

# HOW DO SPONSORS RESPOND TO THE THREAT OF CORRUPTION IN SPORT?

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There has recently been a marked increase in the number of reported cases of corruption in international sport, including the large-scale investigation by Europol in to the alleged fixing of 380 football matches across Europe. In response to corruption, several sponsors have taken remedial action; for example, Dutch bank ING terminated its sponsorship of the Renault F1 team as a result of race-fixing; It is in this context that the aim of this paper is: to identify and analyse how sponsors respond to the threat of corruption in sport. Maennig (2005) identified two forms of corruption – ‘competition corruption’ and ‘management corruption’. Management corruption is associated with problems in the governance, organisation and/or management of sporting organisations. Competition corruption, on the other hand, is 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” and includes activities such as doping, tanking, match fixing and spot fixing. It is this form of corruption in international sport that provides a focus and context for this study. There has been some work examining how sponsors can respond in challenging situations, for example Wilson et al. (2008) and Wilson et al. (2010). But thus far, no other studies have been undertaken to specifically address how sponsors respond to the threat of corruption in sport. Yet corruption in sport can have an impact upon the companies and brands that are associated with it. This damage may include: negative consumer brand perceptions of and associations with the sponsor, and adverse image transfer from the corrupting property to the sponsor. 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-stage research methodology has been employed for this study. An extensive database was created, currently containing in excess of 10,000 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 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. The implications of this study are as follows: that corruption in sport is beginning to have an impact upon sponsors in the way that sponsors are aware of the problems; sponsors know that they may need to respond in various ways to the problems created by corrupt activity; sponsors are anxious to ensure that corruption does not inflict any undue damage upon their commercial activities; and that sponsors may view contract termination and litigation as the ultimate outcome of corruption in sport. Further research is needed to understand how seriously sponsors see the threat of corruption as being, and to clarify in detail what procedures are in place among sport sponsors to respond to corruption. Underpinning such an observation is an additional need for further research examining decision-making processes among sponsors confronting instances of corruption in sport.

## References

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