

## DOCTOR OF PHILOSOPHY

### Corruption in International Sport Implications for Sponsorship Management

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# **Corruption in International Sport**

## **Implications for Sponsorship Management**

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A thesis submitted in partial fulfilment of the  
University's requirements for the Degree of Doctor of  
Philosophy

Coventry University

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The candidate confirms that the work submitted is her own and that appropriate credit has been given where reference has been made to the work of others.

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# Abstract

There has recently been a marked increase in the number of reported cases of corruption in international sport. As such, a growing number of sponsors have taken remedial action in order to protect the reputation of their brand. This study has been designed to analyse how sponsors respond to the threat of corruption in sport and to identify the contextual factors that influence such a response. Maennig (2005) identified two forms of corruption – ‘management corruption’ and ‘competition corruption’. It is the latter, defined by Gorse & Chadwick (2010) as *“any illegal, immoral or unethical activity that attempts to deliberately distort the outcome of a sporting contest (or an element within the contest) for the personal material gain of one or more parties involved in the activity”* that provides a focus and context for this study and includes such behaviour as doping, tanking, match fixing and spot fixing.

In order to identify how sponsors respond both to the threat of being associated with a property affected by this type of behaviour, also referred to as sporting transgression in this study, and to analyse instances of actual corruption, a four-stage research methodology has been employed. A database of cases of sporting transgression was created to provide contextual background and further rationale for the focus of this study; a series of preliminary interviews were conducted with professionals in and around the sponsorship industry to highlight the potential implications of corruption for sponsors; and a number of case studies were developed, recognising the key stakeholders in sponsorship management. A series of in-depth semi-structured interviews were then conducted with multiple stakeholders in the sport industry - sponsors, legal professionals with expertise in sponsorship and commercial managers in governing bodies of sport. Interviews were recorded, transcribed and then analysed using grounded theory coding techniques, allowing for key themes to emerge and responses to corruption in sport discussed. Analysis of the interview data indicates that sponsors adopt a ‘wait-and-see’ approach when dealing with the potential impact of corruption, relying on a number of factors to decide upon remedial courses of action. These factors have been conceptualised and a Sponsor Response to Sporting Transgression, or SRST, Model is proposed.

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# ONE

## Introduction

### 1.1 Chapter Overview

This research explores the implications of corruption in international sport for the management of sponsorship programmes. The purpose of this chapter is to examine the contextual background of this study and to provide justification for its focus. The scale and magnitude of the issue of corruption in sport is highlighted and the serious nature of its impacts for stakeholders, primarily sponsors, in the sport industry is discussed. The theoretical framework and methodological design of this study are detailed and research aims and objectives are specified. The chapter concludes with a presentation of the structure of this thesis.

### 1.2 Introduction to the Study

This study will address the central research question: ***How does corruption in sport impact on the management of sport sponsorship programmes?*** Drawing from literature, this study examines the nature of sponsorship in the sport industry, focussing on the understanding of sponsorship as a form of inter-organisational relationship (Chadwick, 2002; Otker, 1988) rather than the previously accepted transactional view (Thwaites, 1994). The management of these inter-organisational relationships is discussed and corruption in sport is highlighted as a possible cause of relationship breakdown and dissolution. By examining the roles and opinions of the key stakeholders involved in the management of sponsorship agreements, namely sponsors, rights holders and legal representatives, this research will analyse the potential responses of sponsors to cases of corruption in sport committed by athletes and officials in sporting competition (referred to as competition corruption (Maennig, 2005)) and the contextual factors that influence any response or decision are discussed.

Sport has a long history of corruption; ranging from athletes taking performance enhancing substances (PEDs) to executives in some of sport's most high profile governing bodies selling votes; from players taking payments to lose or perform in a certain way to referees betting on the games they were officiating. The reputations of the athletes or teams involved are questioned and the history of sporting achievements tarnished by the decision to cheat. However, the 'guilty-by-association' tag can be just as damaging for stakeholders, including governing bodies and sponsors.

*"Cyclist Lance Armstrong's doping scandal is causing sponsors to question their future in a sport that allows them to reach mass audiences at a moderate price, but risks tainting their brand"*

Weir (2012)

The reputation of professional cycling, and the credibility of the sports showcase race, the Tour de France, has repeatedly been brought in to question by scandals involving the use of PEDs. As a result of these scandals, sponsors have been forced to re-evaluate their involvement in the sport, recognising that *"in cycling, doping allegations can instantly tarnish a sponsor's reputation"* (NBCSports, 2007). Since 2006, sponsors including Deutsche Telekom, Audi, adidas, Nissan, Enovos, Liberty Seguros, Phonak and, most recently Rabobank, have all pulled out of the sport, many citing the continuing threat of doping scandals as the primary reason for their withdrawal. In light of the USADA investigation that revealed the *"most sophisticated, professionalised and successful doping programme that sport has ever seen"* (USADA, 2012), based on the activities of US Postal team and, in particular, Lance Armstrong, it was anticipated that more sponsors would decide to terminate their association with the sport and the teams involved in cycling's high profile races. However, *"a feared rush for the exits by sponsors has failed to materialise"* (Reuters, 2013).

The Tour de France *"provides huge on-the ground audiences (with some stages attracting crowds of up to a million people), three weeks of extensive*

*global TV coverage, and a tech-savvy fan base which allows for new media and online marketing*” (Wilson, 2013). It has also been suggested that cycling now represents *“a much better deal than other sports – the doping problem instituted a discount on the pricing”* (Reuters, 2013) of a sponsorship agreement. Prior to their withdrawal from cycling in 2006, the founder and CEO of Phonak, Andre Rihs, stated that *“he was glad that doping was an issue in cycling, because it scares off big corporations from becoming sponsors, allowing smaller companies like his to afford to be involved”* (Day, 2006). Other sponsors, for example BSKyB, have taken a firm stance against doping in cycling and have adopted a zero-tolerance policy towards the use of PEDs – this has allowed these organisations to benefit from the exposure gained by being involved in the sport whilst promoting their brands as a ‘honest’ and ‘open’. This stance has led to some in cycling and in the media to suggest that the zero tolerance policy was *“a charade to entice sponsors”* (Slater, 2012) and further investment in to teams.

Sponsors involved in other sports have also been forced to re-evaluate their investment as a result of corruption in sport. The Dutch financial services provider, ING, immediately terminated their association with the Renault team due to the Crashgate scandal that occurred at the 2008 Singapore Grand Prix in Formula One, as did fellow major team sponsor Mutua Madrileña suggesting that the scandal, whilst not only compromising the integrity of the sport and the safety of spectators, marshals and drivers, *“could affect the image, reputation and good name of the team’s sponsors”* (Reuters, 2009). The Pakistan team equipment supplier, BoomBoom, severed ties with brand ambassador Mohammed Amir as his involvement in the cricket spot-fixing scandal in England in 2010 became clear, stating that they couldn’t allow their brand to be *“associated with any whiff of corruption or suspicion of foul play”* (Telegraph, 2010).

In other examples or cases of corruption in sport, sponsors have decided to remain linked to those punished for this type of corrupt behaviour or have

sought to become associated after such a scandal. US technology firm Belkin announced their intention to replace Rabobank as the title sponsor of a team just prior to the 2013 Tour de France and Emirates Airline decided to extend their association with FIFA after feeling satisfied that officials were actively addressing issues of corruption within the governing body.

The focus of this research is to analyse how and why sponsors might make these decisions to respond in a particular way, what avenues they might pursue (for example, remedial action, support) and what factors they take in to consideration when making a decision as to a course of action.

The issue of corruption in sport is becoming an increasingly important and controversial one, especially given the level of investment by sponsors, media organisations and consumers. By 2015, it is estimated that global sports market revenues will be valued at \$145.3 billion with sponsorship valued at \$45.3 billion, accounting for 28.8% of the total sports market (PWC, 2011). As is apparent by the size and value of the sport industry, it offers massive potential for revenue generation on a global scale for all parties involved. Television and media exposure, attendance at live games and the sale of branded merchandise across international markets has ensured that sports, teams and, perhaps most extensively, players have worldwide appeal and an ever-growing consumer base. In turn, sport offers organisations a platform to enhance corporate image and reputation (Erdogan & Kitchen, 1998; Javalgi et al, 1994), build brand equity (Amis et al, 1999; Cornwell et al, 2001), develop relationships with key stakeholders (Meenaghan, 2001; Santomier, 2008) and enjoy the benefits of positive image spillover (Pope et al, 2009; Cliffe & Motion, 2005; Ferrand & Pages, 1999; McCracken, 1988) through sponsorship agreements. The relationship between a rights holder – an athlete, team, sport or event – and sponsor is based on the principle of reciprocity (Buhler & Nufer, 2010) with both parties seeking benefit by capitalising on the unique characteristics of the sport industry. Whannel (1992) suggests that *“like other forms of*

*entertainment, sport offers a utopia, a world where everything is simple, dramatic and exciting, and euphoria is always a possibility. Sport entertains, but can also frustrate, annoy and depress. But it is this very uncertainty that gives its unpredictable joys their characteristic intensity”* (Mason, 1999:405). This uncertainty in sport relies upon the ideal of *ceteris paribus* or ‘all things being equal’ – opponents playing to the best of their ability in order to win a sporting contest. Cheating to win, by using PEDs, or cheating to lose, in the case of match fixing and tanking (or points shaving – cheating to win or lose by a particular margin) undermines this ideal and, as previously stated, can tarnish the reputation of the athletes or teams involved as well as all of those stakeholders associated with the guilty party. This association could be *direct* – for example, a sponsor of the athlete or team involved in the scandal or the governing body of the sport involved – or *indirect* – for example, a sponsor of a rival team in the same sport.

### **1.3 Rationale for this Study**

There have been a number of high profile cases of corruption in sport in recent years that highlight the importance, relevance and timeliness of this research, from doping in athletics and tanking at the Olympic Games to allegations of match fixing in European football and spot fixing in the Indian Premier League (IPL) in cricket.

Furthermore, despite the growth in sport sponsorship literature (Cornwell & Maignan, 1998; Walliser, 2003) and the significant body of work in the field of corruption, predominantly in business and politics (Treisman, 2000; Aidt & Dutta, 2008; Den Nieuwenboer & Kaptein, 2008; Shen & Williamson, 2005; Getz & Volkema, 2001; Lloyd & Walton, 1999; Paldam, 2002; Spinellis, 1996), there is a paucity of academic research in the area of corruption in sport and, in particular, the impact of corruption on sponsorship programmes. The work of Wilson, Stavros & Westberg (2008) and Hughes & Shank (2005) has sought to discuss the impact of player transgression (for example, alcohol or spousal abuse) or scandal on

sponsorship programmes but there is little published work on how the management of sponsorship programmes is affected by what might be described as 'in-sport' activities, like doping, match fixing and illegal gambling.

The focus of this study provides an excellent opportunity for the researcher to make very clear contributions to both academic theory and management practice. Firstly, by analysing the responses of sponsors to cases of corruption in sport, a theoretical decision making model is developed and further, by evaluating the contextual factors that influence any response or decision made by a sponsor, the proposed model has 'real-world' applicability. Secondly, this study evaluates the management of inter-organisational relationships in the context of corruption in sport, an underdeveloped research area, and again, one that represents a key issue in stakeholder management in sport. Thirdly, by beginning to understand the managerial implications of corruption in sport, not just for sponsors but also for other stakeholders in the sport industry, the researcher can establish a strong academic and managerial profile in the field. This is of particular personal and professional importance to the researcher due to the deep interest in the research area.

#### **1.4 Research Aims & Objectives**

In order to answer the central research question - *How does corruption in sport impact on the management of sport sponsorship programmes?* - and given the aforementioned paucity of academic research in the area, the aims of this study are twofold. First, this study will conceptualise corruption in sport and identify key trends in proven cases of this type of behaviour or activity. Second, the responses of sponsors to corruption in sport will be analysed and the contextual factors that influence these responses examined. In order to facilitate the analysis of the impact of corruption on the management of sponsorship programmes, a number of



research objectives have been set, which have informed the methodological design of this thesis. The objectives of this study are:

- to construct a database of cases of corruption in international sport, detailing athlete(s), official(s) or team(s) involved; type of corrupt behaviour or activity conducted; country of origin (of the case); and the result (or impact) of the corrupt activity (e.g. ban, fine, warning)
- to critically analyse sponsorship, inter-organisational relationship (IOR) and corruption literatures, conceptualising key areas of investigation and providing a clear contribution to existing knowledge
- to develop an operational definition of corruption in sport, upon which this research is based
- to identify key stakeholders in the management of sponsorship agreements
- to examine the roles and opinions of these key stakeholders as to the impact of corruption in sport on these agreements, by conducting semi-structured interviews as a method of data collection
- to identify the potential responses of sponsors to cases of corruption
- to examine the contextual factors that make influence any response or decision made by a sponsor
- to develop a conceptual model of sponsors' responses to corruption in sport
- to explore the managerial implications of corruption in sport for sponsors and highlighting the need for further research as to the impact on other key stakeholders in the sport industry

## **1.5 Overview of Research Design**

This study adopts an exploratory, mixed methods approach to research, drawing on the central tenets of grounded theory (Glaser & Strauss, 1967; Strauss & Corbin, 1998; Tan, 2010; Goulding, 2002) and moving away from

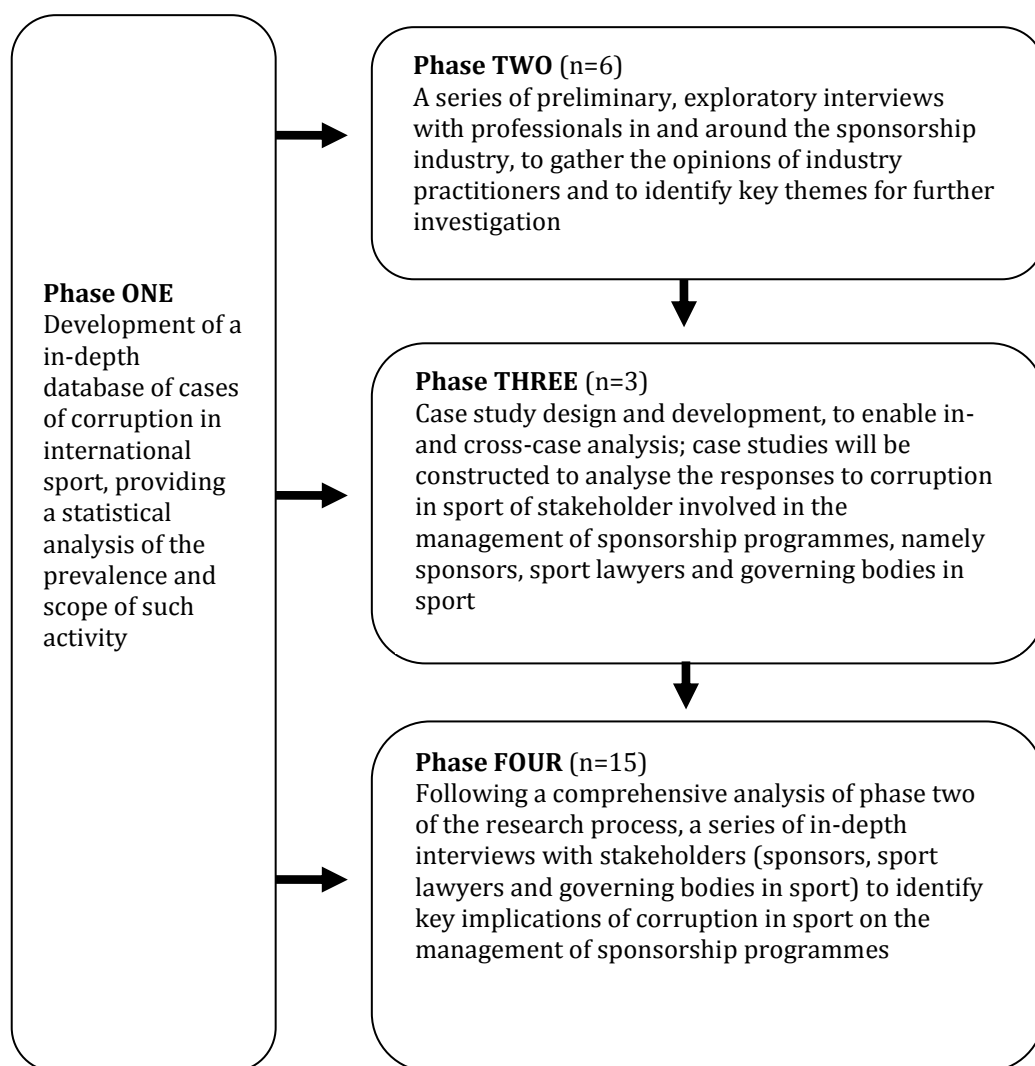
the predominantly positivist nature of research traditionally conducted in the area of sport sponsorship. As previously stated, there is a paucity of academic research into corruption in sport and the managerial implications of that activity for sponsors, and other stakeholders in the sport industry, an approach intent on generating or discovering theory that *“might help explain practice or provide a framework for further research”* (Creswell, 2007: 63) provides the researcher with the scope to analyse the issue of corruption in sport from both a conceptual and practical perspective. Theories that are relevant to a particular phenomena or situation are allowed to emerge from the data collected through a process of continuous comparative analysis (Edwards & Skinner, 2009). An abductive or iterative research strategy, which involves *“weaving back and forth between data and theory”* (Bryman, 2008: 12), grounded theory involves an ongoing, evolving process with each stage of the research design influencing the next.

The methods utilised in this study - including documentary analysis and semi-structured interviews - provide a thorough analysis of the impact of corruption in international sport on the management of sponsorship agreements, and examination of responses of sponsors to this corruption, and a detailed understanding of the contextual factors that make influence any decision or response.

In order to meet the aims of this study, the following research design has been undertaken (figure 1.1):

### **1.5.1 Phase ONE**

The purpose of this phase of the research design was to establish the scale and scope of the issue of corruption in sport, thus providing a contextual background to study and further justification for its focus. To facilitate this, an international documentary analysis has been undertaken and a detailed database of cases of corruption in sport constructed. These cases, gathered from reliable sources (including



**Figure 1.1:** Methodological design of this study

National Anti-Doping Organisations (NADO) and international sports governing body websites), have been coded into category-sets (Guetzkow, 1950) and analysed to allow for the identification of key themes and patterns. These category-sets include the year of offence; nationality of the athlete/team involved (in examples where athletes have changed residency, it is the nation they represented at the time of the offence that is recorded); sport in which the athlete/team participates; the banned substance involved in the case; the length of the ban or amount of a fine given (or indeed whether a public warning was issued); or the number of matches

that were affected (in particular reference to match fixing cases). The database presented in this study, containing in excess of 2,000 cases from 2000-2010, illustrates the truly global scale type and nature of corruption in sport. The collection and recording of these cases continued throughout the duration of this research in order to ensure a comprehensive and up-to-date analysis of corruption in sport.

### **1.5.2 Phase TWO**

The purpose of this phase of the research design was to identify the practical and managerial implications of the issue of corruption in sport. A series of six preliminary, exploratory interviews were conducted with professionals in and around the sponsorship industry, including sponsorship agency representatives and sponsors of sport. These interviews, based on the principles of Critical Incident Technique (CIT) (Flanagan, 1954), were designed to gather the initial views of the sponsorship practitioners about the nature and potential impact of corruption in sport for the management of sponsorship agreements. Due to the sensitive nature of this research area, CIT was utilised in order to be able to establish the potential implications or impact of corruption in sport in hypothetical situations or cases, ensuring that ethical concerns were addressed and that respondents were at ease in discussing such an issue. Analysis was undertaken based on grounded theory methodology (Glaser & Strauss, 1967; Breckenridge & Jones, 2009; Goulding, 2002), allowing key themes to emerge from the data through continuous coding and comparison. The results of these interviews, presented later in this thesis, provided the foundation upon which phases three and four of this study were built and allowed the researcher the opportunity to develop a greater understanding of not only the subject area, but also how this study would progress.

### **1.5.3 Phase THREE**

Building on the analysis of findings from phase two, the purpose of this phase of the research design was to develop a framework for the analysis of data gathered in order to ensure the aims and objectives of this study were met and the research question answered. As such, a multiple-embedded case study design was adopted. Three case studies were designed and constructed, allowing for the analysis of the roles and opinions of each of the key stakeholders in the management of sponsorship agreements - namely sponsors, rights holders and legal representatives. The data presented in each of these case studies was gathered and analysed as part of phase four of this study.

### **1.5.4 Phase FOUR**

The purpose of this phase of the research design was to examine the roles and opinions of key stakeholders in the management of sponsorship agreements as to the impact of corruption in sport on these agreements. Within each of the three case studies, a series of in-depth semi-structured interviews were conducted with a number of expert representatives from each stakeholder group (five interviews in each case study; 15 in total). These representatives were selected for inclusion in this study, based on the grounded theory concept of theoretical sampling where, according to Strauss & Corbin (1998), "*sampling 'involves during the process' as a researcher 'maximises opportunities to compare events, incidents or happenings'*" (McCallin, 2003: 204). Where possible, key stakeholders involved in the same sport, and thus affected by the same corruption scandal, were invited to participate in this research. The interviews were recorded, transcribed and analysed using open, axial and selected coding techniques. Based on this analysis, the potential responses of

sponsors to cases of corruption in sport and the contextual factors that influence any response or decision are examined.

### **1.5.5 Alternative Methodological Considerations**

Whilst the methodological design of this study was seen as the most beneficial and practical for the researcher to make a significant contribution to knowledge, the possibility of conducting a large-scale quantitative analysis of the responses of sponsors to corruption in sport, or sporting transgression, was considered. The researcher had access to a substantial resource list of sponsors in the sport industry complete with contact details of each responsible individual. However, given the perceived contentious and controversial nature of the subject being studied, it was deemed to be too high a risk to undertake such a design in order to be able to ensure a sufficiently significant sample responded to such a survey. This quantitative study would have allowed the researcher to triangulate results and also offer greater generalisability of the research findings. However, without a more contextual understanding of corruption in sport and, more importantly, given the focus of this study, the managerial implications of such behaviour, it was deemed that a qualitative study would be the more suitable option, with a quantitative study offering possibilities for future extension.

### **1.6 Limitations of this Study**

Due to a controversial nature of the issue of corruption in sport, there are two principle limitations of this study. Firstly, the use of the term 'corruption' has led to difficulty in ensuring a more populous sample - many have expressed their concern in talking about corruption, perhaps assuming that their involvement in the study indicates involvement in such activity. For this purpose, the term 'sporting transgression' has been

utilised to describe the types of behaviour being examined in this study. The difference between player transgression (behaviour including adultery and alcoholism – Wilson et al, 2008) and sporting transgression is explained to participants at the beginning of the interviews in Phase Four of the research design.

Secondly, there continues to be high profile cases of corruption that warrant academic investigation and could offer further examples and insights in this study. If each new case was included and additional stakeholders (for example, different sponsors and/or governing bodies) were found, this research would never be completed. The parameters of this study therefore set to include cases of corruption from 2000 until the end of 2010.

## **1.7 Structure of the Thesis**

Developing from the examination of the contextual background of this research, provided in section 1.2, the remaining chapters of this thesis review and synthesise three distinct sets of literature; discuss methodological considerations for this research; and present and examine the findings of this study.

Chapter Two discusses the theoretical underpinning of this research, highlighting key concepts and their relevance to this study. Three distinct sets of literature will be critically reviewed – sponsorship, inter-organisation relationships and corruption – and synthesized to develop a conceptual framework upon which this research will be based, providing direction for the data collection phases of this project. Chapter Three presents the methodological considerations for this research, discussing the philosophical standpoint of the researcher and providing justification for the design of each phases of the data collection process. Key findings from the initial phases of this research are presented and their significance to the overall aims of this study is examined.

In Chapter Four, the findings of this study are presented, structured in three multiple-embedded case studies, each designed to analyse the roles and opinions of the key stakeholders in the management of sponsorship agreements, namely sponsors, rights holders and legal representatives. Key similarities and differences in the opinions of the stakeholders, as a result of in-depth cross-case analysis, are also analysed. Following this, Chapter Five presents the conclusions and recommendations for this study.

## **1.8 Conclusion**

Despite the growth in sport sponsorship literature and the significant body of work in the field of corruption, predominantly in business and politics, the managerial implications of corruption in sport and, in particular, the impact of such activity on the management of sponsorship agreements, has not received the academic attention it warrants. By adopting a relational approach to sponsorship and viewing corruption in sport as a reason for possible relationship dissolution, this study makes significant contributions to both academic theory and management practice by examining the responses of sponsors to corruption in sport and discussing contextual factors influencing such responses. The focus of this study presents the opportunity to contribute to both mainstream and sport management and marketing literatures, as well as the wider academic understanding of corruption.

The unique focus of this research has already generated academic papers (published in the likes of the *European Business Review* 2009), a consultancy report for the Remote Gambling Association and their partners (2011), as well as a number of presentations at high profile international conferences, including the European Association of Sport Management (EASM), the Academy of Marketing, the British Academy of Management and the First International Network of Trust researchers (FINT). It has also attracted the attention of international organisations including



Transparency International, the International Centre for Sport Security (ICSS) and the United Nations.

This chapter has sought to introduce the contextual background of this study and the rationale for its focus. The aims and objectives of this research are presented and methodological design highlighted. The following chapter establishes the theoretical foundation upon which this study is built by critically reviewing and synthesising sponsorship, IOR and corruption literatures.

# TWO

## Theoretical Background

### 2.1 Chapter Overview

Chapter One of this thesis has discussed the research problem, providing contextual background and justification of the need for research. Building on this, the purpose of Chapter Two is to develop a theoretically grounded conceptual framework based on a critical review and synthesis of sponsorship, inter-organisation relationship and corruption literatures. The relevance of each literature for this research is determined and key conceptual considerations are highlighted.

### 2.2 Sport Sponsorship: An Introduction

*“There is a truth to sport, a purity, a drama, an intensity, a spirit that makes it irresistible to take part in and irresistible to watch”*

BBC TV (2012)

In his closing address at the London 2012 Olympic Games, Lord Sebastian Coe celebrated the characteristics of sport that entice a now-global audience to enjoy the spectacle of sporting competition. Whannel (1992) further suggests that *“like other forms of entertainment, sport offers a utopia, a world where everything is simple, dramatic and exciting, and euphoria is always a possibility. Sport entertains, but can also frustrate, annoy and depress. But it is this very uncertainty that gives its unpredictable joys their characteristic intensity”* (Mason, 1999:405). Furthermore, Lagae (2005) states that *“sport arouses feelings that even the wildest marketer cannot stimulate with an advertisement”* (17). Aware of the global appeal of sport and the relationship between sport and the consumer, companies have sought to capitalise on this and have continued to pay millions of pounds to

be associated with these sports, teams and players, whilst also recognising the power of sports events in reaching target audiences.

As previously stated, PriceWaterhouseCoopers (2011) estimate that sponsorship in the sport industry will be valued at \$45.3 billion by 2015, accounting for 28.8% of the total sports market. Westerbeek & Smith (2003) suggest that the use of sport sponsorship to reach these global audiences is logical given that the commercial sport product has the ability to *“cross borders without facing the difficulty of having to adjust to local language or culture”* (137). Roy (2005) states that the role of sponsorship as a fundamental aspect of an organisation's marketing strategy is of greater significance when the firm is operating in a global environment due to the significant reach the sport industry provides. Being associated with successful teams or athletes or recognised as sponsors of popular sports can lead to organisations gaining positive brand equity, 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. Farrelly & Quester (2005) state that sponsorship provides organisations the opportunity *“to achieve both corporate and brand image objectives”* (56) whilst Amis et al (1999) suggest that it can *“help companies to secure a position of competitive advantage”* (251).

Traditionally, sponsorship had been viewed as a philanthropic activity where those with an interest or passion in sport, and the wealth to do so, sought to take advantage of it by offering what could be viewed as charitable donations to support a team, an athlete or an event (Daellenbach et al, 2006). The history of sponsorship in sport stretches back to ancient Greece, where the societal elite supported sporting events and athletic festivals in a battle for status in that society, and in the Roman era where the elite sponsored individual gladiators (an early example of athlete endorsement) and fighting tournaments. Shanklin & Kuzma (1992)

describe these gladiatorial competitions as “*status bloodbaths*” (60) and that “*business competitors heavily supported chariot racing teams*” (60). Some of the earliest examples of commercial use of sponsorship in the modern sports era were recorded in the official event programme at the 1896 Olympic Games in Greece (Lagae, 2005). As a result of the sponsorship-driven strategy in the organisation of the 1984 Olympic Games in Los Angeles, this form of promotional activity gained significant popularity with both sporting and non-sporting companies to build brand equity (Tripodi, 2001).

### **2.3 Sponsorship as an Area of Research**

It is recognised that “*sport is the most common sponsorship target*” (Arokallio & Tuominen, 2006: 3), accounting for approximately 60% of current sponsorship spending (IEG, 2013). Frederick & Patil (2010) state that globalisation has been one of the most significant determinants of growth in sponsorship and in the sports industry as a whole. Wolfe et al (1997) further state that the media and corporate sponsors have played a huge role in the spread of sport world wide. This is due in part to its ability to reach a large global audience, the extensive media coverage it generates and drama associated with the uncertainty of outcome principle. These factors are also identified by Santomier (2008) as key to the accelerated growth of sponsorship in the sport industry in recent years. He further suggests that sponsorship is seen more as a “*credible and important dimension of brand marketing because it represents a long-term investment in creating dynamic relationships between brands and consumers*” (26).

Gardner & Shuman (1986) discuss several factors that indicate that sponsorship will continue to grow in importance and impact, suggesting that sponsorship as a marketing strategy can aid in the separation of the organisation from competitors as well as other companies, thus reducing clutter in the mind of consumers, common in the more traditional advertising strategies. Moreover, the means by which sponsorship is

leveraged alters depending not only on the characteristics of the sponsored property (e.g. location) but also in the media sources available to view and participate in sporting competition.

Sponsorship as an area of focus in academic research has risen to prominence in business and in sport literature over the last 30 years. Cornwell & Maignan (1998), in their cross-disciplinary review of sponsorship literature, identified five research streams in which the focus of the reviewed studies could be classified: the nature of sponsorship; managerial aspects of sponsorship; the measurement of sponsorship effects; the strategic use of sponsorship; and the legal and ethical considerations in sponsorship. A further review conducted by Walliser (2003) reduced this number, identifying instead three research themes: definitions and forms of sponsorship; management challenges; and measurement techniques. This identification of three research themes is supported by Olkkonen & Tuominen (2006). Questions, however, have been raised about the methodological quality of sponsorship research to date. Slack & Amis (2004) argue that, until recently, sport management research has been dominated by positivist methodologies, whilst Olkkonen et al (2000) suggested that a traditional structuralist perspective is adopted, meaning that much of the research in to sponsorship is empirically driven and lacks significant development of theory.

Fullerton & Merz (2008) highlight two levels of integration in sponsorship – traditional and sponsorship integration. The former, traditional integration, is where there is no official relationship between the sponsor and sponsored property with marketing activity centred on advertisements placed in sports magazines or in advertising breaks in television coverage. The latter, sponsorship integration, involves the use of a marketing strategy designed to capitalise on, or leverage, an official relationship between the parties and develop this relationship in the mind of consumers.

Crompton (2004) argues that exchange theory, one of the most prominent theoretical perspectives in social science research, is the central concept of sponsorship, where two or more parties exchange resources of reciprocal value. It is further suggested that both parties involved in a sponsorship agreement bring what can be deemed as 'currency' to the proverbial table, including financial resources, brand awareness and image, and global reach.

### **2.3.1 Defining Sponsorship**

Despite sponsorship being a significant component of promotional activity in sport for over 2700 years (Schwarz & Hunter, 2008), according to Cornwell & Maignan (1998), it had received very little academic attention in the years prior to the Olympic Games in 1984. Furthermore, the success of the sponsorship-driven approach to revenue generation at the Olympics in Los Angeles and the continuing development of it as a fundamental part of marketing communications strategies has not aided in the development of a commonly held definition of sponsorship. The understanding of sponsorship has been further diluted by the use of the term 'sponsorship' to refer to any activity or investment in marketing by a party outside of the sport entity. Most commonly, this may include athlete endorsement agreements and naming rights of sports stadia. This confusion has contributed to the lack of a common view of the constituent parts of sponsorship and has therefore impacted on the academic view of sponsorship as a legitimate marketing communications strategy. Since the mid-1980s, many researchers have sought to define sponsorship in an attempt to legitimise the activity and separate it from other more established promotions strategies, like advertising (Cornwell & Maignan, 1998). Cliffe & Motion (2005) suggests that separating sponsorship from the more established strategies may prove difficult due to most sponsorship research focusing on key themes including recall and recognition (Javalgi et al, 1994), image transfer (Cornwell & Maignan, 1998) and

corporate branding (Crimmins & Horn, 1996) more commonly associated with the analysis of advertising.

Tripodi (2001) states that a number of sponsorship definitions have been proposed varying in breadth and scope (see table 2.1) and have therefore contributed to confusion amongst both consumers and organisations who might use it as a medium for achieving corporate and commercial objectives (Arthur et al, 1998).

**Table 2.1:** Defining Sponsorship

Definition	Author(s) (Year)
<i>“The provision of assistance, either financial or in kind, to activity by a commercial organisation for the purpose of achieving commercial objectives”</i>	Meenaghan (1983: 9)
<i>“(1) buying and (2), exploiting an Association with an event, the team, a group, etc, for specific marketing (communications) purposes”</i>	Otker (1988: 77)
<i>“The provision of resources (e.g. money, people, equipment) by an organisation directly to an event or activity in exchange for a direct association to the event or activity”</i>	Sandler & Shani (1989: 10)
<i>“Investments in causes or events to support corporate objectives (e.g. enhance company image) or marketing objectives (e.g. increase brand awareness), and are usually not made through traditional media-buying channels”</i>	Gardner & Shuman (1986: 11); Cornwell (1995:15)
<i>“A communication strategy, integrated within the set of strategies used by an organisation in pursuit of commercial and/or corporate objectives, exploiting the right to associate an organisation, a brand, a product with another organisation, an event or celebrity involving a</i>	Ferrand & Torrigiani (2005: 98)

<i>commercial transaction between the parties”</i>	
<i>“The underwriting of a special event to support corporate objectives by enhancing corporate image, increasing awareness of brands, or directly stimulating sales of products and services”</i>	Javalgi et al (1994: 48)
<i>“A business relationship between a sports team and the company in return for rights used for commercial advantage”</i>	Frederick & Patil (2010: 46)
<i>“A business-related partnership between sponsor and a sponsee based on reciprocity. The sponsor provides financial or non-financial resources directly to the sponsee and receives a predefined service in return in order to fulfil various sponsorship objectives”</i>	Buhler & Nufer (2010: 92)
<i>“A form of exchange between sponsor and the entity it invests in, with both parties seeking to achieve their own strategic goals”</i>	Farrelly & Quester (2005b: 211)
<i>“The provision of assistance by a commercial organisation (sponsor), in cash or kind, to a sports property (sponsee), in exchange for the right to be associated with that sports property for the purpose of gaining commercial and economic advantage”</i>	Tripodi (2001: 96)

One of the significant omissions from the earlier definitions of sponsorship, particularly significant in the context of this research, is the apparent failure to recognise the agreement between sponsor and sponsored property as a relationship. It is only in later definitions (Buhler & Nufer, 2010; Frederick & Patil, 2010) that the terms ‘relationship’ and ‘reciprocity’ appear. Furthermore, the strategic goals of the sports entity involved in a sponsorship agreement are largely ignored. Most definitions view sponsorship as a means for the sponsor to achieve their own corporate, strategic or



commercial goals, failing to acknowledge that the sponsored property also has a set of commercial objectives to achieve. This is reflected by Zyman (2001; in Farrelly & Quester, 2005) who goes so far as to argue that the term 'sponsorship' tends to suggest a 'one-sided relationship' based on a financial transaction between sponsor and rights holder.

This study adopts the definition of sponsorship provided by Buhler & Nufer (2010) in that the relationship between sponsor and sponsored entity is a key factor in the management of an agreement in light of a corruption scandal.

Whilst there is a lack of consensus as to a definition of sponsorship, each acknowledges the importance of achieving corporate or marketing objectives or strategic goals in order to gain commercial, economic or competitive advantage. It is here in the sponsorship literature that there does seem to be more shared opinion of what these objectives might be.

The objectives set as a basis for sponsorship programmes typically include increasing awareness and visibility of a brand (Cornwell, 1995; Tripodi, 2001; Walliser, 2003; Olkkonen & Tuominen, 2006), enhancing or altering the image of the brand or the organisation (Javalgi et al, 1994; Meenaghan, 1983; Amis et al, 1997; Dolphin, 2003), and increasing corporate sales (Verity, 2002; Desbordes & Tribou, 2007; Ferrand et al, 2007). Erdogan & Kitchen (1998) suggest that the primary aim of sponsorship is to create a link between the brand of a sponsoring organisation and that of an athlete, team, sport or event that is valued by the target audience of the organisation. Identifying these objectives is important for both the sponsor and the sponsored property as they provide direction for both the choice of sponsorship partner and also the activities undertaken to ensure the agreement achieves the desired outcomes

for both parties. However, Javalgi et al (1994) argue that these objectives tend to be vague, meaning that the effectiveness of the sponsorship strategy may be difficult to establish, and subsequently measure. Ferrand et al (2007) suggest that if organisations are to be successful in implementing sponsorship strategies, a combination of both commercial and corporate objectives must be set, and subsequently achieved. Moreover, Tripodi (2001) suggests that *"sponsorship success is dependent upon whether sponsorship objectives are achieved"* (95), whilst Parker (1991) states that sponsorship *"should be considered alongside other communications media, in terms of its ability to answer the objectives"* (22).

### **2.3.2 Image Transfer as an Objective of Sport Sponsorship**

Image, as defined by Ferrand et al (2007: 115), is *"the set of characteristics, beliefs, ideas, and impressions a person holds and associates with the brand"*, and the transfer of it is acknowledged in academic literature to be one of the primary reasons for organisations to consider sponsorship as part of any marketing communications strategy. In fact, Tripodi (2001) states that a number of studies about sponsorship objectives confirm that brand awareness and brand image are the most important to be set, and more crucially, achieved. To this end, it is widely accepted that sponsorship can provide an incredibly useful platform in order to enhance corporate image whilst strengthening the position of the brand (Farrelly et al, 2006). A positive image in the eye of the consumer takes time to establish. In the first instance, brand awareness is achieved by entering in to a sponsorship agreement. Armstrong (1988; in Cornwell et al, 2001) states that, in order to achieve objectives concerning brand image, the sponsor needs to perceive the relationship as a long-term one or these image-based objectives are unlikely to be reached.

Amis et al (1997) suggest that an organisation has valuable and non-imitable sources of competitive advantage in the image and reputation of that organisation. Sponsorship can be utilised as a means of promoting and ultimately sustaining this advantage, provided that the organisation is associated with a 'positive' sports property (i.e. does not conduct behaviour that could tarnish this image or reputation). Chadwick (2002) suggests that organisations collaborate to compete; in order to secure not only competitive advantage but also more tangible benefits (e.g. profit) sought upon entering in to such an agreement. This is particularly important given that, according to Ferrand et al (2007), the intention of sponsorship is to appropriate the image of the sporting event, team, or athlete to the brand, service, or product of that of the sponsor. Furthermore, Crimmins & Horn (1996: 12) suggest that sponsorship links a *"brand to an event or organisation [or an athlete] that the target audience already values highly"* thus enhancing a positive image of the brand in the mind of consumers. Ferrand & Pages (1999) state that both sponsors and sponsored properties have recognised that *"image has the power to influence the behaviour of all those involved in a sporting organisation"* (388) and can aid in the making of purchase decisions by consumers. If a brand is associated with an athlete or team the target consumer is associated with or is passionate about, it is anticipated that they will be more inclined to purchase the products of a sponsoring organisation than their competitors. The sponsor ultimately aims to achieve image transfer, which, according to Meenaghan (2001), is a much sought-after sponsorship objective. This transfer involves the image attributes of the sponsored property being associated with the sponsor's brand – for example, if an athlete or team is successful, winning medals at major sporting events or being champions in national or continental leagues, this view of success is transferred to that of the brands or organisations associated with them. When Usain Bolt dominates sprinting events at both the Olympic Games and World

Championships, it is not only his face that appears on news channels and the newspapers; it is also the logo of one of his main sponsors, sportswear manufacturer Puma. As a result, Puma may be viewed more favourably in the eyes of consumers, which, in time, could result in more tangible results (i.e. an increase in sales). Ferrand et al (2007: 115) state that *“the objective of the sponsor is to achieve a transfer of the favourable attitude towards the sponsored entity to its brand”*.

Despite the importance placed on image, the transfer of that image and subsequent brand awareness as objectives of sponsorship, Ferrand et al (2007) suggest that in terms of measuring the effectiveness of sponsorship is an unstable indicator of success due to the fact that the visibility of a sponsor’s brand typically grows during the time when the sponsored property is active (e.g. playing during a season or tournament) and tends to reduce post-event. It could be argued that a corruption scandal can have a similar kind of effect – the visibility of a sponsor’s brand is ‘enhanced’ by a scandal as the media publicises such an occurrence and then is curtailed post scandal, but the damage might already have been done.

Arokallio & Tuominen (2006) stress the significance of image in sponsorship, stating that *“in essence, the sponsor wants to juxtapose the athlete’s image with the sponsor’s image in the minds of consumers”* (5). However, despite the understanding that the transfer of image is a vital part of sponsorship, Buhler & Nufer (2010) state that one of the most significant disadvantages of sponsorship in the sport industry is image transfer – importantly, given the context of this research, a negative image can be transferred from the sponsored property to the sponsor just as a positive one can. The brand image of the sponsor becomes damaged as a result.

It is also important to note that it is not just the sponsors who are concerned with enhancing corporate or brand image. Kahuni et al (2009) suggest that sports organisations are increasingly focussing on their image, recognising that value is created. Wolfe et al (1997) further argue that *“the twin influences of commercial sponsor and media have forced sports bodies to become more market and commercially oriented”* (55). Sponsorship is perceived by both parties as means of enhancing image and thus both are exposed to the risks associated with this form of marketing strategy.

### **2.3.3 The Risk of Sponsorship**

Despite the continuing growth in academic literature in the area of sponsorship, O’Reilly & Foster (2008) argue that little attention has been given to the risks associated with such a strategy. They suggest that the *“potential rewards must be considered to be very high, or that the sponsor may underestimate the level of risk as they frame their thinking around the possible benefits”* (51) when considering entering into a sponsorship agreement with a property in the sport industry.

The value of sponsorship for the sponsoring organisation is highly intangible in that much of the return on investment is targeted at brand image, awareness and recall, at least in the short term. The financial return may come a lot later, if at all, and is dependent on considerable investment in activation and leveraging strategies. The sport entity, on the other hand, receives substantial revenue (e.g. rights fees) at the beginning of the agreement (Farrelly et al, 2006). If income generation is of primary focus for the sports property, this kind of agreement would satisfy that objective and allow other objectives to be funded. For the sponsor, given the vast investment required to enter in to a sponsorship agreement with a sports property and then the continued spending in the promotion and

leverage of such an agreement, it becomes imperative that consideration is given to the inherent risks of sponsorship as a strategy. Moreover, marketing mix variables are determined by marketing managers in the belief that they are controllable (Meenaghan, 1983). It is clear in the sport industry that this is not always the case. Many of the situations that may arise that could detract from achieving sponsorship objectives are out of the control of the sponsoring organisation, including team or athlete performance and on- and/or off-field transgressions. This is further supported by Copeland et al (1996), who suggest that the risks associated with sport sponsorship include the quality of the event or athletes the organisation has chosen to associate with (e.g. how successful they are in terms of attendance (events) or performance (athletes)), the potential for a reduced or lower than anticipated return on investment, and scandal involving athletes. In addition, Walliser (2003) states that *“risk is considered an intrinsic attribute of sponsorship due to the non-predictability of the outcome and/or diffusion of the event”* (3). In spite of risk being an intrinsic attribute of sponsorship, Arokallio & Tuominen (2006) state that *“these risks must be taken into account in drawing up specific clauses in a sponsorship contract”* (6).

Hughes & Shank (2005) state that very little is known about the impact sporting transgression can have on the brand of a sponsor although it is clear that negative image transfer could occur. Cornwell (2008) states that the brand image of a sponsor would appear on the apparel of the athletes, time clocks, etc, which embeds the brand in the mind of the consumer as being associated with a team or athlete. In the event of an act of sporting transgression, this brand image would then appear on the jersey of a guilty athlete, thus tarnishing the image of that brand. In addition, Pope et al (2009) suggest that there is a growing body of evidence supporting the idea that negative information about a sponsored property or brand has a

more substantial effect on the formation of attitude by consumers and other stakeholders in the sport industry than positive information (e.g. Skowronski & Carlston, 1989; Herr et al, 1991). Cunningham et al (2009) suggest that the issues or problems of the sponsored entity in sport are reflected on an organisation that sponsors them.

The trust and credibility of sporting competition is brought in to disrepute by transgressive behaviour. These same attributes – trust and credibility – are identified as key components of the image of a brand (Crompton, 2004), which are completely undermined by being associated with athletes or officials who cheat. In a study investigating examples of negative image spillover and the conditions under which this might occur, Votolato & Unnava (2006) highlight the difference between morality and competency information about the image of the brand organisation. The former refers to information about the ethics or principles of a person or company, whilst the latter refers to that of an organisation's ability to deliver what they say they will. In sport, morality information could refer to the behaviour of an athlete in using PEDs (and the 'unethical' decision-making process of the athlete to choose to cheat), whereas the ability of the governing body, or the lack thereof, to deliver a 'clean sport' displaying what could be perceived as a lack of competence.

The issue of control is inherent in sponsorship because, as previously stated, *"the sponsor cannot control the actions of the players, administrators and fans"* (Connor & Mazanov, 2010: 213). Amis et al (1999: 255) suggest that *"when entering in to an agreement, the sponsoring firm cannot be sure how exactly the athlete, team or event will perform and/or be perceived by those to whom the sponsor is trying to appeal"*. With this lack of control comes the need to be able to manage the implications or impact of a scandal and,

without a clear appreciation of what the risks of sponsorship might be, this can be detrimental to the brand of the sponsor. Accordingly, O'Reilly & Foster (2008) suggest that there is a vast array of risks that are inherent to sponsorship that are beyond the reach of control by the sponsoring organisation (see figure 2.1), the extent to which these risks can impact on the image or brand of an organisation is dependent on a number of factors, including the severity of each case, the frequency of occurrence and the nature of the relationship between sponsor and property. For example, Amis et al (1999) state that a doping offence can have severe consequences for sponsors who are closely associated with the sports property. They also suggest that the time it takes the sponsor to recover from such a transgression is impossible to predict. The image and reputation of the sponsor, and indeed that of the sports property, can be irreparably damaged by such activity. Hall (1992) states that reputation "*takes time to create, it cannot be bought, and it can be damaged easily*" (143) and this, therefore, represents a crucial risk of sponsorship in that the reputation of either property could be damaged by behaviour or activity outside of their control. Stoldt et al (2006; in Shilbury & Rowe, 2010) emphasize the importance of reputation management in contributing to the production of tangible benefits, which, as previously stated, can be tarnished by a transgression.

O'Reilly & Foster (2008) suggest that the risks for sponsors could have either financial (e.g. loss of investment) or promotional (e.g. negative publicity) consequences or a combination of both. They further state that risk dimensions, as presented in figure 2.1, are not mutually exclusive so could occur simultaneously. The behaviours relevant to this study that present risk for sponsorship agreements are presented in italics in figure 2.1.



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**Figure 2.1:** Dimensions of Risk in Sponsorship (taken from O'Reilly & Foster (2008: 49))

This model highlights some key issues in the potential management strategies employed by both sponsors and sports entities to deal with this risk. O'Reilly & Foster (2008) include time as an influencer of risk – this could refer to the length of time the governing body of a sport takes to investigate a case of sporting transgression or the length of punishment. It could also describe the stage at which the sponsorship agreement is at the time of risk (i.e. pre-contract, negotiation, implementation). Also, the status of the sponsee is an important factor in the context of this research – if it is a 'star player' that becomes embroiled in a scandal, it may have more of an impact on the sponsor's image than if a team player or lesser-known talent is involved. In order to mitigate the potential impact of a scandal, it therefore becomes imperative that the sponsor and sponsored property work closely to manage risk.

As previously stated, the value in sponsorship is highly intangible. As a result, Farrelly et al (2006) suggest that sponsorship takes on an increased strategic importance, leading to the "*subsequent emergence of more complex sponsor/sports entity relationships*" (1017).

## **2.4 Sponsorship as a Relationship**

Traditionally, sponsorship has been viewed as a transaction between two parties where the terms and conditions of the transaction are contractually agreed (Thwaites, 1994; Buhler & Nufer, 2010). Sponsorship activity surrounding sporting events like the Olympic Games, where sponsors pay to be associated with an event that takes place every four years, may be considered as examples of this type of agreement. Furthermore, Farrelly et al (2008) suggest that the relationship between sponsor and sponsored property represents a unilateral arrangement where a sponsor pays for the right to have their reputation linked to that of the sports entity, and as a result, assumes the risk and responsibility for ensuring that corporate

and/or commercial objectives are achieved through this promotional medium. Copeland et al (1996) also suggest that sponsorship represents exchange relationships between sport organisers, corporations and other intermediaries. Chadwick (2002), however, argues that this transactional view of sponsorship is now being challenged by the emergence of a more relational approach to sponsorship and thus sponsorship management. Relationship marketing, which emerged from service and industrial marketing literatures (Gronroos, 1994), has been applied to sponsorship as a process of reciprocity and the achievement of mutually beneficial goals. This relational perspective is also adopted by Arokallio & Tuominen (2006) who argue that it is a very underdeveloped area of focus in academic research that requires greater attention. Shilbury & Rowe (2010) further suggest that relationship management resource in the field of sport is limited, whilst Farrelly et al (2008) argue that the relationship between sponsor and sponsee (e.g. team, athlete, sport, event) has been largely ignored in academic literature. Moreover, Farrelly et al (2003) suggest that there have been very few attempts to discuss sponsorship in the context of the relationship marketing paradigm, arguing that the *“alliance between sponsors and sponsored properties clearly reflects the type of long-term business to business relationship from which the relationship marketing paradigms has evolved”* (129). This is partly due to the assumption of Farrelly & Quester (2005b) who suggest that few academic researchers have acknowledged or even recognised the sponsorship relationship as a fundamental example of a business-to-business one.

In order to begin to understand the relationship between sponsor and sponsee, Urriolagoita & Planellas (2007) propose the Sponsorship Relationship Lifecycle (see figure 2.2) combining the relational view of an organisation by Dyer & Singh (1998) and the alliance development process theories that formed part of the research by Das & Teng (2002).

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**Figure 2.2:** The Sponsorship Relationship Lifecycle (taken from Urriolagoitia & Planellas, 2007: 160)

In Stage 1, the formation stage, the terms and conditions of the agreement are negotiated and subsequently *“via sponsorship association, a transfer of image values from the sponsored property to the sponsoring brand occurs”* (Urriolagoitia & Planellas, 2007: 161). Stage 2, the operation stage, involves the implementation of the agreed course of action in order to achieve sponsorship objectives and finally, Stage 3, the outcome stage where *“a unique and valuable synergy crystallises, as the combination of complementary resources achieves a high degree of complexity”* (Urriolagoitia & Planellas, 2007: 164). At each transition point, from one stage to the next, there is the possibility of relationship termination that will be determined by the manner of activity in each stage. Urriolagoitia & Planellas (2007) state that, throughout a relationship, *“recent empirical research has noted conflicts, misunderstandings and renegotiations are inevitable”* (162). Depending on the stage of the lifecycle that a relationship is at is expected to be a significant factor in any decision made in response to a scandal and the cost of a particular course of action will vary.

As the understanding of sponsorship has migrated from the transactional view to a more relational perspective, and thus is referred to as a form of inter-organisational relationship, researchers have sought to highlight the key components of such a relationship and the contingencies upon which these relationships are based. Oliver (1990) identifies six critical components of the formation of relationships, including reciprocity, stability and legitimacy. Whilst it is acknowledged that these components are vital to the creation of relationships in business, they are also key in the long-term success of any given relationship. As is discussed in section 2.4.2, the lack of reciprocity between partners and the instability caused by a corruption scandal can be severely damaging to a relationship between sponsor and sponsored entity. Moreover, Earle & Groome (2009) argue that the term 'official sponsor' may eventually become obsolete with organisations preferring to be referred to as 'official partners' or 'official supporters'.

Whilst the primary focus of relationship literature has been on that between buyer and seller, inter-organisational relationships have also received attention in business and management journals, with Barringer & Harrison (2000) suggesting that the literature about inter-organisational relationships is 'huge'. Alajoutsijarvi et al (2000) suggested that there had been relatively limited focus on long-term relationships between and within stakeholder groups in the mainstream marketing literature, meaning that the understanding of the relationship between sponsors and sponsored entities was in its infancy. However, in the last decade, there has been an increasing number of studies conducted investigating the sponsorship relationship in sport.

Despite the attention given to the buyer-seller relationship, Bagozzi (1995; in Gronhaug et al, 1999) suggests that emerging relationship marketing literature fails *"to conceptualise what a marketing relationship is"* (176). Moreover, Gronhaug et al (1999) argues that the concept of a relationship is left undefined, particularly in business management studies. Golicic et al

(2003) state that the “*inconsistency in the definitions and use of relationship terms has created problems for the interpretation and replication of research findings*” (58) and further suggest that whilst different types of relationships have been analysed and discussed in academic literature, little consensus about the terminology used to categorise or describe them exist.

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**Figure 2.3:** The Relational Exchanges in Relationship Marketing (Adapted from Morgan & Hunt, 1994: 21)

For the purposes of this research, the definition provided by Oliver (1990: 241) will be utilised in that a relationship in the context of a marketing arrangement is “*the relatively enduring transactions, flows, and linkages that occur among or between an organisation and one or more organisations in its environment*”. In particular, it is the long term sponsorship relationship that could be perceived as having the most benefit for sponsors of sporting organisations, aiding in image transfer, brand awareness and other intangible benefits of this type of agreement that would translate in to more tangible success.

The Relational Exchanges in Relationship Marketing model (Morgan & Hunt, 1994), pictured in figure 2.3, displays the more traditionally held view of business-to-business and business-to-consumer relationships. Given the emergence of this relational view of sponsorship, it is the opinion of the author of this study that a further classification, or category, of relationship can be added to this model – that of strategic partnerships, to include a relationship based on a sponsorship agreement.

Taking the focal firm to be a sporting organisation, each of the partner organisations become stakeholders in the focal firm. Harrison & St John (1996) argue that the greater the involvement of a stakeholder in to that relationship, the more successful that relationship will be for both parties. It is clear that this involvement is key to the success of a sponsorship relationship in achieving the corporate and/or commercial objectives of both the sponsor and sponsee. Also, whilst there is little empirical evidence supporting more proactive stakeholder management practices, Harrison & St John (1996: 49) suggest that it *“is simply the right thing to do”*.

#### **2.4.1 Managing the Sponsorship Relationship**

Given the growing recognition of sponsorship being a true business-to-business relationship, the management of such relationships becomes of critical importance. It is expected that both sponsor and sponsee enter in to these agreements with a set of objectives in mind and require the cooperation and commitment of each other in order to meet them. Despite this, Barringer & Harrison (2000) suggest that much of the literature about inter-organisational relationships – of which sponsorship is a form – focuses on the formation of these arrangements whilst *“very little research has been devoted to how inter-organisational relationships are managed”* (396). They further suggest that *“the fragmented nature of the literature reflects the multi-faceted nature of inter-organisational relationship formation,*

*which often involves a mixture of motives, intentions, and objectives”* (369).

Farrelly et al (2006) suggest that, as the sports entity or sponsored property has developed a more strategic focus on brand image and awareness, it becomes an assumed component of a relationship that sponsors expect their partners to play a more active role in the promotion of the relationship, thus contributing more value to the sponsorship that goes beyond *“the mere provision of access to intellectual property and exposure through media”* (1019). It is the contention here that the focus of activity by the sponsored entity would move from exposure through the media to protection from it in light of a corruption scandal.

Buhler & Nufer (2010) identify five essential factors for what would be deemed as successful sponsorship relationships: trust; mutual understanding; long-term perspective; communication; and cooperation. The extent to which each of these factors impacts on the success of a relationship will depend upon the circumstances faced by the parties involved in any relationship and how the impact of these circumstances are managed. Moreover, Walter et al (2003; in Farrelly & Quester, 2005b) identify three key constructs that are central to the quality of relationships: trust, commitment and satisfaction. Each of these constructs have received extensive attention in academic literature and each is undermined by a transgressive act by a sponsored property or by someone they represent. Commitment is defined by Farrelly & Quester (2005b) as *“a willingness of the parties in the sponsorship relationship to make short-term investments in an effort to realise long-term benefits from the relationship”* (212) and provides the perceived security of long-term strategic intent. For both parties to demonstrate this commitment takes resources to leverage the agreement, effective communication and management throughout the relationship. This



is of particular relevance given the context of this study. Fiske & Taylor (1984; in Hocutt, 1998) suggest that while commitment to and in a relationship is important, it becomes difficult to measure that commitment until the relationship is terminated (e.g. the longer the relationship prior to termination, the greater the amount of commitment shown by each partner). Moreover, the level of commitment provides indications as to the strength of the relationship and how strong the propensity to leave that relationship is (Hocutt, 1998) – the stronger the relationship, the lesser the intent to leave.

Trust, one of the central tenets of a business and thus a sponsorship relationship is defined by Rousseau et al (1998) as *“a psychological orientation comprising the intention to accept vulnerability based upon the positive expectations of the intentions, or behaviour of the other party in the sponsorship dyad”* (395) and by Moorman et al (1992) as *“a willingness to rely on an exchange partner in whom one has confidence”* (315). Farrelly & Quester (2005b: 212) state that *“cementing trust in the sponsorship exchange is critical in that it may precondition the exchange of sensitive information”*. Whilst their focus is on the formulation of sponsorship objectives, it could also be the case that this level of trust is vital in the management of the relationship between sponsor and sponsored property. This is discussed further in section 2.4.2. Whilst it is important that the concept of trust is discussed as a central tenet of a relationship, it does not form the primary focus of this study, but may be a contributory factor in a sponsors’ decision making process and thus warrants inclusion here. The same is also true of the concepts of satisfaction and commitment.

Satisfaction is another of the key components of a sponsorship relationship and is based on the relational fulfilment of any sponsorship agreement through both economic and non-economic

means. These means represent the tangible and intangible benefits of undertaking this kind of marketing strategy and, given the context of this research, non-economic satisfaction is of primary importance. For example, if a sponsor is satisfied with the manner in which the sports entity deals with a scandal, then the relationship between the two remains intact and trust between the parties might strengthen. Despite the recognition of satisfaction as a key requirement of a sponsorship relationship, Farrelly et al (2008) suggest that *“satisfaction has remained undefined and unmeasured”* (53) in the sponsorship literature but acknowledge it to be *“the most important goal for major sport properties seeking long-term sponsorship relationships is to foster non-economic satisfaction”* (59).

It then becomes imperative that there is a strong working relationship between both parties in a sponsorship relationship (Aguillar-Manjarraz et al, 1997). Fundamentally, a long-term relationship between sponsor and sponsee allows for the development of what Cornwell et al (2006) deem unique outcomes of that relationship that are difficult for competitors to replicate. Moreover, Amis et al (1999) suggest that these unique outcomes are a source of differentiation that, in turn, enhances competitive advantage.

#### **2.4.2 Breakdown & Dissolution of Sponsorship Relationships**

*“The true status of a relationship is evident only under conditions of risk and peril”*

Aaker et al (2004: 2)

As previously highlighted, inter-organisational relationships have been a significant area of interest for academics in recent years. However, Gronhaug et al (1999) argue that very little attention has been paid, in particular, to the decline or termination of

relationships in marketing literature. As a result, Gassenheimer et al (1999) suggests that there is limited understanding about the factors that contribute to this decline. This view is supported by Pressey & Mathews (2003) who state that dissolution of relationships remains largely neglected in management and, in particular, marketing literature. They further argue that the understanding of dissolution is vital in order to balance literature in both functional and dysfunctional interactions and relationships between business-to-business partners. Farrelly (2010) agrees with this stance, suggesting that very little attention has been paid to the reasons why and instances when business-to-business relationships fail. This lack of focus or interest in this area needs to be addressed given the apparent inevitability of some kind of transgression over the course of a long-term relationship (Aaker et al, 2004). As previously stated, long-term relationships allow for the development of sources of competitive advantage, and thus warrant the substantial investment in the initial agreement and subsequent leveraging of the partnership.

Suggesting that in cooperative relationships *"time promotes continuity"* (106), Ring & Van de Ven (1994) identify four reasons for the dissolution of these relationships, one of which is the conditions for violations of trust. As previously highlighted, trust is a key component of a sponsorship relationship and it is the contention here that an act of sporting transgression (and the subsequent management of that transgression) represents a violation of that trust. A violation brings in to question the integrity of a partner (Morgan & Hunt, 1994) which, in turn, weakens trust and commitment in that relationship. In such circumstances, Alajoutsijarvi et al (2000) suggests that the *"dissolution of some relationships can even be beneficial and desirable"* (1271)

Farrelly & Quester (2003) suggest that trust on its own does not provide commercial justification to sponsors to renew any sponsorship agreement whilst Lagae (2005) further suggests that an agreement between sponsor and sponsored property may be terminated for a number of factors, including the achieving of objectives, the brand strategy of the sponsor has changed, and, of particular importance given the context of this research, if the sponsored property is no longer deemed trustworthy. Tahtinen & Halinen-Kaila (1997) identify a seven-stage process in ending business-to-business relationships – assessment; decision making; dyadic communication; network communication; disengagement; aftermath; and restoration. The speed at which this process is undertaken or occurs is entirely dependent on the nature of the trigger event (Gardial et al, 1996) that stimulates some kind of response. Also, a factor in this process is the notion of a ‘zone of tolerance’, how much a stakeholder will accept in terms of variance in norms and values. Schurr et al (2008) suggest that *“tolerance zone differences explain why one actor [or stakeholder in this context] perceives positive outcomes from an interaction episode [or trigger event] while the other perceives negative outcomes”* (882). This is particularly important given the context of this research. As discussed in section 1.2, sponsors have responded in different ways to cases of sporting transgression, ranging from support of the ‘guilty’ athlete or team to the withdrawal from a sponsorship agreement. Given the perceived ability of sport to reach a global audience and provide a platform to enhance brand image, it could be argued that the zone of tolerance for sponsors in sport is somewhat wider than it might otherwise have been the case and will also vary between sponsors.

One of the most influential models to explain the process of relationship dissolution is proposed by Duck (1982), who suggests a four stage process (see figure 2.4).

**Figure 2.4:** Relationship Dissolution Model proposed by Duck (1982)

1. One party privately evaluates his/her dissatisfaction with other party
2. Evaluation of costs of continuation over benefits of leaving
3. Parties negotiate un-bonding
4. Social and psychological recovery from break up

As with the seven-stage process identified by Tahtinen & Halinen-Kaila (1997), the speed at which this process occurs is entirely dependent on the contextual features of each case. Moreover, Olkkonen et al (2000) suggest that context, and the understanding of it, is much needed in sponsorship research.

In considering their sponsorship portfolio, Farrelly & Quester (2003) suggest that whether the sponsor perceives that the rights holder or sponsored property has provided value to their brand and aided in the achievement of any commercial and/or corporate objectives is key to the decision to renew or extend any sponsorship agreement. This value becomes difficult to measure given the apparent issues in evaluating the impact of a strategy based on intangible factors. Blalock & Wilken (1979; in Copeland et al, 1996) argue that exchange relationships will be dissolved if one or both of the parties involved in that relationship view the achievement of objectives as more likely in a partnership with another organisation or without a partner at all. In addition, Chadwick (2002) suggests that there may be more attractive options available elsewhere. It is suggested by Farrelly et al (2008) that the decision to renew a sponsorship agreement (or potentially choose not to terminate in light of a case of sporting transgression) is based on achieving non-economic satisfaction in the relationship (i.e. intangible benefits) and economic satisfaction as a result (i.e. tangible benefits).

Westberg et al (2011) suggest that both the brand of the sport organisation and the sponsor can be negatively affected by a scandal involving athletes or officials and, as a consequence, the relationship between both parties is also negatively affected and the likelihood of achieving non-economic satisfaction is diminished.

Olkkonen & Tuominen (2006) discuss the phase of a relationship called fading, where a relationship is weakened in some way, either temporarily or on a permanent basis. Just as a trigger event can lead to the immediate termination of a sponsorship agreement (e.g. ING's decision to withdraw from their sponsorship agreement with Renault as a direct result of the Crashgate scandal in Formula One), they can also cause this fading. Edvardsson et al (2002; in Olkkonen & Tuominen, 2006) identify three types of triggers – situational triggers (e.g. a change in financial status); influential triggers (e.g. actions of competitors); and reactional triggers (e.g. a change in service quality). This last category of trigger could also include the actions of a governing body in order to manage a corruption scandal in sport.

According to Zajac & Olsen (1993), "*neither partner in an inter-organisational strategy [in this context, a sponsorship relationship] wishes the relationship to be terminated prematurely due to one partner's dissatisfaction with the relationship*" (134). The ability to recognise or identify the symptoms of a deteriorating relationship enables those parties involved to prepare for the conclusion of that relationship "*with minimal damage to either brand*" (135). This is based on a more longitudinal decline in relations between the two parties. However, an act of sporting transgression by an athlete, team or official represents what Gardial et al (1996) describe as a trigger event (see section 2.6); this event may cause a sponsorship relationship to be terminated. In fact, Buhler & Nufer (2010) go so far as to suggest that "*overall, it is the sport entity's responsibility to*

*make the sponsorship a success*" (112). Ultimately, it is an act of sporting transgression, or corruption, by someone representing the sporting body that can cause such irreparable damage to a sponsorship relationship. Farrelly et al (2003) suggest that *"sponsors are the relationship partners typically trying to maximise the return achieved through sponsorship-related activities"* (133). So, whilst the sponsor is apparently more active in the pursuit of return on investment, whether they actually achieve it is reliant on the sponsored property. The steps the sport entity takes in order to manage a case of sporting transgression and the actions taken to limit its impact on the sponsor's brand become crucial.

## 2.5 Corruption in Sport

*"The huge sums of money in sport today, from footballers' transfer fees to fiercely contested sponsorship contracts, the buying and selling of sports teams and the construction of stadiums, present numerous opportunities not only for lucrative business deals but also for corruption"*

Kochan & Goodyear (2011: 128)

Sport has long had a history of corruption; ranging from athletes taking performance enhancing substances (PEDs) to executives in some of sport's most high profile governing bodies selling votes; from players taking payments to lose or perform in a certain way to referees betting on the games they were officiating.

*"If you can't win fairly, you don't deserve to win"*

Steele Bishop (1983: in Pickering, 2002: 282)

Names once synonymous with sporting excellence and achievement, including Marion Jones, Juventus Football Club, Hansie Cronje and, most recently, Lance Armstrong, are part of a history tarnished by corruption.

Each reached the pinnacle of their respective sports only to fall from grace for using PEDs, fixing matches or selling information to gamblers and fixers.

With cases recorded as early as 388BC when Eupolos of Thessalia won a gold medal in a fighting tournament at the Olympic Games by bribing three of his opponents including the reigning Olympic champion Phormion of Halikarnassos (Maennig, 2005), corruption in sport is by no means a new phenomenon. In 1919, the result of Major League Baseball's World Series was fixed by gamblers who paid players of the Chicago White Sox, who became known as the Chicago Black Sox as a result of the scandal, to lose the series after the owner of the team reneged on bonus payments.

Canadian sprinter Ben Johnson all but destroyed his career in 1988, failing a drugs test after breaking the world record in the 100 metre final at the Olympic Games in Seoul, Korea. Of the eight finalists in this blue-riband race, that became known as the 'dirtiest race in history' (Moore, 2012; Mackay 2003), six of them faced accusations during and after their careers of using PEDs, failed drugs tests or were banned from the sport for supplying illegal substances to other athletes. More recently, 'Crashgate' in Formula One, Bloodgate in rugby and the spot fixing scandal involving three members of the Pakistan cricket team have ensured that sport has moved from the back pages of the newspapers to the front.

*"There can be no sport unless there is a chance of  
either victory or defeat"*

Westerbeek & Smith (2003: 52)

One of the fundamental principles of sport is the uncertainty of outcome. This uncertainty in sport relies upon the ideal of *ceteris paribus* or 'all things being equal' – opponents playing to the best of their ability in order to win a sporting contest. Without this uncertainty, Ferrand et al (2007) argue that *"the interest [in] and emotion [of a sporting contest] vanish if the result is foreseeable"* (14).



Developing from Neale's (1964) Louis-Schmelling-Paradox, with a foundation of Rottenberg's (1956) theory of competitive balance, the uncertainty of outcome hypothesis is based on the principle that the more unpredictable the result of a sporting competition is, the greater the demand will be for that competition (Alavy et al, 2006). Andreff (2006) suggests that "*the uncertainty of outcome in sports has an impact on the uncertainty of income drawn from fans, TV viewers, sponsors, patrons and municipalities*" (1). In recent times, there have been examples in sport of dominance by a team or athlete – for example, Formula One was dominated by Michael Schumacher in the 1990s; the New York Yankees were dominant in baseball from the mid-1930s for almost 20 years, which saw them win 12 World Series titles in 13 attempts; and Manchester United have had a grip on the Premier League in the UK since its inception in 1993. In fact, in work analysing the dominance of the New York Yankees, Neale (1964) argued that the team's prayer would be 'oh Lord, make as good, but not that good'. Research suggests, however, that this predictability, or a perceived lack of competitive balance, will lead to spectators losing interest in the competition (Szymanski, 2001) and, as a result, revenue generation through media coverage and sponsorship will also decline in these sports as there is no target audience to promote the products to if nobody is watching.

Cairns et al (1986, in Czarnitzki & Stadtmann, 2002) distinguish between three different types of outcome uncertainty – the uncertainty of match outcome, the uncertainty of seasonal outcome and the uncertainty of championship outcome – with the substantial difference between the three being time. In the first, attention is focused on the outcome of a single match where attendance will be higher if the probability of either a home team or away team victory is equal, thus leading to higher tension. The second is concerned with the number of teams competing to win a seasonal league competition – the greater the number of teams involved, the less predictable the end of the season will be therefore the league becomes more attractive to fans. The third type of outcome uncertainty refers to the long-term dominance of a league competition by one team. It is anticipated

that the longer the perceived domination continues, the less appealing the team will become to not only rival teams and their fans, but also their own. This differentiation between the types of uncertainty of outcome has led to differing opinions as to which are the most interesting or relevant in sporting competition. Peel & Thomas (1997) suggest that the uncertainty of individual matches is the most interesting variable, whereas Janssens & Kesenne (1987) argue that the avoidance of long-term championship domination is key in determining stakeholder involvement in sport. Whilst these views are of relevance to the debate about outcome uncertainty, the issue here is that it is the unpredictability in sport, and the associated emotions that attract sports fans, which makes it such an attractive proposition for other stakeholders in the industry as a means of targeting audiences. It therefore becomes imperative that *ceteris paribus* is maintained.

Moreover, events such as the Olympic Games present new arenas for this debate. Baimbridge (1998) argues that spectators would prefer to see national success at this type of global event as opposed to close races or matches, the tenet of the uncertainty of outcome hypothesis. A dominance of a small number of nations, however, then contributes to the same spectators losing interest in the event. It then becomes a delicate balancing act between national success and at least a semblance of competitive balance.

Much of the research into the uncertainty of outcome hypothesis has focused on major sports leagues, including Major League Baseball (MLB) and the National Football League (NFL) in the USA (Knowles et al, 1992; Paul & Weinbach, 2007) and on football (Forrest & Simmons, 2002) and rugby (Peel & Thomas, 1997) in the UK. Sports leagues in North America have sought to ensure a measure of competitive balance through the use of salary caps, revenue sharing agreements between teams, and a reverse order draft. In a study investigating competitive balance in the National Football League, Paul & Weinbach (2007) state that "*fans appeared to enjoy*

*the possibility that any team can win on 'any given Saturday' and that each team in the league is believed to have a legitimate chance to win the Super Bowl" (200).*

Whilst the importance of uncertainty of outcome is obvious in both sport management and sport economics literature, corruption in sport undermines this. Both betting and non-betting related match fixing removes this unpredictability, or uncertainty, of the outcome of the sporting competition. It could also be suggested that the use of PEDs by athletes does the same, but perhaps in a more subtle way. Even the measures put in place by leagues in North America to try and ensure a level of competitive balance have in turn contributed to the development of a form of match fixing, known as tanking, designed to take advantage of the strategies (an analysis of the different types of corruption, or sporting transgression, in sport is presented in section 3.3).

### **2.5.1 Corruption as an Area of Research**

*"Corruption is like a disease pandemic. It is a problem in every country, and especially prevalent and damaging in a few"*

Clitgaard (2000: 2)

It is clear that corruption is not a new phenomenon (Tanzi, 1998), with examples of bribery, fraud and other corrupt activity stretching back thousands of years. Despite this prevalence, Campos et al (1999) suggests that *"scholarly concern over corruption predates the emergence of corruption as a highly controversial issue among practitioners"* (1060). They further argue that a significant level of ambivalence among many policy makers as to the real impact of corruption. Furthermore, whilst there is a commonly held view as to the negative impact of corruption in both academia and in the media, there seems to be much debate regarding how and why this type of behaviour manifests in organisations, political systems, and

industries across the world. Johnston (2005) suggests that whilst the interest in corruption has grown significantly in recent years, *“surprisingly little of the resulting research has been broadly and systematically comparative”* (4). Much of the research conducted has been cross-sectional, meaning that statistical models are applied across many countries to measure corruption and the impact thereof, whilst ignoring the contextual environment in which the corrupt behaviour occurs. Kayes (2006) argues that *“organisation scholars lack an integrated descriptive framework that adequately considers the social and psychological dynamics of organisational corruption”* (51). Many of the more descriptive case studies that have been conducted tend to *“overstate contrasts and uniqueness”* (Johnston, 2005: 4) leading to a call for a research programme combining both strategies in the study of corruption, further supported by Leys (1965) who suggests that *“the systematic investigation of corruption is overdue”* (59). Ashforth et al (2008) argue that, due to the lack of cross-disciplinary work, there is a limited understanding of corruption, further suggesting that the current fragmented approach to research has led to substantial overlapping. In a later analysis of academic research in the field of corruption, Pinto et al (2008) state that, if viewed as a whole, the literature is *“rife with inconsistencies and inconclusive empirical results”* (685). Given that, according to Kayes (2006), no industry, organisation or country is immune from corruption, this perceived lack of consistency and real understanding as to the impact of corrupt behaviour is a concern for policy makers. This difficulty is clear when considering that the *“study of corruption faces the initial challenge that the term corruption has many meanings, legal, linguistic, and moral”* (Noonan, 1984; in Chaikin, 2008: 270). Shleifer & Vishny (1993) state the economic studies of corruption are limited, whilst Collins et al (2009) argue that research of corruption spans many disciplines and due to this, explanations of the extent of corruption are based on a wide set of variables and standpoints.

This has led to *“diverse and often confusing definitions of corruption”* (Kayes, 2006: 51) and reflects the debate as to the behaviours that actually constitute corruption.

One of the fundamental issues in defining corruption is the understanding that behaviour deemed corrupt needs to deviate from normal duties or to be seen as violating rules. However, there are massive cultural deviations in what is deemed ‘proper’ or ‘accepted’ behaviour. Davis & Ruhe (2003) state that *“corruption, as with many ethical concepts, is very difficult to define in a universally acceptable fashion”* (277). Behaviours deemed immoral or unethical in one country may be viewed as being the norm in another, leading to issues in not only defining what the term ‘corruption’ actually means, but also in the measurement of this type of behaviour and perhaps more importantly the management of it. Collins et al (2009) state that *“at least three key issues confound the study of corruption; it is difficult to define, difficult to observe, and difficult to measure”* (90). Jain (2001) further states that *“how corruption is defined actually ends up determining what gets measured and modelled”* (73).

Philp (2002) suggests that definitions of corruption (see table 2.2), particularly when discussing political corruption, broadly fit in to three main streams – public-interest centred (where the interests of the public are adversely affected by the corrupt act); public-office centred (e.g. Nye, 1967); and market-centred, where the corrupt act is viewed as ‘income maximising’. This market-centred theme is the most applicable to the study of competition corruption in sport in that athletes and officials appear to undertake forms of this behaviour in order to maximise personal revenue streams.

**Table 2.2:** Defining Corruption

Definition	Author(s) (Year)
<i>"The abuse of public roles or resources for private benefit"</i>	Johnston (2005: 12)
<i>"Behaviour which deviates from the formal duties of a public role because of private regarding (family, close private clique), pecuniary or status gains, or violates rules against the exercise of certain types of private-regarding influence"</i>	Nye (1967: 966)
<i>"An act done with the intent to give some advantage inconsistent with official duty and the rights of others"</i>	Collins et al (2009: 90)
<i>"The pursuit of individual interests by one or more organisational actors through the intentional misdirection of organisational resources or perversion of organisational routines"</i>	Lange (2008: 710)
<i>"The abuse of public power for private benefit"</i>	World Bank (1998)
<i>"The misuse of public office for private gain"</i>	Treisman (2000: 399)
<i>"The misuse of authority for personal, subunit and/or organisational gain"</i>	Ashforth & Anand (2003, in den Nieuwenboer & Kaptein, 2008: 134)
<i>"The use of entrusted power for private gain"</i>	Transparency International
<i>"The misuse of an organisational position or authority for personal or organisational (or sub-unit) gain, where misuse in turn refers to departures from accepted societal norms "</i>	Anand et al (2005: 10)
<i>"The illicit use of one's position or power for perceived personal or collective gain"</i>	Ashforth et al (2008: 671)
<i>"The misuse of authority for organisational gain and conduct punishable by criminal, civil or regulatory law"</i>	Pfarrer et al (2008: 730)

Whilst these definitions appear to be relatively consistent in their use of terminology, each fails to acknowledge the extent to which this behaviour needs to occur to be considered corrupt. Culturally, this will be varied, but also across organisations and within industries, the activities seen as corrupt by one individual or group of individuals may not be seen in the same way by others. Park (2003) suggests that *“fighting against corruption is not an easy task because [it] is a very complex and intertwined social phenomenon”* (29).

Johnston (1996) identifies two strands in defining corruption in academic literature. The first, the behavioural aspects of corruption (Nye, 1967; Van Klaveren, 1989; Heidenheimer & Johnston, 2007), refers to the characteristics of the more commonly referred to definitions regarding the misuse of public office or powers for private gain. The second strand, the principal-agent-client relationships (Rose-Ackerman, 1978; Klitgaard, 1988), first introduced by Becker & Stigler (1978; in Bac, 1998) focuses on the interactions between each of the parties involved in corrupt act. Pinto et al (2008) suggests, however, that *“corrupt behaviour by individuals, has not been studied as explicitly and extensively in the management literature”* (687), and much of the understanding about principal-agent relationships is based on ethical decision-making and anti-social behaviour research. Both of these strands can be applied in the process of defining corruption in sport. The characteristics of the first strand identified by Johnston (1996) are applicable when investigating the behaviour of sporting officials and those involved in the governance of sport. The awarding of the Winter Olympics to Salt Lake City, held in 2004, provides an example of this ‘misuse of authority’, in this case by a bidding committee, for ‘organisational gain’. The obvious benefits of hosting such an event, and the esteem in which the winning bid committee is held,

potentially far outweigh any negative consequence of pursuing a more questionable course of action. This type of behaviour constitutes what Maennig (2005) labels as 'management corruption' – non-sporting decisions made by sporting officials and governing bodies – and whilst this strand can be applied to this type of corruption, it is not relevant when examining corrupt behaviour committed by athletes, or those with responsibility for the outcome of a sporting contest, described by Maennig (2005) as 'competition corruption'. It is the contention here that the relationship between the gambler, the fixer and the athlete or one between the supplier or manufacturer of PEDs, the coach and the athlete, integral to cases of match fixing and doping in sport, are clear examples of the principal-agent-client relationship.

Ashforth et al (2008) state that existing literature tends to be divided between two main foci – the micro view of corruption (i.e. behaviour of the individual or 'bad apple') as opposed to the macro view where organisation, industry or national levels of analysis prevail (i.e. 'bad barrels' rather than a 'bad apple'). Again, this distinction can be applied to the debate surrounding corruption in sport in that the former includes more individual behaviours constituting what can be classified as competition corruption activities whilst the latter is more applicable to management corruption.

In addition to the inconsistency in definition, there also appears to be much debate regarding the different types or classifications of corruption. For example, in a study of the judiciary, Buscaglia (2001) found that there are two types of corruption – administrative and operational. Jain (2001) identified three different types in politics – 'grand' corruption, where the political elite exploit power to make economic policies; bureaucratic corruption, also known as petty corruption, referring to the acts of bureaucrats in their interactions with superiors or the general public; and legislative



corruption, concerning the use of influence over voting patterns. Argandona (2003) discusses private-to-private corruption, involving managers or employees undertaking acts or exercising power beyond that of their normal roles and responsibilities. This might involve such behaviours as bribery, nepotism, facilitation payments, or extortion. Eicher (2009) suggests that one of the ways in which corruption may be differentiated is by using the terms private corruption (behaviour by those responsible for the interests of stakeholders) and public corruption (behaviour by a member of the public services or a tax payers interaction with that employee that may be called into question), whereas the Organisation on Economic Co-operation & Development (OECD) distinguish between active and passive corruption (i.e. someone paying a bribe or the person receives one). Transparency International (in Eicher, 2009) identify four types of corruption by motive – ‘according to rule’ corruption, namely the payment of facilitation monies, behaviour inside the law but questionable; ‘against the rule’ corruption, behaviour to circumvent laws or regulations; ‘functional corruption’, actions to benefit the organisation; and ‘dysfunctional corruption’, actions to the detriment of the organisation. Eicher (2009) states that *“the basic idea is that some corrupt acts are part of management strategy to enhance profits and some are to enhance personal power and wealth”* (4). Bac (1998) highlights the differences between internal and external corruption. Internal corruption refers to *“a form of collusion transforming the organisation into an internal market of systemised sharing of corrupt proceeds”* (102), whereas external corruption is *“an individual, isolated act of corruption that occurs in the transaction between the client and the street-level bureaucrat”* (102). Most of these differing perspectives that assist in the development of a typology of corruption can be applied to management corruption in sport. In terms of competition corruption, Bac’s (1998) definition of the behaviour involved in

external corruption and the OECD view of active and passive corruption appear most applicable.

It is important to note, however, that in some circumstances, it may be in the public interest that corruption occurs. Furthermore, Leys (1965) argues that it is *“natural, but wrong to assume that the results of corruption are always both bad and important”* (65).

### **2.5.2 Perspectives of Corruption**

Despite the growing interest in corruption as an area of academic focus, Getz & Volkema (2001) suggest that both the antecedents and outcomes of corruption must be better understood, further stressing the conceptual nature (rather than empirical) of research to date (Klitgaard, 1988; Shleifer & Vishny, 1993). In analysing the potential causes of corruption, Mauro (1993) focuses on the relationship between corruption and levels of investment, suggesting that lower levels of investment in society, whether in for example employment conditions or in wider society, will encourage individuals to seek alternative rent seeking or income generation opportunities. Further, both Paldam (2002) and Treisman (2000) *“document an equally strong correlation between corruption and a lack of economic freedom”* (Aidt & Dutta, 2008: 336). Argandona (2001) suggests a number of preconditions that characterise the existence of corruption, including power or influence and private benefit, and that corruption tends to occur when those in positions of power or responsibility failed to perform a duty or law or commitment to act, whether this commitment is explicit or implicit.

Among the numerous apparent antecedents of corruption (see table 2.3), perhaps the factor that has had the greatest impact on these causes, and the subsequent perceived increase in corrupt behaviour, is globalisation. According to Kochan & Goodyear (2011),

globalisation *“has enhanced the scale and speed of business activity beyond the capacity of regulators to ensure accountability”* (19). Furthermore, Getz & Volkema (2001) suggest that *“bribery and corruption are thought to be an unavoidable part of international business”* (7). Access to international markets and customers within them, particularly in to less developed economies, is one such example of when the payment of bribes to government officials can be of great benefit to an organisation (Tanzi, 1998). Aidt & Dutta (2008) argue that excessive regulation controlling or limiting market entry can lead to the greater threat of corruption as these potentially lucrative markets offer such benefit to international organisations. Limiting market entry can also lead to lower levels of competition as organisations may be deterred from trying to access or enter these markets through perceived corrupt means. This lower level of competition may be sustained as it is argued by Rose-Ackerman (2002) that corruption can reduce competitiveness, thus leading to greater levels of profitability. Due to this, the belief that a bribe or questionable payment would achieve such access would not exist if the environment or culture of corruption was not already there. Furthermore, Tanzi (1998) suggests that these payments, or bribes, can be disguised as gifts or payments-in-kind meaning that regulation and measurement becomes more problematic for policy makers and international governments. This growth in international trade has had a subsequent effect on economic change, especially in those economies in transition. It is argued that, due to globalisation, many economies have had to transition a lot faster than would otherwise have been the case, meaning that any activity or behaviour that has facilitated this speed of transition has become acceptable.

*“The worldwide spread of corruption has been recognised as one of the darker sides of globalisation”*

Park (2003: 29)

**Table 2.3:** Antecedents of Corruption

Author (Date)	Antecedent
Kraay & Van Rijckheghem (1995); Haque & Sahay (1996)	Low income (search for alternative sources of income, even illegal)
Swamy, Knack, Lee & Azfar (1999); Venerisris & Supta (1986)*; Gupta (1990)*;	Inequitable distribution
Webster & Charap (1993); Novitzky, Novitzky & Stone (1995)	Tax policy
Pritchett & Sethi (1994)*	Tariff
Mauro (1997)	Price controls
Clements, Hugounenq & Schwartz (1995)*	Government subsidies
Levine & Renelt (1992)	Multiple exchange rate systems and control
Rose-Ackerman (1997)	Attempt to seek personal gain by delaying or harassing people by an arbitrary application/interpretation of law
Alesina & Perotti (1996)	Socio-political instability, creating uncertainty in society
Tanzi (1998); Gray (1997)*; Sanjian (1994)*	Weak legal system, particularly in many developing countries
Tanzi (1998); Klimo (1997)*; Rauch & Evans (2000)*	Poor quality of government officials
Zhao, Kim & Du (2003)	Negative relationship between level of corruption and inward foreign direct investment
Shleifer & Vishny (1993)	Degree of heterogeneity in a society (ethnicity and language) positively correlated to degree of corruption

Vitell, Nwachukwu & Barnes (1993)*	Used Hofstede's cultural dimensions
Lesnik & Blanc (1990)	'Scarcity is the father of corruption'
Staw & Sz wajkowski (1975)	People will do whatever it takes, including illegal activity, to do what it takes to survive

(\* in Park,2003)

Moreover, Argandona (2003) argues that corrupt behaviour causes other moral problems including setting negative examples for other members of society and, importantly given the context of this study, *"leading injustice against other people or companies"* (257). The impact of corruption in sport on stakeholders in the sport industry is one such example.

*"What is perhaps most puzzling about corruption is that it persists and flourishes even where it is universally decried"*

Collins et al (2009: 89)

According to Tanzi (1998), there are both direct and indirect causes of corruption; the indirect causes are of particular importance given the context of this study and vital to the understanding of competition corruption in sport. Tanzi (1998) suggests that the quality of and the examples set by leadership are among these indirect causes of corruption – it is clear that, in sport, leadership and governance has lead to examples of both management and competition corruption. The doping scandals in cycling are one such example – the manner in which the governing body, the UCI, has dealt with the use of PEDs in the sport may have been perpetuated by the sport's leaders. Further, the existence of institutional controls are also considered an indirect cause of corruption, largely reflecting *"the attitude of the political body [or in this context, a sport's*

governing body] *toward this problem*" (Tanzi, 1998: 575) of corrupt behaviour. The greater the acknowledgement of corruption as a threat to an institution, either political or otherwise, the greater the number of mechanisms in place to manage this threat. The transparency of these mechanisms as well as rules and laws is also vital – *"the lack of transparency in rules, laws, and processes creates a fertile ground for corruption"* (Tanzi, 1998: 575). In sport, there appears to be a lack of transparency despite organisations such as the World Anti-Doping Agency (WADA) being established to try and regulate corrupt behaviour, in this case the use of PEDs. In particular, although WADA is charged with the testing for the use of PEDs and punishing those caught, the penalties or sanctions imposed for such offences vary by sport, by nation and by substance (Gorse & Chadwick, 2010). Moreover, Tanzi (1998) argues that *"relatively few people are punished for acts of corruption, in spite of the extent of the phenomenon"* (574). This definitely appears to be the case in sport, with drug manufacturers perceived to be one step ahead of testers and many cases of match fixing going unnoticed, and therefore unpunished, by officials. The final suggested indirect cause of corruption, according to Tanzi (1998) is the level of wages paid to public sector workers. This again can be clearly applied to the sport industry. There is such a wage disparity, for example in football, between leagues across Europe that, in certain circumstances, players from lower-paid leagues (e.g. from across Eastern Europe) may seek opportunities to supplement their earnings, just as public sector workers may also choose to do. Moreover, in sport, choosing to pursue more questionable activity may lead to other incentives, including bonuses and sponsorship agreements. Athletes may have a desire to be the best in their sport or win gold medals – Schweitzer et al (2004) suggest that *"people with unmet goals were more likely to engage in unethical behaviour"* (422).

Den Nieuwenboer & Kaptein (2008) recognise that within an organisation three downward spirals of corruption can exist or occur. Using the principles of Cressey's (1953) trust violation theory, the first spiral – the 'spiral of diverging norms' – suggests that those individuals involved in corrupt behaviour might justify their activity by refusing to accept it as their own doing and will blame others. Moreover, Rose-Ackerman (2002) suggests that the attribution of blame may also occur at organisational level, when both national and international firms "*justify their behaviour as a means to their greater goal of the creation of economic value and as a necessary, if unpleasant, response to the weakness and venality of governments*" (1891). Anand et al (2005) discuss rationalisation tactics, how an employee may view their ethical behaviour as not breaking ethical 'rules' or values, arguing that because no one is harmed, the act is not corrupt or that the violated party deserved

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**Figure 2.5:** Facilitating Rationalisation/Socialisation in Organisations (taken from Anand et al, 2005: 10)

*“Because involved employees do not see themselves as corrupt, it often takes a strong shock – such as public exposure – to spur recognition of the need for change” (20)*

The ‘social weighting’ factor in this model is based on the idea that people outside the organisation have ‘no right’ to criticise the behaviour within that organisation, suggesting that others may be guilty of far greater violations. The social cocoon provides an environment in which this can occur – a micro culture is created where the norms of that group may be very different from those valued by society.

The second spiral in Den Nieuwenboer & Kaptein (2008)’s work – the ‘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). For example, in business, the pressure to achieve profit margins, sales figures, and market share percentages puts a great deal of stress on both employees and management. In order to justify these pressures, organisations will offer incentives to employees, that these employees tend to respond to (Buscaglia, 2001; Eicher, 2009). This level of achievement then becomes accepted; individuals may even feel that in order to maintain this level of achievement, they may have to break or continue to break the rules. The argument then becomes that by *“performing well through corruption will automatically increase the threat to identity, starting a self-perpetuating spiral of increasing pressures to commit corruption”* (138). Moreover, new employees in an organisation will be exposed to this type of behaviour and come to view it as the prevailing norm. The third spiral – the ‘spiral of opportunity’ – suggests that *“the risk of getting caught and/or punished is such that it does not deter (potential) perpetrators”* (139). Moreover, Buscaglia



(2001) suggests that “*corrupt activities occur if the marginal returns from crime exceed the marginal returns from legal occupation by more than the expected value of the penalty*” (234). If managers in an organisation are failing to recognise or punish those involved in any corrupt activity, or are involved in that corrupt activity themselves, there then becomes no reason for that behaviour to stop.

Each of these spirals can be applied in this study of corruption in sport, providing potential explanation as to why athletes or officials may choose to cheat. Players involved in the match fixing scandal of the 1919 baseball World Series, known as the Chicago Black Sox, accepted money from gamblers to fix the result of matches played. It later was discovered that the owner of the team had promised substantial bonuses to the players that had failed to materialise – players cited this as their reason for their behaviour, a clear example of the first spiral in Den Nieuwenboer & Kaptein’s (2008) theory, the ‘spiral of diverging norms’ and the concept of ‘denial of victim’ (Anand et al, 2005). The second spiral – the ‘spiral of pressures’ – has particular significance in the analysis of corruption in sport. Being at the pinnacle of their sport or at the very least being successful in it provides athletes with a wealth of opportunities, both on and off the field of play. If an athlete attains all of this success, but has used PEDs to achieve it, the issue then becomes the measures they have to take in order to maintain this level. The athlete may have to continue to use the substances to maintain their status, and thus begin a ‘self-perpetuating spiral of pressures’. The examples used to illustrate the first two spirals in Den Nieuwenboer & Kaptein’s (2008) theory are examples of competition corruption (Maennig, 2005). The third – the ‘spiral of opportunity’ – may be applied to examples where the management of sporting organisations are failing to recognise, acknowledge or deal with corrupt activity within the sports, thus providing athletes within those sports the opportunity to cheat. Den Nieuwenboer & Kaptein

(2008) state that *“the more corruption has been tolerated and is prototypical, the greater the difficulty to punish it”* (139). It could be argued that this refers to Major League Baseball’s current struggles ridding the sport of the culture of steroid use that has permeated baseball since the 1970s.

Crittenden et al (2009) argue that a much bigger issue facing society is when a cheating culture is allowed to develop and become ingrained in that society – when people become tolerant of cheating behaviour; believing that cheating is needed to achieve goals; and the perception that everyone else is cheating is the pervading attitude. Moreover, Davis & Ruhe (2003) state that *“an organisation that perceives a country is corrupt, or has a reputation for corruption, will behave according to that perception”* (280). Again, the recent doping scandals in cycling provide a possible example of this opinion – the argument that ‘everyone else is cheating so I should too’ becomes the norm in the sport and becomes difficult to manage unless, of course, management are complicit or ignorant to that behaviour.

The globalisation of the sport industry has led to a process of commercialisation, meaning that the potential for revenue generation is massive for stakeholders, including sponsors, governing bodies, athletes and officials. This potential has led to many athletes and officials choosing to commit corrupt acts in order to take advantage of these growing revenue sources, in the form of sponsorship and endorsement deals, appearance fees and media rights.

### **2.5.3 Defining Corruption in Sport**

To fully appreciate corruption as a phenomenon, the behaviour that constitutes corruption and the potential implications of such activity,

an appropriate definition needs to be devised. In its simplest form, corruption is defined as “*dishonest or illegal behaviour*” (Collins English Dictionary).

As previously highlighted, Maennig (2005) identifies two types of corruption in sport - management corruption, non-sporting decisions made by sporting officials and governing bodies; and competition corruption, activity of athletes, or those with the responsibility for the outcome of a sporting contest (e.g. umpires or referees). It is this second type of corruption in sport that is of particular interest in this research, and therefore provides its focus moving forward.

In the limited published research about corruption in sport, there is a lack of consensus about what behaviour constitutes it. Sociologists Hughes & Coakley (1991) suggest that corrupt behaviour in sport occurs when athletes overconform to the sport ethic – by being a success on the track or field of play, the individual is seen as an ‘athlete’ by teammates, competitors, spectators and wider society. The athlete may decide to use PEDs as a means of achieving this and, because they may view their behaviour as, in some way, assisting their team to be more successful, therefore do not view their behaviour as deviant. In fact, “*through positive deviance people do harmful things to themselves and perhaps others while motivated by a sense of duty and honour*” (Hughes & Coakley, 1991: 311). On the other hand, Maennig (2005) argues 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).

It is obvious that these two definitions of corruption in sport are at odds – if an athlete is overconforming to the sport ethic, to be seen as an athlete, surely they would not then undertake any behaviour that would allow a competitor to win. In addition, Maennig (2005) does not acknowledge doping as a form of corruption, arguing that corrupt activity involves behaviour that prevents an athlete from performing to the best of their ability, whereas the use of PEDs leads to what he calls a ‘super-performance’ by an athlete and is an activity undertaken by that individual athlete. This view of doping being an individual activity raises questions given that it does involve others, including any member of the team around the athlete (e.g. coaches, teammates, team officials). For example, the systematic doping of athletes in East Germany in the 1970s and 1980s, the BALCO scandal, the steroid culture in baseball in the 1990s and the US Postal doping scandal in cycling all represent cases where the athletes were not alone in their corrupt behaviour.

Also bringing both definitions into question is the lack of consideration given to the exchange of financial reward or benefit between the parties involved. Senior (2006) offers a classification of corruption, arguing that five conditions have to be met simultaneously for corruption to occur. This classification is useful in the development of a useful definition of corruption in sport. It is suggested that “*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). According to this classification, there has to be benefit to at least one person in the arrangement, whether it be tangible (e.g. a sponsorship or endorsement deal, appearance fees) or intangible. Gorse & Chadwick (2010), in discussing Maennig’s (2005) omission of doping as a form of corruption, argue that if “*doping causes one or more parties to receive money that they would**

*otherwise not have received, then surely it is a corrupt behaviour”*  
(42).

Given the paucity of academic research into corruption in sport, the subsequent lack of a suitable definition and the concerns regarding existing definitions raised here, this research proposes a new definition of corruption in sport:

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

Whilst an organisational analysis of corruption in management literature is underexplored (Pinto et al, 2008), it is understood that the structure of an organisation can, and often does, facilitate corruption, as does the focus or orientation of that company. For example, according to Pinto et al (2008), if an organisation is results orientated and develops an incentive system to reward positive results, this may in turn lead to corrupt behaviour by employees, and is therefore an internal antecedent of corruption. The decision for the low performers would be whether or not to commit corrupt acts in order to replace any incentive payments that they would have earned as a high performer, whereas if a high performer isn't given the compensation they expected or were promised, they may also choose a more questionable course of action. It can be argued that the action to replace compensation promised for the delivered high-performance is one that was taken by the players of the Chicago White Sox in 1919. The environment in which an organisation competes is also a source of pressure, and external antecedent of corruption. Pinto et al (2008) argue that it can become costly for an organisation not to commit corrupt acts in an environment that

accepts and even expects it. Again, in the sport industry, the culture of doping in professional cycling in the 1990s is a clear example of the pressure to compete and be successful in that environment in order to satisfy the interests of stakeholders, leading to the need to use PEDs. Ashforth et al (2008) state that *“corruption can be attributed to competitive pressures, acceptance of corrupt behaviour in some cultures, and complex bureaucracies that provide the opportunity to demand bribes, along with little likelihood of being caught and punished”* (674).

The probability of getting caught is dependent on, in part, the effectiveness of the legal system in the country in which the corrupt act occurs. It could be argued that this same premise applies to industries, particularly the sport industry. The likelihood of an athlete or official being caught and sanctioned is entirely dependent on the adequacy and competence of the sports governing body and the initiatives in place to monitor such behaviour. Treisman (2000) suggests that a social stigma is attached to those committing acts that could be deemed corrupt if they are exposed or found guilty *“to a degree that depends upon the prevailing norms and expectations within the culture”* (404) and, despite this stigma, Rose-Ackerman (2002) states that *“the risk of both illegal sanctions and reputational damage are judged low enough to justify payoffs”* (1891) or bribes, meaning that regardless of these norms, corrupt behaviour is seen as beneficial to those committing it.

The criminalisation of behaviour deemed corrupt provides a delineation between legitimate and illegitimate business activity (Chaikin, 2008). In sport, the World Anti-Doping Agency (WADA), established in 1999 to protect the integrity of clean sport, has developed rules and regulations that provide a hypothetical line between those clean athletes and those who decide to cheat through the use of the PEDs, and punishes those who do cheat through a

range of sanctions. Although not criminalisation by its strictest definition, this approach does provide a very clear indication to athletes as to the expectations or demands placed upon them by those governing sport. However, even with this global presence, the implementation of the sanctions across sports and between nations varies considerably. Just as *“the economic rationale of anti-corruption law is to protect companies from unfair competition in both national and international markets”* (Chaikin, 2008: 271), so too is the role of WADA in protecting not only the integrity of sporting competition, but also the interests of stakeholders.

Argandona (2001) states that *“corruption is usually a symptom of major management deficiencies”* (170). Again, there are examples in sport where corruption is facilitated by apparent deficiencies in the governance of a particular sport or international governing body. Jennings (2006) uncovered extensive corruption in FIFA, the international governing body of football, which permeated from the pinnacle of the organisation, having previously highlighted questionable activity in the International Olympic Committee (IOC). Moreover, the apparent inability of the leadership of the UCI to deal with doping in cycling again highlights the deficiencies of management in the sport and the incompetence in dealing with these threats to the integrity of sporting competition. These threats can have severe detrimental effects on stakeholders in the sport industry that need to be managed.

## **2.6 Managing the Impact of Corruption in Sport on Sponsorship**

*“The unpredictable and capricious nature of sport can put sporting organisations and sponsorship brands in a bad light”*

Lagae (2005: 102)

As previously discussed, the brands, and the image of those brands, of both the sponsor and the sports entity are central to the success of a sponsorship relationship (Westberg et al, 2011). If one of these brands becomes tarnished in any way, then this negative image spills over, or transfers, to that of an associated brand and as such *“any action which could damage the brand of the sport entity or sponsor has the potential to act as a degenerative episode within the overall relationship”* (Westberg et al, 2011: 603). A degenerative episode is defined by Schurr (2007: 165) as *“an episode having a negative effect on a relationship’s state by decreasing co-operation, trust, mutual understanding and joint benefits”*.

*“The behaviour of the sponsored team on and off the field might affect the sponsor’s image and, for example, doping or bribery scandals could tarnish the brand image”*

Lagae (2005: 21)

The work of Westberg et al (2008; 2011) evaluates the impact of what they call ‘player transgression’ on the relationship between sponsor and sponsored property – this includes such behaviour as alcoholism, sexual assault, murder, speeding and adultery. Transgression is defined by Aaker et al (2004; in Westberg et al, 2008: 126) as *“a violation of the implicit or explicit rules guiding relationship performance and evaluation”* and is widely acknowledged in the relationship marketing literature as an act that can threaten the viability and long-term future of a relationship (Hocutt, 1998; Tahtinen & Havila, 2004). A transgressive act is described as a form of trigger event (Gardial et al, 1996), an event that stimulates or forces interaction between both parties in a business-to-business or business-to-consumer relationship; in this context the sponsor and the sponsored entity in a sponsorship agreement. It is the contention here that what has been defined as ‘sporting transgression’ in this study (or corruption in sport) can also be classed as a degenerative episode, or trigger event, and as such, the relationship between sponsor and sponsored property could be affected in a similar way. The issue for sponsors then becomes the management of



that relationship. It is also important to note that whilst there is a growing literature on the impact of player transgression on the sponsorship relationship, and the potential responses of sponsors to this type of transgression, a focus on sporting transgression (or corruption) has yet to materialise. Connor & Mazanov (2010) state that sport and scandal are synonymous and, in their study of player transgression, explore the fact that scandal can be considered inevitable in sport and, as such, can be 'planned for' and contingency plans can be in place. It could be argued that behaviour which constitutes player transgression is expected by athletes, just as with other members of society. However, sporting transgression is more difficult to predict and plan for. As previously discussed in section 2.5.3, there are a number of organisations (like the World Anti-Doping Agency, the International Centre for Sport Security (ICSS) and SportAccord) that have been established to tackle the issue of sporting transgression whilst governing bodies are developing anti-corruption and anti-doping enforcement strategies. There is still very little known about the impact of such behaviour on sponsors and other stakeholders in the sport industry. Given the context of this research, the definition of transgression provided by Coombs (1995; in Pfarrer et al, 2008: 730) – a *"corrupt or unethical act by an organisation that places its stakeholders at risk"* – provides an interesting dimension to the understanding of this area of study.

Hughes & Shank (2005), in their study analysing the effects of scandals in sport on the consumer, found that, due to the status of professional athletes, any scandal *"will be perceived as more scandalous than if the same thing or event occurred at the amateur level"* (212). Moreover, the extent to which the integrity of the sport in which the transgression occurred is affected will determine whether it is considered a scandal or otherwise. Scandalous or not, they further argue that the processes or strategies used by sponsors to manage the risk of a scandal occurring are not considered formal or rigorous compared to more traditional standards of risk management. Even more significantly, perhaps, is the issue of due diligence – in their study, Hughes & Shank (2005) found that some sponsors rely on their

*“human resource departments or their advertising agencies to conduct relevant checks into athletes’ backgrounds before entering into agreements with them as sponsors”* (215). This is particularly concerning given the fact that *“firms engaging in sport sponsorship need a clear understanding of the extent of risk associated with this investment”* (Wilson et al, 2010: 22). Without a clear understanding of the strategic fit of sponsorship as a component of a marketing communications strategy, it is not immediately apparent that this outsourcing of due diligence (beyond those responsible for sponsorship agreements) is problematic.

O’Reilly & Foster (2008) develop a framework to evaluate sponsorship opportunities for high-risk sponsees; firstly, the negotiation phase where sponsors could insist on a code of conduct for athletes that becomes standard across all of their sponsorship agreements and where the consequences of high risk behaviour for the sport entity (i.e. what ramifications are there or courses of action available to sponsors). Secondly, the tactics that could be utilised post-contract (or post-agreement) include consistent punishment for what is deemed inappropriate behaviour and training and support services for athletes and officials. This second phase is particularly risky for sponsors in that, just as they don’t have any control over the behaviour of athletes, they cannot control the sport’s mechanisms for dealing with these issues – they rely on sport to self-regulate, which, as has been seen in cases like the UCI’s handling of doping in cycling, doesn’t always occur. Furthermore, Earle & Groome (2009) state that sponsorship agreements can include morality or disrepute clauses, giving sponsors the right to terminate contracts where the behaviour or activities conducted by the rights holder, or an individual for which they are deemed responsible (e.g. an athlete or official), that causes or may cause what they call reputational damage. The contention here is to question the definition of reputational damage – how it is measured, what components of the business need to be affected (e.g. sales, image, etc) and by how much – but also to establish the parameters of it –

who decides the extent of reputational damage before a course of action becomes available.

There are a number of other factors that might influence a sponsor's decision making process when faced with a scandal, as discussed by Amis et al (1999), as previously highlighted, in their work evaluating the consequences of scandal for a sponsor. Again, it is important to point out that much of the research conducted in this area concentrates on player transgression and not examples of sporting transgression. The responses of sponsors to the latter form of transgression may be similar and the factors that influence these responses likewise, however, until this study, no attempt has been made to analyse it.

The action taken by other sponsors may impact on the decisions made by an organisation. Berrett & Slack (1999) suggest that the actions of competitors in an organisation's environment will impact on the formulation and implementation of a strategy. It may be the case that a sponsor is waiting so long as to see what other sponsors do (or what action they may take) that irreparable damage to the sponsor's brand may have occurred. The opportunity may exist to act first – to gain perceived first-mover advantage – but this decision would necessitate the sponsor being fully aware of the implications of any decision that may be made. Hughes & Shank (2005) suggest that the length and perceived stability of a relationship between sponsor and sports property is a source of confidence in any decision to continue with any such agreement post-scandal. Ultimately, any investment in sponsorship should be based on an informed decision about the trustworthiness, compatibility and commitment of the sports property (Amis et al, 1997). One of the means available to the sports property to demonstrate this commitment is to deal effectively with the transgression, either through punishment or sanction or training and support. Aaker et al (2004) state that the strength of the relationship between sponsor and sports property can be irreparably damaged by transgression and argue that *“the response to the transgression, and not the*

*transgression itself*" (1) will be of critical significance in the continuing arrangement between the two parties. In sport, the speed and 'quality' of a response by, for example a governing body in the event of a doping scandal, is vital to sponsorship relationships continuing. Pfarrer et al (2008) propose the Stage Model of Reintegration discussing the process by which an organisation will address a case of corruption. Although the research by Pfarrer et al (2008) is not focussed on the sport industry, it has clear relevance and applicability to this study. The model includes four stages – first, the discovery of the transgression followed by explanation (or the acceptance of responsibility; stage two); stage three involved the serving of penance or punishment; and then a stage of rehabilitation. The speed at which the transgressor or guilty party goes through this reintegration process is dependent on a series of moderating factors – the prominence of the transgressor and the transgression; the heterogeneity of the stakeholder and whether the transgressor is a repeat offender.

In the event of a scandal involving player transgression (as previously stated, behaviour such as alcoholism, sexual assault, murder, speeding and adultery), Westberg et al (2008) propose a model displaying the process the sponsor will undertake in order to decide upon an appropriate course of action and the factors they might take in to consideration (see figure 2.6). The model, stemming from Gardial et al's (1996) Trigger Event Model, *"illustrates that a sponsors' reaction to a transgression is likely to be dependent upon a number of factors, including the nature of the incident, the sponsors' type of business and the existing relationship between the parties"* (130). The sponsors' business is of particular relevance to the analysis of responses to player transgression. If an athlete is announced to be an alcoholic or is arrested for driving under the influences of alcohol and an alcoholic brand is associated with that athlete or the team, event or sport, it does not represent the most appropriate sponsorship relationship to continue and thus portrays a negative image of that brand in the eyes of consumers.

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**Figure 2.6:** Player transgression and sponsor response model (taken from Westberg et al, 2008: 130)

*“A negative sponsorship outcome can have damaging brand consequences for the sponsor over and above the lost investment”*

O'Reilly & Foster (2008: 46)

In deciding upon a course of action in response to a scandal, sponsors may refer to the legal protection they have as part of a sponsorship contract, a view held by Arokallio & Tuominen (2006). Santomier (2008) suggests that a more sophisticated approach to sponsorship leads to the construction of performance-related clauses in contracts between sponsors and the sponsored property. One of the respondents in Hughes & Shank's (2005) investigation in to consumers' affiliations with sponsors' brands affected by scandal stated that unless future sponsorship agreements contained behaviour or performance clauses in them, they would not be entering in to

an agreement with an individual athlete again. Hughes & Shank (2005) further argue that sponsors should take a more active role in the process of trying to prevent athletes or teams from engaging in illegal and/or unethical behaviour that could protect both the integrity of sporting competition and the brands of the parties involved in a sponsorship relationship.

## **2.7 Conclusion**

The popularity of sponsorship as both a component of the marketing communications mix for organisations seeking to exploit the benefits of being associated with a sports property and as an area of focus in academic research is evident as is the wide scope of academic research into the area of corruption. However, there remains a very limited understanding as to the manifestation of corruption in the sport industry and the subsequent impact that sporting transgression (or corruption in sport) can have on the sponsor. There is also an acknowledged need for the contextual development of research in to the area of corruption, and an area that this study aims to begin to address.

The extant literature in the field of sponsorship is primarily based upon quantitative data analysis, as is the case in corruption research. Without a shift to a more qualitative methodological focus, the necessary development of contextual understanding in these areas will not occur. There has been an attempt to understand the impact of what has been defined as player transgression (e.g. alcoholism, adultery) on the management of business-to-business and sponsorship relationships (Westberg et al, 2011, 2008; Wilson et al, 2010, 2008), but to date, sporting transgression remains an unexplored area in this context.

The purpose of this chapter has been to critically review existing research in the fields of sponsorship, inter-organisational relationships, and corruption in an effort to synthesise the literature in order to build a

conceptual framework upon which this study is based, and subsequently provide direction for the data collection phases of this study. This critical review has identified key gaps in understanding that this study aims to address. The understanding of sponsorship as a type of inter-organisational relationship is a growing field of research, however, very little exists about the antecedents of relationship breakdown in the field of sponsorship. This chapter has sought to identify corruption in sport as a significant factor in this dissolution process. Moreover, given the paucity of academic research into the area of corruption in sport, this chapter has opposed a new definition of corruption in sport – *any illegal, immoral or unethical activity that attempts to deliberately distort the outcome of a sporting contest, or an element within that contest, for the personal material gain of one or more parties involved in that activity* – upon which this study is built.

In developing a better understanding of corruption in sport and, in particular, the impact of such behaviour on the management of sponsorship programmes, this study represents an important development in the fields of both sporting transgression and sports marketing. It also identifies further areas of exploration necessary to fully understand and appreciate the impact of sporting transgression on not just sponsors but all stakeholders in the sports industry, primarily due to the fact that the response of one stakeholder to a case of sporting transgression will impact on the response of another.

This research is based on the argument that corruption in sport can provide a conduit for the breakdown or dissolution of a sponsorship relationship. When a case of corruption in sport, defined as *any illegal, immoral or unethical activity that attempts to deliberately distort the outcome of a sporting contest, or an element within that contest, for the personal material gain of one or more parties involved in that activity*, occurs, sponsors have to be in a position to recognise the potential implications of such behaviour for them and their brand and have strategies in place to be able to protect their

interests and the image of their brand. This study is designed to evaluate if this is indeed the case, as well as the factors that might influence any decision they might make as a result. The findings of this study are presented in chapter FOUR.

The following chapter presents the philosophical and methodological considerations of this study and key findings from the preliminary phases of the research process are discussed.



# THREE

## Research Design

### 3.1 Chapter Overview

In Chapter Two, after a critical review of sponsorship, relationship and corruption literatures, a conceptual framework has been developed upon which this research is based. Chapter Three presents the methodological approaches utilised in this study and provides a rationale for data collection and analysis methods used, whilst highlighting the philosophical stance of the researcher. Ethical considerations for this research are discussed and key initial findings from preliminary phases of the research process are offered.

### 3.2 Research Philosophy & Design

In recent years, as previously noted, there has been increasing focus in academia on the study of sponsorship as an integral component of marketing communications in sport. Despite this, there is a paucity of academic literature examining the managerial implications of corruption in sport and particularly its impact on sport sponsorship. As such, this study has been designed to begin to address this obvious gap in knowledge by answering the question – *how does corruption in sport impact on the management of sport sponsorship programmes?* Adopting a grounded theory methodological approach, and by constructing three multiple-embedded case studies, this research analyses the responses of sponsors to cases of competition corruption in sport and the contextual factors that influence any decision or response to a given behaviour.

#### 3.2.1 The Nomothetic-Idiographic 'Divide'

The methodological design employed in any study reflects a series of philosophical decisions that are made, subsequently determining the

research methods to be utilised in order to meet the aims and objectives set. Each approach, or philosophical stance, has its supporters and detractors with some debating the lack of contextual understanding in quantitative methodology, whilst the validity and generalisability of qualitative data is questioned. Partington (2000) states that much of the research conducted in marketing and management in recent years has been somewhat dominated by a more deductive, theory-testing research methodology. Drawing from the positivist research philosophy, nomothetic principles are based on the aim to *“identify patterns of behaviour across a population of individuals rather than for any given individual”* (Connor et al, 2009: 2) and where the explanation of causal relationships is based on the generation of quantitative data from the ‘etic’ perspective (i.e. that of the ‘outsider’ (Hennink et al, 2011)). The deductive approach to research begins with a hypothesis and that hypothesis is then tested through the collection and analysis of quantitative data, thus leading to the approval (or indeed dismissal) of the hypothesis. Kalof et al (2008) describes this type of research as confirmatory, in that a study is designed to prove a theory to be true. There is also, however, the growing recognition that the use of more inductive, or idiographic, research methods *“that aim to identify patterns of behaviour within the person across a population of experiences or situations”* (Connor et al, 2009: 2) adds significant value to research in this area as it allows for the development of contextual understanding as data is gathered from the ‘emic’ perspective (i.e. the ‘insider’), representing a more interpretivist research philosophy. The use of an inductive approach gives the researcher the opportunity to collect empirical data and develop *“larger generalisations and theoretical insights from the data”* (Kalof et al, 2008: 17). This becomes particularly important in areas of study that have received little attention in the past, meaning that the development of theory is lacking.

**Table 3.1:** Differences between deductive and inductive research approaches

<b>DEDUCTIVE Approach (Nomothetic methods)</b>	<b>INDUCTIVE Approach (Idiographic methods)</b>
Positivist approach, based on scientific principles	Interpretivist approach, gaining the views and opinions of those attached to cases
Moving from theory to data	Moving from data to theory development
Collection of quantitative data	Collection of qualitative data
Samples selected (and of sufficient size) in order to be able to generalise findings to wide population	Less focussed on the need to generalise to a wider population – contextual understanding is key
Highly structured	More flexible structure to allow for adaptation to research as it progresses
Goal to develop general laws and principles	Aim to understand a single event in a particular time or place
Yields 'between-person' patterns (Connor et al, 2009)	Yields " <i>within-person-patterns, each unique to one individual</i> " (Connor et al, 2009: 3)

Gill & Johnson (1997) suggest that the decision between these two approaches should be a relatively straightforward task for the researcher. However, the decisions made directly impact on the aims of the study, the data collection and analysis methods to be utilised and ultimately must reflect the philosophical stance of the researcher (Saunders et al, 2000). Rarely does research in social sciences, and in particular business and management, fall in to either the positivist or interpretivist paradigms, but more often is a combination of the two.

Weed (2005) identifies three different types of research synthesis; the systematic review of literature, meta-analysis, where similar studies in terms of design are contrasted, and meta-interpretation. This third type of synthesis is of particular relevance to this study as well as the use of grounded theory as a methodological approach. Weed (2005) suggests that meta-interpretation "*does not use the primary data collected through interviews and observations as the 'raw data' for synthesis. Instead it uses the interpretations of the data*" (81), drawing on many of the principles of grounded theory.

Research undertaking this type of approach relies upon the interpretation of data to develop theory and contribute to knowledge and understanding.

### 3.2.2 Grounded Theory as a Methodological Approach

*“Grounded theory is of qualitative research design, in which the inquirer generates a general explanation (a theory) of a process, action, or interaction shaped by the views of a large number of participants”*

Creswell (2007: 63)

With its foundations in symbolic interactionism (Goulding, 2002; Tan, 2010), the proponents of grounded theory, Glaser & Strauss (1967) *“set out to develop a more defined and systematic procedure for collecting and analysing qualitative data”* (Goulding, 2002: 40). Furthermore, the use of the term ‘grounded theory’ to describe this research process reflects *“the source of the developed theory which is ultimately grounded in the behaviour, words and actions of those under study”* (Goulding, 2002: 40). Tan (2010) suggests that this approach to grounding theory in data opposes the general tenets of quantitative research which aims to verify, or confirm, theory through the testing of hypotheses. Heath & Cowley (2004) further state that fundamental to grounded theory is the belief that knowledge *“may be increased by generating new theories rather than analysing data within existing ones”* (142).

Taber (2000) acknowledges the role of grounded theory in developing research and states that *“research to generate grounded theory deliberately avoids initially defining the research focus too tightly”* (473). Subsequently, the developed theory could be tested using more deductive, or nomothetic, research methods.

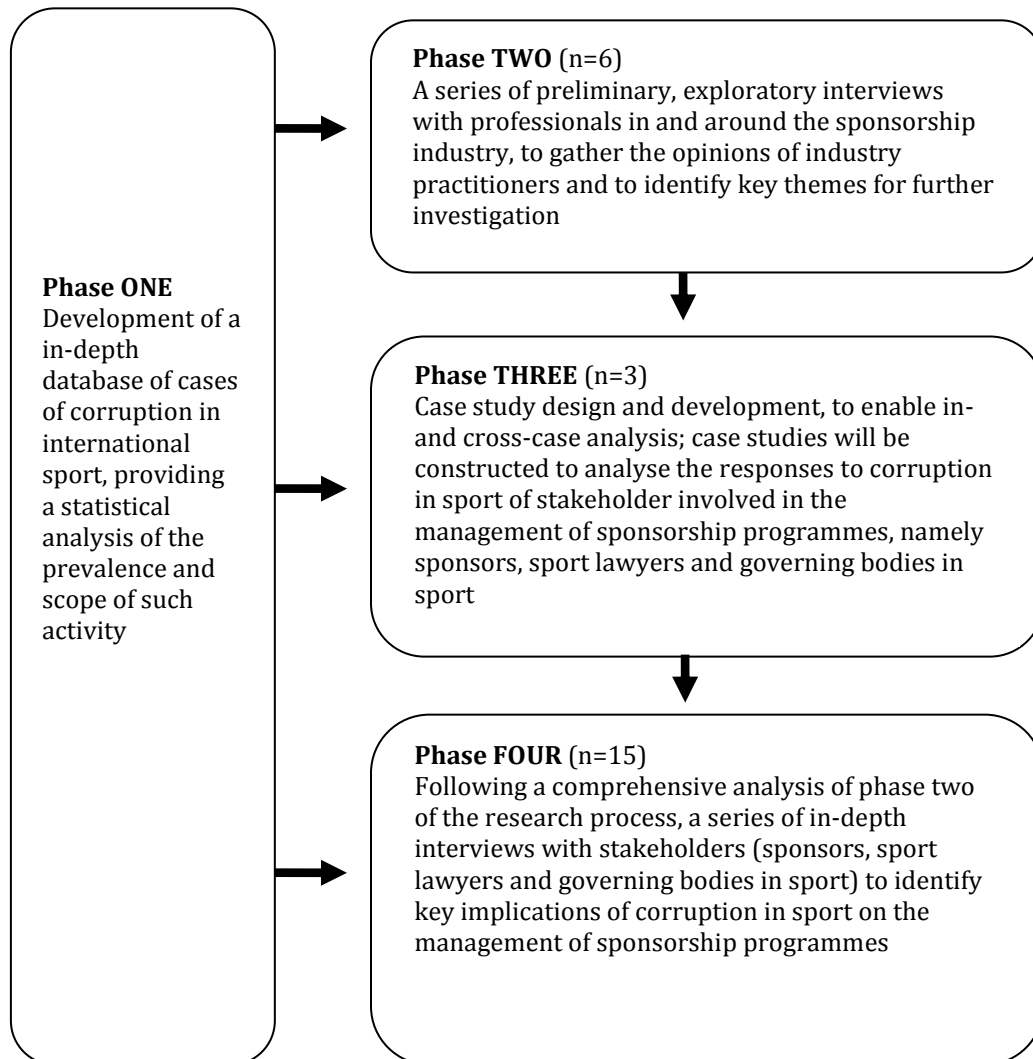
The use of grounded theory suggests an iterative research process (Fendt & Sachs, 2008), where data is collected and analysed simultaneously through the means of constant comparison, ensuring that the data gathered provides the opportunity to *“clarify emerging theoretical concepts”* (McCallin, 2003: 204). Becker (1993) further suggests that a study based on a grounded theory methodological approach should conceptualise the relationships between generated concepts and categories (in the data) and needs to *“explain what is actually happening in practical life at a particular time, rather than describing what should be going on”* (McCallin, 2003: 203). Furthermore, Suddaby (2006; in Tan, 2010) suggests that the discovery of causal relationships between relevant actors, and indeed interactions between them, and the development of theory based on this discovery is vital to any study utilising this approach. The actors are chosen, or sampled, based on the ability of the researcher to *“maximise opportunities to compare events, incidents or happenings”* (McCallin, 2003: 204). This process, known as theoretical sampling, is *“an active and ongoing process that controls and directs data collection and analysis”* that is *“pivotal in ‘building up theoretical insights’”* (Breckenridge & Jones, 2009: 114) and provides the researcher with insight and direction to guide further data collection and analysis. The conceptualisation of findings is key - this contextual understanding of each instance, individual or case is lacking in studies based on quantitative data – and is what makes grounded theory an appropriate methodological approach to utilise in this study. Partington (2000) suggests that grounded theory *“has seen relatively little productive discussion in management literature”* (92) although it is apparent that this is beginning to change. Moreover, Denscombe (2003) states that grounded theory is of particular use when a study aims to explore new territory whilst Goulding (1999) further suggests that a new or developing research area that does not have a substantial and empirically based literature provides an ideal environment to use this approach. It is

clear from the literature (presented in chapter two) that the area of corruption in sport, and in particular the managerial implications of corruption for stakeholders in the sport industry, lacks substantial literature and very little empirical research has been conducted.

### **3.2.3 Research Design**

This study is designed based on a number of key factors that have been considered. Firstly, given the aforementioned paucity of academic literature, the desire to enhance both academic and practical understanding about both corruption in sport as well as its impact on the management of sponsorship programmes is reflected in the aims and objectives of this study (section 1.4) and its exploratory nature in design. Secondly, the study is informed by the views and opinions of professionals in and around the sponsorship industry (Phase TWO of the methodology), ensuring the relevance and applicability of the findings of this research to practitioners in the field of sport management. Thirdly, by undertaking a study that incorporates a grounded theory methodological approach, a process of theoretical sampling was utilised in order to conduct a rich, contextual analysis that is relevant to both academia and management. A more prescriptive methodological process would restrict or constrain this flexibility or reflexivity, a tenet of a grounded theory approach. This reflexivity *“aims to inspire a dynamic, flexible way of working with empirical material and to escape a simple theory/method divide”* (Alvesson, 2011: 111). Therefore, a more dynamic approach has been undertaken (see figure 3.1), where data is collected and analysed continuously throughout the research process allowing the study to evolve. Each stage of the methodology informs the next, meaning that the study presented is logical in its approach and the findings of this study are grounded in theory.

This study employs a multi-phase research process designed to investigate corruption in sport and sponsorship management at a theoretical level and practically analyse the impact of corruption in sport on the management of these sponsorship programmes. As such, the methodology employed in this study incorporates both quantitative and qualitative data collection methods, with a primary



**Figure 3.1:** Methodological design of this study

focus on the latter – documentary analysis facilitating the quantitative analysis of the prevalence of corruption in sport as an issue, supporting the rationale for the focus of this study. Semi-structured interviews were conducted with professionals in and

around the sponsorship industry (Phase TWO) and with the key stakeholders in the management of sponsorship programmes (sponsors, governing bodies and sports lawyers – Phase FOUR) in order to analyse the potential responses of sponsors to cases of corruption in sport committed by athletes and officials in sporting competition (referred to as competition corruption (Maennig, 2005)) and the contextual factors that influence any decision or response to that behaviour. This approach offers greater validity and reliability, a common criticism of studies that utilise qualitative research methods.

Angen (2000) suggests that *“proponents of positivist quantitative research regularly imply that qualitative, especially interpretivist, approaches to human inquiry are so rife with threats to validity that they are of no scientific value”* (378). Furthermore, the rigorous adherence to the rules of quantitative methodological rules increases the validity of such research; qualitative enquiry is based on the interpretation of findings by researchers and can be perceived to lack in academic vigour. However, Kvale (2007) argues that research based on a qualitative methodology has become a key component of social science research. Moss (1994; in Angen, 2000) further suggests that the collection of qualitative data is *“predicated on the desire for a deeper understanding”* (385) of the human experience of any given context. Moreover, despite the concerns regarding the generalisability of research findings in utilising such an approach, it can be suggested that given, firstly, the nature of the issue being investigated in this study and, secondly, the aforementioned paucity of academic literature in the field of corruption in sport and its impact on the management of sponsorship programmes, qualitative data collection methods are the most appropriate to gain a clear contextual understanding of the issue. As assumed by an exploratory methodological design, the findings of such a study are not necessarily meant to be generalised



to a wider population but instead provide a deeper contextual understanding of the issues at hand. Ultimately, according to Angen (2000: 385), “*understanding cannot be separated from context*”.

### **3.3 Phase ONE: Construction of a Database of Corruption in International Sport<sup>1</sup>**

#### **3.3.1 Categorising Data**

Whilst this study is primarily based on the collection and analysis of qualitative data, the contextual background of this research relies upon an extensive quantitative analysis of cases of competition corruption in international sport. These cases have been coded using a process of manifest coding (Kalof et al, 2008), a quantitative strategy where the number of occurrences of a particular behaviour (or word) are counted. Moreover, Guetzkow (1950) suggests that this coding involves “*two operations, that of separating the qualitative material into units, and that of establishing category sets into which the unitised material may be classified*” (47). Category sets are, according to Guetzkow (1950), like ‘pigeon holes’ into which these units may be placed or classified and may lead to the development of sieve codes, a means of separating key units of information. The size of these units is dependent upon the way in which material is to be coded has been gathered and also the nature in which the developing category sets is to be used as a means of data classification. Also important in this process is the parameters of each category set - for example, in the context of this research, match fixing as a type of competition corruption could have been treated as one unit or item. However, to ensure a much wider understanding of the contextual background of this study, some of

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<sup>1</sup> Part of this section exists in publication (Gorse, S. & Chadwick, S. (2011) *The Prevalence of Corruption in International Sport – A Statistical Analysis*, Consultancy Report for the Remote Gambling Association, available from: [http://www.rga.eu.com/data/files/Press2/corruption\\_report.pdf](http://www.rga.eu.com/data/files/Press2/corruption_report.pdf))

the different types of match fixing have been included as separate units and have been analysed accordingly.

Competition corruption, as it has been defined in this study (see section 2.5.3), includes the following types of behaviour that seek to deliberately distort the outcome of a sporting contest or an element within that contest:

- Doping (including the use of PEDs, blood doping, gene doping and other anti-doping rule violations (ADRV))
- Betting related match fixing (including points shaving)
- Non-betting related match fixing (including tanking)
- Betting related spot or bracket fixing
- Non-betting related spot or bracket fixing (for example, bounty payments)
- Misuse of inside information (including spying)

A database of 2,089 proven cases of corruption were collated and coded into category-sets (Guetzkow, 1950) to identify key themes and patterns of corruption in sport. This coding enabled the researcher to record the year in which the incident occurred (where the incident spanned for more than one year, the earliest date from which the corrupt activity began was recorded), country of origin (home country of the athlete, team or official involved in the corrupt behaviour), type of sport, name of the athlete, team or official involved, type of corruption and outcome of the activity (punishment or details of outside influences) of each case from the year 2000 up to and including 2010 (see table 3.2). Statistical analysis was then carried out to determine prevalence of each type of corruption and to identify any themes or trends in the data.

YEAR	COUNTRY	ATHLETE(S) INVOLVED	SPORT	TYPE OF CORRUPTION	IMPACT
2008	Ukraine	Lyudmila Blonska	Athletics	Doping – steroids	Stripped of heptathlon silver medal after testing positive for methyltestosterone Having served a two year ban previously after testing positive for stanozolol Banned for life by IAAF
2001	Russia	Olga Yegorova	Athletics	Doping	Couldn't ban her due to improper testing procedures Won 5,000m at World Athletics Championships in Edmonton (booed by crowd) Sovietsky Sport Newspaper – 'The Golden Girl of Russia' Paula Radcliffe staged protest – banner reading 'EPO Cheats Out'
1992	East Germany	Katrin Krabbe	Athletics	Doping	Banned for 1 year by the German Athletics Federation (DLV) testing positive for clenbuterol; further 2 year ban imposed by IAAF Had won the 100m and 200m double at World Athletics Championships in Tokyo in 1991 Sued IAAF claiming that their ban was illegal (tested positive for clenbuterol months before IAAF placed product on banned list) Out-of-court settlement of £378,850 + 4% interest for the period from 1994 Became a united Germany heroine before doping scandal ruined her brief career
2004	China	Li Yongbo (coach)	Badminton	Match fixing	Admitted fixing one of the women's singles semi-finals at 2004 Olympic Games between Zhou Mi and Zhang Ning Zhang won gold as planned and defended her title in Beijing Zhou quit the Chinese team and no represents Hong Kong (Many have suggested that Chinese coaches have been fixing matches for years)
1987	Italy	Giovanni Evangelisti	Athletics	Result fixing	Angry that Evangelisti had been denied a top three position at an event five months earlier in the USA, officials at the long jump pit were ordered to make sure the Italian jumper won a medal After a fifth round jump by Evangelisti (followed immediately by a medal ceremony), officials managed to add a number of centimetres to his jump (to 8.38m) to ensure he won a bronze medal, beating American Larry Myricks into fourth

YEAR	COUNTRY	ATHLETE(S) INVOLVED	SPORT	TYPE OF CORRUPTION	IMPACT
1919	United States of America	Chicago White Sox	Baseball	Match fixing	Four of the team were found to have fixed games in the 1919 World Series making sure they would lose for a bonus from gamblers Became known as the Chicago Black Sox
1989	United States of America	Pete Rose	Baseball	Illegal Gambling	Given a lifetime ban from the sport as a result of his gambling activity on professional sports, including baseball Discussions still go on about this as some fans believe Rose should be inducted into the Baseball Hall of Fame for his on-field performances
2008	United States of America	Tim Donaghy	Basketball	Illegal Gambling	Donaghy, a veteran NBA referee, started a 15-month prison sentence in September 2008 after pleading guilty to 13 felony charges relating to transmitting wagering tips and wire fraud He also admitted betting on NBA games – no evidence as yet to suggest he bet on the games he officiated
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
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 17 <sup>th</sup> Stage of race with an 11:1 ratio (far in excess of 4:1 limit)
2007	Kazakhstan	Alexandre Vinokourov	Cycling	Doping	Forced to withdraw from 2007 Tour de France race after he and the rest of the Astana team tested positive for a banned blood transfusion Was tested after the 13 <sup>th</sup> Stage of the race that he had just won; was a pre-race favourite

**Table 3.2:** Sample of Database

Cases were also analysed according to geographical location, and grouped into North America, Europe, South America, Asia (including the Middle East, Far East and Australia) and Africa. This study has not sought to consider the number of individual sporting events (or games) affected within each of the cases that have been identified and assessed or the number of people involved in each instance of proven corruption, due to the difficulty in obtaining sufficiently robust information. However, it is noted that for all of the issues assessed in this research, each case can relate to an adverse impact on more than one sporting event or contest before the issue is identified and addressed. Detailed information is not however readily available in many cases and this breakdown has therefore been confined to a statistical analysis of the number of known and proven cases (including known and proven conspiracy to corrupt) rather than individual sporting events or contests corrupted. It should also be noted that these statistics are correct as of 31 August 2011 and as such they are subject to amendment if, as in doping, further investigations identify as yet unknown illegal substances, or the on-going match-fixing investigations in to cases from 2000 to 2010 reach a conclusion. Evidence is taken from a variety of sources and all reasonable efforts have been made to establish whether a case is betting or non-betting related. All match-fixing cases have been presumed to be non-betting related unless reliable evidence shows otherwise. Any instances of corruption occurring during 2011 have not been included in this report as sufficient evidence may not yet be available to properly verify these cases and because the scope of the brief called for completed calendar years to allow a consistent and complete analysis of the available data. It is important to note that the database is not an exhaustive list of cases of corruption in sport and should not be regarded as complete. Given the time constraints in this research, it was deemed appropriate that a 'cut-off' point was established to ensure that the researcher did not become embedded in the development of this

database – it has been designed, or the purposes of this study, as a mechanism to illustrate the rationale for the focus of this research (as discussed in section 1.3) and the international scale of the problem at hand.

### **3.3.2 Data Analysis**

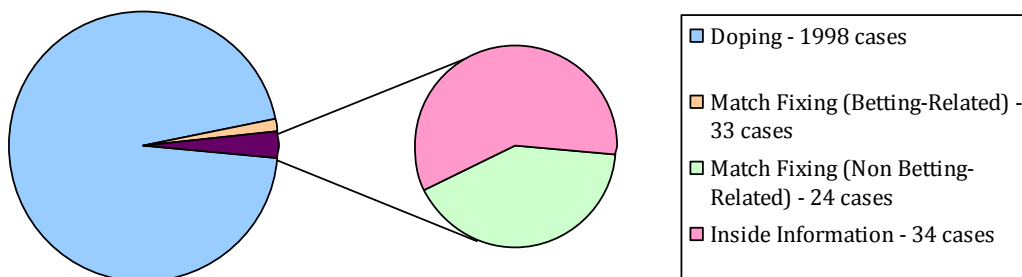
This research has analysed the following types of corruption: match-fixing (betting related), match-fixing (non-betting related), misuse of inside information (for betting purposes), and doping. Detailed statistics regarding the prevalence of these corrupt activities in sport, with a particular focus on match-fixing, based on this research and data collected, are presented below.

Whilst the results of this analysis have been presented based on a time period of 2000-2010, the analysis and coding of this secondary data (upon which the database is constructed) was ongoing throughout the duration of this study in order to ensure as comprehensive analysis as is possible. Given the nature of the data being collected in this phase, in some instances, it has proved problematic to build a complete picture of the extent or prevalence of corruption in sport. For example, some sports, like football, do not release the names of the players who have failed drugs tests whereas others do not provide information regarding the substances that an athlete has tested positive for. This means that incomplete cases would have been recorded on the database, limiting the overall usefulness of it as a resource – only those cases where full details were released have been included in the analysis. There are also examples of past use of PEDs being announced during this time period – where possible, these cases have been included where the information allows.

### 3.3.3 Results

Of the 2,089 cases of corruption in sport recorded on the database, 95.64% are doping cases, where athletes have used substances banned by the World Anti-Doping Agency (WADA). The remaining 4.36% is split: betting related match-fixing (1.58%), non-betting related match-fixing (1.15%) and the misuse of inside information (1.63%). Match fixing, betting and non-betting related, therefore accounts for 2.73% of cases; betting related match-fixing and the misuse of inside information accounts for 3.21% of cases.

**Figure 3.2:** Corruption in International Sport (2000-2010)

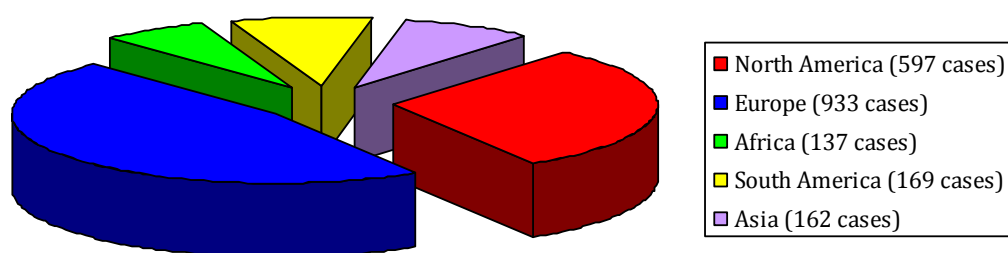


It is important to note that there are other the types of corruption that affect the sport industry, from bribery to vote rigging and financial management. All of these can undermine the integrity of sport, just as match fixing and doping can. However, many of these cases can be hard to substantiate. Many sports keep investigations, or indeed the lack of investigations, within the sport or governing body – much of what is reported in the media is conjecture and allegation, making inclusion in this type of research project very difficult to justify. All cases analysed in this study are proven cases: in doping, athletes have failed a drugs test and have been given a ban or public warning from their governing body; in match fixing cases, a judicial judgement and/or a judgement by the sport's governing body has determined that corruption has taken place.

The use of performance-enhancing substances and other banned drugs has long been an issue in sport. Cases dating back to the early 1900s exist, with athletes and coaches trying to gain the smallest (or, in some cases, the largest) advantage over their rivals. In the 1900s, doping was usually confined to sports involving animals, particularly horse racing, although there are recorded instances of the use of performance-enhancing substances by athletes at the 1904 Olympics. Indeed, there are reports of special diets and herbal ‘concoctions’ used by sportspeople when Eupolos of Thessalia was bribing opponents in Ancient Greece.

Instances of doping have been collected from across sports and from across the world. As previously discussed, cases have been recorded from five geographic locations – North America, South America, Europe, Africa and Asia (including the Middle East, Far East and Australia). This research contains 1,998 cases of doping compiled from a range of reliable data sources. Any variations with other data sources are likely to be due to: a) a stricter definition of sport used in this report, which does not include dance or orienteering, for example; and b) there remain instances where information is not released by certain sports governing bodies, meaning that there is insufficient information for such cases to be safely recorded.

**Figure 3.3:** Doping Cases in International Sport (2000-2010)





It is clear from this figure (figure 3.3) that the majority of doping cases analysed have occurred in Europe and North America, representing 76.57% (1530 cases) of the total number of cases (1998 cases) between them. This may be because testing for performance-enhancing drugs (PEDs) is more rigorous, and therefore more effective, in these parts of the world or it may be because the financial rewards for winning are far greater in these nations, meaning that there is more pressure on athletes to perform at the highest possible level.

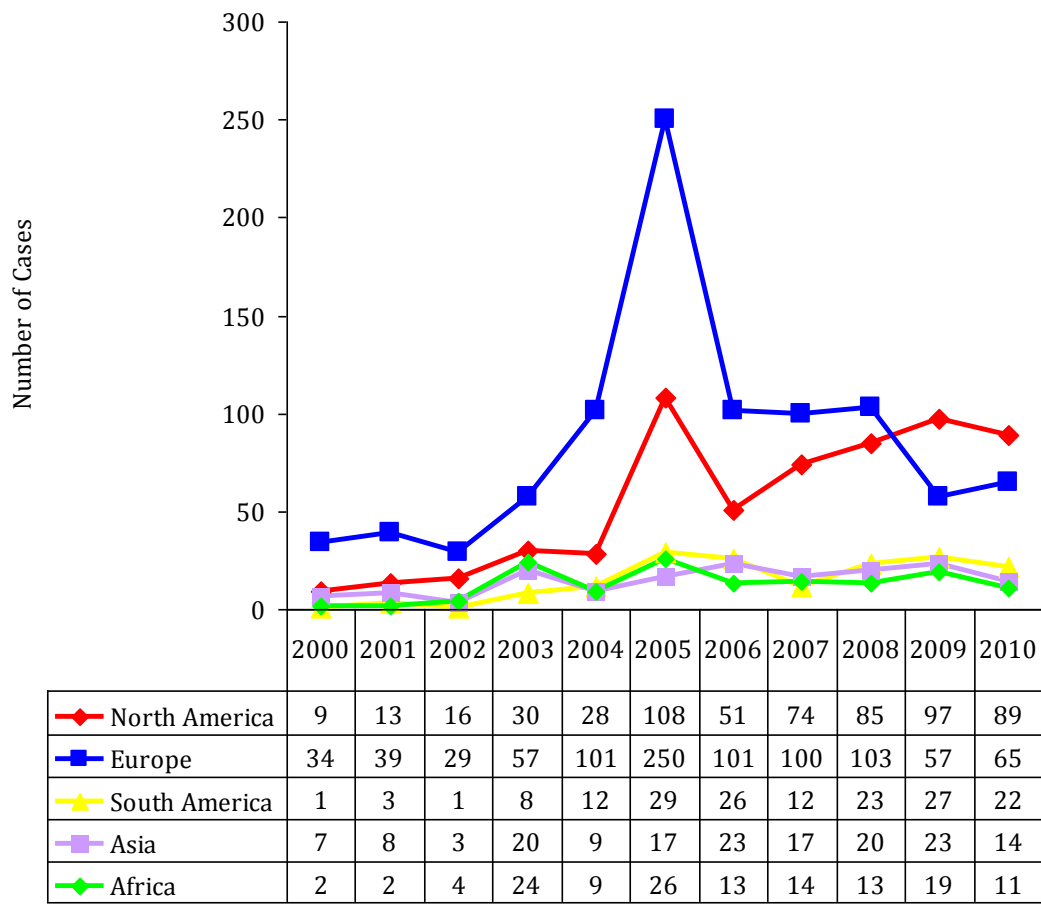
There is also evidence to support the opinion that there is great disparity between different sports and the prevalence of doping. Table 3.3 provides an annual breakdown of doping cases by sport between 2000 and 2010. The sports of cycling, American sports and athletics contribute more than 80% (1698 cases) of the total number of cases recorded and there are clear trends in this data. The adoption of a more rigorous drug testing policy in baseball in North America in 2005 and 2006, and then the release of the Mitchell Report in 2007, has led to a marked increase in frequency of failed drugs tests in the American sports category, reaching an apparent peak in 2005 as testing procedures were developed across the sport. Positive tests in power sports (e.g. weightlifting) seem to coincide with Olympic Games competitions, where the pressure to succeed is greater. The BALCO Scandal in 2003 impacted on the number of failed drugs tests in sport in its aftermath, as tests were developed to screen for new and improved substances that had previously gone undetected, including tetrahydrogestrinone (THG), also known as 'The Clear'.

**Table 3.3:** Doping Cases by Sport (2000-2010)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TOTAL
American Sports	5	5	9	6	8	108	45	52	83	89	90	<b>500</b>
Animal Sports	-	-	-	-	1	-	-	5	1	1	1	<b>9</b>
Athletics	17	30	10	109	98	274*	86	88	96	95	68	<b>971</b>
Combat Sports	6	-	5	2	8	3	7	16	8	5	7	<b>67</b>
Cricket	-	1	-	1	-	2	2	-	-	-	-	<b>6</b>
Cycling	6	9	14	7	28	20	44	32	28	15	24	<b>227</b>
Football	-	3	2	6	4	5	3	4	-	1	-	<b>28</b>
Motor Sports	1	-	1	-	-	-	3	-	-	-	1	<b>6</b>
Other	1	2	1	-	1	1	3	-	6	1	-	<b>16</b>
Power Sports	11	2	-	-	7	-	3	1	17	1	-	<b>42</b>
Racquet Sports	-	2	1	-	1	6	3	3	-	3	3	<b>22</b>
Rugby	-	-	3	2	-	2	5	4	-	2	3	<b>21</b>
Water Sports	6	2	1	5	2	7	3	3	3	3	2	<b>37</b>
Winter Sports	-	9	6	1	-	2	7	9	2	7	3	<b>46</b>
<b>TOTAL</b>	<b>53</b>	<b>65</b>	<b>53</b>	<b>139</b>	<b>158</b>	<b>430*</b>	<b>214</b>	<b>217</b>	<b>244</b>	<b>223</b>	<b>202</b>	<b>1998</b>

\* Includes 167 cases of doping in East Germany that were confirmed through German courts in 2005

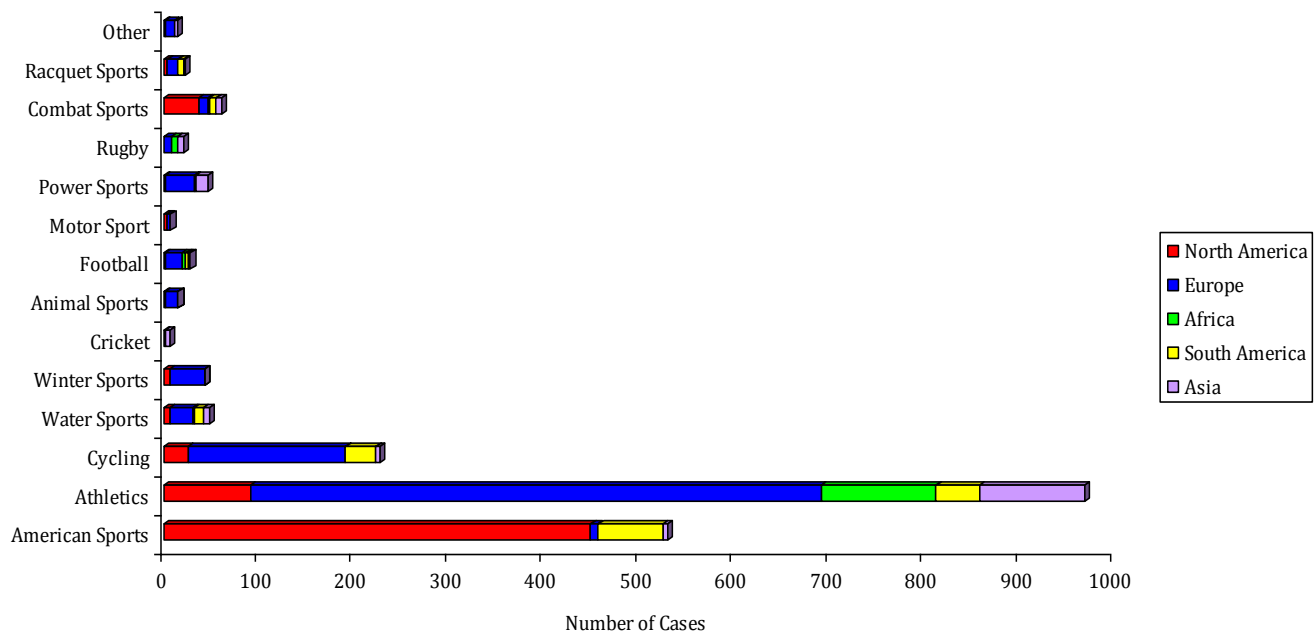
There is also a vast difference between the occurrences of these cases in different locations. Figure 3.4 demonstrates the number of doping cases by location between 2000 and 2010. From this, it is further evident that 2005 represents a peak in failed drugs tests (based on the cases recorded and analysed as part of this research), with only the Asian nations recording a slight drop in positive results.



**Figure 3.4:** Doping Cases by Geographic Area (2000-2010)

Figure 3.5 further highlights these geographic differences in positive drugs test by sport, thus providing a different perspective to the issue of doping in sport than Table 2 and Figure 3. It is obvious to state that North America is most affected by doping in American sports (i.e. baseball, American football, basketball and ice hockey) and that cycling cases would be more prevalent in Europe.

The extent of disparity between this data across locations is the astounding factor here, particularly in the sport of athletics. The vast majority of American sport cases in North America are from baseball, not surprising given the rather lenient attitude Major League Baseball has taken to the use of PEDs in the sport in recent years.



**Figure 3.5:** Doping Cases by Sport: A Comparison (2000-2010)

What is surprising, however, is the high prevalence of doping cases in minor league baseball, particularly those competing in the Dominican and Venezuelan Summer Leagues, compared to Major League players. The media has reported the fall of the big names in Major League Baseball – Alex Rodriguez, Roger Clemens, Mark McGwire to name a few – however, the majority of failed drugs tests come from the ‘farm’ system of the sport (teams that serve as training centres for many of the sport’s next stars or rehabilitation teams for injured players). There are a number of explanations as to why this might be the case including the fact that testing is more stringent in the Major Leagues so players may choose not to use banned substances or perhaps the education of players as to the dangers of using PEDs does not occur until they move up through the system and end up on the bench at a Major League game.

Proven cases of match-fixing in international sport, i.e. where a judicial judgement and/or a judgement by the sport’s governing body has determined that corruption has taken place, or where the

match-fixing has been admitted by a participating party and there is sufficiently robust evidence to support that claim, have been collated and analysed.

Cases have been recorded by the date (or earliest date in cases involving multiple years) when the proven instance of match-fixing occurred rather than by the date of any judgment (which can be some years later) as a more accurate reflection of the prevalence of this activity in any given year during 2000-2010. As a result, some cases, such as Cronje's lifetime match-fixing ban imposed in 2000, are not included in the list as the activity was deemed to have begun pre-2000 (1996 in this case). This has led to the exclusion of high-profile international cricket cases which predominantly took place in the 1990s, although the judgments and bans imposed may have taken place after 2000.

As with the analysis of doping in sport, data has been recorded by case (e.g. Calciopoli or the UEFA investigations into match fixing in football that have occurred in the last two or three years), from five general geographic locations – North America, South America, Europe, Africa and Asia – and then have been sub-divided by the type of match-fixing involved (betting-related and non-betting related).

**Figure 3.6:** Match Fixing Cases in International Sport (2000-2010)

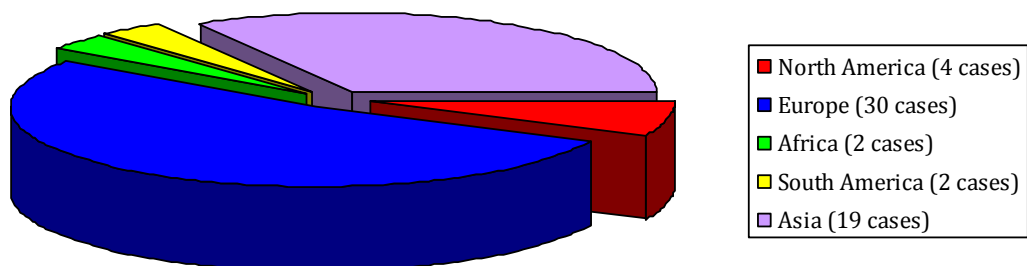
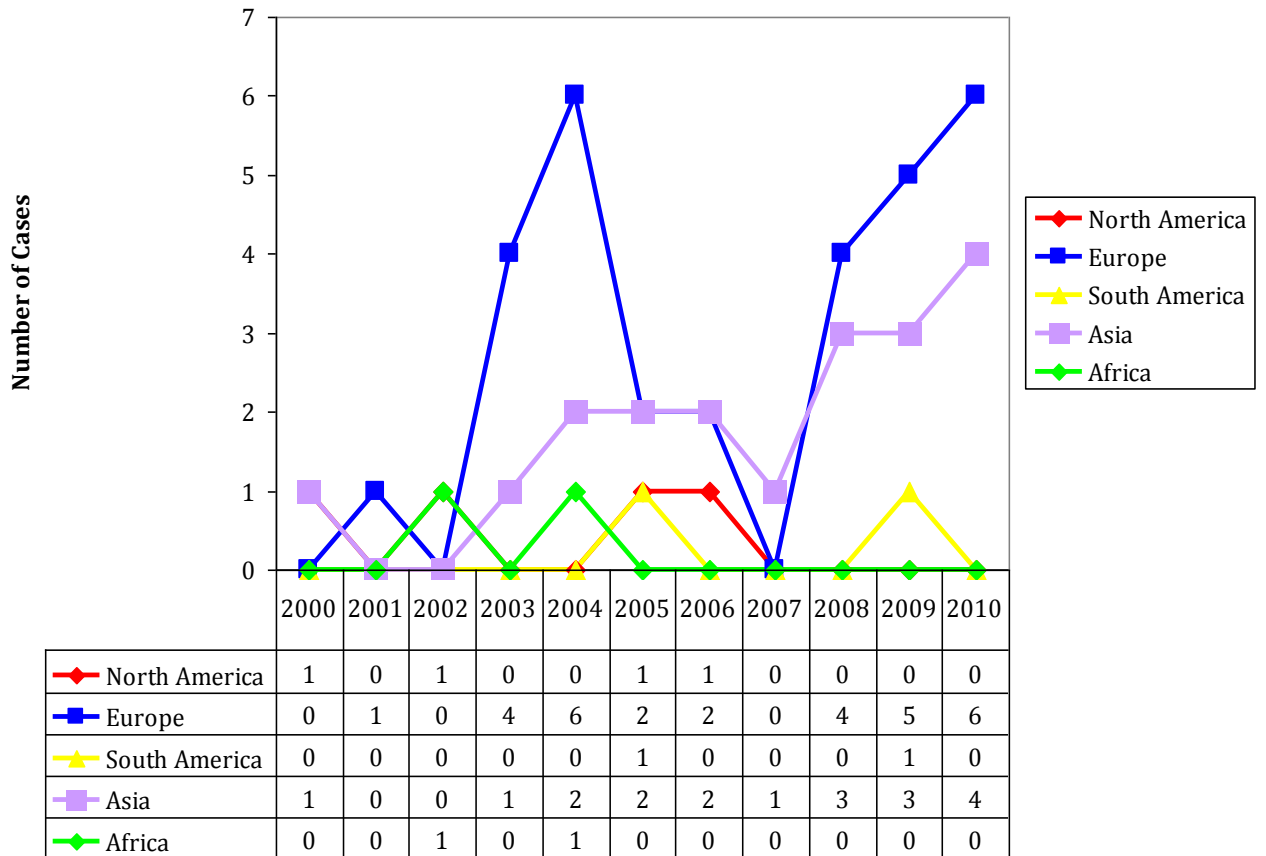


Figure 3.6 displays match-fixing cases in international sport by geographical area, with Europe, again, demonstrating the greatest number of incidences. Despite some of the most infamous cases occurring in North America, like the 1919 Chicago White Sox Scandal in baseball, only 7.02% of cases over the last eleven years have happened there. Asia has been affected significantly over the same time period, with major scandals affecting the sports of football and sumo wrestling.

Figure 3.7, which displays match-fixing cases in international sport by geographical area, identifies obvious issues in match-fixing in international sport. Europe (52.63%) and Asia (33.33%) account for 85.96% of match-fixing cases recorded in this research. This highlights some key concerns for not only the betting industry but also for the governing bodies of international sport. It is widely reported by some in the media that a substantial number of cases of match-fixing in Europe are being instigated by betting syndicates based in Asia

There is much debate about match-fixing in international sport and the potential impact of each case, with many contributors to the debate failing to recognise the different types of match-fixing that may occur. As previously discussed, two main types (betting and non-betting related) have been analysed. Whilst recognising the importance of betting-related and non-betting related match fixing, the authors felt it was important to also include cases of betting based on the misuse of inside information in this report as, ultimately, the betting industry loses money from this activity, just as in cases of match fixing. Betting related match-fixing and the misuse of inside information for betting purposes have also, therefore, been separately assessed. Figure 3.8 demonstrates the prevalence of these types of known match-fixing.



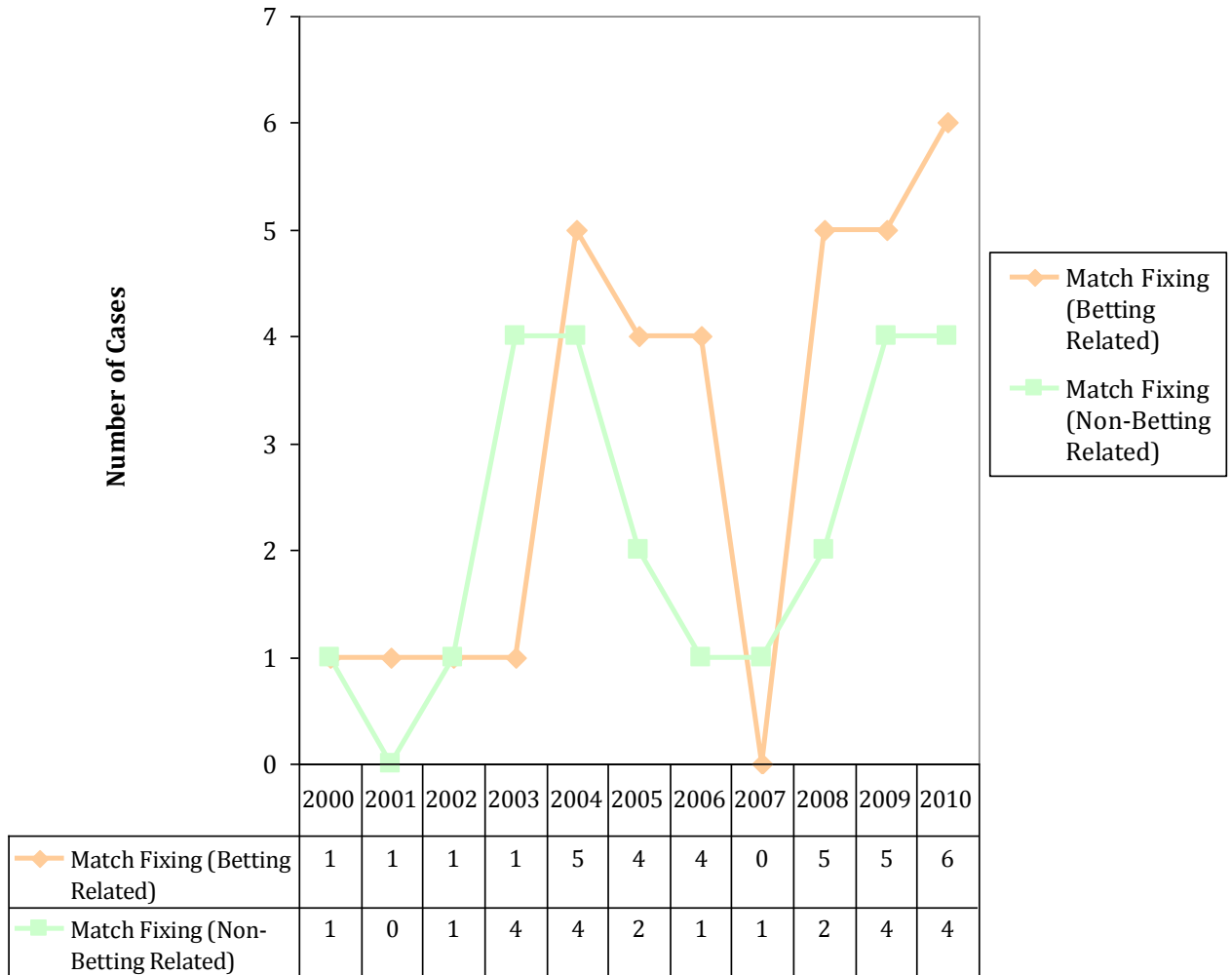
**Figure 3.7:** Match Fixing Cases by Geographical Area (2000-2010)

This data has implications for the licensed betting industry in that groups of individuals are actively trying to influence the results of sporting contests for material gain (i.e. to defraud licensed betting operators). The statistics show that 57.89% of known proven match-fixing cases in sport analysed for this research are betting-related cases, whilst 42.11% of cases analysed are non-betting related match-fixing.

It should, however, be noted that that licensed betting operators have sophisticated integrity mechanisms designed to detect irregular betting patterns linked to betting related match-fixing and to advise sports and regulatory bodies accordingly so that suitable action can be taken. No such mechanism exists to identify non-betting related match-fixing and so the figures in that area may be less accurate. In addition, whilst a smaller number of known non-

betting related match-fixing is apparent, there are some particularly high level instances recorded in sports like Formula One and in the

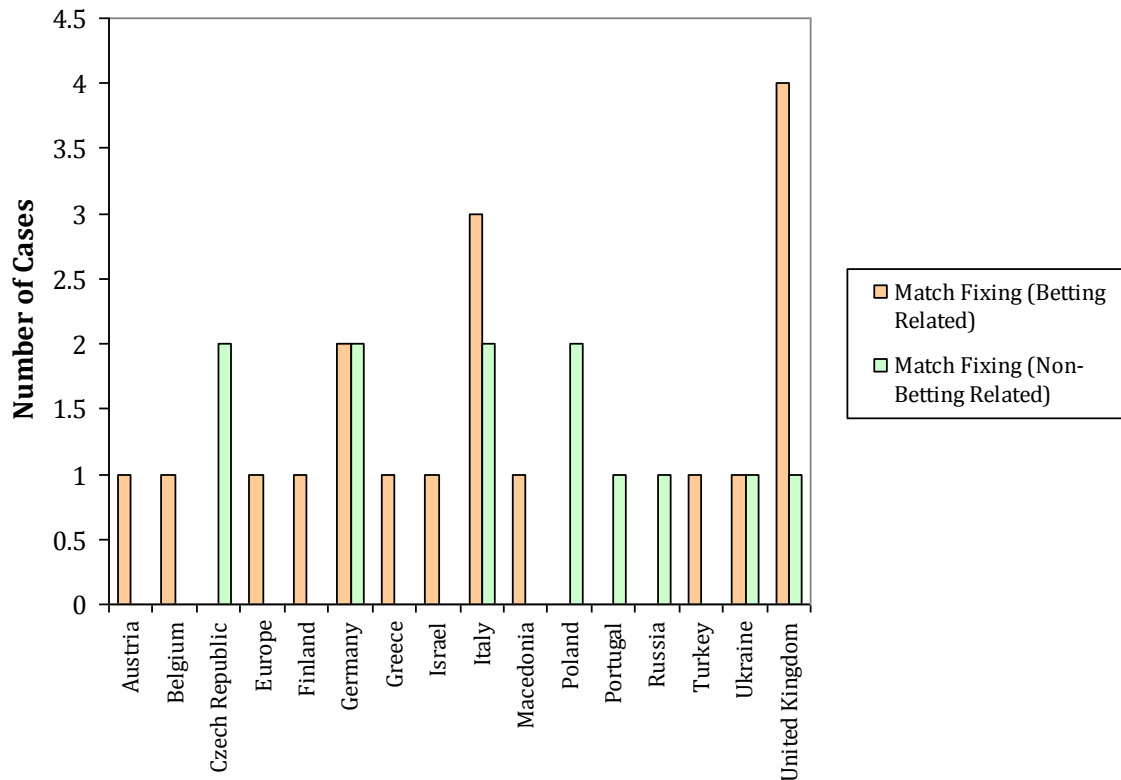
**Figure 3.8:** Match Fixing by Type (2000-2010)



highest competitive level of Italian football. The reason behind such activity is again most likely financial in that the rewards for a particular result are considerable. For example, ensuring promotion or qualification for major sporting competitions is reportedly worth tens of millions of Euros (UEFA distributed some €950m to teams participating in the 2009/2010 Champions League and Europa League competitions), and equally, significant losses ensue from relegation.



Building on the previous figure, figure 3.9 provides a breakdown of European countries that have been affected by match-fixing between 2000 and 2010, whilst highlighting the type of match fixing involved.



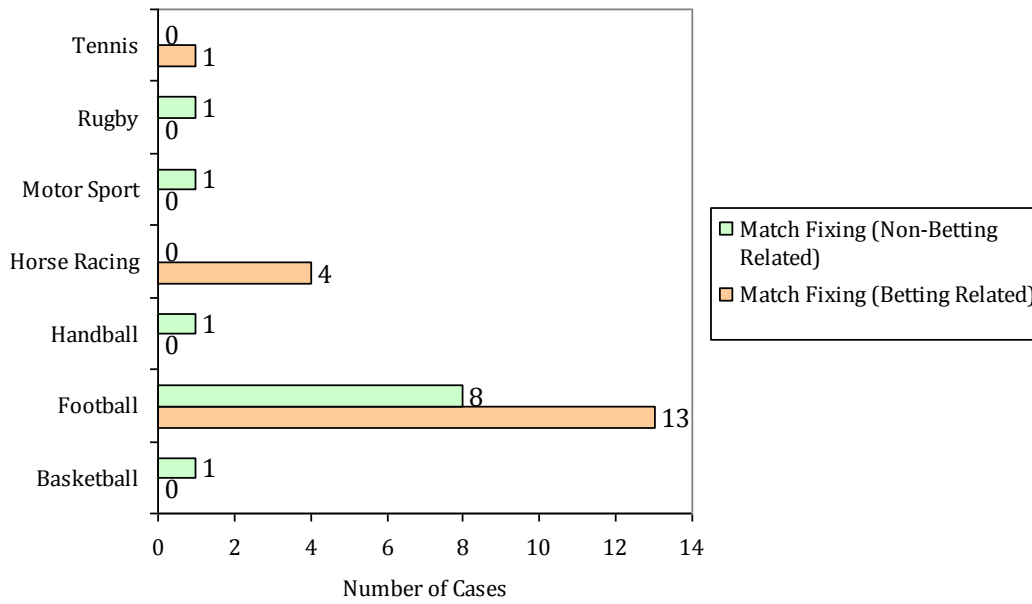
**Figure 3.9:** Match Fixing by Country in Europe (2000-2010)

The majority of cases (70%) that occurred in Europe over the given time period were in football (see figure 3.10).

Whilst it is of obvious importance to identify the types of sports being affected by match-fixing, it is also key to note at which level of sport these cases are affecting.

It should be noted that instances of betting related match-fixing have been recorded in the highest level of competitive sport in the past (for example, the Totonero affair in Italy in 1980, that involved Serie A and B clubs). Indeed, Serie A was the focus of betting related match-fixing in 2000 (at the time of writing, the 2010 incident

**Figure 3.10:** Match Fixing in Europe by Sport (2000-2010)



relates to a Serie B team) and non-betting in 2005/06 (Calciopoli). However, the majority of the betting related cases of match-fixing that have occurred in Europe during 2000-2010 have primarily affected what could be deemed as 'lower quality' sports and leagues. It may be that the material rewards involved, increasing media attention and security around Premiership footballers, for example, make it extremely difficult to influence Premiership players and officials. However, from the evidence, it appears that lower level leagues may be easier to access. Indeed, lower divisions in Germany (and thus a 'lower quality' league) have been influenced by gamblers; the case of referee Robert Hoyzer and the Croatian betting syndicate he worked for being one of the most known and recent examples. Most of the matches being investigated by UEFA in recent years, although many occurring in the Champions League competition, involved teams playing in these types of leagues and competitions.

Interestingly, the recent case of betting related match-fixing in Korean football, where the state-run gambling agency was targeted by corrupters, appears to be a prime example of the impact of

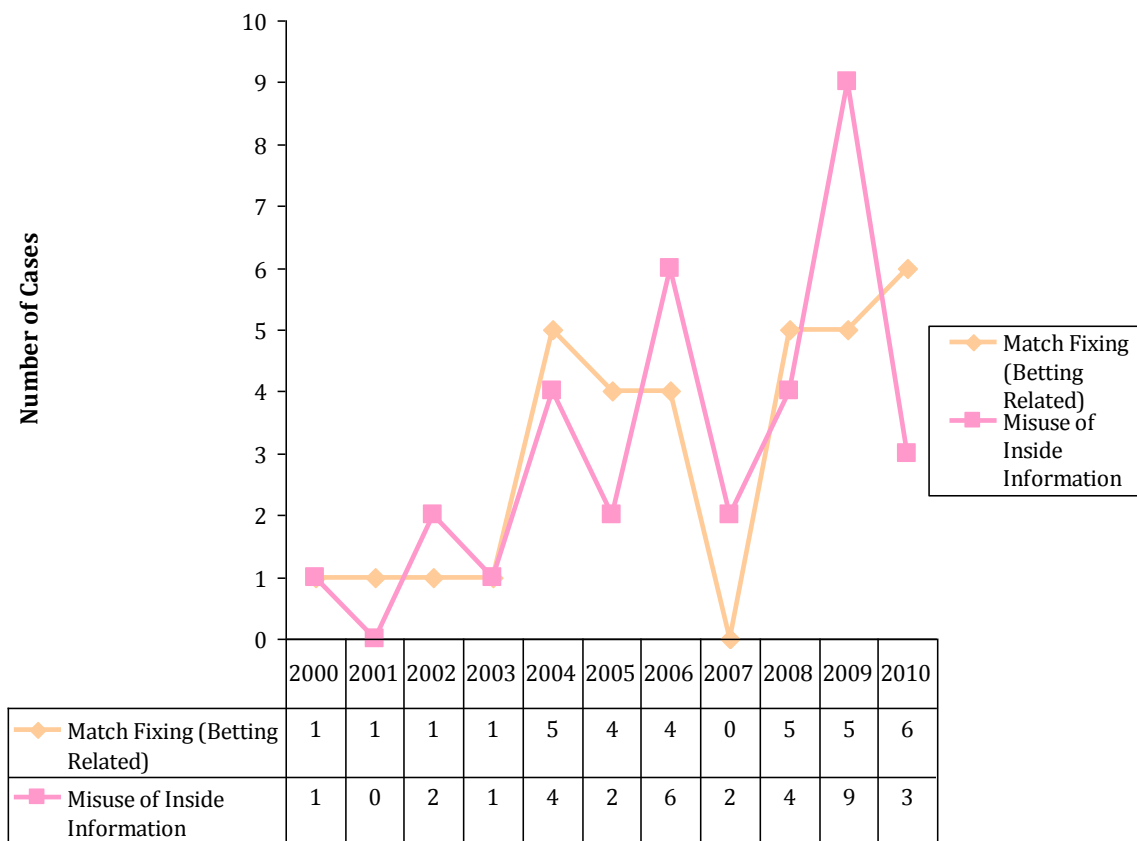
material rewards on players' actions in 'lower quality' competitions. In this example, K-league players were in some cases reportedly earning less than half of the national average income.

Although the Calciopoli scandal in Italian football (Serie A) in 2006 involved some of the biggest names in the sport (Juventus, AC Milan, Lazio, Fiorentina and Reggiana), matches were not fixed for betting purposes, and are thus a case of non-betting related match-fixing. Indeed, whilst it may be statistically more prevalent during 2000-2010, it should not be assumed that all match-fixing is betting related, nor that non-betting related match-fixing is, like other forms of corruption, a new phenomenon (for example Bernard Tapie and the Marseille match-fixing affair in 1993). As stated earlier, there is no clear form of detection system akin to WADA or the sophisticated technological integrity systems employed by European licensed betting operators to identify non-betting related match-fixing.

In addition to betting related match-fixing, there have been cases of betting by athletes or officials misusing 'inside information' to make substantial profits from betting operators and their consumers. As such, the author felt that it was important to provide a short analysis of all betting related cases in sport that affect the integrity of the events and the products offered by betting operators. Given the context of this research, cases of betting based on the misuse of 'inside information' have also therefore been collected. An example of a betting case based on the misuse of 'inside information' would be the case in rugby league in 2004 when St Helens players Sean Long and Martin Gleeson placed bets on their opponents to win an upcoming contest between the two teams, knowing that a weakened St Helens team would be competing in the match. In Europe, there have been two cases (both in the United Kingdom) where players, who were not playing in a particular match for their teams, knew team information (e.g. injuries and team sheets) to bet on their

teams to lose – this would not be classed as match-fixing as there is no evidence that they unfairly influenced the outcome of the sporting contest, however, they were able to undermine the integrity of the betting product by using their inside knowledge. Figure 3.11 demonstrates the prevalence of cases of betting related match-fixing and the misuse of ‘inside information’, both of which undermine the integrity of the sport and betting industries.

**Figure 3.11:** Betting Related Cases in Sport (2000-2010)



Betting related incidents (match-fixing and the misuse of inside information) account for 67 cases in the analysed time period (2000-2010) with 50.75% of these cases involving the misuse of inside information, whilst match-fixing for betting purposes accounted for 49.25% of this total. These cases involved players, owners, coaches and officials from across a range of sports and geographical

locations. Figure 3.12 displays betting related incidents by geographical area.

Europe (52.24%) and Asia (28.36%) account for 80.6% of betting related (match-fixing and the misuse of inside information) cases recorded in this research. It is also clear from the data collected that this type of activity is more prevalent in some sports more than others. Football and horse racing account for the majority of betting cases, with other sports such as tennis and rugby league (in the UK and Australia) also prominent.

**Figure 3.12:** Attempts to Defraud Betting Operators by Geographical Area (2000-2010)

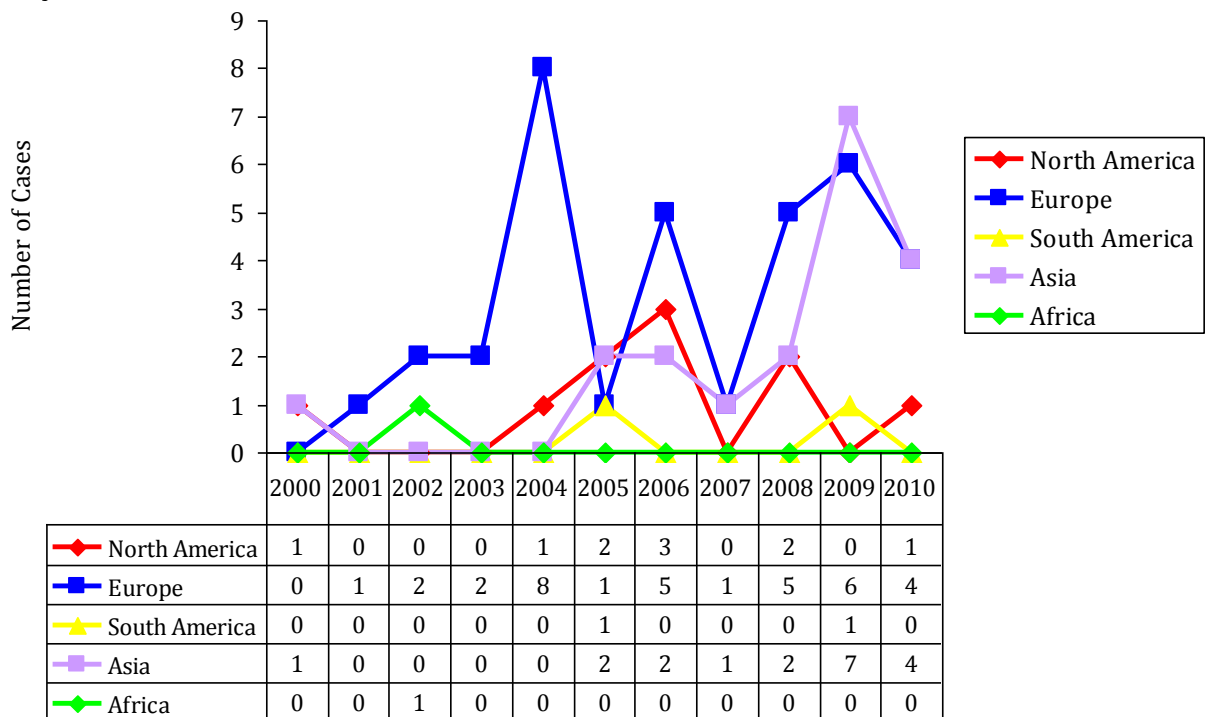
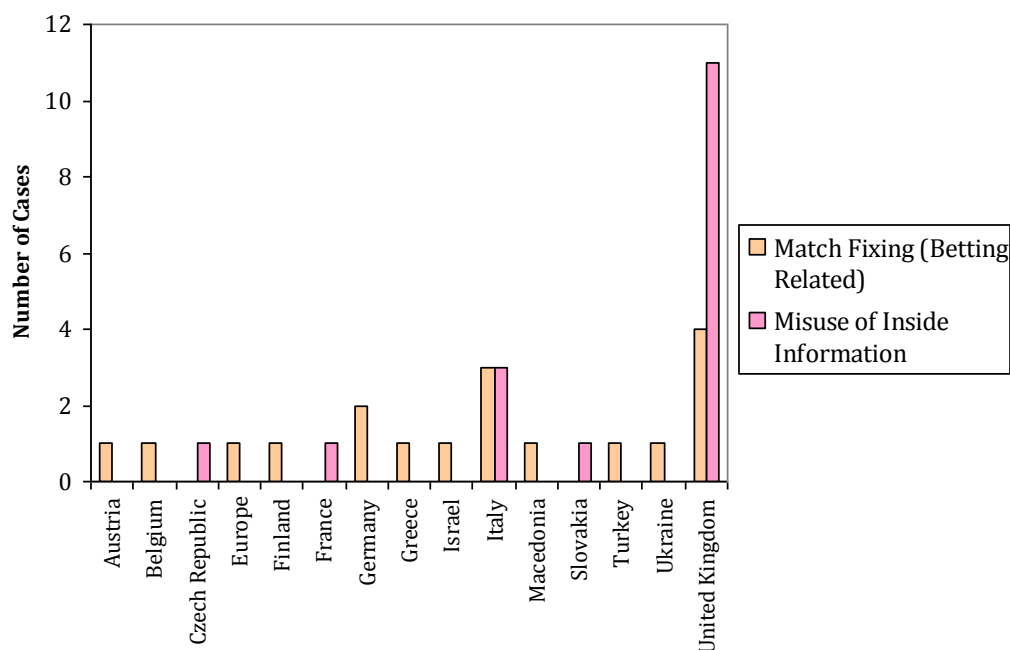


Figure 3.13 provides a breakdown of European countries that have been affected by attempts to defraud betting operators between 2000 and 2010, whilst highlighting the type of activity involved.

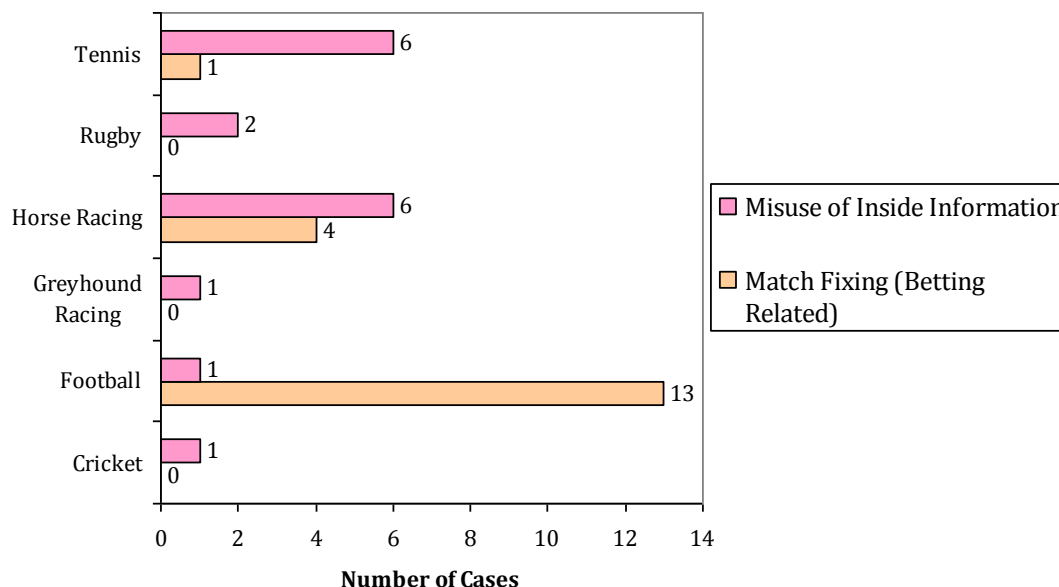
**Figure 3.13:** European Cases of Attempts to Defraud Betting Operators by Country (2000-2010)



Of these European cases (35), 68.57% of cases occurred in football (40%) and horse racing (28.57%). Within these figures, 17 cases were recorded in Europe, where inside information is misused to attempt to defraud betting operators. Horse racing (6) and tennis (6) account for 70.58% of these examples (see figure 3.14).

It is clear from the analysis of the database that corruption in sport, in all of its forms, poses a significant threat to the sport industry and the stakeholders within it. Different sports are affected by different types of corruption in a number of countries, with most, if not all, being affected particularly by the use of PEDs at some point in sporting history. The issue then becomes how these stakeholders are affected by corruption in sport, how they manage the impact of any corrupt activity on their own interests or investments and what decisions or responses they may make about their involvement in the sport industry.

**Figure 3.14:** European Cases of Attempts to Defraud Betting Operators by Sport (2000-2010)



### 3.4 Phase TWO: Preliminary Interviews with Sponsorship Professionals

Following the initial development and analysis of the database detailing cases of corruption in international sport, a second phase of the study was designed in order to gather perspectives as to the managerial implications of such activity for stakeholders in the sponsorship relationship. As discussed as part of the database analysis, the prevalence of corruption in sport is significant in many sports and in many countries. A series of semi-structured interviews with professionals in and around the sponsorship industry were conducted with the aim of exploring the views and opinions of these professionals so as to more significantly provide an analysis and understanding useful to both academia and sport management practitioners in the field.

Semi-structured interviews in social science research is becoming a widely accepted data collection technique in social science research (Gratton & Jones, 2004; Saunders et al, 2000; Bryman & Bell, 2003) as it allows the researcher to explore theoretical concepts in the existing literature and

examine the relevance and applicability of those concepts to 'real-world' scenarios or situations. In sponsorship literature, the use of semi-structured interviews has become a key aspect of data collection (Amis et al, 1997; Wilson et al, 2008). However, in the field of corruption, it has been widely suggested that a more contextual analysis of the issue is vital to the understanding of the antecedents and consequences of corrupt behaviour (Johnson, 2005; Kayes, 2006; Pinto et al, 2008) thus highlighting the need for a more qualitative-based study. This type of interview is often *"based on the knowledge of, and/or the assumption that, the respondents have had a particular experience they can elaborate upon"* (Edwards & Skinner, 2009: 107) and provides them with the opportunity to offer data *"from their own perspective"* (Gratton & Jones, 2004: 142), key when conducting idiographic, or inductive, research. The flexibility of this approach gives the researcher the opportunity to *"re-evaluate or re-design both the content and process of the interview programme, thus establishing content validity"* (Edwards & Skinner, 2009: 109) and responds to the answers given by the respondent by allowing for further questioning and embellishment. The aim of the each interview is to gather rich, detailed answers to the questions asked (Bryman, 2008).

As such, Saunders et al (2000: 243) suggest that:

*"in semi-structured interviews, the researcher will have a list of themes and questions to be covered, although these may vary from interview to interview. This means that you may omit some questions in particular interviews, given the specific organisational context which is encountered in relation to the research topic. The order of questions may also be varied, depending on the flow of the conversation.*

*On the other hand, additional questions may be required to explore your research question and objectives given the nature of events within particular organisations. The nature of the*



*questions and the ensuing discussion mean the data will be recorded by note taking, or perhaps by tape recording the conversation”*

In grounded theory methodology, the most commonly utilised, and according to Goulding (2002) the most realistic, type of interview is a semi-structured one. As previously stated, the potential to generate rich and detailed accounts of an individual's experience is a central tenet of grounded theory and, as such, an interview should be *“flexible enough to allow the discussion to lead into areas which may not have been considered prior to the interview, but which may be potentially relevant to the study”* (Goulding, 2002: 59). In order to generate such insight, Critical Incident Technique (CIT), as developed by Flanagan (1954), was identified as the primary means of data collection within these semi-structured interviews. Schurr (2007) suggests that CIT is relevant in the study of interaction episodes in business relationships – in this instance, the relationship between stakeholders in the management of sponsorship programmes – and argues that the fundamental idea of CIT is to *“identify the events that could cause an effective or an ineffective outcome”* (167). Moreover, the use of CIT has emerged as commonplace in studies based on a grounded theory approach in that it allows for the examination of research phenomena that have yet to be explored.

### **3.4.1 Using Critical Incident Technique in Interview Design**

CIT, first developed for use in healthcare research and in particular psychology, requires respondents to talk to the researcher about issues relevant to a study and not necessarily answer a series of set questions. In utilising CIT as a means of data collection, the researcher asks the respondent to detail personal views, opinions and in some cases experiences of a particular phenomena (Anderson & Nilsson, 1964; Wong & Sohal, 2003) that then forms the basis of informed inference by the researcher in to that phenomena. This

inference is then subject to validation through further analysis (Bitner et al, 1990; Callan, 1998). This is of particular importance given the potential bias that could be introduced by using this method in that the researcher is relying on respondent accounts of their experiences that may be tainted by outside influence or simply by the passage of time. Memories of recent incidents or experiences are much easier to recall thus meaning that a more longitudinal focus may be difficult to achieve or key information will be missed. Also, the questions asked and the analysis of the data collected are potential sources of bias – by conducting this preliminary phase of interviews with professionals in and around the sponsorship industry ensures that the schedule developed for later stages of data collection (phase FOUR) are based on not only the themes identified by the researcher in this earlier phase but also grounded in both theory and the views and opinions of these respondents.

One of the most significant benefits of using CIT is the usefulness of the technique in discussing issues where the cause or severity of an event or incident is not known, again key in the context of this study. Due to the lack of empirical and contextual research in this area of study, the use of a technique that ascribes to the concept of ‘tabula rasa’ – a clean slate – that is identified as crucial in the use of a grounded theory approach is of obvious advantage (Glaser & Strauss, 1967).

### **3.4.2 Sampling Considerations**

In order to ensure the value of this phase of the study, as previously highlighted, theoretical sampling – a key tenet of grounded theory – has been utilised throughout the interview phases of this research. Strauss & Corbin (1998) describe theoretical sampling as *“a means to maximise opportunities to discover variations among concepts and to densify categories in terms of their properties and dimensions”*

(201) whilst Breckenridge & Jones (2009) suggest that theoretical sampling is *“intertwined inextricably with the abstraction of description into theory and is crucial to discovering and refining categories and their properties and suggesting relationships between concepts”* (122). Moreover, the sound application of theoretical sampling has been endorsed as the most significant means by which to achieve the full potential of a study adopting a grounded theory approach. The selection of participants, or respondents, will change as the theoretical needs of the study develop over time. This is reliant on the use of constant comparison, another of the key issues in grounded theory. Tan (2010) states that *“the researcher needs to continually move back and forth between data collection, coding and categorising, refining and interconnecting, through additional data collection until he/she reaches theoretical saturation”* (106), a view supported by Fendt & Sachs (2008). It may be assumed that by achieving theoretical saturation a researcher has gathered all of the possible data and therefore ‘knows everything’. This, however, is not the case. Breckenridge & Jones (2009) suggest that theoretical saturation need not signal complete coverage, but rather indicates a process of the systematic focusing and narrowing of data collection in the service of the development of theory. In its simplest form, theoretical sampling allows the researcher the flexibility to target particular respondents to ensure the data collected provides the rich, contextual dialogue that a grounded theory approach demands. Again, this is key in a study that is aiming to begin to address the paucity of academic literature in the field of corruption in sport and its impact on the management of sponsorship programmes.

Given the highly controversial nature of the area of study and the limited extant literature, the targeting of potential respondents was crucial in the undertaking of this research. The need to ensure that the study in its entirety contributed to and extended current understanding led to the use of purposive sampling where,

according to Bryman (2008), "*the researcher samples on the basis of wanting to interview people who are relevant to the research question*" (458) and is defined by Breckenridge & Jones (2009) as the selection of participants with shared knowledge or experience of the area identified by the researcher as of primary interest.

Respondents were targeted based on their knowledge and experience of the sponsorship industry, with the aim of contributing to the development of later phases of the research process involved in this study. More specifically, by exploring the views and opinions of these professionals, the interviews begin to build a contextual understanding of the implications of corruption in sport for the management of sponsorship programmes. Even so far as the development and proposition of a new definition of corruption in sport, as presented in section 2.5.3, the interviews conducted in this phase of the research process ensure that the study is grounded in the practicality of managing sponsorship programmes. The ongoing analysis of the database of cases of corruption in sport, although not an exhaustive representation of the number of cases of corrupt behaviour that occur in sport, indicated that stakeholders within the sport industry should be aware of the implications of that behaviour due to the sheer number of instances collated. These preliminary interviews provided the opportunity to speak to professionals working in sponsorship to try to ascertain whether these implications were acknowledged, understood, considered and to a certain extent, measured. The reality of the situation may be that sponsors have absolutely no appreciation as to the prevalence of this kind of behaviour by those responsible for the outcome of a sporting contest. This in itself could be incredibly detrimental to the success of a sponsorship agreement if a sponsor isn't aware of one of the most fundamental risks of being associated with athletes, teams, sports or events. Again, these preliminary interviews allowed the researcher to begin to formulate an understanding of the issues facing sponsors in the sport industry, whilst ensuring that the

interview schedule designed for the later phase of this research (phase FOUR) asked the most important and most relevant questions in order to not only meet the aims and objectives of this study and to subsequently answer the research question set, but also to ensure the practical applicability of the research findings.

In total, six preliminary interviews were conducted, with representatives from sponsors, marketing agencies and sponsorship management associations (see table 3.4 for a breakdown of interview respondents and their role in sponsorship) included. In an effort to ensure significant contributions to the later phase of the research process, data collection continued until the possibility of gaining new insight was exhausted and the continued recruitment of participants offered minimal return.

### **3.4.3 Data Collection & Analysis**

In designing the interview schedule for this phase of the research, four key issues were identified that warranted the focus of discussion with respondents. The critical review and synthesis of academic literature in the area of corruption and the much smaller extant literature in corruption in sport, led to the development of a new definition of behaviour that constitutes the focus of this study (presented in section 2.5.3). The first key issue identified for analysis in these preliminary interviews was both the practicality of this new definition and if the respondents even viewed it as a viable means by which to describe this type of behaviour. Second, the issue of whether those working in the sponsorship industry were aware of the prevalence or frequency of this type of behaviour in sporting competition or indeed the threats posed by this type of behaviour warranted investigation. Third, the nature of sponsorship, whether transactional or relational in definition, and the benefits thereof, as well as the reasons for entering into such type of arrangement, were

deemed fundamental to the understanding of sponsorship as an issue. The perceived impact of corruption in sport on sponsorship, the fourth key issue to be investigated, was crucial given the context of this study. This final issue is of particular importance – if the respondents in this phase of the research process, given their knowledge of and experience in the sponsorship industry, did not recognise this potential impact as important in the understanding of sponsorship, then the future direction of this study may have been placed in doubt.

Questions included ‘What kind of threat, if any, do you think corruption in sport poses to the sport industry?’ and ‘What would you do if you were a sponsor of sport and the athlete/team (both on- and off-field teams) you were associated with became embroiled in a corruption scandal?’ to gather the opinions and experiences of respondents as to the prevalence of corruption in sport and the implications of such behaviour for sponsors.

**Table 3.4:** Phase TWO Respondents

<b>Respondent</b>	<b>Role in the Sponsorship Industry</b>
PR1	Chairperson of Sponsorship Association
PR2	CEO of Sponsorship Consultancy
PR3	Owner, Marketing Research and Publishing Company
PR4	VP, Sponsorship Consultancy
PR5	Vice-Chairman, Sponsorship Consultancy
PR6	Marketing Director, International Sponsor

Also created were a number of follow up questions (or prompts) specific to the expertise of each respondent to ensure the collection of significant and relevant data (see appendix B for a complete interview schedule, including follow up questions and prompts). Kvale (2007) identifies these follow-up questions as ‘second questions’, where the “*interviewer needs to learn to listen to what you*

*said and how it is said*" (63) to ensure that clarification is sought when required from the respondent and vital information is gathered, whereas Hennink et al (2011) suggest the term 'topical probes' as a tool in interviews to remind the interviewer of the purpose of the question, etc. These probes may not be used in each interview; it is dependent on the information shared by the interviewee and whether these probes or second questions are deemed necessary.

Interviews were conducted between July and November 2009, and ranged between 30 and 60 minutes in duration. Conducted over the telephone, these interviews were recorded, with the appropriate approval gained from each respondent, transcribed and analysed using the recommended dynamic and fluid coding procedure (Strauss & Corbin, 1998), in grounded theory of open, axial, and selective coding. The researcher supplemented this analysis through the use of memos during the data collection phase that aided in the development of these codes. These preliminary interviews were analysed without the use of any specialist software allowing for the researcher to reconcile the data collected with the memos taken during the interview process and to recognise key codes in this data earlier in the process of analysis. It became imperative that the researcher undertook this coding process soon after the interviews had taken place to ensure key data, content and/or intonation was not lost. These codes were enhanced through the process of inter-coder reliability.

Primarily due to the international focus of such a study and the potentially contentious nature of one of the central issues of this research, that of corruption in sport, it was deemed most beneficial to conduct these interviews via the telephone. This afforded the researcher the opportunity to target respondents outside of the geographical area of the United Kingdom, thus reflecting the

international size and scope of the sport industry. Moreover, this type of communication mechanism is recognised to reduce the potential bias that may influence any study as a result of using interviews as a method of data collection. According to Neuman (2000:273), *“the appearance, tone of voice, question wording, and so forth of the interviewer may affect the respondent”*, thus potentially impacting upon the answers given. The respondent may alter their answers to questions based on what they assume the interviewer would like to hear or may react to the intricacies of human interaction. The utilisation of telephone interviews, therefore, enabled the researcher to gain more significant access to respondents and ensured open conversations.

Upon the completion of each interview, the recording was transcribed and each respondent given an alphanumeric label in order to ensure the anonymity of respondents in the presentation of findings. In this phase of the research process, each respondent was given the designation ‘PR’ (preliminary respondent) and then numbered 1 to 6 – these alphanumeric labels can be seen in table 3.4. After transcription, the data collected was analysed, or coded, to begin to develop a greater understanding of the identified issues, to build a series of codes that future data collected can be included and to ensure that the next interview enhanced the findings of the previous one.

A code is identified by Saldana (2009) as *“most often a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data”* (3). It is here that the debate about both inductive and deductive research approaches being important components of one study utilising a grounded theory methodological design is supported. In the first instance, the researcher approaches the coding of data with a set of codes in mind, originating from the topics



or issues in the interview guides, thus representing deductive codes. Inductive codes then come directly from the analysis of the data (Hennink et al, 2011). The manual coding of the data gathered from these preliminary interviews involved the use of a multilevel grounded theory coding procedure. The first, open coding, identified statements relating to the research question and, in conjunction with the findings of the review and synthesis of relevant literature (chapter two) and the analysis of the database of cases of corruption in sport (section 3.3), and organised these statements under appropriate codes. The second stage of coding, axial coding, involves the reframing of these codes based on a clearer understanding of the data being analysed. By re-reading the qualitative data in light of these identified codes, the researcher seeks to strengthen and refine the concepts observed (Gibbs, 2008) leading to the potential clustering of these codes by recognising relationships between them, leading to categorisation of these concepts. Saunders et al (2000) state that in the process of axial coding *“as relationships between categories are recognised, they are rearranged into a hierarchical form with the emergence of subcategories”* (398), further suggesting that this process gives the researcher the opportunity to begin to explore and explain phenomena in context. Goulding (2001: 26) states that *“concepts are a progression from merely describing what is happening in the data to explaining the relationship between and across incidents”*.

The final stage, selective coding, is *“intended to identify one of these principal categories, which becomes known as the central or core category, in order to relate other categories to this with the intention of integrating the research and developing a grounded theory”* (Strauss & Corbin, 1998; in Saunders et al, 2000: 398). The emphasis in this stage is the recognition and development of relationships between principal categories, acknowledging their importance to the development of theory.

#### 3.4.4 Findings

Fundamental to this study is the development of a definition of corruption in sport that encompasses all of the behaviours recognised by Maennig (2005) as forms of competition corruption as well as the addition of doping to this characterization. As previously discussed, Maennig (2005) does not acknowledge doping as a form of corruption, arguing that corrupt activity involves behaviour that prevents an athlete from performing to the best of their ability, whereas the use of PEDs leads to what he calls a 'super-performance' by an athlete and is an activity undertaken by that individual athlete. In developing the definition presented in section 2.5.3, whilst agreeing with Maennig's (2005) distinction between competition and management corruption in sport, the researcher saw the omission of doping as a form of competition corruption as unfounded. The difference between cheating to lose (e.g. match fixing) and cheating to win (i.e. the use of PEDs) is acknowledged, however it is the suggestion that because no money changes hands doping is not a form of corruption is difficult to reconcile. Unless athletes are developing their own substances, then the argument here is that the athlete, or indeed a coach on their behalf (either with or without their knowledge), is purchasing these substances from laboratories or suppliers meaning that there is an exchange of funds. Moreover, if an athlete is using PEDs and is successful on the international sporting stage, they might attract greater sponsorship and endorsement revenue and greater appearance fees, thus further supporting the argument that money does in fact change hands. The reason why this discussion as to the inclusion of doping in a definition of corruption in sport is presented here in this study is the fact that these preliminary interviews gave the researcher the opportunity to establish if this view is held by others.

Interestingly, when asked the question ‘is there any type of ‘behaviour’ or ‘activity’ in sport that you would call corruption?’, respondents acknowledged doping, match fixing and associated behaviours as deviant but when using the term ‘corruption’ they tended to highlight those activities more traditionally seen as corrupt in wider research and media. These activities included such that would fall within the parameters of definitions of corruption including ‘the misuse of private authority for personal gain’ and involving primarily the misuse of funds. For example, PR4 suggested that *“the mis-selling, or misrepresentation of sponsorship rights and benefits”* constituted corruption in sport.

PR5 *“You can take a narrow definition of corruption, or a very broad definition of corruption... in a narrow definition of corruption for me would be around, what I would call fraudulent behaviour such match fixing or misappropriation of funds so very much focused on the commercial elements of sport... a broader definition could include on pitch behaviour, the use of PEDs and so on”*

PR3 *“It influences the outcome of a sporting event through non-sporting means”*

PR6 *“The principle of sport is that it is a fair and even contest”*

Respondents were asked to provide what they would consider to be an appropriate definition of corruption in sport in order to ascertain whether the analysis and interpretation of extant literature conducted by the researcher had led to the development of such a definition. It also allowed the researcher to confirm the parameters of a newly proposed definition ensuring it included all possible types of what had been defined by Maennig (2005) as competition corruption.

- PR5 *“Corruption in sport is any activity that undermines the financial stability and interferes with the normal financial transactions, both directly and indirectly associated with the sport in question”*
- PR1 *“Corruption in sport is anything that is taking away from the fairness and the straightforwardness of sport that is detracting from its image, and indeed the reality that sport is man's achievement”*
- PR6 *“Corruption in sport is the illegal influencing the outcome of an individual sport or event”*
- PR2 *“For me corruption has to involve the sort of determination of an outcome that isn't governed by the normal rules of the game as a result of financial inducement, one way or another”*
- PR6 *“I think the use of PED is should absolutely be seen as corruption and the use of social drugs just stupid, like everyone else”*

Whilst it is clear from the data presented in section 3.3 that corruption in sport affects a high number of sports, the majority of respondents in this phase of the research did not see it as an important issue in international sport management.

- PR2 *“I don't know how much of an issue these things are”*
- PR1 *“I'm not so sure it is such an issue, and I don't think I would describe it as an issue”*
- PR6 *“I think the threat posed by corruption in sport at the moment is fairly small”*

PR5 *“It poses the same kind of threat, as it would do in any other industry”*

PR2 *“I don't know that it does present a threat to the sport industry... the industry is learning to deal with it... the public are much more tolerant of corruption in sport than, for instance, corruption in business ... so I don't see it as a threat to be honest”*

It could be argued that these views are worrying, especially given the level of investment that sponsors are now ploughing in to the sport industry. It could also be the case that these professionals did not truly appreciate the scope of the problem – if these responses had been gathered in the later stages of this study, it would have questioned the aim of this research in the first place.

The pressures for victory in sport and the associated financial reward of being successful means that, to a certain extent, athletes may be forced in to a position where cheating is seen as the only means by which to succeed.

PR3 *“There is certainly a lot more money at stake than ever before... therefore, there is a pressure on the athlete”*

PR5 *“I think the temptation is greater because the potential upside of getting away with it is so much bigger”*

Respondents also discussed the potential motives for organisations to target a global audience through the prism of sport sponsorship, suggesting that the reach and popularity of sport provides access to individuals who may otherwise be difficult to reach. Also, the importance of a relationship between sponsor and rights holders

was highlighted, suggesting that in the real world of sponsorship management sponsorship had moved away from the previously held view of a transaction between partners (Thwaites, 1994).

PR3 *“Sponsorship provides a platform for the sponsor to do a whole range of activities, depending on what their objectives are”*

PR1 *“I think there is very little sponsorship that goes on now that is just transactional”*

PR5 *“I believe sponsorship is very much a relationship building process and the dynamic relationship building process”*

PR6 *“I think the most important benefit in sponsorship terms is association... So the value of a particular team individual or sport is very much part of the relationship with the sponsor”*

PR2 *“I don't think you can possibly say sponsorship is transactional”*

PR1 *“Sponsors invest in sport because it represents some ideals that they want to associate their brands with”*

Despite these views that corruption may not be an issue in sport, respondents did indicate that if a sponsor was affected by a case of this type of behaviour, the level of impact would vary depending on the individual characteristics of the case, a theme reflected later on in this study.

PR3 *“You really do have to judge on an individual basis... a case-by-case basis”*

- PR5 *“It will have a negative impact on the various other parties directly involved in sport and may have a knock-on effect indirectly to other parties like sponsors”*
- PR3 *“It depends on the level of corruption and the extent in terms of the number of people involved”*
- PR2 *“It would depend very much on what the scandal was”*
- PR6 *“The response of the sponsor will very much depend on the individual case”*

Respondents were also asked to discuss the role of the media in heightening the awareness of and potential impact of corruption in sport, with some suggesting that *“the media plays a huge role in amplifying any type of corruption and occasionally amplifies it way beyond the actual relative size of the misdemeanour”* (PR5). This represents a significant issue for not only sponsors but also rights holders – with the media looking for *“good copy that sells newspapers”* (PR5), any scandal, case or management decision by those responsible for the governance of sport is magnified, meaning that there is absolutely no place to hide.

- PR6 *“There has to be a major focus on the management of this type of behaviour by rights holders to ensure that it is treated seriously and controlled before it is allowed to get out of hand”*
- PR1 *“There have been more instances of corruption in sport, which of course is concerning, but I think there is been quite a lot of work done to prevent it spreading anymore”*

Crucially, some respondents highlighted that, in some circumstances, governing bodies may be reluctant to deal with the threats posed by corruption in sport. This is primarily due to the financial status of

sport and the benefits of large audiences, which in turn lead to greater television rights deals and sponsorship agreements, which again increases the audience size. This perpetuating cycle of growth can be completely undermined by corruption in sport, yet there is still an element of reticence acknowledged by respondents.

PR3 *“The way in which the governing body dealt with Crashgate could indicate that if there is a bit of money or power at stake then the argument could be that ‘we are not going to come down to hard on corruption because it could cause us to lose one of the top teams...’ Where has the integrity of Formula One gone after that?”*

These preliminary interviews highlighted some of the key issues that this study needed to address, particularly in terms of establishing the impact of corruption in sport for sponsors and attempting to address the apparent ‘it depends’ mentality. The construction of the definition of corruption in sport, presented in section 2.5.3, upon which this study is based, has been corroborated by respondents in this phase of the research process and the key issue of the inclusion of doping as a form of sporting transgression has also been agreed. In order to further address the aims and objectives of this study, the remaining phases of this research process will seek to evaluate these issues in more detail.

### **3.5 Phase THREE: Case Study Design**

*“The results of a qualitative research study are most effectively presented within a rich narrative, sometimes referred to as a case study”*

Maykut & Morehouse (1994: 47)



It is accepted in academic literature that case studies provide the field of management with some of its most groundbreaking insights (Gibbert & Ruigrok, 2010) and are of particular use in the development of contextual understanding. Dooley (2002: 335) states that *“case study research emphasizes detailed contextual analysis of a limited number of events or conditions and their relationships”* whilst Gibbert et al (2008) suggest that *“a key difference with other research methods is that case studies seek to study phenomena in their contexts, rather than independent of context”* (1466). Importantly, given both the context of this study and the philosophical decisions that have been made directing the methodological design of this research, Edwards & Skinner (2009) state that *“the case study is a frequently used research and reporting tool of the sport management researcher, and grounded theory works to enhance the strengths of the case study”* (346). These strengths include the *“generation of an intensive, detailed examination of a case”* (Bryman, 2008: 53) instance, or event. Gratton & Jones (2004) suggest that the use of a case study research design is based upon the argument that *“understanding human activity requires analysis of both its development over time, and the environment and context within which the activity occurs”* (97). In a research area that is recognised to be limited at best, employing a methodology that incorporates case studies can only bring value to the anticipated findings of the study. This view is supported by Siggelkow (2007) who suggests that *“if only limited theoretical knowledge exists concerning a particular phenomenon, an inductive research strategy that lets theory emerge from the data can be a valuable starting point”* (21).

The decision to employ a case study design in this research is based on the desire to create or advance the conceptualisation and operationalisations of a theory (Dooley, 2002). This, as a component of a grounded theory approach, ensures that the developed theory will be grounded in data and operationalised in such a way to provide a rich and detailed contextual background.

Gilgun (1994) suggests that *“case studies are idiographic, meaning a single unit is studied, multiple variables are investigated, and generalising is analytic rather than statistical and probabilistic”* (372), or, in other words, based on what is probably true. Although it is argued by critics of case study design that the findings of such research lacks generalisability beyond the parameters of a given study, Edwards & Skinner (2009) argue that generalisation to a wider population is not the primary aim of this type of research design but *“the case study may have applicability to other cases or persons in similar situations or sports organisations”* (214) and, therefore, *“findings extracted from a single case are tested for their fit with other cases and with patterns predicted by theory or with previous research and theory”* (Gilgun, 1994: 372). This process of what could be seen as constant comparison is the basis for analytic generalisation whereby a researcher attempts to link findings from one case to a theory. In a study utilising a case study design, within the parameters of grounded theory, attempts to use these case studies as the foundation upon which theory development occurs. Gibbert & Ruigrok (2010) recognise that, in academic research, theories developed from a case study research design are among the most impactful in the academic community, and whilst critics often question the academic rigour of case studies, *“the evidence from multiple cases is often considered more compelling, and the overall study is therefore regarded as being more robust”* (Herriot & Firestone, 1983; in Yin, 2009: 53). Thacher (2006) suggests that case study research is *“a central part of social science analysis and its contributions to causal explanations and interpretive understanding are well known”* (1669).

### **3.5.1 Validity in Case Study Design**

*“Case study research, like all other forms of research, must be concerned with issues such as methodological rigor, validity and reliability”*

Dooley (2002: 338)

There are three types of validity that have to be considered in any research project – construct validity which refers to “*the extent to which a procedure leads to an accurate observation of reality*” (Gibbert & Ruigrok, 2010: 712); internal validity, referring to the recognition of causal relationships between variables and the discovered results; and external validity, also known as generalisability. The extent to which each is measured within a study can determine the academic value of the research to the field.

Construct validity is achieved through the use of two main strategies; firstly, by triangulation, which has a number of forms. According to Denzin (1970; in Flick, 2007), there are four main types of triangulation method – data triangulation, where the researcher uses different sources of data; investigator triangulation, where a number of researchers take part in a study to reveal and subsequently minimise the bias that may be introduced by one researcher; theory triangulation, where different theories utilised to explain the same phenomenon; and methodological triangulation. This view is not without its critics however. Fielding & Fielding (1986; in Flick, 2007: 46) suggest that “*there is a case for triangulation, but not the one Denzin makes. We should combine theories and methods carefully and purposefully with the intention of adding threats or depth to our analysis, but not for the purpose of pursuing ‘objective’ truth*”. Flick (2007) then argues that whilst triangulation still contributes to the grounding of data, the researcher should be more focused on the comprehensiveness of the issues that are being studied. The second strategy suggested to achieve construct validity is the explicit detail of the data collection process is undertaken in a study which allows for replication. The purpose of this chapter of this study is to describe and justify each phase of the methodological design, allowing not only for the process to be scrutinised, but also if desired the replication of the study.

By ensuring the incorporation and analysis of all data collected, the researcher aims to achieve internal validity. Through the use of constant comparison, another of the central tenets of grounded theory, the researcher should avoid what Silverman (2005; in Gibbert & Ruigrok, 2010) refers to as 'anecdotalism', a few well chosen examples designed to illustrate a particular point. It is also important to incorporate the analysis of what might be deemed deviant cases that do not necessarily fit within a proposed theoretical framework. Within a grounded theory approach, however, these deviant cases shouldn't necessarily exist because their results would have been incorporated into the proposed theoretical framework as, by utilising the constant comparative method, further cases would have been sought to evaluate the extent to which one particular case may be the exception to the norm.

The final source of validity that is important in academia is that of external validity, also known as generalisability. As previously discussed, the perceived lack of generalisability of studies employing a qualitative research methodology is a widely held criticism outside of social sciences. Over time, however, this view is beginning to change as researchers distinguish between two forms of generalisability. Firstly, the more traditionally held view of statistical generalisation refers to generalisation from data or observations about a given population. The second form of generalisation, which is particularly relevant in this study, analytic generalisation, the process of generalising from empirical observations to theory, as opposed to a wider population. This development of theory, grounded in both the extant literature and the analysis of data collected throughout the research process, assures this form of generalisability.

It is important to note, however, that these forms of validity do not happen in isolation and a researcher cannot claim validity of a

research project if all three types of validity are not achieved. Gibbert & Ruigrok (2010) suggest that without construct and internal validity, external validity cannot be achieved. Gibbert et al (2008) further state that *“there is a hierarchical relationship of validity types, with construct and internal validity acting as ‘conditio sine qua non’ (or a prerequisite) for external validity”* (1468).

The reliability of the research project is also a key concern for researchers. The transparency of the research process, which subsequently allows for replication of the process, increases this reliability.

*“Reliability can be addressed by using standardised methods for taking down field notes and transcribing interviews and by having peers review the data analysis”*

Angen (2000: 382)

In this study, this process of data collection and analysis has been detailed, including the recording and transcription of both the preliminary and final stage semi-structured interviews as well as the inter-coder reliability checks that have been conducted.

### **3.5.2 Multiple-Embedded Case Studies**

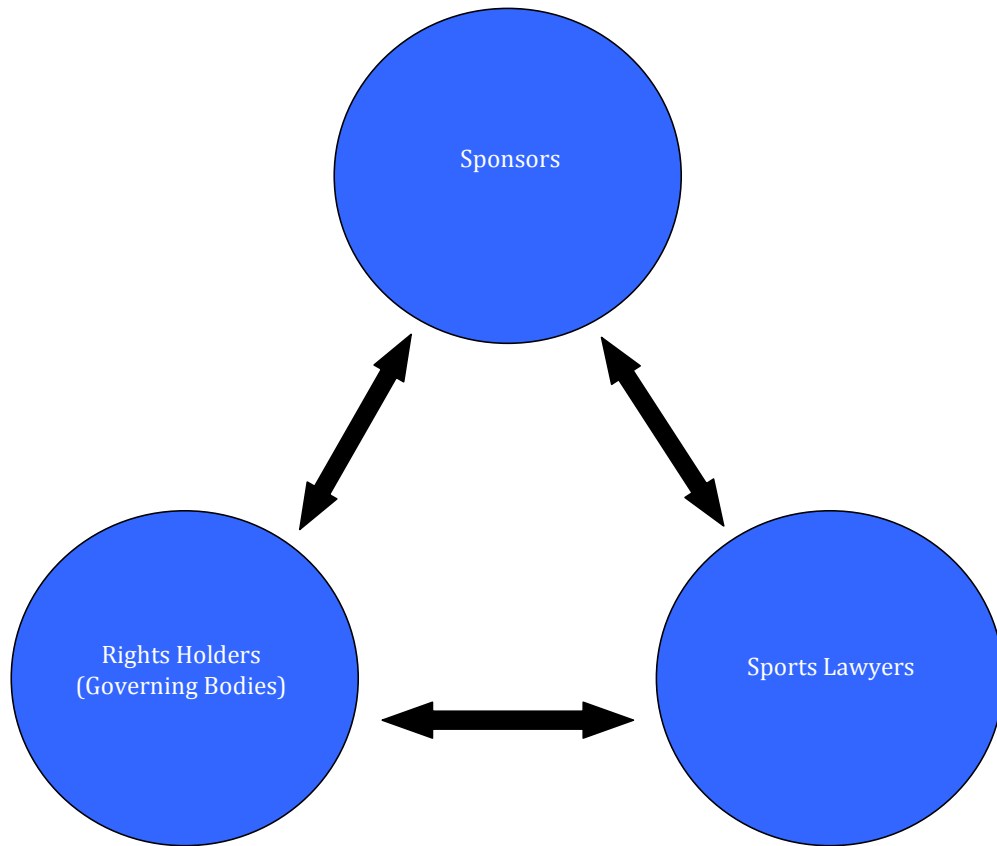
In a multiple case design, cases must be carefully selected so that it allows for either literal replication within the study, where each case may predict similar results, or theoretical replication, where findings contrast. This selection process is an example of theoretical sampling in grounded theory, where the goal is to *“choose cases which are likely to replicate or extend the emerging theory”* (Eisenhardt, 1989: 537).

This study is based on a multiple case design as proposed by Yin (2009) in that if all cases develop as they might have been predicted, there is what Yin (2009) describes as 'compelling support' provided for an initial set of propositions. These propositions may be represented as the initial codes recognised by the researcher in the preliminary stages of qualitative data analysis. The aim of these case studies is to fully understand the roles of particular stakeholders in the management of sponsorship agreements in the context of cases of sporting transgression. Whilst the case studies are not being utilised to describe or analyse a particular scenario, the use of CIT allows for hypothetical scenarios to be discussed and the responses to those hypothetical scenarios contextualised. They provide structure to data collection and analysis and, within the parameters of each case study (i.e. the sponsor's perspective, the governing body or rights holder perspective, and the sports lawyer perspective of sporting transgression), semi-structured interviews, as described in phase FOUR of this study, provide the means by which to examine the decision-making process of the sponsor and the contextual factors that will consider in light of sporting transgression. A case study design has been utilised in order to compare the responses of one particular group of stakeholders within one case study and then subsequently a cross case analysis was conducted to compare each stakeholder's response with others in the sponsorship relationship.

Gilgun (1994) states that *"well-described case studies can be an effective means of communicating information and a rich source of hypotheses for other practice situations"* (374) and further argues that *"knowledge of prevalence and probability, as well as, understanding situations in depth and understanding stages in processes, all contribute to practice knowledge"* (373). These views are important given the context of this study and the lack of both academic and practical understanding of sporting transgression and its impact on the management of sponsorship programmes.

Three case studies were designed and constructed, allowing for the analysis of the roles and opinions of each of the key stakeholders in the management of sponsorship agreements – namely sponsors, rights holders and sports lawyers – before comparing and contrasting findings across stakeholder groups. It was initially thought that a number of multiple-embedded case studies could be designed to allow for the analysis of sport- or case of transgression-specific responses of sponsors to these acts of sporting transgression. However, given the constraints of this research, primarily the issue of the sensitivity of the research area, it was decided to adopt a wider, more general approach to gathering data, utilising the CIT method, focussing on the opinions of groups of stakeholders whose roles and relationships within the sport industry intersect on a number of occasions and in a number of situations. Moreover, it is important to note that a number of other stakeholders could have been included in this analysis, allowing for the construction of further stakeholder case studies. However, given the number of stakeholders who could be seen as having a vested interest in the impact of sporting transgression, including events' organisers (e.g. the Tour de France), the media and fans, the size and scope of this research would have become unmanageable. The selection of governing bodies as a stakeholder group in this study could be debated – however, it is the opinion of the researcher that fundamental to a response by a sponsor to a case of sporting transgression (and ultimately the overall focus of this study) is both the manner in which the governing body manages the relationship between themselves and the sponsor in light of sporting transgression and the policies in place in order to investigate and subsequently punish any guilty party, thus potentially protecting the image and reputation of both the sport and the sponsor. The researcher recognises the importance of analysing the responses of these additional stakeholder groups but felt that the parameters of

this study would have been far too great to make a valuable contribution to knowledge. This research represents the first in a number of stages to fully understand the impact of this type of behaviour by athletes and officials on stakeholder groups in the sport industry.



**Figure 3.15:** Multiple-case study design

Within each of these case studies, a series of semi-structured interviews were conducted, as discussed in section 3.6 with the results presented in chapter FOUR of this study.

### **3.6 Phase FOUR: In-Depth Interviews**

Based on the common view held by respondents in the preliminary interview phase of this study that sponsorship represents a relationship between rights holder and sponsoring organisation, it was decided that this



relational view would extend to this later phase of research. The relationship dimension in the management of sponsorship programmes in light of a corruption scandal is of importance given the fact that sponsors may respond in a particular way to a scandal based on the actions of other stakeholders involved in that relationship. Moreover, the sponsor is reliant upon at the very least these stakeholders for information about the scandal and how that scandal is being managed. If the information is not forthcoming from a particular stakeholder, this could represent the beginning of the breakdown of the relationship between these stakeholders, with trust becoming an issue.

Interviews are recognised as a useful means to gather data regarding concepts that might otherwise be difficult to measure and provide much richer data from a considerably smaller sample than would be the case in quantitative studies (Gratton & Jones, 2004). Moreover, in an explanatory study, Saunders et al (2000) suggest that semi-structured interviews, as employed in this phase of the research process, can explain the relationships between variables, thus giving the researcher the opportunity to recognise the impact of these variables on the management of sponsorship programmes.

### **3.6.1 Interview Schedule Design**

Building upon the recognition of the key stakeholders in a sponsorship relationship, namely sponsors, rights holders and legal representatives, and the subsequent development of three case studies, discussed in section 3.5, a final stage of data collection consisting of semi-structured interviews with representatives of each of these key stakeholder groups was undertaken. These interviews were designed with the aim of gaining a deeper understanding of the management of the sponsorship relationship when cases of sporting transgression occurred, leading to the conceptualisation of sponsor responses to this type of behaviour.

Drawing on the findings of phase TWO, this phase of the research process was conducted in order to operationalise corruption in sport, to discover the very practical means by which the impact of such behaviour is managed in the sport industry and to examine the implications of it for sponsors and sponsorship agreements.

Whilst the possibility of conducting a large-scale quantitative analysis of the responses of sponsors to corruption in sport, or sporting transgression, was considered, the contentious and controversial nature of the subject being studied was deemed to be too high to be able to ensure a sufficiently significant sample responded to such a survey. This quantitative study would have allowed the researcher to triangulate findings and also offer greater generalisability of the research findings, however, given the aforementioned paucity of academic research in this area and the recognised need for a greater contextualisation of corruption and its manifestation in sport, interviews were deemed to be the most appropriate means by which to contribute to this contextual understanding and to realise the aims and objectives of this study. Sandelowski (1996; in Angen, 2000: 388) states that *“interpretive research, because it is not divorced from real-life contexts, is perhaps better situated to inform practice in most qualitative approaches”*.

The decision to utilise a qualitative research methodology was based on a number of key concerns. The logistical constraints of achieving a statistically significant sample, particularly when considering that the majority of sports in the majority of countries have been affected by sporting transgression in some way, would have incurred substantial financial costs. An international survey instrument would have had to have been designed and communicated with thousands of sponsors, rights holders and lawyers in order to ensure the findings of the study were representative. This would then have led to considerable difficulties in terms of language. It could also be

argued that, based on previous research in to corruption, there would also be a significant cultural issues, particularly in terms of the acceptability of certain types of behaviour, to take into account which is beyond the parameters of this study.

Issues of generalisability of the research findings have been discussed in section 3.5, and whilst questions about the reliability and replication of qualitative research remain (Neuman, 2000; Saunders et al, 2000), Gratton & Jones (2004) suggest that *“the need to understand the underlying experiences, feelings and emotions related to behaviour has been acknowledged in recent years, and as a consequence, qualitative research is taking on an increasing importance within sports studies”* (23). In addition, Marshall & Rossman (in Saunders et al, 2000: 251) argue that *“one response to the issue of reliability is that findings from using non-standardised research methods are not necessarily intended to be repeatable since they reflect reality at the time they were collected, in a situation which may be subject to change”*.

This study has adopted the principles of grounded theory which *“enables the sport management researcher to go beyond mere description or statistical analysis of the phenomena, to describe the how and why, and situated the phenomena within specific contexts”* (Edwards & Skinner, 2009: 345). As such, the use of semi-structured interviews as a way of gathering the views and opinions of key informants from each of the stakeholder groups previously identified provides the opportunity to understand the ‘how and why’ of corruption in sport and in particular, the impact it has on the management of sponsorship programmes. The contextual analysis is crucial in the study, as it determines the decision-making process a sponsor might undertake in light of a scandal.

In order to ensure that a true understanding and appreciation of the potential responses of sponsors to sporting transgression, as in phase TWO of this study, Critical Incident Technique (CIT) was again utilised. This enabled respondents to describe the how and why of the phenomenon of sporting transgression, the impact that corrupt behaviour can have on the management of sponsorship programmes and the potential responses of sponsors in what could be hypothetical situations. Whilst rights holders were targeted to try to gather the views and opinions of those that have been affected by sporting transgression, this use of CIT meant that individuals within those governing bodies could draw on the experience of colleagues or situations that they may be aware of even if they haven't physically dealt with the scenario or scandal themselves.

### **3.6.2 Sampling**

As previously discussed, the issue of corruption in sport is a contentious one and this had to be considered in devising a sampling procedure. Gaining access to participants who may have been willing to discuss the issue could prove problematic, further complicated by the fact that sponsorship research appears to be an area that companies are reluctant to take part in (Chadwick, 2004). The competitiveness of the sponsorship market in itself is a reason why sponsors may wish to keep their practices private or confidential and, in addition, because of the media focus and interest in the area of corruption in sport, both rights holders and sponsors may feel that in commenting on such an issue may be commercially sensitive.

Due to the international impact of sporting transgression, a global audience sport attracts and the global sponsors who become involved in the sport industry, a sample representing this international nature of sponsorship was sought. Despite the

numerous concerns regarding access to respondents, potential language barriers and the associated costs that may be incurred, an international analysis of the impact of corruption in sport on the management of sponsorship programmes was deemed necessary, particularly due to the international focus of the database of cases of corruption that was developed throughout this research process. Therefore, with these concerns in mind, the grounded theory tenet of theoretical sampling, and in particular, convenience sampling was employed.

This mode of sampling ensured access to targeted respondents in each of the stakeholder groups that would provide a contextual understanding of the issues under investigation. In the first instance, sponsors and rights holders that have been affected by cases of sporting transgression were contacted to ensure that the developing theory was grounded not only in the extant literature, but also in the reality of international sport and sponsorship management. It is acknowledged that a more random sampling method may have proven to be more representative of the sponsorship industry in its entirety, however, with the process of analytical generalisation in mind, which *“involves a reasoned judgement about the extent to which the findings from one study can be used as a guide to what might occur in another situation”* (Kvale, 2007: 127), it was decided that those respondents offering a greater conceptual understanding and experience of sporting transgression would be of more value to the overall research findings.

In each of the stakeholder groups, respondents were targeted based on the prevalence of corruption in a particular sport or, in the case of sponsors, in a sport that they were associated with and, where possible, those that had been significantly affected by sporting transgression. For example, given the time at which the interviews were conducted, the pursuit of rights holders and sponsors of the

sport of cycling was seen as vital to the success of the study. The inclusion of sports lawyers in the study may not seem an obvious choice, however, in light of the fact that the study sought to analyse the potential responses of sponsors to sporting transgression, and these responses would primarily be based on recursive action that would be highlighted in a sponsorship agreement between sponsor and rights holder, it was felt that their views and opinions were also crucial in the understanding of this process.

Five interviews were conducted in each case study (see table 3.5 for a breakdown of interview respondents). Those targeted included sponsors involved in global sports, and rights holders of national and international organisations, again reflecting the international scale and scope of the sport industry. It was also important to ensure that those interviewed were involved in sports that had previously experienced examples of such behaviour, or in the case of sports lawyers, had experience in negotiating sponsorship agreements, that provided the contextual background to the questions asked throughout. This was deemed the most appropriate manner to gather this data as although discussions were facilitated through the use of CIT, respondents could draw on actual individual or organisational experience when discussing the issues at hand. New contacts were established and existing contacts within the supervisory team were utilised. This in itself proved problematic due to the nature of the research issue. Existing contacts were, in some cases, aware of the study prior to any discussion about participating in the research project and were reticent to take part. The newer contacts that were established proved more willing to participate – this is perhaps due to the wording used when discussing their participation. It has previously been acknowledged that the use of the word ‘corruption’ to describe the behaviour that is the focus of this research proved an issue for some of those individuals who were targeted; even the title of the project caused

some concern. Due to this, the phrase ‘sporting transgression’ was used to describe the same behaviour, but seemed far more acceptable to those potential respondents. The new contacts were approached using the latter terminology.

**Table 3.5:** Phase FOUR Respondents

<b>Respondent</b>	<b>Role in the Sponsorship Relationship</b>
RSP1	Senior Sponsorship Manager, Sponsor
RSP2	Chairman, Sponsor
RSP3	Sponsorship Executive, Sponsor
RSP4	Chief Insight Officer, Sponsor
RSP5	Managing Director, Sponsor
RGB1	Commercial Director, Governing Body
RGB2	Marketing Manager, Governing Body
RGB3	Commercial Partnership Manager, Governing Body
RGB4	Sponsorship Manager, Governing Body
RGB5	Head of Executive Programmes, Governing Body
RSL1	Sports Lawyer
RSL2	Sports Lawyer
RSL3	Sports Lawyer
RSL4	Sports Lawyer
RSL5	Sports Lawyer

### **3.6.3 Data Collection & Analysis**

Drawing on the themes identified and key issues raised in the analysis of data collected in phases ONE and TWO of this research process, semi-structured interviews were constructively designed to explore the knowledge of sporting transgression and its potential impact in the sport industry, the understanding of the implications of such behaviour and the management practices that may be undertaken by sponsors, in particular in light of such a scandal.

Questions were designed to gather the views and opinions of three sets of stakeholders within the sponsorship relationship – namely sponsors, rights holders (in this case, governing bodies, and therefore those responsible for managing sporting discretion within a particular sport) and sports lawyers – as to the potential responses of sponsors to sporting transgression and the contextual factors that might influence such decisions. A total of 27 questions were designed, some of which were specific to each stakeholder (see appendix C for the interview schedule designed for this phase of the study, including prompts). Five of the questions were asked to all respondents in order to gather opinions as to sporting transgression in general before moving on to more stakeholder-specific questioning.

Kvale (1996; in Bryman & Bell, 2003) has suggested that nine different kinds of questions may be used in an interview, including introductory, follow-up (e.g. 'based on your experience, can you give an example?'), probing (asking for clarification or further explanation), direct (questions requiring yes or no answers) and interpreting (e.g. asking questions in a different way to ensure full understanding for the interviewer) questions. A combination of these questions were utilised in each interview – the extent to which each type of question was used varied slightly depending on the interview and the answers given by the respondent. The researcher had an interview schedule available to them, however, in some circumstances, as discussed by Goulding (2002), and important in the use of a grounded theory methodology, the discussion was allowed *“to lead into areas which may not have been considered prior to the interview, but which may be potentially relevant to the study”* (59).

Interviews were conducted over the course of ten months, between March and November 2012. Due to the contentious nature of the



research topic, it took considerable time in attracting participants, meaning that this process was slightly more drawn out than was initially anticipated. Confidentiality and anonymity were assured that all participants in writing upon initial contact, and then reiterated when arranging interviews and then once more at the beginning of the interview itself. Healey & Rawlinson (1994) suggested that assuring confidentiality improved the perceived trustworthiness of the interviewer, and thus encouraged a more open and honest discussion during an interview.

In total, 15 interviews were conducted, five with each type of stakeholder involved in the sponsorship relationship, and ranged in duration between 30 and 50 minutes. The length of these interviews was determined by the experience each stakeholder had in the management of sporting transgression and/or the implications of it, the knowledge each respondent might have regarding sporting transgression itself and also the availability of each participant. As in phase TWO, face-to-face interviews were considered as a means of collecting this data, however, it was again deemed unrealistic in the pursuit of an international sample; therefore, telephone interviews were arranged. Each respondent was asked if the recording of the interview was acceptable to them, to which all of them consented and whilst these interviews were recorded, the researcher took extensive notes in the form of memos as per grounded theory methodology to not only supplement the analysis of these interviews, but also as indicators to further questions. As previously discussed, semi-structured interviews provide flexibility in the interview process as *“questions that are not included in the guide (the interview schedule) may be asked as the interviewer picks up on things said by interviewees”* (Bryman, 2008: 438).

The coding and analysis procedures utilised in phase TWO of this study (set out in section 3.4), were again employed in order to

ensure both a consistent approach of analysis throughout the study and also to develop a grounded theory that contributes to knowledge in both academia and practical sport management. Based on the extant literature, initial codes were developed by the researcher without a prior understanding of the data collected, thus grounding the findings of any study in that literature. Following this, a further three-stage coding procedure was undertaken – open, axial and selective coding (as per grounded theory) where codes were identified, reduced and conceptualised. This analysis was key in the understanding of the relationships between these codes and, therefore, the relationships between contextual factors that influence the decision-making process of sponsors in response to cases of sporting transgression. Initial coding by the researcher uncovered four basic codes upon which the analysis was to be based, and, subsequently, as the coding procedure continued, a further two codes were identified, thus leading to a recoding of the data collected. In order to ensure that the research would achieve its aims and objectives, and therefore answer the research question set, a process of inter-coder analysis was conducted. A second researcher independent of the project examined a sample of the transcripts of the interviews as well as the codes identified by the researcher to evaluate their effectiveness in recording the content of the interviews, leading to a more conceptual understanding of the issues at hand. It was in this process that one of the two further codes were identified, leading to existing codes being restructured through a recoding process.

As in phase TWO, each respondent was given an alphanumeric designation depending on the stakeholder group they represented and then numbered 1 to 5. Respondents representing sponsors were given the designation 'RSP' (respondent sponsor); those representing governing bodies 'RGB' (respondent governing body);

and those representing sports lawyers 'RSL' (respondent sports lawyer) – these alphanumeric labels can be seen in table 3.5.

This analysis led to the discovery of six core issues relating to the decision-making process of sponsors in response to sporting transgression – the nature of the transgression; the management of the transgression; the relationship between stakeholders in sponsorship agreements; the role or impact of the media; the risk of sponsorship as a marketing publication strategy; and the contractual obligations the sponsorship agreement contains with regards to potential remedial action. Each of these issues play a significant role in how a sponsor is going to respond if a property they are associated with become involved in a scandal or case of sporting transgression. As a result of this analysis, the Sponsor Response to Sporting Transgression (SRST) Model was developed to display this decision-making process, the factors that influence it (based on the six core issues identified) and the potential responses a sponsor may choose to use in light of sporting transgression.

### **3.7 Methodological Considerations**

This chapter has provided a detailed discussion of the methodological approach utilised in this study and the underlying philosophical considerations taken in the process of research design. The study, the first of its kind to examine the impact of sporting transgression in this way, has been designed to begin to develop a better understanding as to these implications for a single group of stakeholders in the sport industry, namely sponsors, by analysing the roles and opinions of the key stakeholders involved in the management of sponsorship agreements, the potential responses of sponsors to cases of corruption in sport committed by athletes and officials in sporting competition and the contextual factors that influence any response or decision. The methodology presented represents a multistage approach to the study of sponsorship management in the

context of sporting transgression that draws upon the central tenets of a grounded theory methodology in order to address the central research question: ***How does corruption in sport impact on the management of sport sponsorship programmes?***

The methodological design of this study has evolved to develop a rich analysis of the issue of study that links the relatively limited academic understanding of sporting transgression with the reality of managing such behaviour and the implications of it in the practical management processes in sport. Phase ONE of this study – the construction of an extensive database of cases of sporting transgression – displays, firstly, the prevalence of such behaviour in sport and, secondly highlights the rationale for the focus of this study and the importance of understanding the implications of sporting transgression for stakeholders, with a primary focus on sponsors. Phase TWO involved a series of preliminary, semi-structured interviews with professionals in and around the sponsorship industry to ensure that later stages of data collection were driven by the practical realities of sport management and that a true understanding of the implications of this behaviour would be gained. Three case studies were subsequently developed (phase THREE), using the multiple embedded case study design to examine the roles and opinions of each of the key stakeholders in the sponsorship relationship – namely sponsors, rights holders and sports lawyers. Within these case studies, a series of semi-structured interviews, phase FOUR of the research process, were conducted with representatives of each of the stakeholder groups.

As discussed in chapter TWO of this study, the extant literature, particularly in the field of corruption, identifies a significant lack of contextual understanding in the field. The methodology undertaken in this study aims to begin to address this issue, and, whilst the contextual findings of this study might not be considered generalisable, the model presented as a result of the data collection and analysis process can be used in analysing

how sponsors might respond to other cases of sporting transgression in different sports, in different countries, in different situations.

The findings of this research, and the implications of them, are presented in chapter FOUR.

# FOUR

## Research Findings

### 4.1 Chapter Overview

This chapter presents and examines the main findings of this study. Drawing from the analysis of semi-structured interviews conducted with key stakeholders in the management of sponsorship programmes, namely sponsors, rights holders and legal representatives, this chapter analyses the potential responses of sponsors to cases of sporting transgression and the contextual factors that influence any response or decision are discussed, leading to the development of a conceptual model that explains this decision making process.

### 4.2 Case Study ONE: The Sponsor's Perspective<sup>2</sup>

As presented in section 3.3, there are a number of different types of corruption in sport, sporting transgression that seeks to deliberately distort the outcome of a sporting contest or an element within that contest, which may occur. It is also clear that different sports are affected by different types of corruption to varying degrees, whilst there are also geographic differences in prevalence. For sponsors, this may mean that they might not be aware of the severity of the issue because they might be involved in a sport that is not particularly affected by it or the majority of the business may be conducted in countries where this type of behaviour is not as prevalent as in others. Perhaps even simpler would be the view that sponsors don't understand or appreciate this type of behaviour by athletes or officials responsible for the outcome of a sporting contest or believe that the implications of such behaviour extends to them. Also, a key issue is the reasons why a sponsor may choose to use sport as a means of achieving their marketing, and more specifically sponsorship, objectives.

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<sup>2</sup> For a full transcript of interview RSP5, please refer to Appendix D

RSP5 *"Over the last 10 to 15 years sport has grown in a huge way"*

RSP4 *"I think the use of sport sponsorship has grown massively in the last 10 years for both bigger brands and smaller brands"*

RSP2 *"You just got to turn on the television... you've just got to look at the amount of money that is in sport, you just got to look at where it's money is coming from to understand it is such a great vehicle for brands and businesses to either align themselves or to use in other ways, such as entertainment... it's huge"*

RSP3 *"Sponsorship in sport is becoming much more of the marketing mix as a means of increasing brand awareness and is much more cost effective than some of the more traditional strategies"*

As previously discussed, Tripodi (2001) states that brand awareness and brand image are the most important objectives to be set, and more crucially, achieved. Sponsors become involved in sport in order to take advantage of the benefits of that association or relationship between sports brands and that of their own organisation or product. The choice of sports organisations to be involved with is entirely dependent on the values of that organisation and the associated benefits of global reach and audience the relationship brings. Sponsorship can provide an incredibly useful platform in order to enhance corporate image whilst strengthening the position of the brand (Farrelly et al, 2006).

RSP1 *"A sponsor usually gets involved with a sport because that sport is right for them"*

RSP4 *"We already have global reach, but we use sponsorship to reinforce our relevance to our customers and also for positive image for our brand"*

Ultimately, as one respondent suggested, “*being involved in sport in an intelligent way changes perspectives of the brand*” (RSP5).

A positive image of a brand (of both the sponsor and rights holder, or sporting organisation) in the eye of the consumer takes time to establish and there are a number of factors that can impact upon this positive image, one of which is sporting transgression. The views and opinions of sponsors about the impact sporting transgression can and does have on the management of sponsorship programmes are discussed.

#### **4.2.1 The Nature of the Transgression**

As is apparent from the preliminary interviews, there seems to be confusion as to the potential impact of sporting transgression on the management of sponsorship programmes, but perhaps more alarmingly, on the sport industry as a whole. Respondents in this phase of the research process, however, had a greater level of understanding as to transgression in sport but sometimes struggled to separate sporting transgression (behaviours like doping and match fixing) from what Wilson et al (2008) identify as player transgression. Often, athletes guilty of behaviours that would be classed as player transgression, including Tiger Woods, were highlighted in their responses to the questions asked – they did however distinguish between the two by suggesting that sporting transgression includes any behaviour that compromises “*the purity of sport*” (RSP1).

This study proposes a new definition of sporting transgression – *any illegal, immoral or unethical activity that attempts to deliberately distort the outcome of a sporting contest, or an element within that contest, for the personal material gain of one or more parties involved in that activity* – and includes such behaviour as doping, betting and non-betting related match fixing, and spot fixing. How these



behaviours manifest themselves in a particular sport impact upon the response of a sponsor to that behaviour. This, primarily, is due to the frequency in which the transgressive behaviour occurs in a particular sport. For example, the sport of athletics has a significant problem or issue with the use of PEDs and has done for a significant period of time, the most infamous of these cases involving Canadian sprinter Ben Johnson and his failed drugs test after winning the Olympic gold medal at the Olympics in Seoul, Korea in 1988. Match fixing (or, in the context of this sport, race or event fixing) has occurred but by no means on the same level as doping. On the other hand, football is far more susceptible to match fixing and to a certain degree spot fixing than it is to doping – or at least that's what the viewing public are led to believe. Positive drugs tests in football are often unreported, meaning that a true measurement of the issue in the sport is virtually impossible to conduct. However, these discrepancies in the prevalence of particular types of sporting transgression in different sports present challenges for sponsors, in terms of managing the potential impact of that behaviour on them and their brand.

RSP1 *"It depends on what the transgression is and how serious it is and where it happens... there are so many variables"*

RSP1 *"It depends on the scale is... and at what level at which the transgression takes place"*

RSP2 *"Naturally, depending on the nature of the transgression and how that impacts on what we call the true spirit of competition..."*

RSP5 *"It would depend on the sport itself"*

There is also the opinion presented by one respondent, who suggested that *“transgression is transgression... sport is about playing by the rules... when people don't, it doesn't matter what you've done, you have cheated”* (RSP3). On the whole, however, there are a number of variables that would be taken into account regarding the transgression before responding in any way. Their reaction becomes dependent on the nature of the transgression – the type of transgression, the severity of the transgression, the amount of media coverage that the transgression attracts, the level at which the transgression takes place, the prevalence of that type of transgression in the sport and also the athlete who has committed the transgressive act.

Another important factor identified by respondents is the manner in which other stakeholders, in particular fans, respond to a case of sporting transgression. Ultimately, the primary goal of sponsorship is gaining access to target audiences. Sport offers organisations the opportunity to do this in a more cost-effective way than the more traditional marketing activities (Lagae, 2005). If sporting transgression leads the consumer to question the integrity of the sporting competition, and thus reduce their involvement or engagement with the sport, it has a potentially substantial knock-on effect to the level of involvement or engagement these consumers will have with the sponsors of the sporting organisations.

RSP3 *“I think the values of fair play and integrity are impacted in the minds of consumers and this is a longer-term impact”*

RSP2 *“A question of degrees of separation at any stage when the discolouration of the sport occurs, there will be a flow on effect... fewer people seeing sponsored assets, fewer people seeing the brand...”*

An interesting theme that became apparent in the data analysis was the level of expectation regarding the behaviour of athletes in particular sports. For example, it was suggested by one respondent that *“consumers have a set of expectations around football, which are not as high or less noble, then they would be around, say the Olympics so you have more leeway in the behaviour of sporting stars”* (RSP4). This suggests that whilst the sponsor may view a particular type of transgression as particularly damaging, if it happens in a sport that is viewed as being less noble or reputable, they may not act in the same way as if it occurred in a different sport. The credibility of sport is tarnished as a result of this kind of scandal, with all stakeholders questioning the fair play and integrity of sporting competition.

RSP5 *“If drugs were rife, like in cycling, it can destroy the credibility of the sport”*

When discussing the use of PEDs in sport, respondents all referenced the current state of the sport of cycling. The release of the USADA report in October 2012 that investigated doping in the US Postal team in the 1990s and 2000s, and in particular, the role of Lance Armstrong, has highlighted the potential damage this kind of scandal could do. Professional cycling, whilst popular during the Tour de France and the Olympic Games, does not attract the same level of media coverage and sponsorship investment than some of the more globally commercial sports, like football.

RSP1 *“If a less popular sport is affected by a scandal the sponsor would still be affected”*

However, the intense media attention the sport received as a result of the USADA report meant that the reputation of not only the sport, but all those associated with it was tarnished.

RSP1 *"Reputationally, so if you're linked to some kind of transgression, depending on what it is obviously so, if you are someone who uses drugs and you get caught and you sponsor them then you look bad"*

Whilst the initial media coverage of the doping crisis in cycling was indeed intense, other events occurred that diverted the media's attention away from the scandal. The Tour de France in 2013 brought these issues back into the media spotlight – Team Sky rider, Chris Froome, who won the race, was constantly plagued by questions about his own performances and whether they were being enhanced through the use of PEDs. This level of media scrutiny impacts upon the nature of any transgression and subsequently the potential responses to that transgression by stakeholders. The length of time the scandal remains in the spotlight is therefore key – when the focus of attention is likely to fade, and therefore the impact of the transgression on the brand of the sponsor.

RSP3 *"I think it has a short-term impact by bringing the sport into disrepute and then just move on"*

RSP1 *"It's all about shock factor when considering the type of transgression"*

RSP5 *"I think at the end of the day it is very much an individual discussion on the seriousness of the transgression does it affect the reputation of the individual or the sport for the next two, three, 10 years?"*

RSP5 *"What the transgression is, when you think it is going to fade and how it might reflect on the brand of the sponsor"*

The athletes or officials involved in this type of behaviour are also a key consideration for sponsors when discussing the nature of the transgression in sport. For example, the fact that it was seven-time Tour de France winner Lance Armstrong at the centre of the investigation into the US Postal cycling team no doubt significantly affected the attention the case received. If it had been a less successful or less well-known athlete involved in the scandal, it can only be assumed that the impact of the case would have been substantially lessened. The number of people involved in the transgressive behaviour would also be taken into consideration.

RSP3 *"It also depends on whether it's a team or individual athlete involved"*

RSP3 *"It is an individual who is being criticised, not the whole team... if it was the whole team involved then it would be completely different"*

Whilst there is the recognition that this type of behaviour isn't likely to disappear from sport with one respondent suggesting that *"I think there will always be drug taking at the Olympics"* (RSP5), there is the opportunity for the sponsor to enhance brand image in the eyes of the target audience by responding to the scandal in what is deemed an appropriate way. What constitutes an 'appropriate response' becomes entirely dependent on how a sponsor makes sense of the scandal they are faced with.

RSP4 *"If a transgression is so severe the sponsor can attain positive brand image by saying that you don't want to be associated with that person"*

This becomes dependent on whether the case of sporting transgression is managed in a way deemed efficient and effective by

the sponsor, the impact on the brand of the sponsor (which takes time to establish), the amount of attention the case receives in the national and international media and also the risk associated with making a particular decision. One such risk was highlighted by one respondent, who stated that *“you would like to think that sporting transgression would have a big effect, but sport always seems to bounce back”* (RSP5). The question then becomes whether the sponsor is prepared to deal with or manage the short-term impact of a case with the attitude that one respondent articulated in saying *“this is going to hurt”* (RSP2) in order to continue to benefit from the association, or relationship, in the long-term.

RSP3 *“By stakeholder showing commitment to the sport these things just get forgotten”*

#### **4.2.2 The Management of the Transgression**

The prevention, reporting and management mechanisms of a sporting organisation are crucial in their response both to the threat of and actual cases of sporting transgression. In this instance, the governing body at both national and international levels needs to be seen as proactive in dealing with the issue.

RSP2 *“I believe that the governing body has an obligation a duty to set standards for the health and well-being of the sport”*

RSP2 *“I think the governing body is there for a reason, and are there to lead”*

The integrity of the sport is the responsibility of those who govern it, according to respondents in this study. In maintaining this integrity, the governing body should be aiming to protect the reputation of stakeholders.

RSP5 *"I think all sponsors will see it as the responsibility of the rights holder to manage transgression"*

RSP4 *"It is absolutely the responsibility of the governing body to manage transgression"*

RSP1 *"I think is the responsibility of the sport to try to foresee any situation and to protect the sponsors"*

RSP2 *"Hypothetically we sponsor a cycling team and it comes out that one of them has doped... that's not an issue for me... what is an issue is how it dealt with"*

The recent doping scandal to engulf cycling has led to stakeholders in the sport industry, including sponsors, to question if all governing bodies are in fact capable of protecting the integrity of a sport, and thus the reputation of the stakeholders, and whether in fact, in some cases, these governing bodies are complicit in or facilitate sporting transgression. The UCI has been severely tarnished by allegations of allowing doping culture to become systemic in the sport of cycling, and as a result, stakeholders have taken a stand to try and address this view. Sponsors have been part of this process of what could be deemed a revolution in the sport.

RSP2 *"We have every right to expect the governing body to govern the way it should, and when they don't... I think any stakeholder should have the right to voice their concerns and do something about it"*

This stance of sponsors in the sport of cycling is far from being the norm. The majority of sponsors who participated in this research suggest that the sponsor would not and should not get involved in

the management of sporting transgression. They suggest that, by doing so, they become even more closely associated with that transgression, and thus are impacted to a greater degree.

RSP4 *"It would be unwise for sponsors to get involved in the management of transgressions because you don't want to be associated with the downside"*

RSP4 *"The best thing about this is the ability to disassociate yourself and to be involved in the management of transgression takes this ability away"*

RSP5 *"Most sponsors don't want to get involved in bad news"*

During these discussions about the management of sporting transgression, respondents highlighted that governing bodies need to manage the threats posed by such behaviour and some suggested that in some cases, these governing bodies may be part of the problem. They were asked if they thought sponsors were also responsible, at least in a small part, for the prevalence of sporting transgression in sport. This question was predicated with the case of British sprinter Dwain Chambers, who failed a drugs test in 2003 and was subsequently banned for two years. In his autobiography, he discussed this failed test and provided detail about one of his sponsorship agreements with the sportswear manufacturer, adidas. Within his contract with the brand, he had a performance clause that stated that he had to remain in the top three sprinters in the world in order to continue to receive his sponsorship payments. At a time when the use of PEDs was quite prevalent in sprinting, his argument centred on the point of 'what else could I do if everyone else I was competing against was also using the substances?'



RSP5 *“In the professional sports world there is a lot more money and you’ve got to achieve to get that money”*

Whilst respondents appeared to be understanding of the situation, they were very quick to point out that sponsors are in no way responsible for sporting transgression.

RSP3 *“It is totally the responsibility of the rights holder to manage these transgressions... I think sponsors have to look after themselves”*

RSP5 *“I think a sponsor will say ‘I’m effectively making a commercial transaction with a partner that’s for the benefit of my brand... it is not for me to fix his or life or to fix a sport... the governing bodies have to do that”*

Sponsors also recognise that if a sporting organisation cannot manage both the number of cases of sporting transgression in that sport and the subsequent impact of them, the brand of the sporting organisation is tarnished. One respondent suggested that this should be of more concern to the governing body than protecting the brands of sponsors, arguing that sponsors should have the ability to look after themselves. If the image or reputation of the governing body is damaged, there is the subsequent impact on the future attractiveness of the sport as a sponsorship property that needs to be considered.

The response of the governing body to the transgression may cause more damage to the brand of a sponsor than the initial transgressive act.

RSP2 *“Besides the primary result of doping there is also a secondary issue where there is an impact on sponsors from the responses, reactions and management of the governing bodies”*

Again, drawing on the example of the UCI, the discovery of systemic doping in the sport was damaging enough, but the longitudinal management of the issue potentially caused even more damage and led to sponsors (or at least one sponsor, in particular) driving the need for change.

RSP2 *“We really want to be behind cycling we love cycling, we have a belief as to what cycling is... and if the global body can't share that and can't act like it, without just meaningless words, then we would have to reassess our position”*

#### **4.2.3 The Relationships between Stakeholders**

Over time, the view of sponsorship has changed. The understanding of sponsorship as a form of inter-organisational relationship (Chadwick, 2002; Otker, 1988) has replaced the previously accepted transactional view (Thwaites, 1994). Sponsors acknowledge the importance of this relationship between themselves and the rights holder and suggest that the success of sponsorship as a means of achieving their own marketing objectives, as well as those of the rights holder, is down to the ability of both parties working together to achieve them.

RSP5 *“What benefit do we get from this relationship? What is the potential damage that could be done to either the benefit of that relationship or to our brand... to our reputation?”*

The strength and stability of this relationship is tested if a case of sporting transgression arises. The length of the relationship

between the two parties is of vital importance when considering the association between the brands of the sponsor and rights holder in the mind of sports consumers. The longer the relationship, the more closely associated the brands are (Ring & Van de Ven, 1994) thus meaning that if a scandal was to occur the links between the two parties would be difficult to break without having to take the most drastic of action in ending the relationship and withdrawing from the sponsorship agreement.

RSP1 *"If you have had a long-standing relationship with the sport and it turns out that sporting transgression has been going on for years and years and years then it is more potentially damaging than being new into a sport, and then it's exposed, it can be easier to separate from"*

RSP3 *"If you've been associated for a long time and if it was seen as a one-off incident, and you still have quite a way to go in your sponsorship agreement, you would look to discuss and negotiate commercial decisions with the rights holder rather than cutting everything as we entered the sport to effectively reach a new audience"*

Sponsors are drawn to sport because of its ability to give access to a global target audience – it might be expected that the decision to withdraw is the last possible resort the sponsor would want to consider. It then becomes absolutely crucial that the relationship between the two parties is managed effectively to the benefit of both parties.

RSP1 *"You have to make really really sure that you were right before making a decision to pull out and breaking that relationship"*

Upon entering into a sponsorship agreement with the rights holder, the sponsor will be looking for not only those opportunities that best suits the brand values of the sponsoring organisation, but also the possibility of building a long-term relationship that is beneficial for both parties.

RSP2 *“You want to do your homework and understand who you are dealing with the best you can”*

In order to do this, the sponsor may look at the history of the sport, to see if there is a history of sporting transgression, but more importantly will be evaluating how the governing body has dealt with these issues. This will begin the process of building trust between partners that the interests of both will be protected for the duration of such an agreement. Interestingly, however, respondents suggested that sponsors do not really want to consider sporting transgression as an issue when building this type of relationship because, as one respondent stated *“most companies assume they are going into a sponsorship for the right reasons with the right partners and therefore they don't really think about it until something happens”* (RSP5). This view was supported by another, who suggested that *“when you go into a relationship like that, you don't necessarily want to consider that this might happen”* (RSP1).

Respondents discussed at length how the relationship between a rights holder and sponsor should, in theory, be managed in light of a scandal and what steps the rights holder should take in order to protect the interests of their sponsors. This is of course assuming that the governing body wants to protect the interests of their sponsors. It was suggested that *“the sponsor does more to protect their interests than governing bodies do”* (RSP3) – this is particularly alarming given the fact that the impact of sporting transgression on a sponsor is outside of their control. It is the responsibility of the governing body, as highlighted in previous responses, to manage or

control the behaviour of the athletes within the sport and sponsors have suggested that they want no part of this responsibility. It becomes imperative that the sponsor is satisfied with the response of the governing body to that transgression and will act accordingly.

RSP5 *“Decisive action by the governing body allows the sponsor to say ‘yes this guy has completely screwed up but actually the people who are making the decisions have taken action so we’re in it for the long term”*

RSP1 *“Ultimately, it's down to the governing body to set their own regulations around things and how they protect against things like that”*

If the governing body takes what is deemed to be inappropriate or ineffective action, the sponsor may be forced to respond in a particular way. It then becomes apparent that the relationship between sponsor and rights holder, in this case the governing body, can be damaged and the trust between partners has broken.

RSP2 *“We have said we don't want to withdraw from the agreement but depending on how the governing body responds and reacts but it could end up forcing us to withdraw”*

Communication between partners in a sponsorship relationship is crucial to the management of this type of scandal. Respondents discussed how this communication process might work and their expectations of the information they will receive. It is imperative to note that it is not just the quality of the information that is important in this communication process, but also the speed at which this information is shared.

RSP3 *“We would be in contact with the rights holder... the governing body... to find out exactly what going on”*

RSP1 *“The most important thing for a governing body is to make sure stakeholders, including sponsors are aware of the situation as soon as possible... and the truth behind it”*

RSP1 *“The communication team at the governing body will telephone and e-mail sponsors explaining the situation and give sponsors the opportunity to ask any questions and read the press release prior to the media receiving it”*

#### **4.2.4 The Role of the Media**

The media can be the most influential and important tool in promoting sport, athletes, teams and events and also the brands of sponsors that are associated with them. Just as quickly as these brands can be built or athletes seen as heroes, they can be destroyed by negative publicity around the world. This should be of primary concern in dealing with sporting transgression.

RSP2 *“If the sport is desirable and wants to be watched it'll be watched... the more people watch it, the greater demand there is then the bigger the amount of money will be discussed whether it's in the context of television or appearance... or playing fees or whatever it is”*

There is a saying – ‘today's news is tomorrow's chip wrapper’ – a reference to when fish and chips was wrapped in newspaper. The headlines about sporting transgression fill the front and back pages of newspapers around the world but are recycled the following day.

RSP5 *“Is it something that is in the news today and gone tomorrow?”*

Over time, however, the sources by which news is accessed has grown massively as has the influence of these new media streams. Social media, in particular, provides instant access to coverage of the latest stories from across the sporting world, meaning that news of sporting transgression spreads quickly and without boundaries.

RSP1 *“Social media means that news of the scandal can spread even faster”*

RSP1 *“A scandal in a sport like football would spread like wildfire due to the popularity of it”*

Due to the popularity of sports like football in Europe and Asia, baseball in North America and cricket in places like South Africa, Australia and the subcontinent, the media will want to be in a position to report the stories.

RSP2 *“The media should surround it... the media should be doing their job and getting it out”*

It is acknowledged by respondents that both the governing body, or rights holder, and the sponsor have to communicate with the media as well as between themselves in order to ensure a consistent and appropriate message is shared with the other stakeholders in the sport industry, particularly fans.

RSP1 *“First step would be a noncommittal purposely vague statement released to the media to ensure stakeholders that you are not ignoring the scandal and are addressing it”*

RSP4 *“As a major brand sometimes it's better to just stay quiet on these things”*

RSP5 *"As long as we have a plan B PR message then we're okay"*

Despite the best efforts of all concerned, however, there may well be cases that occur that simply grab the attention of the media, and as a result, become a focus for a significant period of time. The majority of respondents acknowledged this to be a significant problem, particularly as the media would *"be looking for a different angle every day"* (RSP5) in order to keep readers or listeners interested in the story. This could then lead to a continuous cycle of publicity and negative coverage that will impact both parties in the relationship.

RSP2 *"The media are only writing the story of the nightmare that is going on it compounds issues and naturally, it has an influence or impact on Joe Public"*

RSP5 *"The media can keep things going... it depends on who the person is and what sport it is"*

The status of the sport of the individuals involved is also a key factor in the attention given to the case by the media. For example, the sport of football would attract extraordinary amounts of coverage. In the beginning, this coverage would have been a primary reason for a sponsor wanting to get involved in the sport because of the access gained to the target audience.

RSP1 *"With a bigger deal, you get more exposure... a bigger right package"*

However, when the reputation of the sport is tarnished and millions of people are reminded of that damage by association, this then reflects on the image and status of the brand of the sponsor. By affecting or bringing the integrity of sporting competition in to disrepute, fans and other stakeholders of sport begin to question



every event, match or game. Even those that attract very little or no media coverage are still questioned, meaning that the brand of the sponsor is still associated with these events.

RSP1 *“If something happens off the track and it's not filmed, then it doesn't matter how much a sponsor pays, they are still linked to the sport”*

All of the respondents viewed the influence of the media as a key component in the decision-making process when considering a course of action in light of a scandal. However, one respondent offered a perspective that perhaps could be seen as a slightly controversial one given the data presented in this case study. It was suggested that despite the reason why the sponsor's brand was in the press, the fact that it was in the press was seen as a benefit. Of course, this benefit is greater if the sponsored brand is appearing on a shirt of an athlete or team involved in the sport affected by the scandal, and not the guilty party but given the association between the transgression, the story in the press and the sponsor's brand, the question then becomes how this visual representation impacts upon the opinions of the target audience.

RSP3 *“The media talking about an athlete who is guilty of match fixing with your brand on a shirt will have an immediate and short-term impact”*

RSP3 *“In a way, scandal affecting the sport we sponsor increases the coverage of our brand so by not being tainted it actually boosted our awareness figures”*

RSP3 *“It boosted the opportunity for people to see our brand, so it actually proved beneficial for us”*

Ultimately, however, “the media play whatever role they want to play” (RSP5), another aspect of the management of sporting transgression that is beyond the control of the sponsor and represents another risk of using sport sponsorship as a means of achieving marketing objectives.

#### **4.2.5 The Risk of Sponsorship**

There is overwhelming evidence to support the notion that sporting transgression is a serious and significant issue in the sport industry. The data presented earlier in this study, as well as the formation of organisations such as WADA and SportAccord, indicate that sports are affected by different types of transgression to different extents whilst there is also significant disparity between nations. It can therefore be argued that at some point in time, a sport will be affected by sporting transgression, and as such all of the stakeholders involved in that sport will also be affected. These stakeholders, as previously discussed, include governing bodies, fans, the media, and, of particular importance given the context of this study, sponsors.

With cases dating back thousands of years, the behaviour of athletes and officials has continually brought into question the integrity of sport. By investing in relationships with sporting organisations, sponsors are potentially opening themselves up for a ‘guilty by association’ image to develop. Positive image transfer is one of the primary objectives in entering in to such relationships (Pope et al, 2009; Cliffe & Motion, 2005; Ferrand & Pages, 1999; McCracken, 1988) but, as previously discussed, this image transfer could be negative depending on the behaviour of those that the rights holder, or sporting organisation, are responsible for. As organisations are seeking opportunities to utilise the sponsorship as a fundamental component of their marketing communications mix and are

investing substantial resources into these sponsorship agreements, it therefore becomes imperative that a sponsor appreciates and understands the potential implications of being associated with an athlete who cheats, or commits sporting transgressive acts, regardless of the closeness of that relationship. For example, the Crashgate scandal in Formula One, led to the immediate withdrawal of Renault's title sponsor ING. As the title sponsor, ING were very closely associated with the guilty team and work directly implicated in that scandal. Other teams in the sport, however, also rely on revenue generated through sponsorship agreements and whilst those sponsors were not directly associated or implicated in the scandal, they are still associated with the sport of Formula One. Despite the relatively distant relationship these other sponsors may have had with the Renault team, there is still a tenuous relationship.

RSP5 *"Am I a primary brand sponsor meaning that I am so linked to the sport that it reflects on me or am I a secondary brand sponsor so I can fly below the radar for twelve months and see what happens?"*

As highlighted in figure 2.1 (see page 30), there are many sources of risk that might impact upon sponsorship inherent in the sport industry. Cases of sporting transgression, the reporting of such behaviour and the management of these transgressive acts represent risks that are beyond the control of the sponsoring organisation. In some instances, the sponsor will be aware of the history of transgression in a particular sport and, according to one respondent, the sponsor will *"go into that agreement with your eyes wide open, and it is considered as part of the negotiated terms"* (RSP1) whilst another states that *"sponsorship is a strategic decision and strategic consequences exist"* (RSP4).

RSP2 *“There are times when you go into stuff thinking that this might carry more risk than others”*

This is not to suggest that the risks associated with sporting transgression are acceptable, but the simple fact is that cases of sporting transgression do occur in sport where athletes or officials will be tempted to distort the outcome of a sporting contest, for their own personal material gain. As sponsors of sport, *“one of the risks you are taking in associating yourself with a sport or a particular sporting personality is the negatives that come with it”* (RSP4), however, *“as long as business see value for money, they will continue to sponsor sport”* (RSP1).

The nature of the transgression, as discussed in section 4.2.1, impacts upon the level of risk a sponsor is exposed to. Whether it is an individual athlete found to have used PEDs, a sport that has been systemically poisoned by doping, an official who seeks to manipulate the outcome of a sporting contest, or a team who collectively distort a score, the impact that the case has on the brand of the sponsor will vary.

RSP4 *“It would be unwise for higher sponsorship values to be with individual athlete rather than sport because of the risk”*

RSP4 *“There is much less risk associated with being involved in the sport as a whole”*

RSP5 *“If I sponsor a team and an individual is implicated I can just use someone else... if the whole team is implicated then you’d probably pull the sponsorship because it just leaves a bad taste for the sport”*

RSP1 *“If the case opens the door and there is a whole lot of other things going on obviously it is going to look a lot worse and the sponsor will not want to be associated with”*

The risks of being associated with a case of sporting transgression can have significant consequences for a sponsor’s brand. These consequences can be both tangible, in the form of monetary terms (e.g. loss in sales, financial cost of remedial action) and intangible, as in the impact on brand image and reputation.

RSP5 *“You've got to assume that the reputational cost would be of a financial detriment to your sponsorship at some point in the future”*

RSP1 *“If you have been associated with something on a serious level, your reputation is damaged, which impacts on sales and can affect your bottom line, the direct opposite of return on investment”*

Enhancing the image of a brand or an organisation, as previously discussed, is one of the primary reasons for entering into this type of relationship in the first place. Anything that detracts or damages this image can be extremely detrimental to the sponsoring organisation.

The way in which the brand is seen by consumers and other stakeholders in the sporting industry is of particular importance for one respondent, who suggested that the impact of sporting transgression not only affects the reputation of the sporting organisation and the sponsor but also themselves as an individual. Despite the aforementioned belief that sponsors will not want to be involved in any mechanism to ‘clean up’ sport, one sponsor has taken a very active role in trying to address the issue.

RSP2 *“If I didn't do anything about it there is no doubt in my mind that we would have been held up as hypocritical and then there would be a flow on effect on my reputation”*

It is clear that for this respondent the more common and obvious response to sporting transgression (i.e. to disassociate from the scandal) does not fit with the values of the brand, the organisation and the people who work there. They even suggest that they would still seek opportunities to associate themselves with athletes who have transgressed in the past, as long as they *“repented, were seeking redemption, not just making the right noises, but behaving in the right ways, absolutely... we want to engage”* (RSP2). They would obviously run the risk of the athlete ‘re-transgressing’ or committing the same or a similar offence again, but it is a clear example of where the benefits of being associated with or being part of the sport industry outweigh any of these potential risks associated with this association.

RSP4 *“Other sponsors may have more to gain by speaking out and they do”*

RSP5 *“It's really reputational costs versus benefit”*

It could be assumed that the higher the level of investment in sponsorship programme, the greater the level of risk the sponsor is exposed to. Some of the respondents suggest that this is indeed the case and argue that sponsors who invest more substantial amounts in sponsorship have a greater level of engagement with that sporting organisation, and subsequently leverage their association more heavily. This then strengthens the brand association between sponsor and rights holder in the mind of the consumer – the decision as to a course of action or response to a case of sporting

transgression becomes even more difficult. It may well be the case that the financial and reputational cost of withdrawing from the agreement presents greater risk to the sponsor than continuing to associate with the athlete or team who have committed the transgressive act, but do not draw attention to themselves in doing so.

RSP5 *“There is an argument between the moral stance of supporting or dropping an athlete and the financial consequences of doing it”*

RSP5 *“Provided that the media and customers don’t get put off the sport by the transgression then lets just ride it out because from a brand or financial point of view its working”*

RSP3 *“If a scandal does occur at least your brand is getting out there a lot and then it depends on how much the general public identifies your brand to be similar to the team or the individual”*

The idea of first-mover advantage for sponsors responding to scandal in sport has been highlighted earlier in this research, a response based on a full understanding of the implications of any decision made and of the contextual factors that influence that decision. There is also the case that, in responding to a scandal, a sponsor could experience first-mover disadvantage – where the sponsor perhaps makes the decision to withdraw from a sponsorship agreement before the full details of a particular case are revealed only for the issue to be less scandalous than first thought or where a sponsor publicly supports an athlete or team accused of using PEDs or fixing a match then to discover that this accusation was based on fact.

RSP3 *"I think of you would be to say that it is unfortunate. We don't know all of the facts and to try to disassociate ourselves from any investigation or critique until there was a bit secure a result of judgement"*

Smaller brands, who perhaps do not invest to the same level as some of the bigger brands in sport but proportionally their investment is perhaps more significant, also face a number of risks as a result of sporting transgression.

RSP4 *"Also key is the ability to manage the impact of the transgression... something that smaller brands may not have experience in"*

RSP3 *"You've done the deal for a reason... the impact of the scandal doesn't depend on the value of investment"*

RSP4 *"Smaller brands might have different objectives, and therefore would respond differently"*

As previously stated, one of the respondents suggested that *"if I sponsor a team and an individual is implicated I can just use someone else"* (RSP5). A smaller brand may not have the financial capability to do this, as opposed to an organisation like Nike, who can divert attention to other sponsored properties in the event of transgressive behaviour. On the other hand, it has been acknowledged that in the sport of cycling, the cost of sponsorship has been restricted because of cases of sporting transgression, meaning that smaller brands have been able to take advantage of these costs and become involved in the sport industry. Ultimately, sport still offers sponsors access to the global audiences they desire and, as suggested by one respondent, sporting transgression is *"not going to kill a brand"* (RSP4). This may be perceived as a relatively naive view given that



sponsors are taking the decision to avoid becoming associated with certain sports because of their history, but will actively seek opportunities elsewhere.

RSP2 *“Significant numbers of sponsors who are not entering into the sport (cycling) because of the appearance of the effect of doping in the sport and how it's not a clean sport... how it is not an honourable sport... how is not an admirable sport”*

When ING withdrew their support from the Renault Formula One team, it was not because they didn't value sport as a means of reaching the target audience. In the days after Crashgate, the Dutch bank announced a multi-year investment into the New York Marathon. Granted this association would not give them the worldwide publicity that they enjoyed as a sponsor of Formula One, but it did give them access to thousands of athletes and spectators on a more face-to-face basis and, thus presented a lower level of risk. It would be of interest to see how they would react if one of the more successful athletes in the event failed a drugs test. In the sport of athletics, a failed test would not be out of the ordinary.

RSP1 *“If something happens that is out of the ordinary, then impact will be greater than something that people consider to happen all the time”*

RSP1 *“Going into a sport like that (cycling) where you know it's common practice you go into it knowing and probably already having a plan ready at hand for various scenarios”*

RSP3 *“If it is an isolated incident then our response might be different”*

RSP3 *“If it was a re-occurring theme, you probably wouldn't be looking at them as a sponsorship opportunity anyway”*

RSP1 *“You have a reactive plan ready, but if you haven't and something happens out of the blue, or one a much larger scale than you seen before... it would give you course to re-examine if the situation is one you want to be associated with”*

Another interesting dimension to this debate is performance of an athlete. As demonstrated in the case of Dwain Chambers, there is a risk for sponsors demanding success of the athletes that they 'support'. Likewise, there is also the issue of sponsoring less successful athletes or smaller teams. If a sponsor is seeking global recognition for their brand, they wouldn't necessarily be associating themselves with these less successful athletes – however, one of the respondents highlighted an interesting point in suggesting:

RSP5 *“If the athlete said they were going to be number six in the world and clean would an organisation sponsor them?”*

The initial response to this question may be that a sponsor wouldn't be associated with them because they couldn't guarantee the kind of exposure the athlete will get as a result of sporting success. But what this proposition does present is the opportunity to do what one respondent called *“the right thing”* (RSP5).

RSP5 *“It depends why you are sponsoring them, are you sponsoring them because they are the best in the world or top three in the world or a highly performing athlete whose other characteristics appeal to your brand?”*

There is also the risk in choosing a course of action. This is of particular importance given the fact that impact on a brand is, firstly,

very difficult to measure and, secondly, may take time to become apparent.

RSP3 *"We'd have to do some primary research to see if our brand or reputation had been tarnished"*

If this primary data collection and analysis suggested that the brand or reputation of the sponsor had indeed been tarnished, the sponsor has to decide whether to remain associated with the transgressor or in a worst-case scenario withdraw their sponsorship.

RSP1 *"Depending on the sponsor's business, sales or the impact on the bottom line might not be considered before choosing a course of action"*

RSP2 *"We need to understand the commercial impact of withdrawing money to understand that there is a chunk of business that we won't be writing next year or the year after... that is just reality"*

Ultimately, however, *"it is quite difficult to prove the impact of the transgression on your brand"* (RSP3).

RSP3 *"I think this proof has to be in monetary terms to make sure monetary restitution is secured"*

It is therefore crucial that the sponsorship agreement includes measures or mechanisms that protect the interests of both parties involved in the sponsorship relationship.

RSP5 *"It depends on the structure of the sponsorship how specific it is and what you want to get out of it"*

#### 4.2.6 Contractual Obligations

Upon entering into a sponsorship agreement with a sporting organisation, the sponsor will sign a contract where the terms and conditions of a new relationship would be established. It is here that the sponsor will be looking to protect their investment and interests from anything that could detract from the benefits of entering into such a relationship. These protection mechanisms will vary from contract to contract based on a number of factors, including the athlete, team, sport or event that the sponsor is seeking to associate with, the size of the investment, and the remedial action available to the sponsor should the need arise.

The extent to which the sponsor is aware of the nature of these protection mechanisms is again dependent on their prior experience in sponsorship and the knowledge of those responsible for negotiating the contract in the first place. As previously stated, sponsors do more to protect their own interests than the governing body would do so it becomes crucial that the sponsor ensures that this is indeed the case.

RSP1 *"You protect against the worst-case scenario"*

The sponsorship contract provides the first real opportunity to legitimise the relationship and also the expectations of each party going into that relationship. Some sponsors may take this opportunity to ensure that the rights holder is clearly informed about the brand values of the sponsor – this may then be important in the case of, for example, sporting transgression, but also if a sponsor becomes embroiled in a scandal that may tarnish the reputation of the organisations they are associated with.

RSP2 *“The preamble to the sponsorship contract is our manifesto and it sets out our brand values”*

Prior to the negotiation phase of the contract, it might be expected that the sponsor would have undertaken a form of due diligence, in that they would investigate the history of, in this context, sporting transgression to be able to evaluate whether the relationship is even worth entering in to in the first place.

RSP4 *“Transgression is one of the first things we start talking about when considering personalities and is usually the thing that steers us away from them”*

RSP3 *“If something happened that would question the integrity of the sponsor this would be taken into consideration when agreeing the contract”*

If this process of due diligence takes place and the sponsor is aware of these types of risks, then the contract will be negotiated. Within that contract, the protection mechanisms in place would detail the possible courses of action available to the sponsor should the reputation or brand image of that sponsor be damaged.

RSP2 *“Contract clauses put these guys on notice that if you transgress to the point where it is serious enough for us to terminate then you need to understand the implications and consequences of this act”*

RSP3 *“I’d look at the contract straightaway if the sponsored property became involved in a scandal to see what recourse I have”*

RSP1 *“If a scandal leads to a massive change in the return on investment you’re getting on that property then you simply go*

*and reassess the terms of the contract and pull out if it came to it”*

These protection mechanisms are of vital importance in any contract, but the issue then becomes when they are enforced. Respondents have already acknowledged that *“it is quite difficult to prove the impact of the transgression on your brand”* (RSP3). Moreover, it has also been suggested by respondents that *“it’s not always possible to predefine everything”* (RSP2). Without a definitive list of behaviours that could lead to the reputation or brand image of the sponsor being tarnished and without an agreed ‘tipping point’ in terms of the amount of impact that behaviour might have, it means that the interpretation of reputational damage is entirely subjective and is a serious course of friction between parties in the relationship.

RSP4 *“The contract gives us the ability to insist on certain things should we see the need to”*

RSP1 *“Usually the sponsor dictates the point at which the clauses coming to affect”*

RSP2 *“Somebody at some point has got to have the final say”*

RSP3 *“We’d look at the exact extent to which we thought how much damage had been done to our brand by association and see what remedies we had”*

The respondents discussed the extent to which sporting transgression is considered before entering into a sponsorship contract, when they are negotiating the terms and conditions of the contract, and even when discussing the options for recourse the sponsor would have.

RSP5 *“We haven’t been as prescriptive as that to include sporting transgression as part of sponsorship contracts”*

RSP4 *“The way you set the contract out reflects where you consider the risk to lie”*

One respondent even suggested that *“if you did get as prescriptive as that to include the Ten Commandments you probably wouldn’t sponsor any athlete in the world”* (RSP5).

This is not to suggest that the sponsor is trying to control the behaviour of an athlete or punish those who transgress; what they are trying to do is mitigate the risk of being associated with an athlete who may choose to cheat or an official who may manipulate the result of a sporting contest. In some circumstances, however, *“agreements with individuals may give sponsors more of the responsibility for the behaviour by an athlete”* (RSP3). It could be argued that the level of responsibility would ‘vary’ depending on the nature of the transgressive act that has been committed and the amount of interest in that transgression.

RSP4 *“It can make you look ridiculous which is why you have to be very, very careful when you get involved in sponsorship”*

It is here, in particular, that the understanding of not only the history of transgression in the sport in which the sponsor is supporting, but also how that transgression, should it continue, can impact upon the brand of the sponsor becomes even more of an issue. As suggested above, it appears as though the vast majority of sponsors will not be prescriptive in the types of behaviours that would cause these protection mechanisms the coming to affect. However, one respondent stated that *“we are specific about drugs in contracts”*

(RSP2). This response could have been predicted given this sponsor's views on sporting transgression and its impact on the management of sponsorship programmes. It may, however, reflect how these other sponsors should be considering sporting transgression in the contracts.

#### **4.2.7 Case Study Summary**

What is apparent at this point is that, for the most part, sponsors do not want to consider sporting transgression as an issue, and therefore do not seem to view specific clauses within contracts to protect themselves if they are associated with a particular scandal as vital. Due to the high number of variables in terms of the nature of the actual transgression itself (e.g. the severity and frequency of the transgression, the sport in which the transgression occurs, the amount of media coverage the scandal attracts), many of the respondents in this case study used the phrase 'it depends' when discussing how they would react and what courses of action they may consider. For sponsors, it appears as though the relationship between themselves and the rights holder is of critical importance in both the management of the transgression and the potential impact that transgression could have on the brand image and reputation of that sponsor.

### **4.3 Case Study TWO: The Governing Body's Perspective**

Governing bodies form the control mechanisms in sport. They are responsible for, among other things, the enforcement of rules and regulations, the oversight of labour relations and protection of the integrity of the sport at all levels.



RGB1 *“The whole basis of sporting competition is that it is done within the rules... it is crucial that competitors compete within these rules or the whole basis of sport falls apart”*

RGB5 *“One of the biggest assets of sport is the uncertainty of outcome and once you start interfering with that, you lose one of the great assets of the game... without this, sport loses its value in the purity sense and in the commercial sense”*

Beyond the impact of sporting transgression on the brand or reputation of the sponsor, which is the focus of this study, the governing body would acknowledge wider impact on all stakeholders in the sport industry.

RGB3 *“I think it has an enormous impact across the board really... everything from the fans and the people that watch it, they lose faith in it and lose interest in it... obviously these players or participants in sport are looked at as gods by a great deal of high interest sports fans, and if they are not playing by the rules fans are going to lose faith in that... they are going to be less willing to watch and that impacts television audiences... if television audiences go down that impacts on the value of the property... the value of the property as a result impacts on sponsors... the exposure that they get and then the sponsors are willing to pay less... that means less money into the sports, and that means less money into the grass roots of the sport to get more people playing then has an impact on childhood obesity if you want to take it down to the very core of getting people active again... so it has an overriding impact on the image of the sport as a whole”*

Ultimately, *“the impact on the sport industry as a whole unfortunately, it's never going to be a positive one”* (RGB3) and cases of sporting transgression *“completely devalue sport”* (RGB1).

RGB1 *“Most people accept that there are transgressions of a limited nature in most sports because people are playing at the edge of competitive life”*

RGB1 *“If the public are less confident in the purity of a sporting competition, then they are less likely to want to fund you and support sport”*

This may well be the case but when there is such a discrepancy in the number of cases of transgression and indeed the types of these transgressions, the actual nature of each case needs to be understood and analysed by stakeholders with a vested interest in that sport.

Perhaps alarmingly, no matter how realistic the statement might be, one respondent suggested that a governing body or a sponsor may take the attitude of *“we can’t monitor every single athlete all of the time”* (RGB1) and that a small number of positive tests at an event may be considered as *“a sign of success at the tournament”* (RGB1)

#### **4.3.1 The Nature of the Transgression**

Sports are affected by different types of sporting transgression, to varying degrees. Sports such as cycling, baseball and athletics have histories severely tainted by the use of PEDs, whereas football, cricket and basketball (particularly in North America) are affected more so by the different forms of match fixing, including spot fixing and points shaving.

RGB3 *“Behaviour is tolerated differently in different sports”*

RGB1 *“I think you would look at sports comparatively”*

Because of the prevalence of transgression in sports, the perception of that sport will also differ and expectations of the behaviour of athletes within those sports will vary.

RGB3 *"Its also dependent on the nature of the sport... for example, people look at cricket as it should be a shining beacon of how sport is conducted... it's a gentleman's sport... so when transgressions happen within a sport like cricket it's almost frowned upon more than if a sport like football is affected"*

RGB4 *"Also the size of the sport matters... if something happens in football, it just has much more reach than taekwondo or weightlifting... so it is obviously going to have a bigger impact on the brand"*

RGB4 *"In cycling and athletics, there has been a history of doping so if there is a scandal in doping in cycling or athletics it is slightly easier dealt with... but if it's a different sport, it could be the first major scandal and everyone is embroiled in it"*

RGB5 *"In our sport, corruption has been a significant feature for over a decade..."*

RGB5 *"I think the bigger the sport, the more bullet proof it is... there is sufficient interest in cricket that if a scandal breaks, it may not have a significant or visible impact on the commercial status of the sport"*

During the discussions with these respondents, the actual nature of the transgression (i.e. the type of transgression, the frequency or the level at which the transgression occurred) was not really highlighted as key in this discussion. The views expressed by respondents acknowledged that the *"reputation of athletes... of governing bodies,*

*coaches, tournament organisers, etc are affected” (RGB1) and even more “if the reputation of the sport is tarnished, everyone is tarnished with the same brush” (RGB3). One of the respondents suggested that a case of sporting transgression was “something we dread here at the governing body... that something happens around one of our huge competitions” (RGB2).*

*RSP2 “As a governing body of 53 countries, things like what happened in the Turkish league and Italian league are just a disaster for us and affect the core values of the sport”*

However, the collective impression gained throughout this phase of data collection from governing bodies is that there is an inevitability of transgression in sport...

*RGB1 “People cheat in inverted commas in sporting events all the time”*

*RGB4 “If you choose to transgress, it’s down to the individual and the team”*

And, despite this view...

*RGB3 “I think sport is often looked at as a pretty safe bet”*

#### **4.3.2 The Management of the Transgression**

If a scandal or case of sporting transgression occurs, in the first instance, the governing body would be responsible for the management of the transgression – the investigation, the sanction and the communication both within the organisation and with stakeholders, including sponsors and the media. How this communication occurs within the governing body is of crucial

importance, as it won't be the investigative team who communicate with the sponsors – the commercial department will do that and *“the commercial team at a governing body needs to be people that the sponsor can trust”* (RGB2)

RGB3 *“If something like that occurs... just be informed of the results the outcome, the punishment whatever it might be prior to going public, and if necessary we would then advise our partners as to something that happened”*

RGB3 *“Much attention is paid to how the governing body manages a scandal to protect the reputation of the game that they (sponsors) had invested so heavily in”*

This is of particular importance given the fact that sporting transgression *“has implications for commercial revenue streams, including sponsorship and media funding”* (RGB1).

As such, governing bodies in sport have a number of rules, procedures or policies in place in order to ensure a consistent approach to the management of sporting transgression. The World Anti-Doping Agency (WADA) provides further direction in the management of the use of PEDs in a particular sport, particularly in terms of testing, analysis and sanction.

RGB1 *“Most governing bodies will have clear rules set out and will have clear procedures to deal with potential transgressions, involving lawyers if necessary”*

RGB5 *“We have an anti-doping code in place and an anti-corruption code in place that cover players, officials and members of team staff...”*

RGB5 *“We are WADA compliant but we don’t test our athletes as often as they do in other sports... we are lagging behind when it comes to this type of sporting transgression”*

One of the roles of governing bodies in sport is to encourage the grassroots level of sporting competition. It therefore is acknowledged by respondents that the management of sporting transgression at the elite level of sport is vital to ensure that young athletes are not tainted or encouraged to pursue this same type of transgressive behaviour.

RGB5 *“You encourage the next generation of cheats if it is not effectively regulated now... if you are a young player coming in to the sport, if there is a culture that tolerates any part of that, this culture is passed on”*

RGB4 *“We’ve been very proactive as every Olympic sport in the UK has had to be...”*

Governing bodies will approach this responsibility in very different ways – some would seek to improve education programmes targeted at young athletes, whilst others would impose stricter penalties. One respondent detailed how their governing body had taken somewhat more of a ‘controlling’ approach – they established their own professional team, with the help of sponsors.

RGB4 *“By establishing our own team we knew that young or junior athletes that we have developed are not being exposed to any negative influences”*

RGB4 *“Experience is key in dealing with these transgressions”*

The nature in which a governing body manages sporting transgression is of particular importance when considering the commercial future of the sport.

RGB1 *“If you get the integrity of the sport right, sponsors will come to your sport”*

RGB4 *“If you are hit with a transgression, you just lose that reputation and momentum that you might have gained after a successful event”*

There are also lessons to be learned from other governing bodies in the sport industry, especially if it becomes apparent that the strategy being employed by that governing body, or indeed the lack of a strategy, is not particularly effective. Although this effectiveness would be difficult to reliably measure, other stakeholders will soon voice their dissatisfaction with the situation in the sport when it comes to sporting transgression.

RGB3 *“You almost learn from other sports’ mistakes more than anything”*

For example, many governing bodies, particularly those with a higher frequency of cases of sporting transgression, will be evaluating the activity of the UCI over the last twelve months with the guarantee that they will not be basing their own actions on that of the governing body of cycling.

There are lots of other opportunities that sponsors may deem just as beneficial to their brand, or even more beneficial, and any decision may come down to how the governing body reacts to such behaviour and also how the governing body works with their stakeholders to mitigate the impact of sporting transgression. One respondent

suggested that their governing body would be *“very keen to get the message out... to disassociate ourselves...”* (RGB4).

RGB2 *“One of the core values of this governing body is openness... transparency in our conversations”*

### **4.3.3 The Relationships between Stakeholders**

The relationships the governing bodies establish with stakeholders in the sport industry, including sponsors, are vital to the long-term sustainability of a particular sport. In recent years, there have been examples of the mismanagement and even facilitation of sporting transgression in the wider sport (like in the case of the UCI) and cases where those responsible for the management of the sport have used this responsibility for ‘personal material gain’ (e.g. the links between FIFA and the sports marketing agency ISL). Just as the behaviour of athletes or teams can tarnish the reputation of the stakeholders associated with a particular sport, so can the behaviour of the sports governing body in dealing with the transgression or indeed committing it themselves.

The key factor in managing the relationship between stakeholders, emphasized by the majority of respondents in this case study, is communication – ensuring that stakeholders are informed and subsequently kept up to date as the case or scandal unfolds is deemed vital by those in governing bodies. Whilst the focus of this study is on how the relationship between governing body and sponsor, and the subsequent management of a transgression, impacts upon a response of a sponsor to that transgression, it is interesting to note that governing bodies will also seek to communicate with the media – and through that medium, the fans of the sport.



RGB3 *“It’s just about telling them what is going on and when it is going to be rectified”*

RGB3 *“It’s just a case of managing and maintaining relationships with our press... with our sponsors... so that they know that they can trust what we say when we say it”*

RGB2 *“If it is something we think might impinge the sponsors then yes we would go to them practically and tell them we’re doing something and that we’d like you to be aware of it and what are your feelings on it... then you would do stakeholder negotiations and sponsors would be a part of that... you’ve got a personal relationship aspect that shouldn’t be ignored here”*

RGB4 *“During the Lance Armstrong scandal we didn’t know everything that was coming out until it did... we were feeding in to our sponsors and partners and other stakeholders our history so that if they were questioned... because they become extensions of you... they can provide relevant information about governing body testing and other policies...”*

RGB2 *“We do have conversations with our sponsors to address ‘what if’ something happens”*

The means used to communicate with sponsors varies between governing bodies – there does not seem to be a standard approach or time at which this communication would occur. One respondent in particular highlighted the vital role communication plays in this relationship and discussed the processes in place within the organisation to ensure that the governing body is *“on the ball with your communication and its got to come from the right person”* (RGB3).

RGB3 *“It kind of depends on what the situation is but, on the whole, if we know that there is an issue ongoing that is going to affect the team and how the team is perceived by outsiders, the Commercial Director would decide how we were going to communicate that to partners”*

RGB3 *“We communicate via an email usually with partners who are relevant... that it is going to affect... and just say this is the issue this is what is being done to rectify it and we won't be commenting on it in the press and we'd appreciate it if you didn't either if you are contacted... and we'll keep you posted as to the outcome”*

Most of the respondents deemed communication to be the most important facilitator in the relationship between sponsor and rights holder. However, one of the respondents completely disagreed with this view suggesting that *“communicating with sponsors would not be a consideration for the governing body... their interest is to follow the rules to protect the integrity of the sport”* (RGB1) and further suggests that *“governing bodies would broadly take in to account the reputation of the sport and the impact on sponsorship at a very macro level”* (RGB1).

This is an interesting stance to take given the fact that for a lot of sports, sponsorship revenue is crucial to the long-term sustainability of those sports. Also, from a marketing perspective, sponsors wanting to be associated with the brand of the governing body can do more for the governing body than just immediate revenue generation. It was acknowledged by respondents that the sponsor is an important factor in both the promotion of the brand of the athlete, team, sport or event to which they are associated and also in the deliverance of communications messages to external stakeholders.

RGB4 *“Sponsors become an extension of your voice... “*

The governing body also relies upon the sponsor to leverage the association and have an extensive portfolio of activation activities planned. It is at this point that sponsorship can be clearly identified as a relationship between sponsor and rights holder. In order to ensure its success, both parties have to invest both time and financial resources in to the management of that relationship.

RGB3 *“Unless you do something with your sponsorship it has no value for us as the rights holder and the sponsor themselves”*

RGB4 *“It is about relationships... people go through hard times... it can be turned in to a positive when you can be seen to be supporting athletes through a hard time... although there may be a difference in supporting someone with alcoholism than the use of performance enhancing drugs”*

RGB3 *“You can maintain a relationship even through rocky areas and transgressions by players and team management as long as you are honest and open about it”*

Trust has been identified as one of the fundamental components of a business to business relationship, of which sponsorship is an example. Governing bodies acknowledge the importance of trust in managing both the sponsorship agreement and sporting transgression. Also recognised is the fact that by not managing these issues in an appropriate and timely manner, questions of credibility were likely to be raised by the sponsor, who, as a result, begins to doubt the ability of the governing body to protect the interests of both parties. The strength of the relationship and the amount of trust each party has in the other is therefore crucial in the management of the sponsorship programme.

RGB4 *“Trust and reputation is probably the key aspects in the relationship between governing body and sponsor”*

RGB3 *“It is going to have a negative impact on your working relationship with your sponsors if they’re not believing or not... trusting in what you are doing and how you are managing the game and managing players or teams then there is certainly going to be an element of disbelief that they’re investing in a game that being looked after”*

There also needs to be an acceptance of responsibility from both sides that the need to conduct themselves in such a way that doesn't detract from the relationship or by bringing either brand into disrepute. One of the respondents felt that this was a really important aspect of the sponsorship relationship and suggested that *“if we (the governing body) are found to be negligent in any way we’ve let them (the sponsor) down... it’s as simple as that”* (RGB4).

However, another respondent seemed to suggest that to a certain extent, it didn't really matter how the relationship was managed, or what decision the sponsor would make because there would be plenty of other options available to the governing body to replace the income generated from a particular agreement if a sponsor decided to withdraw. They went on to suggest that, in spite of transgression, sport represents a cost-effective way of reaching target audience and that organisations want to be associated with sport despite these issues, provided there were affected mechanisms in place to manage the potential threat of transgression, in order to achieve their marketing targets or objectives.

RGB5 *“Because of the global nature of our sport we have great competition for sponsorship... but linked to that we also have*

*good mechanisms available to try and manage the threat of corruption in our sport and so are offering these sponsors something they can believe in and benefit from”*

#### **4.3.4 The Role of the Media**

For all stakeholders, the media play a very important role in the sport industry. Teams and athletes develop status or identity in the media, awareness of the sponsor's brand can be increased and the potential inadequacies of governing body strategies to manage sporting transgression can be highlighted. The level of interest the media might have in a particular sport or in a particular case of transgression would depend on the audience reach that the sport has. Consistent with previous discussions presented in this case study, respondents drew on the example of the sport of football, suggesting that *“the higher the level of audience reach, the greater the interest from the media”* (RGB3), and therefore *“has a huge impact on how much the sporting transgression affects the sport”* (RGB3).

RGB1 *“You can’t predict the reaction of the media particularly and spectators... viewers... consumers... some might laugh it off and therefore its not an issue so you can’t objectively set the rules”*

RGB4 *“If you look at any red top, there is probably nine pages of sport and about seven of them are football so if there is a scandal in the sport it is going to get more coverage than anything else... it comes down to the weight of coverage”*

RGB4 *“The role of the media is more sport-specific”*

For governing bodies, the reporting of the transgression itself potentially develops in to an issue. The impact this coverage might have on the sponsor's brand is considered, which is one of the

reasons why these sporting organisations recognise the aforementioned importance of communication in the management of these transgressions, but does not appear to be critical. As well as having relationships with their sponsors, the governing bodies actively seek good working relationships with those in the media to ensure that the stories published, based on fact rather than fiction.

RGB3 *“If something goes to the press on the whole we have such a good relationship with the press that they would contact us to verify what they had heard”*

Despite the attempt to build these relationships with the media, governing bodies recognise the fact that they do play a part in the longevity of particular scandal.

RGB3 *“If there is nothing going on in the press it can blow up in to something more than it needs to be”*

This impact can only serve to increase awareness of a guilty athlete or team but also promote the association between the sponsor and the transgressor, potentially increasing the risk of entering into a sponsorship agreement.

#### **4.3.5 The Risk of Sponsorship**

To varying degrees, the respondents from governing bodies acknowledge the risks for a sponsor in being associated with a sporting organisation, and also recognise their role in mitigating the risk in terms of effective management and communication with sponsoring organisations. They appreciate the fact that sponsors may not want to be associated with the sport where transgression occurs – one stated that *“no one wants to be associated with*

*transgression..." (RGB4), suggesting that it's not just sponsors that want this threat to sporting integrity to exist.*

RGB4 *"Sponsors don't come in to sport to have their reputation sullied... they come in to it to have their reputation enhanced"*

RGB5 *"People sponsor sport because they can get a return from sport... and you get that return because there is an audience... if there is no public interest in the product then there is no commercial interest in a property"*

RGB3 *"Something brings the reputation into dispute then obviously the image that sport is going to be damaged, and thus makes it a less appealing proposition for investors... sponsors... partners"*

Again, one of the respondents offered a slightly different perspective, stating that for some sponsors, being associated with a more risky sport, or sporting personality fits in to the strategy for the brand.

RGB1 *"Of course there are some brands that operate at the edge that want a rather let's say risky edgy brand image that are prepared to sponsor controversial athletes in order to get that kind of exposure... I'm not saying that they would actively wish for specific transgressions but they might want someone who is aggressive or edgy in order to progress their brand"*

One such example is Nike who, despite extensive media coverage, stood by the golfer, Tiger Woods. Although the type of transgression committed does not fit within the parameters of this study, the case serves as an excellent example of how the benefits of being associated with these sporting personalities and far outweigh the costs or risks.

The proximity of the brand of the sponsor to the athlete or team that committed the transgressive act is recognised as a key factor in managing the risk of being associated with the transgressor.

RGB3 *“The closer they are to the action, the more they are going to be implicated in the issue”*

There are a plethora of examples in sporting history of athletes who have been incredibly successful in their sports, including the likes of Lance Armstrong, Marion Jones and Hansie Cronje, only to have these legacies destroyed by transgression. In times of success, sponsors may bask in the glory of being associated with these athletes but, as one respondent identified, *“if a sponsor is sponsoring an athlete who cheats or takes drugs, or does some other type of transgression, then they are associated with that in the same way that they are associated with success and competitive excellence”* (RGB1).

The history of transgression in a particular sport or event is an important factor in the decision-making process of sponsors when considering where they may want to invest, again indicating why the management of transgression by governing bodies is important for all stakeholders involved.

RGB1 *“If you were a new brand looking to sponsor a tournament you would consider different sports and compare them and how the profile of the sport matches your marketing objectives”*

RGB1 *“If there was a one-off case in the tournament the implications for a tournament sponsor are non-existent... If there are lots and lots of transgressions is within that tournament, then maybe there would be some reputational damage to the tournament sponsor”*



RGB2 *"I think the sponsor looks in to the history of the sport, the culture of the country, the culture of the sporting body, the culture of the sport itself, the values of the sport itself and the potential for something like that happening... they are the key things they look at before they make a decision about sponsorship"*

RGB1 *"You would also need to evaluate if previous incarnations of an event had had a history of transgression, what might the risks be of a positive test or a transgression at this event?"*

Governing bodies also recognise that there are differing levels of risk, depending on, firstly, the type of sponsorship agreement (e.g., individual or personal sponsorship, event sponsorship, or sponsorship of the sports governing body) and, secondly, the level of investment the sponsor makes in both the agreement itself and subsequent activation activities.

RGB1 *"If a transgression takes place it can affect the sponsor in a number of ways, depending on the type of sponsorship agreement in place"*

RGB1 *"Personal sponsorship is the most risky"*

RGB1 *"The level of impact is all relative to the amount of investment"*

RGB1 *"Broadly, the bigger the event, the bigger the risk"*

RGB4 *"The amount you activate should be proportionate to the investment..."*

In taking time to make a decision as to how to respond to a case of sporting transgression, sponsors *“are assessing the brand impact... so you’ll sit and see how the public respond to the case”* (RGB4)

There will become a point, however, when the relationship between the rights holder and sponsor is damaged to such an extent that sponsors will question their association with sporting organisations and athletes – the risk may simply be too great.

RGB3 *“I think sponsors would very much lose faith in what they are investing in and stop engaging with it”*

RGB4 *“Sponsors will have quite clear objectives as to what they are trying to achieve and if they can’t achieve those because of transgression in the end it means they go elsewhere...”*

The impact of sporting transgression on the brand of the sponsor can occur in the immediate aftermath of the case and, depending on media coverage and consumer response, could last for the long-term.

RGB3 *“It immediately impacts on the sponsors because they have obviously bought in good faith their rights and they’re instantly not as meaningful as they were when they first invested in them”*

One of the respondents seemed to suggest that, in some cases, sporting transgression could be used as an excuse by the sponsor to take a particular course of action.

RGB5 *“We’re all great revisionists and we’re all great storytellers so it’s very easy to attribute a business decision to a set of circumstances when there are often a range of factors that could influence that business decision”*

For example, it might be the case that, although the economic downturn that has occurred globally over the last three years may be the primary reason for sponsors seeking to divert funds away from sponsorship, it could be that sporting transgression is the 'reason' given to stakeholders and publicised in the media. This gives the sponsor an opportunity to further enhance their brand in the eyes of consumers, in particular by withdrawing their support and taking a stance against the transgressive behaviour, for example, the use of PEDs in sport.

There are also potentially massive ramifications of sponsors withdrawing from agreements with sporting events and governing bodies.

RGB3 *"It affects us a rights holder because if a multi-million pound sponsor suddenly says they don't believe in us anymore and walks away then that has a huge impact on us"*

What becomes clear is that sponsorship, and the risks presented to the sponsorship by sporting transgression, are not solely the concern of the sponsor. There are risks for rights holders, in this case governing bodies, which further enforce the need to manage sporting transgression. How both parties in a sponsorship agreement go about protecting their interests and mitigating these risks is established in the contract between sponsor and rights holder, where the terms and conditions of the relationship are defined.

#### **4.3.6 Contractual Obligations**

It is in discussing the contents of a contract that the respondents representing governing bodies displayed the greatest level of

disagreement. All acknowledged the importance of the contract in protecting the interests of both parties, however, the extent to which sporting transgression is considered when entering in to such an agreement and the design of protection mechanisms (or clauses) varied significantly. This in itself presents issues for sponsors – if they are associated with lots of different sports, or governing bodies, and the contracts vary between the agreements, the opportunity to portray a consistent message about sporting transgression is diminished. For example, if a sponsor is associated with athletics, cycling, football in Europe and rugby league in Australia, all of which have significant problems with sporting transgression that have been reported extensively in the global media over the last twelve months, how a sponsor reacts to each situation in each sport and the protection mechanisms in place in each contract would vary meaning that each decision is context-dependent. Based on the data gathered in this case study, the governing bodies, on the whole, do not seem to proactively do anything to help ease this confusion.

RGB1 *“I think transgression is definitely considered and more so when entering into a personal sponsorship”*

RGB3 *“I don’t think sporting transgression is considered because I think you’re going to have risk in whatever you invest in”*

RGB4 *“It’s not something we would talk about because its not something we see as an issue”*

RGB1 *“If you are entering a tournament sponsorship yes, it would be a small consideration”*

In analysing the history of transgression in a particular sport, respondents suggest that sponsors should do this and be fully aware of the risks of getting involved in sport. Moreover, they state that

only of the sponsor asks or brings the topic up in contract negotiations will they discuss the issue.

RGB1 *“Due diligence would suggest that sponsors and their agents, it often their agents would spend a lot more time working out the risks and maybe doing some background checks of individuals if it was a high-value personal sponsorship... If it's a small-scale sponsorship, less so”*

RGB5 *“The sponsor should be aware of the history of transgression in a sport... that is part of their due diligence...”*

RGB4 *“I think if you're asked about transgression then fair enough... if we're asked, we can show people policies...”*

RGB3 *“The contracts I've been involved in its not something they've (sponsors) been aware of... they are more concerned when potentially games were going to get cancelled... that's when it becomes a big issue”*

The contract between the parties might include performance, morality or behaviour clauses or indeed a combination of them. The extent to which they are included and how much detail they give, from the perspective of the governing body, is dependent on the extent of understanding the sponsor has as to the threat of sporting transgression, the size of the contract and the specificity of the contract itself.

RGB2 *“I think legally within the contract they may have clauses to protect themselves”*

RGB2 *“We do put these clauses in to some of our bigger contracts but not in our smaller ones”*

RGB3 *“There are contractual clauses in there that say that the brand of the sport and thus the sponsor will not be brought in to disrepute by manner of ill-management or by misdemeanours”*

Respondents indicated that, in reality, the clauses in sponsorship agreements that act as protection mechanisms are vague, and in most cases, are deliberately so. Whilst one respondent stated that all of their sponsorship agreements have *“clauses in there regarding transgression”* (RGB4), the enforcement or activation of these clauses is difficult. These clauses tend to include phrases like ‘reputational damage’ which is incredibly difficult to quantify.

RGB1 *“It is difficult to draw up those clauses concerning reputational damage... it’s an area of debate within the industry as to how extensive they are, how objective they can be...”*

RGB1 *“Some sponsors will insist on what are known as morality clauses whereby they have a get out if under what is a quite difficult subjective test the individual concerned transgresses and crosses some moral line”*

RGB4 *“There are reputational damage clauses on both sides... most of our clauses are based on if the organisation is found to be at fault... the actions of an individual don’t represent the organisation as a whole and its very difficult to be looking after people 24/7...”*

Subsequently, due to the lack of definitive measures in these clauses, the responsibility of deciding or judging when these clauses are enforced tends to be that of the sponsor.

RGB2 *“What tends to happen is the sponsor makes the decision solely... they make the judgement call as to whether they have to exercise the options available to them in the contract”*

RG2 *“The impact of the transgression is transferred to the sponsor... they will make a decision as to whether it is big enough to move away from they may work through it with you and then get to the end of their contract and quietly exit or they may do something more drastic like withdraw immediately to show that they don't believe in it and don't want it to reflect on their brand values”*

The construction of these clauses is dependent upon the process of negotiation and the types of mechanisms each party decide are necessary. Respondents identified the fact that, depending on the type of sponsorship, these clauses may vary.

RGB1 *“Protection mechanisms are much more likely in individual sponsorships”*

RGB1 *“I think it's unlikely that there would be other than what I would call rather general clauses... much more likely to have get out clauses in individual contracts”*

The specificity of these clauses in dealing with the impact of sporting transgression and the subsequent courses of action available to the sponsor in response to that case is limited at best. According to respondents, behaviours, such as doping or match fixing do not tend to be part of these clauses – the clauses tend to be more general than that.

RGB3 *“I don't think we would ever put in a performance or conduct clause in such a raw manner... i.e. if a player doesn't conduct*

*themselves in the right way you get half of your fee back... that would never happen”*

RGB4 *“We have never been in a situation where we have been asked to have anything on an individual basis because sponsors come to us as a sponsor of the organisation”*

RGB2 *“These clauses are not prominent and are more general than bespoke”*

RGB5 *“We’ve not had sponsors coming to us asking for specific clauses regarding doping or corruption in the contracts we have with them”*

Interestingly, one respondent discussed how the actions taken by one sponsor in light of sporting transgression may actually be beneficial to other sponsors, in the same sport. This point was raised in relation to a discussion about direct and indirect sponsorship agreements – for example, in the case of Crashgate, ING withdrew from their agreement with Renault, and subsequently represent what might be classed as a direct sponsor, and organisation directly implicated by the case or scandal. An indirect sponsor, one involved in the same sport in which the scandal occurred not but associated with the guilty party, would be an organisation such as Santander.

RGB4 *“I think its interesting how some people manage it... there is probably examples where direct sponsors will go to ground or even pull out depending on if there has been a breach of contract and an indirect sponsor might think well actually we’ve got more territory to go to now... there is more space to activate and highlight that the team or the individual we’re involved with is whiter than white”*



RGB4 *“It can be used as an opportunity as well as a threat”*

#### **4.3.7 Case Study Summary**

Despite the recognised importance of the relationship between sponsor and rights holder, in this case the governing body, the extent to which the governing body proactively manages this relationship varies considerably. Communication was noted as a key component of this relationship; however, there are significant differences in the approach of governing bodies to the management of information in light of a case of sporting transgression. Most would seek to converse with a sponsor as early as is possible, provided they have information to share. This open and honest communication is designed to maintain a level of trust between the organisations, an important factor in the longevity of a sponsorship relationship.

The nature of a particular transgression does not seem to be of concern for governing bodies – for them, the management of sporting transgression in general is of greater importance and of greater significance in terms of the relationship between themselves and sponsors.

Ultimately, the governing bodies recognise that *“there would be a number of factors that would contribute to a decision to not to renew or withdraw from a sponsorship”* (RGB5) – how these factors manifest themselves is in the hands of the sponsor.

#### **4.4 Case Study THREE: The Sport Lawyer’s Perspective**

Although not responsible for the management of sporting transgression or indeed the working relationship between sponsor and rights holder, sports lawyers play a pivotal role in the foundation of that relationship – the

contract – and also guide the development of the protection mechanisms that a sponsor draws upon in the event of sporting transgression.

Sports lawyers recognise the issues presented by sporting transgression and the potential impacts of it for both sponsors and rights holders.

RSL2 *“It undermines the public's faith in sport and my view is that it devalues it to a certain extent”*

RSL3 *“Whatever sponsors say they are getting involved in sport to look good... as soon as they stopped looking good, they're in trouble”*

RSL3 *“No sponsor wants to sponsor a dirty athlete”*

They also acknowledge that this awareness of the impacts of sporting transgression on both partners in a sponsorship relationship hasn't manifested in to a clear understanding of how to manage and mitigate those impacts.

RSL1 *“I think potentially the impact is huge and I think it is a largely unexplored field”*

RSL1 *“Sporting and commercial bodies are still learning to react appropriately to transgression when they do occur”*

A considerable part of this 'appropriate reaction' is the sponsorship agreement between the two organisations in the first place and sports lawyers play a hugely significant role in the development of these contracts, which is the primary reason for their inclusion in this study. After all, *“no one likes cheating, do they?”* (RSL2).

#### 4.3.1 The Nature of the Transgression

Like sponsors, sports lawyers have a much greater appreciation of the different types of transgression, sporting or otherwise, along with the severity of the transgression, the amount of media coverage that transgression attracts, the level at which the transgression takes place, the prevalence of that type of transgression in the sport and also the athlete who has committed the transgressive act.

RSL4 *“Each sport is different”*

RSL2 *“There are certain sports that are less likely to be involved in scandal”*

RSL3 *“There is no doubt that certain sports carry a bit of a whiff of risk about them”*

However, being aware of the types of transgression only leads to greater questioning as to the impact of such behaviour on sport as an industry. It is acknowledged by the respondents in this case study that the impact is dependent on a number of factors.

RSL1 *“There will be a difference in impact depending on whether it is a team or individual sport”*

RSL2 *“If there is a scandal there is impact regardless of the sport involved”*

RSL2 *“It does depend what happens on a case-by-case basis”*

One of these factors is the expectations consumers have of sports stars. For example, one respondent suggested that *“sports have different moral levels or value... a sport like football doesn't have a*

*particularly high moral value whereas a sport like golf has a very high moral value” (RSL4). Due to these expectations, “people might switch off or not attend certain events if they think there is such a level of transgression that they don't think they are seeing a genuine contest” (RSL2).*

Moreover, another respondent stated that *“I think fans should be the principle stakeholder in the mind of governing bodies but unfortunately as we see all the time this is not the case” (RSL5). For sponsors, the impact of sporting transgression on consumers is obviously of importance for sponsors given the target audiences sponsors are trying to access by entering in to such agreements with rights holders in sport*

*RSL2 “For sponsors, sporting transgression probably makes sport a less attractive proposition for them”*

Respondents highlighted the cases of sporting transgression in the sport of cycling to illustrate the problems facing sponsors and how the nature of a transgression can impact upon any decision that any stakeholder of sport might make.

*RSL2 “If you're sponsoring a cycling team and it's institutionalised doping within that team, then obviously that a major issue... If it's one rider from one team I think there is less damage to your association with that team, although there may still be some damage”*

*RSL4 “Cycling cannot rid itself of the reputation of doping and a sponsor would consider that to be an important issue for them... but I think this represents the extreme, not the norm... most sponsors will look at the current situation in the sport regarding transgression”*

RSL5 *“I think cycling is going to struggle to move on, especially from a perception point of view”*

It was also acknowledged that there is a varying level of understating as to the various types of sporting transgression beyond the common terms of ‘doping’ and ‘match fixing’. As identified in section 3.3, there are a number of different types of sporting transgression, including betting related match fixing, points shaving, tanking and match fixing for non-betting purposes.

RSL5 *“I don’t think people fully appreciated the different types of match fixing prior to the badminton scandal at the Olympics in 2012”*

This in itself presents many issues in the management of sponsorship programmes, particularly from the contractual perspective.

#### **4.3.2 The Management of the Transgression**

According to respondents, the responsibility of managing the implications of sporting transgression falls with governing bodies in sport. However, the capability of these governing bodies to protect the interests of not just sponsors but all stakeholders in the sport industry was queried and even doubted. There are a plethora of examples in sport where governing bodies have proved inept or reluctant to deal with sporting transgression within the sport. For example, the UCI's handling of doping in the sport of cycling has dominated discussion in recent months and became the primary issue in the most recent presidential elections. Major League Baseball has been very slow in dealing with the prolific use of PEDs within the sport whilst the Football Association in England has

recently been criticised for ‘inaction’ after suspicious betting patterns were discovered surrounding matches in the lower leagues of English football - in one case, more money was wagered on a Billericay Town match, who play in the Ryman League, than was placed on a match involving FC Barcelona. This apparent ineptitude in dealing with sporting transgression led respondents to discuss the role sponsors may have to play in order to address the issue of sporting transgression.

RSL3 *“There is no doubt that sloppy governance will annoy sponsors”*

RSL5 *“I think sponsors will inevitably be the ones to drive change because I don’t think the governing bodies want to face up to it”*

RSL5 *“Sponsors can put pressure on governing bodies and teams to act in an appropriate way”*

RSL5 *“There is a lack of transparency in some of the governing bodies... but in some sports, there is a lack of funding to be able to manage sporting transgression and the implications of it”*

### **4.3.3 The Relationships between Stakeholders**

Due to the potential perceived lack of ability in dealing with sporting transgression, the relationship between sponsor and rights holder may become strained. This would impact upon how a scandal might be managed and also the extent to which the scandal would impact upon both parties.

Respondents suggested that it would be the sponsor and rights holder that deal with the immediate aftermath of a scandal, thus meaning that the relationship between these two parties should be based on trust and credibility.

RSL1 *“Lawyers wouldn’t tend to get involved if a scandal was to break... it tends to be commercial people to commercial people looking at how to mitigate the damage and how to protect the brand”*

However, the internal policies and mechanisms in place to protect the interests of stakeholders, or indeed a lack of them, may be such that the relationship is adversely affected and disagreements will occur about the extent of impact on each party.

RSL3 *“The team would argue, if we've got one bad apple, then, that shouldn't mean we lose our whole commercial deal on that basis... Sponsors may look at it and say that you should have internal policing mechanisms and if you're tainted we want to get out”*

#### **4.3.4 The Role of the Media**

Respondents in this case study were quick to acknowledge the role the media plays in the reporting and impact of sporting transgression. It was even suggested that the media enjoy cases of sporting transgression, as it leads to significant benefits for media organisations, particularly in relation to sales.

RSL1 *“The media want eyeballs and the more controversy there is, the more eyeballs there are”*

RSL2 *“I think the media love it, don’t they... from the media perspective, I think the more transgressions there are, the better for them because it creates better news for them”*

The global audience a sport attracts, or the reach that the sport has, is a key factor in the amount of coverage a case of sporting transgression may receive. For example, there are some sports, like baseball, that have significant issues surrounding the use of PEDs and the reporting of these cases in North America can lead to substantial impact on other stakeholders of the sport. However, although sports consumers outside of North America may have limited understanding of the sport and the history of sporting transgression within it, it could be argued that the level of attention in the media the sport receives outside of this geographic region is limited. Cricket on the other hand, will not be reported extensively in North America, meaning that whilst cases like the Pakistan spot fixing scandal was popular in the media in cricket playing nations, the reach of the sport beyond that at this stage is relatively limited. A sport like football has a massive global audience and fan base which equates to extensive international media coverage. If a scandal involving sporting transgression occurs in football, eventually everyone around the world would know about it. This extensive media coverage would have significant impact on those associated with the sport, and primarily on sponsors.

RSL1 *“The greater the media exposure that exists around a particular sport, yes you could argue there is a correlation between the amount of impact on a commercial sponsor... but this correlation may be minimal and isn’t consistent”*

As a result, journalists begin to question sponsors after their motives in being associated with athletes or teams that are involved in such cases of sporting transgression. This exponentially put pressure on the sponsor to make a statement or take what could be perceived as more drastic action, like withdrawal from a sponsorship agreement.



RSL5 *“Because of the media coverage associated with these cases, the finger is pointed straight away at sponsors to ask whether they want to be associated with it... more pressure is put on companies involved in sport and companies are a lot more sensitive than they used to be”*

It could be suggested that the speed at which, firstly, the media reports the stories and, secondly, consumers have access to the story has been significantly impacted by the development of the Internet and, more recently, the phenomenon of social media.

RSL5 *“The advent of social media has meant that reports of transgression spread round the world so much faster and is far more difficult to manage”*

Due to the impact that media reporting can have on a case and the sponsor's response to that case, it becomes more difficult for an organisation to ignore what is occurring with the athletes or teams they are associated with or within the wider sport of which they are a part. One respondent suggested that *“because of the media focus, sponsors can't brush these issues under the carpet any more”* (RSL5).

It was also suggested that it isn't necessarily the act of sporting transgression that represents the most significant issue for sponsors.

RSL3 *“What damages the sponsor is the reporting of the case”*

This again highlights the importance of the media to the sport industry and the role they play in the integrity and credibility of the sport. Respondents highlighted the fact that, due to this perceived 'power' of the media, sponsors will need a very clear public relations strategy available to them, just in case they are affected by this type of scandal.

RSL3 *“People say that there is no such thing as bad publicity, but there is”*

RSL3 *“It's important that the lawyer works with the sponsor to ensure no message goes out to the media that may prove prejudicial in court”*

RSL5 *“If a story breaks in the media first, it puts both the rights holder and the sponsor on the back foot and prevents you from being able to react proactively”*

Dealing with the media, therefore, has to become part of a sponsor strategy in responding to a case of sporting transgression. This was recognised as particularly important by respondents who suggested that sporting transgression *“will continue to hit the headlines and I think sponsors will become more savvy”* (RSL4).

Moreover, due to this amplified focus of the media on what could be called the dark side of sport, one respondent suggested that *“even cases in British tiddlywinks would get coverage now!”* (RSL5). This increasing interest of the media, in sporting transgression represents one of the most significant risks in entering into a sponsorship agreement.

#### **4.3.5 The Risk of Sponsorship**

Sport as a medium of marketing activity is of huge benefit to organisations seeking to gain access to their target market but, on occasion, the decision made by a sponsoring organisation is sometimes an emotional one whereby those in positions of within these organisations are fans of a particular sport or sporting

personality. As such, the risks of being associated with sporting organisations or athletes are not necessarily considered.

RSL3 *“Brands sometimes get a bit giddy about being associated or involved with some sports stars and might not necessarily see them as a potential transgressor... Lawyers have to bring them in and ensure their interests are protected”*

However, there are some key issues that need to be considered. The amount of investment in both the initial agreement and subsequent activation or leveraging activities, the proximity of the sponsor’s brand to that of a guilty athlete or team and the nature of the industry in which the sponsor is based may all increase the level of risk a sponsor is exposed to as a result of sporting transgression.

RSL2 *“Usually if there is a higher investment, then there is a higher activation spend... the more that is out there in the public domain (leveraging activities), the greater your association is and the bigger the impact of the transgression is going to be”*

RSL4 *“The greater the leverage or activation, the greater the association between brand and rights holder”*

RSL1 *“The reputation of a sponsor’s industry may be far more sensitive to these transgressions”*

There is also the argument that *“it’s more to do with the size of the brand and the reputation of the brand than the amount they spend on a particular sport”* (RSL1), suggesting that regardless of the size of the investment, an sponsoring organisation will still be impacted as a result of sporting transgression. However, another respondent argued that whilst the reputation of the sponsoring organisation

would be damaged by association with a guilty athlete, larger investments represented far more of a risk.

RSL3 *“If it's a small company that can only afford a five figure sponsorship, then that's a big deal for them... if it's a multi-million pound sponsorship, then there is a lot more at stake”*

The type of association with a rights holder also impacts upon the amount of risk a sponsoring organisation is exposed to.

RSL2 *“When the sponsor is directly associated with the guilty party, it is more of a tangible impact than for those involved in the wider sport”*

RSL2 *“In a sport like cycling, there may be more of an impact on the sponsors of the Tour de France, rather than the sponsors of a team within the event because the event is more known, rather than the actual team”*

RSL2 *“If something happened at a football club (in England), I don't think Barclays as the league sponsor would experience the same kind of impact as the shirt sponsor”*

If an organisation enters in to an agreement with an individual athlete, the amount of risk they might be exposed could be considered greater than if they associated with the team in which a star athlete played. Associating with a particular athlete may be the means by which the sponsor wants to gain access to their target market but, due to the fact that the brand of the sponsor then becomes almost synonymous with the athlete, if the athlete transgresses, the impact is far greater than if one player in a team of thirty or forty athletes transgressed in the same way.

RSL2 *“A brand is more closely identified with an athlete and an athlete’s activities, than they are with the competition in which they compete... So if you take Nike and Lance Armstrong, that is a very close association whereas Nike and Manchester United... if a Manchester United player does something wrong, Nike is pretty distant from that”*

Despite these issues, respondents suggested that sponsors are far more aware of the risks of associating with rights holders in sport than they were in the recent past and pointed out that, for the most, they accept this risk as the benefits are just too great.

RSL1 *“Most commercial organisations probably take the view, consciously or subconsciously, that transgression is one of the risks of getting involved in sport”*

RSL1 *“You take the benefit but you also take the burden”*

RSL4 *“Sponsors may feel that sporting transgression is part of sport and therefore is a known risk”*

RSL4 *“Most sponsors go in to an agreement with their eyes wide open as to the potential risks”*

The respondents in this case study also acknowledged the role the sports consumer plays in the amount of risk a sponsor is exposed to in cases of sporting transgression. The response of consumers to this type of behaviour may be taken in to consideration by sponsors in assessing the impact of transgression on their brand. One respondent suggested that *“the impact for a sponsor will depend on the response of the consumer... will they act with their feet or with their purse? Or will they not care?”* (RSL4). It could be argued that if the consumer doesn’t care, the sponsor doesn’t necessarily have to

react as the consumer will still continue to watch sport and therefore are exposed to their brands.

There is also the contention that a brand may benefit from transgression in some way. One respondent suggested that *“if the person you sponsor is a bit of a bad boy and they transgress, you might like that... that might be part of the attraction”* (RSL2). It would be debatable if this was the view of sponsors regarding sporting transgression but there is clearly evidence to suggest that some brands will continue to support an athlete guilty of player transgression. For example, again, although beyond the parameters of this study, Nike was keen to maintain the relationship they had with Tiger Woods despite his off-course behaviour (player transgression) but turned away from Lance Armstrong in light of doping offences (sporting transgression).

Ultimately, there was the acknowledgment of all respondents in this case study that *“all sponsors need to be aware of the risks associated either as direct or indirect sponsors”* (RSL1).

As a result of behaviour by a sponsored property, there is the risk that the brand of the sponsor becomes tarnished or damaged in some way.

RSL1 *“The sponsor may perceive their brand may be tarnished by the association and will seek to extricate themselves from sports or institutions where transgressions may occur”*

RSL2 *“If there are issues with the rights holder in terms of transgressions, than sponsors might think that it devalues what they are buying into”*

The extent to which a sponsor will seek to rectify or mitigate this threat to their brand is entirely dependent on the mechanisms available to them in a sponsorship agreement.

#### 4.3.6 Contractual Obligations

In acknowledging the risks of sponsorship as a component of the marketing communications strategy of the organisation, a sponsor will want to protect their interests and have legal options available to them should some kind of transgression affect them and their brand. It is here in particular that the views and opinions of sports lawyers are of critical importance to this study. Ultimately, whether representing the rights holder or the sponsor in a negotiation, the sports lawyer will map out protection mechanisms often in the form of morality, behaviour or performance clauses and ensure that should these clauses be breached, appropriate action is then taken.

On the whole, respondents stated that *“transgression is becoming a more important issue in sponsorship agreements”* (RSL2)

RSL5 *“Five or ten years ago, I don’t think sporting transgression was considered as part of sponsorship negotiations... as a result, there are probably lots of sponsors who have had their fingers burned”*

In entering into a sponsorship agreement it is anticipated that *“the brand will try to protect themselves”* (RSL2) from any kind of behaviour that would tarnish or damage the reputation of those associated with a particular athlete or team that had committed transgressive behaviour. Respondents were keen to point out that, for the most part, the brand would have some understanding as to the history of sporting transgression within a sport in which they

were seeking to be associated, but alarmingly, this does not always seem to be the case.

RSL2 *“You would have thought that most brands would do their homework... Or they should be doing their homework anyway”*

RSL1 *“Sponsors should be looking to safeguard the reputation and value of their brand so you should go about the process of investigating the history of transgression in the sport very scientifically but I’m not sure this happens”*

RSL1 *“The decision to enter in to a sponsorship agreement may be personally-driven or emotionally-driven and that will prevent any of the rigorous scientific analysis that might ordinarily take place”*

Unfortunately, in the case of sporting transgression, *“it doesn't matter how much homework you do, things can always happen anyway”* (RSL2).

Despite gaining an understanding or appreciation of the history of sporting transgression within a particular sport, it appears difficult to include or list the types of behaviours that will cause the sponsor to re-evaluate their position in a sponsorship agreement.

RSL1 *“It’s very difficult to predict the range of transgressions that might occur so I haven’t come across this type of clause very often”*

RSL3 *“In the past sponsorship contracts included a list of behaviours that athlete could not do... we stopped doing that in 1996/97 because it was just too difficult to predict what people could do...”*



RSL4 *“Often you will have a definition of what is considered to be a transgression or an unacceptable transgression...”*

This is understandable given the prevalence of certain types of sporting transgression, in certain sports, in certain parts of the world. Unless the sponsor or indeed the sports lawyer acting for the sponsor has a clear grasp of the prevalence and frequency of sporting transgression and the different types of transgressive behaviour in sport, a definitive list would be very difficult to build. There is also the case that within these types of transgressive behaviour, there are degrees of seriousness. For example, WADA recognise varying ‘degrees’ of anti-doping violations that depend on the substance that the athlete tests positive for and also how complicit the athlete was in using the substance. The case of British skier Alain Baxter is of relevance here – in the run-up to a Winter Olympic Games, Baxter purchased a branded eucalyptus inhaler to help with a cold he was suffering from. Upon arrival in the United States of America for the Winter Olympics, he purchased what he thought was the same branded inhaler only to fail a drugs test after winning a bronze medal in his event. Despite the fact that the inhaler was made by the same company, the ingredients within the product was slightly different and the US version led to the failed test. This is a clear example of inadvertent use of banned substances. The same cannot be said of athletes like Ben Johnson or Mark McGwire, who admitted to use of PEDs. As such, the question becomes whether a sponsor would use the same remedial action in both circumstances. There is the argument that *“instead of isolating specific incidents and getting bogged down in scenarios that may or may not happen and things could fall through the net anyway... the key is the development of a robust clause that covers you in every eventuality”* (RSL3)

RSL3 *"You don't raise your termination rights as if someone has taken drugs you phrase it as if someone has committed a doping offence"*

Respondents suggested that there would or should be a difference in the sponsor's response dependent upon the type of agreement and who that agreement was with.

RSL3 *"If an individual is found to have cheated, out... If team is found to have cheated, do you need a 'group cheat' like the 1919 White Sox or a goalkeeper paid to let a goal go through his legs... Should that affect the team?"*

RSL4 *"Moral clauses tend to be included more in individual contracts"*

Another consideration in both the development of the sponsorship agreements and the subsequent response to sporting transgression should it arise is the nature of the sponsor's business.

RSL4 *"Clauses would depend on who or what the sponsor was sponsoring"*

RSL4 *"Every sponsor is different... they all have different views... some sponsors will be far more concerned about transgression depending on the nature of the business they are in and will want protecting accordingly"*

RSL3 *"Brands like insurance and banking are very keen to design contracts that protects their integrity, so any kind of transgression there and they are going to get very jumpy"*

RSL2 *“The bigger the investment for your company, the more likely you are going to want to protect yourself more”*

The key factor in the drawing up of the sponsorship agreements from the perspective of the sponsor is that of reputational damage. This, however, is an incredibly subjective issue, and therefore difficult to quantify.

RSL1 *“Subjective clauses cause issues between parties”*

RSL2 *“General clauses tend to include wording such as an incident occurring that damages the reputation of or devalues the relationship between the brand and rights holder”*

RSL2 *“From a sponsor’s perspective, you’d try and draft it as loosely as possible... they may be more specific to include a doping violation or criminal offence”*

RSL2 *“If you are acting for a sponsor, you wouldn’t want to have to try and prove that as a result of the individual’s reputation being tarnished has then caused a prejudicial effect on your reputation, so you have to tie to the reputation of the rights holder being tarnished”*

RSL4 *“The sponsor wants to ensure that it is protected from transgressions that it feels will have an adverse impact on it... but this is a very subjective statement”*

RSL2 *“The way these clauses are drafted is that reputational damage is measured in the sponsor’s opinion... If you are a rights holder, you’ll want to push back on that and move it into a more objective determination rather than a subjective one”*

The protection mechanisms put in place within these contracts can vary dramatically, particularly when establishing the types of remedial action that may be utilised by a sponsor in the event of reputational damage and determining the point at which any course of action would be deemed appropriate.

RSL2 *“Sponsors try and insert contractual provisions which give them protection in the event of one of these incidents occurring in three main areas... One of them will be the right to termination, so if something so bad happens that they think will devalue the relationship and they want to disassociate with the rights holder, they may want to terminate the agreement... Another option would be to try to have financial implications... If something happens to devalue their investment, they may try to reduce the amount of future payments... Thirdly, they may try to get involved and manage the crisis if something was to happen to limit damage”*

RSL3 *“The key thing for sponsors is to have the ability to pull out if they want to”*

RSL4 *“There are a number of different remedies including termination, compensation, the power to decide what happens to the transgressor... although most sporting organisations won't allow the latter... in terms of compensation, it might not be a conversation about remuneration... it may be greater rights...”*

RSL3 *“What happens these days is that you have a general catch all behaviour clause that aims to roll in not just transgression in the form of cheating but transgression in the form of bad behaviour... Anything that would reflect badly on the individual or on the sponsor”*

RSL4 *“An example of a clause might be the ‘three strikes and you’re out’ rule in terms of transgression”*

RSL3 *“The right to termination would arise in the general material breach and what that does is gives a grade of seriousness of transgression”*

As was suggested by number of these respondents, one potential course of action available to the sponsor is some kind of investment return, a refund of a particular value. One respondent, however, argued that this course of action should be treated as a last resort when discussing the return of funds. It was suggested that *“if a sponsor tries to get money back after transgression, you're effectively putting a price on cheating”* (RSL3). Given that most transgressions of this nature are based on the pursuit of personal gain (i.e. financial reward), as per the definition of sporting transgression upon which this study is based, it could be argued that a price has already been put on cheating – a sponsor may just be looking for a refund, particularly relevant when talking about a sponsor rewarding a sponsored property as a result of sporting success.

It becomes clear that the partner with the power or control in this situation will make the decision as to when these protection mechanisms can be used and given that the sponsor is the one investing in the sport, it is understood that it is their decision.

RSL3 *“The key is to get control... To be in a position of deciding if something happens and you’re the sponsor you have a full menu of remedies ranging from ignoring it to termination”*

RSL4 *“I think the sponsor will always try to take control of the situation and negotiations... they may say something like ‘we*

*will decide whether there has been some adverse impact on our brand”*

Another issue to note is that, in the opinion of one respondent, *“many governing bodies don’t have the capability to draft strong sponsorship agreements which can leave a sponsor exposed”* (RSL5), meaning that the sponsor has to take control in light of a scandal or the interests may not be protected.

The ability to build a sponsorship agreement to best suit the needs or requirements of either party is dependent on the bargaining power each of those parties bring to the negotiating table and, in most instances, is due to the amount of information available in any discussion and the value of the agreement being considered.

RSL3 *“You need to push as a sponsor to ensure these types of clauses go in”*

RSL4 *“Every sponsor tries to get a morality clause in but it is not always the case... some sponsors may be so keen to do the deal that their bargaining power is diluted...”*

RSL2 *“These types of clauses are not in every type of sponsorship agreement... It depends on the bargaining position of the parties and how much they are willing to accept them... But they do seem to be becoming more prevalent due to recent scandals, sponsors seem to be thinking about them now”*

RSL4 *“There is no standard wording in these types of clauses... all clauses are different and are dependent on the bargaining power of both sides...”*

RSL5 *“Depending on how powerful the sponsor is will impact on how specific the contract will be”*

RSL1 *“If you are a commercial sponsor you want those clauses included but I think your ability to negotiate them in is far more difficult”*

It may be the case that if a particular sport is severely affected by transgression the sponsorship agreements will subsequently have more direct clauses within them that protect the interests of the sponsor's in light of this heightened risk.

RSL5 *“Some of them will be specific get out clauses... so there will be a clause that says should there be a major doping scandal we can repudiate the contract with immediate effect”*

RSL5 *“Sponsors may take a lighter touch with cycling because of the history of sporting transgression”*

RSL2 *“A well advised sponsor looking to enter an agreement in cycling would be looking to protect themselves more than in other sports without such a history of transgression”*

Despite the examples given of the types of clauses that might be included in a sponsorship agreement and the types of remedial action that sponsors may have available to them, respondents also pointed out that these kind of protection mechanisms are not in every sponsorship agreement.

RSL1 *“You can build protection mechanisms in to commercial contracts but I’m not entirely sure this always happens”*

RSL1 *“It is relatively rare and far from a fundamental part of sponsorship agreements”*

One of the more interesting discussions that occurred as part of the construction of this case study was the role played by the sports lawyer in the negotiation of these contracts. Whilst respondents pointed out what these clauses should include and the type of remedial action that should be available to the sponsor in light of sporting transgression, the extent to which they ensure these clauses are as clear and as manageable as possible is entirely dependent on whom they are representing in any discussion.

RSL2 *“If we were acting for a brand, we would try and insert such clauses, but if we were working for a governing body or rights holder, we would try to remove or water down these clauses as much as possible”*

RSL3 *“If I am acting for the sponsor I build in a very robust reputation clause and I build in an expressed determination if that clause is breached, regardless of the breach (major or minor)... If someone put that to me and I was acting for the athlete, for instance, what I would say is that I'm not going to give you an automatic right to termination because there might be a small transgression they shouldn't really lose him the whole contract”*

RSL5 *“If I was representing a governing body or a sport I would be looking to push back on that and go for more of a negligible tarnishing of brand idea which is a bit more woolly around the edges”*

Also, it was suggested that if the sports lawyer is representing the governing body in negotiations and the sponsor does not introduce



sporting transgression as an issue to be discussed, they would advise the governing body not talk about it. This again illustrates the importance of the sponsor being aware that sporting transgression can be an issue in the sport and that the very presence of such behaviour can impact on the reputation of their brand.

RSL5 *“A lot of governing bodies won’t bring sporting transgression up in contract negotiations”*

RSL4 *“I think sporting transgression is very much on the brand manager or commercial director’s mind and lawyers will definitely bring it up, especially if they are acting for the sponsor... but if you are acting for the athlete or the team it’s not something you want in there as it gives the other side a trigger to either terminate the contract or claim compensation”*

RSL2 *“Sponsors have become more aware of transgression and will try to protect themselves... If we’re acting for a sponsor then definitely, we would discuss transgressions in the sport... If we’re acting for the rights holder, then no... If the sponsor doesn’t raise it, then it’s not something you would bring up”*

Respondents were asked to describe the role that they would have in dealing with the immediate aftermath of a case of sporting transgression. It was recognized that *“for lawyers, once the agreement is signed, that’s the end of their involvement unless something happens”* (RSL2). If they were contacted or approached in light of a scandal, the extent of their participation in any discussion would, again, depend on a number of factors, including the nature of the transgression and who they were representing.

RSL2 *“If a lawyer is involved it is because a sponsor has phoned up saying this has happened, we want to get out of the agreement,*

*what is our contractual position?... In the same way the rights holder may phone saying that we've had the sponsor on the phone saying they want to get out of the agreement... Can they terminate? What is the contractual position?"*

RSL4 *"Lawyers will always be asked for our view or interpretation as to how a situation impacts on the contract... we would give our initial feelings and then the commercial people in each organisation discuss a course of action"*

RSL5 *"The lawyer's role in the aftermath of a scandal is a damage limitation one based on crisis management"*

Despite the fact that respondents acknowledged the difficulty in defining what types of behaviour would constitute sporting transgression in a contractual agreement, it was suggested that this type of behaviour would be easier to insert in to a contract than player transgression would be. Moreover, and crucially, given the context of this research, one respondent argued that sponsors are more concerned with behaviours, including alcoholism, adultery and violence, than they are with behaviours that bring the reputation and credibility of sporting competition into disrepute. This view is particularly interesting in light of early discussions about why sponsors get involved in the sport industry and want to be associated with athletes or teams within it.

RSL3 *"The reputational element (player transgression) is the one that most sponsors are concerned about and the one that is most difficult to pin down... If a case of sporting transgression is proven, that is pretty easy to build into a contract"*

Fundamental to the role of the sports lawyer in the development of a sponsorship agreement is to ensure that the interests of whoever they are representing are protected.

RSL3 *“It's all about arming your side with the best weapons... It's about having the ability to open the door and shows the baseball bat without having to use it”*

The increasing frequency in which these types of cases of sporting transgression occur, or at least reported in the media, *“any savvy sponsor will be making sure sporting transgression is protected against in any contract... but many don't”* (RSL5). The argument then becomes that these clauses with more specific detail within them are going to have to become more of a fundamental part of sponsorship agreements.

RSL5 *“I don't think sports can prevent these types of clauses anymore.... How many sports can say that they are clean? They can't!”*

#### **4.4.7 Case Study Summary**

The respondents in this case study have provided interesting detail regarding, in particular, the protection mechanisms available to sponsors in light of sporting transgression, but also have detailed the difficulty in both enforcing such mechanisms and in designing them in the first place. Due to their 'outsider' perspective of the sponsorship relationship and potentially from the wider sport industry, some of these respondents have provided very honest impressions as to how sporting transgression can impact upon the sponsor and, in particular, the role those responsible for the governance of sporting organisations play in what could be deemed as worsening this impact. With the responsibility for managing

sporting transgression, the sports lawyers interviewed recognise the importance of the governing body in protecting the interests of key stakeholders and question whether this is actually the case.

In discussing the extent to which protection mechanisms appear in the sponsorship contracts, sports lawyers appeared to suggest that morality or behaviour clauses are far from the norm in these agreements. Also vital to the understanding of this is the fact that whether these clauses appear (and to what extent they protect the interests of the sponsor) is not only dependent on the bargaining power of both parties, but also on whom the sports lawyer is representing. If the sponsor is represented, then their interests will be a prime importance; if it is the governing body, these protection mechanisms may not be as extensive as otherwise might have been the case.

The level of engagement with those they represent as a result of a case of sporting transgression would depend on the number of contextual factors highlighted previously in this study.

#### **4.5 Managerial Implications of Sporting Transgression in the Sponsorship Relationship**

The case studies presented have highlighted some key issues in the management of sponsorship programmes when affected by a case or cases of sporting transgression. What is clear from the analysis of the data collected is that sponsors face a serious dilemma as to the best course of action if they are associated with an athlete, team, event, or sport that is proven guilty of (or admits to) sporting transgression and there are a considerable number of variables that would impact upon any decision they make. Perhaps the most concerning aspect to the analysis of these variables is the fact that, overall, there is no real consensus of opinion between stakeholders as to how sponsorship agreements should be managed in light

of a transgressive act, the potential courses of action available to the sponsor if they are affected by such cases and the factors that would influence any decision made.

Organisations enter in to sponsorship agreements with rights holders in the sport industry to benefit from that association in a number of ways. These benefits include access to a greater market or audience and, in conjunction with that access, positive image spill over (Amis et al, 1997; Crimmins & Horn, 1996; Meenaghan, 2001). Common elements or values in the brands of both the sponsor and rights holder were recognised as important factors in choosing with whom sponsors want to be associated. All of the respondents identified both access to target markets and the association of the organisation's brand to that of the sponsored entity or property as key reasons for entering into a sponsorship agreement.

This was not disputed, but there was a greater disparity in acknowledging the impact sporting transgression can have on the sponsor's brand, with some respondents suggesting that a sponsor may not be too disappointed if they are associated with an athlete guilty of some kind of transgression. It could be argued that this is more the case when discussing player transgression (e.g. alcoholism or adultery), as opposed to somebody who is guilty of attempting to distort the outcome of a sporting contest, for their own personal material gain. As discussed previously, there are examples of where sponsors have continued to support athletes guilty of player transgression and the same sponsors have withdrawn from sponsorship agreements with those guilty of sporting transgression. This represents one of the most significant issues in this study – the nature of the transgression itself.

Sponsors appear to operate with an 'it depends' mentality in dealing with the potential implications or impact of sporting transgression on the brand. The severity of the transgression, its frequency in the sport or the frequency the sponsored property is committing that transgressive act (i.e. repeat

offenders), the media interest in the case, the sport affected by the scandal and the level at which the scandal occurred (i.e. a major global competition as opposed to a less popular or commercialised sport or a lower league competition), the cost of withdrawing from a sponsorship agreement both in terms of the financial cost and the costs to the image of the brand, the level of investment, the length of the relationship with the rights holder, all of these factors impact upon the decision that would be made by a sponsor in light of the scandal. This then makes a standardised approach to sporting transgression impossible.

One of the key components of this 'it depends' mentality is how much a sponsor is willing to tolerate in conjunction with the risks associated in making the wrong decision. The extent to which the sponsor perceives each of the aforementioned variables to exist will differ depending on the contextual factors of each case therefore the concept of the zone of tolerance is an important concept in this decision-making process. As Schurr et al (2008) suggested, "*tolerance zone differences explain why one actor [or stakeholder in this context] perceives positive outcomes from an interaction episode [or trigger event] while the other perceives negative outcomes*" (882). Accordingly, a sponsor's level of tolerance is anticipated to be different across cases of sporting transgression, but also one case could lead to a number of different responses from sponsors associated with that single case. For example, sponsors in the sport of cycling have taken very different courses of action in light of the US Postal investigation in 2012. Some have withdrawn from the sport completely, including Rabobank; others have adopted a very clear zero tolerance policy to the use of PEDs in cycling; a small number have taken a very strong stance in trying to force or drive change in the governance of the sport; whilst others have taken advantage of this scandal to enter into a sport whose signature race was going to have a significantly larger profile in 2013 than it was in previous years because of the US Postal investigation and the subsequent impact that investigation is going to have had on the value of sponsorship agreements. This further illustrates that not every sponsor is going to react

in the same way and that the zone of tolerance of each of these sponsors is significantly different.

Interestingly, the concept of the zone of tolerance can also be applied in a slightly different way in the context of this study. It was discussed by respondents across the case studies that there is a different level of expectation as to the behaviour of sports people within certain sports. Therefore, it could be argued that there is a zone of tolerance that exists within sport, and sports that are deemed to have lower morals, like football (as identified by respondents) may be more accepting of certain types of behaviour that in other sports will be punished. An example of this could be the use of PEDs. Very rarely are cases of failed drugs tests reported in football and, given the fact that substances like cocaine, cannabis, and even caffeine appear on WADA's Prohibited List, it would seem unlikely that football is a clean sport. In a sport like athletics, if an athlete tests positive for cannabis, they would be punished in some way. It could also be suggested that there are differences in the zone of tolerance between sporting nations. What is deemed acceptable behaviour in one country would be classed as corruption in another – this may be more applicable to what Maennig (2005) classes as management corruption, corrupt behaviour by those responsible for the governance of sport, but in sporting transgression, the rules and regulations governing the management of such behaviour varies significantly between nations. Finally, the zone of tolerance of consumers may vary between sports and, as cases of sporting transgression occur in a sport, the fans may react in a certain way based on how accepting they are of certain types of behaviour, further confusing the decision-making process of sponsors.

As previously stated, the commonly held view of sponsorship is that organisations are looking for a cost-effective way of communicating with their target market and sport provides a mechanism to do this. The decisions of sponsors to remain associated with athletes, sports or teams who commit sporting transgression may impact upon the attractiveness of

the brand but the question then becomes whether the sponsor should remain associated with those rights holders because the benefits of doing so far outweigh the costs. Ultimately, it could be suggested that this decision is dependent upon how the consumers respond to particular cases of sporting transgression. The consumer probably won't explicitly state whether they find a transgressive act acceptable or not; however, if the consumer continues to attend sporting events or engages with sport in some way, this may indicate that the behaviour of a particular sports person won't affect their view of them, the sport, or those were associated with it. Nevertheless, the sponsor may not be in a position to wait for this stance to become apparent. In the case of cycling, the findings of the US Postal investigation were announced in October 2012 and highlighted the systemic doping culture in the sport and, in particular, in professional cycling at races, including the Tour de France. Sponsors, both existing and those new to the sport, had to base their decisions on an event whose next incarnation was eight months away - they had no real way of knowing the impact the investigation had had on the potential behaviour of consumers until the start of the race in June 2013. There was a risk associated with leaving the sport (e.g. what if consumers didn't really care or had expected the findings to be what they were and was still going to attend the race anyway?) and there was a risk in staying (e.g. what if the race route was empty? What if there was no audience?).

As well as the possible responses of consumers to sporting transgression, it was acknowledged by the majority of respondents that the responses of other stakeholders in the sport industry were an important consideration in the decision-making process of the sponsor.

The role of the governing body in managing sporting transgression was highlighted as a key issue by both sponsors and sports lawyers, with some questioning the ability of those responsible for the governance of sport to manage the behaviour of their own athletes. Again, sport is littered with



cases where governing bodies have been almost complicit in transgressive behaviour, particularly in the use of PEDs.

In recent years, FIFA, the IOC, the UCI and Major League Baseball, have all been accused of facilitating or being complicit in cases of sporting transgression. Trust is acknowledged by respondents as a key issue in a sponsorship relationship and these kinds of allegations severely damage trust between the rights holder and sponsor. It is important to consider that, just as sponsors have a zone of tolerance, so do governing bodies. As was indicated by a number of respondents in Case Study TWO, having a small number of failed tests at a sporting event might be used as an indication as to the success of both the education and management of sporting transgression and also the testing procedures. There appeared to be almost a sense of inevitability in the way respondents were discussing the prevalence of sporting transgression, as if those responsible for the governance of sport expected this kind of behaviour to occur. This view appears to support the contention of Connor & Mazanov (2010) who state that sport and scandal are synonymous and, in their study of player transgression, explore the fact that scandal can be considered inevitable in sport and, as such, can be 'planned for' and contingency plans can be in place. Sports lawyers also questioned whether the governing bodies were basically fit for purpose in managing the threats posed by sporting transgression and even went so far to suggest that if sport wants to eradicate this type of behaviour, any initiative would have to be led by sponsors. However, respondents representing sponsors suggested that in no way would this happen – sponsors would not go looking for this kind of attention given the fact that this attention would lead to a greater association between the brand of the sponsor and the case of sporting transgression. This again represents one of the most significant issues in managing the threat sporting transgression poses to the sport industry. It appears as though all stakeholders interviewed as part of this research, acknowledge its existence and would suggest that regardless of the efforts of organisations such as WADA to try and rid sport of this kind of behaviour,

the benefits just outweigh the costs. The benefits of being associated with any kind of sporting organisation, regardless of the history of sporting transgression of that organisation, the athletes it contains, or by the wider sport of which the organisation is part far outweigh the costs of taking action, whether that be in the form of withdrawing, seeking some kind of renegotiated terms or taking a stance against sporting transgression in the sport and, ultimately, trying to make change. There is also the argument that the benefits of committing transgressive behaviour, again, far outweigh the costs of getting caught. This view is in clear agreement with Den Nieuwenboer & Kaptein (2008)'s concept of the 'spiral of opportunity', which suggests that "*the risk of getting caught and/or punished is such that it does not deter (potential) perpetrators*" (139).

One of the greatest risks of sporting transgression that was identified by respondents is the role of the media in the reporting of such behaviour. Whilst some respondents suggested that stories of sporting transgression were 'here today and gone tomorrow', there is clear evidence to suggest that the media plays a significant role in the impact of sporting transgression on all stakeholders, including sponsors, governing bodies and, importantly, consumers. The media represent the information source for consumers and if these reporting mechanisms are flawed in any way whatsoever (whether it be through the publishing of rumour or speculation or quite simply blowing the scenario completely out of proportion), this then has a significant knock-on effect to the image of the sponsor. In discussing the importance of the relationship between sponsor and rights holder, some respondents discussed the importance of a relationship between the rights holder and the media as a stakeholder in the sports industry. This tended to mitigate the risk of false information entering the public domain, which could have potentially massive implications for both sponsors and governing bodies.

There was also recognition of the impact of social media is having in the reporting of sporting transgression and the wider sport industry. Networks

like Twitter and Weibo mean that news of sporting transgression transcends international boundaries very quickly, thus highlighting the need for a public relations exercise to begin almost as soon as transgression becomes apparent to minimise the damage to the brand. Communication was identified as a key component here, in order to mitigate these risks. Respondents agreed that the worst-case scenario would be commercial partners (i.e. sponsors) finding out about a case of sporting transgression that directly affects them from the media. This in itself breeds doubt in the relationship between stakeholders and can substantially impact upon the decision a sponsor might make in light of the case of sporting transgression.

Here again, there is an opportunity to draw on the concept of the zone of tolerance. The media may report cases of sporting transgression based on their own zone of tolerance and, as such, force this view on consumers. For example, the intense media scrutiny surrounding the performance of Team Sky cyclist Chris Froome during the 2013 Tour de France could have led consumers to believe that his success (he won the 2013 race) was down to the use of PEDs. This attention in conjunction with the history of sporting transgression in the sport might have had a significant impact on consumers, in terms of their attendance at the race or their intention to watch television coverage, which, in turn, impacts upon the amount of television coverage available. A more limited amount of coverage means that the cost of being associated with the event for sponsors would be considerably higher given the limited exposure, the sponsor would enjoy or sponsors would be of the opinion that, due to this limited exposure, being involved in the sport would not be cost-effective, thus impacting revenue generation for the sport as a whole.

Perhaps the most significant discussion that occurred with each set of stakeholder respondents was about protection mechanisms that sponsors would have at their disposal response to a case of sporting transgression. As previously discussed, Santomier (2008) suggests that a more sophisticated approach to sponsorship leads to the construction of

performance-related clauses in contracts between sponsors and the sponsored property. Despite this view, the findings of this study suggest that, firstly, these types of mechanisms (in the form of morality, behaviour, or performance clauses) do not appear in every sponsorship agreement and, secondly, they do not seem to be especially specific. This would suggest that at the time of agreeing the contract, the sponsor would leave the negotiating table thinking that their interests are protected. But, if they are implicated by or associated with a case of sporting transgression, the extent to which these protection mechanisms will allow them to take the action that they best see fit is far more challenging. On the whole, it appears that these clauses do not specifically mention behaviours that would constitute sporting transgression, although one or two respondents suggested that, in certain sports, these were becoming more regular in their appearance within these contracts (primarily sports, like cycling, that have a significant history of sporting transgression). The most interesting elements of this discussion involved the role the sports lawyer plays in the negotiation of these contracts. Representatives involved in this study of the stakeholder group were incredibly knowledgeable about the protection mechanisms that should be in place for sponsors in case of any type of transgression. However, if these clauses were included in a sponsorship contract would be entirely dependent on who the sports lawyer is representing. Whilst they recognise the need for remedial action for sponsors if they feel that their reputation or brand has been tarnished or damaged in any way, if they are representing the governing body, these clauses are far from specific in stating the type of action available and how this damage would be measured. Also, they recognise the importance of understanding the prevalence of sporting transgression in a particular sport in order to best evaluate the risks associated with entering in to and agreement within it. Again, depending on who they are representing, the extent to which this is discussed will vary.

Much of the understanding about how a sponsor might react or respond to sporting transgression, which is limited at best, is based upon work

analysing the impact of player transgression on the management of sponsorship programmes. Much of the discussion with respondents strayed in to this type of behaviour and was used as a reference point for some of the contextual discussion. This again presents an interesting area of analysis to evaluate whether stakeholders in the sport industry are more aware of player transgression and the potential impacts of it due to the 'real world' nature of the behaviour. A regular member of the public would not be involved in a match fixing scandal, for example, but may become embroiled in adultery or be affected by alcoholism in some way. The ability to relate to that type of behaviour may cause more significant issues for sponsors as opposed to a type of transgression that people just can't relate to in the same way.

The player transgression and sponsor response model (Westberg et al, 2008), presented in figure 2.6, highlights some of the key issues in deciding how a sponsor could or should respond to a case of player transgression. As reiterated throughout this study, this is different from sporting transgression in that the latter is concerned with behaviour that seeks to distort the outcome of a sporting contest. Whilst this model is useful in identifying the factors that influence any decision, it fails to explain the extent of that influence and how these factors are based on the interpretation of a sponsor at any given time. Moreover, the model seems to suggest a somewhat one-way relationship between the variables presented which just would not be the case. For example, the 'Global Image of the Sport' is going to impact upon the 'level or zone of tolerance' of the sponsor – the greater the status of the sport affected by the scandal, perhaps the wider the zone of tolerance due to the benefits of association. The model does not display any of their inter-variable relationships.

As such, this research proposes the Sponsor Response to Sporting Transgression, or SRST, Model (see Figure 4.1).

#### 4.6 The Sponsor Response to Sporting Transgression (SRST) Model

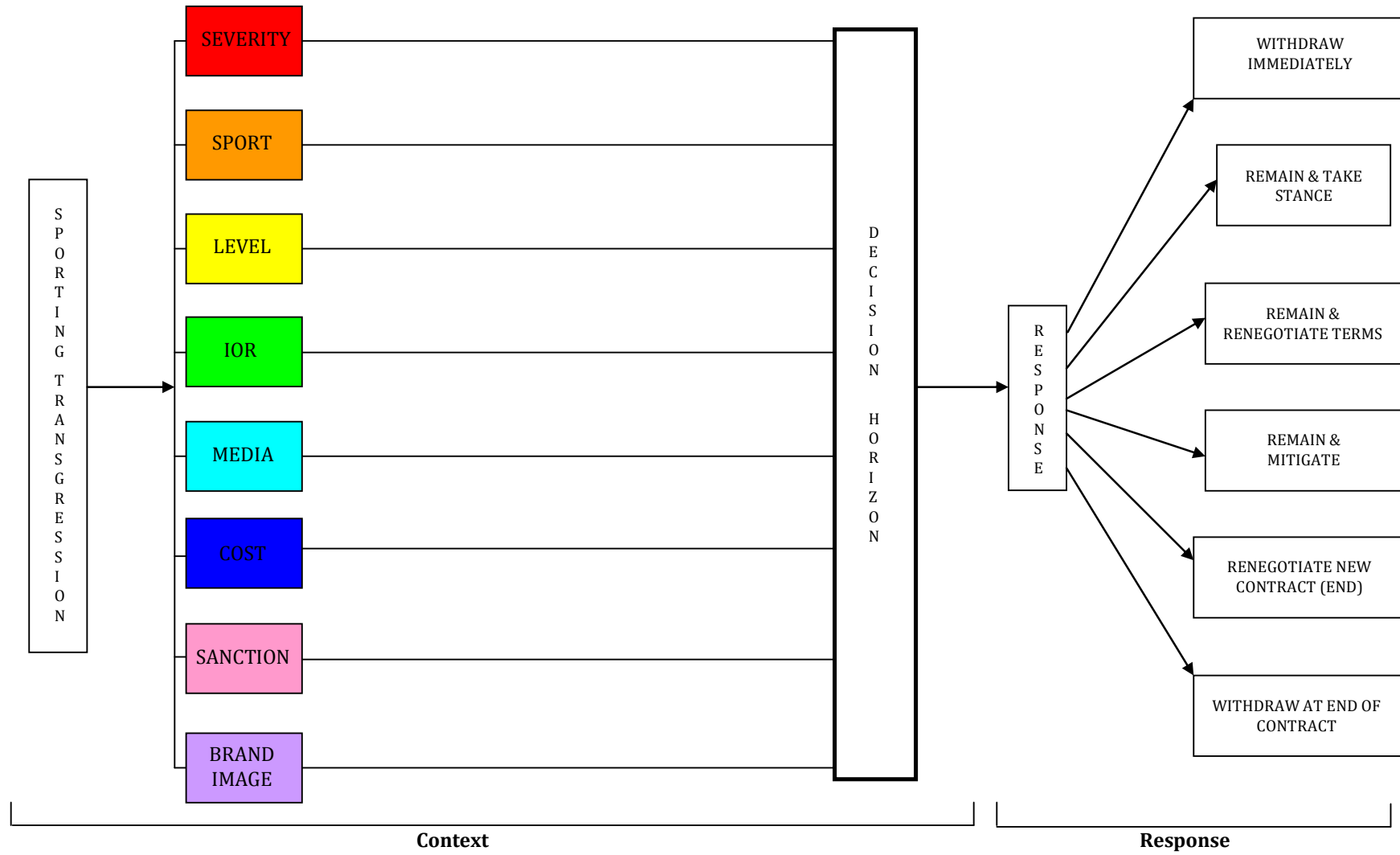
Building on the findings of this study, it is clear that the 'wait-and-see' or 'it depends' approach of sponsors in responding to cases of sporting transgression involving those to which they are associated is based on the contextual background of each case. Whether it is the use of PEDs or one of the other various types of competition corruption (see section 3.3), a proven case of transgressive behaviour (or corruption) acts as a trigger event (Gardial et al, 1996), a critical activity or event that forces interaction between sponsorship partners. How and when this interaction takes place, and the subsequent course of action the sponsor decides is the most appropriate to protect the integrity of the brand and/or organisation, in their view, depends on the analysis of eight identified contextual factors in each case. The extent to which each of these factors impacts on any decision a sponsor might make is case-specific – a strategy that may have been successful in one case may not be effective in another. In order to represent the decision-making process of sponsors, and factors that influence it, the Sponsor Response to Sporting Transgression, or SRST, Model is proposed (see Figure 4.1).

The SRST Model allows for a pictorial representation of the extent to which these eight contextual factors impact upon the decision-making process of a sponsor in response to a case of sporting transgression.

*Sporting transgression* is any act by an athlete or official that falls within the parameters of the definition of corruption in sport provided by Gorse & Chadwick (2010) upon which this research is based. This could include such activities as doping, betting related or non-betting related match fixing, tanking or accepting bounty payments (see section 3.3).

In each case of sporting transgression, a sponsor will consider eight contextual factors before deciding upon a course of action:

**Figure 4.1:** The Sponsor Response to Sporting Transgression Model



The *severity* of the case is a key contextual factor in that if the case is deemed severe by not only the sponsor but also by other stakeholders in the sport industry, it will impact on any sponsorship decision made. This view of severity then influences some of the other contextual factors highlighted in figure 4.1. The frequency of such activity is also an important aspect of how the case may be viewed. For example, if the case is deemed severe, but is an infrequent occurrence in the sport (e.g. the Crashgate scandal in Formula One), it is anticipated that a sponsor would take a very different approach in response, as opposed to frequent severe cases of sporting transgression affecting a particular sport (e.g. the US Postal doping scandal in cycling).

The profile of the *sport* affected by a scandal or case of sporting transgression is also important for sponsors when considering a course of action. If a doping or match fixing scandal was to erupt in the United Kingdom in a sport such as handball or in Germany in a sport like cricket, it could be argued that the impact of such a case is rather more limited than if a similar scandal was to occur in sports like football across Europe, or baseball in North America. The level of consumer interest differs across these sports, as does media coverage and, as a result, sponsors may not invest to such an extent in these lower profile sports as they would do otherwise. Linked to this is the *level* of competition at which the scandal occurs. Sponsors pay vast amounts of money to be associated with major sporting events, high-profile teams and athletes, and leading sports leagues around the world in order to capitalise on the global audiences they attract. Again, if a case of sporting transgression was proven at one of these sporting events or involving high-profile athletes, the potential interest of the media, and thus consumers, is much greater than that of smaller teams, smaller events or lower leagues. For example, there have been a small number of match fixing allegations targeted at lower division football teams in the United Kingdom that have garnered very little media exposure, compared to the vast coverage of Calciopoli and other match fixing scandals that have tarnished the reputation of Serie A, one of



Europe's most high-profile football leagues. As previously discussed, Hughes & Shank (2005) found that, due to the status of professional athletes, any scandal “*will be perceived as more scandalous than if the same thing or event occurred at the amateur level*” (212) – the contention here is that the same could be said of sporting transgression at different league or competition levels across sports.

The *inter-organisational relationship* between sponsor and rights holder is also of key consideration. The length of the association, which results in the extent to which the brands of the two organisations are linked in the mind of consumers, the trust between the partners and the manner in which the rights holder has managed both the transgression and the relationship with the sponsor in light of the transgression will impact upon the decision the sponsor will make. As discussed previously, communication is of critical importance, particularly in light of the *media* interest that might surround the case. A sponsor will not want to be in the position of hearing about a case of sporting transgression from journalists without, firstly, having heard from the rights holder in some manner. Moreover, the level of media attention will also impact the negative image spill over that may occur to the sponsor’s brand – if a scandal is continuously reported over a lengthy period of time and the brand of a sponsoring organisation is pictured on the shirt of the guilty athlete, then the more the brand is associated with the transgressive act in the eyes of the target audience.

A sponsor must also consider the *cost* of any decision made – not just financial cost but also in terms of reputation. The reputation of the brand may have irrevocably damaged by being associated with a case of sporting transgression and, therefore, the cost of remaining in that agreement becomes of issue. On the other hand, in certain circumstances, it could be the case that a sponsor attracts more favourable attention for supporting an athlete who is guilty of transgression or for remaining involved in a sport and driving change.

The manner in which the governing body has managed a particular case of sporting transgression and any subsequent *sanctions* given to those proven guilty is another of the factors that need to be considered. As identified earlier in this study, the ability of a governing body to manage sporting transgression within the sport is of crucial importance to any response a sponsor will make in light of a case. One of the means by which a governing body can demonstrate this ability is to ensure that the guilty party is punished for the transgressive act. For example, those guilty of ADRVs (anti-doping rule violations) tend to be sanctioned based on the WADA Code, however, between sports and nations, the consistency in sanctioning guilty athletes varies considerably.

The final factor to be considered is *brand image*; the impact the transgression may have on the sponsor's brand. It is this factor in particular that causes the greatest issue for all parties involved in the sponsorship relationship as this impact is incredibly difficult to quantify. So much so that in sponsorship agreements, as previously discussed in section 4.3.6, the definition of impact is left as loose or as "woolly" (RSL5) as possible. One of the components of brand equity is brand image, already highlighted as a key reason for entering in to sponsorship agreements in the first place. As discussed previously, Arokallio & Tuominen (2006) stress the significance of image in sponsorship, stating that "*in essence, the sponsor wants to juxtapose the athlete's image with the sponsor's image in the minds of consumers*" (5). If this image is tarnished by sporting transgression, it is going to impact upon the brand equity of the organisation.

However, the impact on brand image will not be immediately apparent. It may take time for all of the other factors to materialise. For example, there is no indication as a case of sporting transgression becomes apparent how long it will remain as an issue of focus for the media. Whilst some of the respondents in the case studies suggested that they

believed the media coverage to be 'here, now and gone tomorrow', this may not be the reality of the situation. Also, it may take time for an investigation in to a particular case to be conducted, thus sanctions may be given months after the initial transgression. For example, cyclist Alberto Contador failed a drugs test in July 2010, testing positive for the banned substance clenbuterol. However, because of legal challenges against, firstly, the failed test and, secondly, the mere suggestion of a ban that may be have been given, the sanction, a two-year suspension, was not announced until February 2012. Although a temporal analysis was not part of this study, this then means that a definitive time period available for a sponsor to make a decision is difficult to predict. As such, a **'Decision Horizon'** forms an important part of the SRST Model and the time at which each sponsor will make a decision as to their response to sporting transgression is entirely dependent on the interpretation of the eight identified contextual factors. Due to the importance of the decision, it is vital that the sponsor understands the extent to which each of the contextual factors impact upon not only the sport to which they are associated but also their own brand or reputation. Once the decision horizon has been reached, only then should a sponsor consider a course of remedial action.

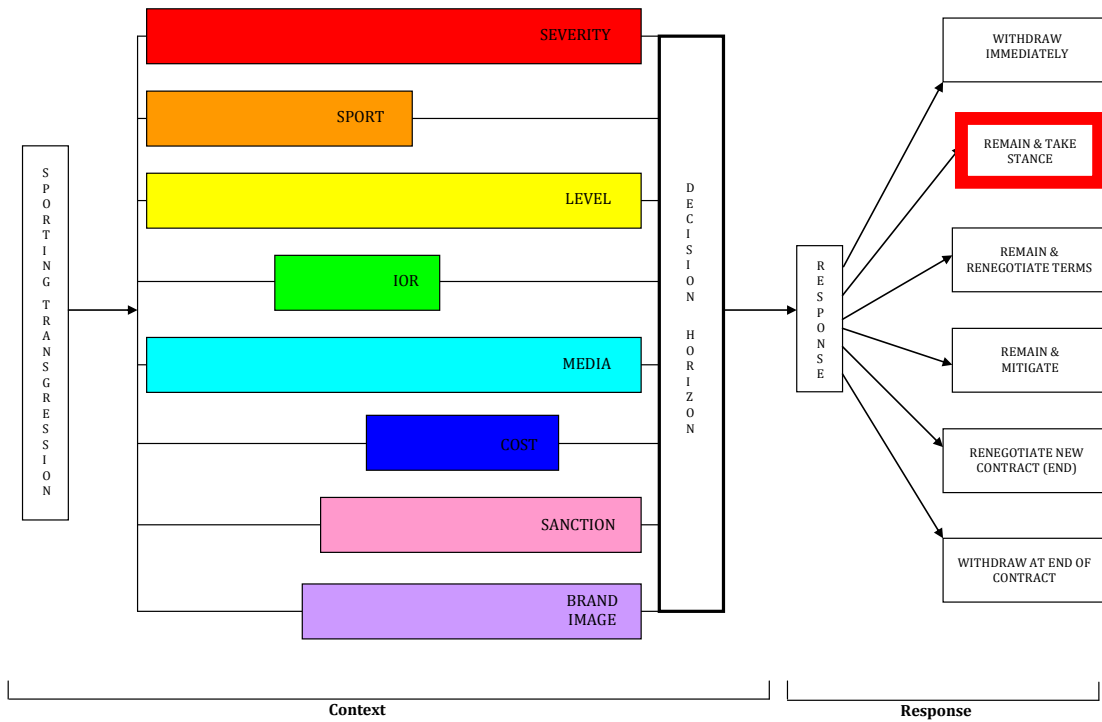
Based on the discussions regarding the contractual structure of sponsorship agreements, the sponsor will have a number of actions available to them as highlighted in figure 4.1, provided of course the contract has been written in such a way to protect their interests in a number of potential scenarios.

#### **4.6.1 Hypothetical Application of the SRST Model**

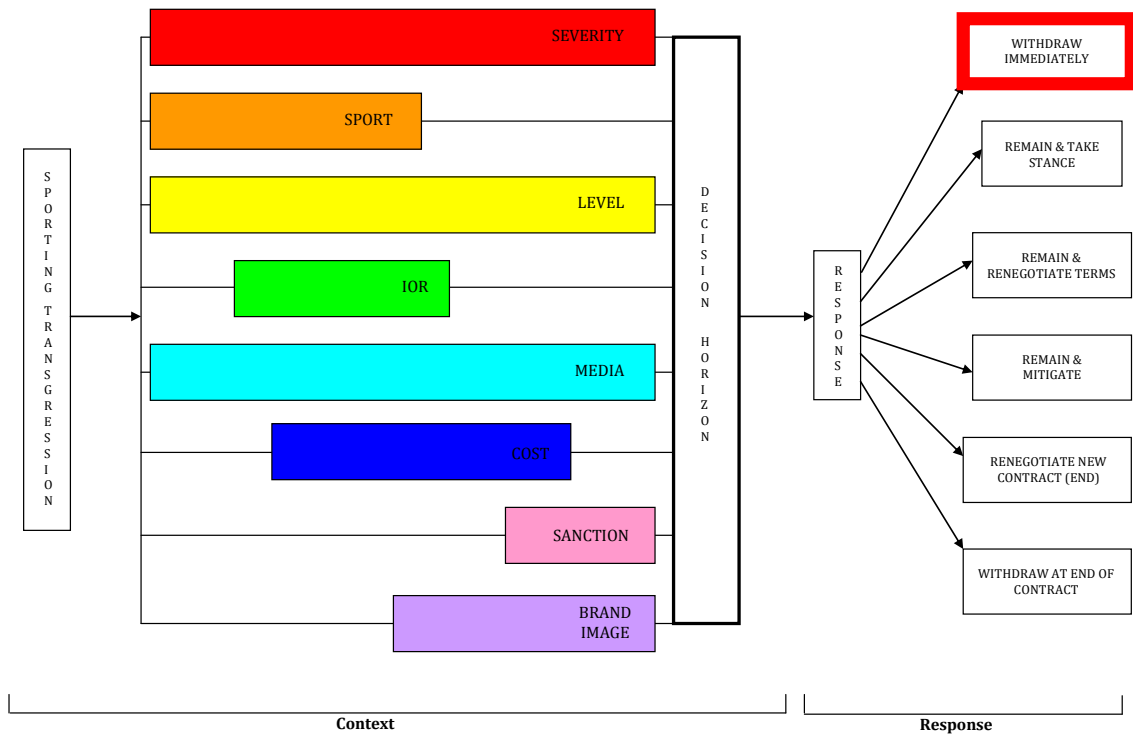
Many of the respondents interviewed as part of this study described the current state of cycling to illustrate or provide contextual detail to their responses to the questions asked. As such, the first examples of the hypothetical application of the SRST

model that have been conducted are based on the sport of cycling and concern one particular case – the aftermath of the US Postal investigation conducted by USADA in to the systemic use of PEDs in the sport and in particular the role and behaviour of Lance Armstrong in that doping culture. The sheer scope of doping in the sport during the time period under investigation would lead to the case being deemed most severe and is represented on each example of the model as such. Despite the sport’s popularity in mainland Europe and in certain parts of North America the sport of cycling does not attract the same global audience that a sport like football enjoys, with interest in cycling reaching its global peak during the Olympic Games. The level at which the use of PEDs, or the transgression, occurred is at the very pinnacle of the sport of cycling and centred around Lance Armstrong’s seven consecutive Tour de France victories between 1999 and 2005. This, again, is illustrated as such on the model.

The media interest in the sport soared as a result of the scandal and reporting of the case continued for months after the initial release of the report so, again, this is depicted on the model as being the most extensive it could be. The UCI’s handling of both the report and the subsequent punishments or sanctions given to those involved in the scandal to a certain extent heightened the media interest in the scandal given the fact that, on the most part,



**Figure 4.2:** Hypothetical Application of the SRST Model – Cycling Sponsor (1)



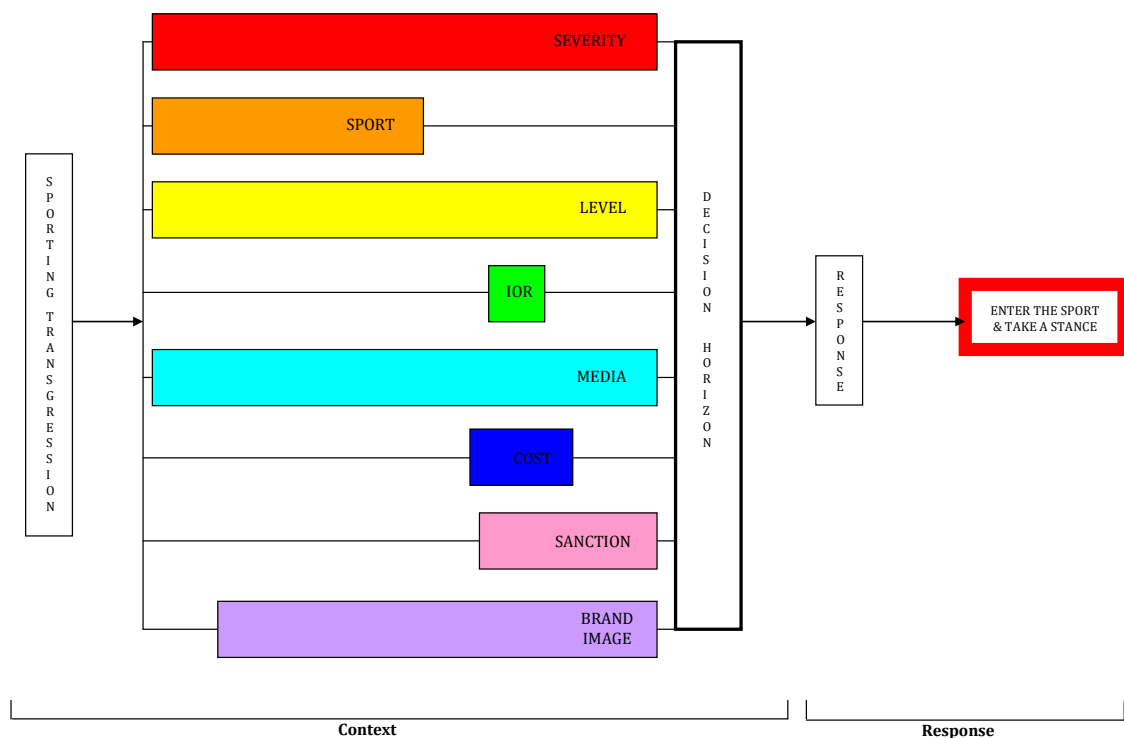
**Figure 4.3:** Hypothetical Application of the SRST Model – Cycling Sponsor (2)

their handling was seen as totally inept. Whilst Lance Armstrong received a lifetime ban from cycling and from all other sports that have signed up to the WADA code as requested by USADA, the US Anti-Doping Agency, the remaining members of his team who testified against him as part of the US Postal investigation only received six month suspensions. Given the fact that the vast majority of his former teammates had retired from the sport, the six month ban meant relatively little. It could be suggested that the sanctions were not as effective as they could have and therefore represented a lower requirement for consideration by sponsors. The remaining factors on the model – the inter-organisational relationship, the cost of any decision and brand equity – are more subjective for each sponsor and this is where in particular the model would be applied in different ways by different sponsoring organisations.

These hypothetical applications pictorially represent how these remaining factors could be interpreted by sponsors and how they might impact upon any decision made. They further demonstrate how sponsors may choose varying courses of action in response to sporting transgression depending upon how these factors influence any decision. For example, figure 4.2, the hypothetical application of the SRST model to cycling sponsor (1) shows how the strength of the relationship between sponsor and rights holder, the cost of any decision made, the acceptability or the lack thereof, of the governing bodies response to a particular case of sporting transgression and the potential impact on the sponsors brand equity may influence a particular decision. In light of the interpretation of these contextual factors, the sponsor chose to remain in the sport and take a stance – they have driven a change process that is slowly coming to fruition. This hypothetical application might reflect the decision-making process of Skins, the sponsor who, as a result of the UCI's handling of the doping culture

in the sport of cycling, chose to influence the future of the governance of the sport. On the other hand, figure 4.3, the hypothetical application of the SRST model to cycling sponsor (2) shows how a slightly different interpretation of these remaining factors leads to a completely different course of action. As a result of the US Postal investigation, this sponsor decided to withdraw from the sport. This hypothetical application might reflect the decision-making process of Rabobank, the team sponsor who withdrew from the sport soon after the USADA report was released.

The key to the use of the SRST model is the interpretation of each of these contextual factors. As previously highlighted, the zone of tolerance within each of these factors will differ between sponsors and therefore their decisions in response to these types of scandals involving sporting transgression will also vary significantly.



**Figure 4.4:** Hypothetical Application of the SRST Model – Cycling Sponsor (3)

This case offers a new perspective on the newly proposed model, further indicating the confusion of sponsors in response to sporting transgression. Figure 4.4, the hypothetical application of the SRST model to cycling sponsor (3), shows how the interpretation of these contextual factors could lead to a sponsor wanting to enter the sport that has been affected by a case of sporting transgression and take a stance against it. In this example, cycling sponsor (3) took advantage of cycling sponsor (2)'s decision to withdraw from the sport and, as a result, was able to enter the sport for significantly less investment than would otherwise have been expected and, because the relationship between the brand of the sponsor and the brand of the Tour de France had not been properly established, if the risk had not been worthwhile (and the sponsor would not have been aware of this until after the 2013 race), the association between brands would not have been sufficiently established in the minds of consumers, thus potentially reducing the impact on the brand equity of the sponsor. However, due to the very strong anti-doping message the sponsor promoted as it entered the sport, have there then been a number of failed drugs tests during the 2013 race, this would have led to significant damage to the sponsor's brand equity. They would have been forced to re-evaluate their position and adopt a new course of action based on the SRST model. As yet, there have been no high profile failed tests from the Tour de France in 2013 and the newly sponsored team performed incredibly well. It could therefore be argued that the risk the sponsor took in associating with the sport of cycling in the aftermath of the US Postal investigation has most certainly paid off. This may not always be the case. This hypothetical application might reflect the decision-making process of new team sponsor, Belkin.



# FIVE

## Conclusions & Recommendations

### 5.1 Chapter Overview

This chapter presents the conclusions of this study, highlighting the professional and academic contributions of the research. The applicability of the study's findings is highlighted and the importance of further study in the area of sporting transgression is discussed. The chapter concludes with the identification of a series of recommendations for both sponsorship professionals and wider academia.

### 5.2 Research Conclusions

Corruption in sport, or sporting transgression, represents a significant challenge to the management and development of sport sponsorship and the wider sport industry. The increasing popularity of sport as a means of reaching a target global audience, which currently shows no sign of abating, highlights the importance of managing the threat posed by this type of behaviour. Given the prevalence of sporting transgression and the increasing media interest in this type of behaviour, it is vital that sponsors are aware of the potential impact that this issue can have on the image and reputation of the brands. Sport has a long history tarnished by activities by athletes or officials that seek to deliberately distort the outcome of the sporting competition for the personal and material gain of those involved (Gorse & Chadwick, 2010). In this context, this research begins to address the managerial implications of sporting transgression for sponsors and analyses the relationship between the key stakeholders in the sponsorship relationship, namely sponsors, rights holders, and sports lawyers, in an effort to understand the contextual factors that impact upon the decision-making process of the sponsor in response to a case of sporting transgression.

Based on a newly proposed definition of sporting transgression – *any illegal, immoral or unethical activity that attempts to deliberately distort the outcome of a sporting contest, or an element within that contest, for the personal material gain of one or more parties involved in that activity* – this study has attempted to explore the impact of such behaviour on organisations who employ a sponsorship strategy and answer the central research question: ***How does corruption in sport impact on the management of sport sponsorship programmes?***

The focus of this research has been to analyse how and why sponsors might respond to sporting transgression in a particular way, what avenues they might pursue (for example, remedial action, support) and what factors they take in to consideration when making a decision as to a course of action. As such, in examining the impact of sporting transgression on the management of sponsorship programmes, this research has sought to conceptualise the key issues of sporting transgression and the impact of such behaviour on those associated with sport. This analysis provides a new understanding of the threats faced by sponsors in light of this behaviour as well as identifying the roles for the impacts of other stakeholders (e.g. rights holders, the media) in the process of responding to these threats. In order to address the existing limitations in both corruption and sponsorship literatures, this study has sought to develop a contextual understanding that is vital in an area of academic research that has yet to receive the attention it warrants. Moreover, in adopting a grounded theory methodological approach, the enhancement of both academic and practical understanding about these central issues was of primary significance.

In order to identify how sponsors respond both to the threat of being associated with a property that might become associated with corrupt activity, and to analyse instances of actual corruption, a four-phase research methodology was undertaken. This study adopts a mixed methods approach to research, drawing on grounded theory (Glaser &

Strauss, 1967; Strauss & Corbin, 1998; Tan, 2010; Goulding, 2002) and moving away from the predominantly positivist nature of research previously conducted in the area of sport sponsorship. An extensive database was created, currently containing in excess of 2,000 cases of corruption in international sport; a series of preliminary interviews were conducted with professionals in and around the sponsorship industry to highlight the potential implications of corruption for sponsors; and a number of case studies were developed, recognising the key stakeholders in sponsorship management. A series of in-depth semi-structured interviews were then conducted with multiple stakeholders in the sport industry - sponsors, legal professionals with expertise in sponsorship and commercial managers in governing bodies of sport. Interviews were recorded, transcribed and then analysed using grounded theory coding techniques, allowing for key themes to emerge and responses to corruption in sport discussed.

Analysis of the interview data indicates that sponsors adopt an 'it depends' or a 'wait-and-see' approach when dealing with the potential impact of corruption, relying on a number of factors to decide upon remedial courses of action. These factors include: how closely related the transgression is to a sponsor's business or target market; the severity of the transgression; the extent of media coverage that transgression attracts; the level at which the transgression occurs (i.e. Olympics or World Cup as opposed to regional or national championships); and how a sport's governing and/or legislative body deal with the scandal. It is also apparent that, while morality and/or behaviour causes are included in sponsorship agreements between sponsor and rights holder, they are by no means specific to the severity of the transgression or indeed the potential course of action. Withdrawing from sponsorship agreements can cost sponsors both financially and in terms of brand equity – any action they take must be carefully considered.

As a result of this analysis and in order to represent the decision-making process of sponsors, and factors that influence it, the Sponsor Response to Sporting Transgression, or SRST, Model has been proposed

The SRST Model represents the first attempt to analyse the impact corruption in sport has on the decision-making process of sponsors in light of sporting transgression. The implications are such that a sponsor can utilise this model to evaluate the extent of the impact these factors might have, however, as with the aforementioned subjective measurement of damage in contractual agreements, the implementation of this model is again entirely dependent on each individual case of sporting transgression. This is not unexpected – given the contextual nature of sporting transgression, as acknowledged by all respondents in this study, the case-by-case subjective view of impact is going to occur. SO, whilst the model is useful in analysing these case-specific contextual details, it will still not give the sponsor the opportunity to develop a one-size-fits-all strategy for dealing with sporting transgression and its impact on the image and reputation of their brand.

### **5.3 Contribution to Knowledge**

Whilst there is extensive literature in the fields of sponsorship (Cornwell & Maignan, 1998; Walliser, 2003) and corruption, predominantly in the fields of business and politics (Treisman, 2000; Aidt & Dutta, 2008; Den Nieuwenboer & Kaptein, 2008; Shen & Williamson, 2005; Getz & Volkema, 2001; Lloyd & Walton, 1999; Paldam, 2002; Spinellis, 1996), there is a paucity of academic research in the area of corruption in sport and, in particular, the impact of corruption on sponsorship programmes. Throughout the corruption literature, there have been significant attempts to identify the antecedents and manifestations of corruption in these fields, whereas issues of measurement and contextual understanding have been highlighted as problematic. As such, this research, in the first instance, has sought to apply this broader theory to

the field of sport management to explain, in particular, the manifestations of corruption in sport (Den Nieuwenboer & Kaptein, 2008; Senior, 2006; Anand et al, 2005). Another dynamic that was considered in this study was the area of relationship dissolution in sport and corruption in sport as a possible explanation for the breakdown of sponsorship relationships.

However, it is in the analysis of the potential responses of sponsors to cases of corruption in sport committed by athletes and/or officials in sporting competition (referred to as competition corruption (Maennig, 2005)) and the contextual factors that influence any response or decision that this research makes its most significant contribution to both academic and management understanding. In recognising the contextual factors that impact on the decision-making process of sponsors in light of a case (or indeed cases) of sporting transgression, and the development of a conceptual model that pictorially represents these factors, the Sponsor Response to Sporting Transgression (SRST) Model, this research has sought to provide a level of contextual understanding that is missing in the wider corruption literature and, more significantly, to begin to address the paucity of academic research in the field of corruption in sport. Primarily, however, it is in the field of sponsorship management that this research adds significant value to current understanding. As yet, the sponsorship relationship is a relatively underdeveloped area of academic research and, even more so, the causes of relationship breakdown. It is the contention here that corruption in sport represents such an antecedent and with the effective management of the identified contextual factors that will influence a response of a sponsor to sporting transgression, by those stakeholders responsible for those factors (e.g. the practical management of incidents of sporting transgression and the associated sanctions given to guilty athletes are the responsibility of the sport's governing body), the long-term association between sponsorship partners can be secured and the continued benefits of that association can be exploited.

Moreover, this study represents the first attempt to evaluate the managerial implications of corruption in sport, with a focus on sponsors and the sponsorship relationship between a sponsoring organisation and rights holder or property. Much of the extant literature in the field of corruption in sport focuses on the economics of the issue, primarily the principle foundation of sport, uncertainty of outcome (e.g. Cairns et al, 1986; Peel & Thomas, 1997; Janssens & Kesenne, 1987), and how this principle affects the television audience for sport. Until now, there has been little attempt to answer the 'so what?' question – for example, if the level of uncertainty of outcome is significantly reduced by corrupt behaviour by the athletes or officials involved in a particular game which has an impact on the size and scope of the television audience, what does that mean from a business perspective for the many stakeholders in the sport industry? By introducing the Sponsor Response to Sporting Transgression (SRST) model, this study begins to address this issue and answer the posed 'so what?' question. Sponsors need to be aware of the implications of being associated with an athlete or official, or indeed the team or sport in which a guilty athlete competes, who cheats for the purpose of personal material gain, whether this be in the form of sponsorship and endorsement revenue, a higher draft pick for the next season or winning a bet. The SRST model provides them with a mechanism for analysing a given situation, allowing them to acknowledge and measure the eight relevant factors that need to be considered in order to take an appropriate course of action. Given that no sponsor will measure these factors to the same extent (as can be seen in the hypothetical application of the SRST model presented in section 4.6.1), each chosen course of action will be different, again illustrated by the hypothetical application presented in section 4.6.1. It is this applicability of the SRST model that once again highlights the contribution of this research to both academia and practitioners.

## 5.4 Future Directions

The primary aim of this study has been to understand the impact of corruption in sport on sponsorship programmes and to analyse how the process of sponsorship management is impacted by such behaviour. By examining the potential responses of sponsors to this type of transgressive behaviour and the factors that influence such a response, this research has facilitated the development of a rich and detailed contextual understanding of sponsorship management within the parameters of corruption in sport. In developing the Sponsor Response to Sporting Transgression (SRST) Model, the findings of this study have very clear and practical applicability for sponsorship management in the sport industry.

However, the impact of sporting transgression on the behaviour of consumers in the sport industry will have significant implications for the responses of sponsors to sporting transgression, so much so, that it could lead to the addition of a ninth contextual factor to the SRST Model. It may well be the case that if consumers are not concerned as to the extent of corruption in sport and how it might be undermining the concept of fair play, then this will have significant impact on the decision making process of sponsors. This analysis of consumer understanding of sporting transgression represents an important and logical extension of this research project.

Another interesting extension of this study is the analysis of media reporting of cases of corruption in sport and its impact on sponsor and consumer responses to transgressive behaviour. In analysing the use of lexicon and other factors including the page numbers on which these report appear or the number of retweets of particular stories on Twitter, the influence of the media on the understanding of the intricacies of corruption in sport could be examined. As a result of this understanding, other stakeholders will respond accordingly.

Existing areas of academic study also offer a multitude of opportunities to establish this study and the researcher as an internationally renowned expert in the field of the managerial implications of corruption of sport. Two particular areas of interest are stakeholder management and the change agency literature. It might be suggested that, for example, the USADA investigation into the use of performance enhancing substances in the Tour de France during the prolific career of Lance Armstrong may indeed serve as an external agent for change that could be incredibly beneficial for the UCI, cycling's governing body. Moreover, an investigation based on the premise of stakeholder management – the interpretation of both the internal and external environments of an organisation and influencing the responses or actions of stakeholders in that environment – would provide a multi-level analysis of the relationships between these stakeholder groups in the sport industry and how corruption in sport is interpreted, both at the time of the scandal and also subsequently based on the actions of all stakeholders involved.

There are two primary limitations that have become apparent during the data analysis phase of this study. Firstly, there is a very clear cultural aspect to this area of study that warrants academic attention – behaviours acceptable in one country may not be in another, thus highlighting another aspect of sponsorship management that can be analysed using the concept of the zone of tolerance. Moreover, one of the key questions that could be targeted at the SRST Model would be to ask about the length of time it would take a sponsor to make a particular decision (in terms of a subjective analysis of the contextual factors leading to an appropriate response). Whilst temporal considerations were beyond the parameters of this study, a longitudinal analysis of sponsor responses to corruption in sport would be of significant value to the research area.



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## **APPENDIX A**

### **Corruption in Sport – Recommended Reading**

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# APPENDIX B

## Phase TWO Interview Schedule

The purpose of my research is to investigate the impact of corruption in sport on sponsorship programmes. The main aims of my project are to identify strategies sponsors may choose to employ if their properties were to become involved in a corruption scandal and to determine if these strategies utilised would vary depending on whether the tangible or intangible value of the sponsorship programme is affected.

I would like to talk to you as an expert/practitioner in the field of sponsorship/corruption (*delete as appropriate*) and feel that your insights are important in this area of research.

This interview forms part of a research project the Centre for the International Business of Sport is currently undertaking, and should take approximately 30 minutes.

Would it be acceptable for me to record this interview? (***If not:*** Start writing)

I realise this information may be sensitive. May I assure you that the contents of our discussion will be kept strictly confidential, and the recording and transcripts will be destroyed following analysis.

Coventry University has a very strict code of ethics. All interviews conducted in this research project will comply with this code.

If you would like any further information about this project, please do not hesitate to ask at the end of the interview.

Likewise, if you have any concerns or questions throughout the interview, please do not hesitate to ask.

Once I have completed this stage of my research, I will provide you with a short summary of findings.

1. Is there any type of 'behaviour' or 'activity' in sport that you would call corruption? (*DEFINITION*)
  - What would these behaviours be?
  - Why do you think these behaviours constitute corruption?
2. How would you define corruption in sport? (*DEFINITION*)
3. What kind of threat, if any, do you think corruption in sport poses to the sport industry? (*CONTEXT*)
4. Why do you think corruption in sport has become such an issue? (*CONTEXT*)
5. What kind of impact, if any, do you think corruption could have on the financial status of sport, particularly in terms of revenue generation from sponsorship? (*CONTEXT*)

6. How do you view sponsorship – as a relationship between sponsor and sponsee or transactional? (*MODEL*)
7. What do you think are the tangible benefits of sponsorship? (*MODEL*)  
(PROMPTS – sales, revenue, profit, etc)
  - What do you think are the intangible benefits?  
(PROMPTS – brand image, awareness, quality, etc)
8. What would you do if you were a sponsor of sport and the athlete/team (both on- and off-field teams) you were associated with became embroiled in a corruption scandal? (*MODEL*)
  - What action(s) would you take?
  - What other options might you consider?  
(PROMPTS - Sponsor Withdrawal, Renegotiation, Mitigation, Change of Strategy, Consolidation)
9. As a sponsor, do you think you would react differently depending on the type of behaviour or corruption involved? (*MODEL*)
  - Why?
10. As a sponsor, do you think you would react differently depending on sponsorship investment? (*MODEL*)  
(PROMPTS – Contract Value, Length of Relationship)
  - Why?
11. Are there instances when this happened to your company? (*MODEL*)
  - What were the outcomes?

Thank you for agreeing to participate in this interview.

The tape of the interview will now be transcribed, after which it will be erased.

This transcription will subsequently be analysed, and then shredded.

At no stage will any details of this interview go beyond my PhD Director, Simon Chadwick or myself.

If you are interested, following the data collection stage I intend to produce a general summary of the interviews and the important themes that emerge.

Would you like to receive a copy of this summary?

**Yes**

**No**

Finally, would you be OK with myself or another member of **CIBS** contacting you in the future as a follow-up to this interview?

**Yes**

**No**

**-Thank you very much for your time-**

# APPENDIX C

## Phase FOUR Interview Schedule

The aim of this research is to investigate the potential impact of sporting transgression on sponsorship agreements, by analysing the responses of sponsors to this type of behaviour (or potential responses) and to what extent sporting transgression is addressed by sponsors both prior to and during a sponsorship agreement with an athlete, team, league, event or sport.

For the purposes of this research, sporting transgression is defined as “*any activity by an athlete or sporting official that has direct impact on the results of a sporting contest (or an element within the contest) for the personal material gain or one or more parties involved*” (give examples). This is different from player transgression which might include activities such as alcoholism or adultery.

I am talking to you as an expert/practitioner in the field of sponsorship and feel that your insights are important in this area of research.

This interview forms part of a research project the Centre for the International Business of Sport is currently undertaking and should take up to an hour.

Unless you have any objections, I am going to start recording now.

I realise this information may be sensitive. May I therefore assure you that the contents of our discussion will be kept strictly confidential and the recording and transcripts destroyed following analysis.

Coventry University has a strict code of ethics. All interviews conducted as part of this research project will comply with this code. If you would like to see a copy of this code, I will arrange for one to be sent to you.

If you would like any further information about this project, please do not hesitate to ask at the end of the interview.

Likewise, if you have any concerns or questions throughout the interview, please do not hesitate to ask.

Once I have completed this stage of my research, I will provide you with a short summary of findings.

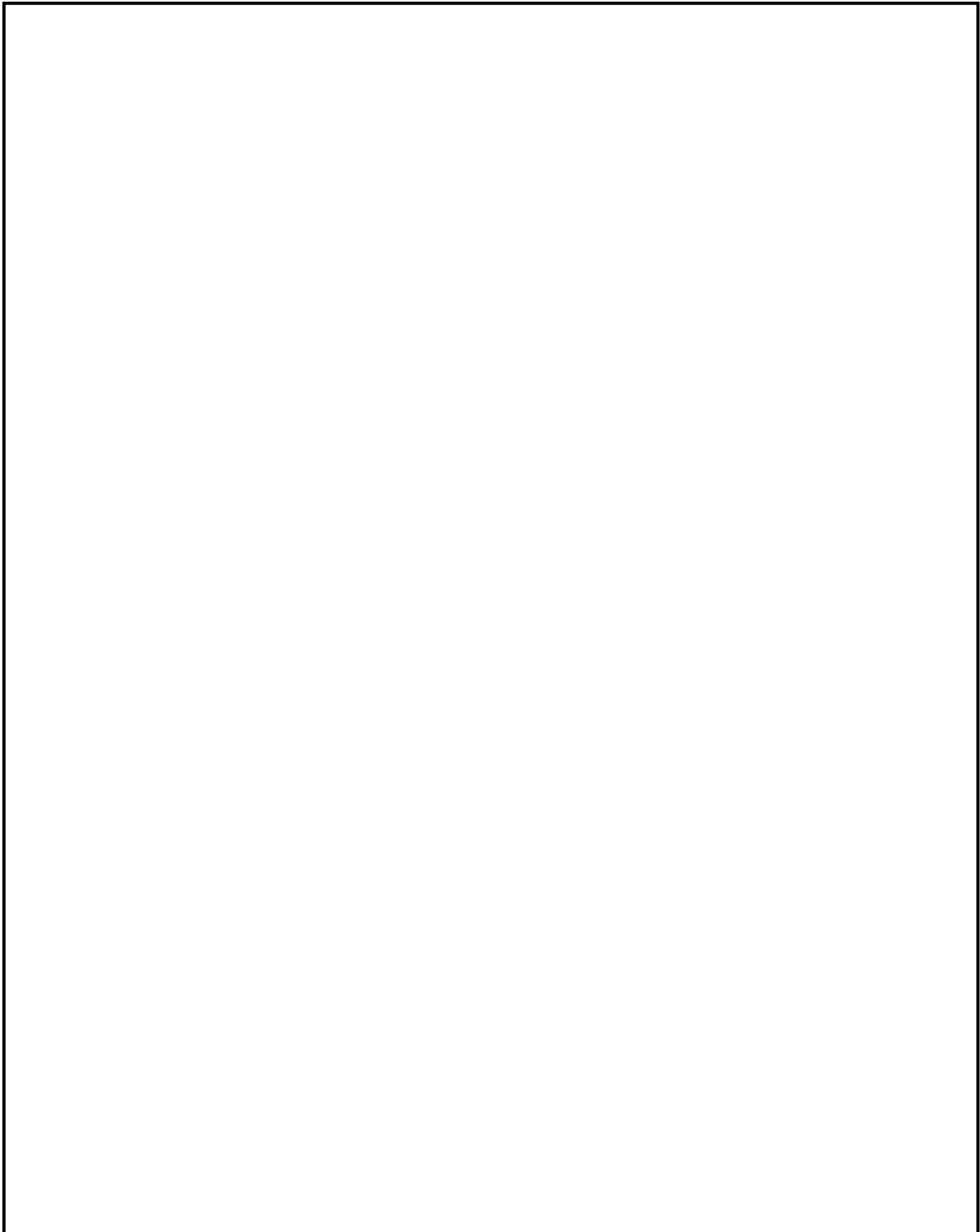
**RED - SPONSORS**  
**BLUE - LAWYERS**  
**GREEN - NGBs/Sports Organisations**  
**BLACK - ALL**

- 1. To what extent do you think sport has become popular with organisations as part of the marketing communications mix?**  
(**PROMPTS** – access to target market(s); global audience; quality of sports product reflecting on brand; brand equity; etc)

2. **Are there any factors that could or do adversely affect or undermine this popularity?**

- **What are they?**

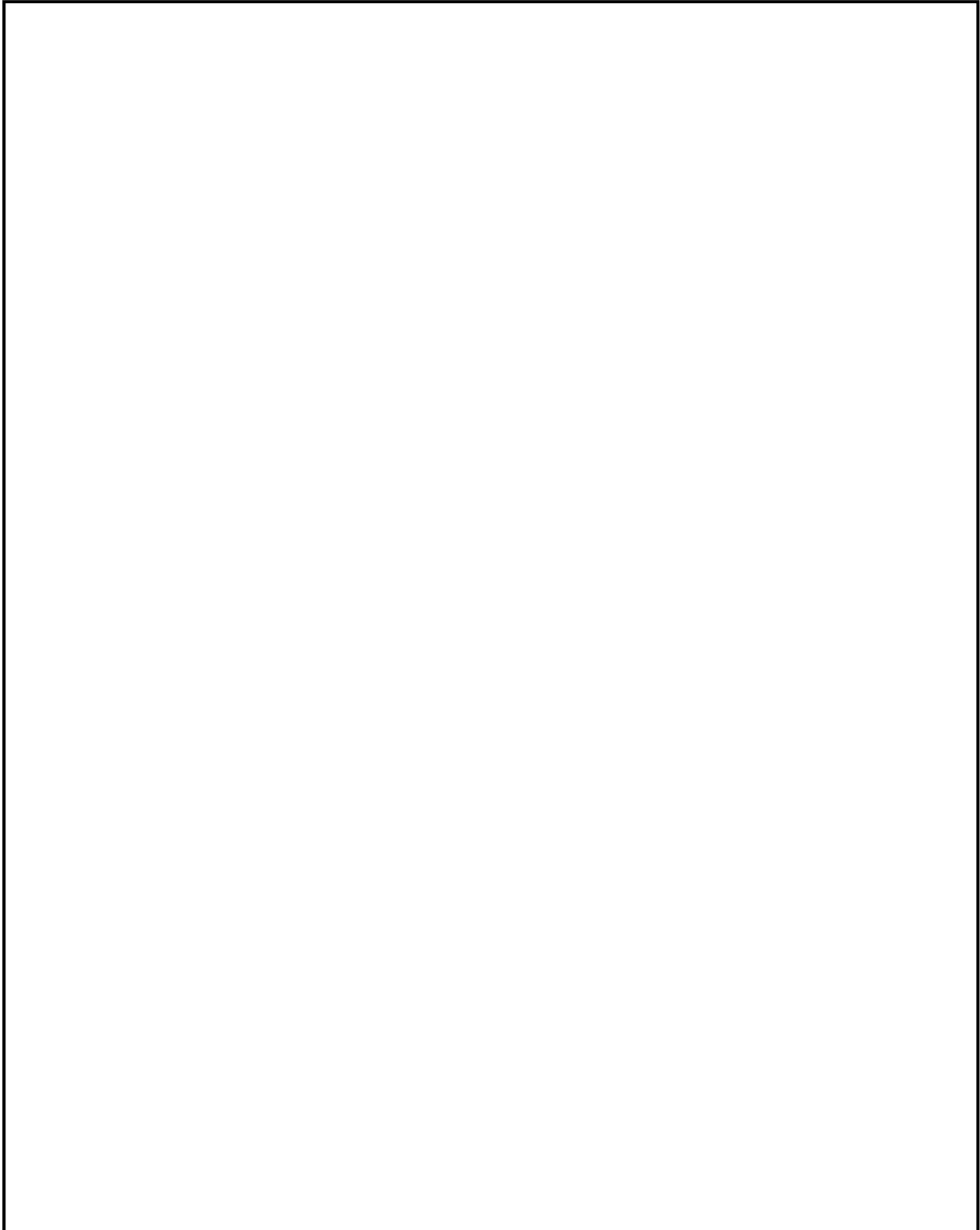
**(PROMPTS** – increase in cost of sponsorship; reduction in audience; player transgression; sporting transgression; lack of uncertainty of outcome (define); over-exposure; etc)



**3. In general, what do you think are the implications of sporting transgression for the sport industry?**

*(Sport industry meaning every stakeholder within sport – i.e. teams, athletes, owners, governing bodies, fans, media, sponsors, etc, etc)*

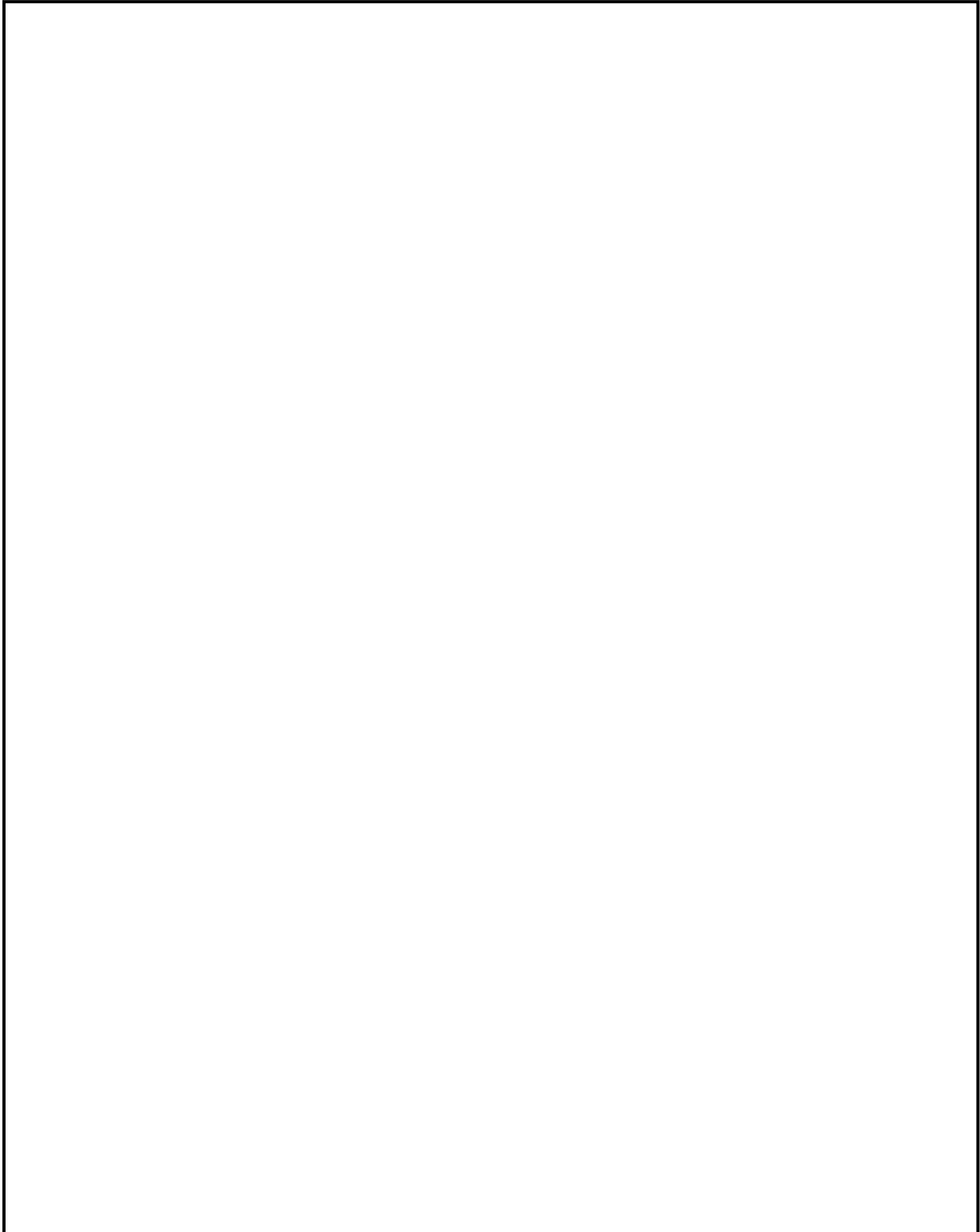
**(PROMPTS** – loss of media revenue; loss of sponsorship revenue; damage to credibility of sport; loss of audience; scepticism of media and audience; negative brand equity (sports brand); etc)



4. **To what extent might sponsors be affected by sporting transgression?**

- **In what ways?**

(**PROMPTS** – brand equity; loss of sales; negative association in mind of consumer; brand recall; etc)





5. To what extent might the impact depend on:

- **Sport?**  
(**PROMPTS** - media coverage; audience; number of other sponsors; etc)

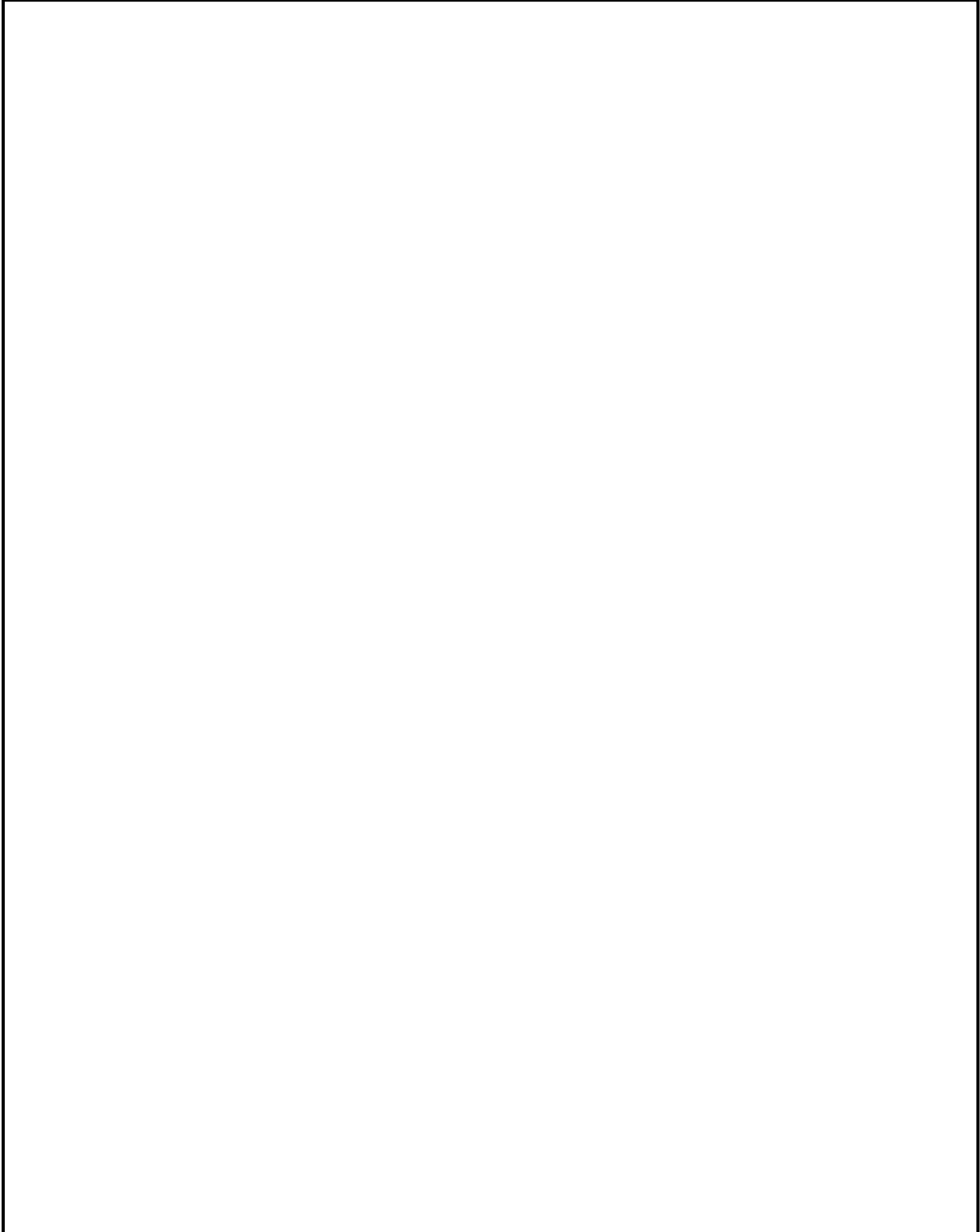
- **Type of sponsorship (direct or indirect)?**  
*Direct sponsorship meaning those sponsors directly associated with the athlete or team involved in the sporting transgression behaviour*  
*Indirect sponsorship meaning those sponsors involved in the sport concerned, sponsoring a league in which the offending team or athlete competes in or the sponsor of a rival team or athlete*  
(**PROMPTS** – brand logo on equipment of accused or guilty athletes as opposed to seen on competition; etc)

- **Value of investment**  
(**PROMPTS** – higher value of agreement = greater impact on brand?; etc)

6. **As a sponsor, what might you do IF one of the properties you sponsor was accused or found guilty of sporting transgression?**

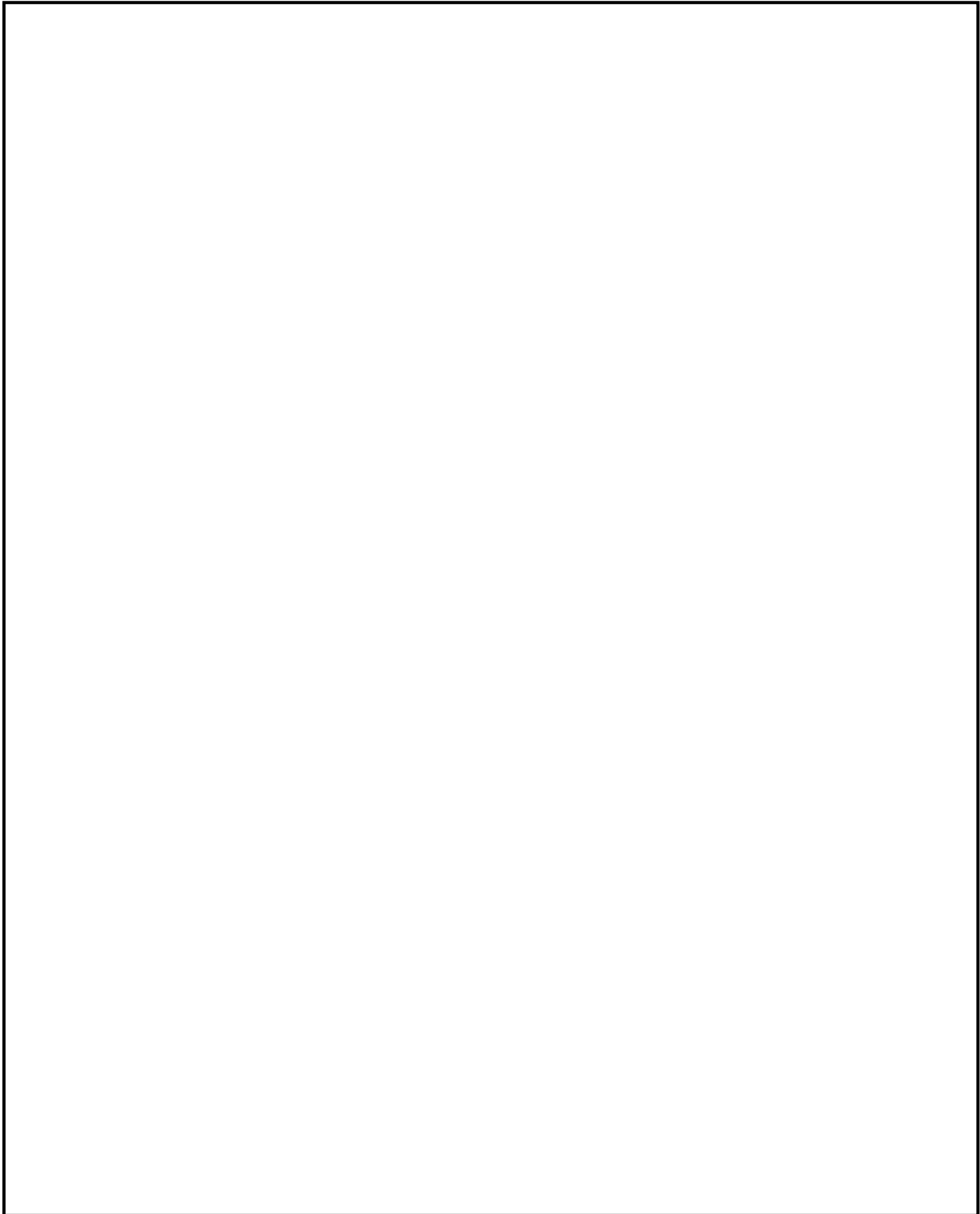
*Properties meaning the athlete, team, league, event or sport involved*

**(PROMPTS** – withdraw immediately; withdraw at end of contract; renegotiate; ‘wait and see’ impact then decide; ignore; support; etc)



7. **What factors might you take in to consideration when deciding on this course of action?**

(**PROMPTS** – media coverage of sport; media coverage of scandal; impact on sales; consumer recall; negative brand equity; severity of transgression; frequency of transgression; likely reoccurrence; value of agreement; length of association; success of team/athlete; perceived risk of choice of action; etc)



8. **What might the implications be of this decision?**  
(**PROMPTS** – loss of investment; loss of brand equity; perceived lack of loyalty to property; consumer confusion; positive impression in media; increase of brand equity due to action; might force change; etc)

9. **Are there any other options you might consider?**  
(PROMPTS - withdraw immediately; withdraw at end of contract; renegotiate; 'wait and see' impact then decide; ignore; support; etc)

- **What might the implications be of this different option?**  
(PROMPTS - loss of investment; loss of brand equity; perceived lack of loyalty to property; consumer confusion; positive impression in media; increase of brand equity due to action; might force change; etc)

*This will be much easier to ask in the context of the conversation - for example, if the sponsor answered 'withdrawal at the end of the contract' for the previous questions, I want to find out if they would consider immediate withdrawal, ignore or renegotiate, etc.*

**10. Might you react differently depending on the type of sporting transgression (e.g. match fixing as opposed to doping in football)?**

*The aim of this question is to find out if sponsors would react differently if their sponsored properties were accused or found guilty of sporting transgression that was not as prevalent in their particular sport.*

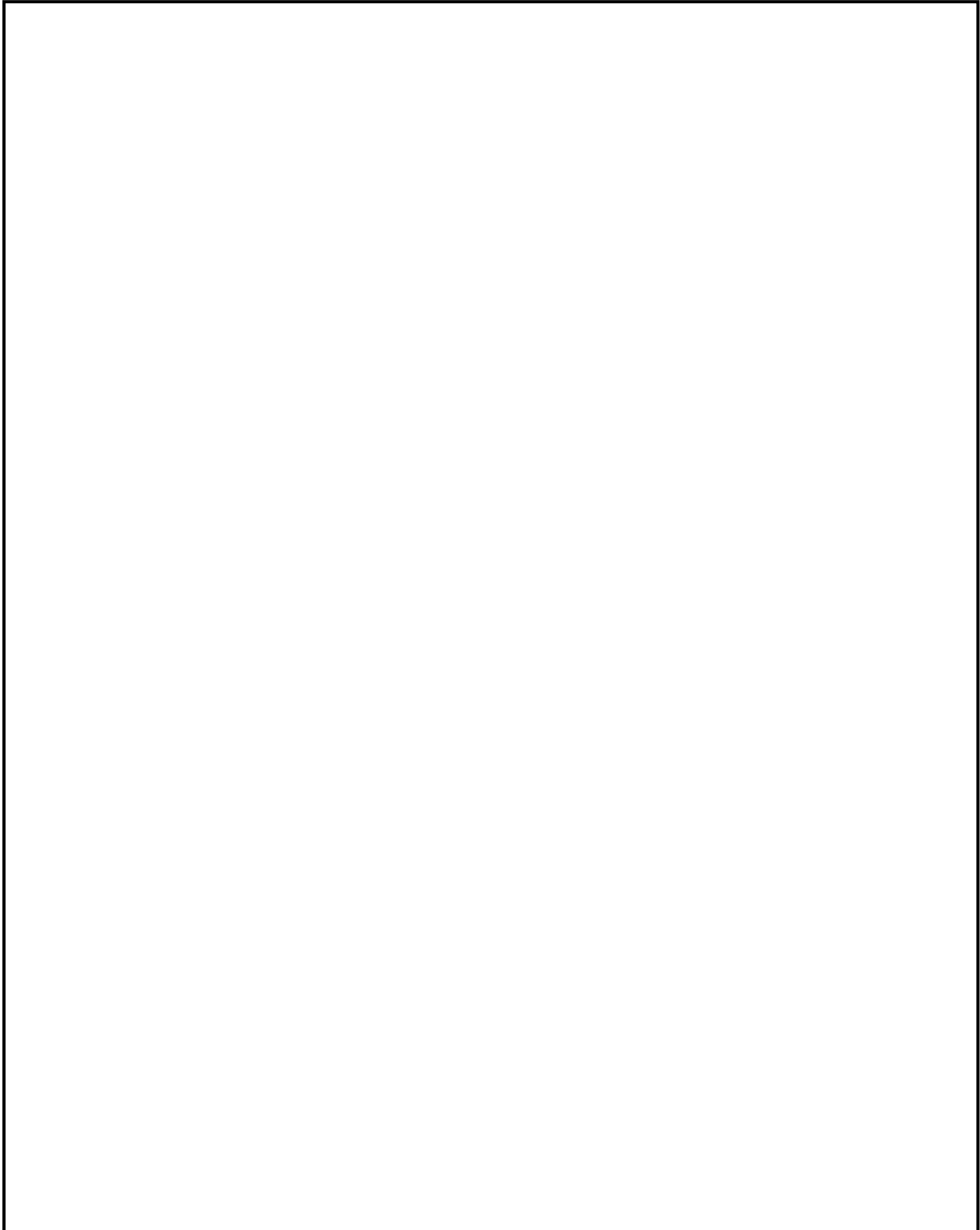
*It is clear from the database that match fixing (or spot fixing) is more prevalent in cricket than doping – would a sponsor react differently if a player was found to have failed a drugs test as opposed to spot fixing in the sport?*

**11. Why might you choose to act in this way?**

**(PROMPTS** – media coverage of sport; media coverage of scandal; impact on sales; consumer recall; negative brand equity; severity of transgression; frequency of transgression; likely reoccurrence; value of agreement; length of association; success of team/athlete; perceived risk of choice of action; etc)

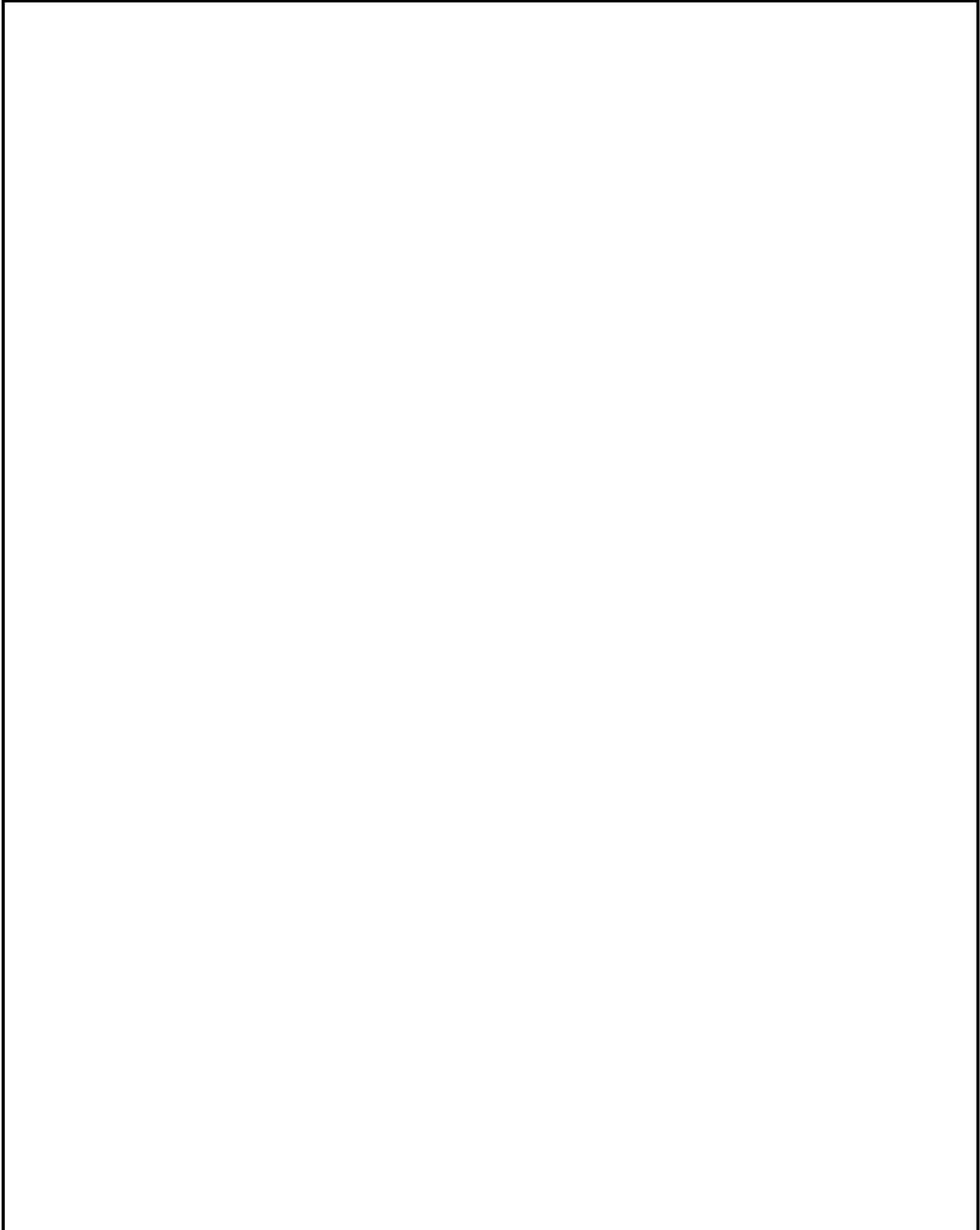
**12. What might you do if sporting transgression indirectly affected you as a sponsor (e.g. you sponsor one team and another team in the same league or competition is accused or found guilty of sporting transgression – sponsors of other teams in Formula 1 after Crashgate)?**

**(PROMPTS** – withdraw immediately; withdraw at end of contract; renegotiate; ‘wait and see’ impact then decide; ignore; support; etc)



**13. What factors might you take in to consideration before deciding on this course of action?**

(**PROMPTS** – media coverage of sport; media coverage of scandal; impact on sales; consumer recall; negative brand equity; severity of transgression; frequency of transgression; likely reoccurrence; value of agreement; length of association; success of team/athlete; perceived risk of choice of action; etc)





14. **What factors might influence your decision as to how quickly to act?**  
(PROMPTS – dependent on answers to questions 7 and 13)

- 15. To what extent is sporting transgression considered as an issue before entering in to a sponsorship agreement?**  
(**PROMPTS** – is it something that is actively investigated or considered before entering in to a deal?; prevalence; strategies for dealing with/punishing transgressive behaviour in the sport; discussions with sports properties in negotiations; etc)

- 16. What protection mechanisms are put in place, if any, in case of sporting transgression?**  
(**PROMPTS** – performance clauses; behaviour clauses; ‘get out’ clauses; etc)

**17. Are morality or performance clauses a fundamental part of every sponsorship agreement?**

- **How are they worded?**

- **Do they vary to protect against different types of sporting transgression?**

- **Are they standard or do they vary depending on sport/level of investment/history of transgression?**

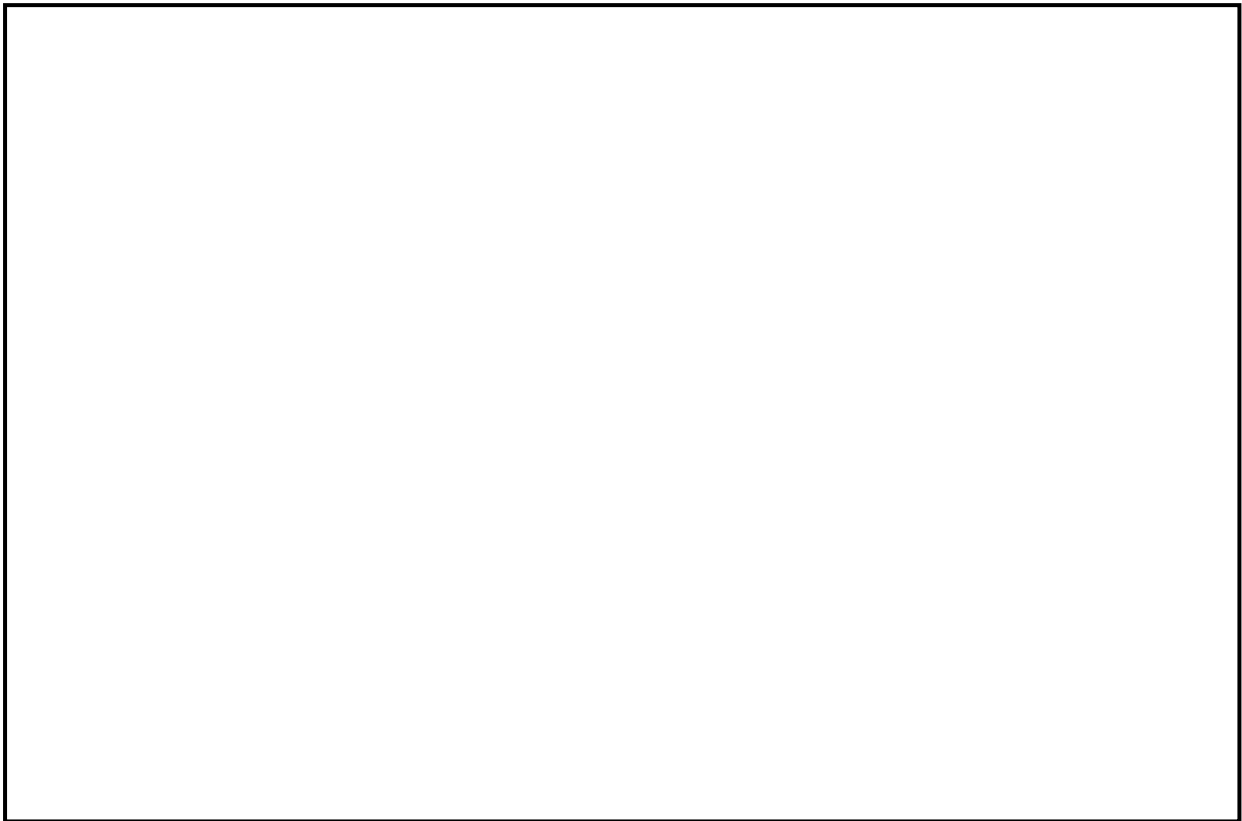
18. **Is the type of sponsorship taken in to consideration when discussing morality clauses in agreements?**  
(PROMPTS – indirect or direct sponsorship)

- **If yes, how might clauses differ?**

- **If no, why not?**

- **Do you think that they should differ?**

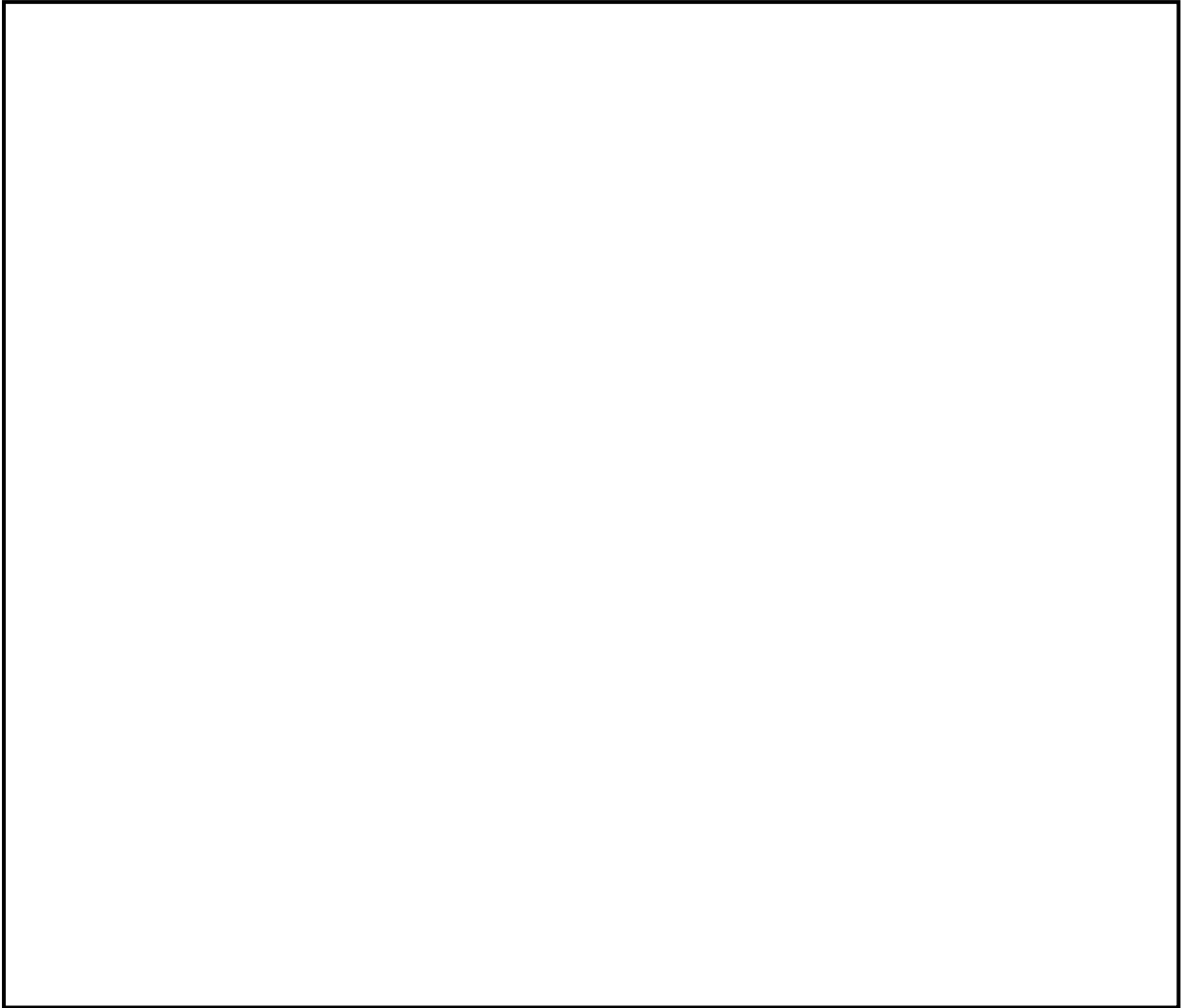
19. **Who decides on the 'extent' of the transgression?**  
(PROMPTS – who decides on severity; how far does each side 'go' to protect their interests; etc)



20. **Do you agree with properties as to how severe the transgression has to be for the protection mechanisms to come in to effect?**



**21. What role do lawyers play in the management of sponsorship agreements if a scandal breaks??**



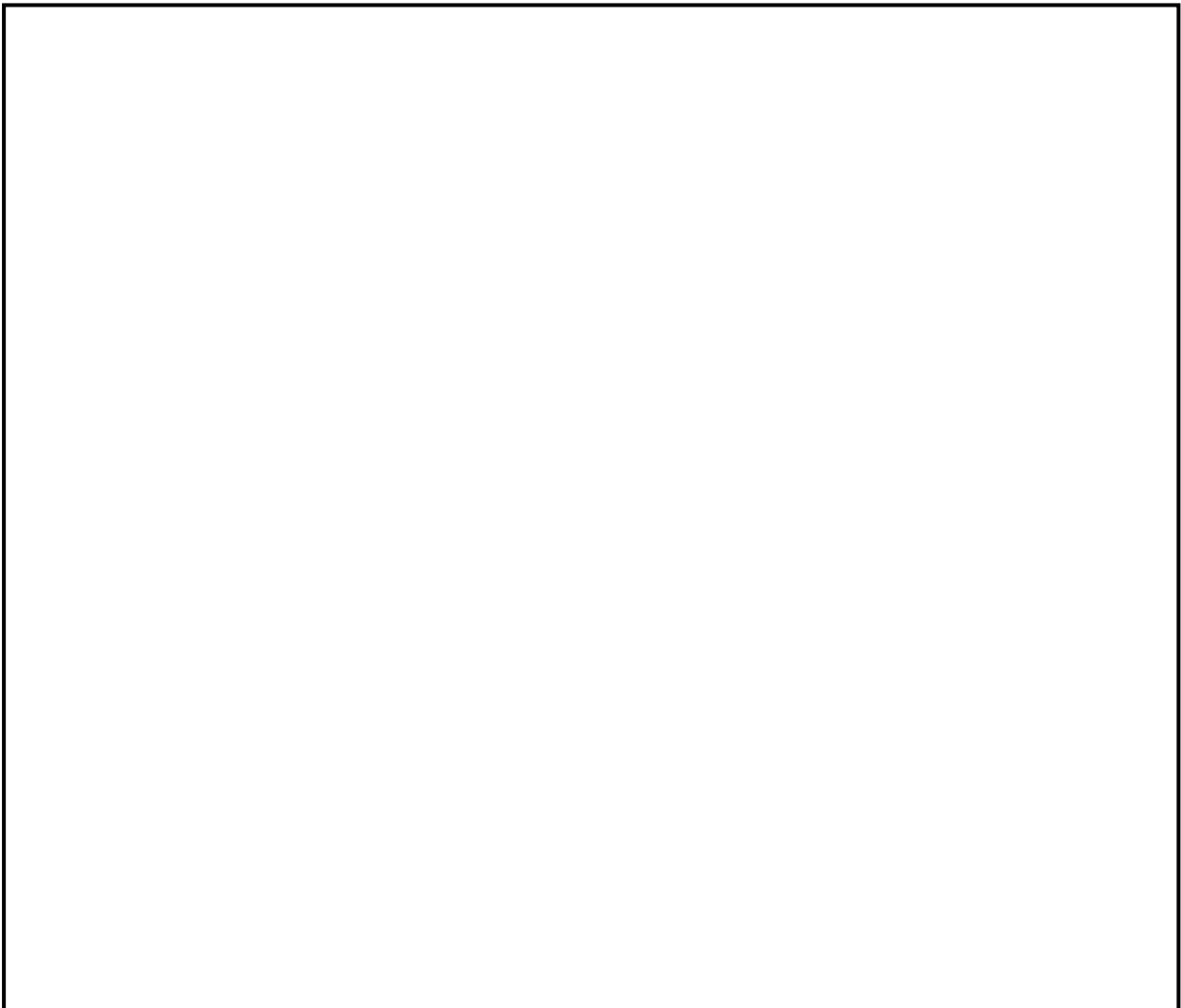
- **Do you wait to be contacted by a sponsor or do you contact them first?  
Why?**



22. **If a scandal breaks, how is this usually managed? Do governing bodies contact sponsors? Or lawyers?**

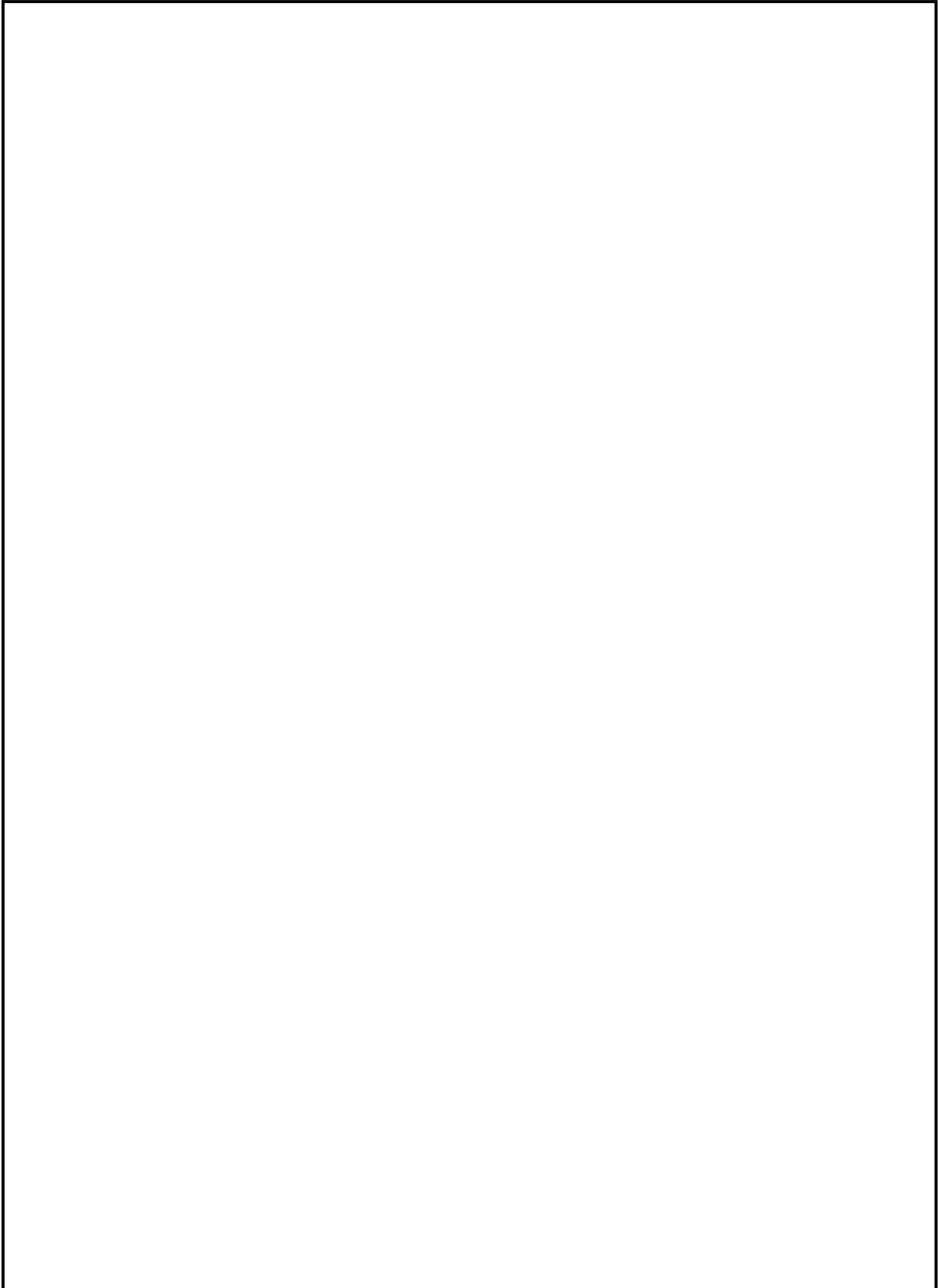
A large, empty rectangular box with a black border, intended for the student's answer to the question above.

- **How should it be managed?**

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**23. What role do governing bodies play in the management of a scandal of this nature?**



24. **How might the relationship between sponsor and governing body be affected by transgressive behaviour?**



- **To what extent is it important that the sponsor is kept up-to-date with the governing body's actions in dealing with a scandal?**  
(PROMPTS – do they even need to be consulted?)



25. **Have sponsors become more aware of sporting transgression in the negotiation of sponsorship agreements?**
- **In what ways?**



26. **Has it become more difficult to attract sponsors to sport because of the publicity surrounding sporting transgression?**



27. **To what extent do sponsors see it as being the responsibility of the property to manage or handle transgression issues?**  
(**PROMPTS** – anti-transgression strategies in sport devised by governing bodies; how much input could/should sponsors have in managing transgression; etc)

**Any other comments you would like to make about this issue.....**

A large, empty rectangular box with a thin black border, intended for the user to provide additional comments on the issue.

**(Read verbatim)**

Thank you for agreeing to participate in this interview.

The tape of the interview will now be transcribed, after which it will be erased.

This transcription will subsequently be analysed, and then shredded.

At no stage will any details of this interview go beyond my PhD Director, Simon Chadwick or myself.

If you are interested, following the data collection stage I intend to produce a general summary of the interviews and the important themes that emerge.

Would you like to receive a copy of this summary?

**Yes**

**No**

Finally, would you be OK for myself or another member of **CIBS** contacting you in the future as a follow-up to this interview?

**Yes**

**No**

**-Thank you very much for your time-**

# **APPENDIX D**

## **Phase FOUR Interview Transcript**

RECORDING BEGINS

This interview has been removed due to commercial sensitivity. The unabridged version of the thesis can be viewed at the Lanchester Library, Coventry University.

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