

# **Corporate Social Responsibility: Analysis of Supporters Trust Model and its Applicability into the Italian Context**

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## **Abstract**

### Objective

The growing success of supporters trusts in the UK [Lomax 1999], highlights the need for a similar initiative in Italy. Italian football is going through a decline in spectator attendance for the last 10 years. Furthermore, organized supporters at the moment are at have a problematic relationship with the authorities, their economic contact with the clubs has been banned [Decreto Melandri-Amato 2007] and supporters groups public image is at its low. All the stakeholders involved are in a fragile position and not willing to change the status quo without seeing immediate and tangible results. Italian football market is current not attractive for investors due to its constant losses [Bianchi & Diego 2004]. There is also a sharp decline in attendance revenues in the Serie A in comparison to the other big 5 European football Leagues [Deloitte 2007]. There is a crucial need for developing a new model of club supporters relationship mechanism. The objective is to outline a framework for Corporate Social Responsibility and Stakeholder management [Clarkson 1995] that incorporates a revenue sharing model between clubs and supporter groups.

### Theoretical Background

The basis for discussing supporter – club relationship should be corporate social responsibility and stakeholder management theories. The studies of corporate social responsibility from the 1980's [Fry, Keim & Meiners 1982 , McGuire, Sundgren & Schneeweis 1988], have set the framework for analyzing its importance to business performance. A decade later, Clarkson demonstrated that corporate social responsibility policies must apply stakeholder management in order to be more efficient [Clarkson 1995]. Relevant studies to the papers subject, such as the relationship between clubs and supporters in European football [Brown & Walsh 2000], will be combine these theories with the actual football context.

### Methodology

After defining the theoretical background, the authors will go on to their main objective of outlining a new model of supporters – club relationship in Italian football.

This will be done by looking at recent case studies and developments in the UK and Europe and benchmarking them to the Italian context. Finally, a suggested Italian model will be outlined, and theoretically applied to an actual Italian club.

### The Suggested Model

There is no standard model for relationship between football clubs and supporters which vary across Europe [Brown & Walsh 2000]. Supporters trusts in the UK have managed to get representatives on the clubs board, and in some cases have taken over all of the control over their clubs [De Ruyter & Wetzels 2000]. Following clubs going bankrupt the 1990's, the UK government founded and financed "Supporters Direct", aiming to help supporters get involved with their clubs management. Since its foundation, it assisted the foundation of over 150 supporters trusts, 21 of them directly saved their clubs from disappearance. In Spain, clubs as Real Madrid and Barcelona have been traditionally owned by their members [Bof & Montanari 2007].

These models can not be replicated in Italy due to several reasons. Social variances, differences in club management, ownership structures, legal issues and supporters organizations, all make it difficult to benchmark Italian football to the rest of Europe. The authors will suggest a mechanism that will unite all supporter groups of each club will under an umbrella non-profit organization, which will establish official, legal and economical links with the club management. These links will create a "win-win situation" for the clubs managements and supporters alike. The stakeholders will benefit via (1) job opportunities for supporters organization members, (2) increased clubs revenues in neglected business areas, (3) create higher market value through higher social value and an improved brand image.

Similar to the UK, an implementation of a new model should begin with professional clubs in the lower leagues in Italy due to the relative low number of stakeholders and weight of forces involved. Hellas Verona F.C. has been identified as a potential case study for implementing the suggested model. The club plays at the bottom of the third division, risking relegation second year in a row. Former National Champions in the eighties, Verona still has a huge fan base, while its ownership and management are highly criticized. From a financial point of view, the market value of the club has dropped drastically and its financial performance forecast is not looking good. The authors believe that a successful case study in Verona, will enable the suggested model to be expanded to the clubs in Italy. Corporate social responsibility combined with stakeholder management, can help solve Italian footballs image and increase clubs financial performance and values.

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