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**Sport Business and Social Capital: A Contradiction in Terms?**

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**Abstract**

Sport’s potential for the creation and maintenance of social capital is well established. The role that sport business organizations (can) play in social capital formation nevertheless remains unclear and underspecified. This article seeks to establish a link between the activities executed by sport business organizations and the different species of social capital that these activities may generate. It is first argued that sport business organizations, like any other organizations, engage to varying extents in activities that are related to their social responsibilities. These activities can lead to the production of bonding, bridging and linking social capital. We extend this discussion by arguing that dependent on the orientation of the sport business organization (profit seeking or surplus seeking) they will try to exploit opportunities in different markets for social capital that, in one way or another, will advance their business objectives. A differentiated approach to the relationship between sport business and social capital is therefore necessary.

**Introduction**

At first glance sport business appears at odds with, if not diametrically opposed to, the often-praised concept of social capital. Sport business organizations are essentially concerned with maximizing economic capital. As such, they tend to be regarded as emblematic of the
neoliberal capitalist movement or, as Andrews notes, ‘an important arm of the global capitalist order’. Social capital, on the other hand, highlights the benefits that accrue from meaningful social relationships based on social trust and generalized reciprocity. While the former is seen by critics as maintaining or exacerbating social inequalities, the latter is often advocated as a vehicle for reducing such inequalities and for enhancing community spirit and wellbeing. In this article, we critically examine these arguments by addressing the capacity of sport business to contribute to social capital. Acknowledging the many opportunities for social change and social reform that are represented by and through contemporary sport, we seek to identify the ways in which sport business organizations promote or erode the creation and transference of social capital.

This article is divided into three parts. The first part provides a definition of sport business and examines the main features of contemporary sport business. In the second part we critically examine the concept of social capital and its applications to sport. The final part of this article considers the role of sport business in the promotion of corporate social responsibility and social capital. It discusses two case studies that highlight different means and forms of civic engagement available to sport business organizations: Nike and the Homeless World Cup. In doing so, we seek to establish a link between the activities executed by sport business organizations and the different species of social capital that these activities may generate.

**Defining sport business**

For the purpose of this paper we define sport as activities that require physical exertion and that are structured and standardized according to internationally agreed rules and regulations. We depart from the formal, more restrictive definition of sport in separating organized (competitive) sport from sporting activities that are mainly non-competitive and played during leisure time as recreational activities. Hence, we propose a separation between organized sport and unorganized sport in order to describe the two principal markets that sport organizations, or organizations that produce sport products, aim to do business in. In regard to business we refer to definitions provided in the online Compact Oxford English dictionary where ‘business’ is described as ‘a commercial activity’ or as ‘a commercial organization’ and ‘commercial’ in turn is defined as ‘making or intended to make a profit’.
Finally, ‘profit’ is defined as ‘a financial gain’ or as an ‘advantage; benefit’. Although many organizations that operate in the sport industry are not seeking profit to distribute to investors or shareholders, they are seeking to make a financial surplus that is used in the process of further popularizing and professionalizing the sport itself. We therefore propose a separation between sport organizations that seek a profit and sport organizations that seek to make a surplus. We feel that increasingly, surplus-seeking sport organizations need to operate as if they were a profit seeker in order to acquire and access competitive funding resources. Hence, they also operate as sport business organizations. Organizations that use sport as a platform of communication – most commonly known as sport sponsors – are not considered to be sport business organizations as their core production and delivery of goods and services does not centre on sport.

The above definitions allow us to come up with the following examples of profit seeking sport business:

- sporting goods manufacturing and sales companies (e.g. Nike);
- sport consulting companies (e.g. TEAM marketing);
- sport event companies (e.g. IMG);
- non-government media companies (e.g. News Corporation);
- privately or shareholder owned sporting franchises or teams (e.g. Manchester United).

Some examples of surplus seeking sport business are:

- international and national sport governing bodies (e.g. IOC);
- government owned media companies (e.g. BBC);
- government departments for sport policy and development (e.g. Australian Sports Commission);
- elite sport development and training institutes (e.g. Australian Institute of Sport);
- development organizations that use sport as the principal platform (e.g. Homeless World Cup).

With this broad conception of sport business in mind, we will now turn our attention to some of the key debates in regard to the concept of social capital and its applications to sport.
Social capital: concept and applications

Social capital is a contested concept. It has become a kind of catch-all label that groups together a wide range of issues and applications. There is no single, generally accepted definition of social capital. Bourdieu’s approach has particularly influenced the way in which the concept is used in this article. Bourdieu’s usage of social capital ‘is designed to address the way in which social capital is part of a wider set of structural relations and subjective beliefs that are bound up with inequalities of resources, and hence with inequalities of power’. These inequalities are key to understanding the ways in which different species of capital are generated in and through sport in particular social contexts. However, Bourdieu’s approach is slightly sketchy and incomplete. For example, his theory remains rather one-dimensional as it acknowledges almost exclusively the social capital of the privileged. To correct this imbalance, we draw selectively on other approaches to social capital, including those developed by Robert Putnam, Alejandro Portes and Nan Lin.

Social capital is generally viewed to stand for ‘the ability of actors to secure benefits by virtue of membership in social networks or other social structures’. Social capital refers to a kind of ‘resource to action’ that is produced by, and invested in, social interactions and relationships by social actors for their individual and mutual benefit. Social capital is relational rather than being the exclusive property of any one individual. It is mainly a public good in that it is shared by a group, and it is produced by societal investments of time and effort, but in a less direct fashion than is economic or cultural capital. Social capital is, in Bourdieu’s view, ‘the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition’. For Bourdieu, social capital is not independent from other forms of capital, but can actually help to facilitate economic and cultural capital.

Lin identifies four explanations as to why social connections may enhance the outcomes of actions:

- they may facilitate the flow of information, providing a social agent (i.e. individual, group, organisation) with useful information about opportunities and choices otherwise not available;
they may exert influence on those (e.g. recruiters or supervisors of an organisation) who play a critical role in decisions (e.g. hiring or promotion) involving the social agent;
they may be conceived as certifications of the individual’s social credentials, some of which reflect the individual’s accessibility to resources through social networks and relations;
they are expected to reinforce identity and recognition, providing not only emotional support but also public acknowledgement of one’s claim to certain resources.¹¹

These four elements may explain why social capital works in instrumental and expressive actions not accounted for in economic or cultural capital. At the heart of the concept are norms of trust and generalized reciprocity.¹² Trust refers to the extent to which there are shared beliefs that people will take account of the interests of others in their actions. Reciprocity corresponds to the extent to which there are expectations that good deeds done will ultimately be returned. Trust, belief in reciprocity, norms and commitments can be measured as attitudes of individuals. However, social capital exists in relationships; it is present to the extent that these attitudes are held in common.¹³

In recent years, this approach to social capital has been stretched considerably to include the formation or loss of social capital at the level of entire communities or nations. In macro-level approaches, the concept of social capital is inflated to become an attribute of the ‘community’ itself. From this perspective, the benefits of social capital accrue not so much to individuals as to the collectivity as a whole.¹⁴ At the wider community level, social capital is seen to contribute to social cohesion and harmony, economic and social development, lower crime rates and more effective democratic procedures.¹⁵ This conceptual stretch was initiated by Robert Putnam in his studies of social and civic engagement in the United States and Italy.¹⁶ Putnam’s work has been well cited in the literature and has helped place social capital as a central policy concern for national governments as well as international organizations, such as the World Bank and the Asian Development Bank.¹⁷

Putnam argues that, as the only changeable form of capital, policy should be aimed at increasing social capital: ‘precisely because poor people (by definition) have little economic capital and face formidable obstacles in acquiring human capital (that is, education), social capital is disproportionately important to their welfare’.¹⁸ Putnam found that although the
The United States appears rich in terms of its associations and civic life, these are rapidly eroding. He suspected a gradual demise of American ‘community’. For Putnam, the touchstone of social capital is the principle of generalized reciprocity: ‘I’ll do this for you now, without expecting anything immediately in return and perhaps without even knowing you, confident that down the road you or someone else will return the favor’. Social connections are an important means by which mutual obligations are fostered. This conceptual stretch made it possible to speak of the social capital possessed by communities or nations and the consequent structural effects on their development.

In order to accommodate the range of outcomes associated with social capital, it is necessary to recognize its multidimensional nature. A popular distinction is between ‘bonding’ and ‘bridging’ social capital. Bonding social capital refers to ties between like people in similar situations, such as immediate family, close friends and neighbours. Bonding social capital is viewed to promote homogeneity, and emphasizes the building of strong ties. Putnam notes that bonding social capital ‘is good for undergirding specific reciprocity and mobilizing solidarity’. At the same time, bonding social capital, by creating strong in-group loyalty, may also create strong out-group antagonism. Dense social connections that reinforce homogeneity are more likely to build high social walls and be less tolerant of diversity. It should therefore be remembered that social capital also has a ‘downside’ and can be linked to various forms of social exclusion.

In contrast to bonding social capital, bridging social capital refers to more distant ties with like persons, such as loose friendships and work colleagues. Bridging social capital can generate broader identities and reciprocity. Bridging networks are viewed to be ‘better for linkage to external assets and for information diffusion’. Bridging is nevertheless essentially a horizontal metaphor, implying connections between people who share broadly similar demographic characteristics. A potentially negative aspect of this type of social capital is that the social connections tend to be weaker and are generally more fragile. Putnam emphasizes that bonding and bridging social capital ‘are not “either-or” categories [...] but “more or less” dimensions along which we can compare different forms of social capital’. He contends that both forms of social capital are necessary, and can have powerful positive effects. Putnam argues that the ‘right mix’ is required for benefits to accrue. Further, bonding and bridging are not interchangeable and there are often tensions and trade-offs between the two forms.
A major limitation of Putnam’s approach is its failure to adequately address power and resource inequalities. DeFilippis has made the important point that in Putnam’s analysis ‘social capital becomes divorced from other forms of capital, stripped of power relations, and imbued with the assumption that social networks are win-win relationships and that individual gains, interests, and profits are synonymous with group gains, interests, and profits’. Putnam reduces social inequalities to the logical outcome of social contacts and social cohesion rather than being the result of exploitation and shortage of opportunities. Once social inequality becomes synonymous with disintegration, solving social inequality is just a matter of building more social bridges and connections.

Considering this major limitation, it could be argued that social capital also has a vertical dimension, which has been termed ‘linking’ (or ‘scaling’) social capital. Linking social capital is concerned with relations between individuals and groups in different social strata. Linking social capital reaches out to unlike people in dissimilar situations, such as those who are entirely outside the community, thus enabling members to leverage a far wider range of resources than are available within the community. The notion of linking social capital is extended by Woolcock to include the capacity of individuals and communities to leverage resources, ideas and information from formal institutions beyond the immediate community. Woolcock argues that it is different and changing combinations of bonding, bridging and linking social capital that are responsible for the range of outcomes we observe in the literature. He contends that the poor typically have a close-knit and intensive stock of bonding social capital that they leverage to ‘get by’, a modest endowment of the more diffuse and extensive bridging social capital typically deployed by the non-poor to ‘get ahead’, and almost no linking social capital enabling them to gain sustained access to formal institutions such as banks, insurance agencies, and the courts. In the following section, we will examine the role that sport plays in the creation and maintenance of these different types of social capital.

**Sport and social capital**

The notion of social capital has informed several recent studies of sport. Conversely, for those interested in social capital, sport has gradually become a more serious avenue of inquiry. A significant part of Putnam’s landmark study of civic and social engagement in the
United States focused on a tendency amongst an increasing number of people not to participate in traditional sports clubs.\textsuperscript{32} At the same time, he notes the growing popularity of a few ‘new’ sports, such as in-line skating, snowboarding and soccer, with relatively high levels of participation. The associational nature of sport participation, and particularly sports clubs, is often seen as a forum for the creation of social capital. Jarvie argues that the ‘promise in the notion of social capital is that sport and other associational activity can make a contribution to building up levels of trust in sport, culture and society and consequently contributing to democracy, community spirit and a weakening public domain.’\textsuperscript{33}

There is strong evidence that sport provides opportunities for the development of bonding social capital. Research by Hague and Mercer in the Scottish town of Kirkcaldy demonstrates how the local football team helped to create a sense of identity and strong attachment to the locality.\textsuperscript{34} However, some studies also point to the negative consequences of bonding social capital in sport, reflecting a more general debate on the ‘downside’ of social capital. Strong bonds within sports clubs can make them homogeneous in their membership and relatively hostile toward outsiders. Engagement in sport in some parts of rural Australia, for example, is sharply divided according to class, status and ethnicity. Dempsey’s account of social life in rural Australian town demonstrates the gender inequality in the creation of social capital in and through sport.\textsuperscript{35} He points out that the greater importance given to men’s over women’s work is extended into non-work time, in which women are expected to subjugate their leisure activities in deference to those of their male ‘breadwinner’. Women tend to find it considerably more difficult to attend training sessions or participate in sporting fixtures.

In addition, some scholars have argued that sport can foster bridging and/or linking social capital.\textsuperscript{36} For example, Harris suggests that sport can be used to foster new friendships and social connectivity across class, religious and ethnic boundaries.\textsuperscript{37} This can include players, coaches, volunteers and spectators, and can ultimately lead to increases in norms of trust and reciprocity.\textsuperscript{38} Sport engagement is thus regarded as stimulating bridges or links between different groups and social networks. Yet, as Jarvie notes, ‘the explanatory power of the relationship between sport and the promise of renewed forms of social capital needs to carry with it a cautionary note.’\textsuperscript{39} For instance, there is some research that indicates that sport facilitates relatively few bridging links for minority ethnic groups.\textsuperscript{40} The notion that sport is said to increase social capital therefore becomes problematic when it is accepted as a general
or universal truth. Moreover, and more importantly for present purpose, the role that sport business organizations play, or can play, in the creation of different forms of social capital remains unclear and underspecified. It is to this theme that we now turn.

**Conceptualizing corporate social responsibility and social capital in and through sport**

Sport business organizations, like other business organizations, no longer submit to the classical view that they are only answerable to shareholders and that their only commitment is to the maximization of profits. Businesses today are expected to look beyond self-interest and recognize that they belong to a larger group, or society, that expects responsible participation. Although many forces appear to have shaped the debate on corporate social responsibility (CSR) and corporate citizenship, the increasing globalization of business has made it an international concern. Transnational corporations seek to exploit the opportunities of globalization and capital mobility to exempt themselves from labour regulations. There is growing recognition of the widening gap between the transnational character of corporate activity and the availability of transnational regulatory structures that may be effectively used to monitor and restrain corporations irrespective of any specific territory in which they may happen to operate at a given moment. Critics have raised questions of growing social inequalities, corruption, environmental degradation, unfair wages and unsafe working conditions. Alongside legal action, activists around the globe have launched numerous campaigns of public shaming to pressure transnational corporations to adopt responsible business practices.

The fundamental strategy adopted by transnational corporations in the wake of various ‘production scandals’ that threaten their corporate image has been to become active players in the area of CSR. To varying degrees, sport organizations have assumed a social responsibility orientation based on the recognition, albeit often in utilitarian terms, of their responsibilities to a multitude of ‘stakeholders’. CSR can be defined as ‘the adoption by a business of a strategic focus for fulfilling the economic, legal, ethical, and philanthropic responsibilities expected of it by its stakeholders’. In a similar vein, Marsden and Andriof describe CSR as the satisfaction of the expectations of all societal stakeholders to maximize the company’s positive impact on its social and physical environment, while providing a competitive return to its financial stakeholders. The stakeholder concept personalizes social
or societal responsibilities by delineating the specific groups or persons business should consider in its CSR orientation and activities. It puts ‘names and faces’ on the societal members or groups who are most important to business and to whom it must be responsive.\textsuperscript{48}

From a stakeholder perspective, CSR requires organizations to consider the interests of investors, suppliers, consumers, employees, community members and the environment in discharging their profit-directed activities. New conceptions of CSR are integrated into the old models of how to successfully manage a business enterprise and how to ensure its reputation. It is increasingly recognized that having a reputation of being an ethical organization respected for its environmental and social performance is ‘good for business’. In other words, CSR is positively associated with return on investment, return on assets, and sales growth.\textsuperscript{49} Increased organizational costs caused in the short term by improved social performance would be more than offset by the long-term benefits for the organization.\textsuperscript{50} This viewpoint is summarized in Figure 1.

\textbf{Figure 1: The role of social responsibility in corporate performance}\textsuperscript{51}
The deployment of CSR in and through sport offers substantial potential for community return. The use of sport as a vehicle for contributing to corporate efforts toward social responsibility can be seen as a distinct opportunity for both the organizations in charge of sport and those that seek to use sport in their efforts to make contributions to communities. Smith and Westerbeek argue that corporations will begin to realize that sport offers powerful social structures for the disadvantaged and disenfranchised to gain a firmer foothold in a ruthlessly commercial world that the corporations have been instrumental in constructing. They predict that future sport business will ‘provide opportunities for corporate enterprises to recognise and deliver their local and global community obligations. This will mark a change in the deployment of some corporate resources. Community sport and social sport programmes will be amongst the beneficiaries of this corporate citizenship.’

A recent article in The Wall Street Journal suggests that the trend among corporate enterprises to look beyond their business legacy and undertake philanthropic, community-building projects already extends to global sport business. The article discusses the Manchester United Foundation, an independent body of Manchester United Football Club established in 2006. According to The Wall Street Journal, Manchester United counts over 330 million fans around the world and in 2007 netted a record $310 million in revenue, making it the richest club in the world. The Foundation, which receives funding from the club and raises its own money, centres its mission on improving football facilities, creating opportunities for youth and ‘building communities’. Long before the Foundation formally began operations, Manchester United worked with UNICEF, the United Nations affiliated food and health assistance organization. The United for UNICEF campaign was launched in 1999. Projects range from China, where efforts are made to prevent trafficking in children and protect them from exploitation, to South Africa, where the focus is on raising HIV/AIDS awareness. The Manchester United Foundation is keen to lend Manchester United’s well-known name to such projects. The Wall Street Journal also notes that many sports organizations bear in mind that over the long term their investment in community-building ventures tends to produce greater brand recognition, loyalty and revenues.

The link between CSR and social capital is evident in this analysis. The social infrastructure of certain local communities is regarded to have been eroded, leading to a loss of social capital in the Putnamian sense. This viewpoint implicitly assumes that communities contain valuable social resources which might be lost if not managed and cultivated.
Moreover, the very institutions that rely on communities and their constituents to achieve economic prosperity are often the very same ones that are driving their marginalization. This observation, coupled with the slipperiness of the notion of ‘community’ and the ongoing debate as to whether the loss of civic engagement and generalized reciprocity is specific to the United States, indicates the complexity of relationship between sport business and social capital. Among other important questions, the question is raised how far sport business organizations have actually come in contributing to the creation of social capital. Identifying the (grassroots) operations of sport business organizations and the resulting processes of social inclusion and exclusion then becomes a central task. As we indicated earlier in this paper, organizations that use sport organizations to deploy CSR, but do not produce sport themselves, are excluded from the analysis as we do not consider them to be a sport business organization.

Below we further explore the links between sport business organizations, CSR and social capital by means of two brief case studies: Nike’s responses to anti-sweatshop campaigns, and a review of the Homeless World Cup, an organization set up to effect positive social change through sport. Rather than providing an exhaustive overview of social responsibilities of sport business organizations, we use these case studies to identify different modes of deploying CSR and social capital through sport. Figure 2 shows the general contours of this model, of which the case studies are only two practical examples.56
Nike’s corporate social responsibility

Nike is probably the best example of a sport business organization that has an extreme focus on making a profit for shareholders. It is an example of sport business in the purest sense of the word, and of an organization at the vanguard of corporate innovation and marketing best practice. Nike has been in the spotlight of public interest and scrutiny more than any other sport organization. Nike has become one of the most vilified companies in the world after being subjected to anti-sweatshop campaigns that to this day continue to keep the organization on its toes. In 2005, Nike released a report on the working conditions in the 700 factories that produce its footwear and clothing. The report detailed admissions of ‘abusive treatment’, physical and verbal, including forced overtime and restricted access to water in more than a quarter of its South Asian plants. Wages were below the legal minimum in about one quarter of factories. Michael Posner, the executive director of Human Rights First,
described the report as ‘an important step forward’ but added: ‘The facts on the ground suggest there are still enormous problems with these supply chains and factories [...] what is Nike doing to change the picture and give workers more rights?’57

If Nike was not going to formulate its own corporate citizenship principles and policies, then the global campaign against their cheap labour practices has certainly forced the organization to do so.58 Social responsibility is now a strategic component of its global strategy, and Nike has been a proactive partner in setting up independently monitored covenants, such as the The Fair Labour Association Charter Agreement, to which (at the time) sport business organizations such as Adidas and Reebok also signed up. Although it was the Australian-based organization Oxfam Community Aid Abroad that forced Nike to review its practice of sourcing cheap labour in a number of Asian countries, the company seems to have taken comprehensive action to improve its overall operation and its reputation as a world leading sporting goods company. Nike currently provides public information on www.nikebiz.com where a dedicated link provides access to the organization’s most recent (2005-06) Corporate Responsibility Report. The 163-page report describes how for Nike corporate responsibility is now a catalyst for growth and innovation. The opening statement on www.nikebiz.com/responsibility/ explains that Nike:

believe in the power of sport to unleash potential. That’s why we will invest a minimum of $315 million in grants, product donations and in-kind support through 2011 to give excluded youth greater access to sport. [...] We’ll provide Nike product, resurface old playing fields, fund community-based programs. These impacts come as we’ve evolved how we frame, define and approach corporate responsibility. We see corporate responsibility as an integral part of how we can use the power of our brand, the energy and passion of our people, and the scale of our business to create meaningful change. So we’ve set aggressive business targets that embed our corporate responsibility goals into the company’s long-term growth and innovation strategies because we believe there’s no better way to achieve them than to tie them directly to our business.59

In its ‘Let me Play’ program Nike uses as an indicator of success ‘social impact’ and as a target it aims to design metrics around programs for excluded youth around the world.
The company’s most recent approach to engaging with communities is best expressed in its statement regarding sport for social development:

In the past, we disbursed funds, product donations and in-kind support through a traditional philanthropy model. Our approach was more reactive than proactive, providing checks rather than building partnerships and making one-time contributions to a wide variety of projects and organizations rather than building long-term work through focused strategies. In [the financial year 2005-06] we reviewed and refocused our social investment strategies in line with our broader strategic thinking about social change and how we can help bring about social change through innovation. We refined our approach during that period, giving us a clearer set of principles, which include:

- a belief in cross-sector collaboration and partnerships as the best model of viability and scalability;
- a focus on bringing our core competencies and assets to the table in support of our partners;
- a focus on building models that are not reliant on any one partner’s support and can ultimately thrive after Nike’s input;
- recognition of our role in supporting high-risk, innovative initiatives through seed funding;
- supporting our partners’ need to access capacity building as part of how we enable self sufficiency and sustained models of social entrepreneurship.60

In its corporate responsibility report Nike also outlines that:

As a company focused on young people, we considered how we could apply our core competencies to tackle some of the issues. We see clearly how sport brings health and fitness benefits. We also see further reaching benefits, including building teamwork, leadership, self-esteem, inclusion and confidence. A growing number of examples demonstrate how sport can be used to address the world’s most pressing challenges, as represented by the Millennium Development Goals that cover issues as diverse as
gender equity and HIV/AIDS. Although we recognize that sport by itself will not solve the world’s challenges, we believe that sport and Nike’s role as a funder of innovation and advocacy can help spark real change on the ground. To do so, we focus on leveraging our core business competencies, including funding, research and development, innovation, marketing, employees, products and partners.\textsuperscript{61}

A current example of Nike’s CSR activities of this kind is the organization’s involvement in the Brazilian-led \textit{Vencedoras} program. \textit{Vencedoras} uses a sport-based methodology that incorporates soccer and classroom activities to help girls transform sport-related skills such as teamwork, communication, discipline and a focus on results into practical employment skills. The program provides employability, vocational, and entrepreneurial skills training in conjunction with practical work experiences, professional mentorship and community service opportunities. More than 1,400 young women between the ages of 17 and 24 from economically disadvantaged communities in Brazil will participate. The Nike Foundation, a non-profit organization supported by Nike, invests $1.85 million over three years in the program. \textit{Vencedoras} ultimately aims to serve as a model for economic empowerment of young women in Brazil and around the world, ‘empowering adolescent girls and young women to change themselves, their families, and communities everywhere’.\textsuperscript{62} This aim reflects the Nike Foundation’s commitment to ‘tackling the barriers girls face at life transitions’ and accelerating ‘girls’ economic empowerment’.\textsuperscript{63}

There will remain strong critics of Nike’s profit-driven business practices. Based on the organization’s public communication and assumed leadership role in improving the workplace practices of its contractors, and on its investment in sustainable production and community-based sport programs, it is nevertheless possible to consider Nike a sport business organization at the forefront of deploying CSR activities through sport. As such, it may contribute to building social capital. One specific way in which this appears to occur is through the organization’s involvement in the Homeless World Cup (HWC). The co-founder and President of the HWC, Mel Young, argues that ‘Nike is an example of a sport business that has fully integrated its corporate social responsibility activities with its core business. They support the Homeless World Cup as a citizen, not as a company. Sure, they will take the opportunity to expose their logo where they can, but their support is not “in your face” and they do it in light of their commitment to their social responsibility.’\textsuperscript{64}
The Homeless World Cup

Mel Young is a leading social entrepreneur as recognized by the Schwab Foundation for Social Entrepreneurship. In 1993 he co-founded The Big Issue, a weekly magazine sold by homeless people in the streets of Scotland. On the back of this success he co-founded the International Network of Street Papers, a global network of over eighty street papers sold in every continent, with a combined annual circulation of over 30 million. The idea for the Homeless World Cup was conceived by Young and Austrian Harald Schmied when they were seeking a means for homeless people to communicate with each other across national borders. With football as an existing platform of international communication, the idea to create a World Cup for homeless people seems logical yet surprisingly creative. They organized the first Cup with 18 participating nations in Graz, Austria in 2003. Five years after the first HWC, 56 nations were represented at the event in Melbourne, Australia.

Rather than setting up a solid competition and qualification structure and slowly expand the event to multiple participants, Young and Schmied decided to invite anyone who wanted to participate and grow the event from the bottom up. Through corporate and host city support homeless people and their support team are flown into the host city to participate in an event that focuses on togetherness, participation and engagement. All teams continue to play until the day of the final where different Cups are presented to play-off winners at all levels of competition. In 2008 the first HWC for females was contested among eight teams. In Australia the road towards the HWC has sparked the emergence of street soccer programs for homeless people in 30 different locations. Worldwide the HWC organization now supports grassroots football programs in more than 60 nations involving more than 30,000 homeless people. The HWC headquarters in Edinburgh and the organization aims to ‘be the most reputable organization to use sports as a means for social inclusion, involving one million players by 2012’. Part of the organization is the HWC Foundation and in order to achieve its main aim the HWC subscribes to underpinning principles such as:

- Responsiveness and commitment to social impact;
- Accountability by measuring our social impact;
- Focusing on core competencies and partnering with the best organizations in specific areas as a key driving force;
- Enabling grass root programs to deliver, reach their full potential and be inspired and able to grow.\(^{67}\)

Based on a survey among participants conducted at the event in Copenhagen in 2007 it is argued on the Homeless World Cup website that the HWC is creating a profound level of change. More than 94 percent of participants say that the HWC has a positive impact on their lives and 77 percent make significant changes in their lives as a direct result of their involvement, such as coming off drugs and alcohol, moving into homes, jobs, education, or becoming coaches and players.\(^{68}\) According to co-founder Mel Young, it only took them five years and six events to achieve street football competitions in more than 60 countries in which more than 30,000 homeless people participate. In countries such as Australia and the Netherlands there are weekly competitions, where homeless people now have a regular purpose to get together, to play, to talk, and something to look forward to. They not only engage with each other, but also with the many volunteers and professionals who assist in organizing the competitions.

**Social capital markets in the sport industry**

Where Nike is a good example of a sport business organization driven by the profit imperative, the Homeless World Cup provides an insight into the workings of a sport business organization that seeks surplus resources in order to better advance its aims towards social inclusion and social development. Both Nike and the HWC, as two quite different types of sport business organizations, fit the model presented in Figure 2: they either seek profit or surplus funding; they are obliged to deliver on their social responsibilities to different stakeholders; they engage in what can be defined as CSR activities directed at internal and external constituents; and through these CSR activities they may create one or more species of social capital.

It is in the focus on stakeholders, and in the type(s) of social capital that they are most likely to generate, that Nike and the Homeless World Cup significantly differ. As a profit seeker, Nike’s focus remains on delivering economically to its main stakeholders:
shareholders. The Homeless World Cup, on the other hand, is a surplus-seeking organization which focuses on ethical and philanthropic responsibilities towards a much broader and more diffuse range of stakeholders. In order to further theorize this vital difference we argue that to some degree social capital is a scarce and valuable resource and as such there is a competitive marketplace where different types of social capital may be traded. We have conceptualized that marketplace in Figure 3. As an extension of Figure 2, where social capital is an undifferentiated outcome of activities of all sport business organizations, in Figure 3 we return to our earlier definition of sport business organizations and argue that the type of social capital that is most effectively produced depends on the type of sport business organization that seeks to generate it as part of its business process.

Figure 3: A typology of social capital markets in the sport industry

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<th>SPORT</th>
<th>Organized sport</th>
<th>Unorganized sport</th>
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<td><strong>B U S I N E S S</strong></td>
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<tr>
<td><strong>Profit seeking sport business</strong></td>
<td>FOCUS ON Linking social capital</td>
<td>FOCUS ON Bonding/Bridging social capital</td>
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<td></td>
<td>PART OF CSR (hidden marketing message)</td>
<td>PART OF Community engagement (altruism??)</td>
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<td><strong>Surplus seeking sport business</strong></td>
<td>FOCUS ON Bridging social capital</td>
<td>FOCUS ON Bonding social capital</td>
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<td></td>
<td>PART OF Social responsibilities (core business)</td>
<td>PART OF CSR (hidden marketing message)</td>
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Following our earlier discussion of the multidimensional nature of social capital it can be argued that where social capital is an intended or unintended outcome of CSR activities (see Figure 2), the types of social capital produced depend largely on two factors: firstly, on the organization’s business objectives, and secondly, on the networks that the organization has available, is likely to tap and/or actively seeks to establish. In other words, sport business organizations aim to exploit opportunities in different markets for social capital that, in one way or another, will advance their business objectives.

For a profit-seeking sport business organization it is critical to maximize the return on its investment of resources when partnering with organized sport. For example, Nike, as a
profit seeker, has entered into a partnership with the Homeless World Cup (a surplus seeker) as part of its corporate responsibility strategy. Nike can be viewed as contributing to the creation of linking social capital by building relations between individuals and groups in different social strata where socially disadvantaged people, such as homeless people, can start leveraging opportunities that would not have been available to them without the event and its corporate supporter. Although Nike may argue that its CSR activities are part of wider community responsibility, it can still be contended that Nike will benefit from its seemingly altruistic commitment to the homeless community (the actual relationship is with organized sport, not with the homeless community!). It is likely that the perceptions about the Nike brand will be positively reinforced through its association with the HWC. This is why altruism as the driving force of involvement is question marked at the level of profit-seeking support of unorganized sport, as exemplified next.

Nike’s involvement in Vencedoras is a good example of sport business organizations’ potential contribution to bonding or bridging social capital (as well as cultural capital). It can be argued that through CRS activities (i.e. creating local football facilities) Nike invests in bonding social capital by means of strengthening ties between like people in similar situations, such as families and local community members. Like the Manchester United Foundation noted earlier, the company also invests in the formation of bridging social capital by contributing to broader flows of information and opportunities for reciprocity, for example through sport development workers or health care professionals associated with sponsored projects. The bridging networks that are formed may enhance linkage to external assets and allow for more effective information diffusion, social credentials and skills development. It can be argued that, notwithstanding the potential ‘downsides’ mentioned earlier, increases in bonding and bridging social capital can provide valuable resources for both individual community members and disadvantaged communities as a whole, and also for the profit-seeking organization that invests in its creation. It not only improves the organization’s public image, but communities that are richer in social capital may also be more likely to generate economic resources that could be spent on consumer goods and services. Hence, altruism in the strictest sense of the word is unlikely to apply to profit-seeking sport business organizations that become involved as sponsors, CSR partners or ‘philanthropists’ in either organized or unorganized sport.
For a surplus-seeking sport business, such as a national or international sport governing body, it is part of the organization’s social responsibilities to maintain active links with local communities and to contribute to the development of individual (sport organization) members. It can be argued that bridging networks have been the backbone of successful membership-based sport organizations since their very inception. To operate in the market for bridging social capital (by definition this involves relationships beyond family, close friends and neighbours) is essential for surplus-seeking sport business organizations as it is at the core of their service provision. Membership of a sports club can generate broader identities and reciprocity, as well as social networks that allow linkage to external assets and are used for wider information diffusion. As noted earlier, sports club members continue to broadly share similar demographic characteristics. However, surplus seeking sport business organizations also are forced to compete fiercely for the favours of existing and new members and as such, are increasingly engaging in activities that will make them looked upon favourably by the community at large. Not only is this communicated as part of their wider responsibilities to the community, but it also positions them favourably in the minds of potential funding agencies, and potential members or what some sport organizations now would refer to as ‘customers’. This is why we propose that surplus-seeking sport business organizations engage in CSR-like activities in order to broaden their market reach, and to position themselves for more favourable access to market resources and customers. Much like Nike’s hidden marketing message through association with the Homeless World Cup, FIFA will invest in grassroots football projects around the world to ensure that football rather than competing sport offerings are considered to be the number one choice of consumers.

Conclusion

In this article, we have sought to locate sport business within contemporary debates on sport’s potential for the creation and maintenance of social capital. We have done so by examining the corporate social responsibility activities deployed by transnational sport business organizations and the different species of social capital that these activities may produce. We have argued that through acting on their social responsibilities directed at internal and external constituents, sport business organizations can make contributions to the
creation and transference of bonding, bridging and linking social capital. However, we have also shown that sport business organizations aim to exploit opportunities in different markets for social capital that, in one way or another, will advance their business objectives. A differentiated approach to the relationship between sport business and social capital is therefore necessary. The type(s) of social capital produced depend largely on two factors: firstly, on the organization’s business objectives, and secondly, on the networks that the organization has available, is likely to tap and/or actively seeks to establish.

The case studies on Nike and the Homeless World Cup suggest that the deployment of CSR in and through sport offers substantial potential for community return. The use of sport as a vehicle for contributing to corporate efforts toward social responsibility can be seen as a distinct opportunity for both the organizations in charge of sport and those that seek to use sport in their efforts to make contributions to communities. The question here, of course, is the extent to which sport business organizations actually commit to such efforts. CSR activities continue to be mainly self-regulated and non-enforceable; there are no formalized CSR regulations at the supranational level. Many sport business organizations, critics would claim, appear to be involved in CSR principally for goodwill and reputation, and for furthering business objectives (i.e. financial gain). Moreover, it could be argued that efforts to deploy CSR activities aimed at contributing to social capital and community development operate on a very limited scale when compared to the massive financial profit these sport business organizations produce.

Arguably, it does not really matter whether the production of social capital is largely dependent on first generating an economic profit or surplus, as long as corporate governors realize that economic gains will ultimately be higher if the stock of social capital is increased as well. A strong focus on the financial success of organizations is reasonable given their need to survive in a competitive business environment, but improved knowledge of the relationship between social gains and economic success may well lead to increasing investment in the achievement of social outcomes. This is likely to be beneficial for both profit seekers and those organizations that aim to reinvest surplus in the advancement of non-profit objectives.
Endnotes

1 Andrews, ‘Sport in the Late Capitalist Moment’, 3.
2 Jarvie, Sport, Culture and Society, 343.
3 Compare Shilbury, Deane and Kellett, Sport Management in Australia.
4 Bourdieu, ‘The Forms of Capital’.
5 Field, Social Capital and Lifelong Learning, 19.
6 Ibid., 21.
9 Bourdieu and Wacquant, An Invitation to Reflexive Sociology, 119.
10 Bourdieu, ‘The Forms of Capital’.
12 Putnam, Bowling Alone.
13 Black and Hughes, The Identification and Analysis of Indicators of Community Strength and Outcomes, 37.
15 Field, Social Capital.
18 Putnam, Bowling Alone, 318.
19 Ibid., 134.
21 Gittell and Vidal, Community Organizing: Building Social Capital as a Development Strategy, 10; Putnam, Bowling Alone, 22-23.
22 Putnam, Bowling Alone, 22.
24 Putnam, Bowling Alone, 22.
25 Ibid., 23.
27 Blokland, ‘Waarom de Populariteit van Putnam Zorgwekkend is’, 107-8.
32 Putnam, Bowling Alone.
33 Jarvie, Sport, Culture and Society, 335.
34 Hague and Mercer, ‘Geographical Memory and Urban Identity in Scotland’.
35 Dempsey, A Man’s Town.
36 For example: Janssens, ‘Education through Sport’; Coalter ‘Sport-in-Development’.
37 Harris, ‘Civil Society, Physical Activity and the Involvement of Sports Sociologists in the Preparation of Physical Activity Professionals’.
38 Tonts, ‘Competitive Sport and Social Capital in Rural Australia’, 139.
39 Jarvie, Sport, Culture and Society, 335.
40 Veldboer, Boonstra and Krouwel, ‘Eenheid en Verdeeldheid op het Veld: De Januskop van Sport’.
41 Jarvie, Sport, Culture and Society, 335.
42 Thorne McAlister, Ferrell and Ferrell, Business and Society, 4.
44 See for example Klein, No Logo; Starr, Naming the Enemy; Starr, Global Revolt.
45 Shamir, ‘Corporate Social Responsibility’, 100.
46 Thorne McAlister, Ferrell and Ferrell, Business and Society, 4.
47 Marsden and Andriof, ‘Towards an Understanding of Corporate Citizenship and How to Influence It’.
49 Thorne McAlister, Ferrell and Ferrell, Business and Society, 23.
Norris and Innes, *Corporate Social Responsibility*.

Adapted from Thorne McAlister, Ferrell and Ferrell, *Business and Society*, 20.

Smith and Westerbeek, *The Sport Business Future*, 5; see also Westerbeek and Smith, *Sport Business in the Global Marketplace*.

Ibid.


Ibid.

The model builds on Smith and Westerbeek, ‘Sport as a Vehicle for Deploying Corporate Social Responsibility’. The four general types of social responsibilities outlined in Figure 2 are derived from Carroll, ‘The Pyramid of Corporate Social Responsibility’.


Nike, *Innovate for a Better World*, 78

Ibid., 76.


Mel Young, interview by the author, December 2008.


Mel Young, interview by the author, December 2008.


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