

# The Political Games of Foreign Direct Investment: Investigating the Influence of **Regime Type on Host Country FDI Inflows During the Olympic Games**

#### Background

In the literature, there exists a debate about which environments are best for states to obtain foreign direct investment (FDI) from multinational corporations (MNCs) There are discussions about which regime type and what qualities of those regimes create the best environments for FDI to be used by states. The Olympics is a mega sporting event that occurs every two years and brings a large amoun media attention with it, which can be used to put countries either a negative or positive light. My research sought to understand the debate in the case of the Olympics and determine if the associated media attention made autocraci or democracies better recipients of FD.

## **Hypothesis and Variables**

Hypothesis: The more democratic and the greater its protection of human rights, the more foreign direct investn a host country will receive when it is the host of the Olymp

Dependent Variable

- Foreign direct investment

Independent Variables

- Negative media attention (% of total media attention)
- Human rights score (Rated 1 through 7, 1 being best for human rights)
- Regime score (Rated on a scale, -10 to +10, 10 being mos democratic)

### Methodology

- 1. Case Study
- Two case studies: 2000 Sydney Olympics and 2008 Beijin Olympics
- Studied corporate responses to the negative media attention surrounding their human rights actions
- Cases selected due to their high percentage of negative new media coverage on human rights
- 2. Data Analysis
- Nineteen observations of Olympic games from 1980 to 20
- Selected due to the increase in significance of respect for human rights in foreign policy
- Three models of bivariate and multivariate regressions use

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#### Results

	FDI Inflow	<b>Regime Score</b>	Negative Media Attention	Human Rights Score
FDI Inflow	1.00			
Regime Score	-0.66 (0.788)	1.00		
Vegative Media	-0.35 (0.885)	0.045 (0.854)	1.00	
Human Rights Score	0.251 (0.300)	-0.841 (0.000)***	-0.100 (0.681)	1.00

\*p < 0.10 \*\*p < 0.05 \*\*\*p < 0.01

 Table 3. Correlation Matrix

legative Media Attention Regime Score	-0.115(0.782)	0.030 (0.781)	
Regime Score			0.507 (1.029
		0.349 (0.313)	0.239 (0.501
Government Consumption		0.556 (0.378)	0.611 (0.322)
Natural Resources			0.197(0.129)
Natural Resources			-0 147 (0.12)
GDP Growth			-0.087 (0.945
Economic Development			-2.101 (1.468
Constant	1.623 (0.328)	-2.594 (3.464)	4.383 (7.389)
R^2	0.001	1.34	0.440
Adjusted R <sup>2</sup>	-0.575	-0.381	0.084
N	19	19	19

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• Model 2 and 3 showed more negative media attention and having less protection for human rights resulted in states gaining more foreign direct investment

obtaining more foreign direct investment relationship between the variables

• Model 2 and 3 showed more democratic states as • Each model became better at illustrating the

#### Models

**11:** FDI Inflows =  $\beta_0$  + tivemediaattention  $+\epsilon$ 

**1 2**: *FDI Inflows* =  $\beta_0 + \beta_{Regimescore} + \beta_{Regimescore}$ anrightsscore +  $\beta_{negative media attention} + \epsilon$ 

**13:** FDI Inflows = =  $\beta_0 + \beta_{Regimescore} + \beta_{Regimescore}$ anrightsscore +  $\beta_{negativemediaattention}$  + consumption +  $\beta_{natural resources}$  +  $\beta_{gdpgrowth}$  +  $omicdevelopment + \epsilon$ 

#### Conclusions

#### tative Data

most multinational corporations, politics and lvement in Olympics is seen as separate. When are doing business in a particular country, they not see themselves involved politically.

result, business decisions will be made ependent from political issues facing the country. tinational corporations will not decrease their ling of mega-sporting events in the face of an rights violations in a particular country. y are motivated by maintaining their business. titative Data

ne of the results were statistically significant del 1 showed more negative media attention Iting in less foreign direct investment for the country