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Activity of German sports (football) enterprises and Corporate Social Responsibility*

Abstract

At the turn of the 1920s and 1930s, a new economic doctrine called ordoliberalism was born in Germany. The foundations of this doctrine were values such as responsibility, solidarity, justice, and freedom. Classics of ordoliberalism formulated a number of recommendations and requirements for businesses in their writings. One of them was the public responsibility, which had the private-economic and socio-economic nature. In Germany sports' (football) enterprises functioning in the form of companies and associations are participants in the sports-economic competition in the two professional leagues (1.Bundesliga and 2.Bundesliga). At the same time sports enterprises pursue different aims: among the economic goals, there are also the social goals. In the structures of sports enterprises, there are several departments dealing with CSR and implementation of partnership projects. The article concludes that 1) the constitutive elements of ordoliberalism had an influence on the functioning of sports (football) enterprises in Germany, 2) the projects realized under the social responsibility rule that were undertaken by sports companies were strongly related to sports education, environmental protection, and social exclusion.

Keywords: sports enterprises, social market economy, corporate social responsibility

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1. Introduction

The doctrine of ordoliberalism was developed in Germany at the turn of the 1920s and 1930s. However, its practical implementation, due to a social market economy (*Soziale Marktwirtschaft*), was possible only after 1948. An important element of the free-market economic system were enterprises because their activities contributed to the increase in society's prosperity. According to Chancellor Ludwig Erhard, the purpose and meaning of the operation of socially responsible enterprises were to participate in the economic competition. While the economy was supposed to serve people, because people were at the center of economic processes (Grabowski, 2013, p. 28).

The article formulates the following theses: (1) sports (football) enterprises carry out tasks resulting from the ordoliberal doctrine, and (2) pro-social activities undertaken by football enterprises are not occasional and accidental but result from previously formulated strategies and codes.

To verify the aforementioned theses, literary studies have been carried out, which included the history of economic ideas (in particular the ordoliberalism doctrine) and the activity of sports (football) enterprises in 1998–2018. The collected material was then subjected to elemental, causal and logical analysis. Case studies were conducted in relation to sports enterprises (clubs) which were a part of the professional football league in the Federal Republic of Germany. Also, based on an interview with an agent of the Hamburger SV club, CSR activities are presented (in particular the "The Hamburg Way" project).

2. Ordoliberalism doctrine regarding the functioning of enterprises in a market economy

Ordoliberalism is a doctrine, from which the German economic system is derived. The material from which the foundation of the ordoliberal system was built was constituting and regulating principles. These principles created the economic constitution of ordoliberalism. Amid the constitutional principles, there were, among others: the principle of responsibility. It was considered important for the functioning of order in the competition. According to Walter Eucken, business owners and management were obliged to take responsibility for their decisions regarding the disposal of capital and for investments (1990, pp. 280–281, 284).

According to Wilhelm Röpke, the market economy did not function in an anthropological vacuum, but within strictly defined frameworks set by norms and values. Economic humanism in modern capitalism could not exist properly without solid foundations, such as responsibility, solidarity, social integration, justice and cooperation. Running a business required having appropriate personal qualities, in which Röpke included among others: self-discipline, justice, reliability, honesty, social awareness and respect for human dignity (1949, p. 83, 1961, pp. 154–155, 166, 171, 175–176, 185, 191).

According to Alfred Müller-Armack the enterprise in the social market economy was a community of people employed in it. Economic entities operate in a specific legal order and bear responsibility for their actions. The company's function is to provide the population with the right products every day, but above all to bear public and social responsibility. Public responsibility was of a dual nature: private-economic and socio-economic. Managers leading enterprises in a market economy were obliged to be responsible to society. Activities carried out by economic entities were also to be focused on providing support to vulnerable social groups. The struggle with inequalities took place in the specific conditions created by the social market economy (1981, pp. 118, 121, 131).

3. German football entity in a socio-economic context

Sports clubs (football) maintain relationships with the internal and external environment. Their activities have an impact on the environment, and this situation has been observed for many years. The development of the social market economy after 1948 and the establishment of a football league in 1963 positively influenced various levels of society. Sports competitions have become an element of mass culture, and a way of spending free time. In the stadiums, among the audience there are representatives of various social groups, even whole families are present. Football stadiums in Germany (especially those belonging to professional clubs) are an important element of the urban landscape, and they play a role not only in sport but also in entertainment and culture. Originally, sports clubs functioned primarily as associations, which by their very nature were focused on the implementation of social goals, such as the education of the young generation (mainly where they had their home bases), and creating conditions for this. According to data for 2017, there were 29,598 sports associations (clubs) registered in Germany, which included 7,043 million people (including 773 thousand women and 322 thousand girls) ("DFB Mitglieder-Statistik 2017," 2017, p. 2). As a result of the progressive professionalization, commercialization and globalization of sports, there have been changes in the organizational structures of football entities, or more precisely defining football enterprises.

Nowadays, football clubs in the Federal Republic of Germany are economic entities. Clubs from both professional leagues conduct economic activities, achieve multimillion incomes, and have investors.¹ The cumulative value of professional football was EUR 5.1 billion (2010), which represented 0.2% of Germany's GDP. At the same time, football entities strive to achieve sports-related goals, as well as economic and social ones. The total incomes of 18 football enterprises from the 1st Bundesliga in the 2016/2017 season (the period from July 1, 2016, to June 30, 2017) amounted to 3.37 billion EUR. Equity amounted to 1.31 billion EUR. Of the 18 entities, 16 ended the balance sheet period with a positive

¹ In contrast to Poland, none of the football clubs in professional leagues has a local government shareholder or is directly subsidized by public (municipal) authorities.

financial result (*DFL Report 2018*, 2018, p. 54). Equally important is the social impact of football clubs, foundations set up by players, and the organizer of competitions (DFL-Deutsche Fussball Liga) for functioning in the environment.

4. Selected activities of German sports entities (football) as part of CSR

The first sports club (football club) that presented the CSR code to the public, was VfL Bochum 1848. The club from the Ruhr area has almost 170 years of tradition. In the beginning, the ethos of the club was pointed out, the foundation of which is rooted in the region and the community. Fans are the audience at the matches, members and employees of the club, players and business partners. The Club from Bochum formulated the following catalogue of values:

- (1) We admit our regional identity and tradition,
- (2) We are professionals,
- (3) We are close,
- (4) We are steadfast,
- (5) We are thrilling,
- (6) We admit our social responsibility.

Striving for social responsibility was rooted in the values associated with sport—tolerance, fair play, solidarity and equality (VfL Bochum, n.d.). The Club from Bochum maintains a friendly relationship with FC Bayern Munich. In turn, this club, since 1900 has become part of the socio-cultural landscape of the Bavarian capital. In 2010, FC Bayern made a written wording of the values he aspires to, namely: responsible activities and commitment to caring for people, willingness to help, tolerance and honesty (“FC Bayern Magazin. Sonderedition,” 2010, pp. 12, 54).

Moving from declaration to practice, selected projects run by the Bundesliga Foundation, individual sports clubs and footballers will be presented. With the initiative of the game management company and 36 football entities (from both professional leagues), the Bundesliga Foundation was created in 2009. The vision of the foundation was: to use the power of sport (football) to create social benefit and solidarity. The Foundation focused on four areas of activity: children, people with disabilities, social integration and providing support to athletes. The main initiatives undertaken by the foundation concerned, among others: providing support to young people of immigrant background in integration with the native society, help in learning German, personal and professional counselling for young people from immigrant backgrounds. From the very beginning, the foundation has been involved in the national project “Stadium – a place of learning” (“Lernort Stadion”). Several football players are involved in its implementation. Youth classes take place regularly in seminar rooms located on 17 stadiums (location of objects: Berlin—two, Bielefeld, Bochum, Bremen, Braunschweig, Dortmund, Dresden, Frankfurt am Main, Gelsenkirchen, Cologne, Mönchengladbach, Mu-

nich, Nuremberg, Rostock, Stuttgart, Wolfsburg). The main topics of the workshops were, among others: anti-mobbing, career counselling, social integration, intercultural dialogue, social inequalities, civil courage, teamwork, right-wing extremism, personal development, prevention of violence, healthy lifestyle. The financial support is provided by the Robert Bosch Foundation (each center receives an annual 50,000 euros), and substantive support by the Center for Political Research from Munich. So far over 30,000 people have participated in the project since 2009 (condition as of January 2017).

“Football meets culture” (“Fussball trifft Kultur”) is a project initiated by the organizers of the book fair in Frankfurt am Main and the Bundesliga Foundation. It is addressed to children and youth, and its aim is to increase and equalize educational opportunities. The combination of access to culture, education and sport takes place in 13 centers in Germany through regular educational and sports activities conducted during the school year.

The most important stakeholders for clubs from the professional football league are: players, club employees, inhabitants of the region, football federation, sponsors, fans, media, supporting members, business partners and suppliers, representatives of the political scene, non-governmental organizations. Social responsibility is multidimensional, as evidenced by the initiatives taken by individual football clubs. The activity of VfL Wolfsburg is focused on the implementation of the project “We’re starting together” (“Gemeinsam bewegen”) and four leading themes: education, social inclusion, health and environmental protection (“VfL Wolfsburg, Der Nachhaltigkeitsbericht 2016,” pp. 6, 24).

Football players in both professional leagues are owners of stadiums. Using these objects gives possibilities to implement projects related to environmental protection. Since 1995, SC Freiburg has solar collectors mounted on the roof of the stadium, which allows not only to generate energy (275,000 kWh per year), but also to reduce CO₂ emissions. As a result, only green energy is used in the stadium (SC Freiburg, 2015).

In most clubs of the 1st Bundesliga, a ticket for a match entitles you to a free passage to the stadium and back by public transport (buses, metro, trains, and trams). Another option was created in Bremen, where you can use water transport. There are 5 ships available that can carry a total of 4,000 passengers, who from the center of Bremen will reach the marina located near the stadium of the local club. In total, 378,000 people used public transport during the season, choosing a match. Every year, EUR 600,000 from the Werder Bremen budget are allocated for CSR activities, including among others: 100% Werder —Partner project, based on training in cooperation with schools in the areas of pedagogy, sports and healthy eating (Werder Bremen, 2015, pp. 3, 12).

Extensive activities are conducted by another football entity—FC Bayern Munich, which supports not only educational projects, but also provides material assistance to victims of natural disasters in Asia or co-finances conservation works on the historic cathedral in Mainz (Grabowski, 2013, p. 103). The players themselves are also involved in these types of projects. Bayern player Philipp Lahm

founded a foundation in 2007 which supports personal and sports development, mainly during summer camps in Germany, and also helps in school and sports education in less-developed urban areas in South Africa.

Summing up, in the season 2015/2016, professional football in Germany (1st Bundesliga and 2nd Bundesliga—a total of 36 entities) and the Bundesliga Foundation and 10 foundations founded by footballers donated 28.1 million EUR to social purposes (including: clubs 1st Bundesliga 16.53 million EUR, clubs 2nd Bundesliga 4, 73 million, EUR Bundesliga Foundation 3.56 million EUR, footballers' foundations 3.31 million EUR). More than one million people have been directly supported (of which 72% are children and youth under 18), the vast majority (91%) of the residents of the regions in which the clubs are based. The projects concerned the following areas: integration, the fight against social exclusion, a breakthrough in energy policy, environmental awareness and protection of the natural environment, modern dietary trends and healthy eating. In total, 224 projects were implemented by clubs from the 1st Bundesliga, and 152 by those from the 2nd Bundesliga. Football enterprises in Germany are treated as representatives of the medium-sized sector of companies due to their annual revenues and employment. Research carried out among all German enterprises indicated that they devote 0.17% of incomes to social purposes. This rate for clubs associated in both professional leagues was 0.67% (Bundesliga Stiftung, 2017, pp. 14, 36, 38–40). Although the presented data confirm the responsibility of football clubs, this does not mean that they should not further expand their involvement (financial, personal, design) in order to improve social conditions in their cities and regions.

5. The Hamburg Way—social commitment of Hamburger SV

Hamburger SV (HSV) is an association of sports that has existed since 1887 in Hamburg. For many years this multi-functional sports club has been an important participant in the city's life. As a result of changing the legal form, the football section was transformed into a commercial law company in 1991—HSV Sport AG (the current name is HSV Fussball AG).² The majority shareholder in this company is the Hamburger SV association. In the 2015/2016 season, the revenues of the HSV Fussball Company amounted to 122.9 million EUR (Lagebericht HSV Fussball AG, n.d.). The average employment level in the analyzed period was 185 people. There are various relationships between HSV and the environment. HSV has stakeholders, including shareholders, employees, clients, sponsors, the public sector (local authorities) and the community.

In 2015, Hamburger SV announced a code that contained references to playing an active role in society through the activities of the HSV Foundation and the “Der Hamburger Weg” project (“The Hamburg Way”). The project covers three areas: education, social issues and sport. 10 projects are implemented within these

² HSV Fussball AG has five daughter companies that deal with, among others operation and management of the stadium, commercial activity, museum facility, travel agency and campus.

themes. In the area of education, the offer includes several thematic modules (classes take place in the halls of the stadium) depending on the age group, e.g. human dignity, HSV during the National Socialism, media competence, group formation, the economic significance of the HSV club. In the 2015/2016 season, 1,400 students and 130 teachers participated in the project (HSV Stiftung, n.d., p. 6).

In order to deepen the examined issue, a letter posing with questions was written to the department responsible for CSR at HSV Fussball AG. The answers to the research questions were provided by Marieke Patyna (clerk of the board HSV Fussball AG) on April 24, 2017. The following responses were obtained:

- (1) The goals of CSR engagement: resulted mainly from the vision of the club, which concerns taking an active role in society, in particular through the foundation of HSV—"The Hamburg Way". This was part of HSV's self-awareness as a club that is socially involved in the life of the city. Children and youth are in the center of its attention.
- (2) CSR instruments: the HSV foundation implements long-term projects in each season, but also conducts periodic activities and organizes events for the young generation in three areas: education, social and sport.
- (3) Cooperation under CSR: it takes place primarily with the Hamburg local authorities, partners (Audi, Emirates, Floating Homes, HEK, NDR 2, QSC AG, Reyher) and patrons (representatives of the acting and sports milieu).
- (4) CSR report: in 2009, HSV was the first of the Bundesliga clubs to publish such a report. Its subsequent editions were released in 2011 and 2016.
- (5) Importance in the practice of sustainable development: refers to the upbringing of the young generation in the HSV football academy by supporting development. The same applies to the city of Hamburg, where the development of young talents is supported and opportunities for the disadvantaged are opened. HSV has the right resources to improve the situation and wants to use it. Establishment of the foundation made it possible in an institutional manner to ensure the conduct of activities for social responsibility.
- (6) The importance of fans and fan clubs in social initiatives: they are important for both HSV and the foundation. Fans, when buying a match ticket, have the option of donating 1 euro. The funds collected in this way are spent on social projects. While, since the 2015/2016 season, fan clubs have the opportunity to submit projects for support, which are then selected by lot.
- (7) The impact of the social market economy on the activity of football clubs: HSV, being a professional football club, in recent years, due to the professionalization and commercialization of the football industry, has increasingly become an economic entity.

HSV's social commitment is not ad hoc, as the "The Hamburg Way" has been developed for nine years. CSR plays an important role in the functioning of this professional football club.

6. Conclusions

Summing up the considerations regarding the activities of German sports enterprises in the sphere of corporate social responsibility, based on the analysis of literature, secondary data and the interview conducted, the following themes have been positively verified:

- (1) Sports (football) enterprises carry out tasks arising from the ordoliberal doctrine. This applies above all to the issue of socio-economic responsibility. In the organizational structures, they created CSR sections and implement projects, they cooperate with the stakeholders.
- (2) Pro-social activities undertaken by football enterprises in Germany result from the strategies and business goals. In addition, they cover various initiatives that concern many areas, such as integration, the fight against social exclusion, a breakthrough in energy policy, modern dietary trends, environmental awareness, environmental protection and, healthy eating. The number of implemented projects is impressive (224 in the 1st Bundesliga), as is their long-term nature.

It is worth noting that the goals of engaging in CSR projects resulted from the vision of clubs as entities actively participating in the life of German society. German football clubs undertake social activities mainly in the city or region where they have their own headquarters. By their attitude, they try to refer to the roots of ordoliberalism. Sports enterprises, aware of the dangers resulting from the imperfections of the market mechanism in the era of liquid modernity, would like to take part in the improvement of the quality of life, protection of the natural environment and promotion of ethical behaviour. It should be noted that in the previous 55-year history of the German Bundesliga only once had a corruption scandal (season 1970/1971) involving several teams (two of them—Arminia Bielefeld and Kickers Offenbach—were relegated to lower leagues, and disqualified were punished activists, coaches and players—in the group of 56 people there were also two Poles). Nowadays, there are no such situations, and what is important, the systematic development of football clubs (enterprises) from the 1st Bundesliga and the 2nd Bundesliga has made them an employer for over 53,000 people. In addition, clubs are conscientious taxpayers (in the season 2015/2016 it was EUR 1.13 billion) for the state, which is not common in football business (a negative example are clubs from Spain). Today German professional football clubs are heading for ordoliberalism in the past, operating under the conditions of the evolving social market economy.

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