



Vladimir Ovechkin

The Economic Impact of Major Sporting Events

Metropolia University of Applied Sciences

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Abstract

Author: Vladimir Ovechkin
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Currently, in modern scientific literature there is no consensus regarding the effects that arise in countries in connection with the holding of sports mega-events - the Olympic Games and the World and European Football Championships. From a macroeconomic point of view, the organization of mega sports events, associated with large investments from the government and business, can help increase the rate of economic growth in the country. In addition, mega sporting events should contribute to the emergence of positive effects in the economy caused by an increase in tourist flows, foreign trade volumes and foreign investment. At the same time, the emergence of positive effects from hosting sports mega-events is constrained by various circumstances: the often-negative net financial result for the host country, the low efficiency of public investment, and the low occupancy of sports facilities and infrastructure after the sporting event. In addition, such indicators as an increase in the population's involvement in sports and physical education, an improvement in the country's image abroad, and an increase in the number of people feeling proud of their country are quite difficult to take into account in quantitative analysis.

The purpose of this thesis research is to assess the impact of hosting mega sporting events on the economic growth of the host countries.

The analysis of the economic impact of the influence of sports mega-events was carried out on a database including indicators of 50 countries that hosted 49 sports mega-events in the period 1970-2022, and a detailed study of the economic impact of hosting a sports mega-event was carried out using the example of the World Cup Football 2018, held in Russia. Considering separately countries with developed and developing (transition) economies, it was not possible to detect a stable relationship between the holding of sports mega-events and economic growth for the group of developed countries, while for the group of countries with developing (transition) economies, acceleration of economic growth is observed as before, and after the sports mega-event.

The results obtained can be used to substantiate decisions on filing applications for the Olympic Games and World and European Football Championships, which emphasizes the practical significance of the study.

Keywords:

World Cup, Olympic Games,
Economic Impact.

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Glossary

CGE	Computable general equilibrium
EX-ANTE	Refers to future events are based on forecasts rather than concrete results.
EX-POST	Reflection of the actual results achieved in the economy over past periods.
FIFA	International Association Football Federation.
GDP	Gross Domestic Product
GRDP	Gross Regional Domestic Product.
IMPLAN	Impact analysis for planning/analysis of effects for planning.
IOC	International Olympic Committee.
RIMS	Regional Input-Output modeling System.
TDSM	Tourism development simulation model.
TEIM	Travel economic impact model/model of economic effects of travel.

1 Introduction

1.1 Background

In recent years, there has been a significant increase in public and political interest in major international sporting events, the so-called sports mega-events. Cities and countries are actively fighting for the right to host the World and European/Area championships in various sports, including the Olympics and Universiade's, Formula 1 car racing stages, World Cup finals, among many. The scale of the influx of corporate sponsorship money, new technologies in the field of mass communications, including the development of satellite television, accelerating the processes of globalization, expanding opportunities for promoting cities and regions, improving their image, and increasing investment attractiveness can be attributed to the main reasons for the increasing interest in organizing sports mega-events (Silvestre, 2008). Following this demand, scientific interest in the analysis of mega-sporting events is also growing significantly within the framework of a relatively young field of research — the "economics of sports", a promising and rapidly developing one. Various economic and organizational aspects of sports events are studied within this field: issues of management and forecasting, improving the efficiency of coordination, optimizing the financial component, sports risk management, theory of tournament organization, and so on.

Holding any major sports mega-event involves additional opportunities for development, but at the same time it is accompanied by significant financial costs and is fraught with numerous risks. On the same scale is the increase in the prestige of the country and the region, the creation of new jobs, the development of the transport system and infrastructure, the development of tourism, the creation of additional business opportunities for private entrepreneurs. On the other hand, there are costs that can be expressed in increased corruption, inefficient use of allocated resources, temporary overcrowding of cities (traffic jams, increased noise, congestion of public areas), inefficient use of erected sports facilities, among various negative externalities.

1.2 Aims and Objectives

The purpose of this thesis is to summarize the world's accumulated experience in analyzing the impact of sports mega-events, to reveal and emphasize the growing role of sports economics, and to draw attention to the need for further development of this area of research.

The subject of research in this thesis is Sports Mega-Events. To identify a mega-event among other commercial and cultural events, it is customary to consider its internal and external characteristics. Internal characteristics include the significant duration and scale of the event (i.e., the number of participants and spectators, the level of organizational complexity), whereas external characteristics include a high level of tourist attractiveness, significant media coverage covering the event, high organizational costs, and the potential for significant social, cultural, and economic effects of the event for the host country.

Since the potential effects of hosting mega-sporting events go beyond the pure financial outcome, focusing on research related to identifying and assessing long-term effects for the host countries encompasses study of the following main aspects related to the impact of hosting mega-events on the country's economy: exports, tourism, employment, and GDP growth.

The main object of study is FIFA World Cup in Russia 2018, as an example of one of the most successful and largest Sports mega-events.

Achieving this goal requires solving the following tasks:

- analyse and assess the socio-economic impact of sporting events in general.
- identify the specific impact of international football tournaments on the economy of the host country.
- explore in detail the potential effects of holding the FIFA World Cup in the Russian Federation.

- evaluate the economic effects of hosting the FIFA World Cup in Russia.
- assess the impact of hosting sports mega-events on the economic growth of the organizing countries.

The practical significance of the diploma project lies in the fact that the theoretical, economic, and methodological provisions proposed in it when justifying decisions on filing applications for hosting the Olympic Games and the World and European Football Championships.

As part of the study, it is necessary to test the hypothesis that the holding of mega-sports events has a different impact on economic growth in developed and developing countries.

2 Economic Impact Analysis

2.1 Research of tools for quantitative and qualitative analysis of Sports mega-events

Mega sporting events are always accompanied by large tourist flows and extensive media coverage. They have significant impact on image and economic significance for the host city, region, and country. The economic impact of a sports mega-event is the “net” total change in the economy that occurs due to the costs of organizing the event (Turco and Kelsey, 1992). In economic studies, in accordance with the multiplier theory, direct, indirect, and induced benefits and costs of hosting sports mega-events are distinguished (Atkinson et al., 2008). Direct costs are the total costs of creating the facilities necessary to host the event (construction of sports facilities and related accommodation). Indirect costs are expenses for improving related infrastructure (construction and improvement of roads and railways, development of transport and communications, etc.). Induced costs are expenses that arise because of an increased load on existing support

systems (such as the elimination of breakdowns associated with temporary overcrowding in the territory of a mega-event).

The economic effects of a sports mega-event very often become the object of analysis in sports economics, since they are material in nature, quite well measurable and interpretable. But in modern research, the role of assessing the intangible effects of holding sports mega-events is noticeably increasing (for example, see Streicher et al., 2017). Intangible effects are more difficult to quantify, but they are significant because they have a significant impact on the well-being of the citizens of the host country (Frey, Stutzer, 2010). The positive intangible effects of holding sports mega-events include an increased sense of national pride and unity, social inclusion of people with disabilities, increased motivation of children and adults to play sports, the use of sports facilities for mass and children's sports, improvement of the environment (creation of "green areas" and recreation areas), promoting a healthy lifestyle, promoting national culture and cultural diversity. Possible negative intangible consequences include congestion of streets, transport and public places, increased risk of petty theft and security threats, including terrorist threats, increased noise levels, and increased pollution due to the construction of sports facilities.

Due to the variety of effects of large mega-events, it is necessary to develop and apply quantitative, analytical methods and tools. In modern economic literature, there are two main directions for analyzing the effects of sports mega-events: *ex ante* and *ex post*. *Ex ante* analysis is often subject to serious criticism (Crompton, 1995; Siegfried, Zimbalist, 2000) due to the excessive "optimism" of the results: such studies are often carried out to justify the position of sports organizers and officials responsible for the conduct of these events (Hunter, 1988).

Ex-Post analysis of sports mega-events is also not without biased assessments; however, it is more often carried out for research purposes and is more objective in nature. In *ex post* assessments, economists typically use cross-sectional data or time series from regional and metropolitan statistics to estimate the impact of hosting a mega sporting event on the economy of the host area (Coates and

Humphreys, 1999). Most often, such studies use data on tax revenues, personal income, or employment to analyze the economic impact (Peeters et al., 2014).

In assessing the economic impact of Sports mega-events, computable general equilibrium (CGE) models are used, as well as the input-output model and its modifications: RIMS, IMPLAN, TDSM, TEIM.

One of the first estimates of the economic impact of hosting a sports mega-event was obtained in the work devoted to the 1985 Formula 1 Australian Grand Prix in Adelaide (Burns et al., 1986, also see: Huang et al., 2014). Subsequently, the interest of economists spread to other major competitions. To identify the main trends in the development of research methods in this area, there were considered two directions, reflecting, respectively, the material and intangible effects of holding sports mega-events for host countries or their individual regions (cities). Among the material effects analyzed were the impact on employment levels, household incomes, the size of the tourist flow, as well as the overall economic effect of the event. Among the intangible effects, research focused on the development of mass sports, the image of the host country or territory, as well as general social effects. Analysis featured in this thesis is primarily based on publications contained in the Scopus database that provide Ex-Post assessments of the impact of sporting mega-events, which are obtained using quantitative and qualitative methods of analysis based on statistical or survey data.

In many well-known studies, the neoclassical Solow model is the basis for constructing an econometric model of the impact of sports mega-events on economic growth. The Solow model allows us to describe the mechanism of long-term economic growth that ensures equilibrium in the economy and full employment of factors. Technical progress in the model is one of the factors of sustainable growth of well-being and allows us to find the optimal growth option that ensures maximum consumption (Solow 1956). Despite its known shortcomings and limitations, the Solow model is fundamental in the literature related to the study of the causes of economic growth at the country level.

2.2 Database and Methodology for Analyzing Major Sport Events

This study aims to test the hypothesis that mega sporting events have a differential impact on economic growth in developed and developing countries.

When formulating this hypothesis, it is necessary to rely on the following:

- Firstly, organizing sports mega-events in developing countries requires significantly higher indirect costs associated with the construction of supporting infrastructure (roads, hotels, etc.). Thus, the process of organizing mega sports events in developing countries itself contributes more to GDP growth than in developed countries.
- Secondly, since the economies of developed countries are as close as possible to the frontier of their production possibilities, the tool for ensuring economic growth for them should be investments in the creation of new technologies, and not investments in infrastructure. In developing countries, investment in infrastructure can improve economic efficiency and stimulate economic growth.
- Third, developing countries tend to have significantly greater potential for growth in exports, foreign direct investment and tourism flows compared to developed countries. Holding sports mega-events in developing countries can serve as an impetus for long-term growth of these indicators, which will have a stronger impact on the dynamics of national GDP compared to developed countries. The data base for the empirical assessment was the indicators of 50 countries from 1970 to 2022, obtained from the World Bank statistical portal (World Development Indicators). Of these countries, 30 are developed economies and 20 are emerging economies in transition (see Figure 1).

Developed countries	Developing countries and countries with economies in transition
Australia, Austria, United Kingdom, Hungary, Germany, Greece, Denmark, Ireland, Iceland, Spain, Italy, Canada, Latvia, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, USA, Finland, France, Czech Republic, Switzerland, Sweden, Estonia, Japan	Argentina, Brazil, Israel, Qatar, China, Columbia, Korea, Cuba, Malaysia, Mexico, UAE, Russia, Serbia, Singapore, Turkey, Ukraine, Chile, Ecuador, South Africa, Jamaica

Figure 1. Countries included in the data base for analysis.

The impact of hosting a major sporting event on a country's economic growth is assessed based on collected data on major events. The largest ones are the Summer and Winter Olympic Games, the FIFA World Cup and the European Football Championship. The designation of these events as Sports mega-events is consistent with established practice in well-known studies and is due to the fact that these events are the largest and most attended in the world. Figure 2 presents all countries that have hosted or are preparing to host sports mega-events from 1970 to 2022, divided by level of development. During the period under review, 15 developed countries hosted or will host 33 mega-events. Of these, the USA, France and Germany each hosted four mega-events. The number of events hosted by countries with developing or transition economies is more than half that of advanced economies, at 16. The number of developing countries hosting events is 9. It is also worth noting that, since 2010, of the 13 mega-events, nine were hosted by countries with developing or transition economies.

Developed Countries	Years	Total	Developing countries and countries with economies in transition	Years	Total
Canada	1976, 1988, 2010	3	China	2008	1
Spain	1992, 1982	2	Brazil	2014, 2016	2
USA	1996, 1980, 1994, 2002	4	Russia	1980, 2014, 2018	3
Australia	2000	1	Ukraine	2012	1
Greece	2004	1	Mexico	1970, 1986	2
Great Britain	1996, 2012	2	Argentina	1978	1
France	1984, 1992, 1998, 2016	4	South Africa	2010	1
Norway	1994	1	Qatar	2022	1
Japan	1972, 1998, 2020	3	Korea	1988, 2002, 2018	3
Italy	1980, 1990, 2006	3	-	-	-
Germany	1972, 1974, 1988, 2006	4	-	-	-
Poland	2012	1	-	-	-
Portugal	2004	1	-	-	-
Sweden	1992	1	-	-	-
Belgium	1972	1	-	-	-
Total events		33	Total events		15

Figure 2. Major Sport Events during the period 1970–2022.

2.3 The main Socio-Economic effects of Major Sport Events

Since the potential effects of hosting mega sporting events go beyond the pure financial result, I will focus on research related to identifying and assessing long-term effects for the host countries.

2.3.1 Employment and Income of the Population

The impact of sports mega-events on the labor market of the host territory is primarily due to the emergence of a large number of new, mainly temporary, jobs. Large-scale construction of sports facilities and related infrastructure, improvement of the transport system and communication systems, development of the tourism and hospitality industry require the involvement of significant additional volumes of labor. As a result, analyses of the economic impacts of mega sporting events typically include employment, income, and wages of the host population.

Employment growth after the 1984 Olympic Games in Los Angeles and the 1996 Olympic Games in Atlanta (USA) was estimated as the difference between the predicted value of the employment level, calculated in accordance with the author's regression model, and their actual values according to data for 1969-1997 (Baade, Matheson, 2002). Even taking into account the differences in the rates of economic development of the cities under consideration (Atlanta's growth

rate in this period outpaced the growth rates of other cities in the region and most cities in the country), as well as differences in preparatory costs for infrastructure (Atlanta spent significantly more money than Los Angeles), the resulting impact on employment in both cases was assessed as negligible.

Later, a positive, statistically significant effect of hosting the 1996 Olympics in Atlanta on employment levels was found (Hotchkiss et al., 2003; 2015). Using the differences-in-differences method, Georgia counties in or close to the event experienced employment growth on average 17% faster than other counties in the state and 5% higher than in other major southern metros, but the impact on wages was negligible. The authors explain the sustainability of the identified positive effect by the high level of preparation for the event at the planning stage: the organizers managed to avoid the formation of a large public debt, a large number of existing sports facilities were used as Olympic venues, and the newly created sports and related infrastructure is actively used to this day.

An analysis of the 2006 FIFA World Cup in Germany did not show any significant effect on employment in the regions where the championship was held as a result of the construction of new stadiums and other sports facilities (Hagn, Maennig, 2008; Feddersen et al., 2009), as well as positive impact on tourism, employment or income of the population of the host regions of Germany (Allmers, Maennig, 2009). However, a small but steady increase in employment in the hospitality sector was subsequently identified, caused by the organization and implementation of the event (Feddersen, Maennig, 2012; Arne, Maennig, 2012).

No impact of the 1972 Olympic Games in Munich and the 1974 FIFA World Cup in West Germany on the level of employment was revealed (Hagn, Maennig, 2008). However, accelerated growth in incomes was found in the Olympic region compared to the rest of Germany (Jasmand, Maennig, 2008).

2.3.2 Tourist Flow

One of the most cited studies examining the impact of mega sporting events on tourism (Lee and Taylor, 2005) estimates the effect of the 2002 FIFA World Cup in Japan and South Korea using an input-output model and survey data from expatriates and tourists (1690 respondents). According to estimates, 57.7% of the total number of tourists arriving during the event can be considered directly or indirectly related to the championship. The total economic impact of the event amounted to \$1.35 billion in total output, \$307 million in additional income and \$713 million in added value. The results also showed that international World Cup fans spent on average 1.8 times more than regular tourists.

	World Cup visitors			Ordinary Tourists	Total
	Direct ¹	Indirect ²	Total		
Sample size ^a (Ratio)	1,690 (34.6%)	1,129 (23.1%)	2,819 (57.7%)	2,067 (42.3%)	4,886 (100.0%)
Tourist Arrivals ^b	139,599	93,201	232,800	170,666	403,466

Figure 3. Estimating foreign World Cup tourists (Lee and Taylor, 2005)

A similar effect was found for the expenses of tourists who came to the 2014 Olympics in Sochi, compared to the expenses of other vacationers (Vetitnev et al., 2016).

A significant increase in the tourist flow in connection with major sporting events is noted in the analysis of the 2006 Olympics in Turin (Bottero et al., 2013), the 2014 FIFA World Cup in Brazil (Baumann, Matheson, 2018), and the FIFA World Cup in 2010 in South Africa (Peeters et al., 2014). The positive effect on tourist flow was confirmed for three of the eight sports mega-events from 1987 to 2005. in New Zealand (Nishio, 2013), as well as for the 1998 (France), 2002 (South

Korea and Japan), 2006 (Germany) World Cups and the Olympics held from 1988 to 2008. (Mitchell, Stewart, 2015).

The negative impact on tourism was identified by analysing panel data for 31 countries from 2001 to 2010. For example, in 2004, during the Olympic Games in Greece, the number of foreign tourists decreased (Chasapopoulos et al., 2014).

Using seasonally adjusted ARIMA models to analyse monthly passenger flows between the United States and Olympic cities, it was found that tourist flows did not increase after the Olympics (Gruben et al., 2012). Using the example of the 2008 Beijing Olympics, using the CGE model, a positive economic impact on tourism was identified when analysed ex ante and negative when assessed ex post (Li et al., 2011).

Of particular interest are studies that evaluate the effects of hosting mega-events in developing countries, since the appropriateness of the high costs of organizing such events in countries with relatively low incomes is a matter of great debate. For example, assessments (Foiirie, Spronk, 2011) of the impact of mega-events on tourism in South Africa, based on an analysis of the results of the five largest international competitions held in this country, allow us to conclude that in most of the cases considered, the event led to an increase in tourist flow. An assessment of the effect of the 2010 FIFA World Cup showed that the number of tourists from traditional destinations for South Africa (Great Britain, the Netherlands, Germany) did not increase significantly, but during and after the championship the influx of tourists from countries previously not typical for South Africa - Brazil - increased significantly, Mexico, Argentina, Honduras, Chile and Uruguay (Fourie, Santana-Gallego, 2017). At the same time, earlier, according to data on 18 sports mega-events for 1995-2006. the absence of a significant influence of mega-events on the size of the tourist flow to the host country was revealed (Fourie, Santana-Gallego, 2011).

2.3.3 Cumulative Economic effect of the Olympic Games

Estimates of the overall economic effect are also ambiguous and sometimes contradictory. Thus, based on the CGE model, it was revealed that the 2008 Olympics brought China insignificant benefits compared to the overall economic volume (Li, 2012; Li et al., 2013). The loss from the 2000 Olympics in Australia, estimated using a similar method (Giesecke, Madden, 2007), amounted to \$2.1 billion. The estimate of the total loss of the 1994 FIFA World Cup in the USA is \$5.5 - 9.3 billion. (Baade, Matheson, 2004), with an optimistic estimate of ex ante profit (\$4 billion).

Despite the lack of impact of the 1988 Olympics on international tourism in South Korea, the total increase in economic benefits over the next three years amounted to \$1.3 billion (Kang, Perdue, 1994). Hosting a number of major international sporting events in China has been shown to significantly increase economic activity in host regions (Huang et al., 2014). A significant cumulative positive effect from the 2004 Olympics in Athens was found during the preparatory stage and during the event, but not in subsequent periods (Kasimati, Dawson, 2009).

For much of the 20th century, hosting the Olympic Games was financially out of reach for many, forcing events to be held either in developed countries in Europe or in the United States. Before broadcast rights began to amount to millions, the hosts of the Games did not even expect to make a profit - the positive impact of the tournament was expressed, rather, in the renewal of infrastructure, the construction of roads and new facilities. All this, of course, was done exclusively at the expense of public funds and sometimes debts.

The 1976 Olympic Games in Montreal became a symbol of the financial collapse. According to the forecasts of the organizing country, the costs of the Games should have been \$300 million, but the final figure turned out to be a billion more. Construction delays and - most importantly - cost overruns on the new stadium, which immediately after the end of the Olympics turned into a "white elephant",

corruption of officials - all this led to the fact that the morning after the closing of the Games the country woke up with a debt hangover. Montreal faced a \$1.5 billion deficit that took nearly three decades to pay off.

The only city that finished the Games with a profit was Los Angeles in 1984, which hosted the summer tournament after Moscow in 1980. The American city remained in the black by \$215 million, primarily because it built almost nothing for the Olympics - the competitions were hosted by existing facilities. The success of the LA competition returned the interest of countries to participate in the competition for the right to host the Olympic Games: if two countries applied for the 1988 Games, then 12 competed for the 2004 Games.

Year	City	Season	Costs
1996	Atlanta	Summer	4,2 billion \$
1998	Nagano	Winter	17,9 billion \$
2000	Sydney	Summer	8,1 billion \$
2002	Salt Lake City	Winter	2,9 billion \$
2004	Athens	Summer	18.7 billion \$
2006	Turin	Winter	5,3 billion \$
2008	Beijing	Summer	42 billion \$
2010	Vancouver	Winter	8,9 billion \$
2012	London	Summer	14,95 billion \$
2014	Sochi	Winter	50 billion \$
2016	Rio de Janeiro	Summer	13 billion \$
2018	Pyeongchang	Winter	12,9 billion \$
2020	Tokyo	Summer	13,6 billion \$
2022	Beijing	Winter	3,9 billion \$

Figure 4. Costs of conducting Olympic Games.

Sochi became the leader in terms of costs for hosting the Games - about \$50 billion, since all facilities were built from scratch. At the same time, the Accounts Chamber of the Russian Federation named a different amount that was much less - \$ 8 billion.

Beijing cited a record low cost of \$3.9 billion, making the games the most economical in 20 years. But in fact, it turns out that the Chinese authorities simply did not take into account a number of infrastructure costs for sports and non-sports facilities, because they fall under the category of “capital improvements” - the IOC does not take them into account in organizational costs.

2.3.4 How much will the 2024 Olympic Games in France cost?

The initial budget for the 2024 Paris Olympics was set at 8 billion euros, or \$8.2 million. (AP News, 2023).

Hosting the Olympic Games typically results in severe economic deficits for cities. If a city no longer has the existing infrastructure to handle the excess flow of people, the best option may be to not host the Olympics

2.3.5 Development of Mass Sports

One of the intangible effects and the main important political argument in favor of organizing international sporting events is the increased involvement of the population of the host country in sports. In particular, the impact of the victory of the West German national team at the 1974 FIFA World Cup in West Germany on the total number of football players in the country, the number of football clubs and teams is shown (Frick, Wicker, 2016). Other authors (Ruseski, Maresova, 2014) believe that the success of national teams in competitions does not lead to an increase in the level of citizen involvement in sports. However, the 2004 Olympic Games in Athens and 2006 Winter Olympics in Turin had a positive impact. People's interest in healthy lifestyles increased due to the 2008 Beijing Olympics (Kaplanidou, 2017). But the 2012 Olympic Games in London did not lead to an increase in public participation in mass sports (Brown et al., 2017).

2.3.6 Image of the Host Country

In recent years, there has been a growing number of studies assessing the image effect of mega-sports events. The image of a territory is usually understood as a set of perceptions, attitudes, ideas and impressions that a person experiences while in this territory (Brijs et al., 2011). Considering that the initial data of such studies are mainly surveys of groups of guests from different countries, the results accumulated to date seem to be quite contradictory.

Surveys of New Zealand football fans (Florek et al., 2008) and students from South Korea (Jong, Lee, 2007) indicate a significant improvement in the image of Germany after the World Cup in 2006. Similar positive effects are observed for Japan and South Korea (Kim, Morrision, 2005), as well as for Brazil (Rocha, Fink, 2017).

Some authors consider the effect on China's image as a result of the 2008 Olympics to be positive (Nadeau et al., 2011; Chung, Woo, 2011; Lai, 2018), while others show that tourists' perceptions of China before and after the Olympics remained almost unchanged (Heslop et al., 2010; Li, Kaplanidou, 2013). The absence of a significant impact of the 2010 Olympics on the image of Canada was revealed based on data analysis and thousands of publications on Facebook (Banyai, Potwarka, 2012). Regarding the 2006 Turin Olympics, a sample survey of approximately 650 Lithuanian students shows a negative image effect (Auruskeviciene et al., 2010), while a survey of Norwegian students reveals mixed results (Gripsrud et al., 2010).

Contradictory results were also obtained when analyzing Americans' opinions about the image of South Africa before and after the 2010 FIFA World Cup. Based on a survey of 411 and 409 people before and immediately after the championship, respectively, a positive impact on the country's image was revealed (Fullerton, Holtzhausen, 2012). However, an additional survey of 417 respondents a year after the championship completely neutralized the initial effect (Holtzhausen, Fullerton, 2015).

2.3.7 General Social Effects

By general social effects I mean such intangible effects as a sense of pride in one's country, a sense of moral satisfaction ("psychic income"), contribution to the development of social capital, and other socio-psychological aspects.

Data from the 2010 (Vancouver) and 2012 Olympics (London) emphasizes the positive psychological and social effect: creating a festive atmosphere during an event for citizens is more important than the financial side of the issue (Hiller, Wanner, 2015). By instilling a sense of civic pride through collective experiences, the 2006 FIFA World Cup in Germany contributed to the convergence of public interests and preferences (Süssmuth et al., 2010). However, the 2002 Salt Lake City Olympics did not have a significant impact on social connections and the sense of community among citizens (Soret et al., 2015).

In relation to the 2010 FIFA World Cup (South Africa), contradictory social effects have been identified. Based on pre- and post-event surveys (about 1,700 and 2,000 respondents, respectively), a positive impact on the sense of moral satisfaction of the country's population was shown, combined with negative consequences for social capital (Gibson et al., 2014). Other work argues that the championship had minimal impact on citizens' sense of national identity (Heere et al., 2013).

Citizens' perceptions of the 2002 FIFA World Cup, held in Japan and South Korea, in terms of economic benefits and cultural benefits changed dramatically: before the start there was a positive assessment, and after its end there was deep disappointment, since the real benefits did not justify their expectations (Kim et al., 2006). In particular, the most important negative factor for local residents was the economic consequences of the event.

2.4 Result

Thus, it can be concluded that hosting mega sporting events has a positive and significant impact on the economic growth of countries with developing or transition economies. The results obtained indicate that an increase in GDP per capita in the host country of a mega sports event occurs not only at the stage of its preparation, but also after the event itself. This effect is long-term and is observed for 12 years after the event. The impact of a mega-event on economic growth in the period following a mega-event is more important than in the period preceding it, because in the first case, effects are observed that are not related to GDP growth as a result of investment in infrastructure.

The diversity and conflicting results of assessments of the economic and social consequences of hosting mega-sports events for host territories give reason to believe that this topic is relevant and new research and active scientific discussion on this issue are needed. However, some basic patterns and trends can be identified.

Firstly, assessments of the economic effects of hosting mega sporting events generally boil down to identifying a fairly modest and short-term positive impact. This is especially true for employment and the volume of tourist flows, which, as a rule, increase only during the competitions themselves. The net economic gain here is also rarely identified.

Secondly, the emphasis in modern research is noticeably shifting towards assessing the intangible effects of holding sports mega-events. The role of social factors in motivating people to host major sporting events on their territory is growing: positive emotions and a festive atmosphere, a sense of national unity, the development of physical culture and sports, etc. These factors are of particular importance because they ultimately increase the well-being of citizens, which goes beyond the framework of standard economic analysis of the consequences of such competitions (Streicher et al., 2017). "Positive emotions"

and public image effects cannot be neglected when analyzing the benefits and costs of sports mega-events (Baade, Matheson, 2004).

Assessing the impact of sports mega-events on the prestige of host territories has begun to play a significant role. For example, for the 2014 Olympics in Sochi, the impact on image and its political significance were unanimously emphasized (Alekseyeva, 2014; Persson, Petersson, 2014; Müller, 2014).

Thirdly, the analysis of developing countries and BRICS countries as new platforms for hosting sports mega-events can be considered mainstream in the research. This is due to the general trend when choosing sites for such competitions. While previously sports mega-events were held mainly in rich and developed countries, then over time this tradition has changed. In 1968, Mexico City became the first city outside the industrialized world to host the Olympic Games (followed by the FIFA men's World Cup in 1970). Since the 2000s, more than half of all bids to host the Summer Olympics have come from non-OECD countries. The following questions naturally arise: how expedient is it to hold sports mega-events, accompanied by significant financial costs, in countries with a difficult economic situation; whether such costs will be justified in the future; whether the intangible effects will outweigh the economic costs of these events; will they help developing countries increase their prestige and investment attractiveness, etc.

3 Literature Review

Well-known studies examine the following main aspects related to the impact of mega-events on the country's economy: exports, tourism, employment, and GDP growth. Rose and Spiegel (2009), using different trade models, showed that hosting mega-events like the Olympics has a positive effect on national exports (Rose A., Spiegel M., 2009).

At the same time, Bista (2017) used various regression estimation methods and was unable to identify a reliable positive effect of the event on the country's total exports. Song (2010), examining the impact of mega sports events on exports and tourism, concludes that there are positive long-term consequences for exports and negative ones for the tourism sector.

Li, Blake and Cooper (2011) found that the effects on exports are positive and long-term, while the effects on the tourism sector are predominantly short-term, occurring in the four years before and after the actual Olympic Games.

A report from the Mizuho Research Institute (2014) shows that the number of foreign tourists begins to increase from the time the host city is selected, rather than directly in the year of the Games, and the dynamics tend to be ahead of the previous 10-year trend line.

Li, Blake, and Cooper (2011) estimate the impact of the 2008 Beijing Olympics on international tourist arrivals using a computable general economic equilibrium model. It was found that although the economic impacts of international tourism were predicted to be positive in Ex-Ante assessments, the impact was negative in Ex-Post analyses.

Using a macroeconomic general equilibrium model for the Greek economy, Zonzilos, Demian and Papadakis showed that the Athens Games had a significant positive impact on economic activity and employment during the period 2000–2013. If the games had not been held, Greece's GDP level in 2004 would have been 2.5% lower and employment would have been lower by approximately 44,000 jobs (Zonzilos N., Demian E., Papadakis E., 2015).

Levy and Berger (2013) do not find an increase in the flow of foreign tourists to the country, comparing data on the number of visiting tourists eight years before the Olympic Games with data for eight years after the event (Levy B., Berger P., 2013). Studies by Wallman (2006) and Hotchkiss, Moore and Rios-Avila (2015)

show that the Olympic Games and other sports mega-events increase employment in the region, and also lead to an increase in real wages.

Brückner and Pappa (2015) show that hosting the Olympic Games generated significant real GDP growth in host countries over the five-year period preceding the event year. According to the results, the cumulative effect on the level of real GDP was about 10 percent of growth in the years leading up to the games. The dynamics of GDP in the year of the Olympic Games itself is positive, but not significant. The increase in GDP ahead of the Olympic Games is mainly due to increased investment in the construction of infrastructure facilities and an increase in the number of foreign visitors to the host country. In addition, the level of GDP does not tend to decline after the Olympic Games.

Owen (2005) and Giesecke and Madden (2011) argue that most researchers tend to overestimate the economic impact of the Olympic Games because they ignore the fact that private investment may be crowded out by increased government investment spending, which in turn leads to an increase in the state budget deficit.

Analysis of existing literature allows us to identify two main categories of research on the impact of sports mega-events on the economy: ex ante and ex post. The results of most Ex-Post studies have shown that forecasts made before a sports mega-event are most often exaggerated and, as a rule, do not come true, since the previously described mechanisms of influence of sports mega-events are based on a set of assumptions that are not always realized fully. This is, in part, due to the fact that existing studies do not take into account factors such as crises, as well as important political and social events, which have a significant impact on the development indicators of countries hosting mega-events.

4 Specific Impact of International Football Tournaments

Football has a dual nature. On the one hand, football is a sport loved by many. On the other hand, big-time football has long become a business, albeit a very specific one. According to experts, four billion people - half of the world's population - consider themselves football fans, and tens of millions of people at various levels actually engage in this sport in all countries.

On May 21, 1904, the International Football Association (FIFA) was officially established in France; today it is one of the largest public organizations in the world, consisting of six confederations and 211 national associations.

According to FIFA, more than 256 million people play football worldwide.

Country	World's most football countries		
	Population, millions	Number of players, millions	Share of footballers in the population, %
United Kingdom	65	11,5	20,9
Germany	81	16,3	20
USA	325	24,4	8
Brazil	200	13,2	6,2
Russia	146	5,8	4,1
China	1390	26,1	1,8

Figure 5. According to FIFA (Lizan, 2015).

The countries with the largest number of football players are the United Kingdom and Germany, where amateur football is not only developed, but also major

league professional football has been successfully monetized and turned into a business.

Premier League clubs have long been listed on the stock exchange, so football for their management is no longer so much a sport as a commercial activity, the results of which must meet the expectations of shareholders who want to make a profit from their investments in the club.

Meanwhile football championships have acquired a completely triple nature: the World Cup is not only a mega sporting event, but also a political and business project. FIFA has become a commercial organization that has acquired a lot of financial obligations to clubs and sponsors. The FIFA World Cup is the largest, most spectacular and influential football mega-event in the world.

This study is not about which club plays football best and which football player should be called the best player of a particular season, but about who, how and how much money are earned during football matches and international football tournaments.

4.1 Football Industry

As a result of almost a century of development, the world today hosts five major world-class football mega-events: the World Cup, the UEFA Champions League, the Confederations Cup, the European Cup and the Olympic Games. With today's developments in society and the economy, the value of the football industry continues to grow. The global football industry has a large audience, which provides it with stable market demand. With the globalization of football matches, the development of football business has also become globalized. The annual gross domestic product of the football industry is US\$500 billion. In 2018, football became the 17th largest global economy and deservedly ranks first in global sporting activity. Football accounts for 43% of the total production in the sports industry, which is much higher than other sports projects. Thus, football is

the largest and most influential sport, with the largest and widest audience, and the football economy is one of the fastest growing economies in the world.

As its popularity grew, so did the commercialization of football. The commercialization of football meant the process of combining football itself with economic and financial activities, which was successfully achieved by the end of the 20th century.

Today they are already talking about the football industry in the national economies of many countries and about the global football economy. The football industry is a collection of commercial activities that surround football itself. In terms of the industry chain, the football industry is divided into eight main units: football leagues, clubs (players, coaches, investors), tournament associations, broadcasters, sponsors, audiences, derivatives and bookmakers. Among them, the football club is the most valuable part: football clubs discover and train young players, own and sell football stars, clubs form leagues, football clubs create brands, sell broadcast rights, attract sponsors and conduct brand transactions. A major league football club is a corporation where a football player is a hired high-class manager who advertises the club's sponsors while performing his playing role during a football match, with the goal of winning the club and increasing its income (Gubaidullina F. S., 2018).

There is active commercial exploitation of football matches. Football matches are a major part of the football industry chains, they are mainly represented by two parts: the first is cup matches, especially the World Cup and the European Champions League, the second is the matches of the top leagues in different countries, in particular the top five European leagues. Following operational logic, the football industry can be divided into three stages: production, operation and distribution. The production process mainly includes talent training, player mediation, club organization, match management, etc. Talent training mainly refers to youth football development, that is, training young players. Player mediation is the establishment of communication between players and clubs, connecting clubs and players, mainly for the benefit of the players. Match

management is the organization of various football matches, including cup matches and professional league matches.

The value of the football industry is constantly increasing. Take footballer transfer fees for example: the first recorded transfer of Willie Groves from West Bromwich Albion to Aston Villa in 1893 was for just £105 (equivalent to £11,000 today). In July 1982, when Diego Maradona moved from Boca Juniors to Barcelona, the transfer fee was 8 million euros. Most recently, the transfer record was set by Neymar's transfer from Barcelona to PSG for 222 million euros. And when the most high-profile transfer of this year took place, the owners of PSG were very happy that they got Lionel Messi for much less than 500 million euros. (<https://www.sports.ru/tribuna/blogs/odukhevremeni/2952030.html>). A number of further examples of increasing costs can be seen in Figure 6.

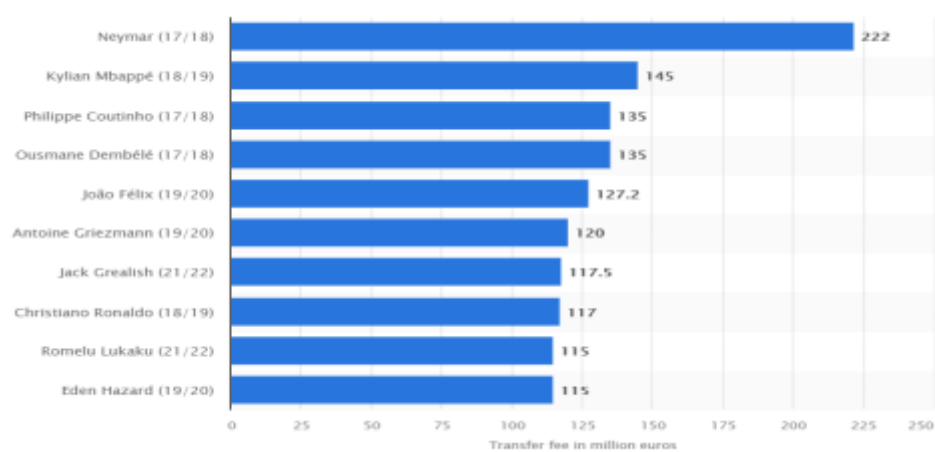


Figure 6. Transfer prices for popular players for September 2021 Football Diplomacy. (Burykin, Gordienko,2021).

4.1.1 What is Football Diplomacy?

Football diplomacy is the use of football mega-events and tournaments as a tool to improve international relations and achieve political goals. It is based on the idea that sport, particularly football, can serve as a powerful tool for establishing dialogue, cooperation and bridging political differences between countries.

Football diplomacy can take many forms, including the organization of international tournaments, friendly matches between national teams, exchanges of sports delegations and the participation of political leaders in football events.

Football brings together people of different nationalities and cultures, and can become a platform for dialogue and cooperation. Football diplomacy can have various goals, including improving the image of a country, attracting investment, strengthening friendly relations and resolving conflicts. It can be used as a means to achieve political, economic and cultural goals.

4.1.2 History of Football Diplomacy

Football diplomacy has a long history, dating back to the first international football matches in the late 19th century. One of the first examples of football diplomacy was the match between England and Scotland in 1872. The match was the first official international football match and was organized to strengthen relations between the two countries.

In subsequent years, football matches became a popular means of improving relations between countries. For example, in 1904, a match took place between England and France, which helped strengthen friendly ties between the two countries. In 1934, a match took place between Germany and Austria, which was used to promote the German regime.

During the Cold War, football diplomacy became especially active. In 1955, a match took place between the USSR and Hungary, which helped improve relations between the two countries. In 1971, a historic match took place between the United States and China, which helped improve relations between two countries that had been on hostile terms.

Holding football competitions helps strengthen the prestige of the country and increase its popularity, which is especially important for developing countries. A successful international competition can be a positive signal for foreign investors.

This is especially evident in the experience of two developing countries that hosted previous FIFA World Cups: South Africa (2010) and Brazil (2014). Since some time has already passed, the effect of these competitions can be assessed. According to official data, the World Cup cost the South African government \$3.12 billion. This money went towards transport infrastructure, communications and stadium construction. There has been a noticeable increase in the number of trips to South Africa by citizens of countries that are not members of the Southern African Development Community (a union of 15 southern African countries).

South African citizens still continue to use the infrastructure built before the championship - airports, railways and highways. But this is not the main thing. According to the researchers, "the effect that can truly drive long-term growth in the South African economy is an increase in self-confidence." That is, the residents of the country realized that they could organize such a large international competition. And this helps in readiness for other endeavors, for example, partnerships with foreign investors. The World Cup is still considered a success by South Africans.

The Brazilian authorities invested \$13 billion in the next World Cup, 2014. Of this, \$2 billion went to ensuring security, as mass protests against corruption and government policies took place in the country. According to official data, a million foreign tourists visited Brazil during the championship, although the authorities expected 600 thousand.

The championship helped strengthen Brazil's international image. From 2003 to 2013, the country rose ten positions in the International Congress and Conference Association rankings, from 19th to ninth place.

Euro 2012 - the tournament ended in glory for Spain and for the two host countries. Both Poland and Ukraine earned plaudits for soccer matches that went ahead without the chaos, racist violence and technical glitches that some had predicted. The image of these respective countries among the international public has improved significantly.

Today, football diplomacy continues to develop and be used to improve relations between countries. For example, in 2018, a match took place between South Korea and North Korea, which helped improve relations between the two countries that were at war. The 2018 FIFA World Cup was held in Russia against the backdrop of strengthening anti-Russian sanctions. Accordingly, the question of the high price to pay for trying to strengthen Russia's international reputation will be one of the most important even years after the championship.

Football diplomacy is a unique tool in international relations that uses football as a means to achieve political and diplomatic goals. History shows that international football tournaments can help improve relations between countries, resolve conflicts and create a positive image. However, it must be borne in mind that football diplomacy has its limitations and may be subject to criticism. Overall, football diplomacy continues to play an important role in the modern world and remains an interesting research topic in the field of international relations.

4.2 Economic Effect and Feasibility of Holding International Football Tournaments

The first FIFA World Cup took place in 1930 and has been held more than 40 times since then. And each time taxpayers wondered about the economic feasibility of holding this spectacular but costly event.

Over the past 20 years, only the most economical ones have been able to pay for the World Cup during its holding. The most economical and effective FIFA World Cups for their economies were those in the USA (1994) and France (1998). In these countries, football has long been popular; the city's economy and infrastructure were sufficiently developed to host the championship with minimal investment. Even at the application stage, the United States could offer about 30 ready-made stadiums that meet all FIFA requirements. As a result, America spent only \$30 million on infrastructure improvements. It is not surprising that the championship paid for itself even before its completion; tickets alone brought in

more than \$60 million. The total long-term economic effect, according to various estimates, ranged from \$3 to \$11 billion.

France's expenses for the World Cup turned out to be significantly higher - \$1.6 billion. Only \$394 million was spent on the reconstruction of the country's main stadium and the entire championship - Stade de France. About \$220 million more was spent on retrofitting and updating 9 more stadiums. However, the championship also turned out to be profitable for France; the total economic effect was expressed in GDP growth of 1%. In 1998, France's GDP growth was 3.3% (for comparison, in 1996 and 1997, GDP grew by only 1% and 2%, respectively) (Bogolyubova, Nikolaeva, 2011).

Korea and Japan spent about \$2.5 and \$5.6 billion, respectively, on the eve of the 2002 World Cup. A significant part of these funds was used for the construction of sports facilities. 10 new stadiums were built in South Korea for \$1.7 billion. In Japan, \$3 billion was spent on the creation of 7 new stadiums and major reconstruction of three existing ones. After the World Cup in Japan, the stadiums, thanks to the developed football industry, are successfully used by local teams. In South Korea, stadiums for 45,000 spectators were not in demand: the popularity of football in the country is low, even the best matches rarely attract more than 20,000 people. Ordinary matches are attended by 5,000-10,000 fans who simply get lost in the stands of the huge stadium (Bogolyubova, Nikolaeva, 2011).

Particularly noteworthy is the experience of Germany, which approached the preparation of the 2006 World Cup no less thoroughly than its Asian predecessors, but in a radically different way. As a result, instead of the initially planned \$4 billion (3.7 billion euros), about \$7.7 billion (7 billion euros) were spent on preparations for the 2006 World Cup. However, the cost of updating 12 stadiums was only a small part of the total investment - \$1.9 billion, of which only 35% fell on the shoulders of taxpayers. 65% of commercial infrastructure developed as investment commercial projects. Stadiums were built for football teams, who know how to operate them and make them profitable. The remaining

\$5 billion was spent on infrastructure projects: the Central Station and a tunnel (3.5 km) under the Tiergarten park were built in Berlin, the fourth Elbe tunnel was built in Hamburg, among various others. The total economic effect is estimated at up to \$14 billion.

In preparation for the World Cup, Brazil was amazed by the colossal costs, but in fact continued the trend of infrastructure development that began in Germany back in 2006. About \$11 billion was invested in the World Cup, and \$9.6 billion was spent from the state budget, which caused unrest among the population in the early stages of preparation. Only \$3.6 billion was used for the development of sports facilities (12 new stadiums were built). The remaining 67% was spent on infrastructure: \$2.6 billion was invested in airport development; \$3.4 billion - in transport infrastructure, etc. The country received less than \$1 billion from the sale of tickets, hotel and tourism businesses related to the World Cup. The total long-term economic effect is estimated in the range of \$13-14 billion (Bogolyubova, Nikolaeva, 2011).

According to the latest data, Russia spent about \$14 billion on the 2018 World Cup, making it the most expensive in history. It is important that in Russia 65% of all investments are invested in strategic projects that are significant for the country. Even if forced, the planning horizon is switching from quick money to long-term development. The 2018 FIFA World Cup in Russia attracted approximately 3.572 billion viewers worldwide. By analogy with Germany, South Africa and Brazil, it is clear that Russia was investing in infrastructure facilities. Private capital finances projects that are understandable and attractive for long-term planning: hotels, airports, electricity projects.

5 Case Study of FIFA World Cup in Russia 2018

For the first time in history, Russia became the host country of the FIFA World Cup and held the 21st FIFA World Cup on the territory of the Russian Federation. The preparation and holding of the 2018 FIFA World Cup had enormous social significance and brought a significant economic effect, setting a new vector of movement in many directions. In this regard, it is especially important to consider the scale of the tournament's influence on the socio-economic sphere, from the point of view of both one-time and long-term aspects.

5.1 Impact on GDP and GRDP

A major-sporting event as the FIFA World Cup has a significant impact on the country's economy. It is expressed in an increase in the supply of goods and services on the market in almost all industries, which leads to an increase in gross added value and contributes to GDP growth.

This is due, firstly, to the development of the tourism sector and the increase in the number of tourists; secondly, to the costs of preparing and holding the games. The development of hotels, transport, communal and social infrastructure, as well as the strengthening of the country's tourism image in the international arena will contribute to GDP growth not only during the Games, but also in subsequent years.

Impact of the 2018 FIFA World Cup on Russia's GDP should be considered in both direct and indirect aspects (Vasilenko I.A., 2022). Direct impact includes the impact on industries directly participating in the process of holding the tournament, and indirectly - on the industry, participating in the value chain of goods and services, demand for which grew significantly during the preparation and holding of the tournament. Thus, a multiplier effect is revealed, closely related to gross domestic product and investment. As production increases, the cost of intermediate goods increases accordingly products, and almost all sectors of the economy grow due to spending relevant industries, which leads to increased profits, taxes and income of the population, which, in turn, increases gross domestic product (Figure 5).

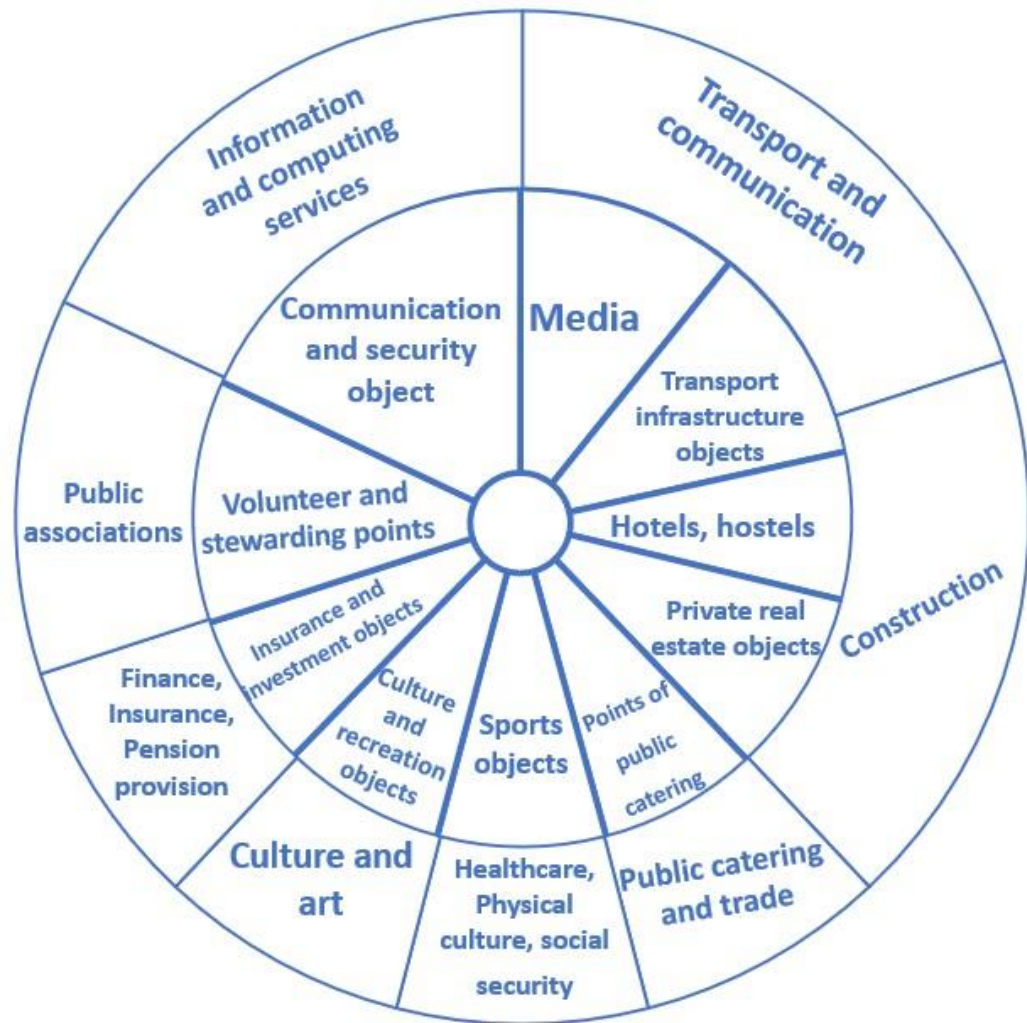


Figure 5. Multiplier effects of FIFA World Cup in Russia on the country's economy.

The impact of the 2018 FIFA World Cup on GDP is estimated at 952 billion rubles, which is equivalent to 1.1% of Russia's annual GDP, 79% of which accounts for investment and operating expenses (Vasilenko I.A., 2022).

The increase in GDP between 2013 and 2018 led to growth of national labor income by 459 billion rubles due to the creation and retention of 315,000 jobs per year and increasing tax revenues of 164 billion rubles. Income of small and medium-sized enterprises for this period increased by 797 billion rubles, with a significant contribution contributed by construction and tourism (Davyborez E.N., Kuzmina O.V., Mefodieva S.A., 2016) *.

For most organized regions, GDP growth was 2-6% per year. It is worth noting that most of the investments were directed to transport, utilities and social infrastructure, which is expected to provide another 150-210 billion rubles in GDP growth. This is a one-time effect that includes the impact of winnings on GDP and gross regional product (GDRP), as well as the impact on individual sectors of the economy, calculated using multipliers (coefficients reflecting income growth in response to investment).

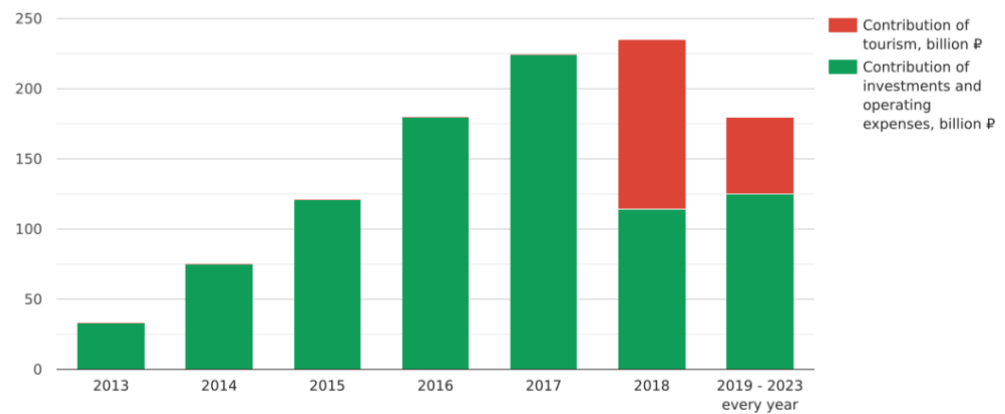


Figure 7. The Impact of the 2018 FIFA World Cup on Russia's GDP. (Organizing Committee "Russia-2018"/ McKinsey).

According to the Federal Agency for Tourism, a total of 6.8 million tourists and fans visited the host city of the football championship during the World Cup, of which more than 3.4 million were foreigners, which is 40% more than in the previous year.

Of the total effect, 86% was attributable to investment and operating expenses (746 billion rubles), with the peak of investments in sports and transport infrastructure occurring in 2016-2017. Another 14% of the total effect (121 billion rubles) was the direct influx of tourists during the championship period.

This is an amount of spending that is directly included in GDP, like any other capital investment or government spending," says Sergei Drobyshevsky, head of research at the Gaidar Institute. Estimates of the contribution of foreign fans to GDP in 2018 also look reasonable and are close to the Gaidar Institute estimates, he says. In particular, revenues from tourism (up to 70 billion rubles per year) seem inflated, he says, even taking into account the increased recognition of the country after the World Cup and new hotels that will attract more tourists (Anokhin 2018).

Anokhin (2018) said preparations for the 2018 World Cup had created up to 220,000 new jobs, mainly in construction and tourism. Thanks to this, he claims, national labor income increased by 414 billion rubles between 2013 and 2018.

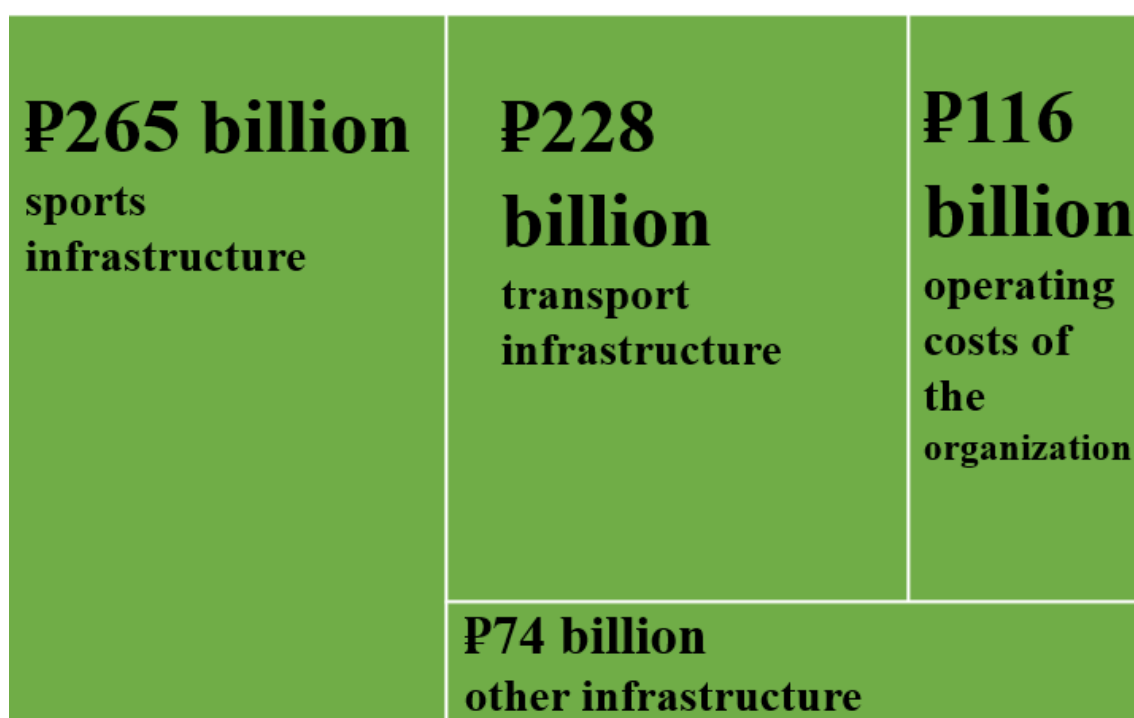


Figure 8. The volume of costs for the preparation and holding of the 2018 World Cup (Organizing Committee "Russia-2018"/ McKinsey).

In 2018, tourist flows contributed 201 billion rubles to GDP, accounting for 21% of the overall impact of the Games. During the Games, not only the tourist flow

increased, but also the level of spending of tourists themselves due to a longer stay. Domestic tourism has also received significant development.

Thus, about 605,000 Russian fans watched the matches in different cities. According to a survey conducted during the Games, about 90% of foreigners said they would recommend visiting Russia to their friends or would return themselves.

In this regard, in the long term, the flow of foreign tourists to the regions will increase by 14-18%, contributing to the development of the tourism cluster (Vasilenko I.A., 2022). Impact of investment and operating expenses on GDP
Investment and operating expenses on infrastructure accounted for the largest portion of the total impact on the country's GDP: 265 billion rubles were spent on the development of sports infrastructure. These funds were used for the construction and reconstruction of stadiums in all host regions, as well as the construction of 95 training grounds.

228 billion rubles were invested in the modernization of transport infrastructure, 74 billion rubles - in the construction and reconstruction of housing, healthcare facilities and energy supply systems. All new and reconstructed facilities are objects of the championship's material heritage. Operating expenses amounted to 121 billion rubles and included fan festivals, development of areas adjacent to stadiums, improvement of security and video surveillance systems in cities (Vasilenko I.A., 2022).

In 2018 prices, converted to dollars, the total impact of the 2018 World Cup on Russian GDP will be about \$15 billion, "which exceeds the effect of similar championships in Brazil (2014), South Africa (2010), Germany (2006) and South Korea (2002) and is only slightly inferior to that of Japan (2002) the tournament was held in two countries)," (RBC, 2019). For example, for Brazil this effect is estimated at \$14 billion (0.6% of GDP), Germany - \$12 billion (0.3% of GDP), South Africa - \$7 billion (2% of GDP).

The World Cup is a “large-scale infrastructure project” that has “already produced a significant effect on socio-economic development,” Deputy Prime Minister Arkady Dvorkovich said at the presentation of the study. “We are already seeing a positive impact on our economic growth,” he asserts (Bury S.A.).

According to Sorokin, the calculated economic effect is conservative, “the numbers are clean, we have removed everything unnecessary.” For example, the calculations did not include the costs of the Spartak, St. Petersburg, and CSKA stadiums, since their construction began even before the decision to hold the World Cup in Russia.

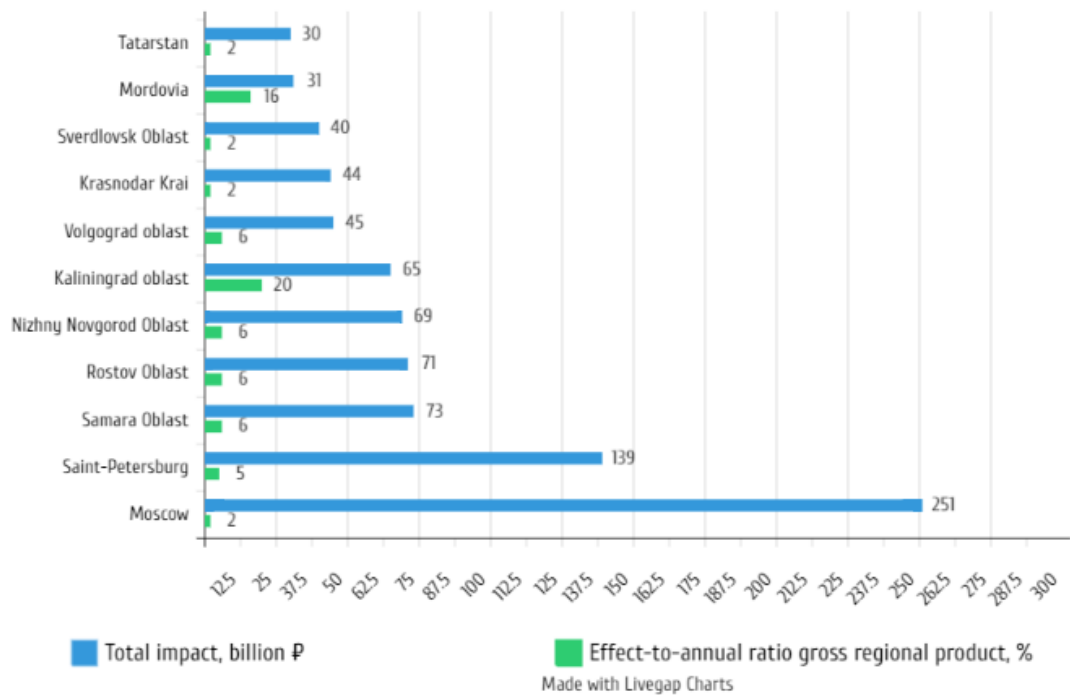


Figure 9. Impact of the World Cup on regional GRDP (Organizing Committee "Russia-2018"/ McKinsey).

In response to criticism of the high costs of hosting the World Cup (about 680 billion rubles since 2013) and questions about future infrastructure needs, Dvorkovich said that the costs incurred should be considered "investment, production costs" and otherwise “You are not truthful,” he warned journalists.

“The infrastructure (built for the World Cup) will definitely not be excessive,” Dvorkovich assured, expecting that the stadiums will host teams from the Russian Premier League (the top league of Russian football). Several host cities do not currently have Premier League teams (Samara, Saransk, Kaliningrad and Sochi). Dvorkovich said: “We hope that the teams can pull themselves together and reach the Premier League, although this is a sport and anything can happen.” (Vasilyeva O.A., 2020).

During the congress, the income of small and medium-sized enterprises (SMEs) increased significantly. Mainly due to the contribution of the construction and tourism sectors, SMEs received more than 797 billion rubles. In the long term, revenues are expected to increase by 130-190 billion rubles per year (Glazatov A.V.,2017).

Additional tax revenues to budgets of all levels amounted to 164 billion rubles. In the long term, it is expected that the additional effect from tax revenues will amount to 26-38 billion rubles per year.

In logistics sector, in preparation for the 2018 World Cup, the transport infrastructure of intercity and urban transport was updated. Upgrading the intercity communication network was the most ambitious set of measures and included the construction and reconstruction of airports, roads, train stations and railway terminals.

Thus, 11 Russian airports met international air transportation quality standards, and their capacity increased by more than 30%. (Graver A.A. 2012). All airports underwent reconstruction of terminals, runways, asphalt surfaces and inter-terminal corridors. During the preparation period, 20 railway stations and terminals and 178 km of roads were reconstructed and modernized (Glazatov A.V.,2017).

Due to the need to increase passenger traffic, the city public transport fleet was significantly updated - more than 460,000 vehicles were purchased. Equipping

transport services with GLONASS systems, centralizing information about the situation on the roads to the relevant authorities and using automatic video cameras have made it possible to strengthen control over compliance with traffic rules. In general, the construction and reconstruction of transport infrastructure has improved transport accessibility in rural areas.

This allowed companies to reduce logistics costs, created new opportunities for business expansion and interregional cooperation, and also contributed to increasing the economic attractiveness of the region. In preparation for the 2018 FIFA World Cup, eight stadiums were built, four arenas were reconstructed and 95 training grounds were opened. The construction of sports infrastructure is a catalyst for local development.

The FIFA World Cup and its legacy of world-class sports venues will help promote popular sports, especially football. Already for the period 2010–2018, there has been an increase in interest in healthier lifestyles and sports. The share of football fans among Russians increased by 23%. In addition, after the 2018 World Cup, regional sports clusters will be developed.

For example, in the south of the capital, on the left bank of the Don River, a sports cluster is being built, which was completed in 2023. Currently, reconstruction of the boat canal and construction of a new embankment with the Aquatria water sports center, the Rostov Arena stadium and a park (16 hectares) are underway, which create the necessary conditions for sports and recreation for citizens. Also, in the cluster is an ice palace, a handball arena, an equestrian school and a hippodrome - the home of the Rostov football club, the base of FC Rostov completed in 2021, and the Rostov Arena - also in 2021 (Dolgova D.A., 2017).

5.2 The Impact of FIFA World Cup on the Future of the Country and Football in Russia.

Organizing the FIFA World Cup, the world's largest international single-sport competition, requires large investments in infrastructure and preparation of

stadiums, organizing transport to transport millions of people (from the country and from abroad) to matches and fan festivals, organizing catering in accordance with all health and safety requirements, waste management at stadiums, thousands of volunteers, recruiting and training volunteers, ensuring universal accessibility of the event, catering for the 32 participating teams, ensuring accessibility of participants, etc. volunteers, recruiting and training volunteers, ensuring universal accessibility events, catering for the 32 participating teams, making the event accessible to all participants, etc., requires considerable investment. Of course, all this work has an environmental and social impact on the host country (Organizing Committee "Russia-2018". Final report.,2018).

The Sustainable Development Strategy developed by FIFA and the Russia 2018 Organizing Committee aimed to minimize the negative impact during the preparation and holding of the 2018 FIFA World Cup Russia and ensure that the tournament had the full potential for positive social, economic and environmental impact. This goal appears to have been achieved.

Based on the strategic vision for the 2018 FIFA World Cup Russia (developed by the Organizing Committee), the FIFA Code of Ethics and the values set out in the ISO 20121 standard, the organizers of the championship were guided by the following principles:

- Responsibility: a commitment to sustainable development shared by all whose actions affects the environment, economic activity and social progress.
- Inclusion: treating everyone fairly and equally and involving all stakeholders in meaningful activities. Inclusion applies to all stakeholders regardless of color, ethnicity, national origin, social origin, gender, disability, age, religion, political or other opinion, economic status, social position, sexual orientation or other differences.
- Information transparency: openness about decisions, actions and their consequences affecting society, the economy and the environment.

- Good business practice: behavior consistent with generally accepted standards of good business practice in a particular context, including international standards.
- Respect: complying with the law, taking into account the interests of stakeholders and not violating the rights of others.

5.3 Main activities in the field of sustainable development.

Promoting social development and human progress Football as a sport is a social phenomenon and hundreds of millions of people experience the excitement, opportunity and change that football brings to their lives. FIFA and the Organizing Committee harness the power of sport to drive positive social change and ensure full respect for human rights in the areas of health and safety, decent work, skills and competency development, inclusion and equality, social development, healthy lifestyles and sporting heritage, all supporting initiatives that use sport as a catalyst (<https://www.proffadmin.ru.>).

5.3.1 Health and Safety

- Ensuring health and safety at World Cup events.
- Ensuring tobacco-free facilities and events of the World Cup.
- Promoting improvements in the healthcare sector to provide quality healthcare services during the World Cup.

5.3.2 Decent Work and Competence Development

- Ensuring decent working conditions for FIFA and the Organizing Committee employees and volunteers.
- Promoting decent working conditions for workers involved in the construction of WC stadiums.
- Development of competencies and skills of WC staff and volunteers.

5.3.3 Inclusion and Equality

- Ensuring universal accessibility of events and transport services during the WC for persons with disabilities and other low-mobility groups.
- Creating opportunities for low-income groups to purchase tickets to the WC matches.
- Ensuring a discrimination-free environment at WC sites and events.

5.3.4 Social Development, Healthy lifestyle and Sports heritage

- Addressing social issues through youth soccer programs.
- Promoting a healthy lifestyle, developing football and attracting young people to football using the WC platform.
- Promoting the effective use of stadiums and sports facilities of the WC after its completion.

5.3.5 Environmental Protection

The FIFA World Cup can and should be seen as an opportunity to promote environmental responsibility. The most important priorities are minimizing the environmental impact of the preparation and holding of the Championship, as well as increasing environmental awareness of all parties involved. The use of modern technologies and “green” standards in the construction of stadiums will ensure that the principles of sustainable development are taken into account both during their creation and during operation, and will have a significant positive impact also after the end of the tournament. In order to improve the overall environmental situation in the cities and regions of the organizers, creating the basis for further changes for the better in the field of environmental protection, the Strategy included the following key tasks:

- Ensuring that the Championship stadiums comply with the requirements of green building standards.
- Development of stadium management practices taking into account the principles of sustainable development.

- Ensuring efficient energy consumption and greenhouse gas emissions management.
- Ensuring effective waste management within the framework of the World Cup.
- Minimizing the impact of transport on the environment during the competition.
- Minimizing the risks of environmental incidents associated with the operational activities of the Championship.
- Ensuring compliance of the Championship's operating activities with legislative requirements in the field of specially protected areas.
- Promotion of environmental protection and conservation of biological diversity in connection with the preparation and holding of the Championship.

5.3.6 Promoting Regional Economic Development

The 2018 FIFA World Cup provided an opportunity to promote sustainable development and local economic prosperity through World Cup investment, infrastructure development and job creation.

While adhering to the principles of sustainable development in the preparation and holding of the Championship, FIFA and the Organizing Committee strived for open interaction with all external organizations, and also promoted the dissemination of socially responsible business practices among stakeholders. Ensuring that all aspects of business practices met high ethical standards and providing opportunities for local economic development helped create long-term positive economic impacts for host cities and regions.

- Ensuring that commercial partners and suppliers comply with FIFA and LOC standards of fair business practices and practices.
- Supporting compliance with legal requirements during the resettlement and purchase of land plots necessary for the construction of Championship stadiums.

- Supporting investment and infrastructure development in preparation for the Championship in order to stimulate economic development at the regional level.
- Promoting job creation during the preparation and holding of the Championship.
- Promoting the host cities of the Championship as tourism centers, promoting their improvement and growth of tourist attractiveness.

5.4 Results

Russia's success in hosting the World Cup was recognized by FIFA, the international media and eyewitnesses of the tournament. Russian authorities said they had managed to improve the country's image, with FIFA President Gianni Infantino saying: "Everyone saw a beautiful, hospitable country that tried to show the world that what was said before may not be true. People saw the real Russia and many prejudices have changed." Infantino declared the 2018 World Cup the best World Cup in history.

According to FIFA's 2018 financial report, "From 2015 to 2018, FIFA's revenues reached a record US\$6.421 billion, of which 83 percent, or US\$5.357 billion, came from the most profitable tournament in our history, the FIFA World Cup." (Vasilyeva O.A., 2020).

In a tweet, US President Donald Trump praised Russia's "great job" during the World Cup. See Appendix 1.

The day after the tournament closed, a Russian-American summit took place in Helsinki.

According to official data, Russia spent 688 billion rubles on the preparation and organization of the tournament. In a special study, the Russia 2018 Organizing Committee concluded that the total contribution of the World Cup to GDP was about 17 billion US dollars (952 billion rubles), which exceeds the effect of holding

the World Championships in Brazil, South Africa, Germany and South Korea and close to the figure achieved in Japan in 2002. In relative terms, the economic effect of the 2018 World Cup amounted to about 1.1% of annual GDP. According to forecasts, the long-term annual effect of the 2018 World Cup on Russia's GDP in five years will be 150-210 billion rubles, a third of which will be obtained through the growth of tourism to Russia.

6 Analysis of Findings

Analysis of economic and social effects allows us to identify the following patterns and trends:

1. The economic effect of holding sports mega-events in general is quite modest, the net economic gain is rarely identified;
2. Social factors during sports mega-events acquire special importance, since they ultimately increase the well-being of citizens;
3. "Positive emotions" and public image effects play an important role;

This study sought to test the hypothesis that mega sporting events have different effects on economic growth in developed and developing countries.

The positive relationship between mega sport events and economic growth in developing countries identified in this study adds to existing knowledge in assessing the effects of mega sport events in host countries.

An important factor in the research is the analysis of developing countries and the BRICS countries as new platforms for hosting sports mega-events. This is due to the general trend when choosing sites for such competitions. If previously sports mega-events were held mainly in rich and developed countries, then over time this tradition has changed.

This study allows us to conclude that the process of organizing mega sports events in developing countries itself makes a greater contribution to GDP growth than in developed countries. In developing countries, investment in infrastructure can improve economic efficiency and stimulate economic growth.

It is important to use football mega-events and tournaments as a tool to improve international relations and achieve political goals. It is based on the idea that sport, particularly football, can serve as a powerful tool for establishing dialogue, cooperation and bridging political differences between countries. The economic effect of holding a football championship is extremely short-term, while preparation for it requires serious investments, and the profit is not received by the state that hosts the championship.

As a result of the analysis of existing literature and assessment of the economic effect of hosting sports mega-events, it can be concluded that hosting sports mega-events has a positive and significant impact on the economic growth of countries with developing or transition economies. The results obtained indicate that an increase in GDP per capita in the host country of a mega sports event occurs not only at the stage of its preparation, but also after the event itself. This effect is long-term and is observed for 12 years after the event.

To summarize, it can be said that hosting mega sporting events leads to a variety of effects in the host economy. Among such effects are changes in economic characteristics (quality of infrastructure, structure of the state budget, emergence of new firms, etc.), social characteristics (unemployment level, wages in the regions, population involvement in sports, etc.), and also foreign economic characteristics (level of tourist flows, foreign trade, foreign direct investment, etc.). These effects can vary in strength and sign. If we talk about the final (resulting) impact of sports mega-events on the economy of the host country, then a change in the rate of economic growth can serve as an indicator for measuring such an impact.

7 Conclusion

The feasibility of holding sports mega-events, which include the Olympic Games and the World and European Football Championships, is the subject of scientific debate. On the one hand, holding many Olympiads and World and European Football Championships is unprofitable for the organizing countries. In addition, local residents often oppose such events. On the other hand, the effects of hosting sports mega-events go far beyond the direct financial result of their holding. Existing studies highlight the effects associated with economic growth in general, as well as the growth of exports, foreign direct investment, tourist flows, employment, etc. At the same time, many of the effects of sports mega-events are difficult to take into account in the economic analysis of the impact of sporting events.

This study analyzes the impact of sports mega-events on the economic growth of the host country. The analysis used a database with indicators from 50 countries, of which 24 hosted 48 sports mega-events during the specified period. A detailed study of the socio-economic impact of sporting events was carried out using the example of the 2018 FIFA World Cup held in Russia.

The analysis revealed a statistically significant positive impact of sports mega-events on economic growth for a group of countries with developed and developing economies, and this effect is long-term and is observed not only in the period before the mega-event, but, more importantly, during 12 years after it took place. No consistent relationship has been found between the hosting of mega sporting events and economic growth in developed countries.

The results of this study can be interpreted as arguments in favor of holding mega sporting events in developing countries. At the same time, the topic raised in the study of the effects of sports mega-events is multifaceted and leaves room for further research.

Firstly, the impact of sports mega-events on indicators such as employment, budget deficit, inflation, foreign direct investment, etc. is little studied in modern literature.

Secondly, it is important to solve the methodological problem of integrating into a quantitative analysis various social effects associated with the population's involvement in sports, increasing the population's pride in the country, improving the country's image abroad, etc.

Third, it is of significant interest to consider effects at the regional level.

This study attempted to answer many questions related to the economics of sport. Undoubtedly, analysis of the effects of sports mega-events is an extremely relevant and sought-after area of modern research, including for modern Russia.

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Appendices

Trump Reaction.



Donald J. Trump reaction and congratulations about Russian World Cup (twitter.com).

