIFA found itself deciding a bid between only two requests after other bidders withdrew their request, therefore made it easier to reconsider the joint bid (Vomiero, 2018).

The request needs to be initiated by one nation to a neighboring nation after which serious consultations would transpire to gauge the applicability of the venture through undertaking a cost benefit analysis. Once prospective host nations confirm eligibility, and the nations want to ensure effectiveness of the MSE from the beginning of the proposal to the end which could be done through introducing the event requirements to the strategic goals of each country and looking for ways of merging the two national agendas using the following steps; first, the prospective host nations would be tasked with identifying the industries within their environment that can be
promoted by the event and following through the possibility of consistent growth in the selected sectors by linking organizations, strategies and all-rounded dynamics that could positively influence the nation’s production and most importantly, the government to offer backing where needed (EY, 2015). The bid must be backed up by all sports stakeholders in the host nation that include, the nationwide and resident football organizations, the city administrations and the sports grounds managers (FIFA, 2018b) so as to assist with not only the preparation of the event, but also contribute significantly to the future expansion of the sports segment through recruiting talented sports persons, ensuring utilization of the created facilities by organizing national and following up international leagues to be hosted in the created facilities. The sport stakeholders and the government should support in seeking more sponsorship from the private sector as part of their corporate social responsibility undertakings to safeguard the availability of additional funds that may be required in consistent expansion of the sports segment.

In the various programs planned by the prospective host nations, the attention should be directed on maximizing the advantages posed by hosting MSEs which include international exposure, infrastructure development and others especially in the current era of globalization to improve its economic setting. For example, the roads and networks created should be directed towards attracting FDI, increasing exports and improving tourist attraction sites. More, operational structures should be incorporated to increase usage of the sport facilities not only in sport related activities but include other services such as educational tours, conferences and meetings, event hosting like gala dinners, weddings, exhibitions, graduations, corporate team building and other income generating avenues (AIS website).

**Attracting FDI.** Diverse studies have indicated economic, social and cultural factors as the influencers of attracting FDI and specifically noted economic scope and development potential, price stability, trade openness, advancement in financial transactions, tax tariffs, physical infrastructure, institutional expansion setting, lack of financial restrictions, religious conviction, distance between nations, and shared corporate values (Bayar & Ozel 2014; Saini & Singhania 2018). FDI could be promoted by offering minimal charges and eliminating obstruction to global trade, having a cohesive market influenced economy in regards to exchange rates and interest rates, and application of clear financial structures (Agwor, 2015). In Abbes et al (2015) study, FDI is augmented by increasing funding and other productive settings in the targeted sectors. Another study found that state leadership support, financial backing, labor force, trade openness, and exchange rate fluctuations are important elements to attracting FDI to a nation (Fadhila & Almsafir, 2015).
Various ways of improving the FDI of a nation have been described where many related elements are assimilated and depends on the national economic setting to decide on the best approaches to implement thereby making FDI being recognized as the primary economic variable in the upgrading of a nation’s markets and desirability (Nistor, 2014).

**Reducing unemployment.** Adding value to human capital improves the standard of living of a society and has additional benefits to the economy of a nation (Misini & Pantina, 2017). According to Romer's model, the yield of a nation is increased by adding more labor force, presuming a surplus of labor supply exists in the market as per Marx theory indication the vital nature of unemployment on a nation’s economic potential and growth (Soylu et al, 2018). In addition to the public and private sectors, the sports industry also provide a wide scope of employment opportunities though state funding and political back up play a significant role in ensuring long-term sustenance to the projects (Parnell, Spracklen & Millward, 2017).

In the context of hosting MSE’s, unemployment could be curbed by an increase in FDI which will increase job opportunities, on the other hand, the sports industry could be upgraded to take advantage of the sports infrastructure developed and experience in international sport events to build a sport culture by incorporating an indefinite support mechanism to the sports industry for developing talented sports persons and ensuring continued use of the facilities created. To enhance the sports sector, close consultation with national organizing committees, international organizing corporations, local clubs, and the sports persons which includes coaches and participants need to be undertaken in planning the future direction of the sports industry.

Currently, it is acknowledged that satisfactory long-term preparation of the sport persons is the ultimate foundation and tactic for the growth of sports elites and research on proficiency development have provided numerous ways to transform from learner to professional sports person or long-term sports passion and encompass of a hierarchy of development cycles that are beginning, aligning and placement, gaining in-depth knowledge for specialty and noteworthy performance (Serrano, Shahidian, Sampaio & Leite, 2013). With the international competitive sports environment and the involvedness required in sports teaching and training, the selection of the coaches in the diverse sport types is critical in attaining outstanding performance in the world championships arena (Serrano et al, 2013). Other strategies to support the sports industry would be to invite corporate sponsorship and ensure ethical standards are enforced in the programs implemented (Parnell, Spracklen, & Millward, 2017).

The host nations could ensure realization of the development of the sports elite team by supporting essential maintenance of the team through availing the sports facilities, organizing for
coaches to administer training needs of the elite sports team where accommodation and recreational facilities could also be provided (SFOS; GON).

**Positive trade balance.** A positive trade balance is one where a nation imports less than the exports produced. Exports are affected by domestic companies production and FDI companies output. To increase exports in the domestic production, support of the government through providing funding in the targeted sectors for export growth and through encouragements to exporters such as no charges for their imports, availability of customized funding, permission to retain foreign currency after exportation, and special charges for the main market places (Ferrand, 2018). Exports diversification also contributes to economy growth through distributing resources from high income to low income sectors so as to develop a varied export base and minimize the risk extremities in demand and supply (Osakwe, Santos-Paulino & Dogan, 2018).

The influence of FDI on exports is well elaborated by understanding the vertical and horizontal FDI. In vertical FDI, the intention is to utilize the cheaper factors of operating in host nations and export the produce to global markets, while in horizontal FDI, the international company focuses on increasing its market share in the host nation by producing goods to be consumed locally hence vertical FDI increases exports and horizontal FDI does not increase exports but reduce imports (Popovici, 2018).

The host nations should focus on promoting the domestic exportation through funding and enhancing diversification while seeking a balance between vertical and horizontal FDI so as to maximize the impact on the economy.

**Reducing inflation.** Inflation is controlled by effective monetary policies that ensure financial markets stability and provide an enabling economic setting for development (Viljoen & Mellet, 2014). In Anidiobu et al, (2018) study, inflation could be managed by the state implementing tight monetary policy settings, elimination of unwarrantable expenditure by state officials, and encourage fiscal planning. Agwu (2015) related inflation to corruption and proposed actions towards reducing the prevalence of corruption in the nation. More, inflation in developing nations may be decreased by ensuring stable capital inflows and eliminate exchange rate fluctuations (Viljoen & Mellet, 2014). The predictable notion on inflation portrays that inflation is best when moderated, not high and neither too low nor unwavering to promote economic growth (Akinsola & Odhiambo, 2017).

Balancing the factors that inflation and integrating the information into the MSE planning is a multifaceted dimension which requires professionals in the respective fields to undertake the analysis and provide direction, the state leaders should ensure this analysis is undertaken and best measures to be implemented so as to ensure consistent economic growth through price stability.
Increasing tourist’s numbers and expenditures. The spectators could be increased by providing cheaper travel options such as forming an agreement with a low cost carrier specifically during the event and also considering long-term arrangements, and setting reasonable charges for the event tickets (Roche et al, 2013). For the celebrity and nostalgia tourist’s critical understanding of the factors that would propagate willingness to travel to a particular area would be important in increasing the tourists’ numbers and expenditures. Studies have associated education, wide range of sites, wildlife, visitor-friendly visa policies, cost, and reasons for the visit as some of the factors that affect the willingness to travel (World Travel and Tourism Council, 2017; Murphy, Campbell, & Drew, 2018; Abuamoud, Libbin, Green, & Alrousan, 2014). The willingness to travel measure enables tourism specialists to determine the effectiveness of increasing or decreasing recreational facilities thereby assisting the public to gauge the motivation of tourists before embarking on the development project (Abuamoud et al, 2014). The analysis of the willingness to travel to the host nation would provide a clear guideline on which areas to focus on when implementing the MSE with the view of augmenting the tourist’s numbers and expenditure.

Further, according to a report by the World Travel and Tourism Council (2017), many nations improved their tourists flow and expenditure via prioritizing tourist’s related initiatives, reducing restrictions on international travel, infrastructure development and advertising campaigns which are all offered during hosting of events. Sustaining the tourism would require consistency in actions stipulated. The expansion of the third group which is contestants, it could be promoted by increasing the number of nations participating and the number of tasks in an activity. Other measures include motivating sport competitions through merging interest with sports clubs, NOC’s, and recruiting sports persons (Roche et al, 2013).

3.3 Discussion and Areas of Future Research

The study provides an advanced understanding of the impact of MSEs on host nations by first analyzing the key aspects of MSEs as stipulated by various scholars. Similar to Ranjan (2016) and Banović et al (2017) studies, the study summarized the benefits and drawbacks of MSEs into financial, social, political, tourism, country image and physical elements. The research identified various stipulated theoretical benefits of hosting MSEs from numerous studies and linked them to quantifiable economic variables which can be monitored and aligned to the hosting of these events to provide seven fundamental proposals that could be considered before bidding to host a MSE, if the goal of hosting is to realize economic benefit. The study surveyed the challenges encountered that related to hosting of MSEs to provide measures that could be eliminated or reduced and further established actions that would promote the quantifiable economic growth variables with the intention of improving economic growth. Economic growth was gauged based on GDP growth, FDI

The study then proposed necessary guidelines that should be considered by prospective host nations in their bid towards hosting the events that would aid host countries in maximizing the benefits related to hosting of MSEs on both the short-term and long-term, as a result, improving host’s economic setting and growth. In Griffin (2015) study, economic variables that had an impact on cost and income of MSEs were identified but in this study, the research provided considerations on how to manage the costs effectively and increase income through taking advantage of the opportunity presented by hosting the event.

Many studies have scrutinized the impact of MSEs on host countries by looking at various different dimensions. O’Reilly et al. (2016) analyzed the impact of MSE on country image, destination image, and mega event image using intercept surveys in high traffic tourist areas; Meurer & Lins (2017) looked at the impact of MSE on international travel receipts; Osada et al. (2016) analyzed the impact of MSE on GDP, real exports, tourists demand, infrastructure improvement, and employment, among others but none has focused on aligning the hosting of the MSEs to the national economic growth agenda.

Lastly, the study provided a guideline into how the considerations could be actualized. The alignment of MSEs to quantifiable economic variables would aid in further monitoring and measuring the results of the proposals provided and specific initiatives in the various areas noted that relate to the hosting of MSEs. The implementation of the considerations put forth in this study is projected to provide various benefits and risks as described below.

Costs. Before the event, significant reduction in costs is expected from bidding to the most capital intensive stage which is event preparation and then lastly to event happening. All these expenditures would have been justified with evidence of adding value to the long-term plan and thus misuse through overspending on uncalled-for projects, or misappropriation through corruption, would be eliminated enforced by the transparency enforcement action that would have openly displayed the transactions and accountability requirement including the consequence of applying the rule of law which imposed dire consequences to the officials entrusted with the investment funds.

After the event, the actual costs could be compared to the projected costs and amalgamated to the long-term plan so as to make the necessary enhancements in the plan if required and ensure the initiatives in progress to support the impact of the event during the post event period are executed as planned.
**Sports facilities and general infrastructure.** In joint hosting, the venues are distributed among the host nations of the MSE, hence the number of sports facilities created are fewer thereby decreasing the risk of superfluous debt and ‘White Elephants’ including the high maintenance costs associated with the international standard sport facilities.

The sport facilities and infrastructure developed would aid in easily undertaking another sport event or huge international extravaganzas that include international exhibitions that will continue to enhance international trade, international music festivals and other international events that will generate income for the nation.

The sports management team and the various target sector’s leadership team would enable maximized use of the sport facilities and infrastructure developed through the respective plans agreed upon during the integration of the MSE benefits and national economic growth initiatives.

**FDI.** By incorporating factors that influence FDI in the MSE agenda, the country would improve it economic setting in undertaking international trade transactions thereby benefiting from increased and consistent foreign investments in various sectors depending on the nation’s resources and capability, and secondly, the host nations would improve their international trade relationships promoting the country’s image in the global arena. Increase in FDI would prompt expansion of the respective sectors affected (Popovici, 2018).

**Unemployment.** Many of the working population would be able to secure employment impelled by the growth in various sectors and the development of the elite sports team which would advance the existing sports people and develop upcoming sports persons. Since elite sports entails competing in the world standard arena, the elite sports persons need full time dedication to their sport necessitates employment of these sports person on a long-term basis to achieve the objective of improving the nation’s global sports ranking (GON).

**Trade balance.** The funding in a wide range of developmental initiatives and export diversification extends the scope of revenue by creating a dissimilar flow of exports from various sectors. Upgrading of the export zone would improve the quality of products and explore new market places for the increasing existing exports and the new exports from the upgraded sectors (Osakwe et al, 2018). The nation’s image in the international community will improve. Inflation. Stable consumer prices would be noted from the implementation of effective monetary and fiscal policies that will increase the saving capability due to possibility of future planning and the savings will allow investments to be made thereby improving the economy of the nation (Akinsola & Odhiambo, 2017). Attraction of both vertical and horizontal FDI to which will stimulate foreign trade and thus incorporating more working population to the employment and entrepreneurial sectors (Popovici, 2018). Expansion of the foreign and domestic export processing zones and creation of new markets (Popovici, 2018).
**Tourism.** Upgrading of general infrastructure and those related to tourism industry would be observed, that is, renovation of existing hotels to exhibit international standards, upgrading of tourist attraction sites, development of road networks to attraction site and hotels (Griffin, 2015). Increase in number of attraction sites, more focus in preservation of wildlife and renovation of national heritage attraction sites (Murphy et al, 2018).

**Risks.** Despite the controls and initiatives developed to ensure economic progress through the hosting of the MSE, the host nation still poses the ability to create laws, not follow the laws through legislative corruption and continue to exploit the society hence the proposals need full state support and leadership in achieving the benefits from MSEs as stated (Johnston, 2018).

Intense corruption relating to the MSE from the choosing of the host during bidding where expensive consultants are incorporated in the bidding process and bribery of the international selection committee, then the corruption during the planning and construction activities especially due to the pressure of completing high volumes of work within minimal time provides a basis for funds leakage and since the specialists in such type of construction are limited there is low bargaining power to enforce effective costing (Sweeney, 2017).

The initiatives developed to ensure long-term benefit from the event depend highly on the state funding and support and a change in government might interfere with the long-term plans hence obstructing the continuance of the projects in economic development (Johnston, 2018).

The emergence of foreign companies into the host nation increases competition which could destabilize local companies to closure or force the local firms to elevate their productivity or transfer the production elements to more advanced companies (Laura and Jasmina, 2017).

The research has provided a baseline for future studies to focus on identifying ways by which host countries could take advantage of the opportunity presented in ensuring consistent economic growth in the short-term, medium-term, and long-term period of hosting the event. Further research could be undertaken to identify other ways of reducing the cost of MSE with the intention of decreasing the effect of misuse or misappropriation of funds during the event period. Moreover, other research could aim at looking at country specific means of integrating the strategic goals of a prospective host country to the benefits of MSEs so as to assist in maximization of these benefits in instigating rapid economic development and growth.
RESULTS AND CONCLUSIONS

MSEs are events that have been seen to raise controversial views regarding the benefits associated with hosting such events. MSEs are planned by organizing committees who involve numerous stakeholders in the planning, preparation and implementation of the event, whom include cities or Nations, the public, sports associations, broadcasters, sponsors, delegations, and partner organizations. The research analyzed the impact of hosting MSEs and found the main six impacted areas could be categorized into economic, physical and environmental, socio-cultural, psychological, political, and tourism and country image. Scholars were noted to use varied ways in gauging the impact of hosting MSEs and no standard measure was identified to provide the best way to fully analyse this impact. The study aimed at identifying the benefits and drawbacks related to the impact of hosting MSE and to provide recommendations on how to enhance the economic impact of hosting MSE and to achieve this, the study first identified the most recognized MSEs as the Olympic Games and the FIFA World Cup. Then, the study identified measurable economic variables that influence economic growth and are linked to the benefits and challenges of hosting these events, which were evaluated on the four selected MSEs analysed. The economic variables included GDP, FDI, unemployment, exports, imports, inflation and number of tourists including their expenditures. The results were as follows.

The case study revealed several challenges that encompassed wastage of huge funds in sporting facilities that are later abandoned, or dismantled due to high maintenance costs as in the case of Italy, underutilized sports facilities in China, “White Elephants” and high debt caused by overspending as the case in South Africa, and finally, cost overruns which has negatively affected the economy and in turn the societies of the respective countries.

The analysis of the economic variables showed that the respective MSE improved the GDP in both the developed and developing nations from the time of announcement to the event year, and also in the long-term. The FDI trend in developed nations increased during the ex-ante phase and in the short-term, no definite trend was observed in the medium-term and long-term. For developing countries, MSEs increased FDI in the long-term. In developed countries, unemployment reduced in the medium-term while in developing nations, unemployment increased in the long-term. Additional, the MSEs increased exports in both developed and developing countries in the ex-ante and ex-post phases. In developing countries, imports increased during the ex-ante phase and, in the medium term and long-term periods. For developed countries, similar results on imports was observed. For inflation, the MSE reduced inflation in the long-term but increased inflation in the long-term for developing nations. MSEs were seen to increase the number of tourists and their expenditures in both the developed and developing nations on both the ex-ante and ex-post phases.
With exception of exports and long-term GDP trend, the other variables showed inconsistency indicating no measures were implemented to merge the interest of the MSE to the national economic growth indicators.

The study recommended seven considerations that could be applied by prospective host nations before deciding to undertake the hosting of the events based on addressing the challenges experienced during and after the event and recommending activities that would with certainty improve economic growth of the countries using the event as a stimulator. The proposals are ensuring good governance, considering joint hosting, attracting FDI, reducing unemployment, developing a positive trade balance by increasing exports and reducing imports, managing and reducing inflation, and finally, increasing tourists numbers. The implementation of these proposals was discussed.

The risks identified from the proposals are lack of government support due to corruption and lack of funding attributed to change of regime which might interfere with the nation’s economic agendas. Increase in foreign companies poses a danger of competition which might drive out local companies.

Despite the challenges showcased on majority of the host nations as a result of MSEs, the study provides a guideline to prospective host nations that will enrich the objective of growing their economy by hosting a MSE.
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ANNEX 1: THE GLOSSARY OF TERMS

**Major sports events (MSEs)** – These are sports events that are organized by well-recognized organizing committees while inviting world-wide fans and participants and involve large sums of capital by host country to provide an internationally standard of the occurrence (Ranjan (2016), Müller (2015), Griffin (2015)).

**Economic growth** - In the context of the topic, it is used interchangeable with economic development where it refers to the efficient use of nation’s resources to progressively create higher output thus improving the general living conditions of its population (Ernst & Young Global Limited, 2015).

**Gross Domestic Product** – used as a quantifiable measure of a nation’s economic standing and hence represents economic growth (Osada et al, (2016), Takongmo & Yao (2017)).

**Foreign direct investment** – These are capital inflows to a nation that assist in the generation of the country’s income (Xu, 2014).

**Unemployment** – is a measure of the available workforce that is considered unproductive due to lack of jobs (Soylu et al, 2018).

**Exports** – These are goods and services that a nations distributes to the international community at a price (Ferrand, 2018).

**Imports** – These are goods and services that a nation receives from the international community as a result of shortage or lacking in the receiving nation (Ferrand, 2018).

**Inflation** – The fluctuations in consumer prices of products and services (Akinsola & Odhiambo, 2017).

**Trade balance** – Managing the balance between imports and exports of a nation (Popovici, 2018).