



Research Article

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# Sport and Money



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## Abstract

Sport is a very profitable business, which brings huge profits to individuals, clubs and companies. Business is increasingly becoming a way of life and a style of behavior. The process of cultivating business and sponsorship in sports is accelerating, because the attractiveness of the sport is becoming visible, which is becoming more and more suitable for the life of modern man. All these processes have influenced the strengthening of the connection between sports and business. Financial motivation in sports is not far from motivation for fame. When fame is achieved in sports, it is very easy to get money. Money and financial gain become powerful drivers. Investing in sports and individual sports events carries a high degree of risk. Investors and sponsors do not necessarily have to withdraw the invested money, nor make money on the project, but the very act of participation for some has the uncertainty of gambling.

**Keywords:** Sport; Money; Business; Finance

## Introduction

For most of the population, sport is a past time that is played as a nonvocational leisure activity or watched on television or other media platforms as part of a healthy, balanced lifestyle [1]. For a few talented individuals, it is a way of earning a living. Sport as a professional occupation requires physical skill, mental focus and dedication to a disciplined way of living that includes eating well, training and sleeping. It is also a career of short duration for most athletes. A football player, tennis player, 100 m sprinter, rugby player, Formula 1 driver, netball player, hockey player, speed skater, cricketer or basketball player, must maximize their career earning potential over a short period of time by providing athletic services to a club, team or federation, or through selling their image for product endorsement.

The amount of money or benefits received for services and the working conditions in which those services are provided are important to a professional athlete, but those concerns are not unique to professional athletes. A worker, employee or independent contractor in any industry considers the amount of money and benefits he or she receives and health and safety in the work environment to be important. An employee desires fair working conditions in return for the services provided. Owing to the scarcity of talented athletes, the short duration of a professional career and competition for a player's services, the remuneration or market value of a professional athlete's

services can be quite high for some athletes, though not for all. Some players in certain sports have to supplement their sports related earnings with other jobs or forgo sport as an occupation altogether.

Sport is therefore more than an athletic endeavor and reaches beyond 'pitch and track' in to the worlds of politics, business, fashion, entertainment, film and 'crime'; it is often used as a 'tool' to promote a nation's credentials on an international stage [2]. This 'national promotion' is only one part of the usefulness of sport; it has provided legitimacy to military regimes, increased international prestige and national pride and stimulated economic and commercial success. These important roles that sport has played are not in order of importance and are open to manipulation. Instead of trying to put them in some sort of order, it is better to see sport as playing a collective social, political and cultural role, of which the associated elements of commercial interests are a recent development. One of these commercial interests, gambling and its associated negative elements, however, has a reputation for damaging the integrity of sport. In the past few years there have been numerous cases of fraud and corruption. These are diverse and include match-fixing in football, spot-fixing in cricket, use of illegal substances in baseball, vote-rigging in sporting institutions, money-laundering and ticket fraud for major sporting events such as the European Football Cup Final in Istanbul and Moscow to name a few. These frauds and acts

of corruption encompass athletes, officials, judges/referees and sporting institutions.

### Society

Sport influences all sectors of society but in different ways [3]. For this reason, it is important to think about sport in an entrepreneurial manner thereby focusing on the innovations that will potentially have profound changes on society. Reform of the sport system is needed in order to consider current and potential changes. To do this is a hard task as it requires an entrepreneurial mindset and a focus on performance outcomes. Despite the increasing way sport is using entrepreneurship as a competitive tool, there has been relatively few research studies conducted on this issue. This is interesting as entrepreneurship will provide new directions for sport that will shape practice. In order to safeguard the role of sport in society, an entrepreneurial approach to change is needed. This includes high levels and low levels of entrepreneurship depending on the situation. Elite sport can provide away to use high levels of technology innovation that by their nature are entrepreneurial. There is funding and support for these technology changes at the elite level so the entrepreneurship involved can be more intense than that occurring at a grassroots level. Amateur sport can also be entrepreneurial but in a different way that reflects its community nature. There are many local sport clubs whilst still having sometimes the money to fund technology can also fund other strategic initiatives. This includes using entrepreneurship to boost innovation and to build innovative capacity.

Governments all over the world justify spending public money on mega sporting events by claiming there are a multitude of benefits for the host community [4]. A common argument is that mega-sporting events would give tremendous exposure to host countries and increase their influence in global politics. Apart from improving a country's international prestige, mega sporting events are considered to be a valuable tool for fostering national pride and unity, and, particularly relevant for emerging countries, for development.

### Industry

When sport in the form of regular sports shows and events had become a marketable product some additional features emerged in the then growing sports industry [5]. One refers here to management rules in tune with the functioning of a market economy, fixing how it is fair to make money from sport while sticking to the rule of law-to business and criminal laws. Since then sport is much more than a game, a sporting event is more than an exhibition, an elite sport championship is more than a simple sport contest because it involves business and economic competition, and all those sport activities requiring finance are more than small businesses, i.e. they structure an entire

sports industry in a domestic economy. Later, with economic globalization, the sports industry itself became globalized.

Those simple maxims telling, in a Coubertin's spirit, that in sport 'winning is not all' turned out to be increasingly old-fashioned and difficult to stick to since economic stakes everywhere grew bigger and bigger in a winner-take-all society. Though making money by any means through sport should have been less important than aligning on to the rule of law, it often appeared that spectator sports were used to make money at any rate and by any means, sometimes turning the economic rationale upside down. The worst happened to spectacle sport with the advent then crisis of a greed-led economy in the past decades. Both the transformation of sport into a tradable commodity and economic globalization with increasing money streams flowing into sports-exacerbated contradictions with the supposedly initial pure sport ethics and nurtured transgressions of sport rules up to, in certain cases, naked violations of the common law.

The different facets of the economic dark side of sport do not have the same intensity and magnitude as regards their consequences and how much they affect sport functioning, its integrity, credibility and attractiveness, and therefore the potential for economic development in the sports industry. Sport activities that involve only petty corruption are not of a same intensity and impact as those where corruption is a major acting variable in the manipulation such as online betting-related match-fixing. Fixing a match just once for an individual's benefit does not have a comparable negative impact on the sport image, reputation, integrity, credibility and ethics as the recurrent activity of a globalized network of fixers rigging a number of matches with significant amounts of money involved at an international or global level. That all listed manipulations, even the minor and non-monetary ones, are contrary to the sport spirit, violate the sport ethics and are opposite to any kind of fair play concept. The described increase in commercialization of the sports industry was followed by humidification [6]. About traditional sport as an autonomous social field, this term is used to describe the process by which sport leaves the safe zone of internal self-regulation and becomes a subject of legal control. Under such a process 'what were intrinsically social relationships between humans within a "social field" become imbued with legal values and are understood as constituting legal relationships-thus social norms become legal norms.' Indeed, the process of juridification took place in many other social fields (notably, labour law) and the concept has been in use for decades. Depending on the field regulated and degree of legal control, it is possible to attach a negative meaning to it such as excessive control of social relationships, overregulation, 'legal pollution', or a positive meaning embodying the benefits and beneficiaries of legal control within the regulated field. In its neutral form it connotes the simple idea of legal control of self-regulation.

### Marketing

Marketing in professional sports has grown dramatically since the 1980s, and now constitutes more than a billion-dollar industry [7]. Corporations pay large sums of money to sponsor tennis or golf tournaments, merchandising companies compete to get contracts with the major professional sport leagues, and companies pay athletes millions to endorse products ranging from deodorants to credit cards. Because these agreements often involve large sums of money and involve obligations that impact many different parties, the written contracts are usually complex and lengthy in nature. It is important that those who draft sponsorship contracts have a clear understanding not just of their client's desires and of marketing principles, but also of the applicable legal issues. Marketing, endorsement, and sponsorship contracts are similar to other contracts in that they identify the parties, set time limits, list the obligations of the parties, and set forth provisions in case one party cannot carry out its contractual obligations. The companies that sponsor a player, league, or event want to ensure that their investment will offer a healthy return in the form of increased exposure and sales for their products or services. However, industry professionals are not always able to control the actions of their contracted partners. It is common for top talent not to show up for events or for leagues to breach terms of agreements.

In contracts signed between sponsors and the hired talent/league/event, there are a few stipulations that promotion specialists should include to ensure their financial well-being in case of unexpected events. Stipulations such as indemnification, force majeure, and liability insurance help protect sponsors when events occur that are out of their control.

### Financial Control

As regards financial control, it was stipulated that each sports association should keep a record of expenses and incomes to be certified by the public authorities [8]. There were three main conditions prescribed: first, in order to be officially recognized by the State authorities, a supporters' association had to obtain a professional football club's written approval. Secondly, an association's internal rules had to provide for disciplinary sanctions to any of its members that provoked or engaged in violent incidents. The final condition obliged all association board members to divulge any criminal records of theirs to the State authorities. Each sports association had to provide to the Professional Sports Committee (a State bureaucratic unit) the following elements on an annual basis: an official copy of their members' list, any board member's criminal record, the associated professional football club's written approval, and members' written statements certifying that they have not previously incurred any sanctions according to counter-hooligan legislation. Furthermore, to penalize any association that did not comply with the conditions, legislators could order the closure of their offices, and sanction whoever had participated

in the activities of an illegal supporter's association to two years' imprisonment. One important consequence of the increasing availability of money in the sporting arena has been a growth in the number of professional athletes who earn money in a variety of ways because of their involvement in a sport [9]. The growth in sponsorship and endorsement opportunities must be added to the explosion in prize money available in many areas of sporting competition. It has been estimated that some athletes may earn far more in endorsements than they do in actual prize money.

Times and sports, however, change. A few years ago, there was no potential for payment in athletics. The best athletes are now able to receive payment in accordance with the rules of their association. The preparation time required to be competitive today means that if this were not the case, athletes would be in extreme financial difficulty. Those involved in sport should be aware that, just as in other legal areas, the fact that money was received for playing a game or participating in a sport does not mean that taxation laws do not apply. If the money can be classified as income, it will be treated as such. It follows that expenses incurred in earning the income may be classified as deductions, and sportspeople may need to be reminded of this fact.

### Manipulations

To delineate clearly what is meant by sport manipulation, corruption in sport is understood as any illegal, immoral or unethical activity that attempts at deliberately distorting the outcome of a sport contest for the personal material gain of one or more parties involved in that activity [10]. Various sport manipulations encompass corruption, but not all of them. Technological manipulations such as riding a motorized bike in the Tour de France do not have any corrupt dimension. Therefore, sport manipulation covers a wider scope than corruption, while it is less extensive than sport dysfunctions which point at all actual facts denoting that sport is not functioning as it should or not according to accepted explicit or implicit rules. For instance, under sport dysfunctions are listed salary, racial, linguistic and gender discrimination, forbidden international transfers of teenage football players, weak governance of sport clubs and sport's governing bodies; per se none of these involves either sport manipulation or corruption; none threatens sport in terms of its very existence, ethics and integrity. Sabotage-such as goading to provoke illegal responses from competitors on the pitch or attempting to persuade the referee that opponents have engaged in illegal acts-is on the borderline between dysfunctions and manipulations; it will not be covered either even though it dampens the fans' enthusiasm. Sport manipulation is a modern way of cheating sport rules and/or the common law in the era of the Internet, economic globalization, flourishing tax havens and offshore shadow banking, asset grabbing, fake accounting and spreading financial greed-led strategies. Thus, it is not confined to either cheating or sport corruption though, just like corruption, it requires opacity. Sport manipulation encompasses various means of getting benefits from a sport contest distorted on purpose

for winning (doping and technology) or losing (match-fixing and fraudulent betting) against the sport rules, or for attaining non-sporting outcomes (embezzlement, tax evasion and money laundering) by means of sport distortions. Repeatedly breaching the sport rules, manipulation destroys sport ethics, ruins sport integrity, undermines spectator and sponsor interests and, eventually, may shrink the market of the sports industry in the long run.

### Crime

Manipulating matches is a perfect opportunity for organized crime [11]. The major motivations behind match manipulation are financial gain, money laundering and future team advantage. As well as constituting a huge threat to football, the phenomenon of match manipulation has a huge impact at social, economic, political and cultural levels. The football community has clearly not been prepared for such a substantial challenge. Every weakness in governance continues to be brutally exploited. Money attracts organized crime, and football organizations provide an excellent opportunity. Some football organizations are structurally unsound, financially unstable or lack awareness and, therefore, do not question an individual's intentions or identity. They are also a cultural and international melting pot and have fewer controls and codes in place than other sectors. Players and referees are often young and in the public spotlight, lacking experience and dreaming of overnight success. This creates vulnerability. Furthermore, it is very difficult to obtain significant forensic evidence. Did the player miss the ball intentionally? Did he deliberately miss the penalty? Did the referee deliberately favour a certain team? Through monitoring, it is possible to detect match manipulation by tracking irregular betting patterns and liquidity changes in the betting market, sometimes before the match but mainly live. Unfortunately, monitoring alone does not provide sufficient evidence. In addition, its effectiveness is limited, mostly because it is unclear what is going on in the illegal betting market. In addition, data protection issues and the cost of setting up and maintaining detection and monitoring mechanisms need to be looked into further. Football's capacity to sanction wrongdoing on the pitch depends greatly on hard facts, such as written statements by the individuals involved, photographs and video evidence. The FIFA Disciplinary Committee and FIFA Ethics Committee may pronounce the sanctions described in the FIFA Statutes, the FIFA Code of Ethics and the FIFA Disciplinary Code on officials, players and match and players' agents. This procedure functions well enough for red cards or banning players, but it cannot prove corruption, match manipulation or betting fraud. Another problem is that individuals are not willing to confess unless there is clear evidence against them, as they fear persecution, substantial threats by organized crime or the end of their career. Moreover, the sharing of information with police authorities is very difficult due to data protection laws.

Nevertheless, every effort must be made to eradicate the problem of match manipulation and corruption in order to

safeguard the credibility and integrity of the game, maintain safety and confidence in the betting market and combat international organized crime. Match manipulation should be a priority for all stakeholders, and a concerted effort must be made on a global scale to fight it. The problem of corruption and match manipulation has to be tackled in a proactive way in order to achieve long-term results. There are five main areas involved in combating match manipulation: prevention (awareness raising, education and revision of codes), detection (monitoring), intelligence gathering, investigation (fact finding) and sanctions. The integrity of football has come to the fore and is the focus of FIFA's fight against the threat of match manipulation. In a general and important sense, manipulation of sport could be regarded as a cultural crime [12]. Society loses something when sport is violated because its values are supposed to represent ideals and its followers are often indulging in dreams. The magic may be lost if events turn out to be a sham.

More prosaically, fixing can be regarded as a financial crime. Betting markets are essentially financial markets where participants trade state-contingent assets (for example, a bookmaker sells a betting slip that promises that he will pay the bearer fifty euros if a named outcome occurs and zero otherwise). Traders, i.e. bookmakers or bettors, decide whether to undertake such a transaction based on the information set available to them. If fixing takes place, they have been misled, for example the betting slip has a positive value in their judgement but it is worth nothing if the athletes have already entered into an arrangement to bring about a contrary outcome. This is clearly fraud in which money is expropriated from bookmakers and/or other bettors to the instigators of the fix. It is criminal in the same way as an arsonist is guilty of a crime when he burns down his house after first insuring it. Legislation is normally adequate for police and judicial systems to make appropriate responses if evidence is found that athletes have in fact agreed to a fix: the instigators and the athletes have entered a conspiracy to defraud.

### Conclusion

Sport is more often associated with those who do not have publicity but have the appropriate financial power. He is becoming a source of huge income, and athletes are modern gladiators in the service of business. Today, insatiable appetites for investing money in sports are growing. Investment processes are quite open and that is not disputable. With the transformations of society and property, investing money in sports causes less moralizing. Sport serves as a space for many companies to integrate with their environment in order to ensure the necessary legitimacy for their development.

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