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Broader, New and Critical Aspects of Sport Management

Sports Federations' Vulnerability to Fraud and Corruption

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Aim of the research

Fraud is one of the greatest contemporary threats to the integrity of sports (Kihl, 2017), indicating the need for a better approach to prevent, detect and combat fraud. Sports federations have a crucial role in safeguarding the integrity of their discipline. Despite increasing attention for principles of good governance, ethics and integrity, fraud remains a global issue omnipresent throughout different sports and countries.

Parting from the theoretical framework of the organizational fraud triangle (Murphy & Free, 2012), the existing good practices aiming to combat sports related fraud and corruption within the Belgian sports sector, are mapped out while identifying current and future vulnerabilities. Three disciplines are studied: football, tennis and road cycling. The following research questions are addressed:

- Which organizational factors determine the vulnerability of sports federations and clubs to fraud and corruption?
- How do the components of the organizational fraud triangle interact within the Belgian sports context and how do these processes influence the vulnerability to fraud and corruption?

Sports-related fraud

Sports-related fraud refers to two concepts, namely fraud in sports and sports fraud. Fraud in sports entails fraudulent activities that are not specific for the sports context (e.g. 'classic' financial/social fraud). A broad definition is adapted combining the conceptualization of fraud by Transparency International as "the offence of intentionally deceiving someone in order to gain an unfair or illegal advantage (financial, political or otherwise)" and corruption as in active or passive bribery. In the latter case of sports fraud, which entails fraudulent behavior specific for the sports context, the definition of the Council of Europe is adapted: "An intentional arrangement, act or omission aimed at an improper alteration of the result or the course of a sports competition in order to remove all or part of the unpredictable nature of the aforementioned sports competition with a view to obtaining an undue advantage for oneself or for others" (Council of Europe, 2020).

Literature review

Sports is an interesting field for fraud research due to its unique characteristics. The range of peculiarities starts with the fact that the sector is confronted with sports fraud (e.g. match fixing). Other threats are the commercialization of the sports industry, leading to an increase of opportunities for fraud (Kihl, Skinner, & Engelberg, 2017), the grip of the betting industry, and the influence of (il)legal betting on match fixing, and the scarcity in overarching control mechanisms.

Studies on fraud have been mainly conducted on the individual level, creating a so-called blind spot for the understanding of how organizational dynamics influence individuals. The Organizational Fraud Triangle as developed by Murphy and Free (2012) highlights the fact that fraud does not occur in a vacuum, but always takes place in a certain organizational context (Murphy & Free, 2016; Murphy, Free, & Branston, 2012). This framework includes organizational characteristics such as ethical culture, ethical climate and ethical leadership when assessing fraud risks and factors influencing (un)ethical behavior. The Organizational Fraud Triangle is composed by three components: (1) management controls, (2) leadership and (3) organizational culture. Management controls refer to formal and informal control mechanisms. Leadership is determining for the organizational dynamics. Organizations in which the top management embodies ethical standards and encourages ethical behavior are less prone to fraud. The dimension of culture stresses the importance of installing ethical climates and cultures as prevention mechanisms against fraud. An ethical climate is an aggregated concept entailing what shared perceptions are on a collective level and thus what a network of people within an organization consider to be ethical conduct. In addition, the ethical climate is inherently linked to an organization's susceptibility to corruption, making it vital to strengthen ethical decision-making and an ethical climate and to address the interplay between both organizational and individual factors facilitating corrupt behavior (Gorsira, Steg, Denkers, & Huisman, 2018).

Methodology

This research was carried out by means of semi-structured interviews, aiming at a total of 20 interviews equally divided among the three disciplines. Respondents were reached through gatekeepers and a snowball method. The eligibility of respondents depended on the position the individual held within the club or federation, targeting members of top management and boards of directors. Data is analyzed using NVIVO software. Initial codes were deductively generated based on the theoretical framework. Afterwards, data was analyzed applying an open coding technique in order to inductively generate categories associated with respondents' perceptions of their organizations' vulnerability to fraud.

Results and discussion

Data analysis is still ongoing. However, first insights indicate that federations might be too self-confident about the existing systems to tackle fraud. Despite the awareness being there, it remains an ongoing exercise to translate these values into practice, adapt to new evolutions and penetrate all the different levels of competition of the disciplines. Results and implications will be addressed in further detail during the presentation.