

Conceptualising corruption in sport: Implications for sponsorship programmes

Gorse, S. and Chadwick, S.

Published version deposited in CURVE May 2012

Original citation & hyperlink:

Gorse, S. and Chadwick, S. (2010) Conceptualising corruption in sport: Implications for sponsorship programmes. The European Business Review, volume July/August

<http://www.europeanbusinessreview.com/?p=1973>

Copyright © and Moral Rights are retained by the author(s) and/ or other copyright owners. A copy can be downloaded for personal non-commercial research or study, without prior permission or charge. This item cannot be reproduced or quoted extensively from without first obtaining permission in writing from the copyright holder(s). The content must not be changed in any way or sold commercially in any format or medium without the formal permission of the copyright holders.

CURVE is the Institutional Repository for Coventry University

<http://curve.coventry.ac.uk/open>

Conceptualising corruption in sport: Implications for sponsorship programmes



By Samantha Gorse and Simon Chadwick

The issue of corruption in sport is becoming ever more important and controversial, especially given the global reach sport has and the millions of dollars invested in sport by companies. The aim of this article is to define and conceptualise corruption in sport and begin to discuss the implications of corruption for sponsorship programmes. By coding and analysing a data set collected of cases of corruption in international sport as the first stage of a five-stage mixed-method approach, the author will begin to highlight the implications of such behaviour for sponsors of sport whilst discussing potential strategies for sponsors should they become embroiled in such a sporting scandal.

As the industry has grown, sports, teams and, perhaps most extensively, players have established worldwide appeal and an ever-growing consumer base. Aware of this global appeal, companies have sought to capitalise and pay millions of dollars to be associated with these sports, teams and players, recognising the power of sport and sports events in reaching target audiences. Gaining brand equity can result from being associated with successful teams or athletes or being recognised as sponsors of popular sports, with the sports, teams or athletes involved in such relationships also benefiting from this brand image. Not only can this prove very lucrative for potential sponsors but, also, it inevitably opens many avenues that sports, teams and players can exploit, especially for financial gain.

There has been much debate as to why sport has become such a lucrative global industry in sport management literature. Whannel (1992) suggests that it is the *"uncertainty [of sport] that gives its unpredictable joys their characteristic intensity"* (Mason, 1999:405). It is this uncertainty and unpredictability that makes sport such an exciting opportunity for businesses around the world to take advantage of.

But what happens if this uncertainty and unpredictability has been taken away? In recent years, there has been an increasing number of reports detailing 'corrupt' behaviour by individuals at all levels of sport and those associated with it, both on and off the field of play, in the pursuit of financial success, usually reserved for those who are winning global championships or events. Allegations of match fixing, illegal gambling, bribery and doping plague the industry. But what impact does this type of behaviour have on the companies that have invested millions of dollars in sport? How do sponsors react if it is reported that their star endorser has used performance-enhancing drugs (PEDs) or fixed the result of a match? Or if an event is rife with cheating? Are sponsors becoming more cautious in their use of sport as a means to reach target audiences?

The aim of this article is to conceptualise and define corruption in sport and begin to discuss the implications of corruption for sponsorship programmes.

Corruption in Sport

Corruption in sport is not a new phenomenon. At the Olympic Games in 388BC, Eupolos of Thessalia bribed three of his competitors in a fighting tournament allowing him to win the gold medal (Maennig 2005). Notable cases in the modern era of sport include the fixing of the 1919 World Series by members of the Chicago White Sox who took bribes from gamblers, Ben Johnson's infamous failed drugs tests in the 1980s and the Calciopoli scandal that rocked Italian football in the last decade.

Much research has been conducted into why and how corruption occurs in fields outside of sport, with particular focus on politics and business (Treisman, 2000; Aidt & Dutta, 2008; Den Nieuwenboer & Kaptein, 2008; Shen & Williamson, 2005;

Getz & Volkema, 2001; Lloyd & Walton, 1999; Paldam, 2002), some of which can be applied to the issue of corruption in sport.

Den Nieuwenboer & Kaptein (2008) identify three downward spirals of corruption within an organisation – each can be utilised to discuss why athletes or officials might choose to cheat to win or cheat to lose.

Using Cressey's (1953) trust violation theory, the concept of the 'spiral of divergent norms' suggests that individuals might justify their behaviour so as to be not their fault. In sport, this could describe the case of the 1919 World Series match fixing scandal, when, according to reports, Chicago White Sox players accepted funds from gamblers to lose matches after the owner of the team had refused to pay bonuses that had previously been promised.

“The notion of a ‘spiral of pressures’ suggests that “high pressures on performance”

In business, the pursuit of profit brings with it stresses and pressures on employees and management. The notion of a 'spiral of pressures' suggests that *“high pressures on performance... seduce people to engage in any type of corruption that increases one's performance”* (Den Nieuwenboer & Kaptein, 2008:138). Individuals then feel that in order to continue to perform at the attained level, they have to continue to break the rules – *“performing well through corruption will automatically increase the threat to identity, starting a self-perpetuating spiral of increasing pressures to commit corruption”* (138). Out of the three spirals of corruption, it is the opinion of the researcher that this has the most relevance in sport. Being successful in sport can increase the earning potential of athletes. If an athlete uses PEDs to attain the desired level of achievement, popularity or earning, what they choose to do to maintain this becomes an issue. In order to remain at the pinnacle of their sport and the public 'face' of organisations, an athlete might have to continue to use these substances, thus 'starting a self-perpetuating spiral'. This is perhaps also true of a sport like motor racing where the difference between victory and defeat is milli-seconds. During the 2006 and 2007 seasons, the two leading teams in Formula One, McLaren and Ferrari, accused each other of spying to give them access to top-secret technological information about their rival. As technology is developed and enhanced, so the need for continued spying becomes apparent.

The final spiral discussed by Den Nieuwenboer & Kaptein (2008), the 'spiral of opportunity', suggests that *“the risk of getting caught and/or punished is such that it does not deter (potential) perpetrators”* (139). This is particularly the case if managers within an organisation are either failing to punish those conducting corrupt activity or, perhaps even more serious, if the managers are actually conducting the corrupt activity. It could be argued that this spiral of opportunity describes, to a certain degree, the match fixing scandal that rocked Italian football. Den Nieuwenboer & Kaptein (2008) also state that *“the more corruption has been tolerated and is prototypical, the greater the difficulty to punish it”* (139). This has definitely been the case with Major League Baseball's handling of steroid use in the sport.

Defining the Issue

In order to fully understand corruption as a phenomenon and to be aware of the potential implications of the activity, it is vital that a relevant and useful definition is devised. In its simplest form, corruption has been defined as *“dishonest or illegal behaviour”* (Collins English Dictionary). Treisman (2000:399) defines it as *“the misuse of public office for private gain”*, and Ashforth & Anand (2003, in den Nieuwenboer & Kaptein, 2008:134) suggest that corruption is *“the misuse of authority for personal, subunit and/or organisational gain”*.

These definitions of corruption are valid when investigating behaviour of sports officials and corruption in the governance of sport. Investigations into the awarding of Olympic hosting rights (in particular, Salt Lake City) provide an example of a 'misuse of authority' (of a bidding committee) for 'organisational gain' (the decision to choose that city as host of the Olympics and the associated rewards that accompany such a choice). It can be argued, however, that these definitions are not relevant when discussing corruption committed by athletes.

Senior (2006) provides a classification of corruption that assists in the development of a sports-focussed definition, arguing that in order for corruption to occur, five conditions have to be met simultaneously *“when a corrupter (1) covertly gives (2) a favour to a corruptee or to a nominee to influence (3) actions(s) that (4) benefit the corruptor or a nominee, and for which the corruptee has (5) authority”* (27). This appears to describe match fixing – the 'relationship' between the fixer and the player or players of the sport.

In existing published research, there is a debate as to what actually constitutes corruption in sport. Sociologists Hughes & Coakley (1991) suggest that corrupt behaviour (or 'positive deviance') in sport occurs when individuals want to be viewed as 'athletes' by peers and wider society – the use of PEDs may be one way of achieving this. According to Hughes & Coakley, athletes do not tend to view their overconformity to the sport ethic as being deviant and suggest that *“through positive deviance people do harmful things to themselves and perhaps others while motivated by a sense of duty and honour”* (311).

Maennig (2005), on the other hand, suggests that *“corruption may take the form of behaviour by athletes who refrain from achieving the level of performance normally required in the sport in question to win the competition and instead intentionally permit others to win, or behaviour by sporting officials who consciously perform their allocated tasks in a manner at variance with the objectives and moral values of the relevant club, association, competitive sports in general and/or society at large”* (189). Maennig (2005) fails to recognise or acknowledge doping as a form of corruption in sport. He argues that corrupt activity is a failure to perform, whereas using PEDs in sport leads to super-performance by an athlete and is an individual activity.

It is clear that these two 'definitions' of corruption are at odds – how can an athlete be doing everything to overconform to the sport ethic, to be seen as an athlete, and allow an opponent to win?

The failure to acknowledge doping as a form of corrupt behaviour also raises questions for the researcher in that it does involve more than one person. In most cases, athletes and other individuals, including coaches are involved in the use of these PEDs – for example, the systematic doping of athletes in East Germany in the 1970s and 1980s.

Neither definition offered mentions the importance of an exchange of money or benefits between parties involved. According to Senior's (2006) definition, there has to be a benefit to at least one person in the arrangement. This might be tangible, in the form of a lucrative sponsorship or endorsement agreement, or intangible, the promise of higher status within a team. In further response to Maennig's (2005) omission of doping as a form of corruption, if doping causes one or more parties to receive money (in the form of bonuses and/or sponsorship and endorsement agreements) that they would otherwise not have received, then surely it is a corrupt behaviour.

For the purposes of this research, gamesmanship, for example using personal information about a referee or umpire to try and gain advantage in a game, is not seen as corruption. Measuring this type of behaviour is troublesome – referee reports of this type of activity would need to be quantified to be able to determine the extent to which a player is trying to influence the referee and would be subjective, based on the ideas or opinions of both the referee and those designing the scale utilised to quantify the behaviour. Professional referees 'should' also be able to ignore this type of behaviour and not let it affect their own performance. The types of behaviour that are seen as corruption in this research can be both measured and recognisable as having a negative effect on a sporting contest.

After taking into account these concerns and the explanations of corruption offered in other fields as well as the development of an extensive database of cases of corruption in sport, the author proposes a new definition upon which to build the research project:

"Corruption in sport involves any illegal, immoral or unethical activity that attempts to deliberately distort the result of a sporting contest for the personal material gain of one or more parties involved in that activity"

"Corruption in sport involves any illegal, immoral or unethical activity that attempts to deliberately distort the result of a sporting contest for the personal material gain of one or more parties involved in that activity"

Using this definition, the researcher can begin to highlight the implications of such behaviour for sponsors of sport.

Methodology

In the first stage of a five-stage mixed-method approach, a database has been constructed detailing cases of corruption in different sports and from across the sporting world currently containing in excess of 3,000 cases. These cases have then been coded into category-sets (Guetzkow, 1950) to identify key themes and patterns of corruption in sport. (Please see Table 1)

Year	Country	Athlete(s) involved	Sport	Type	Impact
1996	United States of America	Ken Caminiti	Baseball	Doping	Had an alcohol abuse problem which he admitted in 1994 After retiring from baseball, admitted that he had used steroids during the 1996 season where he won the MVP and in subsequent seasons Also tested positive for cocaine Died in 2004 from a drug overdose-induced heart attack at the age of 41
2003	United Kingdom	Dwain Chambers	Horse Racing	Athletics	Worked with Victor Conte and became embroiled in the BALCO scandal Tested positive for THG, testosterone, EPO, HGH, insulin, modafinil and liothyronine Banned for two years Banned from competing in the Olympics for life by BOA
2006	United States of America	Floyd Landis	Cycling	Doping	Failed drugs test after providing 'A' and 'B' samples with elevated levels of testosterone Victory in Tour de France in 2006 not recognised by organisers Phonak (the Swiss-based team) fired Landis as captain/rider Provided samples during 17th Stage of race with an 11:1 ratio (far in excess of 4:1 limit)

Table 1 Sample of doping cases in international sport

Sports with large salaries, substantial win bonuses and popularity with fans and businesses are affected by corrupt behaviour. 'Smaller' sports, like fencing, badminton and mountain biking, are also affected by corruption just as more popular sports are. (Please see Table 2)

Year	Country	Athlete(s) involved	Sport	Type	Impact
2000	South Africa	Hansie Cronje	Cricket	Match fixing	Sacked as South African captain when allegations were made about Cronje accepting money from an Indian bookmaker (Ajay Gupta) Gupta admitted paying Cronje £28,000 on the third day of a test to ensure a South African loss and for future information Allegations that Cronje had accepted more than £82,000 to supply information about matches Cronje died in an aeroplane accident in 2002
2008	United Kingdom	Dean McKeown	Horse Racing	Race fixing	Banned for 4 years by the British Horseracing Authority (BHA) as part of corruption probe Has since had his riding licence revoked – 'non-trier's rule'
2008	Poland	Widzew Lodz	Football	Match fixing	Relegated to third division in Polish football, a six point deduction at the start of 2006-09 season and fined 10,000 euros for their part in biggest match fixing scandal in Polish football Seventh club to be punished in Poland after two year investigation

Table 2 Sample of match/race fixing cases in international sport

Maennig (2005) divides corruption in sport into two categories. 'Competition corruption' involves activities by athletes and/or those officials who have a direct responsibility for the outcome of a sporting contest. 'Management corruption' involves non-competition decisions made by sporting officials and governing bodies that include the awarding of host city status for major sporting events, negotiation and allocation of rights, the awarding of contracts for construction of sporting venues.

Implications for Sponsorship Programmes

As previously stated, there is little research investigating the impact of corruption in sport on sport-sponsor and athlete-sponsor relationships. Companies are investing millions of dollars in sponsorship agreements and more in leveraging these agreements to secure competitive advantage. Amis, Slack & Berrett (1999) argue that "a sponsorship opportunity should be assessed as to its potential of helping a firm to secure a position of competitive advantage" (252). At the same time, corruption in sport is costing these same companies millions of dollars in brand value. It becomes imperative, then, that sponsors recognise a number of possible strategies that may be employed as a result of such behaviour.

"There is little research investigating the impact of corruption in sport on sport-sponsor and athlete-sponsor relationships. Companies are investing millions of dollars in sponsorship agreements and more in leveraging these agreements to secure competitive advantage."

Wilson et al (2008) have evaluated how player transgressions, defined by Aaker et al (2004) as "a violation of the implicit and explicit rules guiding relationship performance and evaluation" (2008a: 100), like alcohol or spousal abuse, impact upon the sport-sponsor relationship. They state that "an understanding of the dynamics of sport-sponsor relationships and the potential damage created by player transgressions is critical, particularly given the lack of existing relevant research" (105). It is the opinion of the author that by replacing the words 'player transgressions' with 'corruption', the same is true.

Success in the sporting arena can lead to athletes being targeted by organisations to be part of sponsorship and endorsement agreements. At the World Athletics Championships in Rome 1987, Ben Johnson "beat (Carl) Lewis in the 100 metres and set an astonishing new world record of 9.84 seconds... With his new star property pronounced clean, Johnson's agent immediately started negotiating millions of dollars in sponsorship" (Simson & Jennings, 1992: 169). Johnson, of course, wasn't clean and lost these sponsorship deals, costing the organisations time and money.

On the other hand, it might be argued that sponsors actually perpetuate the problem of corruption in sport, particularly in the instance of doping. There have been examples in sport where athletes have been awarded thousands of pounds in sponsorship by large organisations, with performance criteria in place. When these athletes discover that many of their competitors may be using PEDs, and with the sponsorship agreements worth so much in funding, the options available to them are limited at best.

"Strong relationships with sponsors, established on the basis of trust and communication, can minimise the potential impact of such player behaviour on any business agreements, especially given the potential for image transfer"

Strong relationships with sponsors, established on the basis of trust and communication, can minimise the potential impact of such player behaviour on any business agreements (Wilson et al, 2008a), especially given the potential for image transfer (McCracken, 1988). In today's media culture of sensationalising the reports of player transgression, a strong relationship means that the 'fall-out' from such behaviour can be dealt with in such a way to preserve the association. Wilson et al (2008b) also suggest that a number of factors will influence how a sponsor might react in such a situation. The level of media interest, the nature, frequency and severity of the transgression and how closely related the transgression is to the sponsor's business or target market will determine the severity in which the sponsor will deal with any potential situation.

It can, therefore, be suggested that relationships between a sport, team or athlete and the media, fans and/or other stakeholders will be adversely affected by corruption. The media 'interest' in a case of corruption in sport may lead to fans and sponsors losing interest or faith in a particular team or athlete, affecting not only the potential revenue generation of the team or athlete concerned but also those around them, including other teams in a league or other athletes on the start line of a race.

Implications for sponsors may include the forced withdrawal of their support from sport in its entirety, a strategy that many Tour de France sponsors have utilised. The image of the Tour de France has been tarnished by the use of PEDs by cyclists, with many teams, like Team T-Mobile, struggling to attract sponsors to the sport, and thus having to withdraw. Withdrawal from a particular sport and supporting others might provide sponsors with a means of still utilising sport as a marketing communications tool whilst balancing the potential negative impact of corruption. Financial services company ING saw sport as a means of reaching target markets and gaining competitive advantage, sponsoring Formula 1 and the Renault team within the sport, investing in excess of \$80m during the 2008 season, with \$65m of that total being paid to Renault (BBC Sport, 2009). They, along with fellow sponsor Mutua Madrilenia, immediately withdrew their support from Renault as a direct result of the Crashgate scandal. The company has, however, recently renewed its relationship with the New York Marathon. It might also be expected that sponsors include more rigorous and extensive performance-related clauses in contracts with teams, athletes and/or the sports themselves to try and protect their interests and investments. There is also the possibility that sponsors may choose to ignore corruption in sport, maintaining that any relationship with sport is a positive one.

It is clear that corruption in international sport is a very real issue that is threatening the financial future of some parts of the industry and undermining its integrity. Sponsorship programmes have and will continue to be effected by this corrupt

activity. However, there are potential strategies that sponsors can employ to ensure their image and reputation is not irrevocably damaged. This research project aims to evaluate these possible strategies.

About the authors

Samantha Gorse is a PhD candidate and research scholar at the Centre for the International Business of Sport, Coventry University. Her PhD is investigating the impact of corruption in international sport on sponsorship programmes. Her other research interests include marketing strategies in professional sport, entrepreneurship in sport and sports law. samantha.gorse@coventry.ac.uk

Dr Simon Chadwick is Professor of Sport Business Strategy and Marketing at Coventry University. He is a Director of CIBS, Editor of the International Journal of Sport Marketing and Sponsorship and has worked with organisations involved in sport including the Football Association, Mastercard, the four tennis Grand Slams and FC Barcelona. Professor Chadwick has been widely quoted in various media outlets including the Wall Street Journal, Forbes, Time, Newsweek, The Economist, Bloomberg, CNN, Reuters and the BBC. He is the author of more than 300 books, papers, articles and reports on sport. simon.chadwick@coventry.ac.uk

References

- Aidt, T.S. & Dutta, J. (2008) Policy Compromises: Corruption and Regulation in a Democracy, *Economics & Politics*, 20(3):335-360
- Den Nieuwenboer, N.A. & Kaptein, M. (2008) Spiralling Down into Corruption: A Dynamic Analysis of the Social Identity Processes that Cause Corruption in Organisations to Grow, *Journal of Business Ethics*, 83(2):133-146
- Getz, K.A. & Volkema, R.J. (2001) Culture, Perceived Corruption and Economics: A Model of Predictors and Outcomes, *Business Society*, 40(1):7-30
- Heidenheimer, A.J. & Johnston, M. (2007)(eds) *Political Corruption: Concepts & Contexts*, 3rd edition, New Brunswick, NJ: Transaction Publishers
- Hughes, R. & Coakley, J. (1991) 'Positive Deviance Among Athletes: The Implications of Overconformity to the Sport Ethic', *Sociology of Sport Journal*, 8(4):307-325
- Kindra, G.S. & Stapenhurst, R. (1998) Social Marketing Strategies to Fight Corruption, The Economic Development Institute of the World Bank
- Lloyd, C. & Walton, P. (1999) Reporting Corporate Crime, *Corporate Communications: An International Journal*, 4(1):43-48
- Maennig, W. (2005) 'Corruption in International Sports and Sport Management: Forms, Tendencies, Extent and Countermeasures', *European Sport Management Quarterly*, 5(2):187-225
- Maennig, W. (2008) Corruption in international sports and how it may be combated, IASE/NAASE Working Paper Series, Paper No. 08-13 (August 2008)
- Mason, D.S. (1999) 'What is the sports product and who buys it? The marketing of professional sports leagues', *European Journal of Marketing*, 33(3/4):402-418
- Paldam, M. (2002) The cross-country pattern of corruption: economics, culture and the seesaw dynamics, *European Journal of Political Economy*, 18(2002):215-240
- Scott, J.C. (1972) *Comparative Political Corruption*, Englewood Cliffs, CA: Prentice Hall
- Shen, C. & Williamson, J.B. (2005) Corruption, Democracy, Economic Freedom and State Strength: A Cross-National Analysis, *International Journal of Comparative Sociology*, 46(4):327-345
- Senior, I. (2006) *Corruption – The World's Big C: Cases, Causes, Consequences, Cures*, London, UK: The Institute of Economic Affairs
- Simson, V. & Jennings, A. (1992) *Dishonoured Games: Corruption Money & Greed At The Olympics*, London, UK: Simon & Schuster Ltd.
- Treisman, D. (2000) The causes of corruption: a cross-national study, *Journal of Public Economics*, 76(2000):399-457
- Westberg, K., Stavros, C. & Wilson B. (2008b) An examination of the impact of player transgressions on sponsorship b2b relationships, *International Journal of Sports Marketing & Sponsorship*, January 2008:125-134
- Wilson, B., Stavros, C. & Westberg, K. (2008) Player transgressions and the management of the sport sponsor relationship, *Public Relations Review*, 34 (2008):99-107

