

QUANTIFYING THE VALUE OF SPORT DIPLOMACY TO
NON-STATE ACTORS

by

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The global power structure is evolving. Nations once primarily relied on hard power—the ability to leverage population, natural resources, economic size and military strength—to combat territorial opposition and create trade channels. Globalization and technological advancements have since introduced new transnational issues, warranting a shift in the approach to international affairs. Overcoming issues such as terrorism, climate change, and a global refugee and immigration crisis require a multilateral effort. To remain influential abroad, nations must balance hard power with soft power—the use of attraction and persuasion to achieve desired outcomes.¹

This thesis analyzes the elements of soft power, including the various types and necessary participants, effectively narrowing the scope of the study to the practice of Sport Diplomacy. Relatively new to academia, Sport Diplomacy lacks a quantifiable measure to determine the benefit it provides to participating non-state actors (individuals and non-governmental entities). This research addresses that gap, offering a solution through identification of the social benefits produced by sports and investigation into the measures businesses use to evaluate corporate social

¹ Joseph Nye Jr., *Is the American Century Over?* (Cambridge: Polity Press, 2015), p. 4

responsibility. Through these findings, this research generates an algorithm to determine the relative strength of alignment between corporate objectives and various initiatives of Sport Diplomacy.

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Chapter One: The Global Power Structure: 1900 – Today

Introduction

Donald Trump's 2016 presidential campaign slogan promised to "Make America Great Again." Trump's battle cry does not fit the S.M.A.R.T. goal criteria—specific, measurable, achievable, relevant, and time bound—taught in management courses across the country. This stands out as a curious oversight for an esteemed businessman; however, the idea of a "great" America evokes nostalgia to the period in history when the United States took advantage of abundant economic resources and military strength to climb the ladder of the global power structure. Revival of this sentiment, among other contributing factors, led to Trump's election as the 45th President of the United States.

The ability to control others (hard power) has historically functioned as the leading determinant of global leadership. For example, the United States first assumed the role of a world power at the turn of the twentieth century when presidents Theodore Roosevelt and Woodrow Wilson began to convert the country's burgeoning economic resources into military supremacy. These factors—along with the possession of territory, population, natural resources, and political stability—are the components of an effective hard power strategy.² Throughout the first half of the twentieth century, the United States; traditional European powers such as France, Germany and Great Britain; and the Soviet Union and Japan leveraged their respective positions of hard power to initiate and dictate the course of international conflicts and economic activity.

² Joseph Nye Jr., "Soft Power," *Foreign Policy* 80, no. 3 (1990): p. 166, November 9, 2016

In the aftermath of World War II, the United States and the Soviet Union remained as two superpowers in a bipolar world. Each nation possessed disproportionate shares of hard power resources and alliance spheres of influence while competing for advantages in the non-aligned world.³ In one area of competition, the United States and the Soviet Union engaged in a nuclear arms race as an attempt to balance the other's power. The arms race created a security dilemma: a vicious cycle of one state pursuing policy to enhance its own security and a corresponding sense of insecurity and perceived need for rearmament in the other.⁴ In the backdrop of the predicament captivating American and Soviet leaders, globalization, consolidation of democracies, and technological advancements introduced new—and amplified existing—transnational issues.⁵ World leaders now face less territorial opposition and must instead cope with issues such as terrorist threats to a way of life, civil unrest, and a global climate crisis. With new obstacles arises a new form of power necessary to remain influential abroad: soft power. Soft power, political scientist Joseph Nye explains, “Occurs when one country gets other countries to *want* what it wants.”⁶ Successfully navigating the domestic and international socio-political landscape now requires a conscious effort of attraction and persuasion as an adjunct to hard power. Nye elaborates this point in the case of the post-World War II United States:

...during this period [1945-1970], the United States often failed to get what it wanted – witness Soviet acquisition of nuclear weapons; communist takeover of China and half of Vietnam; stalemate in the

³ Nye Jr., *Is the American Century Over?*, p. 7

⁴ Paul Wilkinson, *International Relations: A Very Short Introduction*, (New York: Oxford University Press 2007), p. 27

⁵ Geun Lee and Kadir Ayhan, “Why Do We Need Non-State Actors in Public Diplomacy?: Theoretical Discussion of Relational, Networked and Collaborative Public Diplomacy,” *Journal of International and Area Studies* 22, no. 1 (2015): p. 58, November 9, 2016

⁶ Nye Jr., “Soft Power,” p. 166

Korean War; Soviet suppression of the revolts in Hungary and Czechoslovakia; [Fidel] Castro's control of Cuba; and so forth.⁷

These failures came despite the possession of the supposed two most effective tools of control: the world's largest economy and military. The United States few initial efforts to wield soft power during this period lacked established doctrine or central coordination. Despite individual cases of success, this resulted in misunderstood policies in various parts of the world.⁸ Likewise, the collapse of the Soviet Union in 1991 primarily resulted from internal reasons, as opposed to external forces of hard power.⁹

The breakup of the Soviet Union left the United States as the first lone superpower since nineteenth-century Britain. "Whereas nineteenth-century Britain faced new challengers, the twenty-first century United States [faces] new challenges."¹⁰ To overcome these new challenges the United States must incorporate new elements into its international relations strategy. Ongoing efforts, however, prove U.S. leaders have yet to fully comprehend the short comings of hard power that resulted in the collective failures of the United States and the Soviet Union during the Cold War.

Perhaps, the most important lesson that the U.S. government and the rest of the international community should draw from the searing experience of the invasion and occupation of Iraq, and from the 9/11 attacks, concerns the *limits* of superpower. Even a great power with all the resources and global military reach of the U.S. cannot control the entire political and strategic environment. In circumstances sadly reminiscent of the Vietnam War, the U.S. has proved unable to secure its strategic

⁷ Nye Jr., *Is the American Century Over?*, p. 13

⁸ Hella Dale and Carnes Lord, "Public Diplomacy and the Cold War: Lessons Learned," *Heritage.org*, September 18, 2007, <http://www.heritage.org/defense/report/public-diplomacy-and-the-cold-war-lessons-learned>

⁹ Nye Jr., *Is the American Century Over?*, p. 7

¹⁰ Nye Jr., "Soft Power," p. 155

objects even when confronted with relatively small wars and insurgencies.¹¹

Economic and military strength are not obsolete. Americans do not go to sleep with a legitimate fear of an invasion, and businesses benefit from the United States' strength in international trade;¹² however, the world is more interdependent than ever before. Solving climate change, the AIDS pandemic, refugee crises, and other transnational problems require more than one nation's military might.

To fulfill the promise to "Make America Great Again," President Trump and U.S. leaders need not do away with a military and economic focused power balance but should accept its limitations and incorporate soft power into the equation. Advancing the interest of the United States and the world at-large requires cooperation and coordinated multinational efforts. The success of these efforts relies both on the ability to win others to one's way of thinking and on supporting those unable to support themselves.

Public Diplomacy

Joseph Nye's concept of soft power is an instrument of public diplomacy. Different from official diplomacy, which refers to the discourse between states, public diplomacy relates to the communication between states and foreign publics. Through public diplomacy an audience has the ability to analyze and develop an understanding of the culture, attitudes, and behaviors that are specific to the nation initiating the communication. The end goal of public diplomacy from the perspective of the state is to construct and manage relations and to influence thoughts and mobilize actions that will

¹¹ Wilkinson, *International Relations: A Very Short Introduction*, p, 20

¹² Alanna Petroff, "These are America's biggest trading partners," *CNNMoney*, December 15, 2016, <http://money.cnn.com/2016/12/15/news/economy/us-trade-canada-china-mexico/>

contribute to advancing its interests and values.¹³ Fundamental to the success of soft power is the intent to communicate directly with foreign peoples. For diverse voices to be heard—regardless of origins, values, or contradictory interests—a high degree of trust forged over time in a neutral and safe environment is required.¹⁴

The link between public diplomacy and the overall power equation is the growing influence over internal politics that foreign publics hold. In developing countries, modernization, urbanization, and increased communication have caused power to be diffused from governments to their people.¹⁵ Meanwhile globalization and information technologies now link nations, cultures, and societies in new and complex ways.¹⁶

Effective public diplomacy ensures that the target audience understands policy for exactly what it is and in the appropriate context, as opposed to what the media or rival parties might suggest. While messaging must be consistent and truthful, tailoring the message to specific audiences enhances the likelihood that efforts endure. The relational nature of this type of diplomacy is a process that may take multiple years. As is the case with any healthy relationship, avenues for open dialogue must be built into public diplomacy initiatives. Listening to the concerns and needs of the target audience builds genuine trust and mutual understanding.¹⁷

¹³ Adriana Grigorescu and Al Zink Fawaz, “Public Diplomacy,” *Valahian Journal of Economic Studies*, 19, no. 1 (2014): p. 103, April 30, 2017

¹⁴ Geun Lee and Kadir Ayhan, “Why Do We Need Non-State Actors in Public Diplomacy?” p. 57

¹⁵ Nye Jr., “Soft Power,” p. 162

¹⁶ Christopher Ross, “Pillars of Public Diplomacy: Grappling with International Public Opinion,” *Harvard International Review* 25, no. 2 (2003) p. 22, April 30, 2017

¹⁷ *Ibid.* p. 22-27

Mediums of Public Diplomacy

The diffusion of power that grew the importance of public diplomacy has created a larger and more diverse public contribution to foreign affairs. Rather than a select few diplomats, key messages must reach populations ranging from millions to hundreds of millions of people. In June 1989, President George H.W. Bush gained Chinese public support for his condemnation of the Chinese government's killing of student protesters; however, he later squandered that support when the delegation he sent to Beijing to reconcile the matter was ranked too high.¹⁸ Targeting a broader audience would have afforded Bush the opportunity to communicate the value that Americans place in the principle of the peaceful right to protest. Fortunately, the internet, broadcast radio and television, print publications, and educational and cultural exchanges provide channels for both fast and accurate messaging to the various targets of public diplomacy.

Public diplomacy is not only broadcast through many different outlets, it takes many different forms. Not unlike a business, governments brand themselves using social media. A 2014 study indicated that 75% of the European Union uses at least one social media platform to communicate foreign affairs.¹⁹ In other instances countries take advantage of unique national pastimes to project core values abroad. Thailand launched a gastrodiplomacy campaign in 2002, with the mission of raising the country's profile abroad while cultivating economic opportunities.²⁰ Since the Cuban revolution

¹⁸ Nye Jr. "Soft Power," p. 170

¹⁹ Adriana Grigorescu and Al Zink Fawaz, "Public Diplomacy," p. 107

²⁰ "Eight Great Gastrodiplomacy Nations," *USC Center on Public Diplomacy*, July 2, 2015, <http://uscpublicdiplomacy.org/story/eight-great-gastrodiplomacy-nations>

in 1959, exporting doctors has been a cornerstone of Cuban foreign policy,²¹ and cricket has served as a diplomatic alternative to armed conflict between India and Pakistan since 1978.²² Through public diplomacy, nations build or use existing forums to identify common interests and shared values that act as the foundation of a reformed relationship capable of solving divisive issues and overcoming contemporary global challenges. Common interests and shared values vary by country and culture but include and are not limited to peacebuilding and fostering harmony; confidence building and security order; democratic values; representation; social capital; stewardship of the environment; and social integration.²³

Participants in Public Diplomacy

The evolving structure of international power has introduced new actors to the political sphere. Traditional world politics only gave consideration to a select group of states, but the diffusion of power has enhanced the relevance of previously marginalized states and non-state actors. Transnational corporations lack military strength but possess economic resources capable of global influence. In 1990, thirty corporations earned gross revenue that exceeded the gross national products of 90 countries.²⁴ In 2014, a list of the world's 100 largest economic entities featured sixty-eight multinational corporations and only thirty-two countries; Walmart ranked number twelve.²⁵ Further along the power spectrum, technological advancements and poor foreign policy have

²¹ Elias Groll, "Cuba's greatest export? Medical diplomacy," *Foreign Policy*, May 7, 2013, <http://foreignpolicy.com/2013/05/07/cubas-greatest-export-medical-diplomacy/>

²² Shaikh Aziz, "A leaf from history: Cricket diplomacy checks war pitch," *Dawn*, November 15, 2015, <http://www.dawn.com/news/1219397>

²³ Lee and Ayhan, "Why Do We Need Non-State Actors in Public Diplomacy?..."

²⁴ Nye Jr., "Soft Power," p. 157

²⁵ "Global Fortune 500 List," *The CIA World Fact Book*, August 27, 2015, <http://corporationsandhealth.org/2015/08/27/the-100-largest-governments-and-corporations-by-revenue/>

provided terrorist organizations with fire-power capable of standing up to state militaries like the United States and its NATO allies. Additionally, foreign military intervention in the Middle East fuels propaganda for those organizations to attract recruits and solicit funding from wealthy Muslims.²⁶

Businesses and terror groups have managed to acquire a collection of power resources, but so too have non-governmental organizations (NGOs) and the general public. Transnational religious groups play an integral role in the Middle East conflict, and in other cases religious groups are the first point of contact between new cultures. Relief organizations like the American Red Cross provide services to prevent and alleviate human suffering. Red Cross volunteers operate in 187 different countries while acting as American ambassadors, but the organization is independent of the United States government.²⁷ Meanwhile, the power of the internet gives a voice to individuals in every corner of the world. The words of Bana Alabed, a seven-year-old Syrian girl living in Aleppo, reach over 363,000 Twitter followers. The young Syrian girl gained fame after broadcasting atrocities from the war torn city via her mother's Twitter account. An open letter that Alabed wrote reached Donald Trump, even eliciting a response from the President.²⁸

The matter of public diplomacy participants does not address whether state or non-state actors are more important—states usually are.²⁹ The important distinction is that more complex coalitions affect policy outcomes in modern international relations than historically has been the case. This saturation of actors in the international arena

²⁶ Wilkinson, "International Relations: A Very Short Introduction," p. 21

²⁷ "Missions & Values," *American Red Cross*, May 1, 2017

²⁸ Eleanor Whalley, "Young Girl who tweeted from Aleppo asks Trump to help Syrian children," *Reuters*, January 26, 2017, <http://www.reuters.com/article/us-usa-trump-syria-girl-idUSKBN15A1W3>

²⁹ Nye Jr., "Soft Power..." p. 157

diminishes the voice of individual governments; however, partnerships with non-state actors offer states an opportunity to recoup the influence lost to relative decline:

Such partnerships [whether global corporations, humanitarian organizations, or ex-patriot communities abroad] not only bring fresh ideas and added resources to our efforts, they can also offer third-party authenticity and verification for messages that might otherwise be dismissed when communicated through official channels.³⁰

Partnerships between state and non-state parties help governments reach the previously unreachable. Taking advantage of every potential diplomatic contributor increases the likelihood that the culture and values intended to be shared through public diplomacy are accurately disseminated. Additionally, these partnerships can remedy situations where a multinational partnership might otherwise prove ineffective. When a transnational issue originates from a weak state that is incapable of suppressing the problem itself, strategic partnerships with non-state actors are imperative. For example, the United States cannot halt the mass production of cocaine and marijuana in Colombia, Peru, and Mexico if those countries cannot control local gangs and drug traffickers. Further still, if the United States' government cannot mitigate the American demand for those drugs, a transnational market will persist.³¹ In this case, empowering others through public diplomacy becomes a source of power in and of itself.

Sport Diplomacy

To the common observer, sports may exist as a seemingly inconsequential means of spending an individual's free time or as a leisure activity to promote health and wellness; however, sports are representative of global public goods and can facilitate their dissemination to foreign publics. The United Nations Office on Sport for

³⁰ Christopher Ross, "Pillars of Public Diplomacy: Grappling with International Public Opinion," p. 26

³¹ Nye Jr., "Soft Power," p. 164

Development and Peace explains, “Sport has a unique power to attract, mobilize and inspire. By its very nature, sport is about inclusion and citizenship. It stands for human values such as respect for the opponent, acceptance of binding rules, teamwork, and fairness.”³² Sports reinforce the notion of common humanity. Sportsmanship, fair play, and appreciation of the hard work and determination required to reach an elite level of competition are treasured and understood universally. The reminder that entities with conflicting ideologies also possess shared values can promote understanding and transcend barriers to open dialogue.³³

A single sporting event is unlikely to conquer the climate crisis or bridge the widest geopolitical divides despite what Sylvester Stallone’s *Rocky IV* might have fans believe (the resilience of Stallone’s character in a boxing match versus a Russian champ wins over the hearts and minds of a pro-Soviet crowd and presumably ends the Cold War);³⁴ however, sports possess the qualities of an effective diplomatic tool. Sports act as a universal language that fosters understanding and helps to identify commonalities that may contribute to overcoming greater challenges. Beyond the social values represented by sports is the tremendous communicative power of sporting events. Athletes trade the battlefield for the playing field, and spectators of opposite sides are brought together by a common passion to support their team or country. Dramatic improvements in information and communication technologies grow the potential size of these audiences from thousands at a live competition to billions of people worldwide

³² UN Office on Sport for Development and Peace, “Sport for Development and Peace,” *United Nations*, November 11, 2016, <http://www.un.org/wem/content/site/sport/home/sport>

³³ *Ibid.*

³⁴ Sylvester Stallone, *Rocky IV*, (1985; USA: MGM), DVD

through mass-media and word-of-mouth accounts.³⁵ Conservative estimates claim that a total of 1.01 billion people tuned into the 2014 FIFA World Cup Final, gathering with strangers at bars, joining friends at house parties, or finding solitude in their own family homes.³⁶

The sense of belonging created by an event like the World Cup demonstrates a profound effect, particularly in a football (soccer) crazed region like Europe. Aside from the rare, but headline-grabbing, instances of fans taking their own lives out of despair for their team's losses, football saves lives. In their book, *Soccernomics*, authors Simon Kuper and Stefan Szymanski analyze the work of Greek epidemiologists to prove a "statistically significant" (unlikely to be due to chance) decline in suicide rates when a European country's team is playing in the World Cup or European Championship.³⁷ In Germany, 90,000 people killed themselves between 1991 and 1997. The peak months for suicides were March through June (June being the month of major football tournaments). During the football-free Junes of 1991, 1993, 1995, and 1997, an average 817 males and 329 females committed suicide. In the Junes of 1992, 1994, and 1996, when major football tournaments took place, an average thirty fewer men and fourteen fewer women died from suicide.³⁸ Kuper and Szymanski note, "These declines are particularly remarkable given how much alcohol is consumed during soccer tournaments, because drinking would normally be expected to help prompt suicides."³⁹

Germany is an excellent case study because it is the most populated European country

³⁵ Geoffery A. Pigman, "International Sport and Diplomacy's Public Dimension: Governments, Sporting Federations and the Global Audience," *Diplomacy and Statecraft* 25, (2014), p. 95

³⁶ "2014 World Cup final attracted 1.01 billion views, FIFA says," *espn.com*, December 16, 2015, <http://www.espnfc.us/fifa-world-cup/story/2759180/fifa-reports-101-billion-viewers-for-2014-world-cup-final>

³⁷ Simon Kuper and Stefan Szymanski, *Soccernomics* (New York: Nation Books, 2004), p. 267

³⁸ *Ibid.*

³⁹ *Ibid.*

and one that frequently qualifies for major tournaments, but the correlation between decreased suicide rates and major football months is consistent across Europe:⁴⁰

| Country | Male Lives Saved | Female Lives Saved |
|----------------|--------------------------------------|--------------------|
| Austria | 9 | -3 |
| Czech Republic | 14 | 6 |
| Denmark | 4 | 4 |
| France | 59 | 8 |
| Germany | 30 | 14 |
| Greece | 0 | 5 |
| Ireland | 2 | 1 |
| Netherlands | -5 | 0 |
| Norway | [19 Lives Saved Across Both Genders] | |
| Spain | 4 | 1 |
| Sweden | 1 | 15 |
| Switzerland | -1 | -2 |

Figure 1: Lives Saved from World Cup or European Championship Compared to Average June

Lives saved denote a reduction from the mean of average suicides in non-football Junes and negative values denote an increase in suicides. The data for Norway were not broken down by gender.

Of the twelve countries studied, ten followed the same trend as Germany, with an impact that outlasts the tournament (Appendix A).⁴¹ These results were even confirmed in soccer-mad countries that did not have a team in a major tournament but still watched the games in mass numbers. Football in these instances provides a common cause to care about, uniting those who struggle with isolation.⁴²

⁴⁰ Ibid. p. 268

⁴¹ Ibid. p. 269

⁴² Ibid.

The Olympic Movement

Evidence of the use of sport as a force for good can be traced to the original Olympic Games in Athens, Greece. At the first Olympic festival in the ninth century B.C.E., the Greeks viewed sports as a vehicle to unify the civilized world in spite of political differences.⁴³ The Greeks practiced the tradition of an Olympic Truce:

During the Truce period, the athletes, artists and their families, as well as ordinary pilgrims, could travel in total safety to participate in or attend the Olympic Games and return afterwards to their respective countries.⁴⁴

Greek leaders established the sacred truce to protect the interests of athletes and sport in general, and the spirit of the truce shines through the Olympics of today.⁴⁵

In 1896, the Olympic Games were revived and brought together 241 athletes from fourteen countries. The most recent rendition of the Olympic Games in Rio de Janeiro, Brazil, featured 11,237 athletes from 207 countries. As the games grow in size from year-to-year, the goal of the Olympic Movement remains committed to fulfilling the fundamental principles outlined in the Olympic Charter:

Olympism is a philosophy of life, exalting and combining in a balanced whole the qualities of body, will and mind. Blending sport with culture and education, Olympism seeks to create a way of life based on the joy found in effort, the educational value of good example and respect for universal fundamental ethical principles.⁴⁶

The International Olympic Committee (IOC) performs programming in coordination with the Olympic Games to contribute to building a peaceful and better world. The IOC

⁴³ Jeremy Goldberg, "Sporting Diplomacy: Boosting the Size of the Diplomatic Corps," *The Washington Quarterly* 23, no. 4 (2000) p. 64

⁴⁴ "Olympic Truce," *Olympic.org*, May 2, 2017, <https://www.olympic.org/olympic-truce>

⁴⁵ *Ibid.*

⁴⁶ "Olympic Charter," *International Olympic Committee*, Lausanne Switzerland, print, August 2, 2016

promotes social values such as gender and racial equality, environmental sustainability, and the promotion of peace among others (Appendix B).⁴⁷

Through partnerships with local NGOs, the IOC used the 2016 Rio Olympics as a platform for peace promotion throughout South America. In Brazil, an organization called Fight for Peace established an academy to combine sports, such as boxing and martial arts, with education and personal development. The academy offers youth impacted by crime, violence, and social exclusion the tools, resilience and support structures needed to create a positive future. A similar program working in rural Northern Colombia offers multi-sport activities and tournaments with integrated development programs to enhance social cohesion. The mission is to build off of the energy of the Olympics to provide opportunities and affect behavioral change.⁴⁸

State-to-State Sport Diplomacy

Governments' recognition of the diplomatic appeal of sports is not a new phenomenon; although, its history is not as old as the Olympics. During the era of Populism in South America (1930-1970), social issues and a national identity took center stage in the Argentinian football world. "One of the prime reasons why the state became interested in *fútbol* was to control the masses by structuring and defining social identities and reinforcing national sentiments as international football became more important."⁴⁹ Football helped the government of Argentina connect with a domestic audience, but understanding sport in the lives of Argentinians functions as a vital element to understanding the culture and history of Argentina as a whole. Other states

⁴⁷ "International Olympic Committee," *Olympic.org*...

⁴⁸ "Peace Through Sport," *Olympic.org*...

⁴⁹ Vic Duke and Liz Crolley, "Fútbol, Politicians and the People: Populism and Politics in Argentina," *Sport in Latin American Society: Past and Present*, (2002): p. 104

have experimented with sport diplomacy internationally. The United States famously sent a delegation of table tennis players to the People's Republic of China (PRC) in 1971. The visit represented a conscious attempt to normalize relations between the two countries. In the same year, a gauge of public support led to Secretary of State Henry Kissinger visiting the PRC, and Richard Nixon became the first sitting U.S. President to visit the communist country one year later. Sports helped to challenge the stereotypes that Americans and Chinese held toward each other and built better cultural understanding.⁵⁰

Similar to Argentina, sports play an integral part in understanding American culture. Professor Mark Naison of Fordham University explains:

From the 19th century to our present day, professional and college sports have served as two of the nation's most powerful community-building institutions, helping to define American identity on the grassroots level as powerfully as our political system, our broadcast media, or Hollywood film. In a huge and diverse nation experiencing waves of immigration, struggling with racial divisions, and undergoing a pace of economic change unmatched by any society in the world, the importance of sports cannot be ignored. Sports have provided Americans with more than a much-needed escape from the hardships of their daily lives; it has given them a visceral connection to our nation's lived traditions and cultural values.⁵¹

The multiple dimensions of sports offer relief and unity from a domestic point of view, and from an outsider's perspective, sports offer a prism through which an individual may view and better understand the factors that shape daily life in different cultures.

Other examples of the United States expanding its diplomatic corps to involve athletes

⁵⁰ Goldberg, "Sporting Diplomacy: Boosting the Size of the Diplomatic Corps..." p. 67

⁵¹ Mark Naison, "Why Sports History is American History," *The Gilder Lehrman Institute of American History*, February 5, 2016, <https://www.gilderlehrman.org/history-by-era/reform-movements/essays/why-sports-history-american-history>

include wrestlers sent to Tehran, Iran in 1998 and multiple baseball teams sent to Cuba as a low-risk testing ground of foreign public perceptions.⁵²

It is true that sports can provoke nationalistic feelings possible of escalating to violent acts of hooliganism, and not all state-directed sport diplomacy is met with positive sentiments. On multiple occasions Cold War countries boycotted each other's Olympics rather than uniting through sport, and Palestinian terrorists kidnapped and murdered Israeli athletes as the 1972 Munich Games captivated the world's attention and imagination.⁵³ The relationship between China and the United States is still characterized by mistrust despite the diplomatic ground gained through "Ping-Pong Diplomacy," and Iran is among the countries whose citizens President Trump has repeatedly attempted to ban from the United States.⁵⁴

The case of India and Pakistan offers insight into where state-directed sport diplomacy can succeed and fail. Animosity between the two South Asian countries has existed since British colonial masters created an independent Pakistan along religious lines (Hindu and Islam) in 1947. Mass killings, rapes, genocide, and rioting erupted in both countries following the divide. In 1978, the two countries began to compete in cricket matches in an attempt to demonstrate a united political front, but underlying tensions never subsided. Wins were described as the result of one religion's superiority over the other and corruption compromised matches. Pakistani captain Mushtaq Mohammad declared after the first Pakistani win, "the victory of Muslims all over the

⁵² Goldberg, "Sporting Diplomacy: Boosting the Size of the Diplomatic Corps..." p. 67

⁵³ *Ibid.*, p. 65-66

⁵⁴ Doug Criss, "Trump travel ban: Here's what you need to know," *CNN Politics*, January 30, 2017, <http://www.cnn.com/2017/01/30/politics/trump-travel-ban-q-and-a/>

world over the Hindus.”⁵⁵ Subsequent cricket matches between India and Pakistan rarely took the form of a bilateral series for the rest of the twentieth century; however, the intense passion each nation holds for cricket revived the idea of cricket diplomacy at a later historical impasse:

After the Kashmir crisis of 2002 brought India and Pakistan to the brink of war, a series of cricket matches were facilitated by both governments in 2004 to reduce tensions and re-establish a level of public comfort needed to engage with the other on an ongoing basis. Both governments decided that it would be productive to “permit” a cricket tour as an initial step toward normalizing diplomatic relations, opening borders and engaging in direct negotiations.⁵⁶

Each government emphasized the diplomatic importance of the event, granting thousands of visas for touring fans to cross the border and inviting opposing cricketers into the homes of government officials.⁵⁷ Non-state actors were encouraged to handle the logistical aspects of the tour. Media firms broadcast the matches to the general public, and the respective cricket federations of both countries coordinated travel, accommodations, and match play.⁵⁸

Non-state participants received the 2004 cricket diplomacy campaign with optimism. India’s team captain, Sourav Ganguly, embraced his role in saying, “whenever we travel, we travel as ambassadors for the country.” An enthusiastic Rameez Raja, the chief executive of the Pakistan Cricket Board, exclaimed, “I’m absolutely delighted and thrilled that this thing is happening and that cricket has been given a great deal of importance in this set-up...” However, Raja was cognizant of

⁵⁵ Martand Jha, “India and Pakistan’s Cricket Diplomacy,” *The Diplomat*, March 15, 2017, <http://thediplomat.com/2017/03/india-and-pakistans-cricket-diplomacy/>

⁵⁶ Pigman, “International Sport and Diplomacy’s Public Dimension...” p. 98

⁵⁷ Jha, “India and Pakistan’s Cricket Diplomacy...”

⁵⁸ Pigman, “International Sport and Diplomacy’s Public Dimension...” p. 98

cricket's limitations to the specific diplomatic scenario. Raja warned, "We cricketers come from a certain background and we should not put politics on the back burner."⁵⁹

In the following years Pakistan and India continued to compete against one another in cricket, and visiting spectators received warm receptions. Unfortunately, a 2007 terrorist attack on Sri Lankan cricketers in Pakistan and a 2008 terrorist attack in Mumbai, India put a stop to India-Pakistan interplay and eroded the goodwill that had been created.⁶⁰ Since the events in Mumbai, cricket has been used sparsely to bring Indian and Pakistani publics closer together with mixed results. Scheduled and canceled matches signal the climate of political relations.⁶¹

India-Pakistan cricket diplomacy teaches many lessons. Sports have the power to bring together the bitterest rivals, but staging a single competition alone does not bridge divides. Effort to engage multiple publics in addition to the competing athletes is required for successful sport diplomacy. Sport might offer a temporary alternative to armed conflict, but it does act as a permanent substitute if neither side makes concessions. Edward R. Murrow, John F. Kennedy's Director of the United States Information Agency (USIA) explains, "public diplomacy must be in on the take-offs of policy and not just the crash landings...Public Diplomacy cannot be expected to make up for or act as a Band-Aid over ineffective policy."⁶² Too often state-driven sport diplomacy acts as a last resort and lacks a coherent directive or a consistent strategy.

⁵⁹ Ibid.

⁶⁰ Jha, "India and Pakistan's Cricket Diplomacy..."

⁶¹ Ibid.

⁶² Mathew Wallin, "The New Public Diplomacy Imperative," *American Security Project*, August 2012, p. 3

Sport for Good

Acting independently of the Olympics or state-sponsored foreign offices, groups of individuals have organized a collection of sports-focused NGOs to deliver various public goods to areas of need and conflict. Rather than rely on collaboration with the world's greatest stars to deliver public goods, these organizations work directly with the children of the world that have been left behind or are at risk of a similar fate.

Laureus is a global sports-focused charity composed of Laureus Sport for Good, the Laureus World Sports Academy and Ambassadors Programme, and the Laureus World Sports Awards. Together these entities work to improve the lives of young people through the inspirational power of sport. Laureus Sport for Good officially began in 2000 as a culmination of events beginning in the 1970s. Founder Johann Rupert shares that story of Laureus' origins:

Some thirty years ago, whilst living in New York City, I had a black friend who was a true sports superstar. He was constantly mobbed for autographs. I noticed that he took extra care giving signed posters to white kids. I asked him about the apparent favoritism. His answer: "Johann, if a white kid has my poster in his bedroom, he can hardly discriminate against the black kid in his class." How true.

Ever since then we have strived to create and promote cross-cultural heroes. In South Africa we helped start Institutes and Sports Academies to promote sporting excellence. As a South African I have also witnessed first-hand the profound role that sport can play in nation-building and reconciliation. When democratic South Africa was accepted into international sport over a decade ago many believed it would take years for us to be integrated. Since then we have confounded the critics, won major championships and hosted others. It is this same belief that led me to propose that Richemont help found Laureus and the Laureus Sport for Good.

Laureus Sport for Good Foundation believes that sport can change the way people look at the world. The true values of sport bring together families, friends, nations – and on occasions, the whole world – in a way that no other human activity can.

Laureus' passion is based on a simple truth: whoever you are, wherever you live, whatever your background; sport can give you the chance to be a better person tomorrow than you are today.

In a world of increasing tension between cultures and religions, we believe that sporting heroes can bridge the gap that other leaders of society are either unable or unwilling to do.

We believe that sport can help change the world. Sport represents the best humanity: determination, fellowship, teamwork and the pursuit of excellence.⁶³

Laureus fulfills Rupert's vision through sports-related community projects and education programs. Tackling problems like drug abuse, gun and knife violence, HIV/AIDS, social exclusion, or landmines awareness, Laureus adapts to the specific needs of diverse communities worldwide. For example, the La Liga LimaKids project works with twenty different foster institutions and orphanages in Lima and Callao, Peru to reach over 600 kids each year. Prior to 2008, foster care did not exist in Peru and children became victims of extreme poverty, violence, and dysfunctional family life. In May 2007, Peru's National Comprehensive Family Welfare Program committed to developing a foster care program in the country, and La Liga partnered with residential homes to deliver education in life skills, fair play, good values and health through a six-a-side football project.⁶⁴

While Johann Rupert's story is filled with of hope and optimism, Jürgen Griesbeck found inspiration in heartbreak. Colombian football star Andrés Escobar fell from grace when his own goal forced Colombia's exit from the 1994 World Cup. After the game Escobar delivered a heartfelt speech pleading for Colombians to not fall into despair, but to overcome the adversity and grow together. Tragically, Escobar's words fell on deaf ears. A few days later Escobar was murdered in an unprovoked attack.

⁶³ Johann Rupert, "Breaking through the Barriers," *Laureus*, April 30, 2017, <https://www.laureus.com/content/breaking-through-barriers>

⁶⁴ "La Liga LimaKids," *Laureus*...

According to eyewitness reports, the assailants mocked Escobar's own goal before pulling the trigger. Performing PhD work in Medellin, Colombia at the time, Griesbeck took the task upon himself to investigate new methods of conflict resolution. Although football had been the source of such a hateful act, Griesbeck found that the football field was the only setting where young Colombians were willing to disarm and engage in dialogue. Griesbeck began a project, Fútbol por la Paz (Football for Peace), with a simple set of rules: gender-mixed teams and players must settle disputes without referees. The result of the project was participants beginning to reimagine their lives off the field, which led to increased social mobility and a decrease in youth mortality. At the conclusion of the project, Griesbeck realized that his work was not original.

Organizations all over the world used football as a tool to tackle various social issues; however, a void warranted collaboration. Various initiatives lacked organization and no forum existed to share experiences and knowledge. With his experience and his findings, Griesbeck returned to his native Germany and launched Street Football World in 2002, a global network to connect grassroots initiatives like Fútbol por la Paz.⁶⁵

Football is as consistent a theme in sport diplomacy as it is the most popular sport in the world. Children and adults alike revere football from Sidney, Australia to New York City, and everywhere in between. But football is not alone in its ability to produce positive change. As has been observed between India and Pakistan, cricket has bridged divides in the Indian subcontinent. In the United States the National Football League activates American's love for (American) football in its Play 60 campaign to promote health and wellness in schools, and the NGO Peace Players International

⁶⁵ "Our Story," *Street Football World*, March 31, 2017, <http://www.streetfootballworld.org/who-we-are/our-story>

implements year-round basketball programs to develop friendships and cultivate mutual respect on the battle lines of religious, ethnic, and cultural divides. Sports, regardless of the specific type, act as the hook. Different from traditional encounter programs that only target the open-minded, sport-for-good initiatives reach constituencies that come for a place to play football, watch cricket, or learn the game of basketball. When the games finish and the dust settles they stay for an unstructured bonding opportunity and the lessons learned off the field.⁶⁶

Problem Presentation

After the United States assumed its role as one of two superpowers, Americans began to fear that America was in decline or falling behind someone else. It is in keeping with history to expect that the United States will not hold a dominant share of world power forever.⁶⁷ Every great empire has experienced decline—if not complete collapse. Persia no longer exists, and Rome once ruled half the civilized world but has been reduced to a single Italian city. At its peak, the British Empire touched every corner of the globe, but the emergence of other nations and the growth of nationalism in its own colonies forced Great Britain to consolidate power to a regional level.⁶⁸ Perhaps the United States did begin a state of decline as its share of the world economy decreased from 1945-1970; however, this was more likely a regression to the mean as the United States was the only world power to grow stronger from the war.⁶⁹

⁶⁶ Joseph Smith (Organization Learning Specialist, PeacePlayers International) in discussion with the author, May 2017.

⁶⁷ Nye Jr., *Is the American Century Over?...*, p. 16

⁶⁸ *Ibid.* p. 21

⁶⁹ *Ibid.* p. 3

Americans' fear of decline reemerged during the 1973 oil crisis as uncertainty over future energy sources rose and again in the late 1980s when President Reagan ran fiscal and trade deficits.⁷⁰ "On the eve of the collapse of the Soviet Union that left the United States as the world's only superpower," Joseph Nye reflects, "best-selling books compared the US situation to the decline of Phillip II's Spain."⁷¹ Confidence eventually recovered according to a 2002 Pew Research poll about America's place in the world. The study indicated that 55 percent of Americans felt the country was more powerful than a decade before and only 17 percent believed the contrary; however, ten years and a great recession later, those numbers had almost exactly reversed.⁷²

Contrary to the pervasive sentiment of American decline, the United States succeeds in many areas. Crime, divorce, and teenage pregnancy rates are on the decline. Present social issues like the gender wage gap are alarming but not as serious as slavery, prohibition, and civil rights issues that plagued past periods of American history.⁷³ Following the great recession, the United States remains a leader in entrepreneurship and agricultural innovation. Looking forward, the American economy leads new sectors, such as information technology (IT), biotechnology, and nanotechnology, which will prove critical as the century continues.⁷⁴

The understatement or overstatement of American strength is a zero sum game in partisan politics. Overconfidence leads to a failure to adapt, and the fear of decline leads to harmful nationalistic and protectionist policies. This back and forth is the consequence of sweeping changes to the domestic and international socio-political

⁷⁰ Ibid. p. 19

⁷¹ Ibid. p. 2

⁷² Ibid. p. 19

⁷³ Ibid. p. 72-73

⁷⁴ Ibid. p. 78

landscape in the past century. New issues that stem from the growth in interdependence create uncertainty, and uncertainty provokes fear.

A 2016 Pew Research study indicates that Americans view the Islamic militant group in Iraq and Syria (ISIS), cyberattacks from other countries, economic instability, the refugee crisis, climate change, and China's rise to power as the greatest threats to the well-being of the United States. The fear and uncertainty that stem from these new issues has forced Americans to turn not to public diplomacy, a term with little over fifty years in use,⁷⁵ but instead to nationalistic and protectionist policies. Pew Research reports, "Nearly six-in-ten Americans want the United States 'to deal with its own problems and let other countries deal with their own problems as best they can.'" To deal with its own problems—for the first time in more than a decade—more Americans (35%) say defense spending should be increased than those who believe it should be cut (24%).⁷⁶ This thought shift contributed to Americans leaning toward Donald Trump and his America-first campaign rhetoric.⁷⁷

Americans are not alone in their fear for the unknown. Before Donald Trump's promise to "Make America Great Again" propelled him into the White House, voters in England elected to leave the European Union.⁷⁸ Brexit, as the decision came to be known, was inspired by English populists who lost faith in the country's leadership and believe England is better off on its own. This isolationist strategy threatens to unravel the European Union and destabilize Europe. Across the English Channel, the meteoric

⁷⁵ Lee and Ayhan, "Why do we need non-state actors in public diplomacy?..." p. 57

⁷⁶ Bruce Drake and Carrol Doherty, "Key findings on how Americans view the U.S. role in the world," *Pew Research Center*, May 5, 2016

⁷⁷ "America First Foreign Policy," *whitehouse.gov*, May 6, 2017, <https://www.whitehouse.gov/america-first-foreign-policy>

⁷⁸ Alex Hunt and Brian Wheeler, "Brexit: All you need to know about the UK leaving the EU," *BBC News*, April 25, 2017, <http://www.bbc.com/news/uk-politics-32810887>

rise of new French president Emmanuel Macron needed a bit of luck and a great deal of ingenuity to overcome the more established candidate, populist Marine Le Pen.⁷⁹ The Le Pen campaign proposed an aggressive security platform and emphasized her anti-immigration, anti-European Union, and anti-globalization stances.⁸⁰ According to Le Pen, Britain's vote for Brexit is the most important event since the fall of the Berlin Wall, and Donald Trump's election in the United States is "an additional stone in the building of a new world."⁸¹ The French election is a victory for European unity, but Le Pen's National Front party controls more of the European Parliament than Macron's new En Marche! (On The Move!) political movement.⁸² Narrow elections in Austria and the Netherlands this year indicate the growing strength of populist movements across Europe.⁸³

Nationalistic and protectionist ideologies guiding the United States and parts of Europe are a cause for alarm. The first 100 days of the Donald Trump presidency have included multiple attempts to pass strict anti-immigration and anti-climate change policy; military activity; and an attack on the media. Projecting this small sample over the next four to eight years of the Trump presidency indicates an American return to a distinctly hard power-based foreign policy. In a recent address to State Department employees, Secretary of State Rex Tillerson preached that foreign policy too heavily

⁷⁹ Becky Branford, "Five reasons why Macron won the French Election," *BBC News*, May 7, 2017, <http://www.bbc.com/news/world-europe-39791036>

⁸⁰ Liz Alderman and Elian Peltier, "Marine Le Pen and Emmanuel Macron: Where France's Candidates Stand," *The New York Times*, May 4, 2017, https://www.nytimes.com/2017/05/04/world/europe/marine-le-pen-emmanuel-macron.html?_r=0

⁸¹ Marysia Nowak and Becky Branford, "France elections: What makes Marine Le Pen far right?," *BBC News*, February 10, 2017, <http://www.bbc.com/news/world-europe-38321401>

⁸² "French Election 2017: Why is it important?," *BBC News*, May 3, 2017, <http://www.bbc.com/news/world-europe-39130072>

⁸³ Frank Langfitt, "European Leaders Fear Rise of Populist Candidates," *npr*, March 14, 2017, <http://www.npr.org/2017/03/14/520162866/european-leaders-fear-rise-of-populist-candidates>

laden with the nation's core values creates barriers to advancing national interests.⁸⁴

With traditional power resources at the focal point of American policy, optimized use of minimally practiced soft power is imperative. The burden falls on those who recognize the limitations of hard power in satisfying the world's needs to identify and implement solutions.⁸⁵

Sport for Good

In the current political climate, public diplomacy is a tool that non-state actors may use to achieve goals that the government refuses to work toward. These goals relate to advocacy, influence, mobilization, correcting misperceptions, dialogue and mutual understanding, and harmony based on universal values. The benefits of public diplomacy are often realized in the long-term, and a theoretical framework to study the field is incomplete; however, effectively implemented, sport diplomacy is result-driven. Public diplomacy can be broken down into three dimensions and their respective timeframes: reactive—hours and days; proactive—weeks and months; and relationship-building—years.⁸⁶ Across these dimensions, sport diplomacy is designed to achieve a wide range of objectives. Canceling a sporting event to signal state opposition to policy decisions is one form of reactive sport diplomacy, but non-state actors also have this capability. Almost immediately following a U.S.-born man who pledged allegiance to ISIS opened fire on an Orlando nightclub, killing forty-nine individuals, Americans found solidarity in sport. Within days of the attack local sports teams raised close to \$1

⁸⁴ John McCain, "Why We Must Support Human Rights," *The New York Times*, May 8, 2017, https://www.nytimes.com/2017/05/08/opinion/john-mccain-rex-tillerson-human-rights.html?_r=0

⁸⁵ "President Donald Trump: The First 100 Days," *The Wall Street Journal*, May 1, 2017, <http://www.wsj.com/livecoverage/donald-trumps-first-100-days>

⁸⁶ Lee and Ayhan, "Why do we need non-state actors..." p. 60-61

million for victims and their families, and commemorative gestures at games around the country signaled to the world that Americans were standing up for justice against homophobia and Islamophobia.⁸⁷

Ping-pong diplomacy between China and the United States fits within the concept of proactive public diplomacy. The tour of athletes strategically communicated the two countries' intent to normalize relations in the months leading up to high ranking officials visiting the PRC. Lastly, sports for good initiatives rely on relationships forged over years.

Although each sport diplomacy format has its strengths through immediate impact, publicity, or meaningful results, the scope of this study focuses on the sports for good initiatives that NGOs undertake. The current political climate in the United States and parts of Europe calls into question whether state-directed sport diplomacy will maintain a relevant position in the five- to ten-year horizon of international relations. Although the Olympic Movement captures the world's attention biannually, the sanctity of the Olympics is often challenged. Russia and Brazil have been criticized for building cathedral-esque Olympic facilities with billion dollar price tags that turned to ghost towns after the games,⁸⁸ and in 2002, Salt Lake City officials and the IOC came under fire for an alleged case of bribery.⁸⁹ Considering history, the German Democratic

⁸⁷ Richard Lapchick, "How sports is helping Orlando heal," *ESPN*, June 21, 2016, http://www.espn.com/espn/story/_/id/16370274/how-sports-heal-unite-change-society-forever

⁸⁸ Robert Bentley, "World Sports and Social Responsibility," *Huffington Post*, August 25, 2013, http://www.huffingtonpost.com/robert-bentley/world-sports-and-social-r_b_3491020.html

⁸⁹ James Glassman, "Champions of Criticism," *US News*, August 5, 2016, <https://www.usnews.com/opinion/articles/2016-08-05/rio-and-other-host-disasters-distract-from-the-olympics>

Republic (East Germany) tarnished the games via an official training program that administered steroids and other banned substances to athletes.⁹⁰

Free from changing politics, the work of sports-focused NGOs outlasts presidents, and operating as not-for-profit organizations helps to avoid the allure of potentially corrupt activities. Additionally, the residual benefits of the Olympic Movement, such as community sports programs, require coordination with sport-for-good organizations.

Need for Non-State Actors

Effective public diplomacy requires non-state actors to play a role. In the present case of the United States, non-state actors fill the void left by the Trump administration to combat climate change, aid in the refugee crisis, and to create moral goodwill against the threat of terrorism. In circumstances when the government acknowledges the benefits of soft power, non-state actors maintain a number of advantages over official government representatives in the practice of public diplomacy. Government activity is often met with public skepticism and the underlying premise that governments are mistrusted is widespread; however, non-state actors enjoy neutrality and credibility as their actions are less often viewed as self-interested.⁹¹ Correspondingly, a new role for civil society has emerged. Non-state actors bridge the gap between states and the publics that states aim to reach, taking on the role of a stakeholder themselves.

Sport diplomacy in any form cannot function without non-state actors, and every actor affects another. “First and foremost, international sport would lose its essential meaning without an audience: international sporting competition matters only because

⁹⁰ Pigman, “International Sport and Diplomacy’s Public Dimension...” p. 100

⁹¹ Lee and Ayhan, “Why do we need non-state actors...” p. 61

people care about it and pay attention to it.”⁹² The spectacle that attracts the fans is the display of spirit and physical achievement by athletes. International sporting federations and NGOs handle the logistics of events, from the Olympics down to social-grassroots initiatives. And global sponsoring firms and global media firms create a market that delivers value to athletes and their coaches, and ensure longevity for not-for-profit organizations in the field.

The role of NGOs is vital to sport diplomacy. NGOs provide a network of connectivity for the grassroots organizations performing hands-on work at the ground level. Through their combined contributions, NGOs and partnered grassroots organizations use sport to improve lives and create a better world. Additionally, NGOs add the element of a long-term vision that is essential for the relationship building aspect of public diplomacy. The relationships built through sport-for-good initiatives create a platform for shared meaning and understanding. Treating foreign publics as stakeholders encourages their participation and collaboration to achieve goals. This active engagement, which is only possible through NGOs and grassroots organizations, creates partners—rather than adversaries—that can influence their home country’s governments’ policies abroad.⁹³

The NGOs, such as Laureus, Street Football World (SFW), and Peace Players International (PPI), that fund, implement, and operate sport-for-good projects around the globe are not-for-profit organizations. In addition to generous donations from individuals, the functionality of these organizations is reliant on corporate partnerships across all industries. Laureus founders Johann Rupert and Dieter Zetsche leveraged

⁹² Pigman, “International Sport and Diplomacy’s Public Dimension...,” p. 96

⁹³ Lee and Ayhan, “Why do we need non-state actors...” p. 62

their respective positions with luxury goods maker Richemont and German automobile company Daimler-Mercedes Benz to fund the organization in its beginning.⁹⁴ SFW's partners have roots ranging from the airline industry to IT to soft drinks.⁹⁵ And PPI joined forces with shoe and clothing company Nike to build a stronger sport-for-good presence across the United States.⁹⁶

What is the Benefit for Non-State Actors?

The role of sport as it relates to public diplomacy has been little studied and remains not well understood by those who might benefit from it.⁹⁷ Public diplomacy practitioners continue to investigate how to evaluate the effectiveness of sport diplomacy while corporate partners debate how to maximize limited sponsorship budgets. Traditional measures of effectiveness include polling, opinion surveys, or website traffic; however, Pigman notes:

The impact of ongoing public diplomacy strategies geared toward place branding and investment promotion [the mission to attract investment to a country, state, region or city] is inherently more difficult to capture. The question of timeframe is also fundamental: the process for public perceptions of a nation, firm, or another actor to shift and remain changed often takes longer than simple polling can measure to demonstrate a causal link between a public diplomacy strategy and a desired outcome.⁹⁸

The impact of specific, discrete initiatives, such as ping-pong diplomacy and President Nixon's corresponding visit to the PRC, on the target audience is measurable through polling before and after the event, but sport-for-good initiatives operate with a long-

⁹⁴ "Partners," *Laureus*, May 6, 2017, <https://www.laureus.com/about/pp>

⁹⁵ "Our Partners," *Street Football World*, May 6, 2017, <http://www.streetfootballworld.org/who-we-are/our-partners>

⁹⁶ "Nike Announces New Partnership with PeacePlayers International," *PeacePlayersIntl*, January 16, 2017, <https://blog.peaceplayersintl.org/2017/01/16/nike-announces-new-partnership-with-peaceplayers-international/>

⁹⁷ Pigman, "International Sport and Diplomacy's Public Dimension..." p. 95

⁹⁸ *Ibid.* p. 109

term framework that is not so easily evaluated.⁹⁹ Businesses in particular—no matter how well intentioned the partnership may be—need their involvement with sport-for-good initiatives to produce financial gain in the form of stock price movement, sales volumes, or advertising revenue.¹⁰⁰ Speaking to University of Oregon students, *ESPN*'s manager for client research, Billy Haubrich, explains the shift to more financially driven evaluation:

How we measure success is very tricky. Right now it depends on the advertisers and what they set their key performance indicators (KPIs) as. A lot of them have click through rates (CTRs). They want people to see the banner ad on the display and click it. That's how they measure success. Us, we don't believe that measures success. We believe that sales measure success. We will look at spending for that specific client and we can say that when they advertise on *ESPN* their sales increase [X]%. We can attribute that to [a specific product].

It's all up to the client because they are the ones setting the KPIs, and a lot of them right now are [using] CTRs because that was the industry standard. I think in the near future it is going to have to move to sales or something else that is a little more measurable than CTRs. Let's be honest, a lot of people don't click on the display. They might see it and it might register later on in their brain and trigger an action, but even if they click on it that might be by mistake. Even on your mobile device you might click on something by mistake so it's not an accurate measurement—at least in my personal view—of moving the needle, where actual sales is. At the end of the day that's what they're trying to do. They're trying to sell their product [or service]. So I think that's a more accurate measurement and that's where we're going.¹⁰¹

Haubrich's explanation related to businesses advertising with *ESPN*, but his theory extends to how businesses evaluate any promotional efforts such as the branding that takes place through sport for good. Whether acting as a partner or sponsoring an individual event, budget cuts reduces the margin for error. Businesses must make smart

⁹⁹ Ibid.

¹⁰⁰ Ibid. p. 110

¹⁰¹ Billy Haubrich, "ESPN Market Research" (presentation, Warsaw Sports Business Club meeting, Eugene, OR, February 15, 2017).

decisions, and the way to make smart decisions is doing the right research and finding the right data.¹⁰²

Difficulty measuring the financial benefits aside, participation in sport diplomacy is not without risk. In all formats, participants are held to high ethical standards that include fairness, transparency, efficiency, incorruptibility, respect for human rights, and accountability to their constituents and stakeholders.¹⁰³ Failure to uphold these standards does not go unnoticed:

Increasingly the global public are finding highly visible ways to articulate their expectations as demands and to hold actors accountable. The media play a key part in this process, in addition to being one of the actors being held accountable. As the news cycle has accelerated with the revolution in information and communication technologies, the need for actors to respond more rapidly has increased.¹⁰⁴

When the public or the media identify shortcomings to particular expectations it is verbalized in the form of criticism, and reputational damage often takes longer to repair than it does to occur.¹⁰⁵ In 2010, Kentucky Fried Chicken (KFC) partnered with Susan G. Komen for the Cure to raise funds for research grants and community-based outreach projects focused on breast health education, screening, and treatment. Critics were outraged at the mixed messaging. KFC products are typically associated with being bad for health, and the American Cancer Society warns, “Being overweight or obese increases the risk of several cancers, including cancers of the breast (among women past menopause)...” Critique of the partnership is not limited to KFC. Barbara Brenner, executive director of Breast Cancer Action, a watchdog organization seeking to compel the changes to end breast cancer, claims that the partnership does not represent

¹⁰² Ibid.

¹⁰³ Pigman, “International Sport and Diplomacy’s Public Dimension...,” p. 109

¹⁰⁴ Ibid.

¹⁰⁵ Ibid. p. 108

accountability to Komen's constituents. Brenner asserts, "This will keep [Komen] in business for years. They talk about a cure, but this partnership will create more breast cancer. And Komen knows this..."¹⁰⁶ NGOs on the receiving end of corporate giving cannot compromise the integrity of their organization through misaligned partnerships. The case of KFC and Susan G. Komen does not involve sports, but the core of the problem relates to sport for good. Corporate partners of sport-for-good initiatives aim to leverage the social benefits of sports for business gain, just as KFC sought to leverage the goodwill of its partnership with Komen for business gain.

Although the assessment of the benefit of sport for good is an enduring challenge, it is no less necessary for being so. On the other hand, adherence to the guiding principles that pose a threat to entering into a sport-for-good partnership is a source of strength. Haubrich explains the trend toward consumer targeting:

The most critical point for businesses is that they don't really care about reach anymore. It was always about reach, how many people can we reach? Now it's about hitting their specific audience.

The future is going to be about that target. I think social responsibility is going to become very important. Maybe not necessarily in the next five years, but as millennials evolve and get older, creative is going to have to change because the values of their consumers are going to change.

You're going to see a lot of Coca-Cola commercials around the world, or McDonalds or Cheerios having two fathers. Whatever it is, companies [are going to be] more accepting of social values because that's what their consumer wants. I think we're at a tipping point of the next decade where we're going to see a lot more changes that way. Just being more accommodating. While we [ESPN] may think of ourselves as forward thinking in a technology way, a lot of brands need to start seeing themselves as forward thinking in a social way. So they have to be more adapting.¹⁰⁷

¹⁰⁶ Kat Kinsman, "Activists call foul on KFC bucket campaign," *CNN Living*, April 28, 2010, <http://www.cnn.com/2010/LIVING/homestyle/04/28/kfc.pink.bucket.campaign/>

¹⁰⁷ Haubrich, "ESPN Market Research..."

The metric of growing importance is reaching the right consumers instead of the most consumers. Forging a partnership that exhibits fairness, transparency, efficiency, incorruptibility, respect for human rights, and accountability to constituents and stakeholders allows businesses to better identify and connect with a target audience. “Real dialogue, active engagement and questions of perception are the lifeblood of business.”¹⁰⁸ As sport diplomacy seeks to facilitate understanding based on shared values, sport for good helps businesses communicate their core values to potential consumers. In order to better understand how to demonstrate core values through the lens of sport-for-good partnerships, it is useful to examine the effective implementation of more traditional corporate social responsibility activity.

¹⁰⁸ Alison Holmes, “The Shifting Subtleties of ‘Special:’ Differences in US and UK Approaches to Public Diplomacy in Business,” *Journal of Business Strategy* 27, no. 3 (2006), 28

Chapter Two: Evaluating Corporate Social Responsibility

Corporate Social Responsibility

Corporate Social Responsibility (CSR), also known as corporate citizenship, has existed for decades. “The basic premise is that corporations should act just as good as citizens do, by being mindful of how their practices affect the community around them and by engaging in and funding initiatives that aim to benefit society.”¹⁰⁹ The practice of CSR requires that organizations hold themselves accountable to a set of moral and ethical standards that go above and beyond what is required by law or government regulation.¹¹⁰ The moral obligation to society discussed, and the corresponding obligation of decision makers to protect and improve the welfare of society as a whole, goes against the traditional responsibility of businesses. Nobel Prize winning economist, Milton Friedman, wrote in a 1970 *The New York Times Magazine* article:

In a free-enterprise, private-property system, a corporate executive [decision maker] is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.¹¹¹

If the purpose of business (excluding those established for eleemosynary purposes like hospitals or schools)¹¹² is to maximize profits, when did the notion of CSR begin?

Many chief executive officers (CEOs) used to act on the principle that they were responsible to all stakeholders, in addition to shareholders in the company. In 1951,

¹⁰⁹ Yuhei Inoue, “Corporate Social Responsibility Strategy in Professional Sports,” *University of Minnesota CEHD* (blog), May 8, 2015, <https://cehdvision2020.umn.edu/blog/corporate-social-responsibility-strategy/>

¹¹⁰ Ibid.

¹¹¹ Milton Friedman, “The Social Responsibility of Business is to Increase its Profits,” *The New York Times Magazine*, September 15, 1970.

¹¹² Ibid.

then chairman of Standard Oil of New Jersey, Frank Abrams, proclaimed, “The job of management is to maintain an equitable and working balance among the claims of the various directly interested groups...stockholders, employees, customers, and the public at large.”¹¹³ In a similar manner, Johnson & Johnson declared that the first responsibility of the company was to patients, doctors, and nurses and not to investors.¹¹⁴

Economic trends eventually forced the decay of this form of capitalism that Americans took for granted. “In the 1980s, corporate raiders began mounting unfriendly takeovers of companies that could deliver higher returns to their shareholders—if they abandoned their other stakeholders.”¹¹⁵ The orthodox definition of CSR—that it is possible for businesses to do well by society—was no longer possible. A more competitive operating landscape forbids decision makers from sacrificing profit for social good. The need to deliver more value in the form of competitive pricing and improved products/services undermined the capacity for business to perform social goods.¹¹⁶ Law did not require companies to maximize shareholder value, but it is within the legal right of shareholders to replace directors. Raiders forced votes to oust directors and replace them with new ones that made profit-driven decisions. The new culture of management fought unions, cut workers’ pay or fired them, automated as many jobs as possible or outsourced them, abandoned communities, and squeezed every penny possible from customers in the name of higher profits. Unfriendly takeovers are no

¹¹³ Robert Reich, “The Rebirth of Stakeholder Capitalism?,” *Robert Reich* (blog), August 9, 2014, robertreich.org/post94260751620

¹¹⁴ Ibid.

¹¹⁵ Ibid.

¹¹⁶ Robert Reich and David Vogel, “Corporate Social Responsibility: Is it Responsible?,” (debate, Haas School of Business, Berkeley, CA, October 13, 2008).

longer as common, but the assumption has become common place that corporations exist only to maximize shareholder returns.¹¹⁷

Argument Against CSR

There are many arguments against CSR. Critics argue that businesses are not equipped to handle social activities or that businesses have too much power already. Others contest that CSR dilutes the primary purpose of business and that it limits the ability of a firm to compete in the global market place.¹¹⁸ Robert Reich, the Secretary of Labor under President Clinton, has adjusted his stance on CSR throughout his career in politics and later in higher education at University of California (UC) Berkeley. Although a one time a supporter of CSR, Reich acknowledges the claim that shareholder capitalism has proven more efficient. Acting within the best interests of shareholders moves economic resources to an area of optimized productivity that enables the economy to grow faster. This view implies that CSR locks up resources in unproductive ways, CEOs are complacent, and companies need to trim fat so to speak. Commitment to their community leads businesses to employ workers who are not needed and to distribute higher wages than necessary.¹¹⁹

Reich makes additional arguments against CSR on the grounds of inconsistencies and potentially negative societal impacts. Reflecting on his career in politics, Reich points out the cognitive dissonance that businesses display through attempts at CSR—if a business could feel mental discomfort. Reich explains how corporate executives boasted to him about the impressive community contributions of

¹¹⁷ Reich, “The Rebirth of Stakeholder Capitalism...”

¹¹⁸ Farhad Malekafzali, “Business and Public Good,” (lecture, University of Oregon Lundquist College of Business, Eugene, OR, July, 2016).

¹¹⁹ Reich, “The Rebirth of Stakeholder Capitalism...”

their companies such as the construction of schools or public parks. Later, representatives of the same companies at the same conventions lobbied for tax breaks to remain in the community they claimed to support—tax breaks that reduce the available funds that could have gone toward building schools or parks.¹²⁰ Reich extends his critique of CSR to its inconclusive role in the public mind:

What may look to you like corporate social responsibility might look to someone else like social irresponsibility. Without any political process, without a democratic process, for deciphering what the public values are, it is very difficult to say...that they are actually performing in a corporately responsible way.¹²¹

Reich's criticism calls into question the moral authority of businesses to tackle social issues. More along this line of thinking, Reich confesses his fear that this kind of corporate behavior could become a detriment to society:

My real fear of all these claims of corporate social responsibility is that they lull the public into believing that there is less reason for public action around certain issues. In other words...we read all of this stuff about green technologies—all of the companies “going green”—and at the margin the public feels, ‘well the private sector can handle it. We don’t really need any laws or rules with regard to caps on trade or environmental protection.’

Or after you have a major hurricane or tsunami, and there is an effort—a genuine effort—by corporations to provide relief...but most of that effort is about public relations and I don’t blame them. Companies don’t have the discretion to simply throw around the money of their shareholders. But the public is lulled into thinking more is being done and maybe we don’t need government assistance. Maybe we don’t need government relief.

My fear is that corporate social responsibility may indirectly be undermining the belief and the understanding of the public in what the public sector needs to be tackling.¹²²

¹²⁰ Reich and Vogel, “Corporate Social Responsibility: Is it Responsible?...”

¹²¹ Ibid.

¹²² Ibid.

The argument Reich makes against CSR is grounded in an impressive career. In addition to his tenure as Secretary of Labor, Reich served under the administrations of Presidents Gerald Ford and Jimmy Carter. Reich was also on President-Elect Obama's transition advisory board and he currently serves as Chancellor's Professor of Public Policy at UC Berkeley.¹²³

Friedman reinforces Reich's argument on the basic premise of corporate functionality. Unless a business organizes itself as a "Benefit-corporation (B-corp.)," with articles of incorporation that require it to take into account the interests of workers, the community, and the environment, as well as its shareholders, than the business is not responsible to society.¹²⁴ Friedman's key point is this: "In his [or her] capacity as a corporate executive, the manager is the agent of the individuals who own the corporation...and his [or her] responsibility is to them."¹²⁵

Why Not Call it: "Good Management?"

Advocates for CSR highlight a number of benefits the practice provides. Businesses seeking solutions to problems they might create ensure the long-term viability of a company's operating environment. CSR proactively leverages business resources and expertise to address issues. CSR has the potential to ward off government oversight, and the public generally supports CSR efforts.¹²⁶

Debating Reich, Haas School of Business Professor David Vogel calls on changing consumer trends to build his case for CSR. From Vogel's perspective, CSR represents a firm's response to public pressures. People judge firms not only by

¹²³ "Robert Reich," *Robert Reich* (blog), May 8, 2017, <http://robertreich.org/>

¹²⁴ Reich, "The Rebirth of Stakeholder Capitalism..."

¹²⁵ Friedman, "The Social Responsibility of Business is to Increase its Profits..."

¹²⁶ Malekafzali, "Business and Public Good..."

financial performance but by their social and environmental impact. Vogel has followed this trend since the early 1990s and elaborates upon the case of Nike:

In the early 90s Nike had a very successful business model based on outsourcing its production to developing countries, and keeping wages low. Nike finds itself in the mid to late-90s under enormous public pressure. Nike responds by making a very serious commitment of financial resources to make a serious effort to improve labor conditions in its contractor factories.

Now, that's not business as usual. That's profit maximization, but with a very different political and social dimension to it. That is to say, 'without those political pressures and criticisms of their performance, Nike wouldn't be changing its policies.' So there's a fundamental difference between that and Nike deciding to produce more size ten and less size eight sneakers. That's normal profit maximizing decisions. But Nike goes around and says, 'we're going to hold ourselves responsible for the conditions in our contract factories around the world. That's CSR...' ¹²⁷

Increasing commitments to CSR have coincided with the increase in globalization. This tendency is particularly true to overseas examples where there is not a question of a Nike substituting its policy for those of the host government. In Vietnam, where Nike is the largest employer, there is no effective policy on occupational safety and no serious labor protection policies. For contract employees in Nike factories, it is Nike's social commitments that stand between them and the normal market pressures that would otherwise determine work-life treatment. ¹²⁸

Vogel adds that CSR represents an opportunity for financial gain. He suggests that a viable investment strategy is to identify companies with very successful CSR strategies and [buy] their shares. Many shareholders are indifferent to the social commitments of managers, but they do care about traditional earnings measures. Vogel explains that despite it having taken a long time for public pressure to build, companies

¹²⁷ Reich and Vogel, "Corporate Social Responsibility: Is it Responsible?..."

¹²⁸ Ibid.

are finally able to improve shareholder value by improving the company's image through CSR.¹²⁹

Later, Vogel presents counterpoints to Reich's argument. Just like public policy, there are often conflicting viewpoints on what qualifies as CSR. It is the duty of the business to determine what causes the public cares about and align its corporate structure to produce appeal. After all, "Business understands that there is no one 'truth.' They set out a stall, talk to consumers and get feedback. If the feedback is bad, you change the product. That is business."¹³⁰

Challenging Reich further, Vogel asserts that CSR inspires the public to effect change rather than "lulling anyone to sleep" on various issues because, for example, the green initiatives that companies pursue cannot alone solve the climate crisis. Former Patagonia CEO, Dr. Michael Crooke, admits that there are no sustainable companies. Even a company with the pro-environment reputation of Patagonia is not sustainable. Crooke says, "All we have is a path toward sustainability. That's all we have."¹³¹ Business's commitment to CSR emphasizes the seriousness of various social issues and encourages the public to apply the necessary political pressure for real change.¹³²

Having once preached the merits of CSR, and more recently suggested that a return to stakeholder capitalism might be refreshing in the American economy,¹³³ Robert Reich understands these potential benefits. However, Reich is quick to form a counter point:

¹²⁹ Ibid.

¹³⁰ Holmes, "The Shifting Subtleties of 'Special' ..." p. 28

¹³¹ Michael Crooke, "Corporate Values, Customer Engagement, and Sales Strategies for the 21st Century" (presentation, Randy Papé Oregon Advanced Strategy & Leadership Symposium, Eugene, OR, April 6, 2017).

¹³² Reich and Vogel, "Corporate Social Responsibility: Is it Responsible?..."

¹³³ Reich, "The Rebirth of Stakeholder Capitalism..."

Let's say it is possible to do well [in a business sense] by doing good [in a social sense]. For example—you have all heard it—companies who treat their employees well have less turnover, and those employees are happier and they're going to do better for the company. Or companies that invest in green technologies actually find that their costs are lower because of lower energy costs. You can go through the litany with me, right? But here I have a problem. If there are certain steps that a company can take to reduce certain costs, to have employees be happier and less turnover, to reduce energy expenditures, and provide better consumer products, then why do we have to call it corporate social responsibility? Why can't we call it good management practice?...If there is a way for companies to be reducing costs, presumably they should be doing it regardless of corporate social responsibility.¹³⁴

Again Reich addresses a valid point. It is possible that decision makers are not intrinsically motivated to act socially responsible, and the driving force is only financial. In fact, a study conducted by *The Economist Intelligence Unit* asked businesses for their primary motivation for corporate citizenship. The three most consistent responses all relate to the bottom line: revenue growth (16%), increasing profit (16%), and cost savings (13%).¹³⁵ Reich proposes that under these circumstances we might as well call the practice “corporate cotton candy” rather than CSR, but that is a petty argument to consume the time of experts when there are real world problems to solve.

This study does not award a moral high ground to those who practice CSR based on the genuine belief that business is an instrument for good versus those that limit the use of CSR to a tool for financial gain. Instead, this study investigates the factors that guide successful CSR and how those factors may contribute to creating a mutually beneficial relationship between a businesses and sport-for-good movements.

¹³⁴ Reich and Vogel, “Corporate Social Responsibility: Is it Responsible?...”

¹³⁵ “Corporate Citizenship: Profiting from a Sustainable Business:: Briefing Paper,” *The Economist Intelligence Unit*, May 8, 2017,

http://www.eiu.com/site_info.asp?info_name=corporate_citizenship&page=noads&rf=0

Successful CSR

Evaluating the success of CSR is an ongoing challenge. Extrinsically motivated decision makers that practice CSR purely for financial gain strive to measure its benefit to defend the practice to shareholders. On the other hand, the most genuine CSR practicing businesses must also recognize financial gain to keep doors open and continue using business as a force for good. Dr. Crooke confirms, “Without financial strength its game over. By definition if you don’t have strong financials you’re a short-term company, not a sustainable company.”¹³⁶ CSR cannot merely tug at an emotional cord. Harvard Business School professor Michael Porter writes, “The essential test that should guide [CSR] is not whether a cause is worthy, but whether it presents an opportunity to create shared value—that is, a meaningful benefit for society that is also valuable to business.”¹³⁷ The importance of a strategically aligned partnership extends to the benefactors of CSR. As was seen with Susan G. Komen, opening an organization’s pockets to funding from any source without due diligence exposes well-intentioned foundations to criticism. Similarly, if a not-for-profit organization cannot demonstrate the value it offers to potential partners then revenue streams will run dry.

The Outdoor Industry

The outdoor apparel industry has become synonymous with socially responsible business practices. Industry leaders set out to challenge the idea of “business as usual” and have built companies that act as models for how to use business as a force for good in the world. Patagonia founder and owner, Yvon Chouinard, describes the motivating

¹³⁶ Crooke, “Corporate Values, Customer Engagement, and Sales Strategies for the 21st Century...”

¹³⁷ Paul B. Brown, “Strategic Corporate Altruism,” *The New York Times*, December 23, 2006, http://www.nytimes.com/2006/12/23/business/media/23offline.html?_r=0

philosophy, “As the evils in society become stronger and more numerous, we recognize that as a larger and more influential company our responsibilities to society and our efforts to be an even more responsible company have increased.”¹³⁸ Chouinard shares the secrets to successful business for good practices through his book, *Let My People Go Surfing*, and Patagonia promotes CSR through a variety of channels. The company has produced movies that call for the removal of dams and the need to rethink agriculture, and Patagonia hosts case competitions at universities to stimulate the growth of sustainable minded business leaders.^{139,140} Other companies in the industry share CSR practices via social media, and prAna Living relies on a team of brand ambassadors to tell the stories of what matters most to the company: sustainability, work-life balance, adventure, and travel. prAna ambassadors are not chosen only for their prestige as figures in outdoor sports, but for their status as leaders in their own communities and their passion for adventure in the outdoors.¹⁴¹

Common traits of companies in the industry are ecofriendly practices, high rankings in employee satisfaction, strong customer loyalty, and an emphasis on product/service quality over value.¹⁴² *Fortune* has ranked Recreational Equipment Inc. (REI)—leader of the hiking and outdoor equipment subsector—as one of the “100 Best Companies to Work For” twenty consecutive years. A total of 13,014 REI employees in 153 locations credit the company’s priority of planet over profit and generous employee

¹³⁸ Yvon Chouinard, *Let My People Go Surfing* (New York: Penguin Books, 2016)

¹³⁹ “Unbroken Ground Film Tour” *Patagonia.com*, May 13, 2017, <http://www.patagonia.com/unbroken-ground-film-tour.html>

¹⁴⁰ “Regenerative Organic Agriculture for Food,” *BerkeleyHaas*, May 13, 2017, <http://responsiblebusiness.haas.berkeley.edu/events/patagonia-2017.html>

¹⁴¹ “Meet the 2016 Roster of prAna Ambassadors,” *prweb*, May 13, 2017, <http://www.prweb.com/releases/pranaambassadors/2016/prweb13208370.htm>

¹⁴² Andrew Alvarez, IBISWorld Industry Report OD438, *Hiking & Outdoor Equipment in the US*, January, 2017.

benefits as the source of appreciation for their employer. Employees praise the company for practicing what it preaches.¹⁴³ For example, the past two Black Fridays (America's unofficial shopping holiday) the outdoor retailer has encouraged consumers to #OptOutside rather than stand in line shopping. The event includes closing all 149 brick and mortar stores, halting online sales, and giving employees a paid vacation day to connect with the outdoors.¹⁴⁴

Consistently ranked as a top retailer to work for, Patagonia built CSR into its core.¹⁴⁵ The company lives its mission statement: "Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis,"¹⁴⁶ through multiple pioneering sustainability initiatives. In 1981, the company introduced on-site day care, an operation that the company continues to commit \$1 million to annually.¹⁴⁷ Three years later, Chouinard began the practice of contributing 10% of his company's pretax profits to pro-environment grassroots organizations (this practice inspired 1% for the Planet, a network of businesses and individuals committed to donating 1% of annual profits/net worth to NGOs that tackle environmental issues).¹⁴⁸ "Chouinard [labeled] the practice 'our Earth tax,' adding that no one can wait

¹⁴³ "100 Best Companies to Work For," *Fortune*, May 8, 2017, <http://beta.fortune.com/best-companies/rei-28>

¹⁴⁴ John Kell, "Why REI is Opting Out of Black Friday Again this Year," *Fortune*, October 24, 2016, <http://fortune.com/2016/10/24/rei-closing-black-friday-again/>

¹⁴⁵ "The 15 Best Workplaces in Retail," *Fortune*, November 1, 2016, <http://fortune.com/2016/11/01/best-companies-retail-2016/>

¹⁴⁶ "Patagonia," *Patagonia*, May 8, 2017, <http://www.patagonia.com/company-info.html>

¹⁴⁷ Rebecca Greenfield, "Why Are Companies Abandoning On-Site Day Care?" *Bloomberg*, September 6, 2016, <http://www.bloomberg.com/news/articles/2016-09-06/why-are-companies-abandoning-on-site-day-care>

¹⁴⁸ "Our Approach" *1% for the Planet*, May 13, 2017, <https://www.onepercentfortheplanet.org/what-we-do/our-approach>

for the government to impose a levy, because by then the planet will be beyond repair.”¹⁴⁹

VF Corporation, the parent company to North Face, JanSport, Nautica, and Timberland, among others, is the third largest company in the hiking and outdoor equipment subsector behind REI and Patagonia. Together these three firms control over 60% of the market:¹⁵⁰

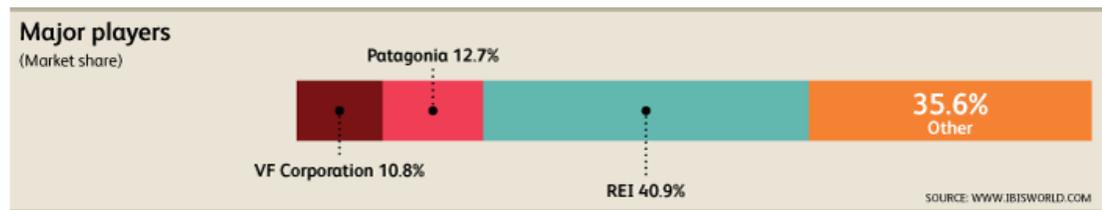


Figure 2: Outdoor Industry Market Share

VF Corp.’s CSR strategy has not received the publicity of its counterparts in the outdoor industry; however, the company boasts multiple programs dedicated to waste management, water conservation, and energy efficiency.¹⁵¹ Additionally, Vogel listed VF Corp. subsidiary, Timberland, as a company to be applauded for its recommitment to CSR.¹⁵²

The synergy between sustainability and the outdoor industry traces back to the late-1960s and early-1970s when the industry came into its own. Scott Kerslake, the CEO of prAna, explains how the harmony of this relationship is characteristic of the people who built the industry from the ground up:

¹⁴⁹ Edward O. Welles, “Lost in Patagonia: Yvon Chouinard’s Ambitious Social Mission (1992 Profile),” *Inc.*, August 1, 1992, <http://www.inc.com/magazine/19920801/4210.html>

¹⁵⁰ Andrew Alvarez, IBISWorld Industry Report OD438, *Hiking & Outdoor Equipment in the US*, January, 2017

¹⁵¹ “Sustainability & Responsibility,” *vfc*, May 8, 2017, <http://www.vfc.com/powerful-platforms/sustainability>

¹⁵² Reich and Vogel, “Corporate Social Responsibility: Is it Responsible?...”

A lot of them got into it because they were passionate about the outdoors. There was also a natural connection for people around conservation...and it used to be about people going into the backcountry and trying to preserve its natural beauty. Trying to make sure they were stewards of the environment. So that's actually a foundational thing in the industry which is really cool.¹⁵³

The relationship between sustainability and the outdoor industry is manifested in political activism. Since the presidential election, the outdoor industry has been engaged in an ongoing clash with the new administration over Bears Ears National Monument in Utah, with the government reviewing its status as protected land. Kerslake points out how the outdoor industry imposes its collective power through this dispute:

The sports industry spends a hell of a lot of money in Utah, and the reaction was that we're [going to] pull out of Utah unless they change. Negotiation is ongoing right now because the governor knows the money brought in by the outdoor industry is pretty significant...From a political action standpoint it's probably the most active segment of the consumer landscape that engages in that way.¹⁵⁴

The fight over Bears Ears that Kerslake references is ongoing. Patagonia launched a full-scale campaign to protect the monument, which includes calls to action through social media and a virtual reality experience narrated by Native American tribal leaders, archeologists, and outdoor athletes.¹⁵⁵

Rather than expose their respective companies to liability, the leaders in the outdoor industry have found that it is possible to do (extremely) well by doing good. "Using the same frameworks that guide their core business choices, [businesses find corporate citizenship] to be a source for opportunity, innovation, and competitive

¹⁵³ Scott Kerslake, "Future of the Consumer Landscape" (presentation, Lundquist College of Business, Eugene, OR, February 16, 2017).

¹⁵⁴ Ibid.

¹⁵⁵ Jayme Moye, "Patagonia Shows Support for Bears Ears with Massive VR Experience," *Men's Journal*, May 9, 2017, <http://www.mensjournal.com/adventure/articles/patagonia-shows-support-for-bears-ears-with-massive-vr-experience-w471047>

advantage.”¹⁵⁶ Five years ago Patagonia ran ads pleading with consumers not to purchase a specific one of its products on Black Friday, and this year the company upped the ante when it promised to donate 100% of global Black Friday sales (an estimated \$10 million) to grassroots organizations. Patagonia CEO, Rose Marcario, explains, “These are small groups, often underfunded and under the radar, who work on the front line. The support we can give is more important now than ever.”¹⁵⁷ The consumer response to Patagonia’s ecofriendly stances has been overwhelming, and many of the initiatives led to increases in sales rather than hurting the company’s bottom line.¹⁵⁸ Since 2011, the results—in terms of financial prosperity—have been nothing short of extraordinary:¹⁵⁹

Patagonia (US stores segment) - financial performance*

| Year | Revenue (\$ million) | (% change) | Operating Income (\$ million) | (% change) |
|------|-------------------------|------------|----------------------------------|------------|
| 2011 | 253.4 | N/C | 21.1 | N/C |
| 2012 | 292.7 | 15.5 | 24.4 | 15.6 |
| 2013 | 408.7 | 39.6 | 29.7 | 21.7 |
| 2014 | 446.1 | 9.2 | 36.3 | 22.2 |
| 2015 | 474.1 | 6.3 | 42.2 | 16.3 |
| 2016 | 518.7 | 9.4 | 61.7 | 46.2 |

*Estimates

SOURCE: ANNUAL REPORT AND IBISWORLD

Figure 3: Patagonia Financial Performance since 2011

This financial success is not unique to Patagonia. Industry rivals REI and VF Corp. have each experienced growth over the same six-year period (Appendix C).¹⁶⁰ While traditional retailers like Macy’s, Kohl’s, and JCPenney struggle to adjust to the changing consumer landscape, the hiking and outdoor industry has not only experienced

¹⁵⁶ Paul B. Brown, “Strategic Corporate Altruism...”

¹⁵⁷ Andrew Cave, “Don’t Buy this Racket: Patagonia to Give Away all Retail Revenues on Black Friday,” *Forbes*, November 21, 2016, <https://www.forbes.com/sites/andrewcave/2016/11/21/dont-buy-this-racket-patagonia-to-give-away-all-retail-revenues-on-black-friday/#3229aace3eb4>

¹⁵⁸ Alvarez, IBIS World...

¹⁵⁹ Ibid.

¹⁶⁰ Ibid.

a decade of growth (Appendix D),^{161,162} but projects that trend to continue over a six-year forecast:¹⁶³

| Year | Revenue \$ million | Growth % |
|------|--------------------|----------|
| 2017 | 4,161.9 | 1.8 |
| 2018 | 4,234.6 | 1.7 |
| 2019 | 4,289.1 | 1.3 |
| 2020 | 4,333.4 | 1.0 |
| 2021 | 4,411.8 | 1.8 |
| 2022 | 4,482.0 | 1.6 |

Figure 4: Outdoor Industry Revenue Outlook

Smaller companies in the industry share in the success. Kerslake’s prAna Living has relied on its environmental and social focus to bolster company growth. From 2010 to 2014 the company grew at an annual rate of more than 30%.¹⁶⁴ The company’s success under the direction of Kerslake drew the attention of acquisition minded Columbia Sportswear. The acquisition fortifies the smaller brand with a more established operations platform and helps grow its sustainability mantra to a new global level.¹⁶⁵

Multiple factors contribute to the financial success of these companies. Dr. Crooke explains that first and foremost, a high quality product/service is required. Companies need to produce something that they can stand behind 100%. Extending beyond the product, Dr. Crooke preaches stakeholder capitalism. For example, if employees express dissatisfaction due too poor benefits, poor managerial relations, or an absence of feedback, then the company cannot engage throughout the selling cycle in the manner that consumers covet. During his time at Patagonia, Dr. Crooke brought the

¹⁶¹ Paul R. La Monica, “Big Retailers hope to prove they aren’t dying,” *nytwintiers*, May 8, 2017, http://www.mytwintiers.com/news/local-news/big-retailers-hope-to-prove-they-arent-dying_/709478481

¹⁶² Alvarez, IBIS World...

¹⁶³ Ibid.

¹⁶⁴ Nayelli Gonzalez, “Balancing Commerce, Idealism, and Yoga Pants: Q&A with prAna CEO,” *Triple Pundit*, November 6, 2014, <http://www.triplepundit.com/special/sustainable-fashion-2014/balancing-commerce-idealism-yoga-pants-qa-prana-ceo/>

¹⁶⁵ Ibid.

company from the brink of a sale to the fifteenth ranked place to work on the *Fortune 100* list. Analyzing this rise, Dr. Crooke and Chouinard performed annual studies to determine what drove employee satisfaction:

The number one factor for global employees—not just North America—was personal alignment with company values. Japan, Europe, South America, North America, it did not matter if you worked on the factory floor or you were a designer in the corporate office in Ventura, [California]. This is the number one factor that drove the regression analysis.¹⁶⁶

Finally, in addition to the product and a business structure that fosters employee satisfaction, Dr. Crooke emphasizes the need to demonstrate the company’s point of view to the consumer. If consumers believe in the product and feel an emotional connection to the brand, they will exhibit a willingness to actually pay more for something that they can purchase at a lower cost elsewhere. “Superhero brands,” Dr. Crooke explains, “have a strong point of view based on deeply held values.” Stakeholders, whether environmental or financial, grow so loyal that nothing will prevent their support of the brand.¹⁶⁷

The values and ethics Dr. Crooke discusses are critical to a business, but delivery is of equal importance. Without a strong point of view, a company exposes itself to risk. Following his tenure at Patagonia, Dr. Crooke purchased and experienced failure with a media company called Lime. The company’s value proposition was anything “green” and anything cool, but it lacked vertical engagement with consumers.¹⁶⁸

¹⁶⁶ Crooke, “Corporate Values, Customer Engagement, and Sales Strategies for the 21st Century...”

¹⁶⁷ Ibid.

¹⁶⁸ Michael Crooke, “Becoming Autotelic,” (presentation, Warsaw Sports Business Club Meeting, Eugene, OR, October 19, 2016).

Avoiding the pitfalls of a company like Lime requires a more focused effort. Supporting every worthy cause or promoting every trend is idealistic, but affecting real change is better achieved with a more narrow focus. Kerslake explains how a balance of consistency and freshness can effectively engage consumers. The consistency is in the foundational pieces of the brand. For Kerslake and prAna it's all about sustainability and adventure, and those two things cannot change. "What needs to change on a seasonal basis, if not more frequently," Kerslake says, "is how those precepts are manifested." Surprising the customer and providing freshness curates a more engaging experience. From that standpoint the company's foundational pieces do not need to be at odds with presenting a unique brand image.¹⁶⁹

Patagonia, a company that at times has struggled to formulate its point of view, has come into its own under the leadership of Marcario at delivering a consistent message in new ways. *The Footprint Chronicles* is the company's web-based tool that makes each product's supply chain even more visible to the consumer, and the company self-reports any deviation from sustainable practices on its blog, *The Cleanest Line*. Patagonia encourages consumers to reduce, repair, reuse, and recycle products through its *Worn Wear* program, and *Tin Shed Ventures*—the company's venture capital fund—invests in companies whose business addresses an environmental issue.¹⁷⁰

Other Successful CSR Practitioners

Operating within the outdoors industry is not a prerequisite to successfully practicing CSR. The list of companies organized as Benefit Corporations spans over

¹⁶⁹ Kerslake, "Future of the Consumer Landscape..."

¹⁷⁰ Liz Welch, "The Way I Work: Yvon Chouinard, Patagonia," *Inc.*, March 12, 2013, www.inc.com/magazine/201303/liz-welch/the-way-i-work-yvon-chouinard-patagonia.html

seventy-five industries. These companies have made a legally binding fiduciary pledge to benefit workers, the community, and the environment. In order to maintain B-Corp. status a company must pay an annual fee based on revenues, biannually complete a B-Impact Report (a measure of social and environmental impact), meet the B-Lab's comprehensive social and environmental standards, and make those results public.¹⁷¹

Other companies in various industries practice CSR without the legal obligation. The Papé Group—a capital equipment provider—and NASCAR—a sanctioned automobile racing league—provide two examples of successful companies that practice CSR in their own unique ways. Leaders from each organization share behind-the-scenes information as to how businesses may balance creativity, innovation, systems, and core values to create a competitive advantage.¹⁷²

E.C. Papé founded what is now known as the Papé Group in 1938 when he began supplying Oregon's Willamette Valley with capital equipment in the forestry and agriculture industries. Today the company is the leading supplier of heavy equipment, material handling equipment, agriculture and forestry equipment, trucks, engineered warehouse products, and related services on the West Coast, Montana, Idaho, and Nevada.¹⁷³ Current CEO, Jordan Papé, attributes the company's success to its commitment to the promise: "Papé keeps you moving." The company aims to provide a quality product, and quality service to back it up. Papé explains that his company successfully exceeds customer expectations because employees are empowered to perform good work. Leaders and their families support management, management in

¹⁷¹ "What are B Corps?," *bcorporation*, May 13, 2017, <https://www.bcorporation.net/what-are-b-corps>

¹⁷² "Corporate Values, Customer Engagement, and Sales Strategies for the 21st Century" (presentation, Randy Papé Oregon Advanced Strategy & Leadership Symposium, Eugene, OR, April 6, 2017).

¹⁷³ "Papé History," *pape.com*, April 3, 2017, <https://about.pape.com/history/>

turn supports supervisors, and supervisors are then capable of satisfying the diverse needs of consumers.¹⁷⁴ Although Vogel would describe the treatment of Papé Group employees as CSR, Reich might counter that the practice is merely good management. Regardless of the title, the positive outcomes are the same.

The Papé Group extends its corporate citizenry to the communities that the company operates in. Company leadership communicates a common phrase to its eighty-six locations and 2,477 team members: “Your community is like your bank: You can’t take more out of it than you put in.” Managers throughout the company are instructed to buy local and invest in their community. Similarly, decision makers encourage political activism that works on behalf of their consumers.¹⁷⁵

Family businesses in the United States have the propensity to fail. According to the *Harvard Business Review (HBR)*, 70% of family-owned businesses fail or are sold before the second generation takes over, and less than 10% continue to operate for the third generation to lead. *HBR* attributes the failure of family-owned businesses to the extended tenures of family management and the inability to adjust to evolving technology, business models, and consumer behaviors.¹⁷⁶ The Papé Group, through equitable treatment of its employees and giving back to its community, has grown as a successful company for seventy-nine years and four generations of family leadership.¹⁷⁷

The National Association for Stock Car Auto Racing, more commonly known as NASCAR, is another four-generation family business that has risen to the top of its

¹⁷⁴ Jordan Papé, “Corporate Values, Customer Engagement, and Sales Strategies for the 21st Century” (presentation, Randy Papé Oregon Advanced Strategy & Leadership Symposium, Eugene, OR, April 6, 2017).

¹⁷⁵ Ibid.

¹⁷⁶ George Stalk Jr. & Henry Foley, “Avoid the Traps that can Destroy Family Businesses,” *Harvard Business Review*, no. 1 (2012), <https://hbr.org/2012/01/avoid-the-traps-that-can-destroy-family-businesses>

¹⁷⁷ “Papé History...”

industry. With its genesis in moonshine runners and county fair showmen, NASCAR has grown to the sanctioning body of more than 1,200 stock car races across the United States, Canada, Mexico, and Europe, producing many of the most highly attended sporting events in the world.¹⁷⁸

Throughout NASCAR's evolution into a major American sport, two prevalent myths remain among those who are unfamiliar with the sport. Many believe that NASCAR is quintessentially Southern: a sport for old, white, socially intolerant men. The other myth is that NASCAR is environmentally unfriendly. Both are untrue.¹⁷⁹

David Higdon, Vice President of Strategic Communication at NASCAR, explains that the NASCAR fan is almost identical to the average American fan. NASCAR has an equal proportion of female viewers as other major sports leagues, and the average age of NASCAR fans is within one year of the average age of sports fans. Additionally, NASCAR has launched multiple CSR initiatives to combat negative imagery and to leave a lasting positive impact. Drive for Diversity began in 2004 with the goal of attracting female and minority drivers to the sport. NASCAR already boasts one female star in Danica Patrick, and at the sport's March 2017 combine—the event to evaluate potential new competitors—two thirds of the participants were female. Higdon vows that NASCAR will become the first gender neutral major sport in the United States within five to fifteen years.¹⁸⁰

¹⁷⁸ "About NASCAR," *NASCAR*, February 28, 2017, http://www.nascar.com/en_us/news-media/articles/about-nascar.html

¹⁷⁹ Tom Jensen, "Five Myths About NASCAR," *The Washington Post*, February 19, 2015, https://www.washingtonpost.com/opinions/five-myths-about-nascar/2015/02/19/44a6ee00-b7ab-11e4-aa05-1ce812b3fdd2_story.html?utm_term=.446ff041b1d7

¹⁸⁰ David Higdon, "Corporate Values, Customer Engagement, and Sales Strategies for the 21st Century" (presentation, Randy Papé Oregon Advanced Strategy & Leadership Symposium, Eugene, OR, April 6, 2017).

A sport that features fossil-fuel driven vehicles traveling at speeds approaching 200 miles per hour at mileage rates measured in single digits frightens the environmentally conscious, but NASCAR takes significant steps to reduce its carbon footprint. Beginning in the 1970s, when the oil embargo sent Americans into a frenzy, race officials shortened races as a gesture of goodwill; however, the reality is that the ratio of gas used annually by NASCAR is small compared to the American public. Between practices, qualifying, travel, and racing combined, NASCAR uses as much gasoline in one year as American drivers consume in less than three seconds. As environmental awareness has grown, NASCAR has adapted its CSR strategy to accommodate, launching NASCAR Green in 2008. Implementing a strategic environmental initiative not only reduces NASCAR's carbon footprint, but acts as a demonstration platform to the public for the benefits of green technologies.¹⁸¹

NASCAR's strategic environmental initiatives target issues related to waste, emissions, and power usage and generation. On any given weekend, the NASCAR track hosting a race becomes the largest campground in the nation. Through corporate partnerships NASCAR provides clean packaging for distributed products; curbside recycling; and automobile waste collection and refinement, educating fans in the process. To combat emissions the organization continues to experiment with renewable energy sources and includes a tree planting program to neutralize the carbon emissions produced at each race. While many Americans believe that vehicle emissions are the biggest culprit of an environmental footprint, the U.S. Department of Energy reveals that electricity use is the most serious issue. NASCAR continues to investigate alternate

¹⁸¹ "Environmental efforts have impact," *foxsports*, April 20, 2011, <http://www.foxsports.com/nascar/story/nascar-works-to-improve-perception-impact-of-environmental-programs-042011>

power sources, such as a solar farm at Pocono Raceway to reduce power consumption.¹⁸²

Although negative perceptions remain, NASCAR has made gains in debunking myths. Matt McKenna, president and CEO of Keep America Beautiful, one of the United States' oldest and most respected environmental groups, praises what NASCAR has done. McKenna says, "We applaud NASCAR and their racetrack partners, vendors, and suppliers for what they are doing in the field of solar energy generation and their change to a more environmentally sound fuel." He adds that NASCAR plays a critical role in educating the public of the importance of these green initiatives.¹⁸³ Higdon believes that the authenticity of NASCAR's efforts is the most important factor in acquiring new fans and retaining old ones.¹⁸⁴

Measuring Success

Numerous companies across multiple industries demonstrate that CSR is a viable business strategy, in addition to its merits on moral grounds. The longevity of family businesses, like the Papé Group, and of NASCAR is a testament to its value. In a select few cases, companies have produced measures to determine precisely what their CSR efforts produced. REI estimates that it generated 1.2 billion social media impressions through its #OptOutside campaign, and Chouinard calculates that his company has generated \$5 million worth of earned press in a single year through

¹⁸² Ibid.

¹⁸³ Ibid.

¹⁸⁴ Higdon, "Corporate Values, Customer Engagement, and Sales Strategies for the 21st Century..."

individual environmental initiatives.^{185,186} Chouinard explains his company's philosophy on earned press:

We would rather earn credibility than buy it. The best resources for us are the word-of-mouth recommendation from a friend or favorable comments in the press...The more independent the outsider who praises your company or products the greater the credibility.¹⁸⁷

This form of attention is no doubt good for a company, but many decision makers want to see a greater connection to improved bottom line performance. Higdon elaborates, "To be successful today, you need a [return on investment (ROI)] on anything you participate in."¹⁸⁸ For example, prAna is investigating the correlation between fabric cost per garment and the absence of insecticides and pesticides to prove that organic cotton is not only better for the environment and workers' lives but also a more cost efficient business solution. Unfortunately, the company has not yet developed a universal system or set of tools to calculate ROI for its sustainable initiatives.¹⁸⁹

In other work with organic cotton, Patagonia found that consumers were willing to spend 11% more on organic cotton than conventional cotton—indistinguishable products in both look and feel—if they conveyed the virtues of organic cotton with a compelling story.¹⁹⁰ The measure of demand elasticity Patagonia produced to evaluate a distinct effort is groundbreaking, but has its limitations. This disconnect to the bigger picture of evaluating CSR is similar to the difference in measuring the impact of the U.S. visit to the PRC versus a long-term sport-for-good initiative.

¹⁸⁵ Kell, "Why REI is Opting Out of Black Friday Again this Year..."

¹⁸⁶ Chouinard, *Let My People Go Surfing...* p. 149

¹⁸⁷ *Ibid.* p. 148-149

¹⁸⁸ Higdon, "Corporate Values, Customer Engagement, and Sales Strategies for the 21st Century..."

¹⁸⁹ Rhea Cortado, "prAna puts sustainability theory into practice at HQ," *Transworld Business*, June 2, 2016, <http://www.grindtv.com/transworld-business/features/prana-office-tour/#a565JrimPipXC67i.97>

¹⁹⁰ Crooke, "Becoming Autotelic..."

Chouinard explains that the Patagonia brand arises from the values, outdoor pursuits, and passions of its founders and employees. He notes, “While it has practical and nameable aspects, it can’t be made into a formula.” The factors that drive successful CSR as a business strategy for Patagonia are the honest effort and the alignment of the entire value chain with initiatives the company undertakes. There is authenticity at the core of every company action, and the Patagonia brand is a reflection of its people and their beliefs.¹⁹¹ Although Chouinard rejects the notion of a formula, other companies have more difficulty defining and prioritizing social consciousness within the organization.^{192,193} If a company’s foundation is not grounded in strong core values, then identifying which social initiatives resonate internally and with consumers proves difficult; however, that does not mean the company cannot reorient if it recognizes the merits of CSR.

¹⁹¹ Chouinard, *Let My People Go Surfing...* p. 137

¹⁹² Ibid.

¹⁹³ Cortado, “prAna puts sustainability theory into practice at HQ...”

Chapter Three: Sport for Good as CSR

Sport for Good's Role in Public Diplomacy

Similar to Reich's argument regarding what constitutes CSR, disagreement related to the term public diplomacy exists. Some believe diplomacy must entail a role for the state in the form of funding, coordinating, or directing. This traditional view accepts that similar activities take place without government direction, but, conceptually, insists that government direction toward particular goals is required for public diplomacy to take place.¹⁹⁴ As public diplomacy has evolved, a new interpretation of the practice has gained traction. Recent academic work questions, "Should public diplomacy be defined by the subject who practices it or by the object of the action?"¹⁹⁵ This study agrees with the proposition that "new public diplomacy should be defined by the object of action, legitimacy (confidence and support from citizenry), and effectiveness (effective satisfaction of citizenry)."¹⁹⁶ Non-state actors can practice public diplomacy when pursuing certain political goals or shared values of the public. Limiting the scope of public diplomacy to government initiated action ignores the bigger picture. Even unintentional public diplomacy outcomes of non-state actors offer a new angle for effective public diplomacy.¹⁹⁷

As has been discussed, non-state actors have always played a role in public diplomacy, but this new objective-based definition insists that non-state actors may practice public diplomacy independent of the government. Studying the theoretical

¹⁹⁴ Lee and Ayhan, "Why Do We Need Non-State Actors in Public Diplomacy?..." p. 59

¹⁹⁵ Ibid.

¹⁹⁶ Ibid.

¹⁹⁷ Ibid. p. 60

framework of public diplomacy, academics at Seoul National University in South Korea offer a new definition:

Public diplomacy is a tool used by state and non-state actors for objectives such as advocacy, influence, agenda-setting, and mobilization; reinforcing other foreign policy objectives; promotion and prestige; correcting misperceptions; dialogue and mutual understanding; and harmony based on universal values.¹⁹⁸

This new interpretation expands the practice of public diplomacy to include the efforts of non-state actors whose objectives and activity outcomes coincide with public diplomacy; although, without the same stated agenda.

The introduction of non-state actors as autonomous contributors to public diplomacy does not change the general concept. The intention of public diplomacy remains, “direct communication with foreign peoples, with the aim of affecting their thinking, and, ultimately, that of their governments...” with the use of a relational, networked, and collaborative approach.¹⁹⁹ In this new context, sport for good enjoys an established place in the public diplomacy toolbox and increased credibility.

Why Sport for Good?

Sustainability and environmental consciousness are popular avenues for CSR, and rightfully so. Global warming is an issue that affects the entire planet, and a multilateral effort is required to solve it; however, there are other problems in the world that need resolving, and sport for good is up to the task. Sport for good—and in the bigger picture sport diplomacy—in essence is CSR, but with a global twist. The work completed and the values that non-state actors demonstrate through sport for good are grounded in the same principles as CSR. Sport for good, therefore, is a viable CSR

¹⁹⁸ Ibid.

¹⁹⁹ Ibid. p. 57-58

strategy that businesses may use to conquer world problems and appeal to the public pressure for improved corporate citizenry.

The global appeal for sports is tremendous. Street Football World estimates that there are 270 million football players and 3.2 billion fans of the game worldwide. Sport-for-good NGOs offer a unique value proposition that extends beyond an activity that consumers and employees can personally relate to. Frauke Horstmann, the Corporate Partnerships Manager at SFW, explains that her organization's best asset is its global reach. Headquartered in Germany with three satellite offices in the United States, Colombia, and South Africa, the organization provides corporate partners a one-stop-shop to connect with over 2 million youth, through 120 network members, in seventy-eight countries. Additionally, the diverse communities served allows the organization to address a variety of social topics that include gender equality, peace building, health, education, social integration, employability, and youth leadership. The broad approach of SFW gives partners flexibility as it relates to both social and geographical impact.^{200,201}

SFW vets potential grassroots organizations for criteria ranging from not-for-profit status to child safety to the values targeted, before granting network membership. Annual audits ensure that network members do not deviate from these standards. This process protects potential partners and ensures credibility. Together SFW and potential partners can then collaborate on a holistic approach to a solution that is tailored to the partner.²⁰²

²⁰⁰ Frauke Horstmann (Corporate Partnerships Manager, Street Football World), Discussion with the author, May 9, 2017

²⁰¹ "Corporate Introduction" (Flyer, Germany, 2017), p. 10, April 25, 2017

²⁰² Ibid. p. 13

SFW works toward its organizational goals through program development, infrastructure projects, and event organization. Football-based social programs attract and retain at-risk youth that otherwise might not recognize the danger of their environment or the benefit of lifestyle changes. Building infrastructure creates a safe space for young people to play and learn and enables organizations in the community to amplify their social impact. SFW hosted events include tournaments, cultural exchanges, and educational forums that provide an opportunity for sponsors to perform hands on work with disadvantaged youth and position themselves as thought leaders in the globalized world.²⁰³

Since 2001, PeacePlayers International has worked to unite divided communities around the world. The organization proves Gordon Allport's "Contact Hypothesis" on a daily basis. The hypothesis posits that interaction between individuals of opposing groups can lead to significantly decreased prejudice when four criteria are met:

- 1 – The activity is guided and has a purpose beyond mere "goodwill."
- 2 – The groups in question have "equal status," at least within the context of the interaction.
- 3 – There is a realistic opportunity for deep, meaningful relationships to form. Allport calls this "friendship potential." In practice, it means that interaction is frequent and/or long-term, and more than superficial.
- 4 – The activity is sanctioned by some form of authority figure, for example a religious group or government body.²⁰⁴

Rigorous monitoring and evaluation systems ensure that PPI programs are effectively empowering youth to become champions of peace and are creating a meaningful impact. Evidence of PPI's success is seen in the 25% increase of children who believe in a multi-religious Northern Ireland, 96% of veteran Israeli and Palestinian participants

²⁰³ Ibid. p. 4

²⁰⁴ Gordon W. Allport, "The Effect of Contact," *The Nature of Prejudice* (New York: Anchor Books, 1958), p. 250-267

who hold positive attitudes toward the “other side,” and 83% of police officers in Kansas City that changed their attitude toward conflict.²⁰⁵

The diverse issues targeted and global reach of these organizations provide businesses the opportunity to forge well-aligned partnerships. For example, consider an area of Europe adversely affected by the refugee crisis. The influx of refugees raises concerns of social inclusion and employability that are relevant to both businesses and the global public. Instituting a sport-for-good program addresses these issues through the teambuilding and leadership aspect of sports, and allows businesses to satisfy goals related to employee engagement, product/service promotion, and audience targeting.²⁰⁶

Over a nine-month period in 2015, SAP collaborated with SFW to bridge the digital divide between underprivileged youth and emerging technologies. Throughout the course of three-day programs in Brazil, the United States, Israel, Hungary, India, and France, SFW connected thirty SAP developers with thirty youth to construct socially-conscious football apps. The combination of football and technology helped the program inspire disadvantaged youth across four continents to pursue careers in IT and spread the message that football can help overcome national rivalries and aggression.²⁰⁷ Additionally, the 150 young leaders gained a better understanding of corporate environments and further developed life-skills such as communication, teamwork, and confidence. From the perspective of SAP, this sport-for-good initiative—closely linked to company’s core business—allowed 150 SAP developers to directly engage with the beneficiary of SAP products, increasing their self-identification with their employer. A

²⁰⁵ “Our Results,” *PeacePlayers International*, May 9, 2017, <https://www.peaceplayersintl.org/our-results/>

²⁰⁶ Horstmann (Corporate Partnerships Manager, Street Football World)...

²⁰⁷ “SAP Kickapp Cup,” *streetfootballworld*, May 13, 2017, <http://www.streetfootballworld.org/project/sap-kickapp-cup>

total of 83% of SAP participants reported feeling more connected to SAP’s vision as a result of the program, and 86% said they learned new skills. Following the programs, SAP received positive media coverage in six key markets.²⁰⁸

Need for Refined Evaluation

Through the KickApp Cup (the SFW-SAP partnership) SAP benefited from access to SFW’s thirteen years of experience in the field of sport for good. Together the two organizations succeeded in addressing a global issue through sport, in a manner that aligns with SAP’s core values and business goals. The partnership with SAP provides a boost to SFW, but work continues for the NGO when partners move on. For this reason, NGOs like SFW and PPI desire long-term engagement from partners.^{209,210} In order for these efforts to endure and succeed, a metric (or group of metrics) is needed to determine the relative strength of alignment between sport-for-good initiatives and potential partners.

SFW conducts its own research to identify good potential partners; however, this is not the case universally. Many partnerships are not built on sound business decisions. Horstmann remarks that business leaders often rely on recommendations from family or friends to engage in CSR activity. Attracting good partners is even a challenge for an organization with the proficiency of SFW.²¹¹ Low overhead budgets and a focus on their own work limit sport-for-good NGO’s capacity for promotion.²¹² Horstmann confesses, “It’s very rare that corporate partners come to us—sadly—because we do not

²⁰⁸ “Corporate Introduction...” p. 21

²⁰⁹ Horstmann (Corporate Partnerships Manager, Street Football World)...

²¹⁰ Smith, (Organization Learning Specialist, PeacePlayers International)...

²¹¹ Horstmann (Corporate Partnerships Manager, Street Football World)...

²¹² Smith, (Organization Learning Specialist, PeacePlayers International)...

have the budget for external media and awareness.”²¹³ A measurement of alignment grants potential partners the ability to efficiently determine what an ideal sport-for-good relationship looks like without reliance on the expertise of a third party.

Successful CSR requires support from the top of the organization and a game plan. Convincing doubters of the practice is difficult, but it is possible with facts to back it up.²¹⁴ Businesses across multiple industries have proven that when properly aligned CSR is an effective business strategy. The introduction of an alignment metric is quantifiable proof to bring to skeptics and serves as the basis for an organized game plan. In the following section this study explores an algorithm to evaluate the alignment of an organization’s values, objectives, and goals with sport-for-good initiatives.

²¹³ Horstmann (Corporate Partnerships Manager, Street Football World)...

²¹⁴ Gonzalez, “Balancing Commerce, Idealism, and Yoga Pants: Q&A with prAna CEO...”

Chapter Four: The Sport for Good Alignment Model

Sport for Good Alignment Score

Businesses straddling a variety of industries have proven that strategic CSR is a worthwhile business strategy. Similarly, sport-for-good organizations have proven that sports, when properly channeled, are a source for positive change in the world. Despite the understanding of the potential benefits that sport-for-good partnerships produce, there is little understanding of how to evaluate it from the perspective of business partners. Individuals and organizations have attempted to place different values on this practice, but no universal set of metrics rules. The consequence of this misunderstanding is reluctance to commit to sport-for-good initiatives and partnerships that do not fulfill the potential of sport for good—from the standpoint of the NGO and the partner organization’s bottom line.²¹⁵

This study builds an algorithm designed to be an industry standard for evaluating the relative alignment of sport-for-good initiatives with potential partner organizations. The design of the algorithm is based on qualitative analysis of sport diplomacy—its history and the combination of current forms—and successfully practiced CSR. Beginning and maintaining successful CSR and sport-for-good partnerships requires proper alignment and authenticity—alignment and authenticity that stem from shared values, objectives, and goals.

Corporate values must match up with those that a sport-for-good initiative targets because conflicting ideologies not only limit the potential to achieve financial

²¹⁵ Tim Breitbarth, Gregor Hovemann, & Stefan Walzel, “Scoring Strategy Goals: Measuring Corporate Social Responsibility in Professional European Football,” *Thunderbird International Business Review* 53, no. 6 (2011), p. 721-737

gain, but can damage the brand image of both parties. This extends to misaligned product-program fit as has been analyzed with KFC and Susan G. Komen.²¹⁶

Identifying and working toward common goals and objectives is an evolving challenge between NGOs and their corporate partners. Goals relate to long-term missions like improving financial literacy in a particular region or improving market share among a specific demographic, and objectives refer to the short-term benchmarks designated to achieve those goals. Horstmann explains that SFW strives for long-term engagement and deeper vertical impact with constituencies, while corporate objectives center on employee engagement and horizontal reach. However, from their respective industry vantage points, both Horstmann and Haubrich note that this trend is shifting to a greater emphasis on a narrow consumer focus.^{217,218}

The Sport for Good Alignment (SGA) Score is an algorithm that combines the collective alignment of values, objectives, and goals between sport-for-good NGOs and potential corporate partners. Each component of the SGA Score is weighted equally, but the algorithm is designed for conflicts in alignment to detract more from the score than the aligned components add. The emphasis placed on misalignment is a result of consumers who are growing smarter and who can “smell the bull-shit” when inconsistencies exist along any touch point with the brand.²¹⁹ Misalignment is often born in the best of intentions rather than a scheme to deceive consumers; however,

²¹⁶ Kinsman, “Activists call foul on KFC bucket campaign...”

²¹⁷ Horstmann, (Corporate Partnerships Manager, Street Football World)...

²¹⁸ Haubrich, “ESPN Market Research...”

²¹⁹ Kerslake, “Changing Consumer Landscape...”

social, political, and environmental issues are highly charged and the backlash is capable of severely damaging a brands image.²²⁰

| SGA Score Equals Sum of Three Inputs | |
|------------------------------------------------------------------------------------------------------|-------|
| $\frac{[\text{Shared Values} - (\text{Conflicting Values} * 1.5)]}{\text{NGO's Values}}$ | X 33% |
| $\frac{[\text{Shared Objectives} - (\text{Conflicting Objectives} * 1.5)]}{\text{NGO's Objectives}}$ | X 33% |
| $\frac{[\text{Shared Goals} - (\text{Conflicting Goals} * 1.5)]}{\text{NGO's Goals}}$ | X 33% |

Figure 5: Sport for Good Alignment Score

Although the score is an arbitrary number alone, CSR managers at the corporate level may use it as part of a decision matrix to compare against other proposed sport-for-good initiatives. For example, if both SFW and PPI approached the same business with a proposed sport-for-good partnership, the decision maker within the potential corporate partner can make a direct assessment of which proposal better aligns with his/her company’s values, objectives, and goals.

Each component of the SGA Score—values, objectives, and goals—contains its own set of inputs. If an NGO promotes values A, B, and C with the most emphasis on value A and the least on value C, and a potential partner promotes those same values, but in order of importance C, B, and A, that is less effective than shared priority of values. The SGA Score input of each shared value, objective, and goal is calculated by taking the sum of the shared attributes multiplied by their respective multipliers that correspond with emphasis placed on that attribute.

²²⁰ Alison O’Shaughnessy, “The Path to a Powerful Cause Based Marketing Campaign,” *Center for Sustainable Business Practices* (blog), March 20, 2017, <https://blogs.uoregon.edu/uobusiness/2017/03/20/the-path-to-a-powerful-cause-marketing-campaign/>

| Aligned Values, Objectives, and Goals | | | | | | | | | |
|---------------------------------------|------|------|--------|------|------|------|------|------|--|
| <i>Priority Multiplier:</i> | | | | | | | | | |
| Low | | | Medium | | | | High | | |
| 1.01 | 1.02 | 1.03 | 1.04 | 1.05 | 1.06 | 1.07 | 1.08 | 1.09 | |

Figure 6: Priority Multiplier for Aligned Values, Objectives, and Goals

The same logic applies to conflicting values, objectives, and goals. If an NGO promotes values A, B, and C and a potential partner promotes values A, B, and X, and values C and X are at odds with each other the negative impact is contingent on the priority each organization places on their respective values. Values of the highest priority that do not align have a greater negative impact than misaligned values of lower priority. The application of the two multiplier tools is the same.

| Misaligned Values, Objectives, and Goals | | | | | | | | | |
|------------------------------------------|------|------|--------|------|------|------|------|------|--|
| <i>Priority Multiplier:</i> | | | | | | | | | |
| Low | | | Medium | | | | High | | |
| 1.01 | 1.02 | 1.03 | 1.04 | 1.05 | 1.06 | 1.07 | 1.08 | 1.09 | |

Figure 7: Priority Multiplier for Misaligned Values, Objectives, and Goals

Implication and Future Application

The SGA Score allows decision makers to set S.M.A.R.T. goals that are specific, measurable, attainable, relevant, and time-bound related to strategic CSR and sport for good. Specific objectives are simple, sensible, and significant, and they help guide decision makers toward a far off goal. Measurable objectives address questions such as ‘How much?’ ‘How many?’ Or, ‘How do I know?’ These questions aid in tracking progress. Achievable goals ensure that the goal setter is in control of the outcome. Relevance refers to the current socio-economic environment, and time-bound provides a focused deadline to attain desired outcomes.²²¹

²²¹ “SMART Goals,” *mindtools*, May 13, 2017, <https://www.mindtools.com/pages/article/smart-goals.htm>

Through the KickApp Cup, SAP aimed to leverage its relationship with SFW to satisfy short-term objectives such as engaging employees with the company's social vision and providing an opportunity for disadvantaged youth to gain experience working with IT systems. These short-term objectives keep SAP on track to achieve long-term goals, such as increased employee satisfaction and improving digital fluency worldwide. Progress toward achieving goals was measured immediately following events via participant surveys. The goals of the program were realistic, relevant to contemporary issues in educational development, and time-bound to three-day programs over the course of nine months.²²²

With the SGA Score, decision makers may now set realistic expectations related to the expected gain from a sport-for-good partnership. For example, an SGA Score equal to that of the KickApp Cup can reasonably be expected to produce a harmonious relationship between a NGO and a corporate partner. As an alternate application, decision makers may set an acceptance threshold of X, and any proposed sport-for-good initiative with a SGA Score exceeding that value is accepted or given further consideration.

Furthermore, the creation of this quantifiable measure stimulates the development of similar measurement tools. The ongoing use of the SGA Score creates vast possibilities for future application. Once a database of implemented SGA Scores has been developed, decision makers may use that data for an entire SGA Model to run statistical analyses to better understand what constitutes a strategic sport-for-good partnership. Additionally, tools such as Statistical Package for the Social Sciences (SPSS) may be used to build upon the SGA Score. The use of SPSS or similar analytics

²²² "Corporate Introduction..." p. 21

software allows users to improve the alignment tool by identifying which inputs contribute the most to effective alignment and allows users to more accurately weight the various inputs that make up the algorithm.

The possession of an instrument for alignment measurement is a step in the direction of determining the value of CSR and sport for good to businesses. Higdon states, “You need to convince the top people in your organization that your relationship is worth it.”²²³ Patagonia, the Papé Group, NASCAR, and others have proven that a well-aligned CSR strategy can produce meaningful financial results, and this measurement tool allows decision makers to quantify that alignment.

²²³ Higdon, “Corporate Values, Customer Engagement, and Sales Strategies for the 21st Century...”

Chapter Five: Conclusion

Conclusion

Sport for good makes up one small portion of sport diplomacy and an even smaller piece of the much larger soft power puzzle, but the results of effective sport-for-good initiatives are a meaningful step toward a better world. Everyday sport-for-good NGOs set out to solve problems related to the climate and refugee crises, the HIV/AIDS pandemic, violence prevention, and education; however, they cannot overcome these issues alone. Support is needed in the form of generous business partners to fund and supply man power to assist sport-for-good endeavors. Fortunately, as this study has shown, businesses stand to benefit from that relationship too.

The consumer landscape is changing at an unprecedented rate, and consumers are increasingly demanding products and services that serve a greater moral purpose or brands that stand for something good. According to Molly Malloy, Director of Brand Purpose Planning at change agency, Futerra, “Brands have to know, right now, what they stand for. If they do not communicate their values, they are falling behind.”²²⁴ A singular project or campaign does not suffice to satisfy this new moral code, but rather a consistent-authentic approach that aligns with the entire value chain is needed. At the same time, companies should not be compelled to hide or keep their efforts anonymous. “On the contrary, now more than ever it is important to communicate what [businesses] are doing to contribute to a better world.”²²⁵ If effectively aligned and communicated,

²²⁴ Alison O’Shaughnessy, “The Path to a Powerful Cause Based Marketing Campaign...”

²²⁵ Ibid.

consumers will respond to the valiant efforts of businesses with unmatched brand loyalty.²²⁶

The SGA Model is a tool that will allow decision makers to evaluate the alignment of their core business with sport-for-good initiatives and make a reasonable estimate of the value this form of sport diplomacy provides. Similarly, the model helps organizations avoid entering into the wrong partnerships or promoting an initiative that does not align with their own missions. Jill Robbins, the Chief Programs Officer with Soccer in the Streets (a SFW Network Member) believes a tool like [the SGA Model] would be useful from the perspective of sport-for-good NGOs as well.²²⁷ Better aligned partnerships lead to more funding and help NGOs avoid the negative publicity that organizations like Susan G. Komen have received.

In addition to the hands-on work that sport-for-good NGOs perform with children all over the world is the diplomatic impact of the relationships they build. Americans fear global warming, cyber-attacks from foreign countries, terrorism, the rise of China, and economic instability. President Trump's America-first policies may (or may not) ensure economic stability, but his departure from foreign policy that gives credit to demands for justice, morality, and conscience does not contribute to protecting against the others.²²⁸ The work of sport-for-good NGOs picks up that slack and contributes to mitigating those risks. For example, on his first tour abroad President Trump pleaded with Israeli Prime Minister Benjamin Netanyahu to reach a peace

²²⁶ Dr. Crooke, "Corporate Values, Customer Engagement, and Sales Strategies for the 21st Century..."

²²⁷ Jill D. Robbins (Chief Program Officer, Soccer in the Streets) Discussion with the author

²²⁸ McCain, "Why We Must Support Human Rights..."

agreement with Palestinians.²²⁹ PPI works toward this same goal every day in its sport-for-good programming on the West Bank.²³⁰ Rather than branding themselves as German or American organizations, NGOs like SFW, Laureus, and PPI communicate the values shared within their respective countries through the trusted voices of local grassroots partnerships.^{231,232} Partnering firms share in this capacity to represent their respective governments and peoples.²³³

In the bigger picture, the SGA Model is a contribution that advances the study of sport diplomacy overall. Just as the model demonstrates how sport for good serves corporate interests, it is also a tool that displays the benefit of soft power. Pigman notes that despite all of the growth and identified virtues of sport, little has been completed in the form of academic work to develop an understanding of how sport relates to public diplomacy.²³⁴ Robbins adds to Pigman's point, "The United States in particular lags behind in the practice and understanding of sport for good. Despite possessing the most advanced infrastructure, we have only used sports for fitness and elite competition."²³⁵ Academic work related to sport for good provides credibility to the emerging field, and directly contributes to a better understanding.²³⁶ To address this void in understanding, this study aggregates qualitative and quantitative data from the disciplines of public diplomacy and international relations, sport for good, and advanced business strategy, to provide a preliminary solution.

²²⁹ Peter Baker and Ian Fisher, "Trump Comes to Israel Citing a Palestinian Deal as Crucial," *The New York Times*, May 22, 2017, https://www.nytimes.com/2017/05/22/world/middleeast/trump-israel-visit.html?_r=0

²³⁰ "Our Results," *PeacePlayers International*...

²³¹ Smith, (Organization Learning Specialist, PeacePlayers International)...

²³² (Corporate Partnerships Manager, Street Football World)...

²³³ Pigman, "International Sport and Diplomacy's Public Dimension..." p. 95

²³⁴ *Ibid.* p. 94

²³⁵ Robbins (Chief Program Officer, Soccer in the Streets)...

²³⁶ *Ibid.*

Sport for good is only scratching the surface of its potential. Kick 4 Life, a sport-for-good NGO in Lesotho, is a self-sustaining social enterprise dedicated to HIV/AIDS prevention and long-term youth development. The organization operates a restaurant and hotel in conjunction with a football club to support itself financially and provide program veterans practical work experience. With enough capital funding and properly aligned partnerships, this model is repeatable across the entire sport for good sector.²³⁷

In order for sports to grow as more than “just a game,” improvement is needed in the form of better understanding the sport-public diplomacy relationship. Expanding the application of the SGA Model to include other elements of sport diplomacy, such as sponsor alignment with the values, goals, and objectives of the ongoing athletic interplay between North and South Korea, is progress toward that goal.²³⁸ Sports are an activity that transcends barriers of culture and class to foster working relationships. The significance of those relationships is a global population better suited to solve the world’s problems of the present and future.

²³⁷ Ibid.

²³⁸ Jonathan Cheng, “The Korean War Never Ended, but the Sports Diplomacy Continues,” *The Wall Street Journal*, April 6, 2017, <https://www.wsj.com/articles/the-korean-war-never-ended-but-the-sports-diplomacy-continues-1491497251>

Appendices

Appendix A: Total lives saved by gender during entire year of football Junes

| Country | Male Lives Saved | Female Lives Saved |
|----------------|--------------------------------------|--------------------|
| Austria | 46 | 15 |
| Czech Republic | 55 | 12 |
| Denmark | 37 | 47 |
| France | 95 | 82 |
| Germany | 61 | 39 |
| Greece | 9 | 13 |
| Ireland | 19 | -10 |
| Netherlands | -10 | -1 |
| Norway | [92 Lives Saved Across Both Genders] | |
| Spain | 2 | -3 |
| Sweden | 44 | 16 |
| Switzerland | 20 | 2 |

Lives saved denote a reduction from the mean of average suicides in non-football Junes and negative values denote an increase in suicides. The data for Norway were not broken down by gender.

Appendix B: Role of the IOC, according to the Olympic Charter

1. To encourage and support the promotion of ethics in sport as well as education of youth through sport and to dedicate its efforts to ensuring that, in sport, the spirit of fair play prevails and violence is banned;
2. To encourage and support the organization, development and coordination of sport and sports competitions;
3. To ensure the regular celebration of the Olympic Games;
4. To cooperate with the competent public or private organizations and authorities in the endeavor to place sport at the service of humanity and thereby to promote peace;
5. To take action in order to strengthen the unity and to protect the independence of the Olympic Movement;
6. To act against any form of discrimination affecting the Olympic Movement;
7. To encourage and support the promotion of women in sport at all levels and in all structures with a view to implementing the principle of equality of men and women;
8. To lead the fight against doping in sport;
9. To encourage and support measures protecting the health of athletes;
10. To oppose any political or commercial abuse of sport and athletes;
11. To encourage and support the efforts of sports organizations and public authorities to provide for the social and professional future of athletes;
12. To encourage and support the development of sport for all;
13. To encourage and support a responsible concern for environmental issues, to promote sustainable development in sport and to require that the Olympic Games are held accordingly;
14. To promote a positive legacy from the Olympic Games to the host cities and host countries;
15. To encourage and support initiatives blending sport with culture and education;

16. To encourage and support the activities of the International Olympic Academy (IOA) and other institutions which dedicate themselves to Olympic education.

Appendix C: REI and VF Corporation Financial Performance Since 2011

REI (US stores segment) - financial performance*

| Year | Revenue (\$ million) | (% change) | Operating Income (\$ million) | (% change) |
|------|-------------------------|------------|----------------------------------|------------|
| 2011 | 1,339.9 | N/C | 99.3 | N/C |
| 2012 | 1,412.1 | 5.4 | 99.9 | 0.6 |
| 2013 | 1,434.1 | 1.6 | 92.2 | -7.7 |
| 2014 | 1,532.6 | 6.9 | 125.2 | 35.8 |
| 2015 | 1,671.0 | 9.0 | 121.0 | -3.4 |
| 2016 | 1,746.4 | 4.5 | 126.5 | 4.5 |

*Estimates

SOURCE: ANNUAL REPORT AND IBISWORLD

VF Corporation (US hiking and outdoor equipment stores segment) - financial performance*

| Year | Revenue (\$ million) | (% change) | Operating Income (\$ million) | (% change) |
|------|-------------------------|------------|----------------------------------|------------|
| 2011 | 229.2 | N/C | 48.9 | N/C |
| 2012 | 278.7 | 21.6 | 57.0 | 16.6 |
| 2013 | 303.0 | 8.7 | 61.8 | 8.4 |
| 2014 | 338.1 | 11.6 | 72.5 | 17.3 |
| 2015 | 380.6 | 12.6 | 76.7 | 5.8 |
| 2016 | 442.3 | 16.2 | 89.5 | 16.7 |

*Estimates

SOURCE: ANNUAL REPORT AND IBISWORLD

Appendix D: Hiking and Outdoor Industry Ten Year Growth

Revenue Growth

| Year | Revenue \$ million | Growth % |
|------|--------------------|----------|
| 2006 | 3,979.1 | 0.0 |
| 2007 | 4,062.6 | 2.1 |
| 2008 | 3,981.5 | -2.0 |
| 2009 | 3,815.6 | -4.2 |
| 2010 | 3,750.4 | -1.7 |
| 2011 | 3,742.6 | -0.2 |
| 2012 | 3,872.7 | 3.5 |
| 2013 | 3,910.8 | 1.0 |
| 2014 | 3,962.4 | 1.3 |
| 2015 | 4,045.5 | 2.1 |
| 2016 | 4,086.5 | 1.0 |

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