

The Olympic Games' Effect on National Company Growth

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Abstract : When a city and country decide to undertake an Olympic Games, they do so with the notion that hosting the Olympics will provide direct financial benefits to the city, country, and national companies. Like many activities, the Olympic Games tend to be more popular when it is warm, and the athletes are known, and therefore this paper will only focus on the two latest Olympic Summer Games. Cities and countries continue to invest billions of dollars in infrastructure to secure the role of being Olympic hosts. The multiple investments expect to provide both economic growth and a lasting legacy for the citizens. This study aims to determine whether host country companies experience superior economic impact from the Olympics. Building on existing work within the Olympic field of research, it asks: Do companies in host countries of the Olympic Summer Games experience a superior increase in operating revenue and return on assets compared to other comparable countries? In this context, comparable countries are the two candidates following the host city in the bidding procedure. Based on methods used by scholars, a panel data regression was conducted on revenue growth rate and return on assets, to determine if host country companies see a positive relation with hosting the Olympic Games. Combined with an analysis of motivation behind hosting the Olympics, the regression showed no significant positive relations across all analyses, besides in one instance. Indications of a relationship between company performance and economic motivation were found to be present. With the results indicating a limited effect on company growth, it is recommended that prospective host cities and countries carefully consider possible implications the role of being an Olympic host might have on national companies.

Keywords : cross-country analysis, mega-event, multiple regression, quantitative analysis

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