

Compliance in Sport Sponsorship

When in May 2014 Donald Sterling, owner of the Los Angeles Clippers, was publicly attacked for racism this became a headline all over the world and sponsors of the NBA-team had to stop their engagement: Sport sponsorship can bring great value to a company by raising high media attention for the brand or a product, binding clients emotionally. But adversely it brings big, often global, reputational damage, too, if a negative incident occurs.

This makes compliance in sport sponsorship so important. Still, quite many compliance programs do not address the problem. Sport is seen as a specific area of society, obviously linked to values, and decisions on a sponsorship are sometimes even driven by personal interest of the management, e.g. a CEO supporting his favorite sport. In this setting a compliance officer may be perceived as a kill-joy if he insists on risk assessment and asks for a sponsoring concept. That is why the UN Global Compact published its Guidelines “Fighting Corruption in Sport Sponsorship and Hospitality” in January 2014 (<http://www.unglobalcompact.org/resources/771>). The guidelines address the risks inherent to the sponsoring relationship itself – for example conflicts of interest, a sport not adequate to the company’s image or bribes paid to conclude the contract. Additionally, as for example administrative deficiencies of a sport organization or the personal conduct of an athlete can have a negative impact on a sponsorship, UNGC recommends that sponsors should adopt a sponsoring policy similar to that for their supply chain or include the sponsoring activities into existing policies accordingly. By obliging the sponsored entity to adhere to a company’s ethical principles and rules and to develop – if not yet established – an adequate compliance program a sponsor not only protects its own business but demonstrates corporate social responsibility. Knowledge transfer from sponsors to sport and support for education of staff and for example volunteers may add to the effect. Thus sponsors will play an important role in helping the sport industry to reform by adopting good governance principles. In the end both sides will benefit: Sport organizations, often still struggling with challenges caused by their structure not adequate to the needs of a highly commercialized sport, can develop ethical standards and sponsors enjoy the positive image the exciting world of sports offer.

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