3 VIEWING CSR THROUGH SPORT FROM A CRITICAL PERSPECTIVE

Failing to address gross corporate misconduct?

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Overview

This chapter has been written as a polemic to encourage debate on whether corporate social responsibility (CSR) through sport (especially that associated with the professional sport industry) can be considered to be “deep.” This chapter emphasizes the weaknesses. It uses examples from publicly available documentation and relatively uncontroversial research conducted by the author. Whilst recognizing that some of the “strategic CSR” that accompanies the sports industry undoubtedly contains enough depth that ultimately alters the corporate governance of the industries they interact with (The World Anti-Doping Agency (WADA) arguably has achieved this), I feel that the majority of CSR through sport lacks sufficient substance, promotes too much greenwashing and distorts power relations. In short, the corporate governance of much of the professional sports industry is fundamentally bankrupt; CSR barely makes a dent in improving governance systems. Probably more contentious is my view that what is written in the main body here only touches the surface of the gross misconduct associated with how many sports industries operate. This includes allegations of corruption, bribery, money laundering, links with organized crime, prostitution, the historic alienation and disregard of fans and employees, being economically unsustainable, attempting to grossly distort the political decision-making process, racism, sexism and so on.

Introduction

This chapter draws upon empirical research conducted by the author (Levermore, 2010, 2011a, 2011b) and critical narratives of the nature of the sport industry expressed elsewhere, especially in the printed and Internet media. Its central argument is that CSR through sport is largely a “fig leaf” that regularly fails to seriously cover or address the serial weaknesses of the structural, governing foundations of sport encompassed by the term corporate governance. This is particularly so for CSR associated with professional sport.

There are three clear weaknesses associated with the “depth” of CSR through sport. First is the extent of “greenwashing” associated with CSR (Kallio, 2007: 165), whereby business largely uses CSR in an attempt to distract stakeholders (particularly the media and consumers) from its irresponsible actions. Part of the reason for this is the absence of serious measurement
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(and therefore evidence) that demonstrates sustained benefits for community recipients of CSR initiatives (see Waddington, Chelladurai and Skirstad, Chapter 2). What exists instead is an evaluation process that relates to a managerial, “top-down” political decision-making process where the scope of evaluation is determined by donors or those managing the program. Therefore, not only are the recipients of the program often ignored in the evaluation process, but the wider/deeper epistemology of the program is left unevaluated (Levermore, 2011a).

Second, corporations have been accused of “routine mobilization” in exploiting networks in the political process, strengthened further by CSR activity, to pervert decision-making in public policy to the detriment of civil society (Edward and Willmott, 2008). This manifests itself in, for example, the exclusion of grassroots communities and the disproportionate influence of businesses in shaping CSR (Prieto-Carrón et al., 2006; Calvano, 2008) especially in avoiding more stringent regulatory accountability (Osuji, 2011). Third, the first two issues combined results in CSR having little substance, relevance or lasting impact for society (O’Laughlin, 2008; Hamann and Kapelus, 2004). A significant contributory factor is the irreconcilability in many CSR initiatives between short-term business objectives and longer-term societal ones (Newell, 2005). This is particularly the case for CSR that is conducted as a short-term action surrounding a one-off event (Muthuri et al., 2009).

Prominent authors in this field have acknowledged these varying levels of paucity. For example, Babiak and Wolfe’s (2009: 738) exploratory study notes that many studies fail to highlight corporate irresponsibility and other damaging aspects of CSR, suggesting that, “future work should consider such negative elements of CSR – and how they may influence ‘sainthood’ behavior, that may be instituted to counter it.”

However, what is written in the main body here only touches the surface of the gross misconduct associated with how the sports industry operates. Few academic books or articles really portray accurately the nature of the corporate governance of many sports industries – to incorporate the pervasive extent of forms of corporate immorality and irresponsibility; that include corruption, administrative malpractice, abuses of employment practice, perversions of unequal power relations, bribery, illegal betting, racism and sexism, to mention just a few. Corporate governance here is taken to mean the Western governance framework that accompanies all organizations and industries; that sets a balance between economic and social goals and a level of accountability and operating within accepted legal obligations. There are of course accounts written on some of these issues such as racism, sexism and corruption (see Jennings (2006) on malpractice at FIFA, Jarvie (1991) on racism and sport and Hargreaves (1994) on sexism in sport, for example). But my argument is that the reality of the levels of corporate irresponsibility are only touched upon and rarely publicly articulated in full detail. There is therefore a “disconnect” between the CSR through sport research and corporate governance literature. Why do I think this is? Partly because of the implicit and explicit threats/penalties incurred (legal, physical, loss of employment) from making specific articulation of examples. I say this from having researched and written on the global politics of sport for over a decade; this has included over 100 informal conversations on the nature of sports governance in my capacity as a lecturer/professor in management schools (particularly related to the running of the UK and European football industry).

Strategic CSR through sport

Despite the depth of analysis of CSR through sport becoming gradually more evident, particularly in articles that are moving away from mapping this relatively new territory in CSR expansion (see, for example, Smith and Westerbeek, 2007; Hamil and Morrow, 2011), I believe that part of the problem here is the way that most of the CSR through sport literature tends to
be written from the “strategic CSR” viewpoint that has a tendency to either simply detail the perception that CSR through sport has increased significantly in the last decade or highlight the benefits that it brings to businesses, sport and society (the “win-win-win” perspective). This should not be too surprising with respect to reviews produced by, or for, sports organizations (Akansel et al., 2010; Scottish Premier League, 2011), consultants/trade press (Sport Business, 2011) or by those employed as CSR directors (Morgan, 2010). Yet, a significant proportion of the scholarly work on the sport/CSR relationship also dwells primarily on its instrumental benefits (Ratten, 2010; Ratten and Babiak, 2010; Babiak and Trendafilova, 2010). Echoing the strategic CSR perspective in general, this literature posits that advantages to sport in employing CSR more explicitly and in a widespread manner can include enhancing commercial opportunities for sport businesses through positive brand identity and reputation management (Walters and Chadwick, 2009; Walker et al., 2010; Walker and Heere, 2011), “unlocking” consumers within local communities (Westerbeek, 2010), ease tensions that might exist between sport enterprises and communities, and the ability to develop local authority partnerships (Walters and Chadwick, 2009). In some instances, such as Major League Baseball’s social investment in the Dominican Republic (through widespread aid and tailored CSR projects) (as the many programs delivered by the Premier League in many parts of the world as explained in more detail in Chapter 18), “targeted CSR” makes general “good business sense” because it helps engender the development of athletes in fertile environments (Klein, 2009). Breitbarth and Harris (2008) offer a pertinent example of this perspective in their conceptual model that explains how sport can benefit strategically from engagement with CSR and applies empirical data from industrialized countries (England, Germany, Japan and US) to illustrate how this occurs.

Strategic benefits for the business community of CSR through sport (in other words, CSR that companies, especially multinationals, who use sport as their vehicle) starts with the recognition that sport is a “significant social institution” (Godfrey, 2009) that confers “unique” characteristics to CSR such as its communicative power, especially to a youth market, through mass media appeal, passion and interest generated because of its product (Babiak and Wolfe, 2009), and (especially contentious for critical CSR) its ability to influence the political process as it “presents a mechanism to legitimize political and economic systems” (Godfrey, 2009: 699).

Likewise, principally in wider sociological analyses that define CSR through sport broadly, sport assists societal development through its contribution to the functions and requirements of the welfare state in Europe (Heinemann, 2005), by increasing employment (Walters and Chadwick, 2009), the inherent assistance it provides to health and integrative initiatives (Smith and Westerbeek, 2007) and through striking improvements in social capital and economic development due to athlete remittances (Klein, 2009) (see also Levermore, 2010 and McGuire, 2008). This is particularly the case for CSR that surrounds sporting events as “corporations can make a greater contribution to civic and community development through strategic ties to a city’s development agenda surrounding the hosting of sporting events” (Misener and Mason, 2010: 495) (see also Misener, Sant and Mason, Chapter 14).

Reinforcing the argument that the focus of CSR through sport is dominated by instrumental, integrative and normative stakeholder perspectives is the prevalence of stakeholder theory in assessing CSR through sport. Smith and Westerbeek (2007) use it as a “conceptual platform” and Hamil and Morrow (2011) apply it to evaluate a review of CSR in the Scottish Premier Football League. The application of stakeholder theory is more deeply embedded by Walters (2009) in an in-depth, qualitative examination of two community organizations linked to the English soccer industry. Babiak and Wolfe (2009: 717), in their review of internal and external factors concerning the determinants of CSR in professional sport, use stakeholder analysis at an agency level to predict “the types of CSR initiatives a sport organization is likely to adopt
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depending on its internal and/or external orientation” and present a research agenda based on the framework.

Whilst these examples present a demonstration of the predominant focus on the strategic aspect of CSR through sport, issues related to critical perspectives are occasionally referenced without analysis being taken forward. This includes a recognition that CSR through sport can be associated with “greenwashing,” a proclivity to exclude communities (Breitbarth and Harris, 2008: 182–184) and a propensity for unethical practices by the rise in the commercialization of sport, through, for example, drug-taking, illegal payments and greed (Wheeler, 1994). This is partly due to the poor levels of transparency and accountability with sport decision-making structures (Godfrey, 2009). A deeper application of critical perspectives was undertaken by Khan et al. (2007) who drew attention to some of the problems with a Western-led awareness campaign relating to child labor in the manufacture of soccer balls.

Applying a more “critical CSR” approach to CSR through sport

Three of the core elements associated with critical CSR noted in the introduction (lack of long-term substance, “greenwashing” and unequal power relations) are applied to this analysis of CSR through sport.

Lack of substance to CSR through sport

Application of frameworks that attempt to assess the depth of CSR – such as that developed by Ponte et al. (2009) – gauge the depth of CSR through sport (both that by multinationals that use sport as a vehicle for CSR and professional sport doing CSR) as being one of the lowest or weakest forms of CSR. This is particularly the case for the 2010 FIFA’s World Cup where a significant level of CSR through sport initiatives, notably those run by multinational corporations (see Levermore, 2011b) are “disengaged” and “distant.” Examples of standalone CSR initiatives at the World Cup included Coca-Cola who listed their CSR attached to the tournament as funding a World Cup trophy parade through the African continent, awarding a prize to the best celebration by a player following the scoring of a goal and $1,500 towards the “Water for Schools” program every time a goal was scored. Similarly, McDonald’s publicized as some of its CSR initiatives the Player Escort program (escorting players to the stadium) and a vague promise to unite customers through the thrill of football. Ponte et al.’s (2009) framework would most likely place these examples to be considered as distant and disengaged because the CSR is, at best, vaguely attached to the core objectives of the organizations and is weakly tied to its stakeholder aspirations of what CSR should be. Incidentally, in 2006, when the South African government established its annual measurement of the extent to which businesses operating in South Africa contributed to the transformation of society through CSR, it probably had such examples in mind in declaring that CSR through sport not be considered as a serious enough component of CSR in sport (Trialogue, 2007).

Particularly weak forms of CSR are thought to be awareness campaigns because they are often ill thought out and linked to sponsorship issues and lack substance (Chen et al., 2008). A lack of substance in awareness campaigns was linked to the 2010 World Cup. For example, the 1Goal program (an initiative to raise international awareness about non-attendance of children at school) was criticized because “such high profile events are hard to reconcile with the realities of schooling in South Africa” (Mail and Guardian, 2010). It was therefore an example of a particularly poor fit; poorly thought out and misunderstood campaigning.
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Deliberate “greenwashing”

The prevalence of “ethical blowback” (Shapiro et al., 2010) in order to detract from negative publicity is implicitly recognized as a motive for engaging in CSR through sport (Walker and Kent, 2009). Taking a broader view, sport is afflicted with contrasting motives (Levermore, 2010); on the one hand it has a “virtuous” potential for promoting various forms of responsible business such as societal development, and on the other, the product of professional sport is heavily tarnished – associated with cheating, corruption and exclusionary practices. For instance, senior representatives of the world governing body of association football – FIFA – have long been accused of corruption and bribery by using its CSR and development funding in a manner to distort the electoral process (Levermore, 2008); such as in using money distributed through its GOAL program (primarily to strengthen the soccer infrastructure around the world but with secondary developmental aspirations) to ensure the re-election of President Sepp Blatter.

Examination of stakeholder groups in the English professional football (soccer) industry of the season 2011/12 highlights organizations that devote considerable energy to CSR through sport, but also have been tarnished by (quite often) staggering levels of corporate mismanagement. The argument being presented here is that these corporations use CSR in general (and sport as a significant vehicle of that CSR) as a means to present themselves in a responsible manner when their corporate governance actions are staggeringly irresponsible. This includes companies such as BSkyB, Deloitte, Npower and William Hill. A particularly apt example in 2012 (with financial institutions in the regular media glare for its unethical action) is Barclays Bank, which has been criticized of corporate irresponsibility, which significantly outweighs the impacts of its CSR initiatives in the sport industry. This includes financial support for the Zimbabwean government (Barnett and Thompson, 2007), accusations of violating international regulation on money laundering (Mollenkamp, 2010), large-scale tax avoidance and the well-publicized way in which it contrived to artificially fix the Libor exchange rate.

Distorting power relations

CSR through sport also stands accused of being largely driven by asymmetrical power relations, where initiatives are heavily influenced by aims infused with top-down, northern, competitive, heterosexual and masculinist traits. Variations of critical CSR – such as neo-colonial critiques (Sage, 1995; Bale and Cronin, 2003) – argue that modern, northern-dominated sports (such as football, baseball and basketball), perpetuate unequal economic and political relations, similar to extractive industries. The 2010 football World Cup, hosted by South Africa, provided an extensive array of examples where unequal power relations were evident. Before the start of the event, long-held concerns were expressed that World Cup strategies privileged elite football at the expense of grassroots soccer (Alegi, 2007). The tournament also witnessed specific examples of exclusion. Poor communities were forcibly evicted from tourist areas and stadia, especially in Cape Town and Durban (Al-Jazeera, 2010) and a pause in xenophobic attacks on African migrants was only temporary as they resumed soon after the World Cup final was played (The Times of South Africa, 2010), leading some to question the depth of unification with which the World Cup was credited, deriding it as being “fake nationhood” (Maseko, 2010). Issues around the 2010 World Cup are also discussed in Chapter 2.
Conclusions

This chapter has been written in a polemic nature to encourage debate on assessing the substance of CSR through sport and the ways in which CSR and corporate governance do and do not overlap, especially that associated with the professional sport industry. I want to reiterate that the examples used here on the weaknesses of CSR through sport are based on publicly available documentation and relatively uncontroversial research conducted by the author. This book, and other sources, state that CSR through sport is frequently regarded as being beneficial to business and communities/societies. For sport businesses, CSR can develop positive brand identity and reputation management, “unlock” consumers within local communities and ease tensions that might exist between sport enterprises and communities, whilst also developing local authority partnerships. Strategic benefits for the business community of sport CSR starts with the recognition that sport is a “significant social institution,” that confers “unique” characteristics to CSR such as its communicative power, especially to a youth market, through mass media appeal, passion and interest generated because of its “product” and its (contentious) ability to “legitimately” influence political processes. Sport CSR is also said to assist societal development through its contribution to healthy living, anti-crime and other empowering initiatives as well as increase employment and through striking improvements in social capital and economic development due to athlete remittances.

Some of this “strategic CSR” undoubtedly highlights some CSR through sport that does contain enough depth that ultimately alters the corporate governance of the industries they interact with. The World Anti-Doping Agency (WADA) arguably has achieved this and FIFA’s new structure on CSR (a two-chamber ethics committee was established in 2012 that investigates corruption allegations in an independent manner) might well deliver in the long-term too. It is too early to comment on their likely success as the process of the FIFA CSR committee was still being formulated at the time of writing this chapter. More contentious is my view that what is written in the main body here only touches the surface of the gross misconduct associated with how many sports industries operate. This includes allegations of corruption, bribery, money laundering, links with organized crime, prostitution, the historic alienation and disregard of fans and employees, being economically unsustainable, attempting to distort the political decision-making process, racism, sexism and so on. Quite often, determining whether CSR is “positive” or “negative” is down to personal judgment on what constitutes ethical behavior. To some, clubs cross the ethical line when altering names of stadia, being sponsored by a company that is deemed not to fit in with a family-friendly image, making an illegal approach for managers and players, or paying grossly inflated salaries for players (whilst paying non-playing staff a meagre salary). Other fans find this acceptable as long as it provides a competitive advantage on the pitch, secured through new player acquisitions and so on. Some of those involved in the management and administration of professional sports might publicly discredit such an argument but many researching and working in sports have privately supported such a viewpoint.

Bibliography


Further reading


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