

JYU DISSERTATIONS 109

---

Mark Dodds

# The Impact of Corruption on Sport Sponsorship

---



JYVÄSKYLÄ UNIVERSITY  
SCHOOL OF BUSINESS AND ECONOMICS

JYU DISSERTATIONS 109

---

Mark Dodds

# The Impact of Corruption on Sport Sponsorship

Esitetään Jyväskylän yliopiston kauppakorkeakoulun suostumuksella  
julkisesti tarkastettavaksi Agora-rakennuksen Gamma-salissa  
syyskuun 27. päivänä 2019 kello 12.

Academic dissertation to be publicly discussed, by permission of  
the Jyväskylä University School of Business and Economics,  
in building Agora, hall Gamma on September 27th, 2019 at 12 o'clock noon.



JYVÄSKYLÄN YLIOPISTO  
UNIVERSITY OF JYVÄSKYLÄ

JYVÄSKYLÄ 2019

Editors

Tuomo Takala

Jyväskylä University School of Business and Economics

Timo Hautala

Open Science Centre, University of Jyväskylä

Copyright © 2019, by University of Jyväskylä

Permanent link to this publication: <http://urn.fi/URN:ISBN:978-951-39-7821-1>

ISBN 978-951-39-7821-1(PDF)

URN:ISBN:978-951-39-7821-1

ISSN 2489-9003

## ABSTRACT

Dodds, Mark  
The Impact of Corruption on Sport Sponsorship  
Jyväskylä: University of Jyväskylä, 2019, 112 p.  
(JYU Dissertations,  
ISSN 2489-9003; 109)  
ISBN 978-951-39-7821-1  
Finnish Summary  
Diss

Corruption can have a major impact on sport sponsors. Competition corruption, which influences the outcome of a contest, or management corruption, which deals with the administration of a sport event or organization, may have a negative effect on a sport sponsor's brand. The corruption may create a negative impact for the sport sponsors. The association with a corruption sport organization can create a horn effect thus tarnishing the sponsor's brand image. Further, a consumer may lower its intent to purchase the sponsor's product based on that association. This paper investigates the impact of corruption on sport sponsorships.

Global sport is besieged by corruption. For example, the FIFA's World Cup events and organizational elections are consistently accused of fraud. The IOC had the Olympic Games bidding process tarnished due to bribery. The United States' NCAA faces illegal payoffs associated with its basketball programs. International cycling suffered a devastating response by sponsors to its doping and cheating scandals. Cricket continues to suffer from match-fixing allegations. Corruption infects all sports.

First, this study investigates the issue of sport corruption and scrutinizes the legal constraints to recommend effective sport sponsorship activation. It focuses on the act of bribery because this behavior led to many of the more infamous and problematic scandals for sponsors. Then the study examines the impact of this behavior on the sponsors, sport organizations, and consumers. Thus, this dissertation seeks to answer four research questions: First, how can a sport sponsor protect itself from a bribery violation? Next, is there a horn effect for a sponsor affiliated with a corrupt event? Then, does a sponsor suffer lower purchase intentions when affiliated with a corrupt event? Finally, does a sponsor suffer lower purchase intentions when the sponsor commits corruptive behavior?

The findings of this study confirm that corruption may negatively impact the sport sponsor. Sport sponsors need to invest financial and human resources to create a compliant corporate culture to protect against corruptive behavior. Sport fans may support sponsors of an alleged corrupt sport but this support lessens when that corruption is proven. This support is further lessened when that corruption brings harm to the fan's favorite team, country or sport. Conversely, the ongoing FIFA scandals have not created a negative association for a local Finnish football club. Finally, although fans suggest a negative purchase intention for corrupt sponsors.

The potential insights are valuable to a sponsor and a sport organization. Both take proactive steps to protect the marketing investment against negative actions resulting from corruption.

Keywords: sport corruption, sponsorship, sponsorship activation, bribery, sport marketing, sport ethics

## TIIVISTELMÄ (ABSTRACT IN FINNISH)

Dodds, Mark  
The Impact of Corruption on Sport Sponsorship  
Jyväskylä: University of Jyväskylä, 2019, 112 p.  
(JYU Dissertations,  
ISSN 2489-9003; 109)  
ISBN 978-951-39-7821-1  
Finnish Summary  
Diss

Korruptio urheilussa voi vaikuttaa suuresti urheilusponsorointiin. Kilpailuihin ja niiden lopputuloksiin liittyvä korruptio tai urheilujohdon korruptio voi vaikuttaa negatiivisesti urheilusponsorioijan brändiin. Äärimmäisimmillään tämä kielteinen vaikutelma voi johtaa heikentyneeseen brändikuvaan ja heikentää kuluttajien ostoaikeita. Koska urheilun sponsorointi vaatii merkittäviä rahallisia panostuksia ja on erittäin näkyvä markkinointistrategia, on brändeille tärkeää välttää korruptiota ja reagoida mahdollisiin korruptioskandaaleihin. Tämä väitöskirja tutkii korruption vaikutuksia urheilun sponsorointiin tarkastelemalla korruptiota monista eri perspektiiveistä.

Korruptio rajoittaa maailmanlaajuista urheilua. Tämä koskee käytännössä kaikkia isoja urheilulajeja. Esimerkiksi, FIFA:n MM-tapahtumia ja järjestäytymisvaaleja syytetään jatkuvasti petoksista. KOK:n olympialaisten tarjousprosessi oli pilaantunut lahjonnan vuoksi. Yhdysvaltain NCAA järjestöä on syytetty korruptiosta koripalloon liittyen. Kansainvälinen pyöräily sai sponsoreiden tuhoisan reaktion doping- ja huijausskandaaleihin. Kriketti kärsii edelleen otteluiden sovittuja lopputuloksia koskevista väitteistä. Korruptio tarttuu kaikkiin urheilulajeihin.

Korruptio voi aiheuttaa kielteisiä vaikutuksia urheilun sponsoreille. Urheiluorganisaation yhdistyminen korruptioon voi tahrata sponsorin brändi-imagon. Lisäksi, kuluttajan ostoaikeukset voivat heikentyä tästä assosiaatiosta johtuen. Brändiin liittyvä korruptio voi olla vielä haitallisempaa brändi-imagolle ja tulevaisuuden ostoaikeuksille. Tämä väitöskirja tutkii korruption vaikutusta urheilun sponsoreihin.

Tämän tutkimuksen tulokset vahvistavat, että korruptio voi vaikuttaa kielteisesti urheilun sponsoriin. Urheilun sponsoroijien on investoitava taloudellisia ja inhimillisiä voimavaroja yhteensopivan yrityskulttuurin luomiseksi suojautuakseen korruptiolta. Urheilufanit voivat tukea väitetyn korruptoituneen urheilun sponsoreita, mutta tämä tuki vähenee, kun korruptio on osoitettu. Fanien tuki vähenee entisestään, kun korruptio aiheuttaa vahinkoa fanien suosikkijoukkueelle, maalle tai urheilulajille. Toisaalta meneillään olevat FIFA-skandaalit eivät ole luoneet negatiivista sidettä paikalliselle suomalaiselle jalkapalloseuralle, vaikka fanien ostoaikeus on negatiivinen korruptoituneita sponsoreita kohtaan.

Väitöskirjan tulokset ovat merkittäviä sekä urheilun sponsoreille että urheilujärjestöille. Molemmat pitäisi ottaa ennakoivia askeleita suojatakseen markkinointisijoituksia korruption aiheuttamilta kielteisiltä vaikutuksilta.

Asiasanat: urheilun korruptio, sponsorointi, sponsoroinnin aktivointi, lahjonta, urheilumarkkinointi, urheilusetiikka

**Author** Mark Dodds  
University of Jyväskylä  
School of Business and Economics  
email: mdoddswi@aol.com

**Supervisor** Professor Heikki Karjaluoto  
University of Jyväskylä  
School of Business and Economics

**Reviewers** Dr. Sungho Cho  
Associate Professor  
Bowling Green State University

Dr. Andrew Goldsmith  
Assistant Professor  
Troy University

**Opponent** Dr. Sungho Cho  
Associate Professor  
Bowling Green State University



## FOREWORD AND ACKNOWLEDGEMENTS

*Suos Cultores Scientia Coronat*

When I completed my undergraduate studies, I had no idea what the motto of Syracuse University meant. First, I cannot read Latin. Also, at that time I thought education was a destination, not a journey. In the many years since that graduation, I have come to appreciate that phrase- Knowledge Crowns Those Who Seek Her.

I am grateful for the hard work and dedication provided to me by Professor Heikki Karjaluoto. He gave me support, he challenged my thinking, and he navigated my doctoral process. I realize my route was very different than other students. I truly appreciate the late emails, the skype calls and the January meetings – all of which depended on a seven-hour time difference and a 4,013-mile (6458 km) separation. Thank you Heikki.

I would be remiss if I did not thank Aila Ahonen and Kevin Heisey. Both are colleagues and friends. Both listened to this wacky notion of going back to school and getting a Ph'D and gave great advice and the perfect program for me.

The internal support from both the University of Jyväskylä and SUNY Cortland allowed me to pursue this dream. Even though both villages went above and beyond, I wanted to thank my current department Chair, Peter Han, for his encouragement and assistance. To the professors at JSBE, I learned a lot from you and I hope to pay it forward within my own classes.

Thank you to both Dr. SungHo Cho and Dr. Andrew Goldsmith. I am grateful for the time and effort that each of you gave during the review of the dissertation.

Finally, I want to thank my family for their support. My parents, who are always giving me words of encouragement, and my children (Spenser and Quinn), who are always inspiring me, thank you. Finally, to Jeannine, you will never know how thankful I am for you. I realize that my time doing coursework, researching, writing, and traveling to Finland created extra responsibilities for you. I would love to promise you that I am now finished, but there are always new crowns out there.

*Amica veritas – Truth is a friend*



## FIGURES

FIGURE 1	Dissertation research plan.....	17
----------	---------------------------------	----

## TABLES

TABLE 1	Outline of the dissertation .....	22
TABLE 2	List of dissertation articles .....	25
TABLE 3	Relevant literature methodology (some studies use more than one method) .....	61
TABLE 4	Empirical material used in this dissertation.....	70
TABLE 5	Empirical results.....	77

# CONTENTS

ABSTRACT

TIIVISTELMÄ

FOREWORD AND ACKNOWLEDGEMENTS

FIGURES AND TABLES

CONTENTS

1	INTRODUCTION .....	13
1.1	Study background .....	13
1.2	Purpose of the Study .....	16
1.3	Importance of the study .....	17
1.4	Aim of the dissertation.....	20
1.5	Research questions .....	20
1.6	Outline of the dissertation.....	21
2	SPONSORSHIP STRATEGY.....	26
2.1	Sport business intelligence .....	26
2.2	International business strategy .....	27
2.3	Sponsorship .....	28
2.3.1	Background .....	29
2.3.2	Sponsorship theory .....	30
2.3.3	Sponsorship industry size.....	33
2.3.4	Sponsorship strategy .....	33
2.3.5	Sponsorship activation .....	34
2.3.5.1	Corporate hospitality .....	35
2.3.6	Sponsorship impact on consumers.....	37
2.3.7	Sponsorship measurement .....	38
3	BRIBERY .....	40
3.1	Background.....	41
3.2	International perceptions of bribery .....	41
3.3	History of the Foreign Corrupt Practices Act.....	42
3.4	Foreign Corrupt Practices Act analysis .....	43
3.4.1	Corrupt payment.....	43
3.4.2	Foreign official.....	44
3.4.3	Corrupt intent .....	44
3.4.4	Business purpose.....	45
3.4.5	Defenses.....	45
3.4.5.1	Local law defense .....	45
3.4.5.2	Reasonable and Bona Fide Expenditures defense .....	45
3.5	Other countries joined the US in fighting bribery .....	46
3.5.1	Organization for Economic Co-operation and Development.....	46

3.5.2	Finland .....	47
3.5.3	China .....	47
3.5.4	Canada .....	48
3.5.5	United Kingdom.....	48
3.5.6	Russia .....	49
3.5.7	Brazil .....	49
3.6	Lex FIFA .....	50
3.7	Lex Sportiva.....	51
4	SPORT CORRUPTION LITERATURE REVIEW SUMMARY.....	52
4.1	Background.....	52
4.2	Corruption theory .....	53
4.3	Competition corruption .....	54
4.4	Management corruption .....	55
4.5	Bribery and sponsorship connection .....	56
4.5.1	Potential red flags .....	56
4.5.2	Recommendations.....	57
4.5.2.1	Defenses .....	57
4.5.2.2	Corporate compliance program .....	57
4.6	Potential reactions to corruption .....	58
4.6.1	Crisis management .....	59
4.6.2	Negative publicity.....	59
4.7	Academic research in sport corruption .....	60
4.7.1	Methodology of relevant articles .....	60
4.7.2	Analysis of relevant articles.....	61
5	METHODOLOGY .....	65
5.1	Research philosophy .....	65
5.2	Research design.....	66
5.3	Case study analysis .....	67
5.3.1	Document analysis.....	68
5.3.2	Legal research .....	68
5.4	Quantitative analysis.....	69
5.5	Summary of the methodology used in dissertation articles.....	69
6	SUMMARY OF DISSERTATION ARTICLES .....	71
6.1	Foreign Corrupt Practices Act cases impact sport marketing strategies .....	71
6.2	What can <i>Bilfinger</i> teach Olympic sponsors? .....	73
6.3	Consumer impressions of sport corruption.....	73
6.4	Corruption impact on sport sponsorship strategy .....	74
7	DISCUSSION .....	76
7.1	Empirical results .....	76
7.2	Research questions and answers .....	79
7.3	Theoretical contributions.....	82

7.4 Managerial contributions ..... 84  
7.5 Study limitations..... 86  
7.6 Avenues for future research..... 87

ORIGINAL PAPERS



# 1 INTRODUCTION

## 1.1 Study background

Sponsorship is “the provision of assistance either financial or in kind to an activity by a commercial organization for the purpose of achieving commercial objectives” (Meenaghan, 1983, p.9). In other words, a sponsorship is an exchange of benefits. The property receives cash or product (value-in-kind), and the sponsor receives access to an audience. This access could be via intellectual property, on-site, media, or another vehicle. Most successful sponsorship activation plans include many elements that support one another.

Sponsorship is a large, worldwide industry. In 2016, US\$60.1 billion was spent globally on sponsorship with US\$15.7 billion spent on sport specifically (IEG, 2017). The 2017 global sport sponsorship industry is projected will increase by 4.3% (IEG, 2017). This increase is attributed to new, developing countries hosting global sporting mega-events, such as the FIFA World Cup or the Olympic Games; and more brands using sport sponsorship to enter into those markets. A sponsorship of the mega-event creates an entry point for a company into an emerging business market.

Sponsorship may be activated to both the business-to-consumer [consumer] market, and the business -to-business [customer] market. Sponsorship activation engages consumers with a brand or product (Weeks, Cornwell & Drennan, 2008) and needs to employ specific tactics to communicate with the consumer or customer market. Typically the activation programs may include advertising [signage, television commercials, etc.], sales promotions [coupons, purchase incentives, etc.], public relations, and personal selling [corporate hospitality, etc.] elements. An early study, Stoller (1986) examined Amtrak’s Super Bowl sponsorship, which provided travel agents with game tickets and hospitality accommodations. Because Amtrak promotes its product to its customer [travel

agents] as opposed to promoting it directly to its final user [traveler] it is considered a business-to-business or customer based program. DeGaris and West (2013) provide an example of research investigating the business to consumer market. The authors examined how a soft drink brand used a sponsorship program to connect to its consumers.

It is cliché to say that sport sponsorship has become big business. Corruption has become common in the sport industry; including bribery, doping, match-fixing, and other fraudulent behavior. In a general business context, there are numerous methods to regulate corrupt behavior. One approach is a strong business culture that influences companies from committing malfeasance. An ethical climate is also important to keep actors and organizations behaving correctly. Some countries utilize anti-corruption laws to battle the dishonest business conduct. It could be argued that corruption may not be worse than before, but it is more visible (Fisman & Golden, 2017). For instance, in the United States, the Enron and WorldCom corruption scandals received extensive media exposure.

As more multinational corporations seek business opportunities in developing countries that have different ethical and cultural principles, bribery may be an expected business function (Scott, Gilliard & Scott, 2002). Russia, Brazil, China, and Dubai, among others, have a much different anti-bribery stance than the US or Finland (see Appendix A). Even though these countries [and others] have anti-bribery laws, the corporate culture may include payoffs as an expected cost of doing business. The laws are either not enforced or the bribery is so prevalent that the local legal system cannot stop it. Because United States' firms and many multinational corporations are bound by the Foreign Corrupt Practices Act (FCPA), the non-US competitors may have a competitive advantage to developing business contacts in a culture that encourages the corrupt behavior.

Many nations with lower ethical business cultural standards are hosting international sport events. For instance, the 2008 Summer Olympic Games were held in Beijing, China; the 2014 Winter Olympics were held in Sochi, Russia; the 2014 Fédération Internationale de Football Association (FIFA) World Cup was held in Brazil; the 2016 Summer Olympics was held in Rio de Janeiro, Brazil in 2016. Russia has hosted the 2018 FIFA World Cup and Qatar is scheduled to host the 2022 FIFA World Cup. Many of these locations have a business culture that may encourage bribery to conduct business. This business culture includes the world of sport sponsorship. The corrupt behavior may be committed by the sport property or by the sponsor itself. The lack of ethical business expectations either encourages or permits corruptive actions within the sport business industry.

The corruptive nature of sport business is leading to a negative perception from fans and sponsors that may impact the sport. For instance, sport stars are increasingly scrutinized and it has become much harder to hide transgressions (Connor & Mazanov, 2010). Sport organizations and sponsors face increased media attention from their corrupt activities. These wrongdoings may be directly or indirectly connected to the sport.

The media, government, and fans are unsatisfied by current corruption prevention strategies (Connor & Mazanov, 2010). There are numerous methods to regulate sport corruption, including internal sport administration regulations, media scrutiny, and ethical education initiatives. Legal restrictions may provide an effect restraint on the unethical behavior. Unfortunately, sport specific laws such as a Swiss law passed in 2016 commonly referred to as Lex FIFA has not been used in this context yet. The Court of Arbitration of Sport (CAS) is creating sport arbitration precedence called Lex Sportiva but, again, this initiative is very new in this context. Neither offers much assistance, yet.

This study provides background on a national legal deterrent, specifically the Foreign Corrupt Practices Act from the United States. Although this law is not sport-specific, its focus is relevant due to far reach that this law has in the sport sponsorship industry.

In 1977, the United States Congress passed the Foreign Corrupt Practices Act (see Appendix B). This legislation criminalizes the bribery of foreign public officials in order to obtain a business advantage (Criminal Division, 2012). It also requires publically traded companies to keep accurate records and adopt internal compliance controls to prevent such illegal action (Criminal Division, 2012). Although it is common for countries to have anti-bribery laws of their own officials, this law extends into a foreign country's borders and criminalizes the bribery of foreign officials. Therefore, multinational corporations via international marketing programs such as sponsorship need to comply with this law. Recently, national security issues that may face a sport organization, such as terrorism, and human, weapon, and drug trafficking have led to an increase in FCPA prosecutions (Brzezinski, 2010). This increased attention to the previously dormant Foreign Corrupt Practices Act law enforcement means marketers need to understand how the FCPA may impact their sport sponsorships.

This study includes an examination of other nation's relevant laws that impact sport sponsorship. The presented national laws reflect the locations of recent mega-events. This provides a stronger base for the potential marketing impact.

Chadwick (2014) states that there is a lack of published studies in the field of sport corruption, especially a sport business evaluation of corruption. Hughes and Shank (2005) declared that a paucity of research exists on the impact of a negative image transfer onto a brand. Specifically, Brooks, et al. (2013) assert there is "a lack of research into the level of fraud and corruption in sport" (p. 44). This dissertation attempts to fill that academic void. The intersection of sport sponsorship, particularly when activated by corporate hospitality, and a corruption-friendly business culture may involve the FCPA and other anti-bribery law. This exploratory study examines this issue in more detail. First, this study defines the sport sponsorship industry, especially corporate hospitality activation tactics. Next, it scrutinizes the FCPA and bribery-friendly business cultures. Finally, the study examines the impact of corruption in sport sponsorship on consumers.



## 1.2 Purpose of the Study

Many sport organizations use sport marketing research as a competitive advantage to find appropriate strategies based on changing global contexts (Ratten, 2016). This study examines from a sponsor's point of view how sport corruption influences its consumers via a global perspective. Specifically, it analyzes sport bribery and other corruptive issues. Academic researchers study sponsorship from many different perspectives. Most of the academic exploration focuses the sponsorship's impact on the consumer market. For instance, how does a sport sponsorship increase brand awareness?

In a true sport business intelligence endeavor, this research provides practitioners with strategic advice, recommendations, key learnings, and data related to sport corruption to increase the sponsorship's effectiveness. However, the marketing implications of the sponsorship and corruption intersection have not received substantial academic scrutiny. The outcomes of this study may impact the marketing strategy used by sport sponsors, especially those sponsors competing in an international market. Therefore, the attractiveness of a sponsorship may be impacted by its potential corruptive nature either by the sport organization itself or the business culture of the event location.

The purpose of this study is to determine how corruption impacts sport sponsorship. This insight will allow sponsors to create programs that can deliver customized marketing messages to its customers. First, by legally protecting themselves against violating anti-corruption laws. The outcome of this study is to gain a better understanding of legal enforcement, particularly in countries that may have a business culture that allows or even encourages bribery. This understanding allows the author to create and analyze compliance recommendations for sport sponsors using corporate hospitality to avoid the corruption issue. Next, the examination of how corruption impacts the consumer market is important for sport marketers to activate their sponsorships. This insight may allow a sponsor to better protect its investment with its response.

As this study details, consumers respond to corruptive businesses. The consumers may react negatively to the unethical behavior exhibited by sponsors. However, consumers may also react to corrupt behavior that indirectly impacts the sponsor such as a bribery scandal of the sport organization. Specifically, the problem that faces sport sponsors is known as a horn effect. The horn effect is a negative halo (Sundar, Kardes, Noseworthy & Clarkson) and exists when a negative image from a partner influences the perception of another brand (Crompton, 2014). This leads to two main questions. First, how can a sponsor avoid corrupt behavior? And, when a corrupt sport imparts a negative image onto a sponsor's brand, will that horn effect impact the consumer's intent to purchase the sponsor's product?

This initial examination provides a background of the topic and offers practical recommendations. Through this analysis, key research questions will be developed. Then, a research design will be created that allows the best method

to generate answers to these research questions. This relationship is shown in the following figure.

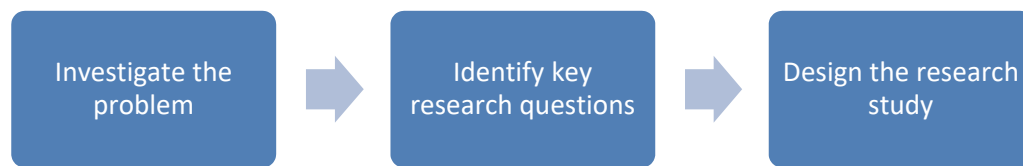


FIGURE 1 Dissertation research plan

### 1.3 Importance of the study

This study is important from an international sport marketing perspective. Recently, there has been an increase in sport bribery cases. One reason may be the globalization of international sport itself. Many global sporting mega-events, such as the FIFA World Cup and the Olympic Games are being hosted in countries that possess a bribery-friendly business culture. In this type of business culture, the local business community officials may expect benefits that would violate national laws, such as the FCPA. It is presumed that countries that possess a bribery-friendly business culture will have more corruption violations than others. This is due to the expectation and enticement from local officials of unethical business behavior. This may pose an issue for sport sponsors because these countries tend to be in emerging sport areas that are being selected as sport event host areas. Sport sponsors will need to understand how the anti-bribery laws work, what the law covers, how to comply with the law and if the host location will increase legal scrutiny of the sponsorship activity. A violation may lead to significant fines, negative media attention, and a poor business reputation. These outcomes may be harmful to the consumer relationship.

A brief description of some of the more infamous sport sponsorship scandals provides insight into the issue of sport corruption. The first examples deal with the IOC, which has long been rumored as corrupt. Mallon (2000) estimates that between 5-7% of IOC members have taken or solicited bribes by Olympic bid cities. Joan Kilmer, the former premier of Victoria, said, "I have never seen a process more open to corruption in my life" (Jennings & Sambrook, 2000, p.72-73).

The 2002 Winter Olympic Games in Salt Lake City, Utah, United States, was plagued with bribery allegations. The Salt Lake City Organizing Committee (SLOC) was accused of paying more than US\$1.2 million in cash and gifts (Dodds, 2016) to more than 30 IOC members (Hall, 1999). The bribes were paid in order to secure the IOC members votes to award the Games to Salt Lake City. Two members of the SLOC were charged with violating state and Federal bribery laws, mail fraud, wire fraud, and conspiracy. Despite overwhelming evidence

that the SLOC members distributed the money and gifts, both were acquitted of all charges (Dodds, 2016). This case shows the difficulty of proving sport corruption in a court of law. The Utah jury did not want to punish the same people who brought the mega-event to their city. Also, the jury did not think the law that was applied in this case fit exactly to the potential crimes. Therefore, the extensive bribery associated with these games went un-penalized.

The Salt Lake City incident is not the only games that are tainted with bribery allegations. The Organizing Committee for the Games (OCOG) at Nagano, Japan paid an average of US\$22,000 on 62 visiting IOC members, and Sydney, Australia OCOG paid US\$70,000 to two African IOC members (Mallon, 2000, p.12-13). Bribery allegations surround the bidding process of the 2016 Olympic Games in Rio de Janeiro, Brazil. Brazilian prosecutors charged former Rio de Janeiro governor, Sérgio Cabral with influencing votes (Ingle, 2017). Cabral was sentenced to fourteen years in prison for bribery, money laundering and receiving kickbacks associated with the Games. It has been reported that French police are investigating €1.3million in bribes associated with the Toyko, Japan bid for the 2020 Olympic Games (Ingle, 2016). It is rumored that the budget for the 2014 Winter Games in Sochi, Russia, which grew from US\$11 billion to US\$51 billion, was rampant with corruption (Yaffa, 2014). The potential horn effect to the Olympic sponsors may be significant through the association with the corrupt sport organization.

FIFA has faced many corruption allegations. Perhaps the most infamous occurred in 2015. Former FIFA official Chuck Blazer admitted to taking bribes in exchange for awarding the 1998 World Cup to France and the 2010 World Cup to South Africa. This led to an investigation centered between FIFA, sports marketing groups, and broadcast corporations for the television rights to air the World Cup and other international soccer tournaments. In total, fourteen FIFA officials were arrested in a bribery and kickback scheme that involved over US\$150 million (Miller & Barbash, 2015) to influence the bidding for the 2010 World Cup (Herndon, 2015). By 2016, 28 more people have been arrested and 17 have pled guilty to various criminal charges (Matthews, Viswanatha & Flint, 2016). This scandal involves many multi-national sponsors and sport marketing agencies who may have participated in the bribery schemes. Matthews, Viswanatha and Flint (2016) report that 11 sponsors and banks are conducting internal investigations that cost millions of dollars. This is a post-scandal attempt at managing the crisis and preventing it in the future.

The corruption allegations negatively affect FIFA sponsorship revenue. Prior to the scandals, FIFA showed significant sponsorship revenue growth. The 2014 Brazilian World Cup generated US\$1.6 billion, which was an increase of US\$650 million from the 2010 event (Panja, 2017). Leading up to the event, the sponsorship revenue projection for 2018 was not positive. Less than a year away from the 2018 World Cup, FIFA only had 10 sponsors, whereas at the same point for the 2014 event it had 20 corporate partners (Ahmed & Seddon, 2017). In total, FIFA had 34 total sponsorship slots to fill (Sale, 2017). The 2014 World Cup sold out its sponsorship program six months before the event (Panja, 2017). Sony,

Emirates Airlines and Castrol did not renew their sponsorship agreements (Economist, 2017). Three sponsors replaced those brands. However, the new sponsors are based within countries that are scheduled to host future World Cup's (Russia and Qatar) or hope to host one (China) (Panja, 2017). No European or US company signed on as a new FIFA sponsor since 2011 (Panja, 2017). The final revenue total showed the 2018 World Cup only generated \$1.45 billion (Nielsen Sports, 2018) presumably at least in part due to the bribery scandals.

The awarding of the 2022 World Cup to Qatar has also been plagued by rumors of corruption, secret bribes and death threats. It is alleged that 22 Executive Committee members received substantial payments, or bribes, in return for votes for a Qatari World Cup (Associated Press, 2017). Lavish hospitality, cash and other incentives were given to these Executive Committee members (Blake & Calvert, 2015). It has also been alleged that national natural gas contracts were tied to the bidding process (Blake & Calvert, 2015). Thus, a vote for the Qatari World Cup resulted in a lower than market price for natural gas imports from Qatar. Because Qatar participates in FIFA via the Qatar Football Association, which is a national organization, a US corporation who participated in the bribery scandal, may be subjected to FCPA prosecution.

National laws, including the FCPA, are often toothless when dealing with sport governing bodies. Although foreign sport organizations such as FIFA or the IOC are not currently considered a foreign entity for the purposes of the FCPA, a recent legal opinion may change that status. In *United States v. Esquenazi*, the Eleventh Circuit Court provided a framework to analyze how a sport organization may be considered an instrumentality of a foreign government. This court defined an instrumentality "an entity controlled by the government of a foreign country that performs a function the controlling government treats as its own" (Esquenazi, 2014). An organization may be considered an instrument of the government when a government subsidizes the entity's costs, if the entity's officers are appointed or associated with the government, or if the government has appointed the entity for a particular purpose, such as health or sport (Esquenazi, 2014). Therefore, it is conceivable when a foreign sport organizing committee is created by a foreign government, a national sports committee is tied to the government via revenue or a ministry-level representation in the government, or if a national governing body is intertwined with the government, then that entity may be a foreign instrument for FCPA purposes.

Sponsors have been implicated in bribery schemes. The Weatherford International, BHP Billiton, and Bilfinger sport bribery cases are presented later. The Nike sportswear company has been implicated in numerous scandals, including a corruption scandal involving US\$160 million, FIFA and the Brazil World Cup (De Graaf, 2015), bribing members of Athletics Kenya (Huber, 2016), bribing the 2022 Qatar World Cup (Associated Press, 2017) and influencing the USA Track and Field indoor championship (Dodds & Gorse, 2015). Each one of these scandals may bring substantial fines, lengthy prison terms, and harm to Nike's brand reputation.

Recently, Adidas was indicted by the US for coordinating a bribery scheme involving high school basketball players, and intercollegiate basketball coaches. Three high level executives from Adidas face up to 200 years in prison if convicted on all charges (US Attorney's Office Southern District of New York, 2017). This scandal may involve many college programs and more sponsors before the investigation is completed.

As a greater focus is being applied to this issue, it is expected that other national corruption laws, sport specific laws such as Lex FIFA, and CAS's Lex Sportiva will begin to punish sport corruption actors. Therefore, the better the sport sponsor can understand sport corruption and its impact on its business, then the better it would be able to avoid the behavior. Also, the sport sponsor will be in a better position to react to the malfeasance of a sport property. In both cases, the sport sponsor should protect its investment to increase brand awareness and sales. In the same fashion, a sport organization's marketing plans are influenced by sport corruption.

#### **1.4 Aim of the dissertation**

The aim of this dissertation is to analyze sport corruption and its impact on sponsorship. This analysis will feature managerial corruption although competition corruption may have the same impact. The corruptive behavior may be the actions of a sport organization, third parties, or the sponsor itself.

The individual articles provide case studies to illustrate the sport corruption context offering specific examples of the behavior, and recommendations on how to avoid and/or respond to corruption allegations. Next the dissertation investigates how the corruptive behavior impacts the sponsoring brand image and future purchase intention.

#### **1.5 Research questions**

Sport corruption may have a significant effect on sport sponsorship. This corruption may be committed by a sponsor, a sport organization, a team or club, or a player. Regardless of its source, the potential harm to a sponsor may be substantial.

First, a sponsor may run afoul of corruption laws, which causes legal scrutiny, potential expensive financial punishments, and a lowered brand image. Therefore, the sponsor needs to be aware of how to protect itself in many different markets. It also needs to be careful when using third party vendors to activate its sponsorship program because the sponsor may be liable for those actions. A sponsor should know how corruption influences its brand image, reputation, and potential future sales. A sponsor's corruptive participation in a

sporting scandal may result in significant financial penalties, fines, and potential incarceration of corporate executives.

Next, sport organizations, events or sport governing bodies, such as FIFA, IOC, may be corrupt. This type of corruption may create a horn effect and negatively influence the sponsor's brand image and its future sales. Further, local sport club may find difficulty securing sponsorships based on the potential negative association with the sport organization, event or sport governing body. Therefore, the impact of corruption on the potential future sales of a sponsor is vital business intelligence.

Therefore, a thorough examination of the existing literature to investigate the problem is the first step to developing the research questions (Andrew, Pederson & McAvoy, 2011). This examination includes a traditional academic literature review but also an exploration of the issues found in the market place. This may be accomplished via a review of practical focused marketing information. Therefore, the first step is to study the overall research topic then develop specific research questions. The objective of this study is to examine the impact of sport corruption on sport sponsorship.

The first research question is derived from the general investigation of the subject. This study should be qualitative in order to investigate the subject. The other three research questions are created from that initial investigation and explore the consumer outcomes of sport corruption. This may use quantitative methods to explore any direct impact on the sponsor's business. The questions explore corruption from a sport organization as well as the sponsor itself.

In order to reach this study's goal, this dissertation attempts to answer the following research questions.

RQ1: How can a sport sponsor protect itself from a bribery violation?

RQ2: Is there a horn effect for a sponsor affiliated with a corrupt event?

RQ3: Does a sponsor suffer lower purchase intentions when affiliated with a corrupt event?

RQ4: Does a sponsor suffer lower purchase intentions when the sponsor commits corruptive behavior?

## **1.6 Outline of the dissertation**

The dissertation is divided into two parts (TABLE 1). The first part discusses sport sponsorship and sport corruption with an emphasis on international business corruption legislation. Currently, this United States' FCPA has the

highest impact on international business, including sport sponsors, because of its aggressive enforcement but other national laws also have jurisdiction. This section examines international sponsorship strategy and activation, business and sport specific corruption theory, and existing academic research into the sport corruption subject. This section also establishes the dissertation methodology including research philosophy, research design, and the basis to apply both qualitative and quantitative methods.

The second part consists of four previously published articles relevant to this subject area. Here, the impact of the sport corruption on the consumer market is explored. Finally, the results from the four articles are analyzed in order to create both theoretical and practical contributions.

TABLE 1 Outline of the dissertation

<b>Part 1</b>	
<b>Introduction (Chapter 1)</b>	This section presents the study background, the purpose, and importance of the study and the research questions.
<b>Literature review (Chapter 2, 3 &amp; 4)</b>	<p>The literature review is divided into three chapters:</p> <p>Chapter 2 evaluates sponsorship strategy with an emphasis on international business.</p> <p>Chapter 3 examines the US law has the most influence on sport sponsorship, and other relevant countries are presented.</p> <p>Chapter 4 reviews the nexus of sport sponsorship and corruption.</p>
<b>Methodology (Chapter 5)</b>	This section explains the research strategies used in the dissertation.
<b>Summary of dissertation articles (Chapter 6)</b>	This section discusses the research process for each article, and briefly summarizes the main results from each.
<b>Discussion (Chapter 7)</b>	This section discusses the key findings in relation to the research questions, considers how the outcomes contribute to the theoretical and practical knowledge and examines areas for future research.
<b>Part 2</b>	
<b>Dissertation articles</b>	Previously published articles.

**Part 1:** The first three chapters review the existing literature related to the dissertation topic. Specifically, Chapter 2 is focused on sponsorship strategy. This chapter discusses the practical nature of the topic through the lens of sport business intelligence and framed within the context of international business strategy. Then, sponsorship is analyzed via strategy, activation methods with a focus on corporate hospitality and its impact on consumers. The chapter provides the background for the dissertation.

Chapter 3 examines corruption with an emphasis on bribery. This chapter begins with an inspection of how different international cultures perceive corruption. The Corruption Perceptions Index ranks 177 countries based on the perception of corruption of the public sector. Next, an in-depth examination of the US law, the Foreign Corrupt Practices Act, is presented. Although it is a US law, this legislation has a significant reach into sport sponsorship corruption. Under certain circumstances, it can be used to regulate foreign corporations. There is also the future possibility of the law being used against international sport organizations such as the International Olympic Committee and FIFA. Then, the bribery laws of six relevant countries (Finland, China, Canada, United Kingdom, Russia, and Brazil) are discussed. Although it has not been utilized much in this context yet, both Lex FIFA and Lex Sportiva are presented. It is assumed that these legal restrictions will be used much more often to prevent sport corruption in the future.

Chapter 4 provides a context for sport corruption. In this chapter, sport sponsorship and corruption are analyzed. A complete review of the sport corruption literature is presented with a focus exploring nexus with sponsorship. This chapter investigates the marketing perspective of how a consumer reacts to corruption committed by a sport organization and/or a sponsor. Red flags and recommendations are provided to educate sport sponsors to comply with anti-bribery laws.

In Chapter 5, the research process is addressed. The study begins with a qualitative study to analyze the issue then provides specific data from quantitative research. This topic includes the research design conducted within the dissertation articles. The dissertation articles include case study analyses as well as quantitative surveys as data collection techniques.

The dissertation articles main findings will be presented in Chapter 6. These outcomes will be analyzed in relation to the research questions. This section also provides a summary of the research articles to highlight relevant information.

Chapter 7 evaluates the research findings and provides practical recommendations for sponsorship managers to protect their investments. It also adds to the theoretical base of research. Finally, the dissertation offers suggestions for future research areas.

**Part 2:** The previously published articles are presented in TABLE 2. Because a couple of the articles are co-authored, I will briefly clarify my responsibility for each article.



**Article 1:** I designed this case study for *Sport Marketing Quarterly*. This was my first exploration into the intersection of the sport corruption and sponsorship subjects. The audience for *SMQ* is sport marketing professionals and academics. *Sport Marketing Quarterly* states that it features “high quality research that advances the study and practice of sport marketing and is relevant to the professional interests of the sport marketing community” (*Sport Marketing Quarterly*, n.d., para. 2). It has an h-index: 49 from *Harzing’s Publish or Perish*. I contributed 100% to this article.

This article discusses how a recent non-sport specific legal ruling may be extended to include jurisdiction over international sport organizations such as FIFA and the IOC. Currently, non-governmental organizational officials are not subject to the FCPA bribery laws. Next, two sport sponsorship bribery cases are discussed and recommendations for FCPA compliance are presented. Finally, the author applies the outcomes from those cases to the infamous 2015 FIFA bribery scandal.

**Article 2:** I designed this case study in response to a specific sport bribery case. I added a co-author who is from Brazil in order to provide a national perspective of the Rio Olympics and Brazilian sport culture. The *Sport Management International Journal Choregia*, is a peer reviewed international journal edited by the Greek Center for Sports Science Research. *Choregia* publishes theoretical and applied issues and trends in Sport Management. The audience for this journal is academic faculty and industry practitioners. I contributed more than 80% to this article.

This article specifically considers a bribery scandal associated with the 2014 FIFA World Cup in Brazil. It analyzes the case from both US and Brazilian bribery laws in order to show the dual jurisdictions and key compliance learnings for sponsors preparing their 2016 Summer Olympic Games in Rio de Janeiro activation plans.

**Article 3:** I created a survey to measure how a consumer perceives sport corruption. This survey was sent to colleagues in the US, Europe, Canada, and Iran. The survey was distributed to sport management students to measure how they viewed sport corruption. This article was published in the *Sport Management International Journal Choregia*. I contributed 100% to this article.

This article measures the impact of sport corruption on consumers. The respondents were surveyed about what constitutes sport corruption, its impact on sport and fan avidity, and the impact on purchase behavior.

**Article 4:** This publication measures consumer impressions of sport corruption. The quantitative survey was distributed to season ticket holders of a Finnish football club, JJK. Two Finnish colleagues collaborated to this project. After I created the questionnaire, a co-author converted it into the Finnish language. He managed the local logistics, distributed and collected the data. The other co-author oversaw entering the presentation of this study into the sport business

intelligence section of the 2017 European Association for Sport Management. This article was published in the *Sport Management International Journal Choregia*. I contributed more than 75% to this article.

This article builds upon the knowledge base created in the previous study. Here, similar questions are posed to a specific fan base in Finland. This study examines the potential horn effect associated with an international sport organization for a local football club.

TABLE 2 List of dissertation articles

<b>Title</b>	<b>Authors</b>	<b>Publication Outlet</b>	<b>Study Focus</b>	<b>Related research questions</b>
<b>Foreign Corrupt Practices Act cases impact sport marketing strategies</b>	Dodds, M.	<i>Sport Marketing Quarterly</i> (2015)	The marketing impact of the most influential bribery law.	Research question 1
<b>What can <i>Bilfinger</i> teach Olympic sponsors?</b>	Dodds, M., & Palmero, M.	<i>Sports Management International Journal Choregia</i> (2016)	This study addresses how sport sponsors react to corruption allegations corruption of sport organizations with a special focus on Brazil because of the FIFA World Cup and Summer Olympic Games.	Research question 1
<b>Consumer impressions of sport corruption</b>	Dodds, M.	<i>Sports Management International Journal Choregia</i> (2017)	Sport management students were surveyed about their perceptions of the impact of sport corruption on consumers.	Research questions 2, 3, and 4
<b>Corruption impact on sport sponsorship strategy</b>	Dodds, M., Rasku, R., & Laitila, O.	<i>Sports Management International Journal Choregia</i> , (2018)	The impact of FIFA corruption allegations on a local Finnish football club, its fans, and its sponsors	Research questions 2, 3, and 4

## **2 SPONSORSHIP STRATEGY**

Masterman (2007) defines that sponsorship has two or more parties and is mutually beneficial for both the sponsor and the property. The benefits for the sponsor would be gaining a competitive advantage, or meeting a business/marketing objective such as creating awareness, increasing sales or building a brand image, or developing relationships with customers, suppliers, and employees (Masterman, 2007). Sponsorship should be considered an “active” marketing tactic as opposed to a “passive” marketing method such as advertising (DeGaris, 2015) because a sponsorship can engage the brand with a defined target audience. The property can benefit by generating revenue and building its own brand image. The event can be used to change public perceptions of the host area (Preuss & Alfs, 2011). Thus, both the sponsor and the property depend on sponsorship to meet objectives.

This section examines sponsorship strategy from numerous perspectives. First, it briefly discusses the role of sponsorship as a means to generate relevant business information. Next, it creates a context for sponsorship within an international strategy. Then, the section presents a background of sponsorship including theory, strategy, the size of the industry, activation tactics, its impact on consumers and measurement.

### **2.1 Sport business intelligence**

A sponsorship, like all marketing investments, contains risk. If it is ineffective and does not deliver on its objectives, then the company has wasted that investment. In order to succeed in the global sport marketplace, businesses need to know their customer’s needs, wants, expectations and satisfactions (Rasku & Turco, 2017). Companies should also know other potential risks, including a potential negative impact on their brand image and future sales caused by corruption.

Sport business intelligence enhances decision making by using advanced data collection and sophisticated analysis to create informed decisions (Rasku & Turco, 2017). This study and its results seek to generate useful insights for sport sponsors. It is important for the sponsors to know how to react to corruption scandals and how it will impact their brand.

The basis of sport business intelligence is the conversation of academic research into usable knowledge for sport organizations. This means that research should provide relevant data and converted into key learnings. This research could be completed with the advice, direction, and assistance of the sport organization. This dissertation is designed to provide practical information for sponsors and sport properties.

Among its vital objectives, business intelligence helps organizations understand the implications of its actions within the regulatory environment (Negash, 2004). Therefore, a well-developed sport business intelligence program includes the investigation of foreign markets and its legal restrictions in order to provide the sponsorship managers a base of knowledge in order to make informed decisions. This section seeks to contribute to that knowledge base.

## **2.2 International business strategy**

Market growth, including international expansion, is vital for the long-term sustainability for many business organizations. In order to generate this growth, business organizations follow strategic plans. Mintzberg (1994) defines strategic planning as “a formalized procedure to produce an articulated result, in the form of an integrated system of decisions” (p.12). A plan is developed that integrates *how* and *when* certain business actions should take place. The underlying reason for the plan is to diagram performance steps that should be taken in the future. Thus, strategic planning involves consistency in behavior over time (Mintzberg, 1994). For a sport sponsor, a comprehensive sport business intelligence program is vital to its strategic plan.

Many companies develop a strategy to conduct marketing activities. The strategic sport-marketing planning process (SSMPP) compels a sport organization to create a plan to effectively conduct sport marketing programs. The SSMPP steps are: 1. analyze the external environment; 2. analyze the sporting organization internally; 3. examine market intelligence data; 4. determine the specific marketing mission and objectives for the prescribed period of the plan; 5. determine the core marketing strategy using marketing mix variables, identifying and selecting the desired competitive position in relation to an identified sustainable competitive advantage; 6. establish tactics to achieve objectives, and formulate benchmarks to measure progress; 7. implement and operationalize the planned strategies; and, 8. measure the success of core strategies, and adjust strategies where necessary (Shilbury, Westerbeek, Quick & Funk, 2009). The plan lays out the anticipated performance steps to execute the

marketing program. This is especially important when a company looks to create new revenue streams.

One major approach to increase revenue is to expand into new markets, including foreign countries (Cateora, Gilly, & Graham, 2013). Corporations generate significant business opportunities by exploiting their intermediate inputs (new products, processes, reputation, etc.) in as many countries as possible (Dess, Gupta, Hennart & Hill, 2001). National borders are less meaningful than before as global homogenization of consumer tastes leads to standardization of the marketing mix (Cateora, Gilly & Graham, 2013). This allows a corporation to apply key learnings and processes from previous initiatives to a new and fertile market.

The globalization of sport can generate new revenue for a sponsor organization. Sport transcends national borders with mega-events like the Olympic Games and FIFA World Cup attracting participants and spectators from around the globe. Businesses take advantage of this unique aspect of sport when they decide to expand into new global markets. Westerbeek & Smith (2003) discuss several factors for the globalization of sport business including emerging markets creates opportunities for different trade partners thus integrating the world economies. A driver of this globalization may be the use of new communications technologies that allow even the least industrialized countries the ability to be aware of the world around them. In other words, the growth in technology increases international interest in global sport, especially amongst developing nations. This increased interest in sport creates a new point of access into those nation's consumers.

Once the brand gains access to the new audience, the marketer needs to make a connection on a "deep, emotional level" (Sisodia, Wolfe & Sheth, 2007, p. 6). The drama of sport naturally connects companies to sport fans. But this connection should be even deeper and should be created via shared values. The avoidance of bribery would be an example of a shared value. There is an emphasis on global sport for all marketers with transnational aspirations (Meenaghan & O'Sullivan, 1999). Sport operates as a world language that dissolves traditional commercial, financial, geographical, political (Meenaghan & Sullivan, 1999) and language barriers. Sport becomes a valuable platform to construct an international marketing program. It can be accessed easily by new audience, therefore, the marketing messages can be received as well. Farrelly and Quester (1997) recommend international marketers use sponsorship as a tool to communicate these global marketing messages.

## **2.3 Sponsorship**

Sport sponsorship is a vital component of a global marketing campaign (Santomier, 2008). A sponsorship can deliver brand messages to a diverse audience on a global scale (Tripodi, 2001). Brands "invest in sport properties to reach marketing goals and objectives" (Traschler, DeGaris & Dodds, 2015, p.78).

Sponsorship is an important marketing communications element and can be used by itself or combined with other elements including personal selling and its use of hospitality. This is especially vital within the international context as it is a key component of an international marketing strategy. Although the academic research of sponsorship has been concentrated in the consumer market, there are aspects that can be applied to the business-to-business market where most personal selling and hospitality may occur. Even though “sponsorship” can be a broad term, for example, product placement within television shows or events are considered by some to be sponsorship (Hatfield, 2011), this study will view sponsorship more narrowly as a mutually beneficial business relationship.

### 2.3.1 Background

Sponsorship is a direct business relationship between a sponsor and a property to meet marketing objectives. Meenaghan (1983), describes this as an exchange of financial or logistical support to a property. McDonald (1991) expresses sponsorship as a promotional spend. Both viewpoints endorse the investment as a means to reach commercial, marketing, product/brand-related or corporate-related objectives (Meenaghan, 1983). The product/brand-related objectives include increasing target market awareness, building a brand image, increasing sales and/or market share, or block competition (Irwin & Asimakopoulos, 1992). The sales driven sponsorship emphasizes either a direct [onsite] selling opportunity, or an indirect [corporate hospitality] selling opportunity. A corporate-related objective directs its focus inwards on the corporate staff to transfer image values held by the corporation and increase staff pride (Grimes & Meenaghan, 1998) by motivating and exciting the company’s employees (Lynde, 2007). Other corporate-related objectives include: increasing public awareness of the company and its services, enhancing company image, altering public perception, involving the community, building business / trade relations and goodwill and enhancing the staff/employee’s relations (Irwin & Asimakopoulos, 1992), acquiring an unique hospitality or entertainment opportunity, and generating corporate goodwill (Mullin, Hardy & Sutton, 2014).

This author defines sponsorship as “an exchange of capital [cash or product-in-kind] from a business organization for access to a specific audience where a sport or event property offers assets that create touch-points to the audience that can be exploited by the sponsor” to reach marketing objectives (Dodds, 2017, p.3). The assets may be used in event-related advertising such as category exclusivity, intellectual property, and sponsor identification; or on-site activation, like tickets, hospitality, venue signage, and in-game promotions (Lynde, 2007).

Sponsorship is an important marketing promotional element. A marketing promotional element communicates messages to consumers and includes advertising, personal selling, sales promotion, public or community relations (Shank, 2009). Advertising is “any paid, nonpersonal sponsored message delivered through the media” (Mullin, et al., 2014, p. 266). It is a very effective

tactic to distribute marketing messages to the audience. Advertising includes broadcast media [television and radio], print media [newspapers and magazines], new media [podcasts and social media advertising], signage and out of home media [billboards and mass transit locations]. Personal selling is “a face to face presentation in which the seller can persuade the consumer” (Mullin, et al., 2014, p. 266). In sport, personal selling is very common in sponsorship sales. A sales promotion is an incentive designed to create an immediate purchase intent (Shank, 2009, p. 312). There are two types of sales promotions: price and non-price. A price promotion involves some type of discount, rebate or financial incentive (Mullin, et al., 2014) to induce a sale. A non-price promotion includes giveaway items, or entertainment such as fireworks night, a concert, run the bases, etc. (Mullin, et al., 2014) to induce a sale. Public or community relations convey information to a variety of stakeholders, including the community, employees, and volunteers in order to “identify, establish, and maintain mutually beneficial relationships” (Shank, 2009, p. 317).

Meenaghan (2001) found consumer attitudes towards sponsorship are favorable as its role as a marketing communications element. One benefit of a sponsorship is the ability to be activated by other marketing mix elements, such as sales promotional elements. Studies show that found sponsorship success is dependent on the awareness level of the activation tactic (Dodds, DeGaris & Perricone (2014). Further, the sales promotion effectiveness increases from the association with the sponsorship (Dodds, DeGaris & Perricone (2014). The two tactics are more effective when working together. Specifically, the authors found more consumers will participate in a baseball related sales promotion if supported by an advertising campaign featuring the sponsorship. Consequently, sport sponsorship is an effective tool to communicate a message to a specific audience.

### **2.3.2 Sponsorship theory**

A theory clarifies how things work and why (Doherty, 2013). An effective sponsorship can be explained using underlying business psychology theories. Sponsorship theory can be explained by relationship marketing, image transfer, and signaling theory to focus on different elements. Balance theory and moral justification theory can help explain the impact of corruption on the consumer. Each theory defines how a sponsorship works subject to different perspectives. This interplay cannot be viewed separately from marketing theory.

Within a sponsorship, relationship marketing theory is the attraction, development, and retention of customers (Bee & Kahle, 2006). The sponsorship provides opportunities to understand the customer in order to create a meaningful and beneficial life-time association (Bee & Kahle, 2006). Both parties benefit from a collaborative atmosphere to generate an effective communications process (Farrelly & Quester, 2003).

Relationship marketing can also explain the connection between a sponsor and a property. A brand uses a sponsorship to achieve marketing objectives (Irwin & Asimakopoulos, 1992) whereas the sponsorship revenue may be the

biggest opportunity for financial growth (DeGaris, 2015). The sport property must recognize the inherent long-term nature of the sponsorship relationship to receive a stable revenue source, and lowered prospecting and selling costs (Jensen & Cornwell, 2017). International relationship marketing may have additional obstacles to success including culture, and language differences. Relationships are critical (Samaha, Beck & Palmatier, 2014). Because companies apply different strategies to different markets that make a single solution difficult, a company's relationship marketing success depends on communication and expertise (Samaha, Beck & Palmatier, 2014). Hennig-Thurau, Gwinner and Gremier (2002) stress the importance of companies building a social relationship with customers. The sponsorship construct allows for this relationship to be created.

Image transfer theory explains the connection between the sponsor and the consumer. It describes a benefit of sponsorship as a marketing mix element. Image transfer theory transfers the positive image of an event to the image of a brand (Prendergast, Paliwal & Mazodier, 2016). Smith (2004) describes the image transfer process via sponsorship to be a transfer of brand personality attributes or "meanings" (p. 459) to the sponsor. Improving a brand image is one of the most important objectives for a sponsor to achieve (Tripodi, 2001). The long term relationship helps the sponsor achieve its image transfer objectives (Cornwell, Roy & Steinard, 2001) and image transfer is greater in functional or image based similarity (Gwinner & Eaton, 1999).

Novais and Arcodia (2013) provide a content analysis of the factors that affect brand image transfer. They reviewed journal articles related to the attitude toward the sponsor, sponsor awareness, the brand equity of the sponsor, the sponsor market prominence, the perceived sincerity of the sponsor, the nature of the event, the involvement with the sponsored activity, the event image and status, the attitude toward the event, the fit between the event and sponsor, the frequency of the sponsorship or event, the level of exposure and the level of sponsorship. Gross and Wiedmann (2015) realized that image transfer also occurs between co-sponsors. This scenario is known as a halo effect (Crompton, 2014).

Donlan (2013) concludes that to maximize image transfer that sponsorship should reinforce the sponsor's brand instead of creating it. Thus lesser known brands benefit less than established brands from engaging in sport sponsorship (p. 259).

However, sport organizations need to realize a reverse image transfer may occur where the image of the brand transfers to the image of the event (Prendergast, Paliwal & Mazodier, 2016). Consequently, the negative partner behavior is a significant risk to brand image (Kelly, Ireland, Mangan & Williamson, 2016). In fact, Buhler and Nufer (2010) conclude that a negative image can be transferred as easily as a positive image can.

Parker and Fink (2010) mitigate the reverse image transfer with social identity and balance theories. According to social identity theory, a person associates with groups that reflect their own self-assigned attributes (Tajfel & Turner, 1979). Social identity theory influences the customer's point of view vis



a vis the relationship with the property. Watkins (2014) looked at factors that connect fans to six National Basketball League teams and concluded that teams should enhance fan-group belonging to generate team brand equity.

Generally, sponsors support the same teams as the fans, therefore the fans should support the sponsors by purchasing its products (Herrmann, Kacha & Derbaix, 2016). Parker and Fink (2010) suggest that a highly identified fan is a member of in-group and rejects the negative sponsor to protect the sport organization. Lough, Pharr and Owen (2014) found that consumers that identified as runners increase event sponsorship recall that can predict sponsorship effectiveness.

Ultimately, sponsors want this marketing investment to positively impact sales. Gwinner, Larson and Swanson (2009) found that a fan's higher perception of image transfer leads to higher levels of purchase intentions for a sponsor's brand. Alonso-Dos-Santos, Vveinhardt, Calabuig-Moreno and Montroro-Rios (2016) conclude that a positive attitude towards a sponsor increases purchase intent regardless of consumer involvement with the event.

Chien, Kelly and Weeks (2016) used social identity theory to show that in-group fans are not very forgiving and look to punish corrupt sport actors. The authors conclude that in-group fans support the continuance of a sponsorship with the organization. The out-group fans support the termination of the sponsorship. The social identity theory suggests the in-group fans still want the best for their team even if the out-group perceives the sponsorship support as negative.

Balance theory can help explain the negative impact of the sport corruption, especially when dealing with corrupt sponsor activity. Typically, balance theory applies to a positive transference of image. It explains why a brand sponsors a sport. When the sport is positive, the image transfers to the sponsor's brand. The negative transference exists. Dalakas and Levin (2005) concluded a strong negative attitude towards a sport property leads to a negative attitude towards a sponsor. Therefore, the lowered purchase intent is a behavior that the consumers can act out against the negative impact of corruption.

However, moral justification theory suggests that people with a strong emotional connection to something tend to forgive negative behavior (Bhattacharjee, Berman, & Reed 2013). This theory may explain why some respondents choose to purchase sponsor products from corrupt sport properties. This theory rationalizes unethical behavior into socially acceptable behavior (Niven & Hardy, 2014). In a sport corruption context, a consumer may justify bribery if it benefits a favorite event or club. This creates a moral conflict where sport fans may emphasize group-based loyalty concern over the corruption (Dugan, Waytz & Young, 2014). In fact, if the fan-team connection exists prior to the corruption, then the unethical behavior may be more excusable (Shalvi, Gino, Barkan & Ayal, 2015). Thus, the consumers forgive the corrupt actions due to the strong emotional connection to the sport property. This justification may extend into continued support of the unethical organization.

The image transfer theory may be constrained by the signaling theory. Signaling theory conveys information about unobservable qualities of the sender. Preuss and Alfs (2011) researched how the 2008 Olympics showed information about tourism and business opportunity in the Chinese market to a global audience. In this manner, major sport events may be perceived as public investments to attract incremental tourism and business investment. Therefore, the unobservable nature of the sponsor or the property may influence how the transferred image is received by the consumer.

### **2.3.3 Sponsorship industry size**

The sponsorship industry, which includes sports, entertainment, cause, cultural and other partnerships (IEG, 2017) is large and is growing. IEG (2017) declared the 2016 total global sponsorship industry at US\$60.1 billion and forecasted a 4.5% growth in 2017 where the industry will be over US\$62.8 billion (see Appendix C). This increase reinforces the growth of sport, particularly mega-events, in developing markets where corporations are looking to establish an international business presence.

Sporting events and leagues generate a large amount of revenue through sponsorships. FIFA made US\$1.6 billion on the 2014 World Cup in Brazil (Manfred, 2015). From 2013-2016, the IOC received US\$1.003 billion from its Partnership program and US\$2.037 billion from its domestic sponsorship program (IOC, 2017, p.6). The National Football League produced US\$1.25 billion for its 2016 season (Heitner, 2017). Sports Sponsorship Insider (2016) researched the top 12 European football leagues and 25 selected Union of European Football Association (Uefa) Champions League teams outside those leagues and found that group had a combined sponsorship revenue of €2.85 billion in 2016-17.

### **2.3.4 Sponsorship strategy**

Sponsorship strategy is designed to generate the highest possible return on investment in both dollars and public awareness of the brand (Copeland, Frisby & McCarville, 1996; Myung-Soo, Sandler & Shandi, 1997). A sponsorship should be integrated into the sport marketing communications program (DeGaris, Dodds & Reese, 2015). The sponsorship selection is vital to the success of the marketing program. Sponsorship "fit" is the degree to which a consumer perceives a similar image and a natural connection between a sponsor and a property (Simmons & Becker-Olsen, 2006). The fit is important because of consumer's positive perceptions of the sponsor increase when they perceive a greater fit to an event (Close & Lacey, 2013). Therefore, a sport marketer should develop the marketing objective first, then strategically analyze how sponsorship options fit the objective, the consumer's or customer's wants and needs, sponsorship assets, and cost.

Sport marketing researchers have analyzed sponsorship fit. It is important to consider how a sponsorship fits when selecting the sponsorship (see Irwin & Asimakopoulos (1992), and Speed & Thompson (2000)). This “fit” is defined vaguely. The fit could be brand personality congruence (Lee & Cho, 2009) that mirrors brand characteristics like excitement and sophistication (Aaker, 1997). Farrelly, Quester, and Burton (1997) inspected how the integration of a sponsorship fits into the corporate marketing function. Dees, Bennett, and Ferreira (2010) examined how a sport celebrity’s personality fit with sponsorship outcomes. Lough and Irwin (2001) evaluated how the size of a prospective market opportunity fits with a potential sponsorship.

Accordingly, the “fit” that a sponsorship has between its marketing objectives and other criteria is vital to its overall effectiveness. This conclusion is supported by theoretical research (Novais & Acordia, 2013) as well as a practitioner-based study (Mayo & Bishop, 2010). A poor sponsorship “fit” will not be effective or efficient, thus a waste of valuable resources (Day, 2010).

The sponsorship fit influences sponsorship activation success. Dodds and DeGaris (2011) concluded a National Association for Stock Car Auto Racing [NASCAR] theme increases consumer participation in sales promotions. Dodds, DeGaris & Perricone (2014) found female and males behave differently while responding to Major League Baseball sponsorship themed sales promotions, while Lough and Irwin (2001) suggest a general sport sponsorship featuring either a male-only or a combined-gender sport would create a more effective link to sales promotion. Thus success is contingent on the fit of the sponsorship to the sales promotion’s objectives.

Pappu and Cornwell (2014) discuss sponsorship similarity as a separate component from the fit. Sport consumers compare perceived meanings associated with the type of event, the event characteristics and individual consumer factors (Gwinner & Eaton, 1999). Qwinner (1997) proposed brand image and functional similarities. Image based similarity compares the brand associations of the sponsor and the property. The functional based similarity is displayed where the sponsor product is actually used within the event context. Pappu and Cornwell (2014) evaluate the McDonalds’ Olympic sponsorship as successful due to the global brand similarity between the two organizations as opposed to the conflicted functional similarity fit of McDonald’s fast food and the Olympics healthy image. Pappu and Cornwell (2014) discussed a poor fit of having a private prison operator sponsor a college athletic complex. Arguably, this sponsorship fails both image and functional similarity.

### **2.3.5 Sponsorship activation**

Sponsorship assets must be leveraged and activated to be utilized effectively. Leverage describes all sponsorship marketing communications and activities collateral to the sponsorship investment, where activation explains for tactics where the audience can interact with the sponsor (Weeks, Cornwell & Drennan, 2008). Therefore, leveraging and activating are “not opposing forces but are mutually supportive” (DeGaris, West & Dodds, 2009, p. 90). A successful

sponsorship leverages other promotional mix elements to obtain the greatest sponsorship value (Cornwell, Weeks & Roy, 2005) and should be activated to connect with the targeted consumer or customer.

A sponsorship can leverage other promotional mix elements. In a basic sense, a sponsorship can be used as a lever to improve the effectiveness of another promotional mix element (DeGaris, et al., 2009). Because different audiences value different incentives for participation (Dodds, DeGaris & Perricone, 2014) a sponsorship tie-in creates emotional equity that can leverage into more effective sales promotions (DeGaris, et al., 2009). Grey and Skildum-Reid (2001) recommend leveraging a sponsorship program to make it relevant for the audience; such as the previously mentioned NASCAR and Major League Baseball themed sales promotions. The sponsorship offers many potential benefits. It provides an opportunity for sales personnel to meet with clients, a location for targeted signage for an advertising program, and a chance to influence others with a public relations campaign.

Conversely, activating a sponsorship means “to put it into motion” (DeGaris, et al., 2009, p.89). Sponsors are finding it difficult attracting consumer attention in a cluttered environment (Meengahan, 1998) so activation is central to the success of the program. Day (2010) cautions a marketer should not activate the sponsorship without committing itself fully. A sponsorship can be activated by other promotional mix elements. A television commercial featuring an Olympic partnership “activates” the sponsorship because the sponsorship provides a popular theme for the advertisement. A sponsorship can be activated on-site by activity such as autograph and picture signings create accessibility for fans (Schlesinger & Gungerich, 2011). A sponsorship can be activated at retail outlets by Point-of-Purchase displays, and athlete or equipment displays (Dodds, 2010). If properly executed, sponsorship activation increases fan enjoyment which leads to higher sales (Dodds & DeGaris, 2011).

In order to achieve maximum effectiveness, a sponsorship should be integrated within both the communications and marketing mixes (Tripodi, 2001). This integration can be via leveraging other promotional marketing elements or activating the sponsorship. Thus, effective sponsorship is strategically activated where objectives, competitive position, brand equity, and previous sponsorship efforts are considered (O’Reilly & Horning, 2013).

### **2.3.5.1 Corporate hospitality**

Businesses in many industries focus on building long-term relationships with their customers (Grönroos, 2004). Sport marketers are following this lead (Abeza & O’Reilly, 2013) by activating sponsorship with corporate hospitality. Rein, Shields, and Grossman (2014) point out that “creating impressions is important [via advertising and sales promotions], [but] they are not as valuable as sponsorship activation elements that acquire new customers or retain current ones (p. 115). Corporate sales managers are integrating sponsorships into marketing functions (Farrelly, Quester & Burton, 1997), to develop and enhance

relationships at every state of their brand's life cycle (Clark, Lachowetz, Irwin & Schimmel, 2003).

Corporate hospitality is a commonly used sponsorship activation tactic used to acquire new customers and retain current ones. Corporate hospitality is a sponsorship activation tactic that illustrates the exchange theory where two or more parties are involved in a relationship where valued resources are exchanged (Dees, 2011). Sport sponsors who use hospitality as an activation tactic "believe if I do something nice for you, you will do something nice for me" such as buying my product (Horowitz, 2014, p. 42) or setting a future business meeting with VIP experiences given to top clients (Horowitz, 2014). These VIP experiences often include interactive exhibits (Connolly & Connolly, 2014), such as food, entertainment, athlete appearances, and exclusive facility tours (Gross, 2014). So while choosing the sport sponsorship, the marketer should consider the sporting interests of its most important customers (Clark, Lachowetz, Irwin, & Schimmel, 2003). The experience should be distinctive from public hospitality options and made special for the client (Grey & Skildum-Reid, 2001). The trend is to create more personal experiences personally tailored to the audience (Chapman, 2013) as opposed to a general corporate hospitality experience. Thus the experience depends on the personal interests of the client. Program elements that are highly desired by visitors are those that are not commonly experienced by others (Dodds & DeGaris, 2011). Bal, Quester and Plewa (2009) suggest leveraging sport-related emotions. Tickets to a mega-event and meeting a favorite athlete are highly desired. Thus providing a VIP experience with tickets to a sporting event and a meet-and-greet session creates a sought-after corporate hospitality program, which can lead to a stronger relationship with the client.

Even in the era of social media, corporate hospitality is still an important aspect of the marketing mix. New media and technology can be used as activation tools to build strong relationships with consumers (Dees, 2011). Although the entire purchase decision process can be supported online (Chaffey & Smith, 2013), many customers may "Research online, Purchase offline" (Bughin, Shenkan & Singer, 2008). The face to face element of corporate hospitality is vital to meet clients, customers, and consumers. Therefore, sport marketers need to take advantage of both online and offline synergies (Batra & Keller, 2016).

The main purpose of corporate hospitality is generating an opportunity where a salesperson meets a potential customer. A sponsorship environment with corporate hospitality and the associated program elements is conducive to pursuing new business and strengthening relationships with existing customers (Clark, et al., 2003). A salesperson has numerous opportunities to one-to-one interaction with a client throughout a sporting event, especially if that event takes place over multiple days (Clark, et al., 2003). Corporate hospitality's emphasis on human contact and emotional values is an effective tactic used to strengthen bonds (Collett, 2008). The salesperson can develop deeper, more positive relationships with targeted key decision makers (Clark, et al., 2003) by getting to know the clients better in a non-work environment (Margolis, 2000). Although a

marketer entertains influential stakeholders in order to “strengthen relationships that will bring benefits in the short or long term (Collett, 2008, p. 287), Clark, et al. (2003) recommends building a long-term relationship via sponsorship corporate hospitality as opposed to immediate sales. Urban & Sultan (2015) found that a messaging strategy providing consumer information without a sales request can increase brand favorability that may lead to an increase in sales. Because this type of sponsorship activation grants benefits to another person, it is a fertile area for bribery.

Corporate hospitality associated with sport sponsorship may include match tickets, food, and beverage, accommodations and travel. Unfortunately, these same elements may be used in an unethical and corrupt manner.

### **2.3.6 Sponsorship impact on consumers**

Effective marketing initiatives create reactions from consumers. An effective sponsorship program is designed to accomplish the same marketing objectives as other elements of the promotional mix. Sponsorship may impact consumer attitudes and purchase intentions. Alexandris and Tsiotsou (2012) found that sponsorship can lead to a positive change in the sponsor image. The sponsorship creates a positive consumer impression which leads to a positive attitude towards a product (Till, Stanley & Priluck, 2008). Research indicates that highly identified fans display more favorable attitudes towards the sponsors (Parker & Fink, 2010). The effectiveness of the sponsorship depends on the familiarity and attractiveness of the property (Kim & Na, 2007). For instance, a national team sponsorship positively influences consumers’ perceptions towards the sponsor (Carlson & Donovan, 2008). This, in turn, positively influences consumer behavior toward sponsor products (Tzoumaka, Tsiotsou & Siomkos, 2016).

In order to be truly effective, the sponsorship must lead to a behavioral change (Amis & Cornwell, 2005). From an overall business goal, the most important behavioral change is increasing sales (Crompton, 2004). Sponsorship improves the sponsor’s image, which can increase a product’s purchase intention (Kornonios, et al. 2016). A successful sponsorship aligns consumers’ preference with the sponsor’s products (Barros & Silvestre, 2006). Sport fans become attached to their favorite teams, then purchase the sponsor’s products to repay the sponsor for its support (Parker & Fink, 2010). Thus, a positive attitude toward the sponsor shows a significant positive effect on future purchase intentions (Biscara, Correia, Rosado, Ross & Maroco, 2013). The purchase intention increase may be particularly effective for initial product purchase. Sponsorship can entice a first-time brand use (Bennett, 1999) even when they are not specifically interested in the product category (Koronios, Psiloutsikou, Kreimadis, Zervoulakos & Leivaditi, 2016).

A sponsorship plan has the ultimate goal of increasing purchase intentions (Madrigal, 2001). It can accomplish this objective by leveraging the other promotional mix elements specific to increasing sales. Sponsorship increases the effectiveness of sales promotions, enhances brand image and increases purchase

intent (DeGaris, et al. 2009). It also positively influences a sponsor's direct mail promotions (Herrmann, Kacha, & Derbaix, 2016). Dees, Bennett, and Villegas (2008) conclude that goodwill towards the sponsor has the most impact on consumers' intention to purchase. In other words, a sponsorship may provide a positive context to increase the use of a sales promotion like a coupon or increase the ability for a sales person to directly communicate with a client. Quite simply, this research suggests that an increase in a positive brand image will lead to increase effectiveness of the leveraged promotional mix element.

Although a sponsorship may lead to the transfer of brand images between partners to cause a positive outcome for both sponsors and properties (Roy & Cornwell, 2003), there may be negative consequences to a sponsorship. A horn effect may cause damage to a brand's image due to a negative association with a partner (Kelly, Ireland, Mangan & Williamson, 2016). Alexandris and Tsiotsou (2012) found sponsor image via sponsorship leads to behavioral intentions. This would indicate that a positive association with a sponsor would likely lead to a purchase. It is likely that the opposite is true. A sponsorship activation that initiates an FCPA investigation would certainly lead to a negative evaluation of the sponsorship, which would negatively affect consumer and customer behavior. Kuzma, Veltri, Kuzma and Miller (2003) found negative information about a corporate sponsor created a negative impression on the sponsor, the sponsorship, the relationship with the property, and purchase intentions.

Recent academic research suggests that increased purchase intentions may not directly lead to actual purchases (Zaharia, Biscaria, Gray & Stotler, 2016). There are many influences on the purchase decision process. A competitive product may be cheaper or possess a more advantageous position in the retail space. The consumer may exhibit behavioral loyalty and purchase a competitive product because of convenience factors or inertia. Sponsorship, especially sponsor- property fit, does not directly influence the brand quality perception (Papadimitriou & Kaplanidou, 2016). Some additional elements include personal values, product attributes, previous purchase, satisfaction (Lee, Trail, Lee & Schoenstedt, 2013), and packaging (Mirabi, Akbariyeh & Tahmasebifard, 2015). Any of these components may impact a potential consumer during the purchase decision process. This research may not conflict with the outcomes of the previous paragraphs, but it is certainly an interesting subject to follow.

### **2.3.7 Sponsorship measurement**

Traditionally, it has been challenging to create metrics to judge the success of a sponsorship. Speed and Thomson (2000) argue the effectiveness of a sponsorship depends on two factors: first, selecting the best sponsorship option; and, developing a successful sponsorship-leveraging strategy. However, most practitioners struggle with sponsorship metrics where it values product sales as the main outcome (Carrillat, Lafferty & Harris, 2005). It is difficult to attribute product sales as the direct result of a sponsorship.

Sponsorship measurement is even more problematic in the business-to-business sector. Meenaghan (2013) maintains that the sponsor's ambitions have

changed from seeking brand exposure to creating experiential marketing opportunities to drive brand engagement. These opportunities can be leveraged in the business-to-business markets. Sponsors, especially in a corporate hospitality context, measure success by the number and level of decision makers entertained, and what business was generated (Day, 2011). Because of its very nature of emphasizing human contact and emotional values, corporate hospitality is one of the hardest sponsorship tactics to evaluate (Collett, 2008). Practitioners develop sponsorship effectiveness scales to measure success for their clients. Cazalais (2008) developed the "Sponsorship Insight Model" for Canadian sponsors to identify key performance factors using quantitative and qualitative dimensions; including public relations coverage, awareness, hospitality popularity, sales volume created by the sponsorship and retention rate. Regardless of the metrics used, in order to create an effective corporate hospitality measurement, clear objectives need to be developed for each customer up front (Collett, 2008).

A brand could expect ethical issues when sales are the main metric for a sponsorship. Although sales are very important to a company, the over-emphasis of a sales metric in a corporate hospitality context may lead to corruptive temptations. This is particularly true when the sale may be closed at the event. The brand may offer hospitality elements to bribe the client as a sweetener to the sale.



### **3 BRIBERY**

Because many of the sport corruption scandals affecting sport sponsors involve bribery, this dissertation chooses to focus on this conduct. Bribery is a criminal activity that may implicate marketing tactics. In many global business cultures, bribery may be condoned or expected as normal business behavior. Unfortunately, many elements of bribery are elements commonly used in legal and appropriate sponsorship activation programs, most notably, hospitality. Bribery is a main element of the FIFA and IOC scandals. This business law element is analyzed in order to outline legal and appropriate behavior to sport sponsors.

During the late 1970s, many nations increased criminal penalties for bribery (Kaikati & Label, 1980). These laws restricted how companies conducted their business within international markets. A major issue was the discrepancy of some companies required to follow a bribery law while another may exist in a jurisdiction without a similar restriction. Fisman and Golden (2017) discuss the obstacles that face companies who must comply with laws prohibiting foreign bribery when other companies do not have such restrictions. The companies often lose out on bids and need to invest internal resources on compliance issues. These same issues are being faced by sport organizations and sponsors.

This section provides context for bribery. First, bribery is defined within a business context. Then, the international perceptions based on culture are explored. Because the US is very aggressive in using legal means to combat bribery on a global stage, the Foreign Corrupt Practices Act is presented in considerable depth. This segment includes the history, code definitions, and defenses. Then other methods of fighting corruption are discussed, including national legislation from seven culturally distinct countries. Finally, the response to sport corruption by the Court of Arbitration for Sport is reviewed.

### **3.1 Background**

Globalization increases the need for businesses to predict the potential for corruption (Davis & Ruhe, 2003). Many countries have laws prohibiting the bribery of its governmental officials. In the United States, both the federal government and state governments proscribe the bribing of officials. Even though the specific components may slightly differ, a bribe is “a payment voluntarily offered for the purpose of inducing a public official to do or omit doing something in violation of his lawful duty, or to exercise his official discretion in favor of the payer’s request for a contract, concession or privilege on some basis other than merit” (Kaikati & Label, 1980, p. 38). The anti-bribery laws create both a legal and moral dilemma for companies. While paying foreign bribes is against the law for US firms, it may be an accepted marketing activity for its competitors (Scott, Gilliard & Scott, 2002). In fact, the National Export Strategy Report (1996) estimated that companies who are willing to bribe foreign officials to win 80% of all business contract decisions (Scott, Gilliard & Scott, 2002). Among the industries that are most at risk for bribery, activity are telecommunications, energy, industrial/technology companies, health care and financial services (World Compliance, 2010). Further, the companies that bribe are more likely have home countries where bribery is either legal or, at least, accepted as a business practice (Scott, Gilliard & Scott, 2002). Even though the global economy is beginning to include companies from these countries, their behavior is not changing. In fact, the increased competition from companies from these countries, as well as, the business competition within these new markets may actually escalate the incentive to match the illegal behavior.

### **3.2 International perceptions of bribery**

Unfortunately for corporations who must comply with the FCPA, not every culture has the same perception of bribery. In fact, for many business cultures throughout the world, a bribe would be expected as a cost of doing business in that area. For some cultures providing a meal for a government official or giving a holiday gift are seen as typical and normal business activities (Cuervo-Cazurra, 2016). Some countries actually allow foreign business bribes to be tax deductible (Rose-Ackerman, 2002). This type of corruption impacts the greater business community by incentivizing illegal behavior and favoritism instead of commerce and fair competition. Thus corruption creates a competitive advantage for the companies who do not need to comply with anti-bribery law. Transparency International compiles its Corruption Perceptions Index that ranks 177 nations on a scale based on how corrupt its public sector is perceived [see Appendix A]. These ranking details countries where corruption is a major component of the business environment. For example, the Russian and Chinese economies have

grown rapidly over the past decade but both countries have significantly poor Corruption Perceptions Index scores [Russia, 28; China, 39] (Transparency International, 2011) that suggests a company may be expected commit bribes in order to compete in these emerging markets.

A majority of people worldwide think public officials accept bribes and act in their own interests because of outside influences rather than the benefits of the citizens (Transparency International, 2013b). This point of view may influence otherwise ethical business persons if they believe public officials do not hold their constituents best interests first.

The most likely targets for prosecution are multi-national corporations who are engaged in business in foreign markets that may offer the highest potential business reward but also have the highest amount of legal risk (World Compliance, 2010). As corporations execute international growth strategies, its legal exposure for bribery from these markets may increase.

But, one of the major impediments to anti-bribery legislation is the lack of enforcement. Despite having over 40 nations agreeing to the terms of the Organization for Economic Co-operation and Development (OECD) Anti-Bribery Convention agreement, Transparency International reports that only the United States, Germany, Great Britain, and Switzerland actively enforce it (Rising, 2013). Conversely, 20 countries, including Japan, Brazil, South Korea, and the Netherlands, showed little to no enforcement for their corruption laws (Rising, 2013). Much of the limited enforcement is attributed to a lack of resources dedicated to investigation and prosecution (Rising, 2013), however many of the countries do provide anti-bribery guidance and training for their public officials (Scott, Gilliard & Scott, 2002). This training covers situations both within and outside their country.

### **3.3 History of the Foreign Corrupt Practices Act**

In 1977, the US Congress enacted the Foreign Corrupt Practices Act [FCPA] (see Appendix B). This is the first national law criminalizing bribery behavior in foreign countries (Low & Trenkle, 1999) in order to obtain or retain business. The FCPA contains both anti-bribery and accounting provisions (Criminal Division, 2012). This law made it illegal to bribe a foreign official and requires the US publically traded companies and individuals to keep accurate books and adopt internal measures to prevent this type of activity. The law is written and terms are defined to be expansive to encompass as much business activity as possible (World Compliance, 2010).

The enforcement of the FCPA is conducted by the U.S. Securities and Exchange Commission (SEC). The SEC has five priority areas dedicated to investigating complex areas of securities law: asset management, market abuse, structured and new products, municipal securities and public pensions and foreign corrupt practices (U.S. Securities and Exchange Commission, 2010), The SEC's foreign corrupt practices area was created in 2010 to enhance its

enforcement of the FCPA (U.S. Securities and Exchange Commission, 2013). This new area it concentrates resources to investigate foreign bribery claims.

Legal liability attaches to the corporation when its directors, officers, employees or agents violate the FCPA when acting within their scope of employment (Criminal Division, 2012). However, the government needs to prove that senior corporate officers conducted or was aware of the behavior (Shingler, 2013). A corporation is liable for its foreign subsidiaries, even if that company and the conduct occurred outside the US (World Compliance, 2011). The FCPA has a five-year statute of limitations that begins when the SEC starts seeking civil penalties, not when the bribery actions occur (Criminal Division, 2012, p.35).

### **3.4 Foreign Corrupt Practices Act analysis**

The FCPA has two parts: (1) the anti-bribery provisions are enforced by the U.S. Department of Justice; and (2) the accounting provisions are enforced by the U.S. Securities and Exchange Commission (World Compliance, 2011). The anti-bribery provisions will be the focus of this study.

However, the FCPA extends beyond prohibiting bribes to foreign officials. The act forbids “a firm...from making or authorizing payments, offers, promises or gifts for the purpose of ‘corruptly’ influencing action by governments or their officials in order to obtain or retain business for a company” (Kaikati & Label, 1980, p.38). Some examples of actions taken to obtain or retain business include: winning a contract, influencing the procurement process, gaining access to non-public bid tender information, circumventing the rules for importation of products, evading taxes or penalties, influencing the adjudication of lawsuits or enforcement actions, obtaining exceptions to regulations and avoiding the termination of a business contract (Criminal Division, 2012).

The FCPA bans payments to foreign officials, foreign political parties or party officials, and candidates for political office by both corporations and individuals. If a corporation violates the FCPA, the corporation is subject to a US\$2 million criminal fine and a civil penalty up to US\$10,000. Any individual [officer, director or stockholder] who willfully violates the provisions of the law is subject to a US\$250,000 criminal fine, five-year imprisonment or both and a US\$10,000 civil penalty (Kaikati & Label, 1980, World Compliance, 2011). Thus, there are four main elements to create a violation of the anti-bribery provision: corrupt payment, foreign official, corrupt intent and business purpose (World Compliance, 2011).

#### **3.4.1 Corrupt payment**

A corrupt payment is giving an inducement to a foreign official in order to “obtain or retain business.” The FCPA does not require the corrupt payment to

be cash, instead, it focuses on “anything of value” including discounts; gifts; use of materials, facilities or equipment; entertainment; drinks; meals; transportation; lodging; insurance benefits; and a promise of future employment (World Compliance, 2010). There is no minimum value of the gift to engage the FCPA. Although the more extravagant the gift may be suggestive of corrupt intent even smaller gifts need to be scrutinized whether it could induce a foreign official to assist the company illegally (Shingler, 2013). The value of the item may be the perception of the person who receives it (Brown, 1994).

### **3.4.2 Foreign official**

The FCPA is not limited to bribery activity with foreign governmental officials or connected to the government in an intimate manner. The FCPA prohibits payments to political parties, political party officials or candidates for foreign political office (World Compliance, 2011). Brown (1994), argues that a violation of the FCPA requires a *quid pro quo* from the foreign official, however, the recent prosecutorial emphasis may indicate the act of bribery may be enough without a corresponding benefit.

It is possible that any foreign national person may be considered a foreign official under the FCPA. Two examples are (1.) an employee of a state owned or controlled entity [SOE]. In this case, even low level employees classify as a foreign officials (Chow, 2012); and (2.) countries that have royal families who work in the government or own corporations may also implicate the FCPA (Brown, 1994). Therefore, a state-owned company in China or a company run by a member of a royal family in Europe or the Middle East would qualify under these terms.

### **3.4.3 Corrupt intent**

The legal standard of the FCPA is actual and constructive knowledge that includes what is known and what should be known. Thus “corrupt intent” does not allow “willful blindness” or purposefully avoiding the truth as a defense (World Compliance, 2010). In fact, bribes have been mischaracterized as commissions or royalties, consulting fees, sales and marketing expenses, travel and entertainment expenses, petty cash withdrawals, free goods, and supplier and vendor payments (Criminal Division, 2012, p.39).

This legal standard extends outside the corporation. The FCPA can apply when a corporation uses a third party [agents, representatives, and distributors] in a foreign country (World Compliance, 2010). A corporation is liable for the acts of the agents.

### **3.4.4 Business purpose**

The FCPA requires a business purpose so the payment must be made with the objective of obtaining, retaining or directing business (World Compliance, 2011). The FCPA applies to both public and private companies because it covers “domestic concerns,” which includes corporations, partnerships, unincorporated organizations and sole proprietorships (World Compliance, 2010). A private payment would not be considered bribery but may violate other anti-corruption laws.

### **3.4.5 Defenses**

Companies may fight the claims of corruption. In 1988, the FCPA was amended to create two affirmative defenses: (1.) the local law defense; and (2.) the reasonable and bona fide promotional expense defense (Criminal Division, 2012). In other words, payments that are for routine government actions that are lawful under foreign law, and reasonable and bona-fide expenditures directly related to the promotion of a product or service (World Compliance, 2011) are exempt from the FCPA.

#### **3.4.5.1 Local law defense**

A small gift may be allowed if it is given openly and transparently, properly recorded in the giver’s books, provided only to reflect esteem or gratitude, and is permitted under local law (Criminal Division, 2012, 15). It is important to note that the law must be written to allow the activity and not just culturally expected (Salbu, 1999). This defense could be relevant because the culture of gift giving is much more common in the Middle East and Asia than Western culture (Day, 2011), but the gift distribution must be allowed under the local law.

#### **3.4.5.2 Reasonable and Bona Fide Expenditures defense**

This defense allows companies to pay costs associated with promoting their products that foreign officials may incur while attending promotional events (Shingler, 2013). These costs may include reasonable travel, lodging, food, and entertainment. It is recognized that bona fide corporate hospitality program is a key part of developing relationships, but the big question is whether your hospitality is bona fide (Chapman, 2013). The world of marketing has “thrived on gifts, freebies, hospitality, etc. engendering a better relationship with an existing or potential customer in the hope and anticipation of further business” (Feast, 2011, p.4) and “providing tickets and hospitality to a memorable event that money cannot buy is an ideal way for sponsors to get closer to their most important guests” (Day, 2011, p. 100).

This defense may be particularly useful for sport sponsors because hospitality utilizes many items that are restricted by the FCPA including gifts, entertainment, drinks, meals, transportation, and lodging.

### 3.5 Other countries joined the US in fighting bribery

Although the United States has been very aggressive with extending its jurisdiction to cover international business corruption, other countries enforce their own laws and cooperate via international agreements. It is through these types of actions that nations hope to eliminate bribery within their borders. Fisman and Golden (2017) present three ways that countries shift from a high corruption culture to low corruption culture. The methods include: (1) when voters demand change, (2) when external actors intervene in the political system and impose change, and (3) when political leaders enact change. This segment focuses on the last method with political leaders using legal means to decrease bribery in their countries.

#### 3.5.1 Organization for Economic Co-operation and Development

In 1988, the United States negotiated an international treaty with members of the Organization for Economic Co-operation and Development [OECD] to prohibit bribery in international business deals (Criminal Division, 2012, p.7). These meetings eventually led to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions [Anti-Bribery Convention] where many European countries and Australia criminalized bribery of foreign officials and required the “member states to cooperate in the investigation and prosecution of offenses” (Low & Trenkle, 1999, n.p.).

In 1998, the FCPA was amended to conform to the requirements of the Anti-Bribery Convention, including prohibiting payments to secure ‘any improper advantage’; reaching certain foreign persons who commit an act in furtherance of a foreign bribe while in the US; covering public international organizations in the definition of ‘foreign official’; adding an alternative basis of jurisdiction based on nationality; and, applying criminal penalties to foreign nationals employed by or acting as agents of US companies (International Anti-Bribery and Fair Competition Act, 1998).

As of November 7, 2013, 40 countries have adopted the Anti-Bribery Convention agreement. They include the 34 member nations of OECD and six non-member countries (OECD, 2013).

OECD members: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

Non-members: Argentina, Brazil, Bulgaria, Colombia, Russia, and South Africa.

In 1996, many Latin American countries passed international agreements against corruption and bribery [Inter-American Convention Against Corruption] (Low

& Trenkle, 1999). This treaty is enforced by the Mechanism for Follow-Up on the Implementation of the Inter-American Convention Against Corruption [MESICIC]. As of November 7, 2013, 31 countries including the United States belong to MESICIC (OAS, 2013).

MESICIC members: Antigua and Barbuda, Argentina, Bahamas, Belize, Bolivia, Brazil, Canada, Colombia, Costa Rica, Chile, Dominican Republic Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, United States, Uruguay and Venezuela.

In order to comply with the convention, other individual countries have passed comparable laws to the FCPA. A quick survey of Finland, and the recent and future Olympic / FIFA event hosts shows the similarities and differences of these laws.

### **3.5.2 Finland**

Finland is highly ranked in the Corruption Perceptions Index (Appendix A) and is recognized to be one the least corrupt countries in the world. There are a few reasons for this high ranking. First, Finland prohibits active (the act of paying a bribe) and passive (the act of soliciting a bribe) bribery in both the public (Chapter 16 § 13-14(a); Chapter 40 §1-4) and private sectors (Chapter 30 § 7-8). A public official may not demand, accept, or receive a financial or other benefits if its receipt may undermine confidence in the public official, regardless of whether it has an impact on the performance of duties. A private citizen is prohibited from giving or receiving bribes that are intended to have the recipient favor the briber or another person or to reward another person for favoring someone else. Previously, Finnish criminal law could not be applied if the bribery offense was not punishable in the country in which the crime was committed (dual criminality). This requirement was eliminated.

Next, Finland's government has administrative factors that help prevent bribery. These factors include a transparent government and more oversight of the business activities. In other words, there are more people involved in the governmental transactions so a corrupt person would need to bribe more people. Corruption is much easier when there are fewer people to bribe.

Finally, Finland's social factors of a high standard of living, high literacy, and gender equality decrease a person's need to receive corrupt compensation. These elements contribute to the low corruption in Finland.

### **3.5.3 China**

China has a low amount of corruption. It is ranked very low on numerous anti-bribery measures, including the Corruption Payers Index [80], the Bribe Payers Index [27] and Control of Corruption ranking [33] (see Appendix D). In an effort to prevent bribery of public officials, China passed two sets of laws related to bribery. The first set deals with payments given to state officials [Articles 389-95



of the PRC Criminal Code] and the other pertains to commercial bribery between private persons [Article 8 of the Anti-Unfair Competition Law and Article 163 of the PRC Criminal Code] (Chow, 2012). Although these laws establish a legal mechanism to prevent bribery, China offers challenges to foreign businesses. Many Chinese businesses are state owned corporations. This designation could define many Chinese employees as foreign officials that would engage the Chinese law as well as the FCPA (Chow, 2012).

However, China has a business culture that tolerates petty corruption in order to fortify a business relationship (Chow, 2012). The Chinese business culture is “so deeply ingrained that attempting to teach employees a different attitude could be futile and will probably be met with ridicule and derision” (Chow, 2012, p. 1036). Foreign companies are held to a higher standard of ethical behavior than Chinese companies (Jones, 2013) because of the Chinese government’s tighter enforcement of its anti-bribery law (Kuo, 2013) to focus on bribe givers instead of bribe recipients (Palmer, Choy, & Yiu, 2013). Thus the criminal acts would be performed by the foreign corporations and not the Chinese Communist Party members.

#### **3.5.4 Canada**

During the winter of 2010, Vancouver Canada hosted the Winter Olympic Games. This event brought in many international sponsors who needed to comply with the Canadian anti-bribery law. Canada’s Corruption of Foreign Public Officials Act [CFPOA] combats bribery worldwide proof (Morrison, Huys, & Dixon, 2013). Although it was amended in 2013 to increase its penalties for violations, the CFPOA does not attach civil liability to the bribery activity. Since there cannot be a civil violation, all Canadian corporate bribery claims must be brought to a criminal court of law, which has a higher standard of proof (Morrison, et. al, 2013). The amendments increase the maximum penalty for individuals convicted under the law from five years to 14 years of imprisonment (Jaeger, 2013). This higher standard of proof may mean the CFPOA is “not likely to have the same impact in Canada that it (FCPA) has had in the United States” (Morrison et. al, 2013, para. 7).

Canada is ranked very high on the anti-bribery measures, including the Corruption Payers Index [9], the Bribe Payers Index [6], the Control of Corruption ranking [97] and has earned a moderate rating for OECD enforcement (see Appendix D). These statistics show that Canada has a strong anti-bribery business culture.

#### **3.5.5 United Kingdom**

The UK passed a strong anti-bribery law and owns a strong anti-bribery business culture. The UK is ranked very high on many anti-bribery measures, including the Corruption Payers Index [17], the Bribe Payers Index [8], the Control of Corruption ranking [90] and keeps an active rating for OECD enforcement (see Appendix D). The UK Bribery Act is another law akin to the FCPA. In 2010, the

United Kingdom created its anti-bribery law, The Bribery Act. This act was put into place prior to London hosting the 2012 Summer Olympic Games. The Bribery Act caused a great deal of concern from sponsors who wanted to leverage their Olympic sponsorships but did not want to violate the law. In section 1, a bribery offense occurs when hospitality is given with the intention to induce a person to perform a function improperly. Unlike the FCPA, the Bribery Act includes the attempted bribery of individuals and companies (Blackshaw, 2013). In section 2, an offense would occur when an offer, promise or gift of any financial or other advantage is given to a foreign public official to obtain or retain business (Day, 2011). As Helen Day (2011, p.101) says, “this would mean that even offering refreshments to any such official could fall foul of the act.” Because the purpose of corporate hospitality is to create a business, this action may implicate the Bribery Act. The enforcement of The Bribery Act has made clear that “reasonable hospitality is not what the Act legislates against” (Harrington, 2012). But UK companies cannot escape the Act by using an agent in another country doing “business as usual and greas(ing) the palms of everyone he or she deals with (Harrington, 2012). The Bribery Law established a new crime of failure to prevent bribery for companies to create adequate procedures to prevent corrupt practices within their ranks or by third parties on their behalf (Quashie & Kenyon, 2013)

### **3.5.6 Russia**

The 2014 Winter Olympic Games were hosted by Sochi, Russia whose anti-corruption law, “The Requirement of Organizations to Take Measures to Prevent Corruption” went into effect early in 2013. This law requires companies to establish compliance programs (Firestone, 2013). In Russia, companies can be “held liable for corruption offenses committed on their behalf or in their interest and for failing to take all measures under their control to prevent corruption” (Firestone, 2013). Russian law does not allow for corporate criminal liability but a violation of this law may result in a fine of up to 100 times the amount of the bribe (Firestone, 2013). The effect of this law forces all domestic and foreign corporations doing business in Russia to create anti-corruption procedures (Semins & Yasinow, 2013). It can be difficult to “determine at which point inefficient and repeated work becomes outright theft” (Yaffa, 2014).

However, Russia has a bribery-friendly business culture. It is ranked very low on numerous anti-bribery measures, including the Corruption Payers Index [127], the Bribe Payers Index [28] and Control of Corruption ranking [13] (see Appendix D). These scores are among the worst on all of the lists.

### **3.5.7 Brazil**

The prevailing Brazilian anti-corruption law is the “Clean Company Act.” This law makes companies and individuals liable for corruption with administrative sanctions for violations up to 20 percent of the company’s gross revenue

(Bonime-Blanc, 2014) or US\$30 million if gross revenues cannot be established (Latham & Watkins, 2014). A company may receive some leniency on its sanctions if it voluntarily discloses the violation and cooperates with any investigation (Latham & Watkins, 2014). However, the Clean Company Act only has civil violations and does not contain criminal penalties. Brazil's business culture neither discourages nor endorses bribery.

Brazil is ranked towards the middle of the anti-bribery measures, including the Corruption Payers Index [72], the Bribe Payers Index [14], the Control of Corruption ranking [60] and the OECD gave Brazil a "little" enforcement ranking on its scale (see Appendix D).

### **3.6 Lex FIFA**

Many nations are applying traditional business corruption laws to sport corruption without much success. Perhaps the most infamous example is the bribery associated with the awarding of the 2002 Salt Lake City Winter Olympic Games. The Salt Lake City Organizing Committee (SLCOG) was accused of providing more than \$1.2 million in cash and gifts, including trips, watches, and college scholarships (Dodds, 2016). Six IOC members were expelled for accepting these bribes. The US Department of Justice accused two SLCOG members of violating bribery law (The Travel Act), conspiracy, mail fraud and wire fraud (Dodds, 2016). Despite overwhelming evidence, the local jury found the accused members not guilty on all counts. The court was unclear whether those laws applied in the sport context reasoning that the Utah legislature would not criminalize gifts that would lead to hosting the Olympic Games (Welch, 2003). A juror mentioned that the defendants only had the best interests of Salt Lake City when offering the gifts (Foy, 2003).

These obstacles have led a few nations to create sport specific legislation to fight sport corruption. Most of these new laws are similar to the German example that criminalizes betting fraud and match-fixing (Keidel, 2017). However, Switzerland revised its criminal code to make sport organizations and senior officials liable for corruption to private actors (Swiss Code Art. 322, 2016). This revised law is commonly known as "Lex FIFA" since it was created in response to the FIFA bribery scandals. Lex FIFA punishes any person who gives or accepts bribes directly to/from sport organizations and its officials (Swiss Code Art. 29-7, 2013). Since over sixty international sport organizations, including the IOC and FIFA, are headquartered in Switzerland, it is hoped that this legislation deters future sport bribery scandals. This law has not been used in a sport context yet.

### 3.7 Lex Sportiva

The Court of Arbitration for Sport (CAS) was established to hear sporting disputes. Although it mainly deals with competition rule disputes, eligibility claims, game rules, and technical issues, CAS is beginning to decide sport corruption cases. The FIFA scandal provides two significant examples

Former FIFA president Sepp Blatter was given a six year ban from FIFA for violating the FIFA Code of Ethics prohibiting offering and accepting gifts (*Blatter v. FIFA*, 2016). He was accused of paying another FIFA official CHF 1,000,000 for the official's support for a presidential election. One of the main issues for CAS dealt with the omission of "bribery" specifically in the FIFA Code of Ethics.

Jerome Valacke was accused of offering and accepting gifts via an unauthorized sale of 2014 FIFA World Cup tickets to a sport marketing firm (*Valacke v. FIFA*, 2017). The former FIFA Secretary General was given a ten year ban from FIFA activities.

Both of these cases show a willingness for CAS to adjudicate sport corruption cases within sport organizations. However, both punishments appear to emphasize a ban away from the administrative duties. Without incarceration or financial penalties, this punishment might not be enough to prevent corruption.

## **4 SPORT CORRUPTION LITERATURE REVIEW SUMMARY**

The potential negative impact of sport corruption and sponsorship is an international issue. Sport is used as “a tool to support peace, human dignity, health and education” (United Nations Global Compact Office, 2014, p. 2) throughout the world. In its many forms, corruption inhibits these benefits. In 2014, the United Nations Global Compact distributed *Fighting Corruption in Sport Sponsorship and Hospitality* (United Nations Global Compact Office, 2014). This publication guides companies as they enter into new markets and use sport sponsorship and sport-related hospitality in compliance with the UN Global Compact 10<sup>th</sup> Principle that emphasizes business corruption prevention. The United Nations recognizes that sport sponsorship is “an important tool in [the] marketing” of international companies (United Nations Global Compact Office, 2014, p.10), and warns against using specific sport hospitality tactics such as gifts, tickets, and accommodations to obtain an undue business advantage. This group recommends that sport organizations establish internal measures to combat unethical organizational behaviors. Because of this attention, this topic deserves more academic scrutiny.

### **4.1 Background**

The impact of corruption in the sporting world may be devastating. Brooks, Aleem and Button (2013) suggest that corruption has the possibility to cause the most harm to the reputation of the sport, even more than a wayward athlete. The corrupt sport has many victims including the other participants, fans, and sponsors (Brook, et al. 2013). The other participants are deprived of a clean match and potential victory spoils such as endorsement deals, the fans are denied the experience of watching an honest competition, and the sponsors are left without a brand image transfer of an unscrupulous partner.

Wolfgang Maennig (2005) classifies sport corruption into two categories. Sport corruption includes competition corruption (athletes, sporting organizations, etc.) and management corruption (host venues, allocation of rights, a nomination for positions and commissioning constructions works or sports arenas). Typically, competition corruption deals with the gameplay of sport. The actors cheat in order to win or lose the game.

Management corruption is applied to the administrative aspects of sport. This corruption is more business oriented. Because of both types of corruption impacts sponsorships, each category will be discussed in this section.

## 4.2 Corruption theory

Unfortunately, corruption is not uncommon within international business. In fact, it is estimated that over half the world's population live in areas where corruption is customary (Fisman & Golden, 2017). Transparency International (2017) defines corruption as "the misuse of entrusted power for private gain" (p. 9), and carries negative social consequences because it harms economic efficiency, increases social inequities and undermines the functioning of democracy by benefitting one individual at the expense of many (Fisman & Golden, 2017). Corruption leads to reduced government services for the poor and moves investment into sectors where bribery is prevalent (Branco & Delgado, 2012). Academic researchers explore the theory behind corrupt behavior to explain its origins and how it impacts consumers.

Rabl and Kühlmann (2008) define corruption in five elements. First, that corruption is an interaction between two collaborators. Next, that corruption is a violation of expected norms. The corrupt actor abuses positional power. The victims of the corrupt behavior are outside the collaboration. Finally, the collaboration is conducted in secrecy. This standard definition explains the actions and the context of corruption. As commonly performed, corruption is illegal or an immoral abuse of power that benefits a person outside the commercial transaction.

Schnelling (1978) views corruption through a contingent behavior analysis where one person's behavior depends on what others are doing. Thus, if others conduct themselves ethically then the individual will match that behavior. If it is common that people pay bribes to secure business contracts or to influence sporting events, then others will do the same actions. This theory may explain how some cultures encourage business corruption. The actor's performance is subject to the corrupt expectations of the market.

Fisman and Golden (2017) extend this theory by proposing that a person's actions depend on how everyone else feels about corruption and what you believe everyone else will do about it. If the law does not prohibit bribery or if that law is not enforced, then the society will have more corrupt activity. Thus a person will act corruptly knowing the act will not be punished. Köbis, van

Prooijen, Righetti and Van Lange (2017) found a person is more likely to engage in severe corruption when it was presented abruptly rather than gradually. A new actor may participate in acute corruption without taking part in low level corruption first. These theories connect to actors not expecting punishment for corruption. Therefore, an actor may act corruptly in a cultural without punishment and that act may be a high level of corruption. In other cultures, an actor would be more likely to perform low level corruption first where the punitive risk is low as well.

John Crompton (2014) uses balance theory to explain corruption. The corrupt actors rationalize the behavior. For example, a corrupt actor accepts bribes because the extra money raises the salary to an appropriate level for the position. The actors can also rationalize the behavior based on Schnelling's argument of the corrupt culture. Thus an actor will rationalize the corruptive behavior because all other actors in the market are acting corruptively. The explanation is not the immoral corruptive action but the rationalization that all actors are behaving in this manner.

Agency theory can explain corruption. It may be difficult for a principle to monitor all the activities that an agent performs on behalf of the principle (Mason, Thibault & Misener, 2006). The poorly managed environment may create few incentives for individuals to police themselves (Mason, Thibault & Misener, 2006, p. 64).

Social identity theory seeks to explain why persons remain in a corrupt environment. Social identity theory postulates that a person will identify with organizations that represent their own self-assigned attributes (Tajfel & Turner, 1979). Thus, persons may be accepting of corruptive behavior within a shared organization even if the person does not act in a corruptive manner (Fink, Parker, Brett & Higgins, 2009). This contributes to the corrupt business culture when a person sees another person (perhaps a co-worker) act corruptively but does not report that behavior. Thus the person identifies with his organization (or culture) at a higher level than wants to be a part of a clean environment.

### **4.3 Competition corruption**

Competition corruption deals specifically with the individual game or match outcomes, such as match fixing and spot fixing. Match-fixing is purposeful underachieving by players, managers or officials to effect the final outcome of a sport competition (Serby, 2015). Match fixing often involves paying bribes of gifts, cash or hospitality to secure a predetermined outcome (Brooks, Aleen, & Button, 2013). Simply put, competition corruption involves athletes, sporting officials, and other non-athletes in order to influence the outcome of a competition. It may be important to note that not every participant possesses the same potential influence on the final outcome (Serby, 2015). For instance, a goalie or referee will have a greater impact on the final result than another player on a soccer pitch.

Spot-fixing is an actor's underperformance designed to affect a single event within a match but not the final outcome (Serby, 2015). The single event may be as common to the game as a double-fault in tennis. This action may not directly impact the final outcome of the match. In a spot-fixing situation, virtually every participant may have an opportunity to influence the betting outcome. Most sport gambling operators take bets on these events rather common sport situations. Although it is difficult to measure, some researchers believe that spot-fixing may be a gateway to match-fixing for athletes.

Many sport betting operators may take bets for both single events (spot fixing) and the final outcome of the game (match fixing) while the game is happening. Live betting means the sport gambling operators accept wagers during a match while the betting odds react to the game-play (Serby, 2015). Thus, corruptive behavior may occur at any time during a sport event.

Competition corruption impacts sport sponsorship. An anonymous sport official said, the match-fixing of football matches "is the ultimate threat to the credibility of the sport" (Hill, 2010, p. 222) and once credibility is gone, then the sponsors pull out. It is estimated that match fixing corruption has cost football leagues around the world hundreds of millions of dollars in sponsorship money (Hill, 2010). For example, sponsors withdrew their investments and spectators declined to buy tickets after the Singapore and Malaysia match-fixing scandals became public (Dietl & Weingärtner, 2014).

#### **4.4 Management corruption**

Management corruption involves sport organizations and sport officials in order to influence "host venue bidding, the allocation of rights (media, intellectual property, etc.), the nomination for positions of authority, and the commissioning of stadia construction works" (Maennig, 2005, p.189). The examples of sport corruption contained within this dissertation and its impact on sport marketing fits into the management corruption area. Although Maennig's examples deal specifically with a sport organization, the definition is broad enough to include sport corruption of sponsors, which may directly or indirectly affect a sport organization.

One of the most infamous examples of managerial corruption is the Salt Lake City bid scandal of the 2002 Winter Olympic Games. Wenn, Barney and Martyn (2011) discuss the potential catastrophic sponsorship impact. Many TOP partners including Coca-Cola, and John Hancock Financial Services, expressed deep concern about how the scandal impacts their brand. This anxiety increased as the media publicized the scandal. The sponsors approved IOC's response to the scandal and many renewed their Olympic sponsorships (Wenn, et al., 2011).



## 4.5 Bribery and sponsorship connection

As sport has turned into big business, bad behavior: such as cheating, corruption, and crime, has followed (Serby, 2015). Typically, companies do not want to be connected with negative behavior due to a horn effect where consumers associate the actions with the brand image (Yoon & Shin, 2017). This association would lower the brand image of the partner brand. Conversely, Hughes and Shank (2005) argue that some consumers may extend sympathy to companies associated with bad behavior, not of their doing.

Criminal sanctions may be the best deterrent to sport corruption (Carpenter, 2012). However, unless a nation feels the corrupt behavior such as match-fixing or corrupt sport administration rises to a level of importance, the national police agencies will not provide the necessary resources to investigate and combat sport corruption. Hence, the criminal sanctions depend on the severity of the punishment as well as the concentration of police resources. However, Rose-Ackerman (2002) warns if the actors do not suffer significant penalties then there will not be any reduction of corruptive actions. As many examples show, the sole act of creating the law is not a deterrent. The law must be enforced.

The heightened anti-bribery scrutiny has already affected sport sponsorship. For example, anti-bribery legislation in Germany has been blamed for decreasing the use of on-site hospitality by sport sponsors (Day, 2011). The impact of this type of legislation is significant. If sponsors are reluctant to use corporate hospitality as a sponsorship tactic, then the value of the sponsorship would decrease. If the value decreases, then the amount of sponsorship revenue should decrease as well.

Because multi-national companies are using sport sponsorship, it is imperative to understand the prevailing law. The Foreign Corrupt Practices Act regulates anti-bribery behavior of US corporations when interacting with foreign officials. Some common elements of a corporate hospitality program, such as event tickets, entertainment and travel expenses, may fall within the purview of the law. It is imperative for a company to comply with the FCPA, especially as sporting mega-events such as The Olympics and FIFA World Cup are being hosted by emerging countries. Many of these emerging countries have a business culture that either outright encourages bribery behavior, or at the least, does not discourage it. It is this type of business culture that may initiate conduct that will lead to an FCPA violation.

### 4.5.1 Potential red flags

Corporations who activate sport sponsorships via corporate hospitality need to scan the local environment for potential red flags that would indicate the potential for international business corruption claims. First, any payment in a country with widespread corruption culture or history of FCPA violations (World Compliance, 2010) could imply that the local business culture expects

illegal gifts. Therefore, a sponsorship in this type of market should increase scrutiny from the brand's compliance department.

Next, a corporation may contract with a third party agent, representative or distributor. If this agent has violated a local law in the past, even if it is not bribery (World Compliance, 2010) or makes an unusual request for additional money such as a bonus or one-time payment, the corporation should take extra steps to confirm it or the agent is not violating anti-bribery law.

#### **4.5.2 Recommendations**

Because the penalties of corruption may be severe, every company conducting business in international markets, including sponsors, need to be proactive. A sport sponsor needs to prepare procedures and protocols to deal with corruption issues. These items need to be kept current with best practice outcomes, which should be a part of a training agenda.

Each multi-national corporation should create a corporate compliance department. This department should guide the sport marketing department during their sponsorship planning and execution. Every contract and business decision needs to be approved by the compliance department. The corporate compliance department should also prepare the company in its defense against any violation claims.

##### **4.5.2.1 Defenses**

Fortunately for sport sponsors, there are two potential defenses against FCPA violation claims. First, small gifts are permitted under the FCPA if a local law specifically allows such payment. Next, traditional corporate hospitality elements, including reasonable entertainment, travel, lodging, and food expenses, are accepted if they would be considered a reasonable and bona fide expenditure.

It may be difficult to distinguish a legitimate gift (hospitality benefits) and illegal exchanges (bribe) (Fisman & Golden, 2017). The underlying question is when should a payment, such as straight cash or a round of golf, constitute a bribe (Feast, 2011). Tickets to a sporting event should not be considered a bribe without the intent, but what if that intent is implicit? What if the tickets are in such high demand that the corrupt intent is implied (Ames, 2011)? There may be concerns where the entertainment is disproportionate to the underlying business (Chapman, 2013).

##### **4.5.2.2 Corporate compliance program**

The creation of a compliance program is vital to monitor current behavior and to install a corporate culture to prevent behavior in the future. An effective corporate compliance program should include: a clearly articulated policy against corrupt payments to foreign officials is strictly prohibited (Brown, 1994, p.24). This policy should be made public and endorsed by the highest levels of

the organization (Day, 2011) with a commitment from senior management, a code of conduct / compliance policies and procedures, complete authority [oversight, autonomy, and resources], ability to assess the legal risk on a case by case basis, internal discipline procedures to curb questionable behavior and initial / on-going training sessions (Criminal Division, 2012). The real corporate test would be internal enforcement and prompt disciplinary action (Kaikati & Label, 1980). This should include regularly reviewing business relationships and setting up warning systems of unusual practices with the potential to be seen as bribery and resolve these issues immediately (Day, 2011).

The corporate hospitality event should not be lavish and be appropriate to the business relationship with the attendees (Day, 2011). A reasonable and proportionate hospitality program is an important aspect of doing business (Ames, 2011). Any gift to a third party at a corporate hospitality event should be reasonable and suitable to the business relationship and not be given to compromise personal judgment or integrity of the recipient (Day, 2011). All payments need to reflect a reasonable and bona fide expenditure that is directly related to the promotion of a product or service. A sponsor should pay all costs directly to travel and lodging vendors and/or reimburse costs only with a receipt (Criminal Division, 2012). A per diem system may be created to be flexibility for regional and seasonality to limit the need for every hotel or meal expense to be reviewed (Shingler, 2013), and disburse no additional compensation, stipends or spending money beyond what is necessary to pay for actual expenses incurred (Criminal Division, 2012).

A corporation should take additional precautions when hosting invitees at corporate events. A corporation should not select the particular official who will participate in the event, the selection should be made by the other company, or else select them based on a pre-determined, merit based criteria (Criminal Division, 2012).

A corporation should take care when using a third party agent. A corporation should ensure that all expenditures are transparent (Criminal Division, 2012). All dealings by the organization and their clients should be clearly documented (Day, 2011). Obtain written confirmation that payment of the expenses is not contrary to local law (Criminal Division, 2012).

## **4.6 Potential reactions to corruption**

A scandal can impact a sport organization by negatively affecting attendance and decreasing merchandising sales (Shilbury, Quick, & Westerbeek, 1998). Thus, how a sport organization and sponsors react to a scandal influences the ultimate effect of the scandal on the consumers. Lee, Bang, and Lee (2013) examined the nature of negative incidents and different response types. The authors concluded that an honest apology generated a more favorable reaction from the respondents.

A sponsor also needs to respond to a scandal to mitigate its impact. The sponsor needs to apply crisis management techniques to lessen the impact of the negative publicity. These techniques may help protect the sponsorship investment.

#### **4.6.1 Crisis management**

A crisis is a major event that relationship dynamics between an organization and its stakeholders change (Fortunato, 2017). It is vital that a brand understands crisis management tactics to lessen the negative impact on an organization (Li & Wei, 2016). The relationship between a consumer has with a brand may influence the consumer's reaction to the response strategy (Li & Wei, 2016). Li and Wei (2016) conclude that high commitment consumers tend to be impacted less than low commitment consumers. Therefore, a high fan avidity sport fan should not be influenced by a scandal since they are more committed to the sport organization. However, the brand image for the sponsor may be harmed for low fan avidity sport fans.

Greyser (2009) lists several potential reasons for a brand reputational crisis: "corporate misbehavior, executive misbehavior, and spokesperson misbehavior" (p. 591-592). In response to a crisis, Greyer (2009) recommends publicizing the truth in order to clear up any negative impressions about a situation. The conclusion from Lee, Bang, and Lee (2013) reinforce this conclusion. An organization should respond quickly and honestly in response to a crisis.

DeGaris (2015) breaks crisis management into four segments. The segments include: (1) take control quickly, (2) tell the truth, (3) tell your story, and (4) make it right and/or accept the consequences. These recommendations allow a sport organization to react to the crisis quickly and effectively.

Sport organization to be proactive when dealing with a crisis such as corruption allegations. Although every crisis scenario cannot be planned, severe issues must be anticipated. The organization needs to understand how to respond quickly and effectively.

#### **4.6.2 Negative publicity**

Parker and Fink researched the impact of a sponsor's negative conduct has on fan attitudes (Parker & Fink, 2010). The authors conclude that highly identified fans continue to support a sponsor despite its negative conduct as long as the sponsor continues its association with the team (Parker & Fink, 2010). Fink, et al. (2009) prove that an athlete's improper personal behavior may lower a fan's level of team identification. The team or club must respond to the negative behavior to lessen any negative fan impact (Fink, et al., 2009). Thus the sport organization should condemn the conduct as being inconsistent with the organization's behavioral expectation to minimize the negative impression on the fan (Fink, et al., 2009). Therefore, a sponsor's positive brand image may influence a post-crisis consumer point of view (Lobo, Meyer & Chester, 2014).

## **4.7 Academic research in sport corruption**

Academic research has been conducted in sport corruption. However, most of this research is focused on competition corruption and not on management corruption or the business element of sponsorship in particular. An analysis of the relevant literature is provided below. First, the methodology of the articles are analyzed, then a brief discussion of the articles is presented. There are very few articles that are exactly on point with the dissertation topic.

### **4.7.1 Methodology of relevant articles**

As previously mentioned, the intersection of sport corruption and marketing is not a well-researched area. This section provides a content analysis of fourteen articles that best fit the topic of this dissertation. Each article's methodology is analyzed (see TABLE 3). The most common methodology of the journal articles (six out of fourteen) use content analysis for its data collection method. Content analysis is the unobtrusive and nonreactive examination of communication in the field (Andrew, Peterson & McAvoy, 2011). This content analytic method is applied to books, newspapers, magazines, journals, legal case decisions, company documents, and other communication pieces.

The most common of the content analysis articles are qualitative. This method develops meanings, processes, and definitions (Andrew et al. 2011). It is a bit surprising that there are very few quantitative models in this subject area. These studies quantify data collected from a content analysis approach (three out of fourteen) or collected via a survey (three out of fourteen).

Many studies use a case study approach. Li, Pitts and Quarterman (2008) state that case studies are the most popular qualitative design in sport management research. This insight is reinforced below with six of the fourteen studies feature a case study. The case study approach conducts an in-depth investigation of a single subject for the purpose of gaining a comprehensive understanding (Li, et al., 2008). This analysis shows the journal articles using the case study approach where concepts are applied to a real-world situation. This method is appropriate for sport corruption because the case study approach may show how an issue impacts different stakeholders (Andrew et al. 2011) such as sport organizations, fans, government entities, etc. It allows for a better and deeper understanding into the subject matter.

The articles also use interviews, focus groups and observation as qualitative data collection methods. However, these methods are not very common for this research. There is one study that uses all three types of qualitative research collection techniques (interviews, focus groups and observation).

TABLE 3 Relevant literature methodology (some studies use more than one method)

No Research (commentary)	Survey (telephone, in-person)	Content Analysis	Case Study	Quantitative based on Case Study	Other Qualitative (focus group, interview, observation)
2	3	6	6	3	1

The methodology used in this dissertation is supported by this literature review. First, the dissertation uses the case study method to define and evaluate the subject matter then qualitative surveys investigate how the corruption impacts potential consumers.

#### 4.7.2 Analysis of relevant articles

As mentioned earlier, Chadwick (2014) concluded there is a lack of academic research at the nexus of sport corruption and sport management. This conclusion came from an editorial about his view of corruption and business. This article is strictly commentary and contains no research. This editorial introduces other articles in this special issue but those studies deal with sponsorship effectiveness or endorsement concerns. Chadwick's main statement serves as a challenge to the academy to investigate this topic and provide keen insights for sponsors.

In a very early sponsorship study, McDonald (1991) cites two practitioner studies measuring how people respond to sponsorships. The studies are a 1988 study by Communication Research Limited on sponsors of major international sporting events; and a study by Research International study on Barclays Bank football sponsorship. The author does not discuss the methodology for either study. There are no indications that the author actually participated in either study. Both of these early studies quantify sponsorship effects. The outcomes of this study show that sponsorships create goodwill and increase its brand's prestige. This study fits my research as a base-level of sponsorship before corruption affects brand perception.

Kinney and McDaniel (2004) research public attitudes toward event sponsorship. The authors conclude that sponsorship is more accepted by sport fans with professional sport as opposed to amateur sport. This study does not include corruption within its research. The study was conducted from a two-week national telephone survey during October 1998 using a trained calling staff. Although this study centers on sport sponsorship, the other sections of the survey addressed advertising and other marketing issues.

Connor and Mazanov (2010) discuss how sponsors can mitigate and react to scandals. The authors use a case study format to analyze their hypothesis. The Australian Rugby League illustrates several strategies including denial, apology and education programs. The authors do not include any additional research methodology beyond a content analysis of secondary media sources and other academic articles. This study is included in this relevant evaluation because it

deals with a sponsor's reaction to a scandal. The outcomes from this study directly apply to my dissertation and academic studies.

Gorse and Chadwick (2010) review over 3,000 cases of sport corruption and identify key themes. The authors segment sport corruption into doping, athletics, match fixing, etc. which generally corresponds to Maennig's (2005) competition corruption list. However, Chadwick (2014) states that there is a need to research the impact of sport corruption on sponsorship. This study (Gorse and Chadwick) does address potential reactions for sponsors of corrupt sport but from a competition corruption point of view. For example, the authors suggest sponsors should pull out of a sport such as international cycling due to its doping offenses. Although the focus is competition corruption, this study contains many relevant themes consistent with my dissertation.

Brannagan and Rookwood (2016) investigate the international football fan response on the controversial choice to award the FIFA World Cup to Qatar. The authors use a "within-methods triangulation" approach that uses multiple research methods. First, the authors use a content analysis approach of media, state, non-governmental organization (NGO), and private-sector reports of Qatar's awarding of the 2022 FIFA World Cup. Next, the authors conduct semi-structured interviews (15 interviews), focus groups (4 groups of 4-6 persons) and participant observation approaches at five major football tournaments in Asia, North America, Europe and South America over four years (16 games total). Finally, the authors visit Qatar to analyze documents, and conduct interviews, focus groups and participant observations. Most of the responses deal with event-related issues such as stadia construction, the heat, match start times, etc. but there is some bribery discussion. One respondent said, "when you think of Qatar, you think of bribery" (Brannagan & Rookwood, 2016). The authors then present numerous media articles that show Qatari contradiction to these bribery claims. This is the extent of the bribery discussion in this article.

Solberg, Hanstad and Thøring (2010) write an article discussing how fans feel about doping in sport. The authors analyze 925 telephone survey responses (50.9% male; 49.1% female). First, the authors collect the responses, then use regression analysis to isolate factors that influence people's attitudes towards doping. The results conclude that the overwhelming majority of people are supportive of food supplements, vitamins and minerals as performance enhancers but less supportive of illegal (or unauthorized) methods. The study also provides relevant data indicating respondents are in favor of sponsor's reducing support to athletes who are exposed in doping and withdrawing support from sports with repeated doping exposures.

Hwang (2016) examines the relationship between fan opinions of general corruption and sport corruption. This author uses the Corruption Perceptions Index from Transparency International for base-level, national corruption data. Then the author evaluates 110 sport corruption cases from Gorse and Chadwick's (2010) and Maennig's (2005) studies. These cases deal with match-fixing, bribe and misuse of inside information. The author codes the 110 cases (year, sports type, continent, hierarchical level of corruption, and the continent). The case

outcomes are also coded (no penalty, fine, disqualification, and fine with disqualification). The relevant bribery data shows 12 cases total with 10 concerned individuals and 2 with teams. Because it only deals with 12 bribery cases, the study is limited. However, the study's overall conclusions support the hypothesis that politicians and/or public officials (the author's extended this to represent average citizens or "people") who have high level of corruption perceptions are more likely to perceive national corruptions occurred in a country but they are less likely to perceive sport related corruptions. The use of CPI that measures politicians and/or public officials which was transferred to represent an average citizen is problematic. The CPI does not measure that market. Thus the methodology is not suitable for the conclusion.

Kihl, Skinner and Engleberg (2017) comment on how sport management scholars create the academic conversation about corruption via specific types of corruption (doping, match-fixing, illegal gambling, etc.), reform strategies, analytical use of agency theory, economics, accountability, and legal theory. This article features a content analysis. By its omission, a marketing application to corruption is still a novel approach to the issue.

Prendergast, Paliwal and Mazodier (2016) apply image transfer factors (reverse image transfer, the role of customer feelings, congruity between event and sponsor, and "ambush" marketing) to a series of sponsor-event cases. A featured case discusses Nestlé terminating its sponsorship of the International Association of Athletics Federations (IAAF) due to a doping scandal. The authors conclude that events should terminate relationships with sponsors that behave badly. The event's image will be influenced by that of the sponsor's brand. Thus, a negative transfer between the sponsors and the event may be considered a "hidden" factor.

Kulczycki and Koenigstorfer (2016) assess the effects on sponsorship outcomes of transgressions in general, and perceived corruption in particular, at the level of the event-governing body or host country. The authors use three empirical studies and one follow-up study to evaluate whether perceived corruption reduces a host population's attitude towards event sponsorship. This study samples 876 Brazilian residents (from all four studies) researching the 2014 FIFA World Cup and the 2016 Olympic Games. The study utilizes multi-item scales to measure variables then SPSS was used to create data sets and perform an analysis. Across three studies, the authors find that perceived corruption of the event-governing body has a negative impact on the host population's attitude toward the event sponsorship. Ultimately, the sponsor's support with a corrupt event may cause a negative spillover effect on of the sponsor's brand image.

Ionescu (2105) makes the claim that despite the increased media attention there is no evidence that corruption in sport is increasing. However, this article is not a research article and the author does not have a study nor a citation to make this claim. This article highlights other research but does not offer anything new. Its two tables detail Maennig (2009) anti-corruption initiatives and research from Brooks, Aleem and Button (2013) types of fraud and corruption in sport. Among those types listed are bribery, collusion, conflict of interest,



embezzlement, extortion, fraud and gifts and hospitality, among others. Although the bribery aspect of corporate gifts and hospitality are very relevant to my study, this study does not provide any data or novel information.

Buraimo, Migali and Simmons (2016) use a difference-in-difference methodology to identify possible consumer response to a specific episode of sport corruption. The authors use content analysis as research of club officials who are punished for their role in the sport corruption of the Italian top-tiered soccer league. Then the authors attempt to identify how the punishment of the club officials (and indirectly the clubs themselves) impacts match attendance by using an economics crime model. In order to perform this study, the authors use prior and post-scandal attendance numbers. The authors find that match attendance decrease for the punished clubs but not those who did not receive any punishment.

Crompton (2014) considers an event's reputational risk due to a sponsor's product. The author uses a case study method to illustrate negative reputations from tobacco, alcohol, gambling, and products that are high in fat/salt/ or sugar sponsor's on an event. Crompton discusses balance theory, attribution theory and exchange theory in an attempt to explain the reputation risk for an event. The conclusion does not offer any definitive support to the hypothesis that because the attributes of a brand or sponsor resonate strongly with the sport property's supporters than the direction of the image transfer could be from sponsor to sport property.

These research articles provide some insight into the overall subject matter, However, this dissertation is novel in its approach and specific topic area. The outcomes from this dissertation fill a hole in the academic literature.

## 5 METHODOLOGY

This chapter discusses the methodology, and explores the philosophical base and the researcher's direction. This chapter also presents the design of the research through an analysis of the research methods and tools.

The articles of the dissertation follow a logical progression. It begins with a qualitative analysis, then uses that outcomes to develop the quantitative studies. This provides complete research into the subject matter.

This section presents the research philosophy, then breaks out the qualitative and quantitative research tools. These tools include the case study analysis, including document analysis and legal research techniques. Finally, a summary of the methodology used in the dissertation articles are presented.

### 5.1 Research philosophy

Academic research is rooted within philosophy theory. Ontology is the study of knowledge (Andrew, Pederson & McAvoy, 2011) and promises a common understanding of knowledge domains (Liao, Chen & Hsu, 2009). Epistemology is understanding how the knowledge was acquired (Andrew, Pederson & McAvoy, 2011) and uses existing related knowledge (Andrew, Pederson & McAvoy, 2011). It is how the investigator applies the philosophical theory that guides the research. In this dissertation, the author creates an applied sport marketing research plan using both qualitative and quantitative tools.

An idealist attempts to understand a subject from the actor's frame of reference (Deshpande, 1983). Interpretivism also involves the products of the environment but constructs the environment through their understanding of it (Webley, 2010). These philosophies may be more associated with a qualitative study. The first step will be understanding the sport corruption topic as it impacts a sport sponsor. This stage creates a subjective reality that allows understanding of the environment. Therefore, this approach is appropriate to learn about the

topic. There is not one single truth for this understanding, but the vital information is how the sponsor reacts to the corruptive stimuli. Therefore, it is important to this dissertation that the sponsor understands the consumer responds to sport corruption.

Conversely, a positivism study is the product of its environment where the researcher is an objective observer (Webley, 2010). Typically, the positivist paradigm guides quantitative research studies (Li, Pitts & Quarterman, 2008) from an outsider's point of view (Deshpande, 1983). Lawson (1990) concluded that positivism seeks a law-like uniformity of society and nature. The next step for this study will be understanding how sport corruption impacts the sport sponsor's consumer. Therefore, a single true reality should exist for the response of the consumer.

Sport marketing research should generate information that advances our understanding of a particular issue (Andrew, Pederson & McAvoy, 2011). It is important that the researcher guides the science in commercially pragmatic and material ways (LaPointe, 2013). Because sport marketing is a commercial activity, issues must be investigated frequently to generate customer patterns (Liao, Chen & Hsu, 2009). The issues should be analyzed via multiple scopes and different points of view.

Weese (1995) challenges sport marketers to serve practitioners or else the research is not serving the sport management academy. Pragmatic research looks to solve problems (Patton, 2001). Further, Doherty (2013) states that sport management research should explain, predict, and ultimately control a phenomena. DeGaris (2015) concludes that academic research focuses on rigor sometimes to the exclusion of industry relevance. Therefore, a sport marketing research study should focus should be practical, applied and relevant. This research attempts to be pragmatic and provide useful information to the sport sponsorship industry. This applied research can immediately relate to a practical setting (Li, Pitts & Quarterman, 2008) and solve a specific problem (Andrew, Pederson & McAvoy, 2011).

Fink (2013) recommends choosing a research topic based on intrinsic motivations instead of one that may receive outside funding. Ziegler (2007) challenges sport marketing researchers to investigate topics where that make a positive contribution to society. This author argues that this topic meets the challenges issued above.

## **5.2 Research design**

The research design is a blueprint that guides a research study toward its objectives (Aaker, Kumar & Day, 1995). The design can be divided into a qualitative or quantitative study (Andrew, Pederson & McAvoy, 2011). This study involves both qualitative and quantitative analysis.

This study seeks to answer the call for different methods of sport management research (Rudd & Johnson, 2010). The first step is a general study

of sport corruption's impact on sponsors and how the sponsors can best protect itself. The goal of this exploratory research is the discovery of the subject matter (McQuarrie, 2006). Therefore, the first stage of this study is a qualitative study approach to a case study method utilizing document analysis and traditional legal research. The documents include case law reports, corporate documents and other secondary research statements. The conclusion of the research establishes a basis for key learning and recommendations for other sponsors in similar circumstances. It also generates additional research questions focused on the impact of sport corruption on the consumer.

Next, the dissertation concentrates on those research questions. This stage utilizes more traditional quantitative research methods. An internet survey successfully measures consumer responses. Internet surveys can effectively target specific populations due to its speed, low cost, quality of response, and the removal of interviewer bias (Malhotra & Banks, 2007). These advantages are particularly important since the subject matter is international in scope and many respondents reside a far distance from the researcher.

This is an international study that involves managing multiple sets of regulations, policies and customs (Hicks & Simmerling, 2016). International research may present issues such as language and comprehension, willingness to respond, privacy concerns, and the unfamiliar environment may cloud the problem definition (Cateora, Gilly & Graham, 2013). In order to mitigate these issues, a local co-author provides vital local experience and expertise. For instance, a study measuring the impact of sport corruption on a local Finnish football club included two Finnish researchers for language and cultural expertise.

All studies need to conform to ethical standards. For instance, the researcher needs to protect the rights and welfare of the subjects (Hicks & Simmerling, 2016). An informed consent form is required for all respondents. This includes specific information about the study, and obtaining a voluntary participation agreement (Hicks, 2014). The studies that involve research subjects face an expedited Institutional Review Board (IRB) review. An expedited IRB review requires the study pose no more than a minimal level of risk to subjects (Hicks, 2015). All of the studies associated with this dissertation follow standard IRB-approved research protocol. The dissertation studies that involve human subjects were approved by the SUNY Cortland IRB.

### **5.3 Case study analysis**

The first stage of the dissertation is research into the sport corruption topic. The initial study uses a qualitative, case study approach. The case study method is the most popular qualitative design in sport management research (Li, Pitts & Quarterman, 2008). The goal of case study research is to attain the highest understanding of a situation (Cohen & Crabtree, 2006). Case study analysis

allows for theoretical propositions (Rautiainen, 2015) and is appropriate for exploratory research (Rautiainen, 2015).

This type of sport marketing research may provide a more holistic account of the issue including multiple perspectives (Morse & McAvoy, 2014). Because the first step of the process is to explore the subject completely, the case study method is proper.

This type of analysis is appropriate to gain knowledge into an issue (Stake, 1994) and may create more information than other methodologies (Morse & McAvoy, 2014). This analysis involves the collection and analysis of written materials (Cohen & Crabtree, 2006). This study analyzes the legal case and industry reports. The case study format allows a researcher to study a specific phenomenon (Andrew, Pederson & McAvoy, 2011). Yin (2013) asserts that case studies guide data collection and prioritize analytic strategies. This analysis leads to a key learning conclusion, recommendations and additional research questions.

### **5.3.1 Document analysis**

Document analysis is a research tool that scrutinizes documents to give meaning around a topic (Bowen, 2009). This type of secondary research helps clarify and brings understand a situation (Li, Pitts & Quarterman, 2008). The documents may include public records such as legal documents, and other reports. These records should be used in this investigation because the documents report reality (Webley, 2010). Bowen (2009) recommends document analysis because the documents are accessible, reliable, consistent and unchanging, and the process is very cost efficient. It is appropriate to analyze and interpret data generated from the examination of documents relevant to a particular study.

Because the sport corruption subject has been analyzed, albeit not directly to this dissertation's focus, a document analysis approach is appropriate.

### **5.3.2 Legal research**

This dissertation supports the marketing outcomes with legal research techniques including the interpretation of applicable state or federal legislation, judicial actions, decisions and settlements. This investigation is appropriate because legal research can improve industry practices by improving managerial decision making (Moorman & Grady, 2011). Legal research reinforces sport marketing research because of the focus on the type and severity of potential financial injury (Moorman & Grady, 2011).

This researcher uses a variety of techniques and sources to ensure the research is comprehensive (Moorman & Grady, 2011). A systems approach using the common-core method, which is based on the functional method combined with the law-in-context method (Van Hoekle, 2015), employs a multi-perspective point of view. The collective case study compares multiple cases within a single research study. This method creates a procedure of analysis for the sport marketing research.

The legal research is the cornerstone of understanding this subject because it provides detailed examples of the corruptive activities and its punitive outcomes.

## **5.4 Quantitative analysis**

Survey research is one of the most important areas of measurement in applied sport business research (Li, Pitts & Quarterman, 2008) because it focuses on causal relationships. Both casual description and causal explanation are important to test causal relationships (Rudd & Johnson, 2010).

Internet surveys create access to a large number of demographically and culturally diverse participants, provides ease of access for participants, and offers cost savings for the researcher (Andrew, Pederson & McAvoy, 2011). The computer-based program allows an interactive, self-directed survey to collect data (Sutton, Irwin & Gladden, 1998). The use of an internet survey gives multiple advantages for this study. Because sport consumers may otherwise be difficult to reach due to their demographics, and the international aspect of the study, this research format is suitable for this study.

A quantitative survey method uses a rating technique that asks the respondents to indicate their degree of agreement to a statement (Li, Pitts & Quarterman, 2008). The descriptive scale measures the influence of sport corruption on a sponsor's product. Thus a consumer's intention to purchase a product reflects the behavioral component of an individual's attitude towards the product (Li, Pitts & Quarterman, 2008). This research method is appropriate to measure how sport corruption impacts consumers.

## **5.5 Summary of the methodology used in dissertation articles**

This study approaches the sport corruption issues from different perspectives. First, it defines the issue, which allows an examination of how a sponsor can prevent and react to a sport corruption scandal. This is accomplished via the case study and legal research approaches. Next, the study investigates the impact of a scandal from the consumer perspective using quantitative techniques. These elements are displayed in TABLE 4.

TABLE 4 Empirical material used in this dissertation

	<i>Consumer impressions of sport corruption</i>	<i>Corruption impact on sport sponsorship</i>
<b>Number of total responses</b>	249	76
<b>Number of complete responses</b>	156	76
<b>Number of incomplete responses</b>	93	0
<b>Target group / respondents</b>	Sport management students	JJK season ticket holders
<b>Location of respondents</b>	USA and international	Jyväskylä, Finland
<b>Mode of delivery</b>	Internet survey (SelectSurvey)	Internet survey (Webropol)
<b>Demographics</b>	68% male 32% female	86.8% male 13.2% female
<b>Fan avidity level: Sport not important</b>	1.3%	1.3%
<b>Fan avidity level: Sport slightly important</b>	2.6%	6.5%
<b>Fan avidity level: Sport moderately important</b>	11.0%	15.9%
<b>Fan avidity level: Sport very important</b>	33.5%	36.8%
<b>Fan avidity level: Sport extremely important</b>	51.6%	39.5%

## 6 SUMMARY OF DISSERTATION ARTICLES

This section provides a transparent description of the research process conducted in each article and summarizes each article's main result. The first article analyzes how the Foreign Corrupt Practices Act was applied to sport marketing activity at the 2006 FIFA World Cup and the 2008 Summer Olympic Games. Then the article provides specific compliance recommendations for sport sponsorship organizations. The next article continues this analysis but focuses specifically on the Brazilian Clean Companies Act because Brazil hosted both the 2014 FIFA World Cup and the 2016 Rio de Janeiro Summer Olympic Games. This article provides key learning and compliance recommendations for the Brazilian law. The next article is a quantitative study investigating consumer impressions of sport corruption. The results discuss how sport corruption impacts fan avidity, which is important for a sport organization, and it impacts purchase intentions of sponsors. The final article continues this exploration by focusing on the impact of sport corruption on a local Finnish football club.

### 6.1 Foreign Corrupt Practices Act cases impact sport marketing strategies

This article was published in the December 2015 issue of *Sport Marketing Quarterly* and analyzed three legal cases that impact sport marketing. Two cases deal specifically with sport sponsorship corruption while the third focuses on a business corruption case whose ruling can be applied to sport. The analytical results are used to create recommendations for compliance with the FCPA. Finally, the article explores the use of the FCPA in the 2015 FIFA bribery scandal.

The first case is *United States v. Esquenazi*. The court extended the FCPA requirement of an "instrument of the government" to private organizations when the government subsidizes the entity's costs, if the entity's officers are appointed



or associated with the government, or if the government has appointed the entity for a particular purpose, such as health or sport (*Esquenazi*, 2014). Because some countries create national sport organizations that become a part of FIFA or the IOC, the members of these organizations may not be covered under the FCPA. Thus a corrupt action with a member of this newly defined group could generate a violation of the FCPA.

The next case dealt specifically with bribery committed by an international sport sponsor. Weatherford International, a Swiss company, settled bribery and FCPA violations by paying more than US\$120 million in fines and penalties (*Securities and Exchange Commission*, 2013). Among the allegations were improperly funded trips to the 2006 FIFA World Cup in Germany for two officials from a state-owned Algerian company (*Securities and Exchange Commission*, 2013). This case shows the reach of the US law. Although Weatherford International is based in Switzerland, it must comply with the FCPA because it is listed on the New York Stock Exchange and it has a US headquarters in Houston, Texas. Therefore, an international company conducting sponsorship activity in Germany may still be required to comply with a US law.

The final case extended the Weatherford decision. The Australian company, BHP Billiton, entertained employees from a Chinese steel-making firm at the 2008 Summer Olympic Games in Beijing, China violating US bribery law. BHP Billiton provided the guests' event tickets, hotel accommodations and sight-seeing tours worth more than US\$16,000 per trip (SEC.gov, 2015). BHP Billiton settled the case by paying a US\$25 million fine. Again, an international company was required to comply with US law. Additionally, this decision illustrates that state owned company, such the vast majority of Chinese businesses, qualify under the FCPA. Finally, it shows the benefits of cooperating with the governmental investigations. Here, BHP Billiton had a much lower financial penalty than Weatherford International because it cooperated with the investigation. BHP Billiton wanted to leverage its Olympic sponsorship into access into the Chinese market. Unfortunately BHP Billiton utilized corrupt behavior with its activation.

These cases provide the basis for compliance recommendations. It is recommended that international sport sponsors create behavior policies, oversight procedures, training measures and ethical standards to prevent violations. Also, sponsors should embrace self-reporting and cooperation techniques to reduce penalties. This is applicable for all international sponsorship programs.

The last section applied the key learnings from the cases to the infamous 2015 FIFA bribery scandal. In this scandal, it is alleged that sport marketing executives bribed FIFA officials for television broadcast rights. The bribes exceeded US\$150 million. The legal indictment also referenced a U.S. sportswear company's US\$30 million bribe to the Brazilian soccer federation via a third party. The study explored the use of the *Esquenazi* decision in this situation to charge the corrupt actors with violating FCPA. Unfortunately, the FCPA does not apply to passive bribery. Therefore the FIFA officials and the Brazilian soccer federation representatives would not be charged.

## 6.2 What can *Bilfinger* teach Olympic sponsors?

This article was published in a 2016 issue of *Sport Management International Journal Choregia*. This article analyzed the 2014 FIFA World Cup sponsorship corruption activity by Bilfinger SE. This event implicated anti-corruption laws from both the US and Brazil.

Bilfinger SE was alleged to have paid bribes to obtain contracts to build the security command centers for police, fire and emergency services at twelve host cities at the 2014 FIFA World Cup. Brazil, the United States and perhaps Germany could extend its legal jurisdiction to these allegations. The US law would apply because Bilfinger SE has the required minimum business contacts needed to qualify under the FCPA. The Brazil law would apply since the activity was conducted in Brazil. Finally, the German law may apply since the company is based in Mannheim, Germany.

This study included a chart comparing the relevant bribery laws between Brazil and the United States. Bribery intent, corporate liability and penalties were among the comparison factors.

The key learnings of this case provide compliance recommendations that include passive bribery concerns. Passive bribery is the solicitation of a bribe. Although the actual bribery activity may indirectly connect to major sport organizations, the allegations may negatively impact the sport organization's reputation.

Finally, this study was relevant to sport sponsors because many World Cup and Summer Olympic sponsors were leveraging their sponsorships in order to maximize Brazilian investments. At the time of the sport event, the Brazilian market was growing. Bilfinger SE wanted to leverage this sponsorship into access into the market.

## 6.3 Consumer impressions of sport corruption

This article was published in the second 2017 issue of *Sport Management International Journal Choregia*. This article investigated how sport corruption impacts consumers. Companies use sport sponsorship to create positive brand associations. Conversely, negative connections such as corruption, may create a horn effect, or the transfer of a negative brand association onto a brand. This article investigated the horn effect and how it influences consumers.

A quantitative survey measured impressions collected from sport management students who identified as sport fans. The study found that that 86% of the respondents found sport to be at least sometimes corrupt and 51% think sport will be even more corrupt in the future. However, 67% of the respondents indicated that the corruption did not affect fan avidity of a particular sport. However, 33% of the respondents have lowered fan avidity due to the

corruption. This is may be a positive result for teams, leagues and sponsors but a third of the market has a lowered perception of the sport. Moreover, 71% of the respondents supported sponsors when sport corruption was only alleged. However, over half (52%) of the respondents supported sponsors even when the sport corruption was proven in a court of law or admitted by the sport property.

The results indicate that consumers support sponsors who actually commit the corruption, especially if the corruption was not directly related to a favorite team, country or sport. Only 34% of the respondents would not purchase a product from a corrupt sponsor, but 37% would continue to purchase the product unless the corruption directly affected a favorite team, country, or sport.

However, a horn effect does exist where the association with a corrupt sport creates a negative image for a sponsor. Over 65% of the respondents indicated that the corruption had a moderate or high influence on the sponsor's brand image.

In order to best deal with corruption issues, a brand crisis management strategy should be executed. A sponsor facing a corruption crisis can utilize denial, apology, or education to minimize any negative impact that results from a horn effect. A comprehensive, proactive brand crisis management strategy is central to an effective response, especially with the immediacy of social media.

#### **6.4 Corruption impact on sport sponsorship strategy**

This article was published in a 2018 issue of *Sport Management International Journal Choregia*. This article builds on the previous article and analyzes the link between corruption and sport sponsorship by investigating how high profile FIFA scandals impact a Finnish football club, the club sponsor's brand image and purchase intentions. The study indicates that a local club may be insulated from the FIFA scandals thus protecting its sponsor's investment. These results are compared with consumer impressions of corruption committed by the sponsor itself.

This quantitative study measures consumer reactions from fans of the JJK Jyväskylä football club. The results indicate that JJK fans believe that football is corrupt. 90.7% of the respondents said that football is at least sometimes corrupt. The sport corruption allegations lowered the fan avidity for the sport of football (21.6%) but not for JJK. Only 3.9% indicated that the FIFA corruption allegations made the respondent less of a fan of JJK. This shows that the local club may be insulated from the FIFA corruption.

This attitude leads to a negative impact of FIFA sponsors but not JJK sponsors. 25% of the respondents indicated that they would not support a FIFA sponsor when the FIFA corruption is alleged. This number rises to 41.3% of the respondents are less likely to purchase a FIFA sponsor's product when the corruption is proven. However, the FIFA allegations are not as impactful to the JJK sponsors. Only 4.1% of the respondents would be less likely to purchase a JJK sponsor's product if the FIFA corruption is alleged. Strangely, this number drops

to 2.7% when the FIFA corruption is proven. This result overwhelmingly suggests that JJK fans will support its sponsors despite the FIFA corruption.

Nevertheless, 63.2% of the respondents indicated they would not purchase a product from a corrupt sport sponsor. Another 27.6% would only purchase the sponsor's product unless the corruptive behavior was directly related to a favorite team, country or sport.

Finally, the study showed a horn effect for a sponsor and a sport club with its association with a corrupt FIFA.

The implications of this study are vital for local sport clubs and its sponsors. Because consumers separate the FIFA corruption from the local sport club, it can assure the JJK sponsors that its investment is protected.

## **7 DISCUSSION**

This section evaluates the results of individual research articles and provides answers to the research questions. This section includes a chart that compares the two quantitative based article results. The research questions are answered by outcomes from all four research articles. Next, it examines the theoretical and managerial contributions of the research. Finally, avenues for future research are explored.

### **7.1 Empirical results**

The following table shows the empirical results from the two quantitative studies of this dissertation. N/A represents a question not asked on that study.

The survey questions measure consumer responses for a variety of sport corruption issues. The initial questions provide a background based on the consumer's point of view of sport corruption. Then the consumer's are asked about their response to the sport corruption. Specifically, the surveys measure the consumer's support for sponsors who are affiliated with corrupt sport organizations or commit corruption itself.

TABLE 5 Empirical results

		<i>Impact of sport corruption on sport sponsors</i>	<i>Corruption impact on sport sponsorship strategy</i>
<b>Is sport (football) corrupt?</b>	Not corrupt at all	0%	1.3%
	Rarely corrupt	14.2%	8.0%
	Sometimes corrupt	59.4%	56.0%
	Often corrupt	23.9%	24.0%
	Very corrupt	2.6%	10.7%
<b>Do you think sport is more or less corrupt than 5 years ago</b>	More corrupt	60.8%	N/A
	Less corrupt	17.6%	
	It is the same as 5 years ago	21.6%	
<b>Do you think sport will be more corrupt 5 years from now</b>	More corrupt	51.3%	
	Less corrupt	22.1%	
	It is the same as now	26.6%	
<b>Do allegations of (FIFA) site/venue corruption impact your fan avidity to a sport (football, or FIFA World Cup or the Olympics)</b>	No, corruption allegations do not change my fandom of a particular sport	66.7%	78.4%
	Yes, the allegations have made me less of a fan	33.3%	21.6%
<b>Do allegations of FIFA World Cup site/venue corruption impact your fan avidity of JJK?</b>	No, corruption allegations do not change my fandom of a particular sport	N/A	96.1%
	Yes, the allegations have made me less of a fan		3.9%
<b>If a sport is rumored to be corrupt (by media allegations or unproven statement), would you support the sport's sponsors?</b>	No, I would be less likely to purchase a corrupt sport sponsor's product	29.2%	25.0%
	Yes, I do not think a sponsor should be financially harmed due to the alleged malfeasance of the sport	70.8%	75.0%

<b>If a sport is proven to be corrupt (in a court of law or actual admittance to corrupt behavior), would you support the sport's sponsors?</b>	No, I would be less likely to purchase a corrupt sport sponsor's product	52.0%	41.3%
	Yes, I do not think a sponsor should be financially harmed due to the alleged malfeasance of the sport	48.0%	58.7%
<b>If a sport is rumored to be corrupt (by media allegations or unproven statement), would you support JJK sponsors?</b>	No, I would be less likely to purchase a corrupt sport sponsor's product	N/A	4.1%
	Yes, I do not think a sponsor should be financially harmed due to the alleged malfeasance of the sport		95.9%
<b>If a sport is proven to be corrupt (in a court of law or actual admittance to corrupt behavior), would you support JJK sponsors?</b>	No, I would be less likely to purchase a corrupt sport sponsor's product	N/A	2.7%
	Yes, I do not think a sponsor should be financially harmed due to the alleged malfeasance of the sport		97.3%
<b>Would you be likely to purchase a product from a sponsor that exhibited corrupt behavior (bribery, influence on choosing athletes, etc.) in sport / football?</b>	I would not purchase a product from a corrupt sport sponsor	34.2%	63.2%
	I would continue to purchase the product unless the corruptive behavior was directly related to my favorite team, country or sport	37.4%	27.6%
	I would continue to purchase the product	28.4%	9.2%

<b>Does an association with a corrupt sport (FIFA) influence the brand image for a sponsor?</b>	Not at all influential	7.8%	4.3%
	The corruption would have a slight influence on the brand image	27.1%	44.7%
	The corruption would have a moderate influence on the brand image	37.4%	32.9%
	The corruption would have a high influence on the brand image	27.7%	17.1%
<b>Does an association with a corrupt sport (FIFA) influence the brand image for a sport club?</b>	Not at all influential	N/A	9.2%
	The corruption would have a slight influence on the brand image		33.8%
	The corruption would have a moderate influence on the brand image		28.9%
	The corruption would have a high influence on the brand image		25.1%

This section shows the impact of sport corruption on sponsorship. Sport corruption does impact the brand image of a sponsor and influences future purchase decisions.

## 7.2 Research questions and answers

The nexus of mutual benefits and common interests has increased business participation in the sport industry (Slack 1998). Specifically, sport sponsorship is an outgrowth of this increased shared interest. The property receives cash or value in kind to apply to its budget. The sponsor is granted access to the event consumer that may be used to accomplish marketing objectives.

Sponsorship partners invest in sport to develop a relationship with the fans (Mason, 1999) who then may become consumers. When there is a strong connection between the sponsor and the property, then the sponsor's product is viewed more favorably by the fan (Trachsler, DeGaris, & Dodds 2015). Biscara, et al. (2013) concluded that a favorable attitude towards a sponsor has a positive



effect on future purchase intentions. However, Meenaghan (2001) identified sponsor interference as a main contributing factor to a negative attitude towards the sponsor's product. The negative perception of sport corruption would be considered as sponsor interference.

The aims of this project were to provide theoretical and practical insights into the impact of sport corruption. It is within this academic framework that the research questions were developed.

***RQ1: How can a sport sponsor protect itself from a bribery violation?***

As this project proceeded, this research question developed two points of view. The original perspective was how a sport sponsor using hospitality tactics to activate its sponsorship can prevent a bribery charge itself. Later, it became obvious that sport sponsors need protection against corruption violations committed by other actors, most often the sport property. This has been very common with the FIFA and IOC scandals that impact the sponsorships.

This research shows that a sponsor needs to protect itself from corruption violations. A well-developed compliance plan that is developed and supported throughout the company. This plan needs to include educational and training sessions for all employees, a code of conduct, incentives and disciplinary measures. An effective compliance program then develops into a compliant culture throughout the organization.

The compliance plan needs to conform to all applicable laws and national jurisdictions. This factor may include where the event is held, where the company is headquartered, and if the company has any other international presence. As the research article concludes, many foreign companies need to comply with the FCPA and other US law due to the companies' business presence in the United States. This is vital especially when the activity is conducted within a different country.

The compliance plan should emphasize the organization's cooperation with the governmental investigation. Cooperation can dramatically reduce the financial penalties. BHP Billiton faced a lowered penalty in response to its remedial efforts and cooperation.

Next, sponsors need to protect itself from bribery allegations committed by other organizations. This study begins to analyze the impact of FIFA and IOC bribery scandals on sport sponsors. Every sponsor needs to develop a crisis management plan to react quickly to corruption. Public relations initiatives are central to safeguard the brand image against a horn effect.

The horn effect is the transference of a negative brand image on another brand. Here, the bribery scandal committed by a sport organization may taint the brand image of its sponsors. This may lower the purchase intent of the brand by the consumers. The sport organizations may lose sponsorship revenue as brand flock to other investments. This point of view is especially true in the modern era where social media can spread negative news very quickly. A crisis management plan may include a program of denial, apology, and education.

***RQ2: Is there a horn effect for a sponsor affiliated with a corrupt event?***

A horn effect does exist for a sponsor. Thus the association with a corrupt event does negatively impact the brand image of a sponsor. Two of the studies support the conclusion that an association with a corrupt sport property, such as FIFA, negatively influences a sponsor's brand image. In both studies, approximately 50% of the respondents indicate that the association with a corrupt sponsor had a moderate or high influence on the brand image of the sponsor. By contrast, only 4-8% of the respondents state the association with a corrupt sport is not at all influential on the brand image of the sponsor.

The fourth study focused on the impact of the sport corruption on a local Finnish football club. The data concluded that a horn effect also exists for a local sport club. The results conclude that JJK's brand image was negatively influenced by the FIFA corruption. The local sport club results were different than the sponsor results. More fans stated the association between the club and the corrupt sport organization were not at all influential (9.2% vs. 4.3%) and more fans believed the association had a higher influence on the club as opposed to the sponsor (25.1% vs. 17.1%).

These findings are important for sponsors. The research shows that sport corruption associated with a sport organization will transfer to a sponsoring brand.

***RQ3: Does a sponsor suffer lower purchase intentions when affiliated with a corrupt event?***

The respondents of this research believe that sport is corrupt. The results indicate that the association with a corrupt sport lowers the purchase intent for the sponsor's product. The two studies conclude that a significant market (25.0% in one study, and 29.2% in the other) would be less likely to purchase a corrupt FIFA's sponsor product when the corruption is alleged. This percentage increases to 41.3% and 52.0% when that corruption is admitted or proven in a court of law. Therefore, FIFA corruption may harm its sponsors, especially when the corruption is proven to be true.

However, the negative impact does not extend to the sponsors of a local club. More than 95% of the respondents supported the JJK sponsors when the corruption was rumored (95.9%) and when the corruption was proven or admitted (97.3%). This research suggests that the local sponsors are insulated from the corruption facing the international sport organizations.

This research shows that the lowered brand image created by sport corruption may have a negative impact on future purchase intentions. It is interesting that the connection does not exist at the local level.

***RQ4: Does a sponsor suffer lower purchase intentions when the sponsor commits corruptive behavior?***

This research concludes that sponsors suffer lowered purchase intentions when it commits corruption. In the first study, 34.2% of the respondents would not purchase a product from a corrupt sponsor. The percentage rose to 63.2% in the second study that measured respondents from the JJK football club.

The lowered purchase intentions increase when the corruptive behavior directly impacts a favorite team, country or sport. In the first study, an additional 37.4% consumers have lowered purchase intentions. An extra 27.6% of consumers in the second study had lowered purchase intentions.

The studies conclude that only 28.4% and 9.2% of the respondents would continue to purchase the corrupt sponsor's products.

### 7.3 Theoretical contributions

This research provides additional insight into sponsorship theory, particularly relationship marketing and image transfer theory as well as the underlying business psychology theory including social identity theory, balance theory, signaling theory, and moral justification.

The first study, *Foreign Corrupt Practices Act cases impact sport marketing strategies*, analyzed three legal cases that may have a direct impact on sport sponsorship. The first bribery case's decision was conceptually applied to international sport organizations, such as FIFA and IOC. Its holding may increase the number of potential violators of bribery law within the sport sponsorship context. The other two cases directly involve sport bribery at the 2006 FIFA World Cup and the 2008 Summer Olympic Games.

This study provides insight into relationship marketing and image theory. Relationship marketing is based on the attraction, development, and retention of customers. Bee and Kahle (2006) emphasized the benefits of a lifetime relationship. Here, the corrupt sponsor malfeasance directly impacts the property's ability to continue the development of this relationship. The property now has to begin a new sponsorship process with another brand to replace the corrupt sponsor.

The sponsor malfeasance also impacts the image and reputation of the sport property. Although it was not studied here, in many eyes both FIFA and the IOC brands are linked to corruption. Regardless of the fact that the fraud in these cases did not directly involve either organization, many fans may not notice that distinction.

The second study, *What can Bilfinger teach Olympic sponsors?*, applied another FIFA case to potential Olympic sponsorships. Since that case was decided, Brazil, the host country, passed an anti-corruption bill. In 2014, the Brazilian Clean Companies Act legislated against business corruption. This study compared the Brazilian law to the counterpart United States law, the Foreign Corrupt Practices Act. This study illustrates the signaling theory. Here, Brazil is using the sport mega-event to promote the new anti-corruption law to other

potential sport events as well as potential brands looking to expand into the Brazilian market. Brazil is attempting to change its public perception as a corrupt business community.

The third study, *Consumer impressions of sport corruption*, measures the impact of the corruption on the consumer market. The results confirm that the respondents view sport as corrupt and the existence of a horn effect. It also showed that consumers had a lower purchase intent for the sponsors of a corrupt sport.

The horn effect is the negative image from a corrupt sport property transfers to its sponsor. This study authenticates the horn effect in sport corruption. The majority of the respondents (65.1%) indicate that the association had a moderate or high influence on the sponsor's brand image. This negative brand image leads to a lowered purchase intent.

The lowered purchase intent reflects the balance theory. The balance theory suggests that consumers seek to punish the corruptive behavior by not purchasing the sponsor's products. Although this study showed a difference between the sponsor of a corrupt sport and the sponsor actually committing the corrupt act, both sponsors saw lowered purchase intent.

Almost three-fourths of all respondents (71.6%) indicated a lower purchase intent for a corrupt sponsor whose behavior directly impacted a favorite team, country or sport. This result indicates the fans want to punish the corrupt sponsor for harming their team, country or sport.

The fourth study, *Corruption impact on sport sponsorship strategy*, evaluate the impact of corruption on a specific, local Finnish football club. The results support the previous study confirming the existence of a horn effect the sponsors and a lowered purchase intent for FIFA sponsors. However, the local fans would continue to support the local JJK sponsors.

The social identity theory is apparent with the local football club's sponsorships. These sponsorships are insulated from the prevalent FIFA scandals. Therefore, the fans connect intensely to the local football club as opposed to the sport of football generally. Thus, although the respondents indicate that sport corruption is impactful, the fans may reject this conclusion to support the local sport club and its sponsors. This theory may be prevalent in the JJK study. The fans reject the FIFA sport corruption to maintain the strong connection to the JJK sponsors.

Moreover, the moral justification theory may support this conclusion as well. The JJK fans may be more forgiving for the local sport club and its sponsors as opposed to the sponsors of FIFA.

Both of the last two studies conclude that consumers will not support corrupt sponsors. This conclusion supports the balance theory that suggests many consumers use a lowered purchase intent to punish the corrupt sponsor. Because the sponsor creates a negative impact on sport, and more importantly, a favorite team, country or sport, the fans can negatively impact that corrupt sponsor actor with fewer product sales.

Conversely, moral justification theory suggests that people with a strong emotional connection to something tend to forgive negative behavior (Bhattacharjee, Berman, & Reed 2013). This theory may explain why some respondents choose to purchase sponsor products from corrupt sport properties. The consumers may forgive the corrupt actions due to the strong emotional connection to the sport property.

## 7.4 Managerial contributions

The main focus of this research was to provide practical and useful information for the sport marketing industry. This study shows that sport corruption is an important topic for sponsors. A scandal may impact the brand image which, in turn, may impact purchase decision then actual sales. Therefore, the sponsor needs to seek out non-corrupt opportunities that may insulate the sponsor from corruption.

Sport sponsorship managers need to recognize that an impactful corruption scandal may originate from the sport organization property or from the sponsor itself. Either of these situations may prove to be harmful. Because more mega-events are being hosted in corruption friendly business cultures, an increased focus on the prevention and the crisis management of a scandal becomes paramount. Hospitality activation incorporates many tactics that could be used as bribery. This emphasis is particularly true when the sport event host is also a developing market for the sponsor. The combination of a corruption friendly business culture and a potentially lucrative market may be too tempting for corrupt actors. Other types of competition and managerial corruption are impactful as well.

Sport corruption is an important topic for properties. Sport organizations depend on sponsorship revenue for its operations. This is true regardless if it is a team, club, athlete, event or mega-event. The property must protect the marketing investment of its sponsors. This research concludes that a local club sponsor may be insulated from corruption at an international level. This provides the local club with a protected revenue stream.

Each of the four studies offers practical recommendations for the sport sponsorship industry.

The first study, *Foreign Corrupt Practices Act cases impact sport marketing strategies*, is directly relevant to sport sponsor managers. Hospitality is a very common tactical element of sport sponsorship. Unfortunately, many hospitality elements may be viewed as corrupt payments under bribery law. These elements include travel, event tickets, hotel accommodations, entertainment and food expenses.

The two cases illustrate the significant harm connected to bribery violations. First, each sponsor paid major fines due to the corruption. BHP Billiton was fined \$25 million and Weatherford International paid almost \$115 million due to the violations. Therefore, sport sponsorship managers need to create an effective

compliance and ethics program. This program needs to emphasize self-reporting, cooperation and remedial efforts that may reduce the financial penalties as shown by BHP Billiton. The compliance program should cover third party vendors because its actions may invoke claims against the sponsor. The compliance department needs to analyze all aspects of the sponsorship program.

The next study, *What can Bilfinger teach Olympic sponsors*, is practitioner oriented. Bilfinger SE was accused of bribery in connection to supplying security equipment to the 2014 FIFA World Cup. This case provides relevant information for sponsors of the 2016 Summer Olympic Games since both mega-events were held in Brazil.

First, this study compares recently enacted Brazilian bribery law, the Clean Companies Act (CCA), with the United States counterpart, the Foreign Corrupt Practices Act (FCPA). This comparison illustrates that the CCA does not require an intent to bribe whereas the FCPA does require that element. However, unlike the FCPA, the CCA covers facilitation payments, which may be common within the Brazilian business culture. Finally, the CCA does not criminalize the bribery activity and only allows for civil penalties like a monetary fine.

Next, the study investigated how the CCA and the FCPA would apply to the sport sponsor companies. Because the event is held in Brazil, the CCA would certainly apply to the Olympic sponsors. The sport sponsors are provided key learnings and recommendations to comply with the laws. An important key learning is the use of a leniency agreement with the investigation unit, the Federal Comptroller General. A cooperative company that ceases the conduct, admits guilt and cooperates with the investigation may mitigate some of the penalties.

Overall, the sport sponsorship industry is a market that grows each year. This increased market may also increase the amount of sport corruption. This emphasis may have led the United Nations to create their compact to illustrate the societal dangers of sport corruption. It has also led to an increase in attention from national legal jurisdictions with much great financial and criminal penalties for corrupt actors.

The third study, *Consumer impressions of sport corruption*, surveys opinions concerning sport corruption. The results reveal that 85.8% of the respondents perceive sport as at least sometimes corrupt with 51.3% anticipate sport becoming even more corrupt five years from now. About a third of the respondents state the corruption has made them less of a sport fan. This information is vital to a sport organization's marketing department in order to maintain or increase the fan avidity levels, which are important to sport sponsors.

The results indicate that a horn effect exists for a sport sponsoring brand of a corrupt sport organization. An objective of sport sponsorship is building or improving a brand image. The negative association with a corrupt sport organization harms this objective. This study provides crisis management recommendations to diminish the potential damage to the sponsor's brand image. The crisis management strategy includes: denial if the corruption is completely separate from the sponsor, apology, and public relations focused education to maintain the brand image and loyalty.

The negative association leads to a lowered purchase intention by the respondents. The results show 52.0% of the consumers would be less likely to purchase a sponsor's product due to the proof or admittance by a sport property of corruption. The sport sponsor's marketing department must take action to prevent this potentially destructive outcome.

The final study, *Corruption impact on sport sponsorship strategy*, investigate sport corruption from a consumer perspective but focuses on a local Finnish football club. The results confirm previous outcomes such as sport is corrupt, a horn effect exists, and the association with a corrupt sport organization leads to a lower purchase intention for sponsors.

However, the results indicate that JJK fans will continue to support JJK sponsors despite the FIFA corruption. This is vital to both JJK and its sponsors so each can be confident in the marketing investment. This outcome provides insulation for local clubs and sponsors against the FIFA corruption. The local teams can provide this research to alleviate concerns from its potential sponsors concerning the corruption associated with FIFA.

Sport sponsors should implement the conclusions of this dissertation to protect its marketing investment against the potential negative impact of sport corruption. First, the sponsors avoid business corruption laws, or deal appropriately with the crisis if it occurs to minimize potential penalties. Next, the sponsors need to realize that a horn effect exists that creates a negative brand image for sponsors associated with sport corruption, which leads to lowered purchase intentions.

## 7.5 Study limitations

This study contained limitations that should be recognized while evaluating and implementing the results. First, although corruption has been arguably prevalent in sport since it began, the application of laws as a means to curtail this behavior is relatively novel. This concept is especially true when dealing with bribery issues by sponsors. There are not many cases of this behavior associated with sport, however, the potential harm associated with this topic may be severe.

The potential legal impact on corrupt sport organizations may not be impacted. In fact, a separate study concluded that the application of a specific bribery law may not have changed the outcome of the prosecution connected to the 2002 Olympic Winter Games (Dodds, 2016). That research concluded that many of the same challenges faced by that prosecution including the legality of passive bribery and a lack of motivation to convict an organization that hosted a mega-event by a local jury still remain now.

Although this dissertation has an international focus, the articles focused on bribery law from the United States and Brazil. The United States focus is because the US's aggressive prosecution that extends its jurisdiction internationally. The Brazil law was featured due to the presence of both FIFA and

Olympic mega-events. As more countries host sport mega-events, the individual law from these jurisdictions must be analyzed to instruct sponsor behavior.

Further, this study focused on bribery law. Many other business laws may be used in sport corruption cases including other fraud law such as mail or internet fraud, money laundering, honest services law, among many others. However, bribery law offers the broadest attempt to regulate corruption.

This study attempted to create recommendations that could be used in sport sponsorships throughout the world. However, there may be situations not contemplated in this analysis that may not fit within these best practices. However, every sport sponsor should utilize its compliance office for the guidance of these issues.

The consumer measurement section contains limitations. First, the studies measure responses from consumers with high fan avidity. This constraint was deemed important since a sport sponsorship most likely connects to this market. However, the impact of corruption in any form may impact consumers from every segment.

The first quantitative study measures responses from sport management college students. These students may not have a long brand association with sponsors nor a long history of product purchases. Therefore, their association with the sponsors may not be as strong as a long-time purchaser from a different segment. Also, demographic comparisons may generate important information for the brands.

The final study measured the impact of corruption on a local football club in Finland. The results indicated a strong connection to the local club and its sponsors. This result may not correlate to other clubs and sponsors due to differences between cultures.

Perhaps the most important limitation of this study is the connection between brand image and future behavior. The respondents indicate *how they feel and how they may* behave in response to the sport corruption scandals. However, the actual behavior may be different. For instance, a respondent may answer that he/she may not financially support a corrupt sponsor, but ultimately may purchase that product anyway.

## 7.6 Avenues for future research

Because the impact of sport corruption is a relatively new focus of academic scrutiny, there are many fertile topics to explore. First, research can compare consumer impressions between different sports and cultures. For instance, how would the results from the Finnish soccer club compare to an Australian rugby club? Are the consumer impressions of sport corruption similar based on nationality or sport?

Also, does time influence consumer's impressions? A co-author and I have begun a project measuring consumer impressions from the 2014 Brazil World



Cup and the 2016 Summer Olympic Games. The two main research questions include forgiveness and changed purchase intentions. Because two years have passed since the sport events were held, it should be informative to find out how consumers view the sponsors, the sport properties and the corruption now.

Next, sport corruption and its impact on sponsors does not seem to be an issue that may end soon. Recently, two high-profile scandals may have international repercussions. First, seven-time Tour de France winner and now disgraced professional cyclist, Lance Armstrong, is facing a legal challenge from a sponsor. From 2000 to 2004, the US Postal Service (USPS) paid US\$32.3 million to sponsor Armstrong's cycling team (Schrotenboer, 2017). Armstrong spent fourteen years deceiving the public, including the seven years where he won the Tour de France before he finally admitted to blood doping and taking performance enhancing drugs like Erythropoietin (EPO) and steroids. This admission created negative publicity for the sponsors, including the USPS. Former teammate and rival, Floyd Landis filed a lawsuit alleging that Armstrong's blood doping and subsequent cover up defrauded the federal government. If the government can prove the USPS sponsorship had a negative impact due to the doping behavior, then it could recover triple its investment (Schrotenboer, 2017). This amount is almost US\$100 million.

Another high-profile claim began on September 25, 2017, the U.S. college basketball world was rocked when federal prosecutors issued criminal complaints against ten men for various organized crimes (*US v. Evans*, 2017; *US v. Gatto*, 2017; *US v. Person*, 2017). Corporate executives, financial advisors, NCAA coaches and high level recruits were implicated in bribery schemes to direct high school players to certain university basketball teams and then to direct college players to designated advisors. The German sportswear company, Adidas, is accused of funneling bribe payments to high school players and their families to secure those player's commitments to attend universities sponsored by that company. Some of the payments are more than US\$100,000. Three Adidas executives (James Gotto, Merl Code and Jonathan Augustine) are charged with wire fraud, bribery, Travel Act violations, money laundering and/or conspiracy offenses and each faces a maximum of 80 years in prison if convicted. This scandal led to the dismissal of many college basketball coaches and administrators. Joon Kim, acting United States Attorney for the Southern District of New York, calls this scheme "a business investment" for Adidas (United States Attorney's Office, 2017). Adidas viewed the high school players as "gold mines" who would produce rewards when the players sign professional contracts (Ditota, 2017). Although the NCAA has faced corruption and rules violations in the past, it is very rare that the activity resulted in criminal charges. While the NCAA is quite restricted in its investigations, the Department of Justice has more investigative resources including the power to subpoena witnesses. This controversy may be far from over as the FBI recently served a subpoena to Nike's Elite Basketball League Division investigating similar schemes.

These two novel approaches may be impactful. If the USPS claim is successful, then the financial penalties associated may be enough to clean up

sport. A trebled damage award reaching US\$100 million would create an incentive for sponsors to police the sport properties. Thus sport corruption could be regulated by the government and the sponsors.

Further, the increased criminal inquiry may change the behavior of the corrupt actors. Regardless, of the measures designed to prevent sport corruption, the lure of money, fame and winning championships leads to unscrupulous behavior. Sport corruption impacts every aspect of sport, including the sponsorships by brands wanting to meet marketing objectives. These brands need to be provided the best research available to protect its investment.

## REFERENCES

- Aaker, D.A., Kumar, V., & Day, G.O. (1995). *Marketing research (5<sup>th</sup> ed.)*. New York, New York: John Wiley & Sons, Inc.
- Aaker, J. L. (1997). Dimensions of brand personality. *Journal of Marketing Research*, 34(3), 347-356.
- Acceptance of a bribe (2002) chapter 40 §1-4 (Finland)
- Abeza, G., & O'Reilly, N. (2013). Relationship marketing and social media in sport. *International Journal of Sport Communication*, 6, 120-142.
- Ahmed, M. & Seddon, M. (2017, April 19). FIFA struggles to win backers for the Russia World Cup. *Financial Times*. Retrieved from: <https://www.ft.com/content/284ff882-236f-11e7-a34a-538b4cb30025>
- Alay, S. (2008). Female consumers' evaluations of sponsorship and their response to sponsorship. *South African Journal for Research in Sport, Physical Education and Recreation*, 30(2), 15-29.
- Alexandris, K. & Tsiotsou, R. (2012). Testing a hierarchy of effects model of sponsorship effectiveness. *Journal of Sport Management*, 26, 363-378.
- Alonso-Dos-Santos, M., Vveinhardt, J., Calabuig-Moreno, F., & Montoro-Rios, F. (2016). Involvement and image transfer in sports sponsorship. *Inzinerine Ekonomika-Engineering Economics*, 27(1), 78-89.
- Ames, J. (2011, June 16). Will bribery become an Olympic sport? *The Times*, p. 69.
- Amis, J.M., & Cornwell, T.B. (2003). *Global sport sponsorship*. Oxford, United Kingdom: Berg.
- Andrew, D., Pedersen, P., & McEvoy, C. (2011). *Research Methods and Design in Sport Management*. Champaign, Illinois: Human Kinetics.
- Associated Press. (2017). FIFA corruption trial reveals secret bribes and death threats. found <https://nypost.com/2017/11/20/fifa-corruption-trial-reveals-secret-bribes-and-death-threats/>
- Bal, C., Quester, P., & Plewa, C. (2009). Event-related emotions: A key metric to assess sponsorship effectiveness. *Journal of Sponsorship*, 2(4), 367-378.
- Barros, C.P., & Silvestre, A.L. (2006). An evaluation of the sponsorship of Euro 2004. *International Journal of Sports Marketing & Sponsorship*, 7, 192-212.
- Batra, R., & Keller, K. (2016). Integrating marketing communications: New findings, new lessons, and new ideas. *Journal of Marketing*, 80, 122-145.
- Bee, C., & Dalakas, V. (2015). Rivalries and sponsor affiliation: Examining the effects of social identity and argument strength on responses to sponsorship-related advertising messages. *Journal of Marketing Communications*, 21(6), 408-424.
- Bee, C., & Kahle, L. (2006). Relationship marketing in sports: A functional approach. *Sport Marketing Quarterly*, 15(2), 102-110.
- Bennett, R. (1999). Sports sponsorship, spectator recall and false consensus. *European Journal of Marketing*, 33, 291-313.

- Bhattacharjee, A., Berman, J.Z., & Reed, A. (2013). Tip of the hat, wag of the finger: How moral decoupling enables consumers to admire and admonish. *Journal of Consumer Research*, 39(6), 1167-1184.
- Biscaia, R., Correia, A., Rosado, A. F., Ross, S., & Maroco, J. (2013). Sport Sponsorship: The relationship between team loyalty, sponsorship awareness, attitude toward the sponsor, and purchase intentions. *Journal of Sport Management*, 27(4), 288-302
- Blackshaw, I. (2013). New sports law: an end to corruption? *Radio Netherlands Worldwide*, from <http://www.rnw.nl/international-justice/article/new-sports-law-end-corruption>
- Blake, H. & Calvert, J. (2015). *The ugly game: The corruption of FIFA and the Qatari plot to buy The World Cup*. New York, New York: Scribner.
- Blatter v. FIFA* (CAS 2016/A/4501)
- Bonime-Blanc, A. (2014). What companies must know about global anti-corruption laws. *SportsBusiness Journal*, from <http://www.sportsbusinessdaily.com/Journal/Issues/2014/01/27/Opinion/Andrea-Bonime-Blanc.aspx>
- Bowen, G. A. (2009). Document analysis as a qualitative research method. *Qualitative Research Journal*, (9)2, 27-40.
- Branco, M.C., & Delgado, C. (2012). Business, social responsibility, and corruption. *Journal of Public Affairs*, 12(4), 357-365.
- Brannagan, P.M., & Rookwood, J. (2016). Sports mega-events, soft power and soft disempowerment: international supporters' perspectives on Qatar's acquisition of the 2022 FIFA World Cup finals. *International Journal of Sport Policy and Politics*, 8(2), 173-188.
- Bribery Act (2010) chapter 23 (United Kingdom)
- Bribery and Aggravated Bribery (2002, 1998) chapter 16 § 13-14(a) (Finland)
- Bribery in business and Acceptance of a bribe in business (1990, 2002) chapter 30 § 7-8 (Finland)
- Brooks, G., Aleen, A., & Button, M. (2013). *Fraud, corruption and sport*. New York, NY: Palgrave Macmillian.
- Brown, H. & Lowell. (1994). The Foreign Corrupt Practices Act redux: The anti-bribery provisions of the Foreign Corrupt Practices Act. *Berkeley Journal of International Law*, 12(2), 260-290.
- Brzezinski, M. (2010, May 28). Obama administration gets tough on business corruption overseas. *Washington Post*, pp. A23.
- Bughin, J., Shenkan, A., & Singer, M. (2008). How poor metrics undermine digital marketing. *The McKinsey Quarterly*, October, 1-5.
- Buhler, A., & Nufer, G. (2010). *Relationship Marketing in Sports*, Oxford, UK: Butterworth-Heinemann.
- Buraimo, B., Migali, G., & Simmons, R. (2016). An analysis of consumer response to corruption: Italy's *Calciopoli* scandal. *Oxford Bulletin of Economics and Statistics*, 78(1), 22-41.

- Carlson, B.D. & Donovan, T. (2008). Concerning the effects of athlete's endorsement on brand and team-related intentions. *Sport Marketing Quarterly*, 17(3), 154-162.
- Carpenter, K. (2012). Match-fixing- The biggest threat to sport in the 21<sup>st</sup> century? *International Sports Law Review*, 2, 13-24.
- Carrillat, F., Lafferty, B., & Harris, E. (2005). Investigating sponsorship effectiveness: Do less familiar brands have an advantage over more familiar brands in single and multiple sponsorship agreements? *Brand Management*, 13(1), 50-64.
- Cateora, P., Gilly, M.C., & Graham, J.L. (2013). *International marketing (16<sup>th</sup> ed.)*. New York, NY: McGraw-Hill / Irwin.
- Cazalais, S. (2008). The sponsorship insight model. *Sponsorship Marketing Council of Canada*. pp. 1-6
- Chadwick, S. (2014). Still to be fixed: corruption posing new challenges for sport business researchers. *Sport, Business and Management: An International Journal*, 4(1), (n.p.).
- Chaffey, D. & Smith, P.R. (2013). *Emarketing Excellence*. New York, NY: Routledge.
- Chapman, T. (2013). New route to fun and profit. *The Lawyer*, Retrieved November 22, 2013, from <http://www.thelawyer.com/analysis/opinion/new-route-to-fun-and-profit/3008214.article>
- Chien, P.M., Kelly, S.J., & Weeks, C. (2016). Sport scandal and sponsorship decisions: Team identification matters. *Journal of Sport Management*, 30, 490-505.
- Chow, D. (2012). The Interplay Between China's Bribery Laws and the Foreign Corrupt Practices Act. *Ohio State Law Journal*, 7(5), 1015-1037.
- Clark, J., Lachowetz, T., Irwin, R.L., & Schimmel, K. (2003). Business-to-Business relationships and sport: Using sponsorship as a critical sales event. *International Journal of Sports Marketing & Sponsorship*, June/July, 129-144.
- Clean Company Act, No. 12,846/2013 (Brazil)
- Close, A. G. & Lacey, R. (2013). Fit matters? Asymmetrical impact for effectiveness on sponsors and event marketers. *Sports Marketing Quarterly*, 22, 71-82.
- Cohen, D., & Crabtree, B. (2006). Qualitative research guidelines project. Robert Wood Johnson Foundation. Retrieved from: <http://www.qualres.org/HomeCase-3591.html>
- Collett, P. (2008). Sponsorship-related hospitality: Planning for measurable success. *Journal of Sponsorship*, 1(3), 286-296.
- Connolly, K.P., & Connolly, A. (2014). Business-to-business event sponsorship: Generating value through strategy and metrics. *Journal of Brand Strategy*, 3(1), 51-58.

- Connor, J., & Mazanov, J. (2010). The inevitability of scandal: lessons for sponsors and administrators. *International Journal of Sports Marketing & Sponsorship*, 11(3), 212-220.
- Copeland, R., Frisby, W. & McCarville, R. (1996). Understanding the sport sponsorship process from a corporate perspective. *Journal of Sport Management*, 10(1), 32-48.
- Cornwell, T.B., Roy, D.P. & Steinar II, E.A. (2001) Exploring Managers' Perceptions of the Impact of Sponsorship on Brand Equity, *Journal of Advertising*, 30(2), 41-51.
- Cornwell, T.B., Weeks, C.S., & Roy, D.P. (2005). Sponsorship-linked marketing: Opening the black box. *Journal of Advertising*, 34(2), 21-42.
- Corruption of Foreign Public Officials Act, S.C. 1998, ch. 34 (Canada)
- Crompton, J. (2004). Conceptualization and alternate operationalizations of the measurement of sponsorship effectiveness in sport. *Leisure Studies*, 23, 267-281.
- Crompton, J. (2014). Potential negative outcomes from sponsorship for a sport property. *Managing Leisure*, 19(6), 420-441.
- Criminal Division of the U.S. Department of Justice and the Enforcement Division of the U.S. Securities and Exchange Commission. (2012). *A resource guide to the U.S. Foreign Corrupt Practices Act*. Retrieved November 5, 2013, from <http://www.justice.gov/criminal/fraud/fcpa>
- Cuervo-Cazurra, A. (2016). Corruption in international business. *Journal of World Business*, 51, 35-49.
- Dalakas, V. & Levin, A. (2005). The balance theory domino: How sponsorships may elicit negative consumer attitudes. In G. Menon, & A.R. Rao (Eds.) *NA-Advances in Consumer Research*, 32, 91-97.
- Davis, J.H., & Ruhe, J.A. (2003). Perceptions of country corruption: Antecedents and outcomes. *Journal of Business Ethics*, 43(4), 275-288.
- Day, H. (2010). Editorial: Choosing well, making an impact and then moving on. *Journal of Sponsorship*, 4(1), 4-6.
- Day, H. (2011). Editorial: How to avoid sponsorship and hospitality becoming forms of bribery. *Journal of Sponsorship*, 4(2), 100-104.
- Dees, W. (2011). New media and technology use in corporate sport sponsorship: performing activation leverage from an exchange perspective. *International Journal of Sport Management and Marketing*, 10(3/4), 272-285.
- Dees, W., Bennett, G., & Ferreira, M. (2010). Personality fit in NASCAR: An evaluation of driver-sponsor congruence and its impact on sponsorship effectiveness outcomes. *Sport Marketing Quarterly*, 19(1), 25-35.
- Dees, W., Bennett, G., & Villegas, J. (2008). Measuring the effectiveness of sponsorship of an elite intercollegiate football program. *Sport Marketing Quarterly*, 17(2), 79-89.
- DeGaris, L. (2015). *Sports marketing: A practical approach*. New York, NY: Routledge.
- DeGaris, L., Dodds, M., & Reese, J. (2015). A data-driven approach to sponsorship planning: The case of baseball in the US. In Chanavat, N.,

- Chadwick, S. & Desbordes, M. (Eds.), *Handbook for sport marketing*. Abington, UK: Routledge.
- DeGaris, L. & West, C. (2013). The effects of sponsorship activation on the sales of a major soft drink brand. *Journal of Brand Strategy*, 1(4), 403-412.
- DeGaris, L., West, C., & Dodds, M. (2009). Leveraging and activating NASCAR sponsorships with NASCAR-linked sales promotions. *Journal of Sponsorship*, 3(1), 88-97.
- De Graaf, M. (2015, June 14). US authorities investigating \$160 million deal between Nike and Brazil in 1996 as 'possible evidence of corruption' amid FIFA probe. *DailyMail.com*, from <http://www.dailymail.co.uk/news/article-3122398/U-S-probes-Nike-payments-Brazil-soccer-deal-WSJ.html>
- Deshpande, R. (1983). "Paradigms Lost": On theory and methods in research in marketing. *Journal of Marketing*, 47(Fall), 101-110.
- Dess, G., Gupta, A., Hennart, J., & Hill, C. (2001). Conducting and integrating strategy research at the international, corporate and business levels: issues and directions. *Journal of Management*, 21(3), 357-393.
- Dietl, H. & Weingärtner, C. (2014). Betting scandals and attenuated property rights: how betting-related match-fixing can be prevented in future. *The International Sports Law Journal*, 14(1-2), 128-137.
- Ditota, D. (2017, Sept. 26). Cash, Vegas and shoe companies: 9 things we learned from FBI's college hoops case. *Syracuse Post-Standard*. Retrieved from [http://www.syracuse.com/orangebasketball/index.ssf/2017/09/what\\_we\\_learned\\_from\\_the\\_federal\\_investigation\\_into\\_college\\_basketball.html](http://www.syracuse.com/orangebasketball/index.ssf/2017/09/what_we_learned_from_the_federal_investigation_into_college_basketball.html)
- Dodds, M. (2010). Show car activation: a practitioner's recommendation for increasing brand equity. *International Journal of Sport Management and Marketing*, 8(1/2), 49-56.
- Dodds, M. (2017). Consumer impressions of sport corruption. *Sports Management International Journal Choregia*, 13(2), 1-16.
- Dodds, M. (2016). Revisiting the Salt Lake City Olympic scandal: Would the outcome be different today? *Sports Management International Journal Choregia*, 12(1), 1-14.
- Dodds, M. & DeGaris, L. (2011). Using Mobile Marketing to Engage NASCAR Fans and Increase Sales. *Sport Management International Journal Choregia*, 7(1), 63-75.
- Dodds, M., DeGaris, L., & Perricone, D. (2014). The influence of gender on baseball sponsorship activation tactics, *Journal of Brand Strategy*, 3(1), 71-79.
- Dodds, M. & Gorse, S. (2015). *The appearance of corruption: Nike's influence on USA Track and Field and its impact on athlete's rights*. Poster presented at: Sport and Recreation Law Association Conference, Charlotte, NC
- Doherty, A. (2013). Investing in sport management: The value of good theory. *Sport Management Review*, 16(1), 5-11.
- Donlan, L.K. (2013). The role of brand knowledge in determining sponsorship effectiveness. *Journal of Promotion Management*, 19(2), 241-264.

- Dungan, J., Waytz., A., Young, L. (2014). Corruption in the context of moral trade-offs. *Journal of Interdisciplinary Economics*, 26(1&2), 97-118.
- dw.com (2015, March 22). Germany's Bilfinger announces probe into possible Brazil 2014 World Cup bribes. *Reuters*. Retrieved from: <http://www.dw.com/en/germanys-bilfinger-announces-probe-into-possible-brazil-2014-world-cup-bribes/a-18333176>
- Economist. (2017, June 15). One year before the World Cup, FIFA is shunned by sponsors. *Economist.com*. Retrieved from: <https://www.economist.com/news/business/21723430-it-recently-replaced-officials-serving-its-ethics-committee-one-year-world-cup>
- Farrelly, F., Quester, P., & Burton, R. (1997). Integrating sports sponsorship into the corporate marketing function: an international comparative study. *International Marketing Review*, 14(3), 170-182.
- Farrelly, F., & Quester, P. (1997). The value of Olympic sponsorship: Who is capturing the gold? *Journal of Market-Focused Management*, 2(2), 171-182.
- Farrelly, F., & Quester, P. (2003). The effects of market orientation on trust and commitment: The case of the sponsorship business-to-business relationship. *European Journal of Marketing*, 37(3/4), 530-553.
- Feast, S. (2011). There's no such thing as a free lunch. *Credit Management*, May 2011, 4.
- Fink, J. (2013). Theory development in sport management: My experience and other considerations. *Sport Management Review*. 16(1), 17-21.
- Fink, J., Parker, H., Brett, M., & Higgins, J. (2009). Off-field behavior of athletes and team identification: Using social identity theory and balance theory to explain fan reactions. *Journal of Sport Management*, 23(2), 142-155.
- Firestone, T. (2013). New Russia law goes beyond FCPA, Bribery Act. *The FCPA Blog*, from <http://www.fcpablog.com/blog/2013/3/5/new-russia-law-goes-beyond-fcpa-bribery-act.html>
- Fisman, R. & Golden, M. (2017). *Corruption: What everyone needs to know*. New York, NY: Oxford University Press.
- Foreign Corrupt Practices Act (FCPA), 15 U.S.C. §§ 78dd-1, 78dd-2, 78m (US)
- Fortunato, J.A. (2017). The FIFA crisis: Examining sponsor response options. *Journal of Contingencies and Crisis Management*, 25(2), 68-78.
- Foy, P. (2003, December 5). Judge toss Salt Lake bribery case. *USAToday*. Retrieved from: [https://usatoday30.usatoday.com/sports/olympics/winter/2003-12-05-bribery-trial\\_x.htm](https://usatoday30.usatoday.com/sports/olympics/winter/2003-12-05-bribery-trial_x.htm)
- Gorse, S., & Chadwick, S. (2010). Conceptualising corruption in sport: Implications for sponsorship programmes. *The European Business Review*, July/August, (n.p.).
- Grey, A., & Skildum-Reid, K. (2001). *The Sponsor's Toolkit*. North Ryde, NSW, AU: McGraw-Hill Australia.
- Grimes, E. & Meenaghan, T. (1998). Focusing commercial sponsorship on the internal corporate audience, *International Journal of Advertising*, 17(1), 51-74.



- Grönroos, C. (2004). The relationship marketing process: Communication, interaction, dialogue, value. *Journal of Business and Industrial Marketing*, 19(2), 99-113.
- Gross, B. Personal Communication August 12, 2014.
- Gross, P., & Wiedmann, K.P. (2015). The vigor of a disregarded ally in sponsorship: Brand image transfer effects arising from a cosponsor. *Psychology & Marketing*, 32(11), 1079-1097.
- Gwinner, K.P. (1997). A model of image creation and image transfer in event sponsorship. *International Marketing Review*, 14(3), 145-158.
- Gwinner, K.P., & Eaton, J. (1999). Building brand image through event sponsorship: The role of image transfer. *Journal of Advertising*, 28(4), 47-57.
- Gwinner, K.P., Larson, B.V., & Swanson, S.R. (2009). Image transfer in corporate event sponsorship: Assessing the impact of team identification and event-sponsor fit. *International Journal of Management and Marketing Research*, 2(1), 1-15.
- Hall, B. (1999, January 25). IOC recommends expulsion of six members over scandal: Olympic Games chiefs set up ethics watchdog in wake of Salt Lake City bribery and corruption allegations. *Financial Times*. Retrieved from [http://go.galegroup.com/ps/i.do?id=GALE%7CA58277913andv=2.1andu=nysl\\_sc\\_cortlandandit=r andp=AONEandsw=wandasid=054c1f757c8fc962825614837ecad695](http://go.galegroup.com/ps/i.do?id=GALE%7CA58277913andv=2.1andu=nysl_sc_cortlandandit=r andp=AONEandsw=wandasid=054c1f757c8fc962825614837ecad695)
- Harrington, A. (2012). The Bribery Act- one year on. *Financial Management*, 41(3), 50-53.
- Hatfield, A. (2011). Sponsorships: The old new way to advertise. *Archery Business*, 36(5), 18-19.
- Heitner, D. (2017, March 8). NFL sponsorship soars to \$1.25 billion, up 4.3% year-over-year. *Forbes*. Retrieved from: <https://www.forbes.com/sites/darrenheitner/2017/03/08/nfl-sponsorship-soars-to-1-25-billion-up-4-3-year-over-year/#22388eb621b1>
- Hennig-Thurau, T., Gwinner, K.P., & Gremier, D. D. (2002). Understanding relationship marketing outcomes. *Journal of Service Research*, 4(3), 230-247.
- Herndon, N. (2015, June 6). How will the FIFA scandal impact the world's most popular video game? Retrieved from: <http://www.forbes.com/sites/archenemy/2015/06/06/fifa-scandal-and-the-best-selling-video-game/#3cf1d3e3c40e>
- Herrmann, J.L., Kacha, M., & Derbaix, C. (2016). "I support your team, support me in turn!" The driving role of consumers' affiliation with the sponsored entity in explaining behavioral effects of sport sponsorship leveraging activities. *Journal of Business Research*, 69(2), 604-612.
- Hicks, L. (2014). Informed consent. In *CITI- Collaborative Institutional Training Initiative*. Retrieved from: <https://www.citiprogram.org/members/index.cfm?pageID=805&intModuleID=504>.
- Hicks, L. (2015). The Federal regulations- SBE. In *CITI- Collaborative Institutional Training Initiative*. Retrieved from:

- <https://www.citiprogram.org/members/index.cfm?pageID=805&intModuleID=502>.
- Hicks, L., & Simmerling, M. (2016). International research- In *CITI- Collaborative Institutional Training Initiative*. Retrieved from: <https://www.citiprogram.org/members/index.cfm?pageID=805&intModuleID=509>.
- Hill, D. (2010). A critical mass of corruption: why some football leagues have more match-fixing than others. *International Journal of Sports Marketing & Sponsorship*, April, 221-235.
- Horowitz, S. (2014). Does sports marketing work? How is it measured? *Journal of Brand Strategy*, 3(1), 41-50.
- Huber, M.F. (2016, Mar 9). Should we hold corporate sponsors responsible for corruption scandals? *Outside Online*, from <https://www.outsideonline.com/2061026/should-we-hold-corporate-sponsors-responsible-corruption-scandals>
- Hughes, S., & Shank, M. (2005). Defining scandal in sports: Media and corporate sponsor perspectives. *Sport Marketing Quarterly*, 14(4), 207-216.
- Hwang, G. (2016). Understanding sport corruption: An examination of people's perceptions toward corruption. *Psychology Research*, 6(4), 250-257.
- IEG Sponsorship Report (2017). Sponsorship Spending Forecast: Continued Growth Around The World. *International Events Group*, found <http://www.sponsorship.com/IEGSR/2017/01/04/Sponsorship-Spending-Forecast--Continued-Growth-Ar.aspx>
- Ingle, S. (2016, May 11). Tokyo Olympic Games corruption claims bring scandal back to the IOC. *The Guardian*, found <https://www.theguardian.com/sport/2016/may/11/tokyo-olympic-games-2020-ioc-international-olympic-committee-corruption-bid-scandal>
- Ingle, S. (2017, Sept. 7). Familiar whiff of corruption continues to taint Olympic Games. *The Guardian*, found <https://www.theguardian.com/sport/2017/sep/07/corruption-olympic-movement-ioc>
- International Anti-Bribery and Fair Competition Act of 1998, Pub. L. 105-366, 112 Stat. 3302 (1998).
- International Olympic Committee. (2017). Olympic marketing fact file 2017 edition. *International Olympic Committee*. found <https://stillmed.olympic.org/media/Document%20Library/OlympicOrg/Documents/IOC-Marketing-and-Broadcasting-General-Files/Olympic-Marketing-Fact-File-2016.pdf>
- Lobo, A., Meyer, D., & Chester, Y. (2014). Evaluating consumer response associated with sponsorship of major sporting events in Australia. *Sport, Business and Management: An International Journal*, 4(1), 52-70.
- Ionescu, L. (2015). The economics of corruption in professional sport. *Economics, Management, and Financial Markets*, 10(2), 109-114.

- Irwin, R.L., & Asimakopoulos, M. (1992). An approach to the evaluation and selection of sport sponsorship proposals. *Sport Marketing Quarterly*, 1(2), 43-51.
- Jaeger, J. (2013). Canada Enhances Its Anti-Bribery Law. *Compliance Week*, from <http://www.complianceweek.com/blogs/enforcement-action/canada-enhances-its-anti-bribery-law#.U850xrGTD04>
- Jennings, A., & Sambrook, C. (2000). *The great Olympic swindle*. London, UK: Simon and Schuster UK Ltd.
- Jensen, J.A. & Cornwell, T.B. (2017). Why do marketing relationships end? Findings from an integrated model of sport sponsorship decision-making. *Journal of Sport Management*, 31(4), 401-418.
- Jones, K. (2013). Labor: Anti-bribery crackdown is a wake-up call for U.S. companies in China. *Inside Counsel*, from <http://www.insidecounsel.com/2013/09/09/labor-anti-bribery-crackdown-is-a-wake-up-call-for>
- Kaikati, J. & Label, W. (1980). American bribery legislation: An obstacle to international marketing. *Journal of Marketing*, 44(4), 38-43.
- Keidel, C. (2017, September 14). A guide to Germany's new criminal law against betting fraud and match-fixing in sports. LawInSport. Retrieved from <https://www.lawinsport.com/topics/sports/item/a-guide-to-germany-s-new-criminal-law-against-betting-fraud-and-match-fixing-in-sports>
- Kelly, S.J., Ireland, M., Managan, J., & Williamson, H. (2016). It works two ways: Impacts of sponsorship alliance upon sport and sponsors image. *Sport Marketing Quarterly*, 25, 241-259.
- Kihl, L., Skinner, J. & Engelberg, T. (2016). Corruption in sport: understanding the complexity of corruption. *European Sport Management Quarterly*, 17(1), 1-5.
- Kim, Y. & Na, J. (2007). Effects of celebrity athlete endorsement on attitude towards the product: The role of credibility, attractiveness and the concept of congruence. *International Journal of Sports Marketing & Sponsorship*, 8(4), 23-33.
- Kinney, L., & McDaniel, S. (2004). American consumer attitudes toward corporate sponsorship of sporting events. In L. Kahle and C. Riley *Sports Marketing and the Psychology of Marketing Communication*. Mahwah, NJ: Lawrence Erlbaum Associates.
- Köbis, N.C., van Prooijen, J.W., Righetti, F. & Van Lange, P.A.M. (2017). The road to bribery and corruption: Slippery slope or steep cliff? *Psychological Science*, 28(3), 297-306.
- Koronios, K., Psiloutsikou, M., Kriemadis, A., Zervoulakos, P., & Leivaditi, E. (2016). Sport sponsorship: The impact of sponsor image on purchase intention of fans. *Journal of Promotion Management*, 22(2), 238-250.
- Kulczycki, W., & Koenigstorfer J. (2016). Why sponsors should worry about corruption as a mega sport event syndrome. *European Sport Management Quarterly*, 16(5), 545-574.

- Kuo, J. (2013). Anti-bribery crackdowns in China: How will U.S. companies react? *Nerdwallet investing*, from <http://www.nerdwallet.com/blog/investing/2013/briberycrackdownchina/>
- Kuzma, J., Veltri, F., Kuzma, A., & Miller, J. (2003). Negative corporate sponsor information: The impact on consumer attitudes and purchase intentions. *International Sports Journal, Summer*, 140-147.
- LaPointe, P. (2013). The dark corners where research strategies hide: Throwing light at the intersection of the new and the old. *Journal of Advertising Research*, 53(1), 9-10.
- Lawson, H.A. (1990). Beyond positivism: Research, practice, and undergraduate professional education. *Quest*, 42, 161-183.
- Lee, C., Bang, H. & Lee, D. (2013). Regaining fans' trust after negative incidents: Fit between Responses and Nature of Incidents. *Sport Marketing Quarterly*, 22, 235-245.
- Lee, D., Trail, G., Lee, C., & Schoenstedt, L.J. (2013). Exploring factors that affect purchase intention of athletic team merchandise. *Journal of Research*, 8(1), 40-48.
- Lee, H.S., & Cho, C.H. (2009). The matching effect of brand and sporting event personality: Sponsorship implications. *Journal of Sport Management*, 23(1), 41-64.
- Li, M., Pitts, B., & Quarterman, J. (2008). *Research Methods in Sport Management*. Morgantown, West Virginia: Fitness Information Technology.
- Liao, S., Chen, J., & Hsu, T. (2009). Ontology-based data mining approach implemented for sport marketing. *Expert Systems with Applications*, 36, 11045-11056.
- Lough, N., & Irwin, R. (2001). A comparative analysis of sponsorship objectives for U.S. women's sport and traditional sport sponsorship. *Sport Marketing Quarterly*, 10(4), 202-11.
- Lough, N., Pharr, J., & Owen, J.O. (2014). Runner identity and sponsorship: Evaluating the Rock 'n' Roll Marathon. *Sport Marketing Quarterly*, 23, 198-211.
- Low, L. & Trenkle, T. (1999). U.S. antibribery law goes global. *Business Law Today*, July/ August, Retrieved September 30, 2013, from <http://apps.americanbar.org/buslaw/blt/8-6antibribery.html>
- Lynde, T. (2007). *Sponsorships 101*. Mableton, GA: Lynde & Associates.
- Madrigal, R. (2001). Social identity effects in a belief-attitude-intentions hierarchy: Implications for corporate sponsorship. *Psychology and Marketing*, 18(2), 95-122.
- Maennig, W. (2005). Corruption in International Sports and Sport Management: Forms, tendencies, extent and countermeasures. *European Sport Management Quarterly*, 5(2), 187-225.
- Malhotra, N.K., & Banks, D.F. (2007). Survey and quantitative observation techniques. In *Market Research: An Applied Approach*. Upper Saddle River, NJ: Pearson/Prentice Hall.

- Mallon, B. (2000). The Olympic Bribery Scandal. *Journal of Olympic History*, 8(2), 11-27.
- Manfred, T. (2015, March 20). FIFA made an insane amount of money off of Brazil's \$15 billion World Cup. *Business Insider*. Found <http://www.businessinsider.com/fifa-brazil-world-cup-revenue-2015-3>
- Margolis, A. (2000). All that glisters... *Financial Management*, Sept. 2000. 30-31.
- Mason, D. (1999). What is the sport product and who buys it? The marketing of professional sports leagues. *European Journal of Marketing*, 33(3/4), 402-418.
- Mason, D., Thibault, L., & Misener, L. (2006). An agency theory perspective on corruption in sport: The case of the International Olympic Committee. *Journal of Sport Management*, 20(1), 52-73.
- Masterman, G. (2007). *Sponsorship for a return on investment*. Oxford, UK: Butterworth-Heinemann.
- Matthews, C.M., Viswanatha, A., & Flint, J. (2016, April 17). U.S. considers role of banks, sponsors in soccer bribery probe. *The Wall Street Journal*, found <https://www.wsj.com/articles/u-s-considers-role-of-banks-sponsors-in-soccer-bribery-probe-1460937132>
- Mayo, D. & Bishop, T. (2010). Fixed rights to activation ratios can harm sponsorship ROI. *Journal of Sponsorship*, 4(1), 9-14.
- McDonald, C. (1991). Sponsorship and the image of the sponsor. *European Journal of Marketing*, 25(11), 31-38.
- McQuarrie, E.F. (2006). *The market research toolbox: A concise guide for beginners* (2<sup>nd</sup>. ed.). Thousand Oaks, CA: Sage Publications.
- Meenaghan, J.A. (1983). Commercial sponsorship. *European Journal of Marketing*, 17(7), 5-73.
- Meenaghan, T. (1991). The role of sponsorship in the marketing communications mix. *International Journal of Advertising*, 10(1), 35-47.
- Meenaghan, T. (1998). Current developments & future directions in sponsorship. *International Journal of Advertising*, 17, 29-49.
- Meenaghan, T. (2001). Sponsorship and advertising: A comparison of consumer perceptions. *Psychology & Marketing*, 18(2), 191-215.
- Meenaghan, T. (2013). Measuring sponsorship performance: challenge and direction. *Psychology & Marketing*, 30(5), 385-393.
- Meenaghan, T. & O'Sullivan, P. (1999). Playpower- sports meets marketing. *European Journal of Marketing*, 33(3/4), 241-249.
- Miller, M. & Barbash, F. (2015, May 27). U.S. indicts world soccer officials in alleged \$150 million FIFA bribery scandal. *The Washington Post*. From [https://www.washingtonpost.com/news/morning-mix/wp/2015/05/27/top-fifa-officials-arrested-in-international-soccer-corruption-investigation-according-to-reports/?utm\\_term=.1b0de1c481d5](https://www.washingtonpost.com/news/morning-mix/wp/2015/05/27/top-fifa-officials-arrested-in-international-soccer-corruption-investigation-according-to-reports/?utm_term=.1b0de1c481d5)
- Mintzberg, H. (1994). *The rise and fall of strategic planning*. Harlow, Essex. Prentice Hall Europe.
- Mirabi, V., Akbariyeh, H., & Tahmasebifard, H. (2015). A study of factors affecting on customers purchase intention. Case study: the agencies of

- Bono brand tile in Tehran. *Journal of Multidisciplinary Engineering Science and Technology*, 2(1), 267-273.
- Moorman, A. & Grady, J. (2011). Legal Research. In D. Andrew, P. Pedersen & C. McAvoy (Eds.). *Research methods and design in sport management*. Champaign, IL: Human Kinetics.
- Morrison, M., Huys, M. & Dixon, M. (2013). Mid-year review of anti-corruption law north of the 49<sup>th</sup> parallel. *FCPA Professor*, from <http://www.fcpaprofessor.com/mid-year-review-of-anti-corruption-law-north-of-the-49th-parallel>
- Morse, A. & McAvoy, C. (2014). Qualitative research in sport management: Case study as a methodological approach. *The Qualitative Report*, 19(31), 1-13.
- Mullin, B.J., Hardy, S., & Sutton, W.A. (2014). *Sport Marketing (4<sup>th</sup> Ed.)*. Champaign, IL: Human Kinetics.
- Myung-Soo, L., Sandler, D.M. & Shani, D. (1997). Attitudinal constructs towards sponsorship. *International Marketing Review*, 14(3), 159-169.
- Negash, S. (2004). Business intelligence. *Communications of the Association for Information Systems*, 13, 177-195.
- Niven, K., & Heady, C. (2016). Susceptibility to the 'Dark Side' of goal-setting: Does moral justification influence the effect of goals on unethical behavior? *Journal of Business Ethics*, 137, 115-127.
- Novais, M. A., & Arcodia, C. (2013). Measuring the effects of event sponsorship: Theoretical frameworks and image transfer models, *Journal of Travel & Tourism Marketing*, 30, 308-334.
- O'Reilly, N. & Horning, D.L. (2013). Leveraging sponsorship: The activation ratio. *Sport Management Review*, 16(4), 424-437.
- Organization of American States [OAS]. What is the MESICIC? Retrieved November 7, 2013, from [http://www.oas.org/juridico/english/mesicic\\_intro\\_en.htm](http://www.oas.org/juridico/english/mesicic_intro_en.htm)
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Retrieved on November 7, 2013, from <http://www.oecd.org/corruption/oecdantibriberyconvention.htm>
- Palmer, E., Choy, K., & Yiu, J. (2013). A new player in town: domestic anti-bribery enforcement by China. *Lexology*, from <http://www.lexology.com/library/detail.aspx?g=97715543-ae6a-4239-abe4-7f8ee871e641>
- Panja, T. (2017, Nov. 28). As sponsors shy away, FIFA faces World Cup shortfall. *The New York Times*. Retrieved from: <https://www.nytimes.com/2017/11/28/sports/soccer/world-cup-sponsors-russia-2018.html>
- Papadimitriou, D., & Kaplanidou, K. (2016). Sport event-sponsor fit and its effects on sponsor purchase intentions: a non-consumer perspective among athletes, volunteers and spectators. *Journal of Business & Industrial Marketing*, 31(2), 247-259.

- Pappu, R., & Cornwell, T.B. (2014). Corporate sponsorship as an image platform: understanding the roles of relationship fit and sponsor-sponsee similarity. *Journal of the Academy of Marketing Science*, 42(5), 490-515.
- Patton, M.Q. (2001). *Qualitative evaluation and research methods* (3rd ed.). Newbury Park, CA: Sage Publications.
- Parker, H.M., & Fink, J.S. (2010). Negative sponsor behaviour, team response and how this impacts fans attitudes. *International Journal of Sports Marketing & Sponsorship*, 11, 200-211.
- People's Republic of China Criminal Code, Articles 389-95 (China)
- Prendergast, G., Paliwal, A., & Mazodier, M. (2016). The hidden factors behind sponsorship and image transfer: Considerations for bilateral image transfer among sponsors and events. *Journal of Advertising Research*, 56(2), 132-135.
- Preuss, H. & Alfs, C. (2011). Signaling through the 2008 Beijing Olympics- using mega sport events to change the perception and image of the host. *European Sport Management Quarterly*, 11(1), 55-71.
- Quashie, A. & Kenyon, W. (2013). Bribery act – Will you act now or pay later? *PwC*, from <http://www.pwc.co.uk/forensic-services/publications/act-now-or-pay-later-uk-bribery-bill-white-paper.jhtml>
- Rabl, T., & Kühlmann, T.M. (2008). Understanding corruption in organizations- Development and empirical assessment of an action model. *Journal of Business Ethics*, 82, 477-496.
- Rasku, R., & Turco, D.M. (2017). Sport business intelligence and the WRC event. In Dodds, M., Heisey, K., & Ahonen, A. (Eds.) *Routledge Handbook of International Sport Business* (pp.15-25). London, UK: Routledge.
- Ratten, V. (2015). The dynamics of sport marketing: Suggestions for marketing intelligence and planning. *Marketing Intelligence & Planning*, 34(2), 2016.
- Rautianinen, A. (2015, Nov. 5). Case research. [Powerpoint Slides]
- Rein, I., Shields, B., & Grossman, A. (2014). *The sports strategist*. New York, NY: Oxford University Press.
- Rising, D. (2013). Wathdog (sic): Anti-bribery rules not being enforced. Associated Press. Retrieved October 8, 2013, from <http://abcnews.go.com/International/wireStory/wathdog-anti-bribery-rules-enforced-20502034>
- Roberts, S., Chadwick, S., & Anagnostopoulos, C. (2017). Sponsorship programmes and corruption in sport: management responses to a growing threat. *Journal of Strategic Marketing*, 1-18.
- Rose-Ackerman, S. (2002). "Grand" corruption and the ethics of global business. *Journal of Banking & Finance*, 26(9), 1889-1918.
- Roy, D.P., & Cornwell, T.B. (2003). Brand equity's influence on responses to event sponsorships. *Journal of Product and Brand Management*, 12, 377-393.
- Rudd, A. & Johnson, R. B. (2010). A call for more mixed methods in sport management research. *Sport Management Review*, 13, 14-24.
- Russian Anti-corruption Federal Law No. 273-FZ (Russia)

- Salbu, S. (1999). The Foreign Corrupt Practices Act as a threat to global harmony, *Michigan Journal of International Law*, 20, 419.
- Sale, C. (2017, April 24). FIFA heading for sponsorship crisis ahead of 2018 World Cup after massive £289m loss in 2016. *Dailymail.com*, Retrieved from: <http://www.dailymail.co.uk/sport/football/article-4441630/FIFA-heads-sponsorship-crisis-ahead-2018-World-Cup.html>
- Samaha, S.A., Beck, J.T., Palmatier, R.W. (2014). The role of culture in international relationship marketing. *Journal of Marketing*, 78(5), 78-98.
- Santomier, J. (2008). New media, branding and global sports sponsorship. *International Journal of Sports Marketing & Sponsorship*, October, 15-28.
- Schelling, T.C. (1978). *Micromotives and Macrobehavior*. New York, NY: W.W. Norton & Company.
- Schlesinger, T. & Gungerich, M. (2011). Analysing sport sponsorship effectiveness- the influence of fan identification, credibility and product-involvement. *International Journal of Sport Management and Marketing*, 9(1/2), 54-74.
- Scott, J., Gilliard, D. & Scott, R. (2002). Eliminating bribery as a transactional marketing strategy, *International Journal of Commerce & Management*, 12(1), 1-17.
- Scrottenboer, B. (2017, June 13). Lance Armstrong battles government over experts as trial looms. *USAToday*. Retrieved from: <https://www.usatoday.com/story/sports/2017/06/13/lance-armstrong-battles-government-over-experts-trial-looms/102802500/>
- SEC.gov. (2015, May 20). SEC charges BHP Billiton with violating FCPA at Olympic Games. Retrieved from: <https://www.sec.gov/news/pressrelease/2015-93.html>
- Securities and Exchange Commission v. Weatherford International Ltd.*, case No. 4:13-cv-03500 (U.S. D.C. S.D. Tx., Dec. 19, 2013).
- Semins, W. & Yasinow, D. (May 8, 2013). Russia Amends Anti-Corruption Law to Require Affirmative Anti-Corruption Measures. *Legal Insight*. K&L Gates.com
- Serby, T. (2015). The Council of Europe Convention on manipulation of sports competitions: the best bet for the global fight against match fixing? *International Sports Law Journal*, 15, 83-100.
- Shalvi, S., Gino, F., Barkan, R., & Ayal, S. (2015). Self-serving justifications: Doing wrong and feeling moral. *Current Directions in Psychological Science*, 24(2), 125-130.
- Shank, M. (2009). *Sports marketing: A strategic perspective*. Upper Saddle River, NJ: Pearson Education, Inc.
- Shilbury, D., Quick, S., & Westerbeek, H. (1998). *Strategic sport management*, St. Leonards, NSW: Allen & Unwin.
- Shilbury, D., Westerbeek, H., Quick, S. and Funk, D. (2009). *Strategic sport marketing 3<sup>rd</sup> Edition*. Crows Nest NSW, Australia, Allen & Unwin.



- Shingler, E.S. (2013). The Foreign Corrupt Practices Act: A new approach to the reasonable and bona fide expenditure defense. *Brooklyn Journal of Corporate, Financial & Commercial Law*, 7(2), 537-560.
- Simmons, C.J., & Becker-Olsen, K.L. (2006). Achieving marketing objectives through social sponsorships. *Journal of Marketing*, 70(4), 154-169.
- Sisodia, R., Wolfe, D., & Sheth, J. (2007). *Firms of Endearment*. Upper Saddle River, NJ: Wharton School Publishing.
- Slack, T. (1998). Studying the commercialization of sport. The need for critical analysis. *Sociology of Sport Online*. Retrieved from <http://physed.otago.ac.nz/sosol/b1i1/v1i1a6.htm>
- Smith, G. (2004). Brand image transfer through sponsorship: A consumer learning perspective. *Journal of Marketing Management*, 20, 457-474.
- Solberg, H., Hanstad, D., & Thøring, T. (2010). Doping in elite sport- do fans care? Public opinion on the consequences of doping scandals. *International Journal of Sports Marketing & Sponsorship*, 11(3), 185-199.
- Speed, R. & Thompson, P. (2000). Determinants of sports sponsorship response. *Journal of the Academy of Marketing Science*, 28(2), 226-238.
- Sport Marketing Quarterly (n.d.). About SMQ. *FIT Publishing*. Retrieved from: <http://fitpublishing.com/journals/SMQ/about-smq>
- Sports Sponsorship Insider. (2016, Sept. 9). Elite European football generates €2.85bn from sponsorship in 2016-17 - exclusive report. *Sports Business*. Retrieved from: <https://www.sportbusiness.com/sponsorship-insider/elite-european-football-generates-%E2%82%AC285bn-sponsorship-2016-17-exclusive-report-0>
- Stake, R. (1994). Case Studies. In N.K. Denzin & Y.S. Lincoln (Eds.), *Handbook of Qualitative Research* (pp. 236-247). Thousand Oaks, CA: Sage Publications.
- Stoller, G. (1986). Pro sports. *Incentive Marketing*, pp. 64-70.
- Sundar, A., Kardes, F., Noseworthy, T., & Clarkson, J. (2014). Inferences on negative labels and the horns effect. *Advances in Consumer Research*, 42, 377-380.
- Sutton, W., Irwin, R.L., & Gladden, J. (1998). Tools of the trade: Practical research methods for events, teams and venues. *Sport Marketing Quarterly*, 7(2), 45-49.
- Swiss Code, Art. 29-7, 2013.
- Swiss Code, Art. 322, 2016.
- Tajfel, H., & Turner, J.C. (1979). An integrative theory of intergroup conflict. In W.G. Austin & S. Worchel (Eds.), *The social psychology of intergroup relations* (pp. 33-47). Monterey, CA: Brooks/Cole.
- The False Claims Act (FCA), 31 U.S.C. §§ 3729 – 3733
- Nielsen Sports.v(2018). Nielsen Sports World Football Report 2018. Retrieved from: <https://www.nielsen.com/us/en/insights/reports/2018/world-football-report.html#>
- Till, B.D., Stanley, M.S., & Priluck, R. (2008). Classical conditioning and celebrity endorsers: An examination of belongingness and resistance to extinction. *Psychology & Marketing*, 25(2), 179-196.

- Trachsler, T., DeGaris, L., & Dodds, M. (2015). Sport commercialism and its impact on sponsorship strategy. *Sport Management International Journal Choregia*, 11(2), 77-92.
- Transparency International (2011). Bribe Payers Index Report 2011. Retrieved March 17, 2014 from <http://bpi.transparency.org/bpi2011/results/>.
- Transparency International (2013). Corruption Perceptions Index 2013. Retrieved March 17, 2014 from <http://cpi.transparency.org/cpi2013/results/>.
- Transparency International (2013). Global Corruption Barometer 2013. Retrieved March 17, 2014 from [http://www.transparency.org/whatwedo/pub/global\\_corruption\\_barometer\\_2013](http://www.transparency.org/whatwedo/pub/global_corruption_barometer_2013).
- Tripodi, J. A. (2001). Sponsorship-A confirmed weapon in the promotional armoury. *International Journal of Sports Marketing and Sponsorship*, 3, 95-116.
- Tzoumaka, E., Tsiotsou, R.H., & Siomkos, G. (2016). Delineating the role of endorser's perceived qualities and consumer characteristics on celebrity endorsement effectiveness. *Journal of Marketing Communications*, 22(3), 307-326.
- United Nations Global Compact Office (2014, March). Fighting corruption in sport sponsorship and hospitality: A practical guide for companies. UN Global Compact. Retrieved from: [https://www.unglobalcompact.org/docs/issues\\_doc/Anti-Corruption/SportsSponsorshipHospitalityGuide.pdf](https://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/SportsSponsorshipHospitalityGuide.pdf).
- United States Attorney's Office Southern District of New York. (2017). *U.S. Attorney announces the arrest of 10 individuals, including four Division 1 coaches, for college basketball fraud and corruption schemes* [Press release]. Retrieved from <https://www.justice.gov/usao-sdny/pr/us-attorney-announces-arrest-10-individuals-including-four-division-i-coaches-college>
- United States v. Esquenazi*, 752 F.3d 912 (2014).
- United States v. Evans, Richardson, Bland, Dawkins and Sood* complaint (filed Sept. 25, 2017, US Dist. Ct. S.D.N.Y.).
- United States v. Gatto, Code, Dawkins, Augustine and Sood* complaint (filed Sept. 25, 2017, US Dist. Ct. S.D.N.Y.).
- United States v. Pearson and Michel* complaint (filed Sept. 25, 2017, US Dist. Ct. S.D.N.Y.).
- United States v. Welch*, 327 F.3d 1081 (2003).
- Urban, G. & Sultan, F. (2015). The case for 'benevolent' mobile apps. *MITSloan Management Review*, 56(2), 31-37.
- U.S. Securities and Exchange Commission. (2010). SEC names new specialized units chiefs and head of new office of market intelligence. Retrieved November 4, 2013, from <http://www.sec.gov/news/press/2010/2010-5.html>
- U.S. Securities and Exchange Commission. (2013). SEC enforcement actions: FCPA cases. Retrieved November 4, 2013, from <http://www.sec.gov/spotlight/fcpa/fcpa-cases.shtml>

- U.S. Securities and Exchange Commission v. Weatherford International Ltd.* No. 4:13-cv-3500 (S.D. Tex. 2013).
- Valacke v. FIFA* (CAS 2017/A/5003).
- Van Hoekle, M. (2015). Methodology of comparative legal research. *Law and Method, December*, 1-35me
- Watkins, B,A, (2014). Revisiting the social identity-brand equity model: An application to professional sports. *Journal of Sport Management*, 28(4), 471-480.
- Webley, L. (2010). Qualitative approaches to empirical legal research. In P. Cane & H. Kritzer (Eds.), *Oxford Handbook of Empirical Legal Research* (pp.927-950). New York, NY: Oxford University Press.
- Weeks, C., Cornwell, T.B., & Drennan, J. (2008). Leveraging sponsorships on the Internet: Activation, congruence, and articulation. *Psychology & Marketing*, 25(7), 637-654.
- Weese, W.J. (1995). If we're not serving practitioners, then we're not serving sport management. *Journal of Sport Management*, 9, 237-243.
- Wenn, S., Barney, R., & Martyn, S. (2011). *Tarnished rings: The International Olympic Committee and the Salt Lake City Bid Scandal*. Syracuse, New York: Syracuse University Press.
- Westerbeek, H. & Smith, A. (2003). *Sport business in the global marketplace*. Houndsmills, Basingstroke, Hampshire and New York, New York, Palgrave Macmillian.
- World Compliance. (2010). Navigating through the FCPA minefield, debunking myths, and addressing red flags. Retrieved from:  
<http://www.worldcompliance.com/en/resources/white-papers.aspx>
- World Compliance. (2011). FCPA Pocket Handbook. Retrieved from  
<http://fcpa-worldcompliance.com/pdf/fcpa-pocket-handbook.pdf>
- Yaffa, J. (2014). The waste and corruption of Vladimir Putin's 2014 Winter Olympics. *Businessweek*, from  
<http://www.businessweek.com/articles/2014-01-02/the-2014-winter-olympics-in-sochi-cost-51-billion>
- Yin, R. K. (2013). *Case study research: Design and methods (5th ed.)*. Thousand Oaks, CA: Sage Publications.
- Yoon, SW., & Shin, S. (2017). The role of negative publicity in consumer evaluations of sports stars and their sponsors. *Journal of Consumer Behavior*, 16(4), 332-342.
- Zaharia, N., Biscaia, R., Gray, D., & Stotlar, D. (2016). No more "good" intentions: Purchase behaviors in sponsorship. *Journal of Sport Management*, 30(2), 162-175.
- Ziegler, E. (2007). Sport management must show social concern as it develops tenable theory. *Journal of Sport Management*, 21(3), 297-318.

## APPENDIX A

The Corruption Perceptions Index ranks countries and territories based on how corrupt their public sector is perceived to be. A country or territory's score indicates the perceived level of public sector corruption on a scale of 0 - 100, where 0 means that a country is perceived as highly corrupt and 100 means it is perceived as very clean. A country's rank indicates its position relative to the other countries and territories included in the index. This 2012 index includes 177 countries and territories. Canada, Finland, the United Kingdom, the United States, Brazil, China and Russia have been highlighted.

Rank	Country	2012 SCORE	Rank	Country	2012 SCORE
1	Denmark	91	46	South Korea	55
1	New Zealand	91	47	Hungary	54
3	Finland	89	47	Seychelles	54
3	Sweden	89	49	Costa Rica	53
5	Norway	86	49	Latvia	53
5	Singapore	86	49	Rwanda	53
7	Switzerland	85	52	Mauritius	52
8	Netherlands	83	53	Malaysia	50
9	Australia	81	53	Turkey	50
9	Canada	81	55	Georgia	49
11	Luxembourg	80	55	Lesotho	49
12	Germany	78	57	Bahrain	48
12	Iceland	78	57	Croatia	48
14	United Kingdom	76	57	Czech Republic	48
15	Barbados	75	57	Namibia	48
15	Belgium	75	61	Oman	47
15	Hong Kong	75	61	Slovakia	47
18	Japan	74	63	Cuba	46
19	United States of America	73	63	Ghana	46
19	Uruguay	73	63	Saudi Arabia	46
21	Ireland	72	66	Jordan	45
22	The Bahamas	71	67	Macedonia FYR	44
22	Chile	71	67	Montenegro	44
22	France	71	69	Italy	43
22	Saint Lucia	71	69	Kuwait	43
26	Austria	69	69	Romania	43
26	United Arab Emirates	69	72	Bosnia and Herzegovina	42
28	Estonia	68	72	Brazil	42
28	Qatar	68	72	Sao Tome and Principe	42
30	Botswana	64	72	Serbia	42
31	Bhutan	63	72	South Africa	42
31	Cyprus	63	77	Bulgaria	41
33	Portugal	62	77	Senegal	41
33	Puerto Rico	62	77	Tunisia	41
33	Saint Vincent and the Grenadines	62	80	China	40
36	Israel	61	80	Greece	40
36	Taiwan	61	82	Swaziland	39
38	Brunei	60	83	Burkina Faso	38
38	Poland	60	83	El Salvador	38
40	Spain	59	83	Jamaica	38
41	Cape Verde	58	83	Liberia	38
41	Dominica	58	83	Mongolia	38
43	Lithuania	57	83	Peru	38
43	Slovenia	57	83	Trinidad and Tobago	38
45	Malta	56	83	Zambia	38

Rank	Country	2012 SCORE		Rank	Country	2012 SCORE
91	Malawi	37		140	Honduras	26
91	Morocco	37		140	Kazakhstan	26
91	Sri Lanka	37		140	Laos	26
94	Algeria	36		140	Uganda	26
94	Armenia	36		144	Cameroon	25
94	Benin	36		144	Central African Republic	25
94	Colombia	36		144	Iran	25
94	Djibouti	36		144	Nigeria	25
94	India	36		144	Papua New Guinea	25
94	Philippines	36		144	Ukraine	25
94	Suriname	36		150	Guinea	24
102	Ecuador	35		150	Kyrgyzstan	24
102	Moldova	35		150	Paraguay	24
102	Panama	35		153	Angola	23
102	Thailand	35		154	Republic of Congo	22
106	Argentina	34		154	Democratic Republic of t	22
106	Bolivia	34		154	Tajikistan	22
106	Gabon	34		157	Burundi	21
106	Mexico	34		157	Myanmar	21
106	Niger	34		157	Zimbabwe	21
111	Ethiopia	33		160	Cambodia	20
111	Kosovo	33		160	Eritrea	20
111	Tanzania	33		160	Venezuela	20
114	Egypt	32		163	Chad	19
114	Indonesia	32		163	Equatorial Guinea	19
116	Albania	31		163	Guinea Bissau	19
116	Nepal	31		163	Haiti	19
116	Vietnam	31		167	Yemen	18
119	Mauritania	30		168	Syria	17
119	Mozambique	30		168	Turkmenistan	17
119	Sierra Leone	30		168	Uzbekistan	17
119	East Timor	30		171	Iraq	16
123	Belarus	29		172	Libya	15
123	Dominican Republic	29		173	South Sudan	14
123	Guatemala	29		174	Sudan	11
123	Togo	29		175	Afghanistan	8
127	Azerbaijan	28		175	North Korea	8
127	Comoros	28		175	Somalia	8
127	Gambia	28				
127	Lebanon	28				
127	Madagascar	28				
127	Mali	28				
127	Nicaragua	28				
127	Pakistan	28				
127	Russia	28				
136	Bangladesh	27				
136	Ivory Coast	27				
136	Guyana	27				
136	Kenya	27				

## APPENDIX B

### The Foreign Corrupt Practices Act of 1977, 15 U.S.C. § 78dd-1

#### (a) Prohibition

It shall be unlawful for any issuer which has a class of securities registered pursuant to section 78l of this title or which is required to file reports under section 78o (d) of this title, or for any officer, director, employee, or agent of such issuer or any stockholder thereof acting on behalf of such issuer, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to –

(1) any foreign official for purposes of –

(A)

- (i) influencing any act or decision of such foreign official in his official capacity,
- (ii) inducing such foreign official to do or omit to do any act in violation of the lawful duty of such official, or
- (iii) securing any improper advantage; or

(B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person;

(2) any foreign political party or official thereof or any candidate for foreign political office for purposes of –

(A)

- (i) influencing any act or decision of such party, official, or candidate in its or his official capacity,
- (ii) inducing such party, official, or candidate to do or omit to do an act in violation of the lawful duty of such party, official, or candidate, or
- (iii) securing any improper advantage; or

(B) inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person;  
or

(3) any person, while knowing that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office, for purposes of—

(A)

(i) influencing any act or decision of such foreign official, political party, party official, or candidate in his or its official capacity,

(ii) inducing such foreign official, political party, party official, or candidate to do or omit to do any act in violation of the lawful duty of such foreign official, political party, party official, or candidate, or

(iii) securing any improper advantage; or

(B) inducing such foreign official, political party, party official, or candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person.

**(b) Exception for routine governmental action**

Subsections (a) and (g) of this section shall not apply to any facilitating or expediting payment to a foreign official, political party, or party official the purpose of which is to expedite or to secure the performance of a routine governmental action by a foreign official, political party, or party official.

**(c) Affirmative defenses**

It shall be an affirmative defense to actions under subsection (a) or (g) of this section that—

(1) the payment, gift, offer, or promise of anything of value that was made, was lawful under the written laws and regulations of the foreign official's, political party's, party official's, or candidate's country; or

(2) the payment, gift, offer, or promise of anything of value that was made, was a reasonable and bona fide expenditure, such as travel and lodging expenses, incurred by or on behalf of a foreign official, party, party official, or candidate and was directly related to—

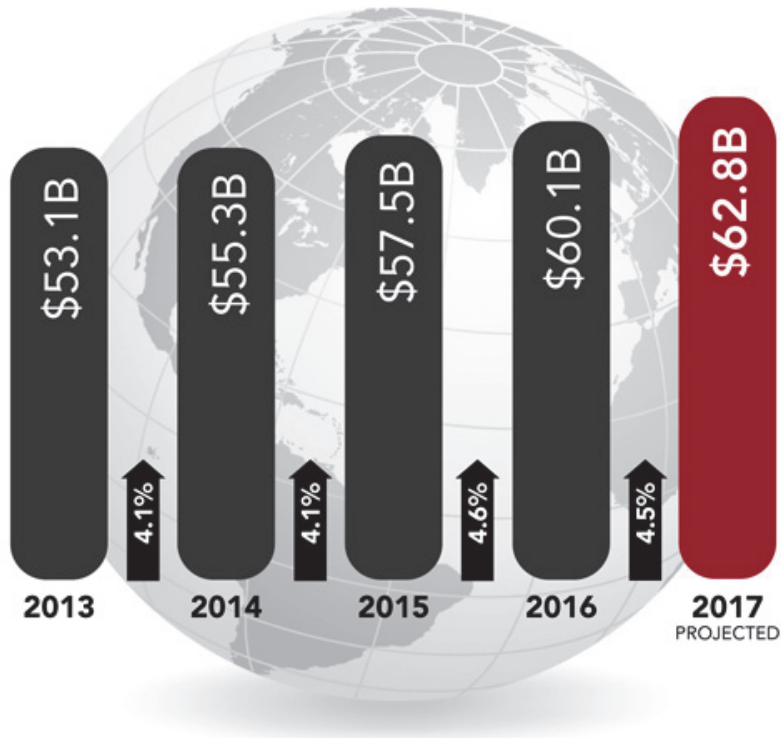
(A) the promotion, demonstration, or explanation of products or services; or

(B) the execution or performance of a contract with a foreign government or agency thereof.

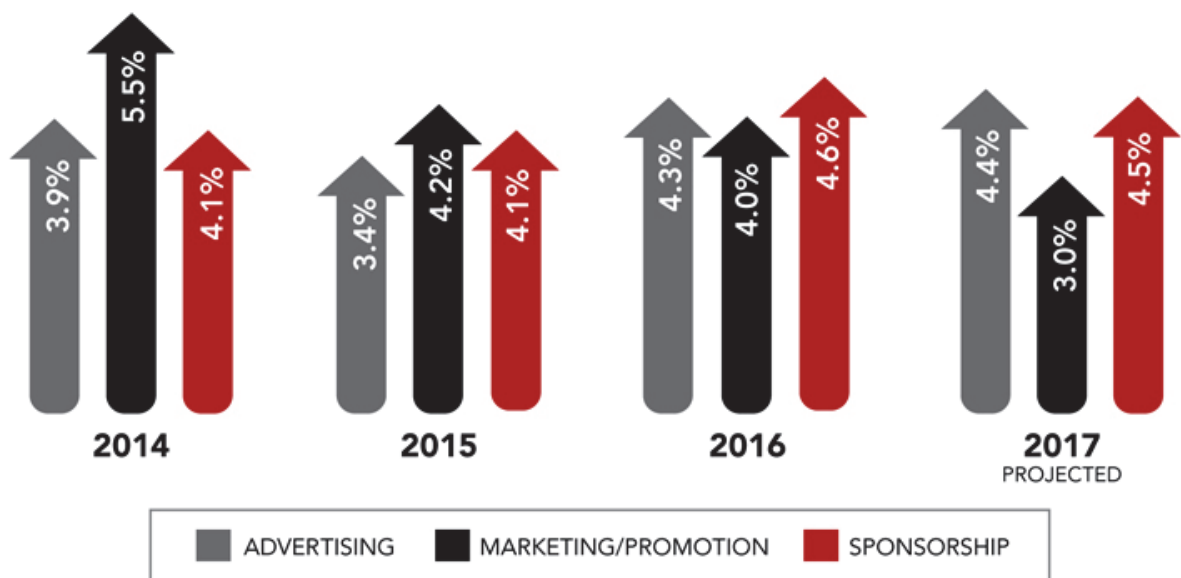
## APPENDIX C

### IEG Sponsorship Data

Total Global Sponsorship Spending



Annual Growth of Advertising, Marketing/Promotion and Sponsorship – Global





## APPENDIX D

### Transparency International Corruption Data

	Corruption Perceptions Index		Bribe Payers Index		Control of Corruption		OCED Anti-Bribery Convention	
	Rank	Score	Rank	Score	Percentile Rank	Score	Member	Enforcement Level
United States	19/177	73/100	28-Oct	8.1/10	86%	1.23289	Yes	Active
China	80	40	27	6.5	33%	-0.60303	No	N/A
Canada	9	81	6	8.5	97	2.064376	Yes	Moderate
United Kingdom	17	74	8	8.3	90%	1.481645	Yes	Active
Russia	127	28	28	6.1	13%	-1.07397	No	N/A
Brazil	72	42	14	7.7	60%	0.056112	Yes	Little

#### Corruption Perceptions Index

The Corruption Perceptions Index ranks countries/territories based on how corrupt a country's public sector is perceived to be. It is a composite index, drawing on corruption-related data from expert and business surveys carried out by a variety of independent and reputable institutions.

##### Scores

Scores range from 0 (highly corrupt) to 100 (very clean).

*Source:* Transparency International

#### Bribe Payers Index

The Bribe Payers Index ranks the world's wealthiest and most economically influential countries according to the likelihood of their firms to bribe abroad.

##### Scores

Scores range from 0 to 10, indicating the likelihood of firms headquartered in these countries to bribe when operating abroad.

The higher the score for the country, the lower the likelihood of companies from this country engage in bribery when doing business abroad.

*Source:* Transparency International

#### Control of Corruption

*Control of corruption* reflects perceptions of the extent to which public power is exercised for private gain. This includes both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

##### Scores

Point estimates range from about -2.5 to 2.5. Higher values correspond to better governance outcomes.

*Source:* World Bank



## **ORIGINAL PAPERS**

### **I**

#### **FOREIGN CORRUPT PRACTICES ACT CASES IMPACT SPORT MARKETING STRATEGIES**

by

Dodds, M. (2015).

Sport Marketing Quarterly, 24, 258–260,

Reproduced with kind permission by West Virginia University.



# Foreign Corrupt Practices Act Cases Impact Sport Marketing Strategies

Mark A. Dodds

Mark A. Dodds, JD., is a professor in sport management at SUNY Cortland. His research areas are legal issues in sport marketing.

Sporting events are utilized by sport marketers to promote their brands to the event patrons and local consumers while providing a platform for the brand to reach a potentially global marketplace. But these types of events may also breed negative incident risks, such as bribery and corruption (United Nations Global Compact, 2014). Recent cases involving the Foreign Corrupt Practices Act (FCPA) shed new light on how this anti-bribery law impacts international sport sponsorships. Recently, the U.S. Department of Justice brought FCPA enforcement actions against three organizations that may impact sport marketing strategies. The first case may allow a mega-event to face bribery charges during its bidding process while the other two cases deal with corporate hospitality associated with sporting mega-events.

## Foreign Corrupt Practices Act

The U.S. Congress created the Foreign Corrupt Practices Act (FCPA) in 1977. This Act makes it illegal for U.S. persons and businesses, U.S. and foreign public companies listed on U.S. stock exchanges, and certain foreign persons and businesses acting within U.S. territories from making corrupt payments to foreign officials in order to obtain or retain business (U.S. Department of Justice, 2012). Common sport hospitality incentives, such as cash, travel, and entertainment, may be considered corrupt payments under the Act (Cassin, 2008). Foreign officials include governmental officers, employees, or representatives (Cassin, 2008). As analyzed below, the *Esquenazi* court extended this definition to include private actors in certain situations.

The law has two components: an anti-bribery provision and an internal controls provision. For each violation, corporations are subject to a \$2 million criminal fine and a civil penalty of up to \$10,000. Any individual [officer, director, or stockholder] who willfully violates the provisions of the law is subject to a \$100,000 criminal fine, and a five-year imprisonment (U.S. Department of Justice, 2012). Further, a corporation may be held criminally liable for acts conducted by an employee within the scope of his/her job performance,

even when that conduct is directly contrary to company policy (Cassin, 2008).

The most common FCPA defense does allow for reasonable and bona fide expenses related directly to the promotion of a product or service, such as those commonly used in sport hospitality. These costs may include reasonable travel, lodging, food, and entertainment. As the *Weatherford* and *BHP Billiton* cases show, it is vital for sport sponsors to develop compliance procedures to make certain the expenses are reasonable and bona fide.

## Recent Foreign Corrupt Practices Act Cases

Although it is not a sport-specific case, *United States v. Esquenazi*, may prove to be very influential in future anti-bribery sport investigations. Joel Esquenazi and Carlos Rodriguez were convicted of paying “kickbacks” to officials of a partially state-owned Haitian company, Telecommunications D’Haiti, S.A.M. (Teleco) (*Esquenazi*, 2014), which was a FCPA violation. Among the factors provided by this court, an organization may be considered an “instrument of the government” when a government subsidizes the entity’s costs, if the entity’s officers are appointed or associated with the government, or if the government has appointed the entity for a particular purpose, such as health or sport (*Esquenazi*, 2014). Although Teleco was a private organization headquartered in Miami-Dade County, Florida, the Haitian government gave it a telecommunications monopoly, appointed members of Teleco’s board of directors, and owned 97% of the company (*Esquenazi*, 2014). The court decided that the officials of Teleco qualified as “foreign officials” under the FCPA, and as a result, Esquenazi was sentenced to 15 years in prison (*Esquenazi*, 2014). The court decided that Teleco should be considered an “instrumentality” of the Haitian government and adopted a criteria test showing Teleco was an entity controlled by the Haitian government and performed a function (telecommunications) a government normally treats as its own (*Esquenazi*, 2014).

The *Esquenazi* decision may provide a mechanism to punish bribery within the international sport world. This decision may implicate officials of non-governmental

organizations that carry out tasks in the same manner that public organizations perform them (Fitzgerald, 2012). For example, members of the Fédération Internationale de Football Association (FIFA) and the International Olympic Committee (IOC) are protected since neither organization is affiliated with any government. However, many national athletic associations that comprise FIFA or the IOC may now constitute “instrumentalities” of their governments and often perform governmental tasks, such as hosting international sporting events (Murphy & McGonigle, 2014).

The FCPA may apply to a national athletic association depending on governmental funding, whether the officers are appointed by or associated with the government, and whether the government has formally designated the entity for its purpose (Murphy & McGonigle, 2014). These factors may be especially evident where ministry-level positions have been created for the regulation of sport (Murphy & McGonigle, 2014). The infamous Salt Lake Olympic bribery scandal failed, in part, to prosecute any members of the Salt Lake Organization Committee due to the limitations of the FCPA at the time. Based on the new *Esquenazi* outcome, the FCPA may be successful when pursuing corruption charges in future sport-related bribery situations. It is important for sport marketers to avoid sport organizations that are associated with misconduct. The sponsor’s intended purpose of a positive association with the sport organization may be minimized, or the sponsor may become directly associated with the misconduct itself (United Nations Global Compact, 2014).

In late 2013, Weatherford International, a Swiss oil services corporation with substantial operations in Houston, Texas, agreed to pay penalties in excess of \$120 million for violating anti-bribery and other export control business laws (*U.S. Securities and Exchange Commission*, 2013). Weatherford was charged with authorizing bribes with improper travel and entertainment, including match tickets, travel, and entertainment for the 2006 FIFA World Cup to officials of a state-owned company in Algeria to ensure the renewal of oil contracts (SEC.gov, 2013). The SEC accused Weatherford of lacking other internal controls to prevent this corruption (SEC.gov, 2013). The Acting Assistant Attorney General stated, “This case demonstrates how an anemic compliance environment can foster foreign bribery and fraud” (U.S. Department of Justice, 2013, para. 4). In addition to the penalties, Weatherford International paid almost \$115 million on the investigation (Cassin, 2013) and was also fined \$1.875 million for lack of cooperation with the investigation (SEC.gov, 2013).

Similarly, BHP Billiton Ltd., an Australian mining company, faced bribery allegations. As part of their local sponsorship of the 2008 Summer Olympic Games in

Beijing, China, BHP Billiton supplied the materials for the gold, silver, and bronze medals (Paul & Hornby, 2013). BHP Billiton provided corporate hospitality to government officials at the Beijing Games and focused on event hospitality for guests of China state-owned steel-making firms (Globalpost.com, 2013) that included event tickets, luxury hotel accommodations, and sight-seeing worth up to \$16,000 per trip (SEC.gov, 2015). The SEC found that BHP Billiton did have procedures in place to help prevent bribery violations; however, these controls did not go far enough. BHP Billiton’s compliance applications were never reviewed by anyone outside the business unit and the company failed to train their employees on bribery risks and prevention (SEC.gov, 2015). BHP Billiton self-reported these violations to the SEC, leading to the 2009 investigation (Cassin, 2014), which was settled by paying a \$25 million fine.

The *Weatherford* and *BHP Billiton* cases illustrate the outcomes from FCPA investigations. Both of these companies’ investigations involved mega-sporting events: Weatherford—2006 FIFA World Cup, and BHP Billiton—2008 Summer Olympic Games. Both claims involved tickets, travel, and entertainment used in corporate hospitality to support the company’s sponsorship. Although neither is a U.S. company, both companies found themselves under the jurisdiction of the FCPA. The SEC had jurisdiction over Weatherford International, a Swiss company, for actions in China and Algeria because it has substantial operations in Texas (SEC.gov, 2013) and BHP Billiton is an Australian company that trades on the New York Stock Exchange.

Hospitality is a vital sales component of a sport sponsorship program and the legal scrutiny for bribery connected to this tactic is increasing within the sport world. Since the cost of the penalties, as well as the investigations, is significant, it is necessary for sport marketers to understand the FCPA and how to comply with the law. Sponsors should take proactive steps to prevent such cases (United Nations Global Compact, 2014).

### **Recommendations for Compliance with the Foreign Corrupt Practices Act**

The United Nations Global Compact has provided “The Global Compact Management Model” to assist companies to comply with anti-bribery laws, including the FCPA. The Global Compact Management Model requires senior leadership to commit to a bribery-free organization (United Nations Global Compact, 2014). This commitment includes a clearly articulated policy against corruption, a code of conduct and compliance policies and procedures, complete oversight and autonomy, training, incentives, and disciplinary measures (U.S. Department of Justice, 2012). The sponsor needs to assess all potential risks associated with the event,

define the strategies and policies needed for a clean event, then implement those policies (United Nations Global Compact, 2014). For instance, sport organizations should never select a particular official to the event. The official should be selected by his/her own organization or the selection should be determined by a pre-existing, merit-based criteria (U.S. Department of Justice, 2012). Also, there should never be any additional compensation, stipends, or spending money disbursed beyond what is necessary to pay for actual expenses (U.S. Department of Justice, 2012). Finally, the sponsor needs to measure its commitment to its code of conduct and communicate its best practices throughout the organization (United Nations Global Compact, 2014). As the *Weatherford* and *BHP Billiton* cases show, an effective compliance and ethics program embraces self-reporting, cooperation, and remedial efforts (U.S. Department of Justice, 2012), which can greatly reduce any potential violations and penalties.

### Can the FCPA be Used in the FIFA Scandal?

The 2015 FIFA bribery scandal has many people wondering about the potential impact of the FCPA. The U.S. Department of Justice alleges that sport marketing executives paid more than \$150 million in bribes to FIFA officials to secure television broadcast rights. In total, nine soccer officials and five sport marketing executives were indicted under racketeering conspiracy, wire fraud, and money laundering charges (Koehler, 2015). It will be interesting to watch if the prosecutors decide to see if the *Esquenazi* ruling can extend the “foreign official” requirement to include the FIFA officials. However, this would only allow the law to be used against the sport marketing officials since FCPA only prohibits active bribery. Passive bribery, or the act of asking for a bribe, is not covered under FCPA. However, the 161-page indictment does include bribery allegations against a U.S. sportswear company (Koehler, 2015). The indictment asserts \$30 million from the sponsorship agreement between a clothing company and the Brazilian soccer federation was paid through a side deal coordinated by Traffic Brazil (LaCroix, 2015). The indictment claims Traffic Brazil used that money to pay bribes. Here, the FCPA may apply since the law covers bribery paid by a third party, which implicates the FCPA’s books and records and internal controls provisions (Koehler, 2015).

### References

Cassin, R. (2008). *Bribery abroad*. Lexington, KY: Lulu Publications.  
 Cassin, R. L. (2013, November 26). Weatherford pays \$152.6 million for FCPA violations, \$100 million for trade sanctions. *The FCPA Blog*. Retrieved from <http://www.fcpcablog.com/blog/2013/11/26/weatherford-pays-1526-million-for-fcpa-violations-100-million.html>

Cassin, R. L. (2014, September 25). BHP ‘in discussions’ for FCPA settlement. *The FCPA Blog*. Retrieved from <http://www.fcpcablog.com/blog/2014/9/25/bhp-in-discussions-for-fcpa-settlement.html>  
 Fitzgerald, P. (2012, July 17). Tell us: Are NGO’s instrumentalities? *The FCPA Blog*. Retrieved from <http://www.fcpcablog.com/blog/2012/7/17/tell-us-are-ngos-instrumentalities.html>  
 In re BHP Billiton Ltd., No. 3-16546 (May 20, 2015).  
 Koehler, M. (2015, June 1). The FIFA-related action is not an FCPA enforcement action—But could potentially lead to exposure for certain companies. *FCPA Professor*. Retrieved from <http://www.fcpcaprofessor.com/the-fifa-related-action-is-not-an-fcpa-enforcement-action-but-could-potentially-lead-to-exposure-for-certain-companies>  
 LaCroix, K. (2015, June 7). Thinking about the FIFA bribery scandal. *The D&O Diary*. Retrieved from <http://www.dandodiary.com/2015/06/articles/foreign-corrupt-practices-act/thinking-about-the-fifa-bribery-scandal/>  
 Murphy & McGonigle. (2014, June). The World Cup, corruption and US law. Retrieved from <http://www.mmlawus.com/Data/Files/Articles/world%20cup%20anti-corruption%20update.pdf>  
 Paul, S., & Hornby, L. (2013, March 13). BHP Billiton faces corruption probe over Beijing Olympics. *Reuters*. Retrieved from <http://www.reuters.com/article/2013/03/13/us-bhp-investigation-olympics-idUSBRE92C00G20130313>  
 SEC.gov. (2013, November 26). SEC charges Weatherford International with FCPA violations. U.S. Securities and Exchange Commission. Retrieved from <http://www.sec.gov/News/PressRelease/Detail/PressRelease/1370540415694#.VRArTeHpx8t>  
 SEC.gov. (2015, May 20). SEC charges BHP Billiton with violating FCPA at Olympic Games. U.S. Securities and Exchange Commission. Retrieved from <http://www.sec.gov/news/pressrelease/2015-93.html>  
 United Nations Global Compact. (2014). *Fighting corruption in sport sponsorship and hospitality: A practical guide for companies*. Retrieved from [https://www.unglobalcompact.org/docs/issues\\_doc/Anti-Corruption/SportsSponsorshipHospitalityGuide.pdf](https://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/SportsSponsorshipHospitalityGuide.pdf)  
*United States v. Esquenazi*, 752 F.3d 912 (2014).  
 U.S. Department of Justice. (2012, November 14). A resource guide to the U.S. Foreign Corrupt Practices Act. Retrieved from <http://www.justice.gov/criminal/fraud/fcpa/guidance/guide.pdf>  
 U.S. Department of Justice. (2013, November 26). Three subsidiaries of Weatherford International Limited agree to plead guilty to FCPA and export control violations. Retrieved from <http://www.justice.gov/opa/pr/three-subsidiaries-weatherford-international-limited-agree-plead-guilty-fcpa-and-export>  
*U.S. Securities and Exchange Commission v. Weatherford International Ltd.* No. 4:13-cv-3500 (S.D. Tex. 2013).

**DISCLAIMER:** *Inquiries regarding this column may be directed to column editor John Grady at [jgrady@sc.edu](mailto:jgrady@sc.edu).*

*The materials in this column have been prepared for informational and educational purposes only, and should in no way be considered legal advice. Readers should not act or reply upon these materials without first consulting an attorney. By providing these materials it is not the intent of the author or editor to enter into an attorney-client relationship with the reader. This is not a solicitation for business. If you choose to contact the author or editor through email, please do not provide any confidential information.*





## II

### WHAT CAN BILFINGER TEACH OLYMPIC SPONSORS?

by

Dodds, M., & Palmero, M. (2016).

Choregia : Sports Management International Journal, 12 (2), 37-48.

<https://doi.org/10.4127/ch.2016.0111>

© the Authors, 2016.

This is an open access article distributed  
under the terms of a Creative Commons License.





D.O.I: <http://dx.doi.org/10.4127/ch.2016.0111>

Mark Dodds<sup>1</sup>, Mauro Palmero<sup>2</sup>

<sup>1</sup> *SUNY Cortland, E-mail: [doddsm@cortland.edu](mailto:doddsm@cortland.edu)*

<sup>2</sup> *University of Missouri, E-mail: [palmerom@missouri.edu](mailto:palmerom@missouri.edu)*

## Abstract

Bilfinger SE (Bilfinger) is a leading international engineering and services group (Bilfinger.com, 2015), and was a local sponsor of the 2014 FIFA World Cup. The company is accused of paying bribes through its subsidiary company, Mauell, (dw.com, 2015) to public officials in Brazil for contracts related to the 2014 World Cup (Cassin, 2015). The corruption allegations relate to orders to equip security command centers at twelve host cities during the 2014 World Cup in Brazil (dw.com, 2015). Because Brazil hosted the 2014 FIFA World Cup and will host the 2016 Summer Olympic Games, companies need to consider the risks of many international anti-corruption laws, such as Brazil's anti-corruption law commonly referred as The Clean Companies Act and other applicable anticorruption law like the United States' Foreign Corrupt Practices Act (Rogers, et. al, 2014). This paper will analyze the *Bilfinger* case involving corruption activity at the 2014 FIFA World Cup and offer insights for sponsors of the 2016 Summer Olympic Games.

---

**Keywords:** *Sport marketing, Hospitality, Bribery, Law, Corruption*

## Introduction

Brands that are looking to use sport sponsorships to connect to potential clients and consumers must be aware of anticorruption laws. Generally speaking, “anticorruption law prohibits companies (acting through directors, officers, employees or through external companies or individuals) from offering or giving an unjust advantage to a domestic or foreign public official or to a related third party, or from financing or subsidizing such conduct” (Correia, *et al*, 2013). While there is no international anti-corruption law, countries are creating laws matching standards created by international conventions, such as the Organization for co-Economic Coordination and Development (OECD) and the United Nations Convention Against Corruption (UNCAC) (Qureshi, 2013). The member nations of these conventions criminalize bribery of foreign officials, and cooperate in the investigation and prosecution of bribery offenses (Low and Trenkle, 1999).

Corruption is also the misuse of sport sponsorship to obtain an undue competitive advantage (United Nations Global Compact, 2014). Because Brazil hosted the 2014 FIFA World Cup and will host the 2016 Summer Olympic Games, companies need to consider the risks of many international anti-corruption laws, such as Brazil’s anti-corruption law commonly referred as The Clean Companies Act and other applicable anticorruption law like the United States’ Foreign Corrupt Practices Act (Rogers, *et. al*, 2014). Sport mega-events are big business. FIFA made US\$1.6 billion from the 2014 World Cup (Manfred, 2015), and the domestic sponsorship revenue in Rio de Janeiro is projected to be US\$1.3 billion (Totalsportek2, 2015).

In addition to hosting the sport mega-events, companies are increasingly interested in marketing to the Brazilian consumer. Brazil is a huge target for foreign companies and investors that received US\$62 billion in foreign direct investment in 2014 (Berg and Rojas, 2015).

Typically, sponsorship-related corruption connected to global sporting competitions involves either direct payments to governing bodies (Berg and Rojas, 2015), or via corporate hospitality programs (Dodds, 2015). Hospitality at high-profile sport events is very exclusive, making attendance very desirable (United Nations Global Compact, 2014), which can lead to corruptive behavior such as bribery. Companies should be aware that excessive or lavish entertainment might be interpreted as having no legitimate purpose other than corruptly influencing the recipient (Rogers, *et al*, 2014). Some sponsorship related issues involve its influence on the event outcome (Dodds and Gorse, 2015). The Bilfinger case is interesting because it is different than those examples. This paper will analyze a recent case involving corruption activity at the 2014 FIFA World Cup and offer insights for sponsors of the 2016 Summer Olympic Games.

## The *Bilfinger* case

Bilfinger SE (Bilfinger) is a leading international engineering and services group (Bilfinger.com, 2015). Bilfinger is a German company that trades in the U.S. on the over the counter market under the symbol of BFLBY (Cassin, 2015) and was a local sponsor of the 2014 FIFA World Cup.

The corruption allegations relate to orders to equip security command centers at twelve host cities during the 2014 World Cup in Brazil (dw.com, 2015). The company is accused of paying bribes through its subsidiary company, Mauell, (dw.com, 2015) to public officials in Brazil for contracts related to the 2014 World Cup (Cassin, 2015). Bilfinger supplied over 1,200 security monitor walls and the appropriate software need to run the security command centers for police, fire and emergency services (dw.com, 2015). The claims relate to suspected payments to public officials and employees of state companies (Sloat, 2015) who made the decision to hire Bilfinger. These allegations do not involve FIFA since it had no influence on the project because traffic control and security is the responsibility of the host local governments (dw.com, 2015).

Bilfinger received internal information indicating potential compliance violations then immediately launched a comprehensive investigation (Bilfinger, 2015). Bilfinger pursued the internal claims through its own investigations then notified the relevant authorities (Sloat, 2015). The German engineering firm's internal investigation showed possible compliance violations related to \$6.5 million worth of orders (Cassin, 2015). As a first step, Bilfinger commissioned auditors Ernst & Young to conduct a complete securing of data in Germany and Brazil then hired legal auditors from Deloitte to investigate the claims (Bilfinger, 2015). Bilfinger reportedly disclosed to Brazil's Comptroller-General that it may have paid EUR1 million to Brazilian officials (Step.org, 2015).

Bilfinger might have been banned from acquiring further contracts in Brazil but hopes that by making the self-disclosure it will be able to operate in Brazil after a payment of a fine (Step.org, 2015). Companies that are convicted for bribery could be banned from future contracts in Brazil under the law (Stauffer, 2015). If the allegations are correct, then Bilfinger may bring legal action against the subsidiary, its employees and the third party agency (Thomasson, 2015).

Bilfinger became the first international company to disclose to Brazil that it may have paid bribes as it seeks leniency under the anti-corruption law (Stauffer, 2015). The government is counting on leniency deals to minimize economic fallout from the corruption investigation (Stauffer, 2015).

Due to jurisdictional elements, Bilfinger can be brought under Brazil, USA or German anticorruption laws.

## The Brazilian Clean Companies Act

Although Brazil has a well-documented history of corruption (Rogers, *et al*, 2014), it appears to be ramping up its anti-corruption enforcement activity (Berg and Rojas, 2015). Until the Clean Companies Act was passed in 2014, there was no specific law imposing liability on corporations for corrupt acts committed by their employees or agents (Correia, *et al*, 2013). The Clean Companies Act makes it illegal to: “to promise, offer to give, directly or indirectly, improper advantage to a public agent or to a third party related to a public agent; to finance, pay for, sponsor or in any way subsidize the practice of the illicit acts addressed in the act; to use a third party (legal entity or individual) to conceal or disguise its real interests or the identity of the beneficiaries of the illicit acts practiced; and, to create difficulties for investigating or monitoring activities of public entities, or interfere in such activities, also with respect to regulatory agencies and agencies of the national financial system” (Navarro, 2014, p. 41). The bribery act may be committed via an intermediary or third party (Navarro, 2014). The Clean Companies Act is not limited to foreign officials nor does it require proof of corrupt intent (Correia, Bartley and Freitas, 2013).

Anything perceived as improper or undue advantage may be considered a bribe, such as: gifts, travel expenses, meals or entertainment (Navarro, 2014). Further, a public official “may not receive gifts from entities that may have interests in the official’s decisions” (Navarro, 2014, p.44) or even just “promising or offering improper advantage to a public official” (Navarro, 2014, p. 44). However, gifts with minimal value (under 100 reais) may be acceptable depending on the governmental agency (Navarro, 2014).

“Both individuals and companies may be held liable for bribery of a foreign official, however only individuals may face criminal liability whereas companies are subjected only to civil and administrative liability” (Navarro, 2014, p. 42). Brazil does not recognize criminal liability for corporations (Correia, *et al*, 2013).

The law imposes sanctions such as dissolution, loss of public contracts and fines (Step.org, 2015). Fines may be up to 20% of the company’s annual gross revenues (Correia, *et al*, 2013). Other potential consequences include publication of the decision sanctioning the breaching company in each of a local or national newspaper, notices at the company’s headquarters, and on its website; and disbarment on public bids and government contracts (Debevoise and Plimpton, 2015).

The Comptroller-General and other governmental agencies has jurisdiction over enforcement of the Clean Companies Act involving corruption cases involving Brazilian federal officials (Debevoise and Plimpton, 2015).

The anti-corruption law “applies to companies, regardless of their corporate or legal form, whether foreign or domiciled in Brazil, and whether the unlawful act is committed within or outside Brazilian territory” (Varela, *et al*, 2013, p.2).

This act applies to “foreign companies that have headquarters, affiliates or any type of representation in Brazilian territory, even on a temporary basis, may be prosecuted in Brazil for foreign bribery” (Navarro, 2014, p.43). This would certainly include sponsors that only have an Olympic presence. Companies conducting business either directly or indirectly via an employee, independent contractor, or subsidiary should be in full compliance with the law (Varela, *et al*, 2013). This recommendation extends to third-party agencies.

Although there is no law prohibiting private commercial bribery other laws such as fraud may be applicable (Navarro, 2014).

Because of leniency rules, the fine may be “reduced up to two-thirds, the company may not be required to publish the decision and/or become banned from receiving incentives, grants or other forms of public funding in the future” (Scott and Pozolo, 2014, n.p.). Leniency deals are very new for Brazil and is being used to minimize the economic fallout from corruption investigations (Stauffer, 2015). As Brazil pursues more corruption charges, those companies being investigated are scrapping infrastructure projects leading to job layoffs (Stauffer, 2015). The government hopes that leniency agreements will help identify more corrupt behavior from the organizations themselves.

## **The U.S. Foreign Corrupt Practices Act**

In 1977, the U.S. Congress created the Foreign Corrupt Practices Act (FCPA) to criminalize bribery and corruption by U.S. persons and businesses to foreign officials for business purposes (Department of Justice, 2012). Cash, travel, and entertainment may be considered corrupt payments under the Act (Cassin, 2008, p.15). Foreign officials include governmental officers, employees, representatives (Cassin, 2008, p.45) or employees of an organization that is considered an instrument of the government (Dodds, 201X). To be considered an instrument of the government, an organization needs to receive subsidies for its costs, the government may appoint the organization’s officers, or the government appointed the entity for a particular purpose (*Esquenazi*, 2014).

The law has two components: an anti-bribery provision, and an internal controls provision. For each violation, corporations are subject to a \$2 million criminal fine and a civil penalty of up to \$10,000. Any individual [officer, director, or stockholder] who willfully violates the provisions of the law is subject to a \$100,000 criminal fine, and a five-year imprisonment (Department of Justice, 2012). Further, a corporation may be held criminally liable for acts conducted by an employee within the scope of his/her job performance, even when that conduct is directly contrary to company policy (Cassin, 2008).

The FCPA has jurisdiction over all U.S. persons and businesses, U.S. and foreign public companies listed on U.S. stock exchanges, and foreign persons and businesses acting within U.S. territories (Department of Justice, 2012).

**Chart 1**  
*Comparison Chart between FCPA and CCA*

	<b>FCPA</b>	<b>CCA</b>
Member OECD	Yes	Yes
<b>THE BRIBE</b>		
INTENT TO BRIBE	Yes	No
STRICT LIABILITY	No	Yes
THIRD PARTY AGENTS	Yes	Yes
FACILITATION PAYMENTS	No	Yes
<b>PUBIC OFFICIALS</b>		
FOREIGN PUBLIC OFFICIALS	Yes	Yes
DOMESTIC PUBLIC OFFICIALS	No	Yes
<b>WHO IS LIABLE?</b>		
CORPORATE CRIMINAL	Yes	No
CORPORATE CIVIL	Yes	Yes
CORPORATE EXECUTIVES	Yes	
INDIVIDUALS	Yes	Yes
<b>PENALITES</b>	CORPORATION: \$2 MILLION CRIMINAL, \$10,000 CIVIL	FINES EQUAL TO OR GREATER THAN THE BENEFITS GAINED FROM THE ACT
	INDIVIDUAL: 5 YEAR IMPRISONMENT, \$250,000	PUBLICATION OF ADVERSE JUDGEMENT
<b>STATUTE OF LIMITATIONS</b>	5 YEARS FROM TIME THE SEC BEGINS INVESTIGATION	5 YEARS FROM TIME VIOLATIONS IS KNOWN

<b>OECD ENFORCEMENT</b>	<b>ACTIVE</b>	<b>LITTLE</b>
<b>BRIBE FRIENDLY CULTURE</b>	No	Yes
<b>CAN CORPORATE HOSPITALITY BE IMPLICATED?</b>	<b>YES</b>	<b>YES</b>

Two recent FCPA cases provide sport examples of the FCPA. As the Weatherford International and BHP Billiton cases show, it is vital for sport sponsors to develop compliance procedures to avoid FCPA prosecution.

During the 2006 FIFA World Cup in Germany, Weatherford International, a Swiss oil services corporation with substantial operations in Houston, authorized bribes with improper travel and entertainment, including match tickets, travel, and entertainment to officials of a state-owned company in Algeria to ensure the renewal of oil contracts (SEC.gov, 2013). Weatherford International paid over US\$120 million for violating anti-bribery and other export control laws (*Securities*, 2013) and almost US\$115 million on the investigation itself (FCPAblog.com, 2013). Weatherford International was also fined US\$1.875 million for lack of cooperation with the investigation (SEC.gov, 2013).

As part of their local sponsorship of the 2008 Summer Olympic Games in Beijing, China, BHP Billiton, an Australian mining company, supplied the materials for the gold, silver, and bronze medals (Paul and Hornby, 2013). BHP Billiton provided corporate hospitality to government officials and officials from state-owned steel-making firms that included event tickets, luxury hotel accommodations, and sightseeing worth over US\$16,000 per trip (SEC.gov, 2015). BHP Billiton self-reported these violations to the SEC (Cassin, 2014), which was settled by paying a \$25 million fine.

These cases offer illustrations of a FCPA investigation. Neither Weatherford International nor BHP Billiton is a US-based company nor were the sporting events within the USA, but both companies fell under the jurisdiction of the SEC for the FCPA violations (Dodds, 201X). Both companies had a business presence in the USA. Weatherford International has a headquarters in Houston, Texas and BHP Billiton stock trades on the New York Stock Exchange (Dodds, 201X).

The bribery activity involved mega-sporting events and involved corporate hospitality. The claims involved tickets, travel, and entertainment used in corporate hospitality to support the company’s event sponsorship (Dodds, 201X). However, they are distinguished from Bilfinger since the corrupt acts were directed to actors not affiliated with the event itself.

The cases highlight the importance of cooperation with the legal authorities.



Weatherford International was penalized an additional US\$1.875 million and had significantly higher fines than BHP Billiton that did cooperate with the SEC (Dodds, 201X)<sup>1</sup>. BHP Billiton hired outside legal counsel to conduct the internal investigation and then created a compliance group within the legal department that is separate from its business units (In re BHP Billiton, 2015). Weatherford International did not cooperate with the investigation and was penalized for it.

## Key learnings from Bilfinger

Although the Brazilian nation might have political incentive to prevent corruption, local officials may not share that same point of view and continue their corrupt behavior (Donatti, 2014). Sport event bribery activity is not limited to corporate hospitality. Infrastructure projects associated with mega-events create situations where corruption may be prevalent, especially in countries with bribery friendly business cultures.

There is a vital need for effective compliance policies and procedures (Berg and Rojas, 2015). This involves a review of procedures, documents, and payments surrounding contracting throughout the organization and the diligence of third-party intermediaries and agents (Berg and Rojas, 2015). A special emphasis should be made when the other company is affiliated in any way with a foreign government. An effective compliance program must include recognition of all applicable jurisdictions. In Bilfinger, Brazil, USA and Germany may bring prosecutions against the company. Because there is no, single international law, all three may potentially bring prosecutions against Bilfinger.

The CCA grants Brazil's Federal Comptroller General with exclusive jurisdiction to enter into leniency agreements with subjects of investigations and set forth criteria for assessing companies' compliance programs (Berg and Rojas, 2015). A leniency agreement may be granted if a corporation takes the initiative to approach the government, ceased the misconduct, admitted guilt, fully and permanently cooperates with the authorities, and provides proof of the misconduct (Debevoise and Plimpton, 2015). A leniency agreement may extend to corporate entities, such as Bilfinger and its subsidiary Mauell, as long as they jointly execute the agreement (Debevoise and Plimpton, 2015). However, the leniency agreement may not prevent or lessen a USA prosecution (Debevoise and Plimpton, 2015).

Even if the bribery allegations do not directly connect with FIFA, there

---

<sup>1</sup> The authors acknowledge that the discrepancy in fines are not solely related to the cooperation of the companies.

is a negative impact to the organization. Sport entities, such as FIFA, need to “establish measure to combat corruption ... in their own organization ... to avoid potential liabilities” (United Nations Global Compact, 2014, p. 13). Even though this corruptive behavior is not with FIFA or its individual members, it is their event and reflects poorly on FIFA. Corruption poses serious risks to a company’s brand name (Bonime-Blanc, 2014). FIFA suffers reputational consequences (negative publicity) and is tainted because of this corruption in the eyes of fans, media and other sponsors. Unfortunately for FIFA, any anticorruption plan becomes reactionary and not proactive to prevent this issue in the first place.

## **Recommendations for compliance with the anticorruption laws**

Compliance with anticorruption law needs to be ratified at the highest organizational levels. Senior leadership needs to commit to a bribery-free organization (United Nations Global Compact, 2014) by implement mechanisms and procedures to ensure corporate integrity (Varela, *et al*, 2013). A policy against corruption, a code of conduct and compliance policies and procedures, complete oversight and autonomy, training, incentives and disciplinary measures (Department of Justice, 2012) need to be developed. The organization then communicates its best practices throughout the organization (United Nations Global Compact, 2014) to train all corporate personnel (Varela, *et al*, 2013) and third-party agencies on the company’s ethical culture.

Conduct due diligence training that includes activity that may be suspect under all applicable foreign anti-corruption laws (Varela, *et al*, 2013). This includes a review of all third party agents. Companies should be cautious if a third party agent has violated any laws in the past, especially bribery laws, or makes an unusual request for additional money such as a bonus or one-time payment without proper authentication.

This training should also include information about passive bribery. Passive bribery occurs when a foreign official asks for an illegal payment. This behavior needs to be reported to the compliance office and should never be authorized.

As the Weatherford and BHP Billiton cases show, an effective compliance and ethics program that embraces self-reporting, cooperation, and remedial efforts (Department of Justice, 2012) can greatly reduce any potential violations and penalties.

## References

- Berg, N., and Rojas, G.D. (2015, March 26). Shooting for effective anti-corruption compliance: a look at recent developments in Brazil. *Ropes & Gray*. Retrieved from: <http://www.mondaq.com/unitedstates/x/384590/Corporate+Crime/Shooting+For+Effective+AntiCorruption+Compliance+A+Look+At+Recent+Developments+In+Brazil>
- Bilfinger (2015, March 22). Bilfinger follows-up on suspected compliance violations in Brazil. *Bilfinger Press Release*. Retrieved from: <http://www.bilfinger.com/en/press/press-releases/article/article/bilfinger-follows-up-on-suspected-compliance-violations-in-brazil/>
- Bilfinger.com (2015, October 21). Welcome to Bilfinger. Retrieved from: <http://www.bilfinger.com/en/>
- Bonime-Blanc, A. (2014, January 27). What companies must know about global anti-corruption laws. *SportsBusiness Journal*. Retrieved from: <http://www.sportsbusinessdaily.com/Journal/Issues/2014/01/27/Opinion/Andrea-Bonime-Blanc.aspx>
- Cassin, R. (2008). *Bribery Abroad*. Lexington, KY: Lulu Publications.
- Cassin, R. (2014, September 25). BHP ‘in discussions’ for FCPA settlement. *FCPAblog*. Retrieved from <http://www.fcpablog.com/blog/2014/9/25/bhp-in-discussions-for-fcpa-settlement.html>
- Cassin, R. (2015, March 23). Bilfinger confirms Brazil World Cup bribes. *FCPAblog*. Retrieved from: <http://www.fcpablog.com/blog/2015/3/23/bilfinger-confirms-brazil-world-cup-bribes.html>
- Correia, M., Bartley, M. and Freitas, R. (2013, September 24). A comparison of the new Brazilian anticorruption law, the FCPA, and the UK Bribery Act. *Association of Corporate Counsel*. Retrieved from: <http://www.acc.com/legalresources/quickcounsel/cnbalfuba.cfm>
- Debevoise & Plimpton (2015, March 23). Brazil issues long-awaited decree implementing the Clean Company Act. Retrieved from: [http://www.debevoise.com/~ /media/files/insights/publications/2015/03/client\\_updatebrazil\\_issues\\_longawaited\\_decree\\_implementing\\_the\\_clean\\_company\\_act.pdf](http://www.debevoise.com/~ /media/files/insights/publications/2015/03/client_updatebrazil_issues_longawaited_decree_implementing_the_clean_company_act.pdf)
- Department of Justice (2012, November 14). A resource guide to the U.S. Foreign Corrupt Practices Act. Retrieved from <http://www.justice.gov/criminal/fraud/fcpa/guidance/guide.pdf>
- Department of Justice (2013, November 26). Three subsidiaries of Weatherford International Limited agree to plead guilty to FCPA and export control violations. Retrieved from <http://www.justice.gov/opa/pr/three-subsidiaries-weatherford-international-limited-agree-plead-guilty-fcpa-and-export>

- Dodds, M. (2015) FCPA cases impact sport marketing strategies. *Sport Marketing Quarterly*, 24(4), 258-260.
- Dodds, M. and Gorse, S. (2015). The appearance of corruption: Nike's influence on USA Track and Field and its impact on athlete's rights. Poster presented at: Sport and Recreation Law Association Conference, Charlotte, NC
- Dodds, M. and Palmero, M. (2014). Sponsorship in Brazil: Compliance with the FCPA and CCA. Poster presented at: 12th Annual Conference of the Sport Marketing Association, Philadelphia, PA
- Donatti, D. (2014, May 16). Brazilian anticorruption and the World Cup. *The Global Anticorruption Blog*. Retrieved from: <http://globalanticorruptionblog.com/2014/05/16/brazilian-anticorruption-and-the-world-cup/>
- dw.com (2015, March 22). Germany's Bilfinger announces probe into possible Brazil 2014 World Cup bribes. Reuters. Retrieved from: <http://www.dw.com/en/germanys-bilfinger-announces-probe-into-possible-brazil-2014-world-cup-bribes/a-18333176>
- FCPAblog.com (2013, November 26). Weatherford pays \$152.6 million for FCPA violations, \$100 million for trade sanctions. Retrieved from: <http://www.fcpcbog.com/blog/2013/11/26/weatherford-pays-1526-million-for-fcpa-violations-100-millio.html>
- In re BHP Billiton Ltd., No. 3-16546 (May 20, 2015).
- Low, L. and Trenkle, T. (1999). U.S. antibribery law goes global. *Business Law Today*, July/ August, Retrieved September 30, 2013, from <http://apps.americanbar.org/buslaw/blt/8-6antibribery.html>
- Manfred, T. (2015, March 20). FIFA made an insane amount of money off Brazil's \$15 million World Cup. *Businessinsider.com*. Retrieved from: <http://www.businessinsider.com/fifa-brazil-world-cup-revenue-2015-3>
- Navarro, L. (2014). Brazil. In Anti-corruption regulation in 44 jurisdictions worldwide. Moyer H. (ed). *Getting the deal done* Law Business Research Ltd. London UK.
- Paul, S. and Hornby, L. (2013, March 13). BHP Billiton faces corruption probe over Beijing Olympics. *Reuters*. Retrieved from: <http://www.reuters.com/article/2013/03/13/us-bhp-investigation-olympics-idUSBRE92C00G20130313>
- Quershi, O. (2013). CMS guide to anti-bribery and corruption laws. Retrieved from: <http://www.cmslegal.com/CMS-Guide-to-Anti-Bribery-and-Corruption-Laws1>
- Rogers, HL, Tompkins, J., and Johansen, A. (2014, May 30). Corporate hospitality is major risk area during World Cup. Retrieved from: [http://www.law360.com/articles/542886/corporate-hospitality-is-major-risk-area-during-world-cup?article\\_related\\_content=1](http://www.law360.com/articles/542886/corporate-hospitality-is-major-risk-area-during-world-cup?article_related_content=1)
- Scott, Z. and Pozolo, E. (2014, February 12). Brazil's new anti-corruption law: What you need to know. *Kaye Scholer*. Retrieved from: <http://www.insidecounsel.com/2014/02/12/brazils-new-anti-corruption-law-what-you-need-to-k>
- SEC.gov (2013, November 26). SEC charges Weatherford International with FCPA

- violations. Retrieved from: <http://www.sec.gov/News/PressRelease/Detail/PressRelease/1370540415694#.VRAtTeHpx8t>
- SEC.gov (2015, May 20). SEC charges BHP Billiton with violating FCPA at Olympic Games. Retrieved from <http://www.sec.gov/news/pressrelease/2015-93.html>
- Securities and Exchange Commission v. Weatherford International Ltd. No. 4:13-cv-3500 (S.D. Tex. 2013).
- Sloat, S. (2015, March 22). Bilfinger launches probe into suspected bribery related to World Cup. *The Wall Street Journal*. Retrieved from: <http://www.wsj.com/articles/bilfinger-launches-probe-into-suspected-bribery-related-to-world-cup-1427028154>
- Stauffer, C. (2015, May 7). Brazil comptroller says Germany's Bilfinger seeking leniency deal *Reuters*. Retrieved from: <http://www.reuters.com/article/2015/05/07/brazil-corruption-bilfinger-idUSL1N0XY1XY20150507>
- Step.org (2015, June 16). First leniency request for bribery under Brazil's Clean Companies Act. Retrieved from: <http://www.step.org/news/first-leniency-request-bribery-under-brazil-s-clean-companies-act>
- Thomasson, E. (2015, March 30). Bilfinger investigates bribe allegations around Brazil World Cup order. *Reuters*. Retrieved from: <http://www.reuters.com/article/2015/03/22/us-bilfinger-brazil-idUSKBN0MI0KF20150322>
- Totalsportek2 (2015, February 27). How Rio Olympics 2016 total revenue to reach \$4 billion. *Totalsportek*. Retrieved from: <http://www.totalsportek.com/money/rio-olympics-2016-total-revenue-4-billion/>
- United Nations Global Compact. (2014). *Fighting corruption in sport sponsorship and hospitality: A practical guide for companies*. Retrieved from: [https://www.unglobalcompact.org/docs/issues\\_doc/Anti-Corruption/SportsSponsorshipHospitalityGuide.pdf](https://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/SportsSponsorshipHospitalityGuide.pdf)
- United States v. Esquenazi, 752 F.3d 912 (2014).
- Varela, J.C., Sanlate, G., and Sedes, D. (2013, August 22). Brazil's new anti-corruption law: What every multinational employer should know. *Little Mendelson, P.C.* Retrieved from: <https://www.littler.com/brazils-new-anti-corruption-law-what-every-multinational-employer-should-know>

---

*Address for correspondence:*

Mark Dodds  
SUNY Cortland  
1125 Professional Studies Building  
Cortland, NY 13045  
doddsm@cortland.edu



### III

## CONSUMER IMPRESSIONS OF SPORT CORRUPTION

by

Dodds, M. (2017).

Choregia : Sports Management International Journal, 13 (2), 1-15

<https://doi.org/10.4127/ch.2017.0121>

© the Author, 2017.

This is an open access article distributed  
under the terms of a Creative Commons License.



D.O.I: <https://doi.org/10.4127/ch.2017.0121>

Mark Dodds<sup>1</sup>

<sup>1</sup> *SUNY Cortland*

## Abstract

Fans view sport as corrupt and will become even more corrupt in the future. Because sport sponsorship relies on positive brand associations between the sport and the brand, sponsors are very concerned. A horn effect may occur transferring negative brand associations from a corrupt sport onto a brand. This study analyzes the link between corruption and sponsorship. The results of the study show that consumers will support sponsors when the corruption is alleged but less likely to support the sponsors if the corruption is proven. Further, consumers may support a corrupt sponsor's brand unless the corruptive behavior directly impacted a favorite team, country or sport. The author concludes that sport corruption is (and will be) a prevalent issue that sponsors need to manage. Crisis management theories are discussed to help sport sponsors survive a corruption scandal.

---

**Keywords:** *Corruption, Sponsorship, Sport marketing, Consumer behavior*



## Introduction

Unfortunately sport media consistently features headlines about corruptive behavior. This behavior may be connected to the individual athlete, a team, or the sport organization. The fans may become disillusioned by the corruptive behavior. Sponsors risk being harmed by corruption allegations that surround sport (Androsova, 2016). Corruption creates risks to a company's brand image (Bonime-Blanc, 2014), thus the negative media headlines surrounding bribery and corruption can undermine efforts to create positive brand awareness (Androsova, 2016). Therefore, as long as there is the potential for a halo effect, the potential also exists for the horn affect (Crompton, 2014).

A few recent and infamous sport scandals that impacted sponsors include the bribing of the Salt Lake City Olympic bid, the FIFA bribery and corruption allegations, the Bilfinger SE bribing in preparation of the Brazil World Cup, and the doping of Lance Armstrong.

In one of the most notorious scandals, two members of the Salt Lake City Organizing Committee faced fifteen criminal charges from providing more than US\$1.2 million in cash and gifts to entice IOC members to support its bid for the 2002 Olympic Winter Games (Dodds, 2016). Fearing a negative backlash to the media scrutiny, sponsors such as John Hancock Financial Services put pressure on the IOC to resolve the bribery issue (Wenn, Barney & Martyn, 2011)

Another renowned scandal involved FIFA. In May 2015, a massive FIFA conspiracy was uncovered by the United States' Federal Bureau of Investigation that included allegations of bribery, and kickbacks within the organization for years. This investigation led to the arrest of fourteen FIFA officials. The amount of bribery and kickbacks are alleged to be in excess of \$150 million (Miller & Barbash, 2015) in connection to the bid process of the 2010 World Cup (Herndon, 2015). Despite the FIFA bribery allegations and its widespread media coverage, there was no public outrage or sponsorship boycott by the fans (Crompton, 2014). Although bribes, kickbacks, strong-arming countries, and general malfeasance have plagued the organization for years (Herndon, 2015), this situation had an immediate impact on its sponsorship revenue. The sponsors chose to leave FIFA. After the 2014 World Cup, FIFA had 27 out of 34 partner slots empty and forecasted a deficit of £67 million for 2015 (Sport, 2015). Globally, football leagues have lost hundreds of millions of dollars in sponsorship money because of corruption (Hill, 2010).

Sponsors can be directly involved with sport corruption behavior. Bilfinger SE, a leading international engineering firm, was accused of paying bribes to public officials to secure contracts to equip security command centers at twelve host cities during the 2014 World Cup in Brazil (Dodds & Palmero, 2016). Although this case has not been resolved yet, the penalties could reach the tens of millions

of dollars. Sport entities need to create internal measures to combat corruption (United Nations Global Compact, 2014). It is usually illegal to use hospitality as a bribe (Androsova, 2016).

Sport corruption is also associated with individual sport participants. In 2012, U.S. Anti-Doping Agency concluded that the seven-time Tour de France winner, Lance Armstrong, was involved in a major doping scandal (Pearson, 2012). In response to this announcement, many long-time partners including Nike and the Livestrong cancer foundation created by Armstrong decided to end their association (Pearson, 2012).

Because most consumers view sport as corrupt and will become even more corrupt in the future, it is imperative that academic research begin to examine how corruption impacts consumer behavior. This paper discusses how fans and consumers view sport corruption and its effect on their purchase intentions.

## Literature review

Sport sponsorship is a major tactic of marketing. Meenaghan (1983) defined sponsorship as an exchange of financial or logistical assistance to a property in order to achieve commercial objectives. McDonald (1991) describes sponsorship as a promotional investment intended to achieve a marketing objective. Therefore, sponsorship involves an exchange of capital [cash or product-in-kind] from a business organization for access to a specific audience. A property offers assets that create touch-points to the audience that can be exploited by the sponsor. These assets include: intellectual property, category exclusivity, media, tickets and hospitality, venue signage, sponsor identification, event marketing and special events, in-game promotions, pass-through rights, and direct marketing opportunities (Lynde, 2007).

Sport sponsorship is popular because it can be very effective. The ability to connect to a sport fan and cultivate a relationship is critically important (Dees, 2011). Thus a successful sponsorship can positively influence consumer behavior towards a sponsor's product (Tzoumaka, Tsiotsou, & Siomkos, 2016) and increase future purchase intentions (Biscara, Correia, Rosado, Ross & Maroco, 2013). For instance, brand images featuring a sport star increases the likelihood of a purchase (Duglić & Lazarević, 2016).

However, corruption may change this relationship. Maenning (2005) defined two types of sport corruption: competition corruption and management corruption. Competition corruption involves athletes, sporting officials or non-athletes trying to influence the outcome of the competition. Match-fixing is deliberately underperforming by participants with a view to influence the final result of a sport

competition (Serby, 2015). Certain sports because of an individual's actions can greatly affect the course of a match lend themselves more easily to being fixed (Serby, 2015). For instance, a goalie or referee will have a greater impact on the final result than another player on the pitch. But spot-fixing is underperformance designed not to affect the final outcome of the match as a whole, but a single event within it (Serby, 2015). This single event may be as common to the game as kicking the ball out of bounds in football. In a spot-fixing situation, any player has an equal opportunity to influence the game. Most legal and illegal betting operators take bets on actions that may create spot-fixing. In fact, the betting operators may take bets for both single events and the final outcome of the game while the game is happening. Live betting involves taking bets during a match while the odds are changing all the time (Serby, 2015).

On the other hand, management corruption involves sport organizations or sport officials manipulating business decisions such as host venue bidding, the allocation of rights (media, intellectual property), the nomination of positions of authority, and the commissioning of stadia construction works (Maenning, 2005).

Sport corruption is such a world-wide issue that the United Nations is addressing the issue. The U.N. defines corruption as the misuse of sport sponsorship to obtain an undue competitive advantage (United Nations Global Compact, 2014). The U.N. seeks to prevent sport corruption to support peace, human dignity, ethics and fair-play (United Nations Global Compact, 2014). By creating a sub-working group, the U.N. applies its vast resources to helping prevent "bribery, doping, match fixing and illegal betting are just some of the negative actions that undermine the spirit of sport" (United Nations Global Compact, 2014, p. 5).

Academics are studying sport corruption. Hwang (2016) investigates correlations between people's perceptions towards corruptions and sport corruption at a national level. This author uses the Corruption Perceptions Index from Transparency International for base-level corruption data then analyzes 110 corruption cases from the Gorse and Chadwick's (2010) and Maennig's (2005) studies. Brannagan and Rookwood (2016) examine the perspectives of international football supporters of FIFA's controversial decision to award the World Cup to Qatar.

Despite the UN and other international initiatives, corruption continues to plague sport. This corruption creates significant obstacles for sport sponsors. Gorse and Chadwick (2010) conclude that relationships between a sport, team, or athlete, and the media, fans, and / or other stakeholders may be adversely affected by corruption. Parker and Fink (2010) address how a negative sponsor behavior impacts fan attitudes. Highly identified fans supported a sponsor's negative behavior when the sponsor maintained its relationship with the team (Parker & Fink, 2010). Fink, Parker, Brett and Higgins (2009) proved that unscrupulous acts by athletes off the field of play may impact levels of team identification. The authors concluded that the team leadership response may mitigate the effects

of the negative behavior (Fink, et al., 2009). For instance, when the team leaders denounced the behavior as being inconsistent with the team's expectation, then the negative impact on fans was lessened (Fink, et al., 2009).

Because the time and financial investment can be substantial, sponsors look to protect the investment as best as possible. Chadwick (2014) stated a need for published studies in the field of sport corruption, especially from a business and management perspective. Since then, many academic studies investigated this area of concern emphasizing the relationship between a sponsor and an event.

Crompton (2014) examines the impact of reputational risk for an event from a sponsor and concludes that the worst situation would be when the disreputable behavior rises to high-profile criminality. This would make it very difficult for the event to separate itself from the malfeasance. Crompton cites the Enron Corporation's unethical business behavior impacting the Houston Astros as an example. Kulczycki and Koenighstorfer (2016) state that sponsors cannot be blamed directly for event-related unethical behaviors, but the mere support of, and cooperation with, the corrupt body likely causes negative spillover effects on individual attitudes towards sponsors. Both of these studies show a connection between the sponsor and the event.

Sport tainted with corruption might lose sponsors (Gorse & Chadwick, 2012), fans who boycott games (Zlatkin, 2015), and decrease merchandising sales (Shilbury, Quick, & Westerbeek, 1998). However, Herndon (2015) suggested that product sales for a FIFA licensed video game may increase based on consumers who like video games but did not want to give its money to the previously-corrupt and unpunished FIFA. Herndon concluded that as the organization is becomes cleaner then product sales would increase.

The following study builds upon the previous research to investigate the purchase intentions of consumers based on sport corruption.

## **Methodology**

Data for this pilot study was drawn from a study measuring consumer perceptions of sport corruption. Data was collected from an electronic survey distributed to sport management students. Participants were asked a broad range of corruption, and sponsorship-related questions.

The demographic information are generally reflective of a typical college sport management program offering both undergraduate and master level courses. The respondents in the study skewed male. The respondents identify as sport fans (96% moderately, very important and extremely important). The fans view sport as very influential to their life.

**Table 1**  
*Demographics*

Male	68%
Female	32%

**Table 2**  
*Fan avidity*

Sports are not important to me	1%
Sports are slightly important to me	3%
Sports are moderately important to me	11%
Sports are very important to me	34%
Sports are extremely important to me	52%

## Results and Discussion

### Sport is corrupt

The respondents were asked if sport is corrupt. More than three-fourths of the respondents indicate that sport is at least sometimes corrupt. However, less than half (47%) feel that spot-fixing (specific aspect of the game that is unrelated to the final score of the event) is not sport corruption even if it has an indirect effect on the final result. Only 20% considered spot-fixing to always be corrupt.

An overwhelming quantity of respondents (90%) consider performance enhancing doping to be sport corruption, and 20% would be more forgiving of the athlete taking performance enhancing drugs if that athlete was a member of the favorite club.

It is interesting to note the interplay between the perception of corruption and the fan avidity. One in five fans would be more forgiving of a player who cheats by taking performance enhancing drugs if that player was a member of a favorite club.

**Table 3A**  
*Do you think sport is corrupt?*

Sport is not corrupt at all	0%
Sport is rarely corrupt	14%
Sport is sometimes corrupt	59%
Sport is often corrupt	24%
Sport is very corrupt	3%

**Table 3B**  
*Do you consider spot-fixing, which is a specific aspect of the game that is unrelated to the final score of the event (such as kicking the ball out of bounds, a double fault, etc.) to be sport corruption?*

The behavior is not sport corruption, even if it has an indirect effect on the final result	47%
The behavior is sport corruption, only if it has an indirect effect on the final result	33%
The behavior is always sport corruption	20%

**Table 3C**  
*Do you consider athletes taking performance enhancing drugs to be sport corruption?*

No	10%
Yes	90%

**Table 3D**  
*Would you be more forgiving to a player who takes performance enhancing drugs if the player is a member of your favorite club?*

More forgiving	20%
Less forgiving	28%
No impact	53%

### **Sport is more corrupt now then five years ago**

This study confirms that sport fans view sport as increasingly more corrupt. 61% feel that sport is more corrupt now than it was five years ago and 51% think it will be even more corrupt five years from now.

This result suggests that fans do not believe that current deterrent programs are working. This point of view may indicate that fans are more accepting of sport corruption since it forecasts to continue to be a part of sport in the future.

**Table 4A**

*Do you think sport is more or less corrupt than five years ago?*

Sport is more corrupt now than five years ago	61%
Sport is less corrupt now than five years ago	18%
It is the same as five years ago	22%

**Table 4B**

*Do you think sport five years from now will be more corrupt than it is now?*

Five years from now, sport will be more corrupt	51%
Five years from now, sport will be less corrupt	22%
It will be the same five years from now	27%

### **Sport corruption does not affect fan avidity**

Although fans believe sport is corrupt, they indicate their fan avidity levels remain the same. This is positive for teams, leagues and sponsors. This result connects to the previous outcome. The fan views corruption as a consistent element of modern sport, therefore the fan has to accept its presence.

**Table 5**

*Do corrupt allegations impact your fan avidity*

No, corruption allegations do not change my fandom of a particular sport	67%
Yes, the allegations have made me less of a fan	33%

**Consumers separate sport corruption from purchase behavior**

The respondents will continue to support sponsors (71%) when the sport is only rumored to be corrupted but are less likely (52%) to purchase sponsor products if the corruption is proven in a court of law or actual admittance to the corrupt behavior.

A sponsor needs to respond to the allegations of sport corruption before the allegations become proven. Once the sport corruption is proven then half of the consumer will be less likely to purchase products from sponsors still associated with the sport.

**Table 6A**

*Impact of sport corruption allegations on consumer behavior*

I would be less likely to purchase a corrupt sport sponsor’s product based on rumors and allegations of corruption	29%
I do not think a sponsor should be financially harmed due to the alleged malfeasance of the sport based on rumors and allegations of corruption	71%

**Table 6B**

*Impact of sport corruption on consumer behavior*

I would be less likely to purchase a corrupt sport sponsor’s product based on corruption proven in a court of law or admitted to by the sport property	52%
I do not think a sponsor should be financially harmed due to the alleged malfeasance of the sport based on corruption proven in a court of law or admitted to by the sport property	48%

**Consumers may support sponsors who commit sport corruption**

Fans appear to be more forgiving of sport corruption *by a sponsor*. In fact, only 34% would not purchase a sponsor product *if the sponsor were corrupt* while 37% would continue to purchase the corrupt sport sponsor’s product unless the corruption directly related to the favorite team, country or sport and 28% would continue to purchase the product regardless of the corruptive behavior.



**Table 7**  
*Impact of sponsor exhibiting corrupt behavior in sport*

I would not purchase a product from a corrupt sport sponsor	34%
I would continue to purchase the product unless the corruptive behavior was directly related to my favorite team, country, or sport	37%
I would continue to purchase the product	28%

### **A horn effect does exist**

An association with the corrupt sport does impact the brand image for the sponsor but only 28% think there is a high influence on the brand image, while 37% (moderate) and 28% (slight) think the influence is less.

**Table 8**  
*Does an association with a corrupt sport influence the brand image for a sponsor?*

Not at all influential	8%
The corruption would have a slight influence on the brand image	27%
The corruption would have a moderate influence on the brand image?	37%
The corruption would have high influence on brand image	28%

### **Implications and recommendations**

Sport is perceived to be corrupt. There is extensive media coverage of corrupt sport scandals that may create a negative backlash from fans and consumers. Therefore, sport marketers should consider scandal to be inevitable (Connor & Mazanov, 2010) and plan to manage its reply. Greyser (2009) lists potential reasons for a brand reputational crisis. Corporate misbehavior, executive misbehavior, and spokesperson misbehavior are included in this list (Greyser, 2009, p. 591-592). The types of sport corruption listed by Maennig (2005) fit within Greyer's list.

Connor and Mazanov (2010) found that sponsors react to scandals via denial, apology and education programs. How the sponsor responds is important due to the relationship between a consumer and a brand may influence the consumer's reaction to the response strategy (Li & Wei, 2016). For example, high commitment

consumers tend to be impacted less than low impact consumers Li and Wei (2016).

Any previous allegations for a corrupt sport actor may impact how the sponsor's response is received (Lee, Bang, & Lee, 2013). Therefore, a sponsor must prepare its response appropriately. Because of social media, a consumer's response can be amplified within the marketplace. Online venues make complaining much easier (Grégoire, et al., 2015). Twitter has become a real-time global newswire for individuals (Gruber, et al., 2015), but often those messages contain bias and misinformation. In the case of negative word of mouth, a consumer may try to restore equity by venting its emotions or cause harm to the brand via customer brand sabotage (Kähr, et al., 2016). Consequently, a consumer that protests the corrupt behavior may influence other consumers.

### **Denial**

Coombs, Holladay and Claeys (2016) concluded that demonstrated reputational damage and stakeholder anger increased when an organization initially denied responsibility and then was found to be responsible for the crisis. Denial may still be an effective response but the sponsor should be completely separate from the corruptive behavior.

### **Apology**

In response to negative behavior, Greyer (2009) recommends an organization should admit the truth or clear up any misimpressions about a situation. Lee, et al., (2013), found respondents were likely to perceive violators more favorably and were more likely to forgive when offered an apology. This apology should be given to the fans and the stakeholders who were affected by the transgressions. Grégoire, et al. (2015), recommends that an organization contacts a person who is badmouthing the organization. Lachlan, et al., (2016) concludes that a first response source is perceived to be more credible than subsequent sources. This requires that organization prepare responses in advance of potential crisis.

### **Education**

A proactive, public relations based strategy should be implemented. It is vital to understand brand crisis management considering the potential impact of negative behavior on an organization (Li & Wei, 2016). Improvement campaigns have a positive and significant impact on a manufacturer's image and brand loyalty (Souiden & Pons, 2009).

## Conclusion

Sport corruption is considered widespread and impacts sport organizations, fans and consumers. Sport corruption does not appear to have a major impact on fan avidity. In fact, fans appear to be more forgiving of players for their favorite teams who cheat.

Overwhelmingly, consumers will continue to support sponsors if the sport corruption is only alleged but not proven. Unfortunately, half of the consumers will be less likely to purchase a sponsor's product if the corruption is proven. Perhaps paradoxically, the major of consumers would continue to purchase the sponsor's product when the sponsor commits the corruption, especially if it involves a favorite team. Finally, a horn effect does exist that may transfer negative brand images from a corrupt sport organization onto a sponsor.

## References

- Androsova, U. (2016, August 10). Could sport sponsorship put your brand at risk? *Biz Blog*. Retrieved from [https://www.lexisnexis.com/communities/lexisnexis\\_biz/b/bizblog/archive/2016/08/10/could-sport-sponsorship-put-your-brand-at-risk.aspx](https://www.lexisnexis.com/communities/lexisnexis_biz/b/bizblog/archive/2016/08/10/could-sport-sponsorship-put-your-brand-at-risk.aspx)
- Biscara, R., Correia, A., Rosado, A.F., Ross, S., & Maroco, J. (2013). Sportsponsorship: The relationship between team loyalty, sponsorship awareness, attitude toward the sponsor, and purchase intentions. *Journal of Sport Management*, 27(4), 288-302.
- Bonime-Blanc, A. (2014, January 27). What companies must know about global anti-corruption laws. *SportsBusiness Journal*. Retrieved from <http://www.sportsbusinessdaily.com/Journal/Issues/2014/01/27/Opinion/Andrea-Bonime-Blanc.aspx?printandclose=true>
- Brannagan, P.M., & Rookwood, J. (2016). Sports mega-events, soft power and soft disempowerment: International supporter's perspectives on Qatar's acquisition of the 2022 FIFA World Cup finals. *International Journal of Sport Policy and Politics*, 8(2), 173-188.
- Chadwick, S. (2014). Still to be fixed: Corruption posing new challenges for sport business researchers. *Sport, Business and Management: An international Journal*, 4(1), (n.p.).
- Connor, J., & Mazanov, J. (2010). The inevitability of scandal: The lessons for sponsors and administrators. *International Journal of Sport Marketing and Sponsorship*, 11(3), 29-37.
- Coombs, W.T., Holladay, S.J., Claeys, A-S. (2016). Debunking the myth of denial's

- effectiveness in crisis communication: context matters. *Journal of Communication Management*, 20(4), 381-395.
- Connor, J. & Mazanov, J. (2010). The inevitability of scandal: lessons for sponsors and administrators. *International Journal of Sport Marketing & Sponsorship*, April, 212-220.
- Crompton, J. (2014). Potential negative outcomes from sponsorship for a sport property. *Managing Leisure*, 19(6), 1-22.
- Dees, W. (2011). New media and technology use in corporate sport sponsorship: Performing activational leverage from an exchange perspective. *International Journal of Sport Management and Marketing*, 10(3), 272-285.
- Dodds, M. (2016). Revisiting the Salt Lake City Olympic scandal: Would the outcome be different today? *Sports Management International Journal Choregia*, 12(2), 43-54.
- Dodds M., & Palmero, M. (2016). What can *Bilfinger* teach Olympic sponsors? *Sports Management International Journal Choregia*, 12(1), 1-14.
- Dugalić, S. & Lazarević, S. (2016). The impact of celebrity athlete endorsement on purchasing habits. *Physical Education and Sport*, 14(3), 435-446.
- Fink, J., Parker, H., Brett, M., & Higgins, J. (2009). Off-field behavior of athletes and team identification: Using social identity theory and balance theory to explain fan reactions. *Journal of Sport Management*, 23, 142-155.
- Gorse, S. & Chadwick, S. (2012). Conceptualising corruption in sport: Implications for sponsorship programmes. *European Business Review*, July/August, 40-45.
- Grégoire, Y., Salle, A., & Tripp, T. (2015). Managing social media crises with your customers: The good, the bad and the ugly. *Business Horizons*, 58, 173-182.
- Greyser, S. (2009). Corporate brand reputation and brand crisis management. *Management Decision*, 47(4), 590-602.
- Gruber, D., Smerek, R., Thomas-Hunt, M., & James, E. (2015). The real-time power of Twitter: Crisis management and leadership in an age of social media. *Business Horizons*, 58, 163-172.
- Herndon, N. (2015, June 6). How will the FIFA scandal impact the world's most popular video game? Retrieved from: <http://www.forbes.com/sites/archenemy/2015/06/06/fifa-scandal-and-the-best-selling-video-game/#3cf1d3e3c40e>
- Hill, D. (2010). A critical mass of corruption: why some football leagues have more match-fixing than others. *International Journal of Sports Marketing & Sponsorship*, April, 221-235.
- Hwang, G. (2016). Understanding sport corruption: An examination of people's perceptions toward corruption. *Psychology Research*, 6(4), 250-257.
- Kähr, A., Nyffenegger, B., Krohmer, H., & Hoyer, W. (2016). When hostile consumers wreak havoc on your brand: The phenomenon of consumer brand sabotage. *Journal of Marketing*, 80, 25-41.

- Kulczycki, W. & Koenighstorfer, J. (2016). Why sponsors should worry about corruption as a mega sport event syndrome. *European Sport Management Quarterly*, 16(5), 545-574.
- Lachlan, K., Spence, P., Lin, X., Najarian, K., & Del Greco, M. (2016). Social media and crisis management: CERC, search strategies, and Twitter content. *Computers in Human Behavior*, 54, 647-652.
- Lee, C., Bang, H., & Lee, D. (2013). Regaining fans' trust after negative incidents: Fit between responses and nature of incidents. *Sport Marketing Quarterly*, 22(4), 235-245.
- Li, M. & Wei, H.Y. (2016). How to save brand after crisis? A literature review on brand crisis management. *American Journal of Industrial and Business Management*, 6, 89-96.
- Lynde, T. (2007). *Sponsorships 101*. Mableton, GA: Lynde & Associates.
- Maennig, W. (2005). Corruption in international sports and sport management: Forms, tendencies, extent and countermeasures. *European Sport Management Quarterly*, 5(2), 187-225.
- McDonald, C. (1991). Sponsorship and the image of the sponsor. *European Journal of Marketing*, 25(11), 31-38.
- Meenaghan, J.A. (1983). Commercial sponsorship. *European Journal of Marketing*, 17(7), 5-73.
- Miller, M. & Barbash, F. (2015, May 27). U.S. indicts world soccer officials in alleged \$150 million FIFA bribery scandal. *The Washington Post*. Retrieved from <https://www.washingtonpost.com/news/morning-mix/wp/2015/05/27/top-fifa-officials-arrested-in-international-soccer-corruption-investigation-according-to-reports/>
- Parker, H., & Fink, J. (2010). Negative sponsor behavior, team response and how this impacts fan attitudes. *International Journal of Sports Marketing & Sponsorship*, 11(3), 17 – 28.
- Pearson, M. (2012, Oct. 22). Doping scandal costs Lance Armstrong sponsors, charity role. *CNN*. Retrieved from: <http://www.cnn.com/2012/10/17/us/lance-armstrong-doping/>
- Serby, T. (2015). The Council of Europe Convention on manipulation of sports competitions: the best bet for the global fight against match fixing? *International Sports Law Journal*, 15, 83-100.
- Shilbury, D., Quick, S., & Westerbeek, H. (1998). *Strategic sport management*. St. Leonards, NSW: Allen & Unwin.
- Souiden, N. & Pons, F. (2009). Product recall crisis management: The impact on manufacturer's image, consumer loyalty, and purchase intention. *Journal of Product & Brand Management*, 18(2), 106-114.
- Sport, P. (2015, Dec. 4). FIFA scandal leads to sponsor crisis, with 27 of 34 partner

slots empty. *ESPNFC*, Retrieved from: <http://nonredline.soccernet.espn.gns.go.com/blog/fifa/243/post/2739790/fifa-corruption-scandal-has-led-to-full-blown-sponsorship-cr>

Tzoumaka, E., Tsiotsou, R.H., & Siomkos, G. (2016). Delineating the role of endorser's perceived qualities and consumer characteristics on celebrity endorsement effectiveness. *Journal of Marketing Communications*, 22(3), 307-326.

United Nations Global Compact Office (2014, March). Fighting corruption in sport sponsorship and hospitality: A practical guide for companies. UN Global Compact. Retrieved from: [https://www.unglobalcompact.org/docs/issues\\_doc/Anti-Corruption/SportsSponsorshipHospitalityGuide.pdf](https://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/SportsSponsorshipHospitalityGuide.pdf).

Wenn, S., Barney, R., & Martyn, S. (2011). *Tarnished rings: The International Olympic Committee and the Salt Lake City Bid Scandal*. Syracuse, New York: Syracuse University Press.

Zlatkin, I. (2015, Sept. 22). Will EA Sports be collateral damage in FIFA corruption scandal? Retrieved from: <http://www.fcpablog.com/blog/2015/9/22/will-ea-sports-be-collateral-damage-in-fifa-corruption-scand.html>

---

*Address for correspondence:*

Mark Dodds  
SUNY Cortland  
dodds@cutland.edu





## IV

### **CORRUPTION IMPACT ON SPORT SPONSORSHIP STRATEGY**

by

Dodds, M., Rasku, R. & Laitila, O. (2018).

Choregia : Sports Management International Journal, 14 (1), 21–34.

<https://doi.org/10.4127/ch.2018.0127>

© the Authors, 2018.

This is an open access article distributed  
under the terms of a Creative Commons License.





D.O.I: <https://doi.org/10.4127/ch.2018.0127>

Mark Dodds<sup>1</sup>, Risto Rasku<sup>2</sup>, Osmo Laitila<sup>2</sup>

<sup>1</sup> *SUNY Cortland*

<sup>2</sup> *University of Haaga-Helia*

## Abstract

Corruption has become synonymous with sport. The sport media is filled with stories about bribery, doping and other malfeasance. The sport corruption may harm a sport sponsor. This horn effect may damage the brand image of the sponsor and cause a negative impact on product purchase intention.

This paper analyzes the link between corruption and sport sponsorship. The study investigates how the fans of a Finnish football club perceive how the high profile FIFA scandals impact the club's sponsors brand image and purchase intentions. The results of the study indicate these local clubs and their sponsors may be insulated from the negative aspects of the FIFA corruption. However, FIFA sponsors and sponsors who display corrupt actions may see a significant decrease in purchase intentions.

This study utilizes the core idea of sport business intelligence by applying a customer-oriented business approach to sport. The results provide the Finnish football club and its' sponsors vital marketing insights to manage a potential negative brand association with FIFA.

---

**Keywords:** *Sport corruption, Sponsorship, Sport marketing, Sport business intelligence*

Principal management implications:

- Fans perceive football as being corrupt
- Sport corruption lowers fan avidity for the sport of football but not JJK
- FIFA corruption negatively impacts FIFA sponsors
- FIFA corruption does not impact local football club sponsors
- Consumers will not support sponsors who commit sport corruption
- A horn effect does exist due to the FIFA association

## Introduction

The sport media features corruption stories including bribery, doping and other malfeasance on a frequent basis. This corruption may harm the sport sponsors' efforts to create a positive brand image (Androsova, 2016) and is risky to the company's brand image (Bonime-Blanc, 2014). Because of the sport corruption, the potential also exists for the horn affect where the negative image of corruption has a negative effect on the sponsor's brand image (Crompton, 2014).

The Fédération Internationale de Football Association (FIFA) has faced many scandals recently. One of the more infamous scandals involves FIFA. In May 2015, the United States' Federal Bureau of Investigation uncovered a massive conspiracy. This scandal was connected to the bid process of the 2010 World Cup (Herdon, 2015) and included allegations of bribery, and kickbacks within the organization for years. The amount of bribery and kickbacks are alleged to be in excess of \$150 million (Miller & Barbash, 2015). Ultimately, fourteen FIFA officials were arrested. FIFA sponsors reacted to the news of the corruption by ending its relationship to the organization. After the 2014 World Cup, FIFA had 27 out of 34 partner slots empty and forecasted a deficit of £67 million for 2015 (Sport, 2015). Other FIFA scandal involve improprieties surrounding the Qatar and Russia World Cup bids, and non-transparent elections. Globally, football leagues have lost hundreds of millions of dollars in sponsorship money because of corruption (Hill, 2010).

The sport sponsors can be the organization exhibiting the sport corruption behavior. Bilfinger SE, a leading international engineering firm, was accused of paying bribes to public officials to secure contracts to equip security command centers at twelve host cities during the 2014 World Cup in Brazil (Dodds & Palmero, 2016). Weatherford International paid more than \$150 million for bribery related to the 2006 FIFA World Cup (Cassin, 2013). Another corporation, BHP Billiton paid a \$25 million fine from bribery violations at the 2008 Summer Olympic Games (Dodds, 2015).

This paper discusses the impact of FIFA sport corruption on a local football club and its sponsors, as well as the possibility of the sport sponsor's corruptive behaviour. The study looks at the impact from a brand image and a purchase intention perspective. Sport business intelligence applies customer-oriented business to sport and supports informed decisions. This investigation provides vital sponsorship insights to potential local football sponsors looking to manage a potential negative brand association with FIFA.

## Literature Review

Corruption has become prevalent in sport. Maenning (2005) defined two types of sport corruption: competition corruption and management corruption. Competition corruption involves athletes, sporting officials or non-athletes trying to influence the outcome of the competition. Competition corruption usually takes the form of match-fixing, spot-fixing or doping. Match-fixing is deliberately underperforming by participants with a view to influence the final result of a sport competition (Serby, 2015). Spot-fixing is underperformance designed not to affect the final outcome of the match as a whole, but a single event within it (Serby, 2015), such as kicking the ball out of bounds in football. In a spot-fixing situation, any player has an equal opportunity to influence the game.

This paper focuses on management corruption, which involves sport organizations or sport officials manipulating business decisions such as host venue bidding, the allocation of rights (media, intellectual property), the nomination of positions of authority, and the commissioning of stadia construction works (Maennig, 2005). These actions may be taken by sport properties or sport sponsors. The prevention of management corruption has led the United Nations to work with countries and sponsors to prevent bribery in sport (United Nations Global Compact, 2014).

Sport sponsorship is a key strategic business initiative (O'Reilly & Horning, 2013). Meenaghan (1983) defined sponsorship as an exchange of financial or logistical assistance to a property in order to achieve commercial objectives, whereas McDonald (1991) described sponsorship as a promotional investment intended to achieve a marketing objective. Dodds (2017) frames sponsorship as an exchange of capital [cash or product-in-kind] from a business organization to a sport property for access to a specific audience. Sponsorship assets include: intellectual property, category exclusivity, media, tickets and hospitality, venue signage, sponsor identification, event marketing and special events, in-game promotions, pass-through rights, and direct marketing opportunities (Lynde, 2007).

Sponsorship creates relationships with the sport fans (Dees, 2011). Thus a

successful sponsorship should positively influence consumer behavior towards a sponsor's product (Tzoumaka, Tsiotsou & Siomkos, 2016). This positive relationship may increase future purchase intentions for the sponsor (Biscara, Correia, Rosado, Ross & Maroco, 2013).

Companies selectively invest in sport entities to reach its marketing goals and objectives (Trachsler, DeGaris & Dodds, 2015). Academic research suggests the "halo effect," where sponsorship creates a positive impression, improves the sponsor's brand image, and increases the purchase intent of the sponsors' products (Koronios, Psiloutsikou, Krimadis, Zervoulakos & Leivaditi, 2016). Unfortunately, a "horn effect" may also exist. Negative partner publicity has the potential to cause damage to brand equity (Kelly, Ireland, Mangan & Williamson, 2016) where the sponsors of a corrupt sporting property may see a negative impact on its brand image (Hughes & Shank, 2005), or the event host population's attitude towards the event itself (Kulczycki & Koenighstorfer, 2016). There are many strategies that a sponsor should use when reacting to a scandal (Connor & Mazanov, 2010) including terminating the business relationship (Prendergast, Paliwal & Mazodier, 2016).

When confronted with corruption, a sponsor should react strategically. The Sponsor Response to Sporting Transgression (SRST) model considers eight factors to decide a sponsor response to corruption (Roberts, Chadwick & Agagnostopoulos, 2017). The SRST lists withdraw from the relationship immediately, remain and take a stance, remain and negotiate better terms, remain and mitigate damage, renegotiate a new contract, and withdraw at the end of the contract as possible actions. A sponsor's response should depend on the severity of the corruption case, the profile of the sport, and the level of competition (Roberts, Chadwick & Agagnostopoulos, 2017).

Therefore, sport tainted with corruption might lose sponsors (Gorse & Chadwick, 2012). However, recent research suggests that sport fans support sponsors when the corruption is only alleged but less likely to support the sponsors if the corruption is proven (Dodds, 2017). Also, the fans support a corrupt sponsor's brand unless the corruptive behavior directly impacted a favorite team, country or sport (Dodds, 2017).

Sport business intelligence applies modern customer-oriented business theory to sport by transforming raw data into useful information (Rasku & Turco, 2017). The results and analysis from this study creates key strategic insight for the football club and its sponsors. Both may create proactive approaches for dealing with FIFA sport corruption.

## Methodology

This study utilizes a Finnish football club’s owned communications platforms to deliver a survey for potential respondents and fans of the football club (JJK Jyväskylä). The benefits of this approach including reaching more potential respondents, getting a better response rate, higher quality responses, as well as manage the data collection process more efficiently than in face-to-face interviews. Club’s social media channels reach more than 8.600 followers in Facebook and 4.000 followers in Twitter which were the main channels to promote the survey. Addition to this the study was promoted for potential respondents through club’s email newsletter sent for subscribers in mid-July. Questionnaire was translated from English to Finnish to improve the response rate and data was collected using a Webropol online survey tool. Questionnaire was open for responses from July 13 to August 4, 2017.

Data for this pilot study was drawn from a study measuring consumer perceptions of sport corruption. Participants were asked a broad range of corruption, and sponsorship-related questions. The questionnaire explores general attitudes about the sport corruption surrounding FIFA, its influence on fan avidity, and its impact on the local club’s sponsors and the club itself.

## Demographics

The demographics of the study are male (86.8%) with a very high fan avidity level (76.3% very important and extremely important) for football.

**Table 1**  
*Demographics*

Male	86.8%
Female	13.2%

**Table 2**  
*Fan avidity*

Football is not important to me	1.3%
Football is slightly important to me	6.5%
Football is moderately important to me	15.9%
Football is very important to me	36.8%
Football is extremely important to me	39.5%

## Results and discussion

### Football is corrupt

This survey indicates that JJK football fans believe that football is corrupt. The results show that 90.7% of the population views football at least being at least sometimes corrupt.

**Table 3**  
*Do you think football is corrupt?*

Football is not corrupt at all	1.3%
Football is rarely corrupt	8.0%
Football is sometimes corrupt	56.0%
Football is often corrupt	24.0%
Football is very corrupt	10.7%

### Sport corruption lowers fan avidity for the sport of football but not JJK

21.6% of the respondents indicate their fan avidity levels for the sport of football decreased due to the FIFA World Cup site / venue corruption. However, this fan avidity decrease does not impact the local club, JJK. Less than 4% of the respondents indicated that the FIFA corruption decreased their fan avidity for JJK. This is positive for teams, leagues and sponsors. Although corruption may be affecting the sport generally, fans are still connected to the local club.

**Table 4A**

*Do allegations of FIFA World Cup site / venue corruption impact your fan avidity to the sport of football?*

No, corruption allegations do not change my fandom of a particular sport	78.4%
Yes, the allegations have made me less of a fan	21.6%

**Table 4B**

*Do allegations of FIFA World Cup site / venue corruption impact your fan avidity to JJK?*

No, corruption allegations do not change my fandom of a particular sport	96.1%
Yes, the allegations have made me less of a fan	3.9%

### **FIFA corruption negatively impacts FIFA sponsors**

The data indicates that 25% of respondents are less likely to purchase a sponsor's product associated with an alleged corrupt FIFA. This number increases to 41.3% if the allegations are proven true. Therefore, a sponsor needs to respond to the allegations of FIFA's corruption before the allegations become proven.

**Table 5A**

*If FIFA is rumored to be corrupt (by media allegations or unproven statements), would you still support FIFA sponsors?*

No, I would be less likely to purchase a corrupt FIFA sponsor's product	25.0%
Yes, I do not think a sponsor should be financially harmed due to the alleged malfeasance of the FIFA	75.0%

**Table 5B**

*If FIFA is proven to be corrupt (in a court of law, violation of sport code of ethics, or actual admittance to corrupt behavior), would you still support FIFA sponsors?*

No, I would be less likely to purchase a corrupt FIFA sponsor's product	41.3%
Yes, I do not think a sponsor should be financially harmed due to the alleged malfeasance of FIFA	58.7%



### **FIFA corruption does not impact JJK sponsors**

Whether the FIFA corruption is alleged or proven, it does not impact the JJK sponsors. JJK fans will still purchase the sponsors products, therefore the sponsorship investment with the local club is protected from the FIFA corruption. The percentage is overwhelming where more than 95% of the fans support the sponsors in both cases.

**Table 6A**

*If FIFA is rumored to be corrupt (by media allegations or unproven statements), would you still support JJK sponsors?*

No, I would be less likely to purchase a JJK sponsor's product if FIFA is alleged to be corrupt	4.1%
Yes, I do not think a JJK sponsor should be financially harmed due to the alleged malfeasance of the FIFA	95.9%

**Table 6B**

*If FIFA is proven to be corrupt (in a court of law, violation of sport code of ethics, or actual admittance to corrupt behavior), would you still support JJK sponsors?*

No, I would be less likely to purchase a JJK sponsor's product if FIFA is proven to be corrupt	2.7%
Yes, I do not think a JJK sponsor should be financially harmed due to the proven malfeasance of the FIFA	97.3%

### **Consumers will not support sponsors who commit sport corruption**

The study reveals that over 63.2% of JJK fans will not purchase a product from a corrupt sponsor (a sponsor who actually commits the malfeasance such as bribery). An additional 27.6% will not purchase if the corrupt behaviour directly impacts their favorite team, country or sport. In total, over 90% of fans will not support sponsors who commit sport corruption. Therefore, there is a significant financial incentive for sport sponsors to conduct themselves ethically without using corruptive behaviours.

**Table 7**

*Would you be likely to purchase a product from a sponsor that exhibited corrupt behaviour (bribery, influence on choosing athletes, etc.) in football?*

I would not purchase a product from a corrupt sport sponsor	63.2%
I would continue to purchase the product unless the corruptive behavior was directly related to my favorite team, country, or sport	27.6%
I would continue to purchase the product	9.2%

### **A horn effect does exist due to the FIFA association**

An association with the corrupt sport does impact the brand image for the sponsor but only 17.1% think there is a high influence on the brand image, while 32.9% (moderate) and 44.7% (slightly) think the influence is less.

However, the horn effect is a bit stronger as it relates to a sport club. Although the percentage of respondents who do not connect the FIFA corruption with a sport club increases to 9.2%, the percentage who see a high influence increases to 25.1%.

**Table 8A**

*Does an association with a corrupt FIFA influence the brand image for a sponsor?*

Not at all influential	4.3%
The corruption would have a slight influence on the brand image	44.7%
The corruption would have a moderate influence on the brand image?	32.9%
The corruption would have high influence on brand image	17.1%

**Table 8B**

*Does an association with a corrupt FIFA influence the brand image for a sport club?*

Not at all influential	9.2%
The corruption would have a slight influence on the brand image	33.8%
The corruption would have a moderate influence on the brand image?	28.9%
The corruption would have high influence on brand image	25.1%

## Implications and Recommendations

This study provides vital information for sport sponsors and local sport clubs. Although sport fans lose their fan avidity for football and the FIFA sponsors based on the FIFA corruption allegations, the fans do not lose their support for the local clubs or their sponsors.

JJK's business strategy must include a proactive approach for future scandals. JJK can assure its sponsors that its investment is protected against FIFA bribery issues.

This study does contain limitations. First, it only measures the fan responses for JJK, a small football club in central Finland. The Finnish criminal code has laws against corruption, including active and passive bribery, fraud and more. Perhaps a culture without such stringent regulations against corruption may reveal a different outcome.

Another limitation may be the fan's belief of corruption having a dramatic influence on the purchase decision. Dodds and DeGaris (2011) found that sponsorship activation may dramatically impact purchase decisions. Therefore, an incentivizing sponsorship activation such as a price promotion may entice a fan to purchase a product despite having a negative impression of that company.

Finally, academic research suggests that sponsorship awareness may not actually lead to purchases (Zaharia, Biscara, Gray & Stotlar, 2016). In fact, DeGaris and West (2012) concluded that effective sponsorship activation is needed to drive retail traffic. Therefore, there are many influences on the purchase decision.

## Conclusion

Sport scandals create negative impressions for fans (Hwang, 2016). These negative impressions may impact a sport organization (Parker & Fink, 2010), a sponsor's brand image (Kelly, *et al.*, 2016) and its purchase intentions (Kuzma, Velti, Kuzma & Miller, 2003). This research indicates that although those outcomes may be applicable at a different scale, perhaps a local football club and its sponsors are insulated from FIFA scandals.

## References

Androsova, U. (2016, August 10). Could sport sponsorship put your brand at risk? *Biz Blog*. Retrieved from <https://www.lexisnexis.com/communities/lexisnex>

is\_biz/b/bizblog/archive/2016/08/10/could-sport-sponsorship-put-your-brand-at-risk.aspx

Biscara, R., Correia, A., Rosado, A.F., Ross, S., & Maroco, J. (2013). Sport sponsorship: The relationship between team loyalty, sponsorship awareness, attitude toward the sponsor, and purchase intentions. *Journal of Sport Management*, 27(4), 288-302.

Bonime-Blanc, A. (2014, January 27). What companies must know about global anti-corruption laws. *SportsBusiness Journal*. Retrieved from <http://www.sports-businessdaily.com/Journal/Issues/2014/01/27/Opinion/Andrea-Bonime-Blanc.aspx?printandclose=true>

Cassin, R.L. (2013, November 26). Weatherford pays \$152.6 million for FCPA violations, \$100 million for trade sanctions. *The FCPA Blog*.

Connor, J., & Mazanov, J. (2010). The inevitability of scandal: The lessons for sponsors and administrators. *International Journal of Sport Marketing and Sponsorship*, 11(3), 29-37.

Crompton, J. (2014). Potential negative outcomes from sponsorship for a sport property. *Managing Leisure*, 19(6), 1-22.

Dees, W. (2011). New media and technology use in corporate sport sponsorship: Performing activational leverage from an exchange perspective. *International Journal of Sport Management and Marketing*, 10(3), 272-285.

DeGaris, L. & West, C. (2012). The effects of sponsorship activation on the sales of a major soft drink brand. *Journal of Brand Strategy*, 1(4), 403-412.

Dodds, M. (2015). Foreign Corrupt Practices Act cases impact sport marketing strategies. *Sport Marketing Quarterly*. 24, 258-260.

Dodds, M. (2017). Consumer impressions of sport corruption. *Sports Management International Journal Choregia*, 13(2), 1-15.

Dodds, M. & DeGaris, L. (2011). Using mobile marketing to engage NASCAR fans and increase sales. *Sports Management International Journal Choregia*, 7(1), 63-75.

Dodds M., & Palmero, M. (2016). What can *Bilfinger* teach Olympic sponsors? *Sports Management International Journal Choregia*, 12(1), 1-14.

Gorse, S. & Chadwick, S. (2012). Conceptualising corruption in sport: Implications for sponsorship programmes. *European Business Review*, July/August, 40-45.

Hwang, G. (2016). Understanding sport corruption: An examination of people's perceptions toward corruption. *Psychology Research*, 6(4), 250-257.

Herndon, N. (2015, June 6). How will the FIFA scandal impact the world's most popular video game? Retrieved from: <http://www.forbes.com/sites/arch-enemy/2015/06/06/fifa-scandal-and-the-best-selling-video-game/#3cf1d3e3c40e>

Hill, D. (2010). A critical mass of corruption: why some football leagues have more match-fixing than others. *International Journal of Sports Marketing & Sponsorship*, April, 221-235.

Hughes, S. & Shank, M. (2005). Defining scandal in sports: Media and corporate sponsor perspectives. *Sport Marketing Quarterly*, 14, 207-216.

Kelly, S.J., Ireland, M., Mangan, J., & Williamson, H. (2016). It works two ways: Impacts of sponsorship alliance upon sport and sponsor image. *Sport Marketing Quarterly*, 25, 241-259.

Koronios, K., Psiloutsikou, M., Kriemadis, A., Zervoulakos, P., & Leivaditi, E. (2016). Sport sponsorship: The impact of sponsor image on purchase intentions of fans. *Journal of Promotion Management*, 22(2), 238-250.

Kulczycki, W. & Koenighstorfer, J. (2016). Why sponsors should worry about corruption as a mega sport event syndrome. *European Sport Management Quarterly*, 16(5), 545-574.

Kuzma, J.R., Velti, F.R., Kuzma, A.T., & Miller, J.T. (2003). Negative corporate sponsor information: The impact on consumer attitudes and purchase intentions. *International Sport Journal*, Summer, 140-147.

Lynde, T. (2007). *Sponsorships 101*. Mableton, GA: Lynde & Associates.

Maennig, W. (2005). Corruption in international sports and sport management: Forms, tendencies, extent and countermeasures. *European Sport Management Quarterly*, 5(2), 187-225.

McDonald, C. (1991). Sponsorship and the image of the sponsor. *European Journal of Marketing*, 25(11), 31-38.

Meenaghan, J.A. (1983). Commercial sponsorship. *European Journal of Marketing*, 17(7), 5-73.

Miller, M. & Barbash, F. (2015, May 27). U.S. indicts world soccer officials in alleged \$150 million FIFA bribery scandal. *The Washington Post*. Retrieved from <https://www.washingtonpost.com/news/morning-mix/wp/2015/05/27/top-fifa-officials-arrested-in-international-soccer-corruption-investigation-according-to-reports/>

O'Reilly, N. & Horning, D. (2013). Leveraging sponsorship: The activation ratio. *Sport Management Review*, 16, 424-437.

Parker, H., & Fink, J. (2010). Negative sponsor behavior, team response and how this impacts fan attitudes. *International Journal of Sports Marketing & Sponsorship*, 11(3), 17 – 28.

Prendergast, G., Paliwal, A., & Mazodier, M. (2016). The hidden factors behind sponsorship and image transfer. *Journal of Advertising Research*, 56(2) 132-135.

Rasku, R., & Turco, D.M. (2017). Sport business intelligence and the WRC event. In Dodds, M., Heisey, K., & Ahonen, A. (Eds.) *Routledge Handbook of International Sport Business* (pp.15-25). London, UK: Routledge.

Roberts, S., Chadwick, S., & Anagnostopoulos, C. (2017). Sponsorship programmes and corruption in sport: management responses to a growing threat. *Journal of Strategic Marketing*, 1-18.

Serby, T. (2015). The Council of Europe Convention on manipulation of sports

competitions: the best bet for the global fight against match fixing? *International Sports Law Journal*, 15, 83-100.

Sport, P. (2015, Dec. 4). FIFA scandal leads to sponsor crisis, with 27 of 34 partner slots empty. *ESPNFC*, Retrieved from: <http://nonredline.soccernet.espn.gns.go.com/blog/fifa/243/post/2739790/fifa-corruption-scandal-has-led-to-full-blown-sponsorship-cr>

Trachsler, T., DeGaris, L., & Dodds, M. (2015). Sport commercialism and its impact on sponsorship strategy. *Sports Management International Journal Choregia*, 11(2), 77-92.

Tzoumaka, E., Tsiotsou, R.H., & Siomkos, G. (2016). Delineating the role of endorser's perceived qualities and consumer characteristics on celebrity endorsement effectiveness. *Journal of Marketing Communications*, 22(3), 307-326.

United Nations Global Compact. (2014). *Fighting corruption in sport sponsorship and hospitality: A practical guide for companies*. Retrieved from: [https://www.unglobalcompact.org/docs/issues\\_doc/Anti-Corruption/SportsSponsorshipHospitalityGuide.pdf](https://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/SportsSponsorshipHospitalityGuide.pdf)

Zaharia, N., Biscaia, R., Gray, D. & Stotlar, D. (2016). No more "good" intentions: Purchase behaviors in sponsorship. *Journal of Sport Management*, 30(2), 162-175.

---

*Address for correspondence:*

Mark Dodds  
SUNY Cortland  
mark.dodds@cortland.edu

