Sport Mega Events as Drivers of Entrepreneurial Capacity in Developing vs. Developed Nations

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Assessing sport mega events’ (SME) economic impact has been regarded as unidimensional and thus, inherently limiting (O’Brien & Chalip, 2007). A holistic approach suggests that a host location’s product and service mix can be strategically combined with its unique resources in order to enable desirable outcomes (Chalip, 2007). Past work has suggested that one such resource may be entrepreneurial knowledge and networks (Ratten, 2011; Spilling, 1996a/b). Yet, entrepreneurship and SMEs have not been thoroughly explored. Doing so will identify trends and encourage the continued development of pertinent frameworks (e.g. Ratten, 2011; Chalip, 2018). Furthermore, examining whether SMEs incite entrepreneurship offers a new perspective of event leverage, which has focused on the value of SMEs to event managers, venue operators, and destination marketers. By contrast, examining entrepreneurship allows for the study of individuals whose behaviors directly affect business ecosystems.

To assess SMEs' impact on entrepreneurship, past work investigated inflows of investment capital from foreign businesses during a SME (Hayduk, 2019), and found a positive relationship. However, acquiring additional investment capital is necessary, but not sufficient, for building entrepreneurial capacity. To build entrepreneurial capabilities in a region, capital must also be allocated towards lucrative products in high-tech industries (Ozturk, 2007). SMEs provide important opportunities for host nations to make wholesale enhancements to telecommunications, transportation, and public safety technologies (Liang, 2013). Developing re-purposable technical resources is a key goal for host nations, so investigating exports in high-tech industries (i.e. High-tech exports, HTX) provides insight about innovation competencies (Love & Ganotakis, 2013) and competitiveness (Fagerberg, Srholec, & Knell, 2007). Therefore, this investigation assessed whether SMEs enhance host nations’ HTX.

The analysis involved the use of static specifications (IV estimation) and dynamic specifications (System-GMM estimation) of an unbalanced panel dataset tied to 195 nations over 47 years (N=9,165). Results from both specifications revealed that hosting a SME (Summer/Winter Olympic Games, FIFA WC, Cricket WC, & Rugby WC) was positively related to HTX in developed host nations only (B = .78; z=13.67; p < .000).

The findings echo results of work in sport entrepreneurship (Hayduk, 2019; Spilling, 1996a; 1996b). This congruence reinforces the fact that SMEs produce disparate effects in developed vs. developing nations. Such disparities stress the need for academics in event leverage (e.g., Chalip, 2014; 2018) and sport entrepreneurship (e.g., Ratten, 2011) to address the boundary conditions of these frameworks. Scholarship in these areas should elaborate on how SMEs may be leveraged when institutional vacuums and resource constraints predominate.

The rift between developed and developing nations has implications for residents and business owners. In developing nations, business owners should be critical of those trying to host a SME in their locale, and they should refute assurances of ‘economic impact’ and ‘event legacy’. At a minimum, these groups should thoroughly evaluate the opportunity costs of hosting a SME. However, these findings are positive for businesses in developed nations. Businesses in high-tech industries and/or businesses looking to diversify into high-tech industries may realize additional expansionary opportunities during a SME.