

# **‘Be a game changer and keep the ball rolling’: Exploring linkages between football clubs, charitable foundations and doing good**

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## **‘Be a game changer and keep the ball rolling’: Exploring linkages between football clubs, charitable foundations and doing good**

### **Abstract**

**Purpose:** There has been limited research on why football clubs contribute to charity. This paper examines how football clubs and their charitable conduits report information when discussing their connectedness. In addition, it explores reasons why, and the extent to which, football clubs support altruism via such charitable vehicles.

**Design/methodology/approach:** Case studies of four major football teams (Manchester City/Manchester United in England, and AC Milan/Inter Milan in Italy) are discussed, with formal reports of the clubs and their associated charitable conduits being analysed.

**Findings:** Boundaries between the clubs and their charitable conduits are frequently blurred. Evidence suggests that acknowledging the co-existence of different factors may help to understand what is reported by these organisations and address some of the caveats in terms of autonomy and probity of their activities and reporting practices.

**Research limitations/implications:** The research uses case studies of four major ‘powerhouses’ of the game and their associated charitable spinoffs. While this is innovative and novel, expanding the research to investigate more clubs and their charitable endeavours would allow greater generalisations.

**Practical implications:** The study provides material that can be used to reflect on the very topical subject of ‘sportswashing’. This has the potential to input to deliberations relating to the future governance of the game.

**Originality/value:** The paper explores relationships between businesses and charities/nonprofits in a sector so far little investigated from a charitable accountability perspective. It suggests that motives for engaging in charitable activity, and highlighting such engagement, may extend beyond normal altruism or warm-glow emotions.

## 1.Introduction

Football is the world's most popular sport (Shvili, 2020). It is loved by both players and supporters; it provides major health benefits to participants and has the ability to create valuable social capital (Supporters Direct, 2010; Campelli, 2021). Football has also attracted the fascination of researchers under many different perspectives. In general management studies, football has raised interest in terms of human-resource management and staff mobility (Mendenhall and Oddou, 1985; Fainshmidt et al., 2017). In accounting, football organisations have been shown to be subject to a variety of pressures, such as the demand for excellence in the sport, as well as financial success and stability (Cooper and Joyce, 2013; Carlsson-Wall et al., 2016). Football has also been seen as a context with competing institutional logics, where the evolution towards a business model of football clubs is usually incongruent with the public reception of a club as a community asset (Kennedy and Kennedy, 2012). Researchers highlight that football supporters seldom view themselves as merely consumers/customers, a position given formal backing in the establishment of Supporters Direct (now Football Supporters' Federation), a football initiative set up by the UK Government in 2000 as a way of mediating the perceived unequal relationship between supporters and club owners (Supporters Direct, 2010). Sports and business values, however, can co-exist and specific skills and capitals (both economic and cultural) are often required to succeed at the highest level (Cooper and Joyce, 2013). On the one hand, when sports values dominate, this leaves clubs particularly exposed to adverse financial shocks (Carlsson-Wall et al., 2016; Ribeiro et al., 2019). On the other hand, the push towards increasing commercialisation has led to pressures that have the potential to undermine the image of the game and its traditional ethos (Shah, 2017; Bostock et al., 2021).

In the midst of such tensions, and almost paradoxically, as the game has grown commercially, it has also increasingly embraced a more charitable aspect, with many top-tier football clubs establishing their own charitable foundations<sup>1</sup> (or directing support for charitable actions within their existing club structures). Such foundations are expected to both 'do good' (create positive change; do things that society values) and 'be good' (spend wisely; act ethically) (Hyndman, 2018). While, historically, football clubs have frequently supported charitable causes (Vamplew, 2016), the extent of the support, and the more-formal structures through which it is being provided, are relatively new phenomena (Kay, 2019; Delves, 2020).

Most major football clubs contribute significant amounts to charitable activity. However, there has been limited research on the motives behind their decisions to do so, and on how they interact with their charitable foundations/nonprofits. In connection to this, concern has been raised about the potentially-corrosive effects of increasing amounts of money flowing into the game at the top level, particularly relating to the possible emergence of unwelcome economic, social and political effects. Specifically, in the context of club ownership, it has been suggested that some purchasers of clubs may be more interested in making connections and giving signals of virtue to a wider environment, rather than purely making a social or financial investment (Cooper and Johnston, 2012). The potential for questionable parties to become involved in football-club ownership not only risks undermining the long-term stability of the clubs, but could also inflict substantial damage on their charity activity generally (Delaney, 2019; Effectiviology, 2021; Brinsden, 2022).

Using ideas associated with warm-glow theory, common values/identity, social-exchange theory and virtue-signalling theory, the paper examines: how football clubs and their charitable conduits report information when discussing their connectedness; and possible reasons why, and the extent to which, football clubs support altruism via such charitable vehicles. This is done through four case studies of major 'powerhouses' of the game: Manchester City Football Club (Manchester City) and Manchester United Football Club (Manchester United) in England; and AC Milan and FC Internazionale (Inter Milan) in Italy. Data were gathered through analysing formal reports of the football clubs and their charitable/nonprofit organisations. The findings show that both the

football clubs and their associated charitable spinoffs frequently present their relationship, in formal-reporting documents, in a manner that makes it difficult to identify boundaries between the two (despite these being, de facto, separate legal entities). It is argued that, while a mix of factors and theories can contribute to explain existing practices, this apparent obfuscation may especially have mutual exchange benefits for the two organisations. Whether this picture is socially (or ethically) desirable remains a moot point.

The paper is structured as follows: the next section outlines the theoretical lenses that inform the study. The methodology is subsequently discussed, followed by an overview of the English charity-reporting context and the two English cases. The Italian context and cases are then presented. The paper concludes with a discussion and conclusions section, highlighting possible routes for the continuation and expansion of the study.

## **2.Theoretical framework**

Understanding the motivations for charitable behaviour can be important to predict both club and nonprofit behaviour (Vesterlund, 2006; Connolly et al., 2013). Prior research in this area encompasses work from economic, sociological and psychological perspectives. Recurring themes and explanations relate to: warm-glow theory, common values/beliefs and identity, social exchange theory and signalling theory. These are briefly reviewed below.

A number of studies have explored the behavioural aspects of giving. For example, several researchers (Rose-Ackerman, 1996; Crumpler and Grossman, 2008) note that some donors derive pleasure from the act of giving itself ('warm-glow giving'). One potential implication of this is that a charity's accountability towards its donors may not be central, because some donors may receive significant satisfaction merely from the act of donation. However, other donors (particularly large donors) may have a desire to hold to account a charity/nonprofit to which they donate, particularly in terms of mission delivery, or perhaps for signalling purposes to the wider world (see later in the section). It is likely that nonprofits that raise significant funds from such donors (e.g., from football clubs) will have a much clearer accountability relationship with them (Hyndman and McDonnell, 2009). This may also result in such organisations being encouraged (or compelled) to respond more directly to such powerful stakeholders.

Empirical studies have also shown that individuals are moved to support charities/nonprofits that further causes that personally impact on their lives (Bekkers and Wiepking, 2011). Common values, including religious beliefs, are also viewed as major determinants of charitable behaviours and giving (Graham and Haidt, 2009). This aligns with what is proposed by identity theories, with social identity relating to an individual's knowledge that they belong to certain social groups. This contributes to confirm or establish evaluative distinctiveness between 'in-group' and 'out-group', often motivated by an underlying need for self-esteem (Turner, 1975). Similarly, organisational identity is represented by a set of claims and views about what a certain organisation represents. Identity not only satisfies members' need to belong, but also facilitates knowledge and resource transfer, potentially supporting both competitive and co-operative behaviours (Kane, 2010). Identity aspects are often highlighted in the charity/nonprofit sector, where 'business-like' values perceived as inappropriate are less likely to be embraced (Hyndman and McKillop, 2019; Connolly et al., 2021). Looking specifically at sports, social identity has been seen as a proxy for a sense of community (Carlson and Donovan, 2013).

Social-exchange theory emphasises the reciprocity of human relations as a reason for giving. It is argued that frequent and repeated interaction will generate feelings of gratitude, a sense of responsibility, and trust among parties (Blau, 1964). Eisenberger et al. (2001) observe that when an individual feels indebted, they give back to the organisation that provided the benefit.

Reciprocity contributes to mutual expectations, influences compliance behaviours and advances common interests among people (Sacconi, 2007). The conditions that surround exchange relationships originate from the partners' characteristics and reputation, the context of the relationship and the previous experiences partners have had with each other (Lee et al., 2012). With reference to the charitable sector, previous research has shown that trust in charities is critical to the health and growth of the sector (Hyndman et al., 2021), with lack of trust in individual organisations potentially damaging the sector as a whole, having negative impacts on public perceptions and donor/funder giving (Hind, 2017).

However, giving can also be the result of a virtue-signalling exercise in an attempt to show other people (suitable and positive) moral values. Signalling most often occurs in situations where information asymmetry exists. A risk is, therefore, that the virtue being signalled/communicated might be exaggerated or insincere in an attempt to gain the other party's trust (Small et al., 2018; Levy, 2021). Consistent with this interpretation, giving to charity can be used as a signalling device by both individuals and organisations, with those who are financially successful having a desire to demonstrate that success through philanthropy (Glazer and Konrad, 1996). With respect to businesses (including football clubs), giving to charity may indicate a wider corporate social responsibility (CSR), which could also be viewed as an aspect of good governance. Signalling has the potential to establish and maintain external legitimacy, whereby an organisation seeks to align its actions with wider social norms and stakeholder expectations (Suchman, 1995). In the football context, it has been suggested that some clubs attempt to achieve such legitimisation somewhat unscrupulously via the creation and support of their own charitable spinoffs, and subsequently communicating this 'doing good' to the wider environment. It is suggested that this is done to improve the image of a particular owner, or even a whole country. Such a process is pejoratively dubbed 'sportswashing' or 'footballwashing' (The Guardian, 2013 and 2021; Verschuuren, 2021).

### 3. Methodology

Using case studies of four major football teams (Manchester City and Manchester United in England, and AC Milan and Inter Milan in Italy) that are powerhouses of the game in countries where football is a dominant sport, the research investigates relationships between football clubs and their charitable/nonprofit offshoots. Because of their long histories and established reputations, these clubs were chosen as they are likely to be influential, leading exemplars of developing practice in terms of both playing football and showcasing football's promotion of charitable activity. Details of the four clubs, their associated charitable conduits, and the documents analysed are shown in Table 1.

*Table 1*

The provision of information through formal information channels, either legally-required or voluntarily-provided, is often a major part of an organisation's discharge of accountability (Dhanani, 2009). Such disclosures are frequently used to legitimate an organisation externally (Suchman, 1995), signal to society good intentions (Small et al., 2018), and build trust between the organisation and its stakeholders (Kearns, 2014; Hyndman et al., 2021). Statutorily-required reports attract a degree of authenticity not associated with other media and channels of communication (Gray et al., 2006; Accounting Standards Board (ASB), 2007). In addition, organisations may voluntarily prepare organisation-wide reports as supplementary means of communicating with external stakeholders. Often, these include simpler versions of some of the more-complex information in the statutorily-required reports, and focus on wider social-performance information (Connolly and Hyndman, 2013; Hąbek and Wolniak, 2016). In order to investigate the two research

questions, this study analysed the statutorily-required financial statements/reports (often referred to as annual reports or financial reports) and any other main voluntary organisation-wide reporting packages of the four clubs and their charities/nonprofits. The empirical analysis focused on the latest documents published. This choice aims at providing the most up-to-date data and accurate picture, ensuring appropriate comparability. Indeed, while in the UK, charitable foundations have had Charity Statement of Recommended Practice (SORP) requirements governing their accounting and reporting disclosures since the late 1980s (see later for more detail), in Italy, only recently (2021) has regulation formally required equivalent organisations to publish social-impact statements. The new Italian regulation shares performance-reporting recommendations that echo those included in the UK SORP<sup>2</sup>.

Charities/nonprofits have social mission-driven objectives, and therefore their achievements against such objectives is how organisational success can be highlighted, communicated and evaluated (Breckell et al., 2011). This is key to demonstrating the ‘good’ that is done. Often, charitable ‘performance’ is represented by means of a production model, utilising terms such as inputs, activities, outputs and outcomes/impacts (The W. K. Kellogg Foundation, 2004; Breckell et al., 2011; Connolly et al., 2017). Such a lens can be used to showcase both the currently-achieved and future-planned ‘good’ work. This lens was utilised, during the data analysis of this paper, to address the first research question and complement the theoretical concepts reviewed earlier. Information accordingly structured and produced, indeed, may be used to both articulate support by those promoting the charity/nonprofit (e.g., the football clubs) as an appropriate vehicle to deliver ‘good’, and by those responsible for delivering such ‘good’ themselves (i.e., the charity/nonprofit) to illustrate the success of their endeavours. Informed by the theories reviewed earlier and ideas relating to this production model, a qualitative document analysis was conducted, focussing on assessing: (i) information provided, values referenced and arguments made by the football clubs about their charity/nonprofit; (ii) information provided, values referenced and arguments made by the charity/nonprofit about their performance and their connectedness to their club; and (iii) linkages highlighted by each relating to the other. Examples of cues and operationalisation of concepts used during the document analysis are presented in Table 2.

*Table 2*

#### **4.The English cases: charity reporting in England**

In the UK, an organisation is considered to be a charity if its purposes are deemed ‘charitable’ (such as the relief of poverty or the provision of education), and it fulfils a ‘public benefit’. Since the early 1980s, considerable efforts have been made to improve the quality and consistency of charity accounting and reporting in the UK (Charity Commission, 2009). A vital aspect of this has been the development (in 1988) and periodic ‘refreshing’ of a SORP (Charity Commission and OSCAR, 2019). SORPs are recommendations on accounting practice for specialised industries or sectors (such as the charity sector). The Charity SORP is mandatory for large UK charities, including those connected to Manchester City and Manchester United.

The charity SORP includes requirements and regulations for both charities’ financial statements and the trustees’ annual report (TAR), with this latter document focusing on the disclosure of non-financial information (particularly information on service performance and governance). With respect to the financial statements, charity law requires charities to use funds in furtherance of their objectives in accordance with the specific charitable mission as directed by donors. As a consequence, the profit concept and the focus on distributing profits to shareholders (key concerns for businesses) are not appropriate for charities. Moreover, while it has been argued that

financial accountability (via audited financial statements) may be important, such accountability is likely only to be of secondary importance to most charity stakeholders. In contrast, performance accountability, relating to what has been achieved for beneficiaries and what plans are in place for their future needs, is frequently viewed as paramount (Connolly et al., 2013; Yang and Northcott, 2018).

## **5. Manchester City and its Foundation**

In 1986, Manchester City facilitated the establishment of its related community foundation (City in the Community Foundation, CITC). This has a wide range of charitable purposes, including education/training and the relief of poverty. It is a charitable company limited by guarantee and, in 2020, had 81 employees (see Table 1).

### *5.1. City in the Community Foundation*

#### *5.1.1. CITC 2019-2020 Financial Statements (statutorily-required document)*

In terms of financial accounts, for the year ending 31 August 2020, CITC had a total income of £3.15 million and expenditure of £3.1 million. Regarding income, £2.3 million of the total was income from charitable activities (i.e., income received as payment for goods/services to be provided to beneficiaries). The overwhelming majority of this related to restricted funding (i.e., only to be used for the donor-specified purpose) to provide individual educational and social programmes. £740k of income emanated from a range of donations and legacies, with over 90% of this being unrestricted (i.e., available to be spent on any of the charity's objects). In excess of 30% of the donations and legacies income stream came from unrestricted Premier-League grants. On the face of the financial statements, there was no indication of income flows directly from Manchester City, albeit, in the narrative of the entire document, there were several references to support being provided by the football club to CITC (see below). However, this was not necessarily in a manner that would have 'read across' easily (or at all) to lines on the financial statements.

In relation to expenditure on charitable activities, £698k was provided to support school sports projects, £744k was used to fund local colleges (and one local university) in the provision of sports-management and broader business-accredited courses, and £378k was directed at a sports programme for young people with disabilities (p. 29, CITC TAR and Financial Statements). Given the presentational option adopted by CITC, it was impossible to match expenditure with particular projects or particular objectives of the charity (CITC using a natural classification method showing aggregate expenditure by line item). Moreover, the financial statements showed over 90% of the expenditure as related to 'staff costs'. However, from the descriptions relating to restricted funding income (which made up the vast majority of total income), and the descriptions of the projects which attracted restricted funding (together with the general narrative presented in CITC's documents), it was clear that many of the projects included a mix of sports, social and educational activities.

#### *5.1.2. CITC 2019-2020 TAR (statutorily-required document)*

CITC's TAR contained five very broad charitable objectives. The language of a production model of charitable activity was embraced extensively throughout the document. For example, after presenting the 'Objectives of the Charity', it was stated that:

'All objectives are set and measured across a three-year period with specific, strategic objectives named above, being broken down into more operational and thus measurable objectives.' (p. 4, CITC TAR and Financial Statements)

Immediately following this, there was a fairly-detailed explanation (one page) of the relationship between ‘vision’ and CITC’s ‘core strategic priorities’. However, while this might suggest the presence of a tight feedback-control process (set measurable objectives, measure actual performance against these, and then review/adjust if necessary), there was limited evidence of this in the document. Indeed, none of the five stated objectives was expressed in measurable terms.

The links between CITC and Manchester City were clearly highlighted in CITC’s TAR and Financial Statements (and in the Annual Report of Manchester City, see later). CITC and Manchester City are ‘related parties’, according to UK generally accepted accounting practice (UK GAAP) (Financial Reporting Council (FRC), 2018)<sup>3</sup>. In the TAR, such a related-party relationship was explicitly stated (p. 6, CITC TAR and Financial Statements). Elsewhere in the document, this relationship was expanded upon. For example, when discussing ‘Public Benefit’, the value of the relationship with Manchester City was highlighted:

‘The relationship between the charity and the Club, Manchester City FC, continues to flourish and thrive with the Club providing in-kind support across a significant range of functions.’ (p.6, CITC TAR and Financial Statements)

In the UK, a charity must explain the main activities undertaken to further its charitable purposes and generate public benefit. In CITC’s TAR there was an entire section (three paragraphs) dealing with these issues. However, rather than detailing wider public benefit (as might have been expected), this section of the document especially flagged the relationship between Manchester City and CITC, showcasing the contribution that the former afforded CITC (p. 5, CITC TAR and Financial Statements). Relatedly, in terms of altruistic endeavours, and in strict adherence to the requirements of the extant SORP, CITC’s TAR included an extensive list of ‘Achievements and Performance’. Here, 13 separate bulleted points were used and these encompassed a range of performance indicators (p. 7, CITC TAR and Financial Statements). Data were provided on: inputs and activities (e.g., facilitated a staff volunteering day where over 200 staff collectively gave over 40,000 hours packing and delivering for nine local charities); outputs (e.g., provided over 1,250 free healthy meals); and outcomes and impacts (e.g., 81% of participants reported a feeling of being inspired and engaged).

## *5.2 Manchester City*

In accordance with UK Companies Act requirements, larger companies (such as Manchester City) must prepare and file annual accounts and these must include, among other things, a balance sheet, an income statement, a strategic report and a directors’ report. The rationale relating to these latter two parts of the annual accounts is to provide readers with clear and coherent information about the company’s activities, performance and position. Manchester City produced two main reports: the ‘Financial Report’ (containing all statutorily-required information) and a voluntary ‘Annual Report’ (less technical and more reader friendly).

### *5.2.1 Manchester City 2019-2020 Financial Report (statutorily-required document)*

The 50 pages of this document consisted mainly of the financial statements (plus notes) and an auditor’s report (pp. 15-50). The strategic report section (pp. 6-8) highlighted key-performance metrics. This comprised a mixture of financial and football-specific numbers. Among the latter were messages that, during 2019-2020, Manchester City was second in the English Premier League and reached the quarterfinals of the UEFA Champions League.



Throughout the Financial Report (including the note ‘Related Party Transactions’, p. 50), there was no mention of connection with CITC, even though CITC itself (in its TAR and Financial Statements) had highlighted Manchester City as a related party. The Financial Report did make limited mention of some wider (non-CITC) charitable support (p. 7, p. 10).

### *5.2.2. Manchester City 2019-2020 Annual Report (voluntary document)*

The Annual Report contained significant narrative sections (replete with attractive graphics and highlighted key messages) on ‘Our Teams’ (21 pages), ‘Our Cityzens’ (19 pages), ‘Our Community’ (15 pages) and ‘Our Business’ (18 pages). Details of finances were provided in the final section, presented largely as a single-page graphic, showing simplified and summarised information regarding club revenues and club profitability over the previous five years.

A major theme throughout the document related to the impact of the Covid-19 pandemic on all aspects of the club, including how Manchester City was engaging with its local community. It was in the ‘Our Community’ section that the club’s relationship with CITC was most developed, although aspects of Manchester City’s community and charitable work were also flagged in parts of the ‘Our Cityzens’ section. With respect to such activity, at times, it was difficult to distinguish between facets (both pandemic-related and broader charitable engagement) carried out by CITC and work carried out through other channels.

The ‘Our Community’ section had the greatest alignment with CITC’s mission and achievements. Indeed, even though CITC is a separate entity from Manchester City, CITC’s delivery of social mission was showcased in a specific subsection entitled ‘City in the Community’ (Manchester City Annual Report, pp. 59-62). Before this (pp. 52-58), a variety of ‘good’ directly delivered by Manchester City was detailed. Using a highlighted introductory statement relating to the impact of the Covid-19 pandemic, performance and achievements of Manchester City were presented. For example, in terms of ‘Initial Lockdown Response’ (p. 53), a graphic showed key outputs that Manchester City delivered. These included the delivery of 4,000 ‘Educational Resource Packs’ and 12,000 free reading books. Some of the outputs mentioned (although flagged outside of the CITC subsection) appear to have been generated by CITC and embedded in the Manchester City Annual Report. Throughout this section, it was somewhat unclear what was delivered by Manchester City, and what was delivered by CITC (a separate charitable and legal entity). Indeed, the uninformed reader might be led to the presumption that CITC was an integral part of Manchester City football club. For example:

‘222 primary and secondary schools engaged with remote delivery. CITC provided Activity Books and other physical materials, and created new online activities and resources for children.’ (p. 53, Manchester City Annual Report)

Specifically regarding the CITC subsection itself (Annual Report, pp. 59-62), this presented a range of outputs (under the heading ‘CITC Highlights’) in a well-presented graphic that mirrored some of what was in the CITC TAR (for example: 38,000+ people ‘worked with’ regularly in Manchester, and 3,500+ hours of free football provided during school holidays). Moreover, the Manchester City Annual Report contained a graphic entitled CITC Outcomes (Manchester City Annual Report, p. 62). Again, while not exactly replicating the CITC TAR information, it drew on it heavily (for example: 81% of participants reported that they felt inspired and engaged; and 94% of pre-school children demonstrated an improvement in fundamental movement skills).

## **6. Manchester United and its Foundation**

Manchester United Foundation (MUF) is an English registered charitable foundation associated with Manchester United, established in 2006 as a company limited by guarantee (see Table 1). It has a range of objectives, including the provision of a schools' football programme, and the creation and development of strategic partnerships in areas of health, education and social justice. In 2020, MUF had 71 employees.

### *6.1. Manchester United Foundation*

#### *6.1.1. MUF 2019-2020 Financial Statements (statutorily-required document)*

For the year ending 30 June 2020, MUF had a total income of £3.9 million, against expenditure of £4.3 million. Of its income, almost 50% (£1.9 million) emanated from charitable activities and 35% (£1.4 million) from donations and legacies. The remainder largely related to surpluses from trading activities. Half of the total income was restricted, although all donation and legacy income was unrestricted. With respect to donations and legacies, the majority of the £1.4 million came from Manchester United, either directly (£198k), or in terms of gifts-in-kind (£561k). In relation to the latter (which included such items as human resources, information technology, payroll and maintenance support, together with the provision of kit and equipment and the use of the stadium for a fundraising 'Legends' match), a note to the financial statements explained that this was 'valued at management's estimate of the cost of an equivalent supply.' (p. 35, MUF TAR and Financial Statements). In relation to MUF's expenditure, well over half of the expenditure on charitable activities was on schools/education-related projects. Expenditure was allocated under a range of headings including: football (£271k), community engagement (£319k), high school delivery (£1.3 million), primary school delivery (£342k), disability school delivery (£118k), other education (£341k), Covid-19 response (£743k) and other community delivery (£196k) (p. 40, MUF TAR and Financial Statements). It is interesting to note that less than 8% of total charitable expenditure was allocated to the 'football' heading. Elsewhere in this document, the narrative highlighted the mixed-motive (promoting football or other more social goals) nature of much of the spend.

#### *6.1.2. MUF 2019-2020 TAR (statutorily-required document)*

MUF's TAR listed five objectives, with most having the potential to provide the basis for an array of more-precise measurable targets. Among these were included an objective relating to the promotion of community participation in sports, and one focusing on the provision of recreational facilities. Following this listing, and echoing a production model, the TAR then discussed 'Our mission, vision and values' in managerial terms. This was stated as being a plan for enabling MUF to achieve its objectives. Moreover, a short infographic was provided, with modified headings, showing a summary mission, vision and outcome, with the desired overall outcome being simply stated as 'Improved communities' (p. 4, MUF TAR and Financial Statements).

Throughout the TAR, there were numerous references to connections between MUF and Manchester United. For example, referencing Manchester United FA Girls' Regional Talent Club (RTC), it was stated that 'The Foundation manages the Girls' RTC on behalf of Manchester United Football Club' (p. 13, MUF TAR and Financial Statements). In addition, when discussing fundraising, it was noted that Manchester United 'held an auction for Manchester United Foundation' (p. 14, MUF TAR and Financial Statements). This latter activity resulted in over £125k being channelled to MUF. Moreover, highlighting the administrative support provided to the foundation by Manchester United, and its equivalent financial value (£560k), the TAR acknowledged MUF's gratitude ('The Trustees are grateful'; p. 16, MUF TAR and Financial Statements).

In the UK, charities are established with the objective of supporting specific beneficiaries or society at large; trustees are charged with ensuring this occurs. In addition, no other non-charitable organisation can control a charity. Indeed, a charity can only have a relationship with a connected non-charitable organisation if it furthers its charitable objectives and is in the charity's best interests (Charities Act 2011). Of note in MUF's TAR, and dealing with this issue in terms of relationships between MUF and Manchester United, is the statement:

‘As set out in the Articles of Association, the Chair of the Trustees is nominated by the Trustees. A majority of the Trustees in office from time to time must be Independent Trustees (independent being defined as not a director or employee of Manchester United Football Club Limited or any of its fellow group companies).’ (p. 19, MUF TAR and Financial Statements)

The document presented details of related-party transactions and connections over two pages (pp. 19-20). This included a variety of statements, including: MUF being supported by Manchester United, the Charity having a licence to use Manchester United's brand; Manchester United processing MUF's payroll; and payments made by Manchester United to MUF being £2.7 million. In addition, and with respect to trustees who were also Manchester United employees, it was stated (indicating names) that two trustees of MUF were directors of Manchester United, and one was the club's Chief Operating Officer. While this flags possible control tensions, it is also perhaps indicative of the desire of MUF to be transparent. When combined with earlier statements regarding the gratitude of the foundation for Manchester United's support, these statements paint a picture of considerable connection between MUF and Manchester United.

As explained previously, UK charities, in compliance with the SORP, are required to set out the charity's achievements and performance. This was facilitated under the section heading ‘Activities, Achievements and Performance’ and was extensive (covering pp. 5-13 of MUF's TAR and Financial Statements). It was emphasised that MUF provided a range of opportunities for young people that were particularly related to several strategic partnerships (both locally and further afield). In total, it was stated that MUF had engaged with almost 19,000 individuals. Numerous references as to how the foundation responded to the Covid-19 crisis were made, although, in some cases, it was difficult to disentangle pandemic-related achievements from more general achievements associated with MUF's mission. For example, and specifically relating to the health crisis and links between MUF and Manchester United, it was stated that the foundation and the club ‘...worked closely...to recognise the sacrifices made by NHS staff... The Foundation funded £150,306 contributing to over 60,000 meals for frontline NHS staff.’ (p. 5, MUF TAR and Financial Statements). More widely, and linking the work of the foundation with engagement with well-known Manchester United players:

‘2,525 welfare calls were also made ... Throughout this period, first-team players made surprise calls to a number of young fans who attend Foundation partner schools and projects, including Juan Mata, Dan James and Jesse Lingard.’ (p. 6, MUF TAR and Financial Statements)

More generally, details regarding, and measurable achievements relating to, various schools and education projects were highlighted. These were categorised by level and audience, including primary and secondary schools, and further education by qualification type. Typically, the type of intervention and what it sought to achieve were outlined, and metrics regarding the particular programmes were presented.

## *6.2. Manchester United*

As outlined in Table 1, since 2012, shares of Manchester United have been listed on the NYSE. Consequently, Manchester United has financial reporting obligations under the US federal securities laws. This requires it to file an annual report on Form 20-F with the U.S. Securities and Exchange Commission; this being the primary disclosure document required of 'foreign private issuers'. This requires information such as: key operational details, market risks, corporate governance arrangements and audited financial statements.

#### *6.2.1. Manchester United 2020 Form 20-F (statutorily-required document)*

Manchester United's Form 20-F contained very few references to MUF. Indeed, in the Financial Statement Section (71 pages long), there were no references at all. The only significant mention was in relation to the section 'Item 4. Information on the Company', which, in total, covered 28 pages, pp. 30-57). Here, under the subsection heading 'Social Responsibility', there were two paragraphs on MUF. The first of these highlighted MUF's mission and its relationship with Manchester United:

'We are committed to a wide-ranging corporate social responsibility program through Manchester United Foundation (the "Foundation"). The associated charity of Manchester United, the Foundation uses football to engage and inspire young people to build a better life for themselves and unite the communities in which they live.' (p. 53, Form 20-F)

This was followed by a very broad (and summary) outline of the work of the foundation. In this instance, only one metric was utilised in showcasing MUF's activities (number of high-school partners):

'The Foundation has partnerships with 27 high schools across Greater Manchester, in which full-time coaches are based... Other initiatives, such as Street Reds evening football sessions, girls' development provision, and the disability and inclusion program, provide free football, alternative activities, qualifications and work experience opportunities to young people... The Foundation fulfils all charitable activity for Manchester United...' (p. 54, Form 20-F)

This part of the report also included a short statement as to how MUF had responded to the Covid-19 pandemic as a basis for protecting/delivering its charitable mission. There were only another two mentions of MUF in Form 20-F. The first was in a segment dealing with 'Digital Media'. Here, it was stated that the Manchester United website incorporates a range of other microsites, including one relating to MUF (p.48, Form 20-F, p. 48). The second, located in a section detailing the 'Directors and Senior Management' of Manchester United, flagged one of the Manchester United directors as also being the chairperson of MUF (p. 76, Form 20-F).

### **7.The Italian cases: charity and nonprofit reporting in Italy**

Although Italy has a long tradition in terms of charitable activities, Italian regulation on charity/nonprofit reporting has been rather piecemeal over time, with a major change having taken place only recently. In 2016, in particular, the Italian Parliament approved the 'Third-sector Reform' aimed at addressing some of the limitations of the uneven framework. This simplified previous regulation and introduced additional accountability requirements for charities and social enterprises. Subsequently, in 2017, the Italian National Council for the Third Sector issued detailed guidelines concerning charity/nonprofit reporting, and this became legally required in 2019 via a decree of the Ministry of Work and Social Policy. In order to be specifically recognised as a charity, the Italian regulation requires, among other things, that it should operate in areas considered

charitable and of public benefit, and use any surplus to further the original charitable mission (see Legislative Decree 460, 1997). Similar to their UK equivalents, charities are forbidden from distributing dividends in any form, and, if dissolved, any assets will be devolved to other charitable or non-profit organisations operating in similar spaces. In addition (and again, as is the case in the UK), charitable organisations are required to maintain their independence from any corporate dominant influence, even from founding business organisations. For example, no more than one-third of the board of trustees can be appointed by the founder, and the charity CEO cannot be appointed by (or be a managing director of) the founder organisation.

According to current Italian regulation, any nonprofit (including charities) must publish yearly financial statements on an accruals basis if revenues are €220,000 (on a cash basis if revenues less than this) and a mission report. Moreover, any nonprofits/charities (regardless of size) that carry out their activities exclusively, or mainly, via a commercial enterprise, must prepare their financial statements in line with the Italian Civil Code and Italian GAAP. In addition, and covering periods from 2020, the Italian regulator introduced the obligation to publish a Social Impact Statement (SIS) for nonprofits/charities that: have incomes exceeding €1 million; or are service centres for volunteering; or are single social enterprises or parts of a group of social enterprises. The Italian regulator defines a SIS as a qualitative and quantitative assessment of the effects of the activities carried out in the community with respect to the identified objectives<sup>4</sup> (see Law 106, 2016). The proposed aims of these new social-reporting practices are to: highlight what such organisations achieve; enable the assessment of differences between planned and actual activities; and foster the use of non-financial indicators in the organisation's formal reports.

## **8.AC Milan and its Foundation**

Fondazione Milan is a registered charitable foundation created in 2003 with the purpose of furthering AC Milan's CSR goals. Its aims are to support youth throughout Italy and developing countries, via fostering the acquisition of skills, and fighting discrimination and poverty. In 2020, Fondazione Milan employed four people (see Table 1).

### *8.1.Fondazione Milan*

#### *8.1.1.Fondazione Milan 2019-20 Financial Statements (statutorily-required document)*

For the year ending 30 June 2020, Fondazione Milan's income was €1.02 million (with identical expenditure). Revenues were mainly generated by income collected as a share of the AC Milan season tickets and taxpayers' tax-free donations (about 63% of total revenues), and through other general donations (37%). While a significant share of the revenues came from AC Milan season tickets, transfers from the main club to the foundation were not specified in the statements, although it was noted that one employee from the AC Milan Group worked exclusively for the foundation. The majority of the expenses were related to national and international projects (direct and indirect costs) and fundraising; although it was not always clear whether these were solely football-related. General administrative support costs accounted for about 13% of expenditures.

The mission report (as part of the financial statements) represents a qualitative account of the administration and results achieved. For 2020, this highlighted the challenges the charity had to face because of Covid-19, with particular emphasis being placed on national, rather than international, events and projects. These included: 'Sport for Change' that supported, through sport, children in danger of dropping out of school or who had entered the criminal legal system (4% of total expenditure); 'Sport for All', a programme supporting children with disabilities to participate in sport (18%); Fondazione in the Community (26%); Covid-19 Emergency Fund (28%) and other international programmes (9%).

### *8.1.2.Fondazione Milan 2019-20 Social Impact Statement (SIS) (statutorily-required document)*

The main requirements of a SIS (details of mission, strategic objectives, results achieved and resources expended) were all included as sections in the document. Moreover, the connection with AC Milan was clearly highlighted, both in the text and in the photographs used. However, the charitable foundation largely focused on its own story, rather than extensively referencing AC Milan.

Among the long-term strategic objectives, Fondazione Milan quoted the UN Sustainable Development Goals in terms of promoting good health and well-being, quality education and reduced inequality. The document identified six broad groups of stakeholders (p. 19), including beneficiaries, supporters and AC Milan itself. It briefly discussed the relationship with each of the key stakeholders, but mainly focused on the beneficiary group (largely, young people aged six to 18). It was highlighted that, during the year, 3,325 children were involved in Fondazione Milan's activities. The section relating to charity governance (p. 26) reported the trustees' names, without discussing possible links with the main club. It was, however, clear that all but one of the nine trustees also held management roles in AC Milan.

The SIS presented the activities carried out using a mix of qualitative information and pictures (including famous AC Milan football players involved in Fondazione Milan's projects). Each of the three main projects pursued (Sport for Change, Sport for All, and Assist) was presented in terms of objectives and actions taken. In terms of a possible production model, very little information was quantified or provided in terms of outcomes, although some output information (e.g., number of children involved in each activity) was highlighted. Input information (in terms of resources expended on particular projects) was more often disclosed. Of note is the fact that, throughout the document, the charity's perspective was largely highlighted, while beneficiaries were almost exclusively portrayed through photographs. The last section of the statement was devoted to presenting, in a user-friendly way, the income statement and financial resources that were donated to the charity. This highlighted an increase in donations of about 45% over the previous year, and a 75% increase in resources destined to individual beneficiaries' support, often funnelled through regional government programmes to cope with the Covid-19 pandemic.

## *8.2.AC Milan*

AC Milan's consolidated financial reports followed the Italian provisions for company law and Italian GAAP (based on IFRS), as well as the provisions issued by the Italian Football Federation and the Committee for the Supervision of Italian Football Clubs. The club produced two main reports: the consolidated financial statements and the sustainability review. The former focused on mandatory reporting requirements, while the latter voluntary document presented a more qualitative and discursive overview of the club's actions and achievements, stressing a CSR perspective.

### *8.2.1.AC Milan 2019-2020 Financial Statements (statutorily-required document)*

The front-end of the financial statements (Report on Operations) highlighted the main sports and business achievements for the year. With respect to sports, this included information relating to football results (and achievements in terms of league/cups) and transfer activity. Business performance focussed on corporate financial performance, relationships with associated companies, potential liabilities and how risks and uncertainties were managed.

Fondazione Milan was consolidated into the accounts (suggesting it was part of AC Milan) using a cost method. The relationship with Fondazione Milan, in particular, was examined from p. 93 (of the 197pp. document) onwards, especially in a 'Related-party transactions' note to the financial statements. Trade payables of €69,000 and trade receivables of €37,000 relating to Fondazione Milan were noted. In addition, the original endowment fund of Fondazione Milan (€104,000) was included in the balance sheet, clarifying that it originated from the club.

During 2019-2020, AC Milan earned total revenues of €192 million, against expenditures of €379 million; a very significant financial loss. Moreover, and in part to explain the poor financial performance, the statements included an in-depth discussion of the effects of the Covid-19 pandemic in relation to both the club's activities (and finances) and the general football sector.

#### *8.2.2. AC Milan 2019-20 Sustainability Review (voluntary document)*

The Sustainability Review was replete with information about sports performance (e.g., the number of goals, ranking, etc.) and sports outputs (e.g., number of matches and results achieved), accompanied by a variety of photographs. The document began with a letter to the stakeholders summarising recent achievements. Subsequently, it reported more detailed information in relation to various matters, including: the various club teams, CSR, Fondazione Milan, the stadium, fan engagement and the financial situation. In each section, activities and achievements were reviewed and objectives presented for the coming year/season. In the same section, future goals/objectives were identified, including 'Securing a spot in the 2021/2022 UEFA Champions League' (p. 7, AC Milan, Sustainability Review). It is interesting to note that the club's direct CSR activities were disclosed separately from those carried out by Fondazione Milan, suggesting a recognition of the charity as a quasi-autonomous organisation (despite Fondazione Milan's financial accounts being consolidated within AC Milan's financial statements). In relation to the club's CSR activities:

'During the 2019/2020 season we have expanded the accessibility to the match event for blind and visually impaired fans: starting from September 2019, fans may listen to the live audio description of AC Milan matches from home through the AC Milan website.' (p. 7, AC Milan, Sustainability Review)

Three pages of this document were dedicated to Fondazione Milan. This was presented as part of the wider scope of AC Milan's CSR strategy, and its main projects and outputs were showcased. For instance, metrics were used to highlight areas of activity and achievements: number of projects promoted (160), number of countries involved (18), and number of young people supported (4,780). Inputs were also highlighted, including the amount of money donated, the number of donations and the number of new donors. The information provided closely aligned with what was disclosed in Fondazione Milan's reports. Of note was the fact that AC Milan's Sustainability Review (in line with Fondazione Milan's reporting style) did not particularly explore a beneficiaries' perspective on its activities.

### **9. Inter Milan and its Social Enterprise**

In 1996, Inter Futura Ltd.<sup>5</sup> was established (see Table 1 for more detail). Entirely owned by Inter Milan, Inter Futura Ltd.'s core business is managing and developing the activities of a social project called 'Inter Campus'. This project was launched in 1997, and now operates in 30 different countries. The stated aim of Inter Campus is to give back the right to play football to needy children. It aims to train local operators to support child-focussed social activities. Its mission is to contribute to the development of local communities, supporting educational, social and sanitary

protection programmes. In addition, it seeks to promote social integration among differing ethnic groups. In 2020, Inter Futura Ltd. had 12 employees, all involved in Inter Campus activities.

### *9.1. Inter Futura Ltd. / Inter Campus*

Inter Campus initiatives are showcased on their specific website, which is accessible via Inter Milan's website. However, there are no separate official documents, such as financial statements and annual reports, available from the Inter Campus website. Upon request, the authors were able to collect two performance-focused documents: the latest official Inter Campus activities presentation document (the Institutional Report) dated 2021, and a SIS, published by Inter Campus in 2021 with the support of the University of Padua to highlight Inter Campus's activities in the past 25 years of its life. Each of these documents related to the performance of the organisation up to, and during, 2020.

#### *9.1.1. Inter Futura Ltd. / Inter Campus 2021 Institutional Report (voluntary document)*

This document spotlighted how Inter Campus supports children's right to play. Inter Campus's vision was stated as:

'Inter Campus believes in a world in which every child has the possibility to play, access to sport practice and leisure according to inclination, passions and will.' (p. 3, Inter Campus Institutional Report)

An overview of the 30 countries where Inter Campus currently operates was presented, and a 'Fact Sheet' indicated aspects of the organisation's activity: 1,000 children involved in weekly campus activities with 253 local coaches and 46 local partners; and, on average, 52 visits taking place every six months, with three Inter Campus employees personally visiting the sites. Six specific social goals were identified as informing activities relating to: education, gender inclusion, social inclusion, prevention of substance consumption, prevention of violent behaviour and integration. The document was peppered with photographs showing the different participants in the main Inter Campus activities. The approach to carrying out and organising these activities was presented and it was claimed that these sought to influence four areas of a child's personality: cognitive, emotional, social and motorial. Although specific financial information was not provided, it was clearly implied that the design and management of the 'football campuses' represented the focus of Inter Campus activity and sole target of its service expenditure.

#### *9.1.2. Inter Futura Ltd. / Inter Campus 2021 Social Impact Statement (voluntary document)*

The SIS was presented in the form of a research report. The introduction focused on Inter Campus's mission and its declared aim to contribute to defend children's right to play (a reflection of Article 31 of the UN Convention on the Rights of the Child). Inter Campus activities and impacts were then presented for six countries (out of the 30) where Inter Campus was active. Data were gathered utilising questionnaires, interviews and focus groups of beneficiaries and local supporters (e.g., coaches). For each group, a number of impact measures were reported, such as: beneficiaries' satisfaction in going to school; their relationship with the teachers; school scores achieved as a consequence of interventions; and percentage of children who declared to have avoided violence, alcohol and drugs because of their involvement in Inter Campus activities. These were accompanied by short discursive commentaries on the results achieved. Direct beneficiaries' quotations were also included throughout the document. For instance:

'Inter Campus really helped our society here, which is highly affected by criminality. It helped because, rather than having kids on the street, Inter Campus allows them to have fun on a pitch,



and when they get out they have to go to school.’ (Participant in a focus group, Angola – Inter Campus and Padua University, 2022, p. 16)

Although mirroring ideas similar to a production model, the data and measures reported in the document were different for each country, seemingly consistent with distinctive objectives set for each setting (arguably, reflecting differing beneficiary needs). A variety of photographs of children, often wearing Inter Milan jerseys, were included in the document.

In the conclusions, the report dwelt on the impact achieved in relation to the original mission statement and objective to protect children’s right to play. Such assessments were not measured in a quantitative way, nor was there any attempt to calculate the number of objectives achieved. However, throughout the document (and in the conclusions), emphasis was placed on Inter Campus’s contribution in terms of: free and open education (especially related to sports activities), quality of the training offered to local coaches, and holistic education aimed at stimulating children’s cognitive, emotional and relational skills.

## *9.2. Inter Milan*

As detailed in Table 1, since 2016 Inter Milan has been majority owned by the Suning Holdings Group, a Chinese privately-held company. Inter Milan’s published documents (following Italian company law and GAAP) are available online for the year 2019-2020 and include: the consolidated financial statements (and management report) and a report commenting on the financial results of Inter Milan Holding.

### *9.2.1. Inter Milan 2019-2020 Financial Statements (statutorily-required document)*

As was the case with AC Milan, the financial statements included: a balance sheet, income statement, cash flow statement, notes to the accounts, directors’ report, and auditor’s report. The opening directors’ report discussed both the financial and non-financial sporting performance of Inter Milan. Among the issues highlighted were: activity and performance of the team; youth programme activities; compliance with Financial Fair Play rules; financial results for the year; and management of risks and business outlook. This last section, while presenting some broad objectives for the season ahead, also highlighted the difficulties of managing the club in a Covid-19 pandemic. For instance:

‘The economic trend...will still be affected by the measures that will be taken for the continuation of the Covid-19 pandemic... [T]herefore, at the moment, it is not possible to make realistic forecasts on the trend of the next football season’ (p. 12, Inter Milan Financial Statements)

This was typical of an array of references to Covid-19 littered throughout the document, each emphasising the negative affect (and ongoing impact) of the pandemic on the club.

With respect to wider, social-impact aspects of performance of the club, these were showcased in the section ‘Performance of subsidiaries and associated companies’. A single paragraph (of the 70 pages) was dedicated to the relationship with, and performance of, Inter Futura Ltd/Inter Campus. This latter’s main social activities were summarised, providing details of the countries where the project had created and supported local activities. For instance:

‘The activities carried out in the fiscal year featured visits to Tunisia.... [and 21 other countries], with the shipment of about ten thousand first-team kits to the various Inter Campuses

worldwide. Among the countries that have already expressed interest in the activities carried out we would like to highlight Indonesia, India, Mongolia and Kenya. Recognition and endorsement by the European Union of the activities carried out by Inter Futura came... creating a connection between Europe and countries of the Americas... Finally, the important partnership with the United Nations Office on Sport for Development and Peace has continued.’ (p. 10, Inter Milan, Financial Statements)

With respect to the more specific financial aspects of their relationship, it was reported that Inter Futura Ltd.’s financial statements (as of June 30, 2020) showed a profit, net of tax, of €44,809. The company was fully consolidated into Inter Milan Holding’s statements following a dominant-influence criterion. During 2019-2020, the Inter Milan Holding earned, overall, total revenues of €372 million against expenditure of €444 million.

## 10. Discussion and conclusions

Table 3 summarises the main findings, comparing the four cases in terms of type of information reported (against charity production-model ideas) and across the four main reasons for charitable giving, as reviewed in the theory section (linked to warm-glow theory, shared values/identity theory, social-exchange theory, and virtue-signalling theory).

*Table 3*

In terms of information provided and how this can help characterise the relationship between the football club and their charity/nonprofit (our first research question), with the exception of Inter Futura/Inter Campus (which is similar to the operation of a social enterprise), all three foundations examined embraced, albeit to different extents, ideas and structures suggested by a charity production model. As discussed in the methodology section, for nonprofits, including charities, it is common to view performance in terms of a production framework, utilising such terms as mission, objectives, inputs, outputs, outcomes and impacts. In this study, because of the well-established and recognised SORP regulation, the two English charities (CITC and MUF) clearly relied on common broad reporting guidelines and shared practices that embrace the language and focus of the production model. In Italy, where more stringent reporting requirements have only recently become more organic, the absorption of ideas related to such a model is much lower, although relatively more present in Fondazione Milan’s reporting (Table 3). In both the Italian cases, some of the components of the production model were utilised in terms of use of beneficiaries’ photos and quotations (as an indication of impact), and output numbers. The identification of measureable outcomes, however, was relatively less present. While some of this evidence could be explained by less ‘steering’ on such matters by Italian regulators/sector-support groups, similarities in reporting formats and information between Fondazione Milan and the UK cases hints at the considerable effect of international pressures of imitation and homogenisation across top-tier football clubs (and their charities). Previous literature suggests that football clubs are pressured to achieve both sport and financial results (Cooper and Joyce, 2013; Carlsson-Wall et al., 2016); however, when the relationship with their related charitable conduit is considered, complexity increases. Charities/nonprofits can be seen as a form of social investment, where the provision of information is essential, for both clubs and charities/nonprofits, to ensure accountability and legitimacy of both organisations (Delaney, 2019; Brinsden, 2022). The use of shared/generally accepted reporting practices can be seen as an attempt to increase transparency. The less-developed, less systematic, regulation and guidance in Italy, however, may not particularly

serve the interest of Italian nonprofit organisations as they seek to attract funders, nor may it serve the interest of large funders (e.g., football clubs) seeking to ‘signal’ to the world the good they have underwritten. It is also important to note that the differences in reporting styles and the relative lack of accountability on inputs by Inter Futura/Inter Campus may be explained by the fact that this is not an independent charitable legal entity. Being a private enterprise and part of Inter Milan Holding, indeed, its separate financial reports are not made available to the general public and, consequently, its accountability practices lag behind other football charitable foundations. As Italian regulation changes, in the future, it will be interesting to see whether Inter Futura/Inter Campus will decide to publish a more structured SIS, to which the documents examined here may be a prelude.

As far as the second research question is concerned, the results suggest that the reported relationships between the football clubs and their charity/nonprofit, as well as connected reasons for giving, are characterised by complex and intertwined factors that can be explained through elements of different theoretical lenses. The reports examined only partially echoed appeals to a warm-glow effect (Table 3), where wider social and human values/causes are brought to the fore to justify charitable activities and donations. Among those analysed, CITC and Inter Futura/Inter Campus stressed, in quite emotional ways, their contribution to broader causes and how these were important from a wide social perspective. MUF and Fondazione Milan seemed to rely on a narrower mission statement, based largely on furthering sporting (and sometimes, more localised) contributions and values. Narrowing the scope and the possible benefits a charity/nonprofit aims to contribute to may help to bring focus to its objectives and actions. However, more detrimentally, it may also decrease the general public interest and attractiveness for funders, as far as relevance and importance of the cause are concerned (this eventually leading to lower visibility of, and fewer donations to, the charity/nonprofit itself). In the analysed cases, albeit to different extents and in different ways, the service-related expenditure of the charities/nonprofits was mainly (especially in the Italian cases) expressed in terms of supporting football-related activities. For example, this was done by highlighting the use of resources to decrease entry barriers to play or support sport inclusion (possibly because of disability or economic/ethnic background) or create awareness and interest around football. A particular case of this was Inter Milan’s charitable conduit (Inter Futura/Inter Campus), where all service spend was implied to be allocated to projects supporting ‘football campuses’ around the world. Sport was seen as a means to fulfil their wider mission of supporting education, reducing criminality, etc. As shown in the findings, in all the other cases (and especially in the UK), charitable expenditure was expressed in a more nuanced, mixed-motive manner, and the narrative in the documents highlighted this feature. A clearer distinction between ‘football’ spend and ‘other wider social’ spend would make it possible to explore potentially-competing assertions about relatively higher levels of ‘football-related’ expenditure supporting a more instrumental, social-exchange view of the relationship between club and charity/nonprofit, compared to relatively higher levels of ‘other wider social’ expenditure conceivably supporting a warm-glow interpretation of the charitable activity. Most football-related charities/nonprofits, while perceiving key aspects of their mission as working towards furthering sport, may recognise the benefit (on the basis of social responsibility or more instrumental advantages) of combining this with more general charitable purposes (connected to the wider charitable sector). Because of the lack of detailed information, such issues could not be adequately addressed by analysing currently published documents alone, yet they open up avenues for interesting and valuable future research.

The performance information disclosed by the clubs and their charities/nonprofits mainly seemed to fulfil a dual role where elements relating to virtue-signalling and social-exchange factors were identifiable. On the one hand, such reporting represented the opportunity for a large funder (the football club) to justify their actions via their support for a charity that does ‘good’. This has the potential to bolster the standing of the club and increase its external legitimation, as suggested by

virtue-signalling theory (Glazer and Konrad, 1996; Hyndman and McDonnell, 2009; Hyndman and McConville, 2018). On the other hand, the increased visibility can also be used by the charity/nonprofit as a basis for enhancing its own standing and relationship with the football club (its main funder) or increasing its attractiveness to other funders and general public (Small et al., 2018; Effectiviology, 2021). In the analysed cases, this was often done by formally acknowledging, in the charity/nonprofit's reports, the club's significant contribution to the charitable activities (Table 3). Such evidence could be interpreted through the lens of social-exchange theory (Blau, 1964; Eisenberger et al., 2001), consistent with which the charity/nonprofit's efforts may be focused on reciprocating, and hence showcasing, the help they receive from their respective club. Clubs created these organisations and maintain support for them via the provision of both direct financial and (perhaps even more important) less-visible non-financial resources (both often highlighted in official documents, Table 3). As clubs provide resources to their charitable conduits, these, possibly via feelings of obligation, reciprocate them by providing the clubs with evidence of moral and ethical behaviour, which becomes publicly available via the charity/nonprofit's reports. This has the potential to benefit both parties involved in the relationship. However, it should be noted that, as highlighted in the findings, football clubs actually support their charities/nonprofits through quite-modest financial contributions. Indeed, in the three cases where the charity/nonprofit's total income was available (this was not available for Inter Milan's charitable conduit), total income was less than 1% of the club's total turnover (e.g., MUF had a total income of £3.9 million, whereas Manchester United's total income was £510 million, see Table 1). Notwithstanding the financial contribution, each of the football clubs gave their charities/nonprofits access to a number of non-financial resources, such as the use of players' time and image, that are usually not visible in the financial statements (although, potentially of substantial worth, and clearly much-appreciated). This is indicative of a less-tangible, meaningful, social connection. Therefore, far from being a mere exchange, the club/charity relationship could also be seen as founded on feelings of identity and loyalty, particularly in respect of how the charity/nonprofit views its founding club and their supporters. This may even prevail over feelings of obligation and exchange (Whetten and Mackey, 2002; Carlson and Donovan, 2013; Katz and Heere, 2016).

These strong identity ties represent an important asset. The role identity plays in this context is also visible in the supporters' reactions to past changes in their clubs' ownership, not always seen as appropriate. This was the case for Manchester City when acquired by the Abu Dhabi United Group in 2008 (The Guardian, 2013), and for Manchester United when the Glazer family 'burdened' the club with a substantial loan (Cooper and Johnston, 2012; Manchester Evening News, 2019). It also arose in the Italian cases: for AC Milan, when the Chinese businessman Li Yonghong financially defaulted, leaving the club in a bank's hands (MilanLive, 2018); and for Inter Milan with the end of the Moratti-family era that effectively turned the club into a multinational corporation (Corriere della Sera, 2016; La Repubblica, 2016). Albeit, in a different context, with a different club situation, the media speculations about decisions surrounding Roman Abramovich, and, at the time, the possible ceding of Chelsea Football Club to its charitable foundation in the wake of the Russian invasion of Ukraine (Financial Times, 2022), again highlight the importance of identity in the sector, and the need for caution when it comes to the roles of, and linkages between, charities/nonprofits and football clubs. Such strong public reactions provide evidence of football clubs potentially and dangerously becoming more and more detached from their supporter base (and their original-family/locally-based traditions). This runs the risk of the clubs being used for instrumental purposes by their new owners. In the public eye, dubious ownership structures may fray existing identity ties with their supporters. This may strengthen a growing view that modern-day football clubs frequently seek their own gains and instrumentally use different channels, including related charitable conduits, to signal virtues and make themselves and their actions more legitimated and accepted by the wider public. Such ideas would reinforce previous literature caveats in relation to clubs' possible sportswashing activities and highlight the consequent

risk of great damage to the charities/nonprofits attached to them (Glazer and Konrad, 1996; Hyndman and McConville, 2018; Verschuuren, 2021). It needs to be stressed, however, that, with the exception of Manchester United (whose charitable foundation was created a year after the much-discussed Glazer family takeover; see Table 1), the other charities/nonprofits included in this study were established well before any potentially-contestable change in ownership took place. This would suggest that, if any virtue signalling or sportwashing is currently taking place through such organisations, they were, most likely, not originally created for such purposes.

With respect to virtue signalling, the data show that both the English and Italian football clubs presented their charities/nonprofits (regardless of their legal form, Table 3) as important parts of the clubs themselves. Readers of a number of the reports would have difficulty in identifying and appreciating the boundaries between club and charitable conduit. For instance, Manchester United and AC Milan openly identified their foundations as pursuing some of the club's CSR strategies. Manchester City, Manchester United and AC Milan's charitable foundations heavily relied on player volunteering to promote various projects (as evidenced in photographs and other examples presented in reports). As organisational and activity boundaries stay blurred, it becomes difficult to understand the direction of the relationship between the clubs and their charities/nonprofits. Identity ties were clearly visible in the documents, with, for example, the charities/nonprofits showcasing team jerseys (with wearers) on many pages of their reports, and the clubs strongly promoting their charitable conduit activities in the form of discursive reporting. However, one might wonder whether, by disclosing this, the football clubs are actually committed to 'doing good' (and communicating it) or, conversely, are more concerned with using such information instrumentally. Moreover, from a governance perspective, charitable foundations in both the UK and Italy would be expected to be legally separate and independent of funders and institutional donors. This is a moot point in the cases under consideration in this paper. The charitable foundations seemed to experience a high degree of control from their paymasters (the clubs); this suggested by both the financial and human resources donated by the clubs to these organisations, and, even more visibly, by the fact that, in the three investigated charities, several of the trustees were also employees of the football clubs. In the case of Inter Milan, this dependence was even more obvious as this is legally considered and recognised as a part of the Inter Milan group. With respect to the charitable foundations, these arrangements risk undermining the independence of their boards of trustees and may even encourage deliberations as to whether charitable status is appropriate. Such matters need to be reflected upon, and managed carefully, in order to avoid the potential for reputational damage and the undermining of valuable charitable work.

Reflecting on both research questions, while elements of each of the theories proposed in this paper contributes to explain at least some of the contents and information provided by the clubs and charities/nonprofits, none of them offers a conclusive interpretation that clearly explains the relationship between football clubs and their charitable conduits. Rather, the evidence suggests that acknowledging the co-existence and interaction of different factors may help to understand better what is reported by these organisations and why, and address some of the caveats in terms of autonomy and probity of both their activities and reporting practices. One contribution of this research is to offer a first explorative insight into such relationships, so far scantily investigated. More studies are needed to explore the actual explanatory power of the factors (relating to warm-glow theory, identity theory, social-exchange theory, and virtue-signalling theory) proposed in this paper. The empirical analysis, in particular, was limited to written official documents and reports published by major football clubs and their charities/nonprofits. Moreover, as mentioned, it focused on a period strongly affected by the Covid-19 pandemic, which clearly constrained many of the charities/nonprofits' activities. Future research could explore such issues and relationships over a longer period of time and via the use of interviews with key actors in both the football clubs

and their charitable conduits. Smaller clubs and lower leagues could also be investigated in this respect. Additional research might also highlight how individual/personal aspects can characterise charitable social exchange and warm-glow effects in the football context. In particular, it could explore football players' and team members' charitable actions and motivations and the extent to which these align with their club's charities/nonprofits' actions and motivations<sup>6</sup>. Finally, although the charitable foundations were formally expected to be independent of their founder in both examined countries, the empirical evidence showed strong interdependence and significant club influence on the charities/nonprofits' activities. Further research is needed to explore how such interdependence actually affects decisions and behaviours from both the charity's and the club's perspectives.

The paper also contributes to existing literature and theory on charitable giving, exploring relationships between businesses and charities/nonprofits in a sector, football, so far little explored from a charitable accountability and reporting perspective (Ebrahim et al., 2014). As discussed above, it shows that a number of different factors and concepts contribute to define and explain such relationships. Moreover, it suggests that motives for engaging in charitable activity and in 'giving' to charitable causes, and reasons for highlighting such engagement by both businesses and recipient charities/nonprofits, may extend far beyond normal altruism, or even warm-glow emotions (Rose-Ackerman, 1996; Crumpler and Grossman, 2008). Rather, such practices may be indicative of more instrumental and rational drivers of behaviour that benefit both businesses (in this case, football clubs) and charitable conduits. Unlike typical assumptions presented in social-exchange theory, this research shows that the 'social exchange' can be somewhat engineered (in the case of football clubs, through the establishment of charities/nonprofits as vehicles for charitable endeavour) and, subsequently, reinforced by having senior personnel serve in key-governance positions within a charity/nonprofit. Such findings contribute to the ongoing debate on virtue signalling and sportswashing in football (or any sport). The global spread of the influence of football (in terms of supporters, players, ownership, and TV viewing) may, going forward, change both the spheres of activity of football clubs' charities/nonprofits, and the sources of their funding. At present, as discussed, much of the funding of the charities/nonprofits comes from their founder/football club and their country of residence, and most of the service delivery, with the exception of Inter Futura/Inter Campus, is within a national (sometimes predominantly local) area. The possibility (and desirability) of this changing, and its impact on club, charity/nonprofit and individual stakeholder groups, represents an important area of future research. Finally, this research encourages reflective considerations of the advisability of charities/nonprofits facilitating engagement with dominant and powerful donors (who may assist the ability of the sector to 'do good' and create social capital), while remaining cognisant of the need to 'be good' (and avoid potential reputational damage by connecting with questionable funding sources and dubious sponsors).

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## Tables

**Table 1: The Four Clubs and Their Foundations/Nonprofits**

<b>MANCHESTER CITY FOOTBALL CLUB</b>		
League	Premier League, England	
Founded	1880 as St. Mark's (West Gorton); became Manchester City in 1894.	
Ownership	2008 – takeover by Sheikh Mansour bin Zayed Al Nahyan (via the Abu Dhabi United Group). Manchester City Limited is a UK-registered private limited company.	
	<b>Club</b>	<b>Charitable Foundation/Nonprofit</b>
	<i>Manchester City</i>	<i>City in the Community Foundation – established 1986</i>
Turnover	£480 million. Sixth most valuable* football club in the world.	£3.15 million
Documents analysed	<ol style="list-style-type: none"> <li>1. 2019-2020 Financial Report, meeting all statutorily-required information, including financial statements, a strategic report and a directors' report (50 pages).</li> <li>2. 2019-2020 Annual Report – voluntary report. Although also connecting with finances and wider social performance issues, much less technical and more reader friendly. Contained less-dense narrative, lots of photographs and personal stories, and made greater use of graphics to present key messages (87 pages).</li> </ol>	2019-2020 Trustees' Annual Report and Financial Statements – statutorily-required information (38 pages, including 21 pages of financial statements and notes).
<b>MANCHESTER UNITED FOOTBALL CLUB</b>		
League	Premier League, England	
Founded	1878, originally Newton Heath (Lancashire and Yorkshire Railway); 1902 changed name to Manchester United.	
Ownership	1991 – floated on the London Stock Exchange as a public limited company. 2005 – taken into private ownership after its purchase by Malcolm Glazer for almost £800 million (£500 million of purchase price raised through borrowings; these liabilities became club's debt). 2012 – some shares listed on New York Stock Exchange (NYSE) (although Glazer family retained overall control). As listed on NYSE, files the equivalent of an annual report and accounts on Form 20-F.	
	<b>Club</b>	<b>Charitable Foundation/Nonprofit</b>
	<i>Manchester United</i>	<i>Manchester United Foundation – established 2006</i>
Turnover	\$643 million; approximately £510 million. Fourth most valuable* football club in the world.	£3.9 million

Documents analysed	2020 Form 20-F, meeting all statutorily-required information (equivalent to annual report and financial statements; 179 pages, including 71 pages of financial statements and notes).	2019-2020 Trustees' Annual Report and Financial Statements - statutorily-required information (48 pages, including 21 pages of financial statements and notes).
<b>ASSOCIAZIONE CALCIO (AC) MILAN</b>		
League	Serie A, Italy	
Founded	1899	
Ownership	Between 1986 and 2017, owned by Berlusconi family. 2017 – became subsidiary of Rossoneri Sport Investment Luxembourg. Li Yonghong became the new chairman, but following his removal, Elliott Management Corporation took over.	
	<b>Club</b>	<b>Charitable Foundation/Nonprofit</b>
	AC Milan	Fondazione Milan – established 2003
Turnover	€192 million; approximately £166 million. Sixteenth most valuable* football club in the world.	€1.02 million
Documents analysed	<ol style="list-style-type: none"> <li>1. 2019-20 Financial Statements – statutorily-required information (197 pages).</li> <li>2. 2019-20 Sustainability Review – voluntary report. Contained discursive information about activities carried out from both a team and a CSR perspective (50 pages).</li> </ol>	<ol style="list-style-type: none"> <li>1. 2019-20 Financial Statements – statutorily-required information (46 pages).</li> <li>2. 2019-20 Social Impact Statement – statutorily-required. Provided overview of mission of the charity, together with strategic objectives and results achieved (linked to resources utilised; 28 pages).</li> </ol>
<b>INTERNAZIONALE MILANO (INTER MILAN)</b>		
League	Serie A, Italy	
Founded	1908	
Ownership	Until 2012, financially controlled by Moratti family (Italian entrepreneurs). 2013 – Indonesian consortium led by Erick Thohir purchased 70 per cent of shares of Internazionale Holding Ltd. and, in 2016, Suning Holdings Group acquired the majority shares.	
	<b>Club</b>	<b>Charitable Foundation/Nonprofit</b>
	<i>Inter Milan</i>	<i>Inter Futura – established 1996/ Inter Campus – established 1997</i>
Turnover	€372 million; approximately £321 million. Fourteenth most valuable* football club in the world.	Not available (aggregated profit €44,809)
Documents analysed	2019-2020 Financial Statements – statutorily-required information (70 pages).	<ol style="list-style-type: none"> <li>1. 2021 Institutional Report – voluntary document. Focused on how Inter Campus supports children's right to play (12 pages).</li> </ol>

		2. 2021 Social Impact Statement – voluntary document. Centred on mission, goals and impact of Inter Campus (33 pages).
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\*Valuations as estimated by Ozanian (2021).

**Table 2 – Definition and Operationalisation of Concepts**

<b>Factors influencing charitable giving/theories</b>	<b>Definition</b>	<b>Operationalisation/cues</b>
<b>Warm-glow</b>	Donating because of the pleasure derived from the act of giving to a higher/right cause (Rose-Ackerman, 1996).	References, in both the club and the charity/nonprofit's reports, to high-level altruistic purposes, benefits and values that are capable of appealing to a wide audience.
<b>Shared values/identity</b>	Common values and knowledge to belong to certain social groups (Turner, 1975; Kane, 2010; Bekkers and Wiepking, 2011).	References, especially in the charity/nonprofit's reports, to their connectedness to the club (history/values/results). Possibility of addressing the club's supporters directly (to different extents and manners).
<b>Social exchange</b>	Frequent and repeated interaction to generate feelings of gratitude, sense of responsibility, and trust among parties and to get the greatest benefits from their relationship (Blau, 1964; Eisenberger et al., 2001).	References, especially in the charity/nonprofit's reports, to the connected club and its standing. Possible particular acknowledgment of the extent of the club's contribution in favour of the charity/nonprofit.
<b>Virtue signalling</b>	Attempt to show others suitable and positive moral values to gain favour or legitimation (Glazer and Konrad, 1996; Small et al., 2018; Levy, 2021).	References, especially in the club's reports, to the good created for society and supporters, often reflected in altruistic activities and related performance indicators. Possible highlighting of the club's direct contribution to the connected charity/nonprofit.
<b>Charity production model ideas</b>	Use of terms such as: objectives, inputs, activities, outputs and outcomes/impacts to evaluate/highlight charitable activity (The W. K. Kellogg Foundation, 2004; Breckell et al., 2011; Connolly et al., 2017).	References, especially in the charity/nonprofit's reports, to: objectives, inputs, activities, outputs and outcomes/impacts. Particular extent and manner of use of these concepts.

**Table 3 – Case Comparison and Summary of Main Findings**

<b>Explaining factors/theories</b>	<b>Manchester City/City in the Community Foundation</b>	<b>Manchester United/Manchester United Foundation</b>	<b>AC Milan/Fondazione Milan</b>	<b>Inter Milan/Inter Futura-Inter Campus</b>
<b>Warm-glow</b>	Stress on generation of wide public benefit from both charity and club's perspectives. Strong appeal to emotions.	Focus on sport and benefits for local community.	Focus on sport; some references to UNSDG on health and wellbeing.	Stress on generation of wide public (and international) benefit and human rights (including UN Convention of Human Rights). Strong appeal to emotions.
<b>Shared values/identity</b>	Foundation and club's reporting recognises club's contribution to the foundation. Frequent references to both sides; extensive use of testimonies and photographs (including players). Displays beneficiary children wearing club kit.	Extensive references (and photographs) to highlight connections between foundation and club. Photographs of many children wearing club kit. Clear references to players who supported the foundation's activities.	Extensive references to connections between foundation and club. Clear mentions of players who supported the foundation's activities. Extensive use of photographs showing beneficiaries (and supporting football players) wearing jerseys in foundation's reporting.	Extensive use of photographs showing jerseys and beneficiaries (although no players) in the social enterprise's reporting.
<b>Social exchange</b>	Open recognition of club's direct contribution to charitable activities (human and financial resources).	Open recognition of club's direct contribution to charitable activities (human and financial resources).	Open recognition of club's direct contribution to charitable activities (human and financial resources).	No mention to specific club's contributions or players involved in their activities in the social enterprise's reporting.
<b>Virtue signalling</b>	Club showcases its contribution to citizens and communities via its foundation (aligned charity-club information).	Foundation mentioned as part of club's CSR policy. Club showcases its contribution to citizens and communities via its foundation (aligned charity-club information).	Foundation mentioned as part of club's CSR policy. Club showcases its contribution to citizens and communities via its foundation (aligned charity-club information).	Club reports on Inter Futura/Inter Campus progress and activities, albeit in a general way.
<b>Charity production model ideas</b>	SORP-led reporting. Performance focus on: inputs, outputs, outcomes and impacts.	SORP-led reporting. Performance focus on: plans and outputs.	Lightly and broadly aligned with ideas similar to those included in UK SORP. Performance focus on: objectives, inputs and outputs.	Little structure and rudimentary ideas of charity production model. Performance focus (although limited) on: outputs and qualitative impact (using beneficiary quotations). Very little information on inputs.



## Notes

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<sup>1</sup> Charities are often classified into two main forms, public charities and private foundations. The latter collect their funds from a single key source, while the former depend on public donations. In both the UK and Italy, the charitable wings of many football clubs are (or could be) described as ‘charitable foundations’ or, for convenience, merely as ‘charities’. This is the terminology utilised in this paper. In some cases (e.g., Inter Milan in this study), charitable activities can take on the form of nonprofit social enterprises. Charities and social enterprises, although pursuing possibly different objectives and having different legal forms, can all be considered as part of the broader nonprofit sector.

<sup>2</sup> While the football clubs and their charities/nonprofits have differing formal accountability requirements because of jurisdiction and sector, there are striking similarities in terms of the disclosure requirements relating to what is the focus of this paper. Each football club has a requirement to produce detailed financial information embracing generally accepted accounting practice/principles (GAAP), be it US GAAP (for Manchester United), UK GAAP or Italian GAAP. Regardless of jurisdiction, these rely on similar financial accounting standards, including the disclosure of information on related-party transactions (i.e., transfers of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged). Furthermore, football clubs in each jurisdiction are required to provide more-discursive, narrative and governance information (possibly in a directors’ or strategic report). The UK SORP requires financial statements to be produced using FRS102 (i.e., UK GAAP) and a trustees’ annual report (TAR) that concentrates on the disclosure of non-financial information (particularly relating to service performance and governance). In Italy, charity financial statements are produced in accordance with Italian GAAP and there is a requirement that such organisations also produce a Social Impact Statement, which has similar requirements to the UK TAR.

<sup>3</sup> This attempts to ensure that reports contain the disclosures necessary to highlight the possibility that an organisation may have been affected by transactions with a related party. A variety of circumstances could give rise to such a relationship, one of them being where another organisation provides key-management personnel services to the reporting entity.

<sup>4</sup> A SIS must contain, among other things, information on: methodology adopted for the preparation of the report; structure, governance and administration; people and employees (including information on staff pay differences); goals and activities; and the economic and financial situation of the organisation.

<sup>5</sup> Although Inter Futura is not legally registered as a social enterprise in Italy, its mission and operations are very similar to one.

<sup>6</sup> We thank one of the reviewers for this insightful suggestion.