IMPACT OF TRANSPARENCY AND CORRUPTION
ON MEGA-EVENT SUPPORT

GLAUBER EDUARDO DE OLIVEIRA SANTOS,* DOGAN GURSOY,†
MANUEL ALECTOR RIBEIRO,‡§ AND ALEXANDRE PANOSSO NETTO*

*School of Arts, Sciences and Humanities, University of São Paulo, São Paulo, Brazil
†School of Hospitality Business Management, Washington State University, Pullman, WA, USA
‡School of Hospitality and Tourism Management, University of Surrey, Guildford, UK
§School of Tourism and Hospitality, University of Johannesburg, Johannesburg, South Africa

Mega-events and corruption are two major issues in modern society. Unfortunately, both sometimes go hand in hand. This study examined the effects of corruption perceptions on residents' impact perceptions and their support for hosting a mega-event in their community. Furthermore, this study investigated the influence of transparency on corruption, residents' impact perceptions, and their support for a mega-event by focusing on the 2014 FIFA World Cup held in Brazil. Findings indicated that corruption perceptions are critical determinants of residents' impact perceptions and their support for hosting a mega-event. Findings further suggested that transparency is an important determinant of residents' corruption perceptions, impact perceptions, and support for hosting a mega-event.

Key words: Mega-events; Residents' support; Corruption; Transparency; FIFA World Cup

Introduction

Estimates indicate that the annual cost of corruption surpasses US$2.6 trillion or 5% of global GDP (International Chamber of Commerce, Transparency International, United Nations Global Compact, & World Economic Forum, 2008). Even though the cost of corruption estimates varies depending on the source, there is a consensus among all reporting agencies that corruption is a very large problem. Therefore, it has been receiving an increasing attention from scholars in a variety of fields mainly because it can have significant negative effects on communities by hindering economic development and decreasing economic efficiency and growth (Bardhan, 1997; Dal Bó & Rossi, 2007; Rose-Ackerman, 1997; Rose-Ackerman & Søreide, 2011). Corruption can also result in inequitable distribution of resources and power across the population, resulting in income and opportunity inequalities among individuals. Furthermore, corruption can lower the level of trust in public officials and legitimacy of those public offices.

Address correspondence to Glauber Eduardo de Oliveira Santos, Professor, School of Arts, Sciences and Humanities, University of São Paulo (EACH-USP). Av. Arlindo Bettio, 1000, São Paulo, 03828-000, Brazil. E-mail: glauber.santos@usp.br

Even though corruption can undermine long-term sustainable development, economic growth, and equality through preferential treatment of certain individuals or companies, it has not received much attention from tourism scholars (Das & DiRienzo, 2010; Poprawe, 2015; Saha & Yap, 2015; Yap & Saha, 2013). Considering the fact that tourism heavily relies on cultural and natural resources, most of which tend to be public goods, and requires a significant amount of investment, some investors may be willing to bribe corrupt officials to get preferential treatment. This is especially true in the case of hosting and organizing mega-events because hosting of those mega-events requires government to allocate and use significant amount of financial resources for building new and/or improving existing infrastructure and facilities needed to host those events (Jennings, 2011; Maennig, 2005; Mason, Thibault, & Misener, 2006). Although this new investment in infrastructure and facilities can provide an opportunity for economic growth in host destinations, it can also lead to corruption. Considering the fact that public works construction is regularly seen as one of the most corrupt industries (Olken, 2005), it is not surprising that corruption can become a significant issue in hosting mega-events.

Although corruption can happen anywhere, studies suggest that the level of corruption tends to be lower in countries where public decision-making process is transparent and public officials are held accountable for their actions through internal control and regulatory oversight (Transparency International, 2016). In transparent societies, public officers find fewer opportunities for corrupt behaviors and face severe consequences. Thus, higher transparency is usually associated with lower corruption. Furthermore, transparency is a precondition for citizens having trust in their government and other public offices. As suggested by the social exchange theory (Cropanzano & Mitchell, 2005), a transparent process can provide assurances that parties involved in an exchange will not try to take advantage of others involved in that exchange because of the severe consequences they may face. Thus, transparency is likely to increase citizens' trust in the public offices, and therefore provide support for the government and other public officials' initiatives and actions, especially in the case of hosting a mega-event.

Perception of corruption in the process of hosting a mega-event can have significant negative effects on residents' attitudes and behaviors if the bidding and hosting process of a mega-event is not transparent. Furthermore, if residents believe that officials involved in the process are corrupt, spectators might face antagonistic hosts, the national image of the host country may be damaged, and the national and local government officials might lose their own public support. Even though the process of hosting mega-events has been associated with highly competitive bidding process and major corruption scandals, the impact of corruption perception on residents' attitudes and behaviors have not yet been empirically examined. Therefore, this study aims to examine the impact of corruption on residents' impact perceptions and their support for hosting a mega-event in their community. Furthermore, this study investigates the influence of transparency on corruption, residents' impact perceptions, and their support for a mega-event by focusing on the 2014 FIFA World Cup held in Brazil.

The Brazilian case is particularly relevant because of the profound corruption crisis the country faced right before hosting the World Cup. One year before the event, huge demonstrations against corruption took millions of people to the streets of major cities. Afterward, unprecedented judicial processes were carried out, which resulted in the imprisonment of top politicians, executives, and entrepreneurs. Even the president of the lower house of the Congress was imprisoned. The rate of approval of the Brazilian president Dilma Rousseff plumed because of a series of corruption scandals in the government. The president was accused of being financially irresponsible and the Chamber of Deputies passed her impeach. While this article was being written, Brazil was still facing an uphill battle against corruption. About US$2 billion had been recovered from corrupt officials. Obviously, a small portion of all these Brazilian corruption problems was related to hosting the FIFA World Cup. However, because the locals perceive most of the public officials as being corrupt, this perception is also likely to influence residents' perceptions and support for the FIFA World Cup, especially considering the fact that organizing and hosting the FIFA World Cup requires significant financial resources (Giesecke & Madden, 2007). Therefore, Brazil offers the ideal conditions for the current study.

The rest of the article is organized as follows. The next section provides a review of the literature about corruption in general, and on corruption in the context of FIFA and Brazil. A conceptual model and its hypothesis are presented in the following section. The methodology used to test these hypotheses is described afterward. The results of the empirical analysis are presented in the following section and a discussion of the results is provided in the last section.

Literature Review

Corruption

Although "corruption" is a well-known term, the meaning of the term "corruption" has changed in Western societies over time. In Classical Greece, corruption (*phthora*) was the term used to denote the destruction or ruin of something as opposed to the generation of it (Buchan & Hill, 2014). For example, Socrates was sentenced to death for corrupting the young people of Athens. More recently, corruption has gained a different meaning related to "the abuse of public or private office for personal gain" (World Bank, 1997). It includes a myriad of behaviors, such as bribery, economic extortion, illegal gratuities, conflicts of interest, embezzlement, nepotism, and state capture (Organisation for Economic Co-operation and Development [OECD], 2014; Wells & Hymes, 2012). Although corruption is usually associated with illegal activities, Bardhan (1997) argued that both concepts are not synonyms because not all illegal actions are corrupt and not every sort of corruption is illegal.

Among all forms of corruption, the most relevant and debated one is the economic corruption of public office (Rose-Ackerman & Palifka, 2016). According to Bardhan (1997),

> Corruption ordinarily refers to the use of public office for private gains, where an official (the agent) entrusted with carrying out a task by the public (the principal) engages in some sort of malfeasance for private enrichment which is difficult to monitor for the principal. (p. 1321)

These private gains may take several different forms, such as winning government contracts, earning government benefits, paying lower taxes, obtaining licenses, achieving specific outcomes on legal proceedings, and speeding bureaucratic procedures (World Bank, 1997). An OECD study on foreign bribery offenses reported that 57% of the corruption cases are related to bribes for obtaining public procurement contracts (OECD, 2014). The report indicated that bribes represent 10.9% of the total transaction value and 34.5% of the profits.

Using public office for personal gains is not new. Concerns over bribing of public officials and corruption were mentioned in some of the most ancient texts. For example, Plato complained about officials accepting bribes in his *Republic* (390d). Aristotle noted in *Politics* that "a tyrant . . . has no regard to any public interest, except as conducive to his private ends; his aim is pleasure, the aim of a king, honor." The philosopher viewed the ruler's personal interests as a perversion against the search for the common interest. Similarly, Cicero stated in his *De Officiis* that "for to exploit the state for selfish profit is not only immoral; it is criminal, infamous." In classical Greece, public office corruption was a crime severely punishable, especially when it was judged to be contrary to the public interest (Buchan & Hill, 2014).

Contrary to ancient Greeks view of public office corruption, some studies argue that when the economic system is substantially distorted, such as in the presence of pervasive and cumbersome regulations, some level of corruption might help increase welfare by improving economic efficiency (Bardhan, 1997). However, although the positive relationship between corruption and economic output might be true under certain conditions, it seems unlikely that corruption can help the economy in most cases. In fact, corruption is generally considered as one of the main obstacles to sustainable economic development (OECD, 2014) because it distorts market incentives, inflates the cost of doing business, and harms economic output (Buchan & Hill, 2014). According to the OECD (2016), corruption adds uncertainty to businesses and discourages the entry of foreign players, lowers competition, and technology spill overs. It also reduces entrepreneurs' returns, diverting them to less productive activities. Corruption further distorts investments, incentivizing firms to employ resources in unproductive rent-seeking activities. Finally, corruption leads to waste or inefficient use of public resources.

Findings of a study that examined corruption and its effects on the economy in 67 countries suggest that corruption lowers investment, hence decreasing economic growth (Mauro, 1995). The author estimates that a one-standard-deviation decrease in corruption increases investment by almost five percentage points and yearly GDP growth rate by over half a percentage point. Mo (2001) argued that, besides reducing investment, corruption also undermines economic development by decreasing the level of human capital and by threatening political stability. According to the author, a 1% increase in the Corruption Perception Index (CPI) (Transparency International, 2016) is likely to result in a 0.72% decrease in the economic growth rate.

Corruption also affects international tourist arrivals. According to Poprawe (2015), a one-point increase in the CPI results in a between 2% and 7% decrease in inbound tourist flow. Saha and Yap (2015) argued that the relationship between corruption and tourist arrivals follows a U-shaped curve. According to their study, at low levels, corruption displays a positive effect on tourism demand by helping tourism firms sidestep burdensome public policies. However, after reaching a threshold, further increases in corruption becomes a deterrent to the tourism industry, lowering the number of tourist arrivals. A similar finding is also reported by Yap and Saha (2013), who examined the relationship between corruption and tourist arrivals in world heritage destinations.

According to the CPI published by the Transparency International (2016), corruption is higher in countries with lower levels of development. On a 0–100 scale, the average index of the very highly human developed countries (United Nations Development Program, 2015) is 67.7, while the average index for nations with medium human development level is 33.8. For the low human development countries, the average CPI is 27.5. The correlation between CPI and the Human Development Index (HDI) is 0.74. The stronger incidence of corruption in less-developed countries and its harmful effects on economic growth indicates that it deepens world inequality (OECD, 2016).

Although corruption might never disappear, there are several measures to reduce it. The United Nations Convention Against Corruption (United Nations, 2004) claims that corruption should be combated with a mix of preventive measures, criminalization, and law enforcement. One important way of preventing corruption is promoting transparency of governmental activities. According to the OECD, corruption prevention requires the implementation of effective accountability through internal control and regulatory oversight to ensure compliance by the public sector, the private sector, and citizens with standards of public integrity, and through transparency and active participation by civil society in the public decision-making process (OECD, 2016).

The OECD also stresses the necessity of special attention to riskier areas of corruption, such as public procurement, particularly in "large-scale projects or major sports or cultural events" (OECD, 2016, p. 4). In fact, there have been a number of corruption allegations in sports mega-events, as discussed in the following section.

Corruption in FIFA

Football is the world's most popular sport and a big business. The European football market alone was expected to exceed €25 billion in the 2016/2017 season (Deloitte, 2016). This big sporting event is internationally managed by the Fédération Internationale de Football Association (FIFA), which is based in Zurich and governed by Swiss laws. FIFA's objectives include the promotion and development of football around the world. It consists of six continental confederations, which represent about 200 national federations and thousands of football teams.

Allegations of FIFA corruption dates at least back to 1991 when some officials of the organization were accused of receiving more than US$150 million in bribes from marketing firms. In 2011, the entity banned two committee members for breaches of FIFA's code of ethics related to the World Cup 2018 and 2022 bidding campaigns. In the same year, the vice president of FIFA and a presidential candidate were suspended because of corruption allegations. Despite the governance reform process conducted from 2011 to 2013, in 2015 nine FIFA officials and five corporate executives were charged by US authorities over allegations of racketeering, wire fraud, and money laundering conspiracies spanning 24 years. Several officials of the FIFA had been accused of taking bribes and even several

senior FIFA officials were arrested on corruption charges in 2015. Brazilian FIFA officials were involved. FIFA's President and the head of UEFA were prosecuted in February 2016 for mismanagement and misappropriation and banned from FIFA.

These FIFA corruption scandals tarnished the reputation of the entity. The organizations of the 2010 World Cup in South Africa were also accused of corruption (Cottle, 2011). Furthermore, in some of the host countries that hosted the FIFA world cup, public officials and the organizing committee members had also been accused of taking bribes and being corrupt. Corruption allegations against public officials and organizing committee members of the 2012 FIFA World Cup in Brazil also emerged. Although nothing was proven, suspicions were not unfounded.

Corruption in Brazil

Corruption in Brazil has a long history. Deviant behavior and the lack of distinction between public and private properties by powerful individuals has been present in Brazil since it was Portugal's colony (Faoro, 2001; Holanda, 1995). Although it is very difficult to measure current corruption, Brazil is not currently perceived as a very honest country. According to the Transparency International's CPI, Brazil ranks 76th among 167 countries (Transparency International, 2016).

The perception of widespread corruption in Brazil seems to have been always present. Most politicians in Brazil are viewed as being corrupt. Although most politicians and public officers in Brazil are seen as using their powers for illegitimate personal gains, the poor are always viewed as being less inclined to exhibit corrupt behaviors (Filgueiras, 2009). This situation resulted in significant increases in the perception of corruption among politicians and public officers over the last several years in Brazil. In 2013, millions of Brazilians took the streets in all major cities to demonstrate against political corruption. Targets were varied, but they included public transportation prices, corruption by politicians, and the organization of World Cup. In 2014, in a large-scale operation, the Federal Police started investigating, prosecuting, and arresting executives of major companies and top politicians. Most accusations were related to the national oil company, but unfolding denunciations spread across several other companies and projects, including the World Cup. By mid-2017, the operation was still going on after arresting more than 200 people, recovering about US$3 billion, demanding the return of more than US$11 billion to the government and public companies, and reaching more than 30 different countries.

Hypotheses

In a political system, citizens' support for projects initiated by the government can be viewed as a source of major feedback. As such, citizens' support is a viable indicator of the value of a project for the society as it correlates with perceived or expected benefits for individuals and the society from those projects. In democratic societies, politicians seek significant public support for their initiatives as a goal since it is a good predictor of future electoral outcomes (Lau & Schlesinger, 2005). Therefore, the level of citizens' support is frequently used as a guideline for determining public policies and regulations (Burstein, 2003; Page & Shapiro, 1992).

Citizens' support for mega-sporting events, such as summer and winter Olympic Games and FIFA World Cup, are even more important than their support for other public projects because residents' support can transform a sporting mega-event into an urban festival. On the other hand, lack of support and cohesion within the host community can have devastating effects on the host community by turning it into a highly charged political and social exercise. Mega-sporting events usually attract hundreds of thousands of visitors to the host city or country. The 2014 FIFA World Cup, for instance, increased the number of international travelers visiting Brazil by over 500,000. Successfully hosting such a large number of tourists requires more than good management from the government and businesses. It also requires residents' goodwill and hospitality towards those visitors because positive attitudes of locals towards tourists has long and extensively been identified as a critical factor for the success of tourism (Akis, Peristianis, & Warner, 1996; Butler, 1980; Getz, 1994; Kim, Gursoy, & Lee, 2006). Hosts' anger, apathy, or mistrust, on the other hand, are likely to have negative impacts on visitors' satisfaction, hence significantly decreasing

the potential of the event generating positive outcomes (Gursoy, Jurowski, & Uysal, 2002). Thus, residents' support for mega-events is a critical pre-requisite for hosting a mega-event in the host community successfully.

Local residents' support for hosting of mega-events depends on a number of different factors. One of the most frequently studied is the perceived or expected impacts of such events. Because this relationship has been widely formulated and tested, the present work will not discuss it in detail. The reader is directed to Gursoy, Yolal, Ribeiro, and Panosso Netto (2016) for a recent review. It is important to note that studies have covered economic, social, cultural, environmental, and urbanistic impacts, among others. Although impact studies usually focus on the positive side of the coin, each of these themes is associated with both positive and negative impacts (Gursoy et al., 2016). The positive economic outcomes of these events are frequently overstated, while economic costs, and even losses, are commonly underestimated. Although residents' support for mega-events might be influenced by different categories of impacts, these different categories have usually been grouped into positive and negative impact perception categories (Gursoy, Chi, Ai, & Chen, 2011; Gursoy et al., 2002; Gursoy & Kendall, 2006; Gursoy et al., 2016; Kim et al., 2006; Zhou & Ap, 2009). The relationship between residents' support for a mega-event and positive impacts is expected to be positive, while the relationship with negative impacts is expected to be negative.

Hypothesis 1: There is a direct positive relationship between perceived positive impacts and residents' support for hosting mega-events.
Hypothesis 2: There is a direct negative relationship between perceived positive impacts and residents' support for hosting mega-events.

As discussed earlier, bidding and hosting process of mega-events have frequently been associated with corruption scandals. The reputation of the owner of the World Cup, FIFA, was particularly damaged by such accusations. Corruption is also perceived as a frequent behavior in the Brazilian government. As a result, many Brazilian citizens had their own suspicions of corruption in the organization of 2014 FIFA World Cup. These suspicions may have

affected residents' support for the event. Corruption can have two different types of effect on residents' support for hosting mega-events. First, there is the efficiency argument. According to the literature previously presented, corruption leads to public administration inefficiency. Therefore, it is reasonable to expect that mega-events hosted by corrupt organizations and governments will deliver smaller positive impacts and larger negative impacts.

Hypothesis 3: There is a direct negative relationship between perceived corruption and mega-events' perceived positive impacts.
Hypothesis 4: There is a direct positive relationship between perceived corruption and mega-events' perceived negative impacts.

Besides directly influencing the impact perceptions of the event, corruption may also decrease residents' support due to the moral implications of corruption. Regardless of its consequences, corruption is viewed as an immoral and deplorable behavior. Thus, a higher perception of corruption in the organization of mega-sporting events might decrease local residents' support to these projects.

Hypothesis 5: There is a direct negative relationship between perceived corruption and residents' support for hosting mega-events.

One important factor that plays a critical role on politicians and other officials corruption behavior is the transparency. A transparent public administration finds fewer opportunities for corrupt actions, as well as it faces stronger pressure from the community. Thus, higher transparency is expected to be associated with lower corruption.

Hypothesis 6: There is a direct negative relationship between perceived transparency and perceived corruption.

Because transparency is intrinsically related to communication with residents, transparency might influence their perceptions of impacts caused by mega-events. If residents perceive the process to be transparent, they are more likely to believe in what officials say about how the mega-event can generate significant benefits for the host communities and

how it can improve residents' well-being. Therefore, transparency is expected to increase residents' perceptions of positive impacts and to decrease their perceptions of negative impacts.

Hypothesis 7: There is a direct positive relationship between perceived transparency and perceived positive impacts.
Hypothesis 8: There is a direct negative relationship between perceived transparency and perceived negative impacts.

Furthermore, transparency can have a direct impact on locals' support for hosting a mega-event in their community. Because most decisions related to hosting a mega-sporting event are made by a small group of individuals (Minnaert, 2012), a transparent process can have a significant influence on residents support. As suggested by previous studies, transparency is a precondition for individuals having trust in government and other public offices because a just and trustable government ought to be transparent. A transparent process can provide assurances that organizers and other public officials involved in the decision making will not use the process and the event for personal gains. Thus, transparency is likely to increase local residents' support for the hosting of mega-events.

Hypothesis 9: There is a direct positive relationship between perceived transparency and residents' support for hosting mega-events.

Method

Conceptual Model

Figure 1 presents the theoretical model developed based on the preceding discussion. As presented in the model, this study proposes that both positive and negative impact perceptions of local residents are significant determinants of their support for hosting a mega-event in their community. The model also suggests that perception of corruption is a significant determinant of residents both negative and positive impact perceptions and their support for hosting a mega-event in their community. Transparency is proposed to have a significant impact on perception of corruption, both negative and positive impact perceptions, and residents support for hosting a mega-event in their community.

Data Source

The conceptual model and its seven hypotheses were empirically tested by using data collected from residents of all 12 cities that hosted the 2014
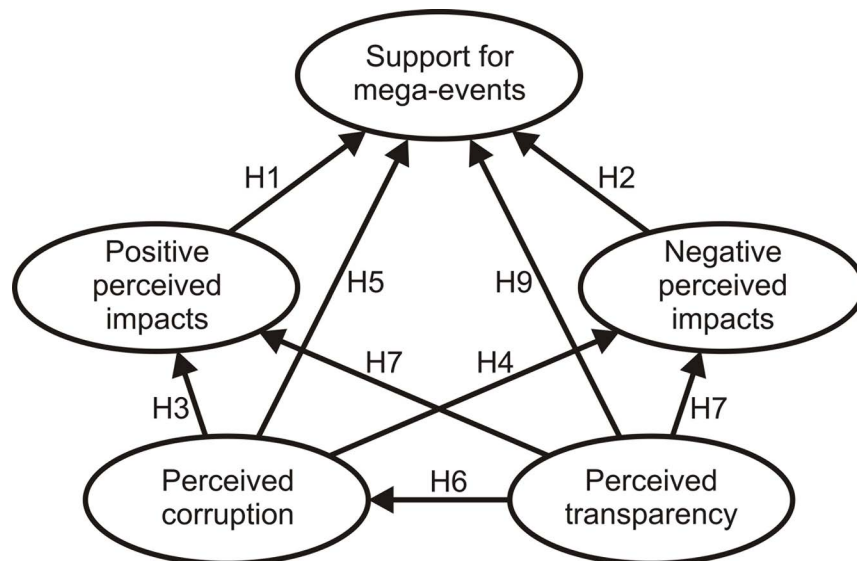

Figure 1. Conceptual model.

World Cup games in Brazil. Data were collected using personal interviews utilizing an intercept approach 30 days after the event ended in order to minimize recall bias. A stratified random sampling approach was utilized to determine the sample size for each city. The number of responses varied from 252 to 508 in each city. Responses with missing information were excluded from the dataset. A total of 2,856 valid responses were obtained from the residents of 12 cities that hosted at least one 2014 FIFA World Cup game. In each city, the sample was stratified by gender and age in order to assure populations' representativeness.

Interviewers were professionals hired by a public opinion survey company. Interviewers were asked to approach every 10th person passing through and ask the person if she or he was interested in participating in a survey for measuring local residents' perceptions of the 2014 FIFA World Cup. If the answer was a no, interviewers were instructed to intercept the next person and ask the same questions until they identified an individual who agreed to participate in the survey. Interviewers asked all questions and oral responses were recorded on their tablets. Around 20% of respondents from each city were called back to confirm the validity of their responses after each interviewer submitted the collected data.

The survey instrument was developed according to methodological procedures recommended by Churchill (1979) and DeVellis (1991). Items for measuring each construct were initially identified from the works of Prayag, Hosany, Nunkoo, and Alders, (2013), Gursoy and Kendall (2006), Kim et al. (2006), and Gursoy, Uysal, Sirakaya-Turk, Ekinci, and Baloglu, (2014). Using a back-translation approach recommended by Brislin (1970), items were translated into Portuguese. A group of tourism experts assessed the content validity of these items. All items were measured in 5-points Likert scales anchored in "*strongly disagree*," "*disagree*," "*neutral*," "*agree*," and "*strongly agree*." Two pilot surveys were conducted with residents of São Paulo and Rio de Janeiro, the two largest host cities of the 2014 World Cup.

Results

Measurement scales for each of the five constructs of the conceptual model were optimized through a

reliability analysis utilizing Cronbach's   scores (Cronbach, 1951). In order to identify the most parsimonious scale to use in the study, items that had a low impact on the   estimate were excluded from the original set of items. Final estimates indicated that all scales are sufficiently reliable because their coefficients were higher than recommended threshold of 0.70 (Hair, Black, Babin, & Anderson, 2010). The number of items in each scale and their   estimates are presented in Table 1.

Data were subsequently tested for normality and outliers. Following Byrne (2010) recommendations, kurtosis values for each item were examined. All univariate item estimates of absolute kurtosis were under 7, indicating no significant departure from normality (West, Finch, & Curran, 1995). However, the normalized estimate of multivariate kurtosis (Mardia, 1970, 1974) was 88. Because this value is substantially higher than the recommended threshold of 5 (Bentler, 2005), multivariate normality was rejected. Consequently, all of the following estimates used the asymptotic distribution-free (ADF) estimation presented by Browne (1984). Outliers were assessed using Mahalanobis distance (D^2). Estimates indicated no evidence of serious multivariate outliers.

A measurement model was estimated using a confirmatory factor analysis first. Furthermore, convergent and discriminant validities of the five constructs were examined. The model presented good fit as indicated by several different measures (normed fit index = 0.919; relative fit index = 0.899; incremental fit index = 0.937; Tucker–Lewis coefficient = 0.921; comparative fit index = 0.937; parsimony adjusted normed fit index = 0.736; parsimony adjusted comparative fit index = 0.751). Convergent validity of all constructs was confirmed by the significant loading of all items on the proposed construct at the 0.1 significance level (Anderson &

Table 1
Properties of Constructs

Construct	No. of Items	Cronbach's
Support for mega-events	3	0.80
Positive perceived impacts	4	0.74
Negative perceived impacts	4	0.72
Perceived corruption	3	0.73
Perceived transparency	3	0.82

Gerbing, 1988). Discriminant validity was assessed by constraining the correlation between each pair of constructs to 1 or −1, according to the expected relationship between them. The chi-square statistics obtained in the constrained models were compared to the chi-square of the unconstrained model (Anderson & Gerbing, 1988). Significantly higher values were obtained from the constrained models, confirming the discriminant validity between each pair of constructs. The mean, standard error, standardized regression weights, and corrected item-total correlations of each item are presented in Table 2.

Subsequently, a structural equation model, following the outline presented in Figure 1, was estimated. It presented a good model fit as indicated by several different measures (normed fit index = 0.919; relative fit index = 0.899; incremental fit index = 0.937;

Tucker–Lewis coefficient = 0.921; comparative fit index = 0.937; parsimony adjusted normed fit index = 0.736; parsimony adjusted comparative fit index = 0.751). Because all latent constructs were hypothesized to be correlated, fit measures were identical to those obtained from the measurement model. The direct effects proposed in the conceptual model, as well as their standard errors and p values, are presented in Table 3.

As expected, positive perceived impacts had a direct significant relationship with local residents' support for mega-events ($p < 0.001$). Similarly, negative perceived impacts were inversely associated with the support for mega-events ($p < 0.001$). These findings provide support for hypothesis 1 and 2, corroborating a large share of the previous literature.

The effect of perceived corruption on positive perceived impacts was negative. However, the

Table 2
Properties of Measurement Scales

Construct/Item	Mean	SE	Standardized Regression Weights	Corrected Item–Total Correlation
Support to mega-events				
I am glad that Brazil hosted the FIFA World Cup	3.428	1.578	0.815	0.681
I supported Brazil to be host of the FIFA World Cup	3.244	1.667	0.742	0.630
Hosting the FIFA World Cup gave me national pride	3.342	1.603	0.744	0.616
Positive perceived impacts				
FIFA World Cup provided employment opportunities for local residents	3.640	1.436	0.635	0.523
FIFA World Cup improved public services and city infrastructure	2.925	1.556	0.643	0.510
FIFA World Cup increased business opportunities	3.552	1.453	0.706	0.586
FIFA World Cup promoted regeneration and development of cities	3.245	1.456	0.669	0.536
Negative perceived impacts				
FIFA World Cup increased violence rates	2.986	1.635	0.714	0.518
FIFA World Cup increased prostitution incidence	3.380	1.605	0.688	0.518
FIFA World Cup damaged the natural environment	3.229	1.566	0.664	0.525
FIFA World Cup increased noise, air, and visual pollution	3.571	1.546	0.590	0.469
Perceived corruption				
There were improprieties in the constructions for the FIFA World Cup	4.352	1.129	0.636	0.532
Some companies didn't follow the standards required in their contracts for projects of the FIFA World Cup	4.417	1.015	0.693	0.567
There is a feeling that there was misuse of public funds and overpricing in the constructions for the FIFA World Cup	4.550	0.934	0.736	0.563
Perceived transparency				
The constructions for the FIFA World Cup were done transparently	2.173	1.457	0.829	0.697
The whole FIFA World Cup process was clearly explained by the government and the media	2.470	1.549	0.747	0.655
The government has released enough information to local residents about the progress of constructions for the FIFA World Cup	2.324	1.491	0.778	0.666

Table 3
Results of Hypotheses Testing

Relationship		Estimate	SEM	p Value
Positive perceived impacts	Support to mega-events	0.626	0.036	<0.001
Negative perceived impacts	Support to mega-events	−0.229	0.023	<0.001
Perceived corruption	Positive perceived impacts	−0.062	0.034	0.069
Perceived corruption	Negative perceived impacts	0.294	0.046	<0.001
Perceived corruption	Support to mega-events	−0.094	0.039	0.016
Perceived transparency	Positive perceived impacts	0.235	0.02	<0.001
Perceived transparency	Negative perceived impacts	−0.045	0.024	0.063
Perceived transparency	Perceived corruption	−0.213	0.017	<0.001
Perceived transparency	Support to mega-events	0.259	0.024	<0.001

estimated coefficient was not statistically significant ($p = 0.069$). Thus, hypothesis 3 was rejected. On the other hand, the direct relationship between perceived corruption and negative perceived impacts of mega-events was confirmed ($p < 0.001$). This finding suggests that a higher perception of corruption leads to a stronger perception of negative impacts ($p < 0.001$). Therefore, hypothesis 4 was supported. Hypothesis 5, that a lower perception of corruption leads to stronger support for mega-events, was supported ($p = 0.016$). Thus, corruption is found to affect local residents' support for mega-events not only indirectly through perceived impacts, but also directly indicating that the moral and ethical issues are critical antecedents of support for mega-events.

Findings indicated that higher transparency leads to a lower perception of corruption ($p < 0.001$) and to higher perceived positive impacts ($p < 0.001$). The relationship between transparency and perceived negative impacts was found to be negative, but not significant ($p = 0.063$). Perceived transparency is also found to have a direct influence on support for the hosting of mega-events ($p < 0.001$). Therefore, hypotheses 6, 7, and 9 were supported, while hypothesis 8 was rejected. Direct, indirect, and total effects are presented in Table 4.

As expected, perceived positive impacts is the most critical determinant of residents' support for the hosting of FIFA World Cup. Although the direct effect of transparency on the support is much

Table 4
Overall Effect Estimates

Source/Dependent Variable	Explanatory Variables			
	Positive Perceived Impacts	Negative Perceived Impacts	Perceived Corruption	Perceived Transparency
Direct				
Support to mega-events	0.439	−0.206	−0.051	0.243
Positive perceived impacts			−0.048	0.315
Negative perceived impacts			0.177	−0.047
Perceived corruption				−0.367
Indirect				
Support to mega-events			−0.058	0.188
Positive perceived impacts				0.018
Negative perceived impacts				−0.065
Perceived corruption				
Total				
Support to mega-events	0.439	−0.206	−0.109	0.430
Positive perceived impacts			−0.048	0.333
Negative perceived impacts			0.177	−0.112
Perceived corruption				−0.367

smaller, the overall effect of transparency is found to be considerably large. The standardized total effect of perceived transparency is almost as large as the standardized total effect of the perceived positive impacts. The total effect of perceived negative impacts is significantly smaller than the total effect of perceived positive impacts and transparency. Its standardized total effect is only half of the total effect of perceived positive impacts. Finally, the total effect of corruption on the support is the smallest among the constructs examined in this study. Its total effect is almost evenly distributed between the direct and indirect paths.

Discussion and Conclusion

Corruption is a major problem in virtually all societies and happens everywhere. Although studies suggest that corruption is rampant in the developing world, it is, however, more prevalent in developing countries than developed ones (Samphantharak & Malesky, 2008; Svenson, 2004). Developing countries hosted the last two FIFA World Cups and the next two are going to be held in countries of this category. Furthermore, hosting of these mega-events requires significant investment in building new and/ or improving existing infrastructure and facilities needed to host these events (Jennings, 2011; Maennig, 2005; Mason et al., 2006). Considering the fact that public works construction is regularly seen as one of the most corrupt industry, especially in developing countries (Olken, 2005), corruption can significantly increase the cost of facilities needed for hosting the FIFA World Cup, which may result in significant tax increases (Gursoy et al., 2011). As a result, money spent on infrastructure and sports venues can be seen as a waste of taxpayers' money that could have been better spent on improving other public services such as healthcare and education (Lorde, Greenidge, & Devonish, 2011).

Even though these negative consequences of corruption can have a significant impact on local residents' perceptions of mega-event impacts and their support, the impact of corruption on mega-events has not received much attention from tourism scholar. By examining the role of perceived corruption and transparency on local residents' support for mega-events, this study advances our theoretical knowledge and understanding of antecedents of residents' mega-event impact perceptions and their support. As indicated by the findings of this study, although it is usually believed that hosting mega-events such as the FIFA World Cup can generate significant positive net benefits for the host community, corruption can easily undermine residents' perceptions of benefits and their support for them. In fact, findings of this study suggest both a direct and an indirect relationship between corruption and support. Perceived corruption significantly decreased residents' support for hosting the FIFA World Cup in Brazil. Furthermore, it also lowered positive impact perceptions and increased negative impact perceptions resulting in a further decrease in residents support for hosting the FIFA World Cup in Brazil. This relationship between corruption and support clearly indicate that inefficiencies resulting from corrupt behaviors of individuals in charge are likely to lower benefits perceptions while increasing costs perceptions. This finding is consistent with the premise of the social exchange theory that individuals are likely to participate in exchanges if they believe that the exchange will benefit them.

Findings further suggest that community support for hosting a mega-event is an outcome of rational, calculated, and self-interested actions. As suggested by Weberian notions of rationality (Weber, 1978), there are two types of rationality: formal and substantive. According to Kalberg (1980), the former refers to an action that results from a rational evaluation of means and ends of that action, which, for example, may be reflected in many predominantly economic decisions. The latter is guided by a "values postulate" (Kalberg, 1980) that emphasizes noneconomic dimensions and the requirement that one's behavior always coincides with the values one holds. As suggested by the "values postulate" rationality argument, not only rational economic assessments of an exchange but also value-laden dimensions, including political and cultural factors can have a significant impact on individuals attitudes and behaviors, including the likelihood of support for a complex phenomenon such as hosting a mega-event. As suggested by the findings, in addition to directly influencing residents support for hosting a mega-event in their community, residents' perceptions of corruption can lower their perceptions of benefits and therefore, their support for hosting the event.

Findings also suggest that level of transparency in the process of bidding and hosting a mega-event is a critical determinant of locals' perception of the level of corruption in the process. Transparency is found to influence residents' support both directly and indirectly through lowering the perceptions of corruption and increasing their perceptions of positive impacts. This finding is consistent with the findings of previous studies that transparency lowers the risk of corruption because it contributes to the clarity of the bidding and award procedures of construction of the facilities need to host the event by providing information related to the process to the public. Furthermore, as suggested by the social exchange theory, a transparent process increases the trust among exchange partners resulting in increased perception of benefits. On the other hand, studies argue that the lack of transparency is considered to be one of the main causes of corruption by the public (Transparency International, 2016), which supports the findings of this study. These findings clearly suggest that destinations that are planning to host major mega-events should ensure the transparency of the bidding, planning, and organizing process if they want to maximize local residents support for the event.

Economic benefits such as increases in income and job opportunities are reported to be one of the most critical determinants of impact perceptions and support for tourism development because residents tend to pay greater attention to economic benefits and job opportunities than any other benefits, especially in developing countries and regions. As a result, residents may even be willing to endure some negative impacts for economic benefits (Stylidis, Biran, Sit, & Szivas, 2014). However, in the case of supporting the hosting a mega-event in their community, residents also value other benefits as important as economic benefits, if not more. Some studies suggest that residents view the international positive image of their community that can be generated by a successfully executed international mega-event as one of the most critical benefits of hosting a mega-event. Some studies even suggest that positive social impacts such as community pride and international recognition are just as, if not more, important than positive economic impacts (Gursoy et al., 2011; Prayag et al., 2013). Furthermore, hosting these mega-events is also likely to help build social

cohesion by reinforcing ties within a community (Gursoy, Kim, & Uysal, 2004). Thus, support for hosting a mega-event is not always the result of a rational economically driven decision-making process. Rather, it is a product of complex and interrelated economic, political, and social factors (Boley, McGehee, Perdue, & Long, 2014). Previous discussions based on SET have overemphasized external economic rewards and have underplayed the importance of psychological needs (Woosnam, 2012). As reported in this study, factors that do not directly generate economic benefits to local residents such as corruption and transparency of the process may have a significant impact on residents' perceptions of impacts and their support.

Limitations and Implications

This study focused on the 2014 FIFA World Cup held in Brazil. Thus, our findings are geographic and time specific. Therefore, findings may not be applicable to other countries and regions due to the differences in cultural, political, and economic conditions. Moreover, the relationships identified in this study may change over time even in the same country due to changes in cultural, political, and economic conditions over time. The intercept method used to select subjects is another limitation of the study because it does not guarantee full representativeness of the population. Besides, only residents of host cities were interviewed. Thus, the sample does not represent those living in other parts of the country. Future studies should replicate the design of the present study in other mega-event sites to confirm the validity of the model tested in this study. Future studies can identify and examine the role of antecedents of corruption, such as institutional failures, inequality, cultural norms, etc. The impact of personal characteristics could also be analyzed in order to understand which groups in the society are more sensible to corruption in terms of support for the hosting of mega-events.

Acknowledgment

project "Tourism and mega-events in Brazil: host community support, identity, emotion, and trust in organizing committees."

References

Akis, S., Peristianis, N., & Warner, J. (1996). Residents' attitudes to tourism development: The case of Cyprus. *Tourism Management, 17*(7), 481–494.

Anderson, J. C., & Gerbing, D. W. (1988). Structural equation modeling in practice: A review and recommended two-step approach. *Psychological Bulletin, 103*(3), 411–423.

Bardhan, P. (1997). Corruption and development: A review of issues. *Journal of Economic Literature, 35*(3), 1320–1346.

Bentler, P. M. (2005). *EQS 6 structural equations program manual*. Encino, CA: Multivariate Software.

Boley, B. B., McGehee, N. G., Perdue, R. R., & Long, P. (2014). Empowerment and resident attitudes toward tourism: Strengthening the theoretical foundation through a Weberian lens. *Annals of Tourism Research, 49*, 33–50.

Brislin, R. W. (1970). Back-translation for cross-cultural research. *Journal of Cross-Cultural Psychology, 1*(3), 185–216.

Browne, M. W. (1984). Asymptotically distribution-free methods for the analysis of covariance structures. *British Journal of Mathematical and Statistical Psychology, 37*(1), 62–83.

Buchan, B., & Hill, L. (2014). *An intellectual history of political corruption*. Hampshire, UK: Palgrave McMillan.

Burstein, P. (2003). The impact of public opinion on public policy: A review and an agenda. *Political Research Quarterly, 56*(1), 29–40.

Butler, R. W. (1980). The concept of a tourism area cycle of evolution: Implications for management of resources. *Canadian Geographer, XXIV*(1), 5–12.

Byrne, B. M. (2010). *Structural equation modeling with Amos: Basic concepts, applications and programming* (2nd ed.). New York, NY: Routledge.

Churchill, G. A. (1979). A paradigm for developing better measures of marketing constructs. *Journal of Marketing Research, 16*(1), 64–73.

Cottle, E. (Ed.). (2011). *South Africa's World Cup: A legacy for whom?* Scottsville, South Africa: University of KawaZulu-Natal Press.

Cronbach, L. J. (1951). Coefficient alpha and the internal structure of tests. *Psychometrika, 16*(3), 297–334.

Cropanzano, R., & Mitchell, M. S. (2005). Social exchange theory: An interdisciplinary review. *Journal of Management, 31*(6), 874–900.

Dal Bó, E., & Rossi, M. A. (2007). Corruption and inefficiency: Theory and evidence from electric utilities. *Journal of Public Economics, 91*(5), 939–962.

Das, J., & DiRienzo, C. (2010). Tourism competitiveness and corruption: A cross-country analysis. *Tourism Economics, 16*(3), 477–492.

Deloitte. (2016). *Annual review of football finance 2016*. London, UK: Author.

DeVellis, R. F. (1991). *Scale development* (2nd ed.). Newbury Park, CA: Sage Publications.

Faoro, R. (2001). *Os donos do poder: Formação do patronato político brasileiro* (3rd ed.). São Paulo, Brazil: Globo.

Filgueiras, F. (2009). A tolerância à corrupção no Brasil: Uma antinomia entre normas morais e prática social. *Opinião Pública, 15*, 386–421.

Getz, D. (1994). Residents' attitudes towards tourism: A longitudinal study in Spey Valley, Scotland. *Tourism Management, 15*(4), 247–258.

Giesecke, J. A., & Madden, J. R. (2007). Regional adjustment to globalization: Developing a CGE analytical framework. In R. J. Cooper, K. P. Donaghy, & G. J. D. Hewings (Eds.), *Globalization and regional economic modeling* (pp. 229–261). Berlin, Germany: Springer.

Gursoy, D., Chi, C. G., Ai, J., & Chen, B. T. (2011). Temporal change in resident perceptions of a mega-event: The Beijing 2008 Olympic Games. *Tourism Geographies, 13*(2), 299–324.

Gursoy, D., Jurowski, C., & Uysal, M. (2002). Residents attitudes: A structural modeling approach. *Annals of Tourism Research, 29*(1), 79–105.

Gursoy, D., & Kendall, K. W. (2006). Hosting mega events: Modeling locals' support. *Annals of Tourism Research, 33*(3), 603–623.

Gursoy, D., Kim, K., & Uysal, M. (2004). Perceived impacts of festivals and special events by organizers: An extension and validation. *Tourism Management, 25*(2), 171–181.

Gursoy, D., Uysal, M., Sirakaya-Turk, E., Ekinci, Y., & Baloglu, S. (2014). *Handbook of scales in tourism and hospitality research*. Wallingford, UK: CABI.

Gursoy, D., Yolal, M., Ribeiro, M. A., & Panosso Netto, A. (2016). Impact of trust on local residents' mega-event perceptions and their support. *Journal of Travel Research*, 1–14.

Hair, J. F., Jr., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis* (7th ed.). Upper Saddle River, NJ: Prentice Hall.

Holanda, S. B. d. (1995). *Raízes do Brasil*. São Paulo, Brazil: Companhia das Letras.

International Chamber of Commerce, Transparency International, United Nations Global Compact, & World Economic Forum. (2008). *Clean business is good business*. Retrieved from https://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/clean_business_is_good_business.pdf

Jennings, A. (2011). Investigating corruption in corporate sport: The IOC and FIFA. *International Review for the Sociology of Sport, 46*(4), 387–398.

Kalberg, S. (1980). Max Weber's types of rationality: Cornerstones for the analysis of rationalization process in history. *American Journal of Sociology, 85*(5), 1145–1179.

Kim, H. J., Gursoy, D., & Lee, S.-B. (2006). The impact of the 2002 World Cup on South Korea: Comparisons of pre- and post-games. *Tourism Management, 27*(1), 86–96.

Lau, R. R., & Schlesinger, M. (2005). Policy frames, metaphorical reasoning, and support for public policies. *Political Psychology, 26*(1), 77–114.

Lorde, T., Greenidge, D., & Devonish, D. (2011). Local residents' perceptions of the impacts of the ICC Cricket World Cup 2007 on Barbados: Comparisons of pre- and post-games. *Tourism Management, 32*(2), 349–356.

Maennig, W. (2005). Corruption in international sports and sport management: Forms, tendencies, extent and countermeasures. *European Sport Management Quarterly, 5*(2), 187–225.

Mardia, K. V. (1970). Measures of multivariate skewness and kurtosis with applications. *Biometrika, 57*(3), 519–530.

Mardia, K. V. (1974). Applications of some measures of multivariate skewness and kurtosis in testing normality and robustness studies. *Sankhy : The Indian Journal of Statistics, Series B (1960–2002), 36*(2), 115–128.

Mason, D. S., Thibault, L., & Misener, L. (2006). An agency theory perspective on corruption in sport: The case of the International Olympic Committee. *Journal of Sport Management, 20*(1), 52–73.

Mauro, P. (1995). Corruption and growth. *The Quarterly Journal of Economics, 110*(3), 681–712.

Minnaert, L. (2012). An olympic legacy for all? The non-infrastructural outcomes of the Olympic Games for socially excluded groups (Atlanta 1996–Beijing 2008). *Tourism Management*, 33(2), 361–370.

Mo, P. H. (2001). Corruption and economic growth. *Journal of comparative economics, 29*(1), 66–79.

Organisation for Economic Co-operation and Development. (2014). *The rationale for fighting corruption*. Paris, France: Author.

Organisation for Economic Co-operation and Development. (2016). *Putting an end to corruption*. Paris, France: Author.

Olken, B. A. (2005). Monitoring corruption: Evidence from a field experiment in Indonesia. *Journal of Political Economy, 115*(2), 200–249.

Page, B. I., & Shapiro, R. Y. (1992). *The rational public: Fifty years of trends in Americans' policy preferences*. Chicago, IL: University of Chicago Press.

Poprawe, M. (2015). A panel data analysis of the effect of corruption on tourism. *Applied Economics, 47*(23), 2399–2412.

Prayag, G., Hosany, S., Nunkoo, R., & Alders, T. (2013). London residents' support for the 2012 Olympic Games: The mediating effect of overall attitude. *Tourism Management, 36*, 629–640.

Rose-Ackerman, S. (1997). Corruption, inefficiency and economic growth. *Nordic Journal of Political Economy, 24*, 3–20.

Rose-Ackerman, S., & Palifka, B. J. (2016). *Corruption and government: Causes, consequences, and reform* (2nd ed.). New York, NY: Cambridge University Press.

Rose-Ackerman, S., & Søreide, T. (Eds.). (2011). *International handbook on the economics of corruption*. Cheltenham, UK: Edward Elgar Publishing Limited.

Saha, S., & Yap, G. (2015). Corruption and tourism: An empirical investigation in a non-linear framework. *International Journal of Tourism Research, 17*(3), 272–281.

Samphantharak, K., & Malesky, E. (2008). Predictable corruption and firm investment: Evidence from a natural experiment and survey of Cambodian entrepreneurs. *Quarterly Journal of Political Science, 3*(3), 227–267.

Stylidis, D., Biran, A., Sit, J., & Szivas, E. M. (2014). Residents' support for tourism development: The role of residents' place image and perceived tourism impacts. *Tourism Management, 45*, 260–274.

Svenson, S. (2004). The cottage and the city: An interpretation of the Canadian second home experience. In C. M. Hall & D. K. Müller (Eds.), *Tourism, mobility and second homes: Between elite landscape and common grounds* (pp. 55–74). Clevedon UK,: Channel View Publications.

Transparency International. (2016). *Corruption perceptions index 2015*. Retrieved from https://www.transparency.org/cpi2015

United Nations. (2004). *United Nations convention against corruption*. New York, NY: Author.

United Nations Development Program. (2015). *Human development report 2015*. New York, NY: Author.

Weber, M. (1978). *Economy and society: An outline of interpretive sociology*. Berkley, CA: California Press.

Wells, J. T., & Hymes, L. (2012). *Bribery and corruption casebook: The view from under the table* (pp. xi–xiv). Hoboken, NJ: John Wiley & Sons.

West, S. G., Finch, J. F., & Curran, P. J. (1995). Structural equation models with nonnormal variables: Problems and remedies. In R. H. Hoyle (Ed.), *Structural equation modeling: Concepts, issues, and applications*. Thousand Oaks, CA: Sage.

Woosnam, K. M. (2011). Using emotional solidarity to explain residents' attitudes about tourism and tourism development. *Journal of Travel Research, 51*(3), 315–327.

World Bank. (1997). *Helping countries combat corruption: The role of the World Bank*. Retrieved from http://www1.worldbank.org/publicsector/anticorrupt/corruptn/coridx.htm

Yap, G., & Saha, S. (2013). Do political instability, terrorism, and corruption have deterring effects on tourism development even in the presence of Unesco heritage? A cross-country panel estimate. *Tourism Analysis, 18*(5), 587–599.

Zhou, Y., & Ap, J. (2009). Residents' perceptions towards the impacts of the Beijing 2008 Olympic Games. *Journal of Travel Research, 48*(1), 78–91.