

THE ECONOMICS OF CORRUPTION IN PROFESSIONAL SPORT

LUMINIȚA IONESCU

luminita.ionescu@spiruharet.ro

Spiru Haret University

ABSTRACT. The analysis presented in this paper contributes to research on the culture of corruption in sport, kinds of corrupt undertakings identified in worldwide sport, expenses of corruption in global sports, and important barriers in reacting to corruption in sport. The material gathered in this study provides a rich and diverse context for understanding anti-corruption actions in sport, the pernicious consequences of corruption in sports, the threat of corruption in international sport, and elements that strengthen the resilience of corruption in worldwide sport.

JEL codes: D73; L83

Keywords: corruption; professional sport; fair play

Received 10 May 2014 • Received in revised form 27 November 2014

Accepted 1 December 2014 • Available online 10 June 2015

1. Introduction

Particularly with professional sports inducing substantial concern and immense quantities of money, corruption in sports may bring about an enormous societal and economic responsibility. Corruption in its different types permeates the whole sports system, perverting integrity, fair play and confidence for the game. Corruption in sports is any type of competitive damage generated by any kind of undertaking viewed as prohibited by law, unjust or dishonest (Nica and Potcovaru, 2014) established on shared global rules and restrictions. Corruption has pervaded through the whole range of sports and creates harmful consequences. The strength of antidotes to oppose corruption in sports is moderated by the corruption intrinsic in the entities that may divert organizations from their primary aim, decelerating the enforced endeavors to swimmingly and sustainably oppose corruption. (Dimant and Deutscher, 2015)

2. The Threat of Corruption in International Sport

The sports industry provides a context where corrupt events are exactly documented, where sanctions are handled by sports controlling entities and where spectators' demand, in the configuration of gate presence at sporting events, is noticeable and consistently registered. Team sports contests are prone to several sources of embryonic corruption, comprising unequivocal match-rigging. Sports leagues can emphasize the supplementary detrimental effects of sanctions as a discouragement for eventual corrupt routines by club representatives who may be vulnerable to enticement. (Buraimo et al., 2015)

Corruption offenses in global sports associate with the exercise of a delinquent impact over management decisions by sporting entities and sports representatives, and especially concerning host venues for outstanding contests, allowance of rights, recommendation for positions, commissioning constructions activities for sports stadiums and other settings, and in addition over contest results, in accordance with which the supplier and the beneficiary of the bribes can be sportspersons only, sporting representatives and other non-sportspersons only, and sportspersons and representatives. Regardless of the fact that a substantial degree of unidentified situations are considered, there is no evidence that corruption in sport is on the rise or is more pervasive in sport than corruption in other spheres of human enterprise. The social marginal expenses of preventing corruption in sport can be maintained somewhat low. Worldwide sport can be praised for having taken anti-corruption initiatives which were swift enough in most situations and which generally indicated basically the appropriate path. (Maennig, 2009) (Table 1)

Table 1 Anti-corruption initiatives that are especially significant from an economic perspective

The institution of coherent principles of behavior, with clear descriptions of unwanted (and blameworthy) conduct.
Cutting down surpluses gathered by host cities from organizing main sporting competitions by approving the sporting family a more significant portion of the financial benefits.
Establishing the approach for the choice of sporting venues more straightforward, in addition to instituting freedom of information acts in sport.
Setting up financial stimulant mechanisms for sportspersons and representatives which have the consequence of raising the chance expenses of corruption and which supply them with official compensation for their undertakings at a more significant degree than the regular market wage for equivalent enterprises.
Raising supervisions and initiating tougher punishments.

Adapted from Maennig (2009)

3. The Pernicious Consequences of Corruption in Sports

Corruption seeks to make sport more of a pastime competition with a more significant inevitability of end result, deprives it of its crucial aspect of unpredictability of the outcome and advances its bias into the arena of fun, and affects the grounds of sporting virtue. It is vital to support the latter to secure that sport is not under any corrupt authority that might challenge the accuracy and uncertainty of the sporting outcome. Cheating sports celebrities can bring about corrupt betting routines, and has been related to undertakings to fix matches and modify the outcomes of sporting contests. Corrupt betting routines can generate cheating by sportspersons, referees, etc. to fix matches and modify the outcomes of contests. Sports regulatory entities are undertaking diverse strategies to assist in mitigating the troubles related to corruption. When the probity of sports is corrupted and investigated, the sustenance of numerous individuals is undermined. (McLaren, 2008) Corruption is an unnoticeable manifestation in all professional sport: where there are funds and request is significant, corruption generally occurs. Football's national confines disappeared, and corruption that was long ago restricted and had small proportion became global, entailing considerable amounts of money. Bribery and corruption have been as considerably portion of football culture as gambling. The principles of football have altered: winning a match, title or interest in organizing an important competition forms the foundation of grounds behind the pervasive degrees of corruption. (Cashmore and Cleland, 2014)

Media-related corruption can be identified in one-sided exposition of particular sports contests or sports operations. Corrupt routines can aim to secure media reporting of little-known sports, which would under other circumstances persist uncared-for by the media, to raise their recognition. This kind of corruption can be backed by public schemes on sports or diverse types of public financial aids and subsidization that are dependent on media coverage of a sports discipline or a specific sports competition. Crafty types of media's attempts to furthering corrupt conduct are associated with the media's inertia, to their commanding or "natural" carelessness of corruption on account of inferred criteria of performance and requirements organized and distributed in the area of sports journalism. The function of the media, which passively condone corruption, frequently alters throughout corruption scandals, official charges, and court resolutions concerning match fixing. Journalists can focus on corruption when it is of sufficient interest to warrant press coverage. The function of a journalist may not be one of furthering corruption. Media reporting of corruption is in accord with market request and constitutes a response to diminished risk. The sociological analysis of corruption should be instrumental in the comprehension of media reporting of corruption and the manners in which it is construed. The new media systems furnish a space

for rallying in opposition to corruption by functioning as a platform for the interchange of data that would under other circumstances be ignored. (Numerato, 2009)

4. Kinds of Corrupt Undertakings Identified in Worldwide Sport

Discordant reactions to corruption in sport may be a risk component. Incongruity may appear in the form of ineffective observance and inconsistency in the examination of suspected corruption and regular utilization of insignificant punishments. Constant global concentration on corruption in sport has generated the launch of a series of defenses by both government and national sporting entities that include the: backing of national schemes on match-fixing and sports doping; setting up of sport probity entities both at the state level and by separate sporting principles; incorporation of expert intelligence entities in law implementation agencies; and institution of significant criminal offences in national and territory legislation. Distinctly entrenched within global and national reactions to curb corruption in sport is the key role of deterrent action. (Bricknell, 2015)

The systematization of sport from amateur to professional standing, the use of sport as a kind of national newspeak and the expanded commercialization of sport are all partly responsible for acts of corruption. Sport, except under the circumstances that there is a gambling outrage or corrupt sporting entity, is frequently understated as an abnormality requiring self-regulation by its appropriate independent entity. The sponsoring of main sporting contests and the competitive character of winning arrangements can generate corruption. Deterrence of and reactions to corruption in sport are reliant on the sport and kind of corruption they are connected with. If the sporting entity is regarded as corrupt it harms the status of the sport more than an unmanageable sports-person. Because of the internationalization of sport and global tournaments it is hard to determine corruption. Sport as a business is not invulnerable to corruption: the latter, although a component of sport, is frequently disregarded or understated and endorsed as dissimilar from that arising in other businesses. Corruption is an ingredient of a persistency and intrinsically corrupt acts vary from unprincipled and legitimate to lawless and illicit. The configuration and administration of the sport is a conducive element in the corruption it confronts. (Brooks et al., 2013) (Table 2)

Table 2 Kinds of fraud and corruption in sport

<i>Category</i>	<i>Sporting example</i>
Bribery	Bribing sports players and/or sports officials to decide the final result of a match/contest <i>or</i> guaranteeing a vote in an election or sporting event.
Collusion	Two teams performing in a qualifying round of a competition play for a draw so both advance to next level of competition and/or financial advantage of advancing in a tournament and/or eliminating a “dangerous” team.
Conflict of interest	A sports representative acquiring a service, e.g. security from a firm she has a financial interest in and not the best and most suitable bid and services for their club.
Embezzlement	Obtaining money from the transfer of player(s) between clubs/teams without permission.
Extortion	Kidnapping players from teams and/or family members to secure the “right outcome” in match.
Cronyism/Nepotism	A manager of a team granting a player a position in a side established on a personal connection or a chairman promoting his son/daughter onto a sporting entity’s board although he/she is ineligible and incompatible for the post.
Fraud	Players and/or officials deciding the final result of a particular match or range of matches or portion of a match.
Gifts and hospitality	Supplying sporting entities’ representatives with presents and free hotel accommodation in an endeavor to influence them to vote for a specific firm/country in a commercially sought after agreement.
Lobbying	A person compensating for high-level access to a club to organize an international tour and/or an entity making particular demands such as waiving visa rules for international delegates.
Money-laundering	The purchasing and trading of players at exaggerated prices between two clubs and siphoning off some of the funds and depositing them in an offshore bank account.
Revolving door	A minister of sport advancing into a position in a private sphere pressure group, national sporting entity or international sporting unit (and back again).
Abuse of authority	A minister having an impact on planning approval for a new stadium for a club that she/he backs or has a financial concern in.
Trading in influence	Transacting votes in a contest, such as by voting for one nation in a competition that has consented to vote for sportspersons/a nation in an event.
Illegal disclosure of information	Inside knowledge of injury to a separate sportsperson or animal (horse racing) still playing/running in a contest.
Vote-rigging	A sporting entity voting for a president who has secured election by distributing or undertaking unacceptable advantages, or influencing amounts of votes, such as by unofficial counting.

Adapted from Brooks et al. (2013)

5. Conclusions

Corruption in sport undertakes various patterns, depriving sport of its indispensable aspect of unpredictability (Şerban, 2014), consequently driving it into the forum of pastime, and possibly weakening the grounds of sporting integrity. It is vital to preserve that integrity to secure that sport is unaffected by corrupt domination that may endanger the accuracy and uncertainty of sporting outcomes and go on to engage much required sponsorship. Corruption puts viewers off being present at competitions, watching them on TV, and sponsors from providing them with the funds they require for contests. (Atuona and Harris, 2014)

REFERENCES

- Atuona, Brenda, and Luke Harris (2014), "The Effects of Corruption in Sports on the Olympic Ideals and Sponsorship Programmes," in Dikaia Chatziefstathiou and Norbert Müller (eds.), *Olympism, Olympic Education and Learning Legacies*. Newcastle upon Tyne: Cambridge Scholars Publishing, 268–279.
- Bricknell, Samantha (2015), "Corruption in Australian Sport," *Trends and Issues in Crime and Criminal Justice* 490: 1–11.
- Brooks, Graham, Azeem Aleem, and Mark Button (2013), *Fraud, Corruption and Sport*. Basingstoke: Palgrave Macmillan.
- Buraimo, Babatunde, Giuseppe Migali, and Robert Simmons (2015), "An Analysis of Consumer Response to Corruption: Italy's Calciopoli Scandal," *Oxford Bulletin of Economics and Statistics* 77. Forthcoming
- Cashmore, Ellis, and Jamie Cleland (2014), *Football's Dark Side: Corruption, Homophobia, Violence and Racism in the Beautiful Game*. Basingstoke: Palgrave Macmillan.
- Dimant, Eugen, and Christian Deutscher (2015), "The Economics of Corruption in Sports: The Special Case of Doping," Edmond J. Safra Center for Ethics WP 55, Harvard University.
- Maennig, Wolfgang (2009), "Corruption in International Sports and How It May Be Combated," in P. Rodriguez, S. Kesenne, and J. García, (eds.), *Threats to Sports and Sports Participation*. Oviedo: Universidad de Oviedo Press, 83–111.
- McLaren, Richard H. (2008), "Corruption: Its Impact on Fair Play," *Marquette Sports Law Review* 19(1): 15–38.
- Nica, Elvira, and Ana-Mădălina Potcovaru (2014), "The Social Construction of Organizational Reality," *Psychosociological Issues in Human Resource Management* 2(2): 56–61.
- Numerato, Dino (2009), "The Media and Sports Corruption: An Outline of Sociological Understanding," *International Journal of Sport Communication* 2: 261–273.
- Şerban, Silviu (2014), "From Marketing to Semiotics: The Way to Marketing Semiotics," *Journal of Self-Governance and Management Economics* 2(2): 61–71.

Copyright of Economics, Management & Financial Markets is the property of Addleton Academic Publishers and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.