

The impact of the Social Fair Play Project on Spanish Professional Football Clubs' Corporate Social Responsibility

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ABSTRACT

Football followers increasingly demand greater commitment to social responsibility from sports organisations. However, football clubs widely differ in how they fulfil this commitment. To address the observed gaps between larger and smaller clubs and increase Spanish clubs' social responsibility, Spanish LaLiga launched the Social Fair Play Project (SFP) in 2017. Drawing on institutional theory, this study empirically measures the impact of this institutional driver on corporate social responsibility (CSR) performance among football clubs. We performed a panel analysis using financial, sporting, and CSR data from 2012 to 2021 for 33 first-division clubs. Our findings reveal that the SFP increased CSR performance among these clubs; however, their solvency situation moderated the effect of this soft measure. Accordingly, this study has implications for governing bodies in other football leagues, and its findings should encourage institutional programmes to promote social responsibility among sports clubs.

Keywords: corporate social responsibility; football; social fair play; institutional theory; sports organisations

Introduction

Organisations are increasingly assuming responsibilities beyond those recognised economically and legally for various stakeholders.¹ A growing number of sports organisations, principally football clubs and professional leagues, are also engaging in corporate social responsibility (CSR).² The social impact of football means that these clubs are well-positioned to perform CSR activities.³ Sport attracts adolescents and children, fosters social interaction, improves cultural integration, and is an optimal platform for raising awareness of wellness and physical health.⁴

External pressures constitute a major driver for adopting CSR approaches among sports organisations, as the scrutiny to which clubs are subjected means they must create a positive public image.⁵ This demand is more acute for highly visible clubs.⁶ This is consistent with institutional theory, which contends that external actors and institutional norms push companies to adopt CSR to demonstrate their legitimacy or match legal or moral expectations. However, even when organisations inhabit the same contexts, and are thus subject to the same institutional forces, the extent to which they adopt CSR practices can diverge.⁷ The availability of financial resources is a key reason for these differences.⁸

Accordingly, the literature suggests different speeds for adopting CSR between more visible and financially healthier clubs and others. For example, in the Spanish League, which is the focus of our study, differences have been noted in CSR performance between large and small football clubs; however, their overall commitment to CSR has been low. Hence, Spanish clubs' CSR engagement has been criticised for failing to adopt a holistic approach.⁹

To redress such differences in CSR among football clubs and raise the bar for CSR overall, the Spanish football governing body, LaLiga, instituted the Social Fair Play (SFP) project to promote CSR adoption across all football clubs. This project was launched in 2017 as an extension of the financial sustainability culture of clubs promoted by the Financial Fair

Play (FFP) regulation. It fosters the integration of CSR into clubs' strategic management.¹⁰ This institutional soft regulatory measure remains exclusive to Spanish football and aims to embed sustainability and social responsibility principles into the core of Spanish professional football management.¹¹ However, the effectiveness of this measure still needs to be determined.

Therefore, this context enables an adequate field experiment on whether introducing soft institutional measures increases football clubs' CSR performance and motivates greater homogenisation among them. Drawing on institutional theory, we measure the effects of the SFP on the CSR performance of professional clubs. Following the recommendations of Inoue, Kent, and Lee,¹² we adopt a long-time lag analysis to measure club behaviour over a decade. Specifically, we construct a database with financial, sporting, and social performance information from 2012 to 2021 on the 33 Spanish clubs in the first division.

This study makes various contributions to the literature on CSR in sports organisations. To our knowledge, this study is the first to measure the effects of an institutional initiative in the football industry, such as the SFP, on clubs' CSR. We examine the interactions between institutional and internal drivers of CSR, which have been suggested but not yet tested in the literature. Specifically, the analysis of the moderation effect of each organisation's internal resources will expand the current understanding of how clubs' economic conditions temper sports organisations' responses to external pressures, a suggestion made by other scholars.¹³

By providing evidence on the effects of the SFP, this study also has implications for governing bodies in other football leagues, and its findings should encourage institutional programmes to promote social responsibility among sports clubs. This goal is important, as the legitimacy of football is being increasingly questioned.¹⁴ Adopting CSR approaches may help alleviate legitimacy problems and return the positive value of sport to football because strategic CSR management provides an opportunity to create value for teams and their external

stakeholders.¹⁵ Our study also has other managerial implications, as specific lessons can be learned from the analysis of the effects of the SFP.

The remainder of this paper is structured as follows. First, we provide a brief description of Spanish football national context and a literature review of the institutional drivers of CSR in sports. Next, we present our hypotheses and then describe the methods used to test them. Finally, we summarise and discuss the study's main findings and suggest directions for future research.

Research context and the SFP

LaLiga is the second-largest revenue-generating league worldwide, earning up to 3,277 million euros,¹⁶ with assets totalling 7,293 million euros,¹⁷ in the 2021/2022 season. Spanish professional football contributed 18,350 million euros directly and indirectly to the Spanish economy, representing 1.44% of the country's total GDP.¹⁸ It also generated 194,381 jobs and tax revenue of 8,390 million euros in the 2021/2022 season.¹⁹ Real Madrid and FC Barcelona are among the top five European football clubs with the highest revenue.²⁰ Real Madrid tops the list with a turnover of 831 million euros, while FC Barcelona ranks fourth with 800 million euros, according to the latest figures for the 2022/2023 season.²¹

LaLiga is a private sports association comprising all clubs participating in professional Spanish competitions. Spanish clubs must be limited corporations, that is, *sociedad anónima deportiva* (SAD), to participate in official professional competitions. Only four clubs are nonprofit or associative-based legal entities owned by their members.²²

Although LaLiga ranks second in terms of revenue, it ranks below in terms of social responsibility. In 2021, LaLiga ranked seventh in sustainability in the Responsiball rankings of major football competitions worldwide.²³ Significant differences in Spanish clubs' social commitment can be observed at the club level.²⁴ In addition, the clubs typically concentrate on

community-oriented practices. López-Martínez and Fernández-Fernández criticised Spanish clubs for not meeting society's expectations and ignoring economic, environmental, or good governance aspects while participating in philanthropic initiatives.²⁵

To raise the clubs' holistic CSR performance, LaLiga links social responsibility to economic control and the SFP.²⁶ First, LaLiga and the Union of European Football Association (UEFA) only allow solvent clubs to participate in professional competitions. Since 2011, these clubs have had to comply with the FFP regulations, which enhance transparency while monitoring the balance between revenues and expenses. Thus, the legal framework of the FFP has been a decisive step towards achieving economic excellence, forcing Spanish professional football to be well-structured and operate sustainably.²⁷

Second, LaLiga introduced the SFP in 2017. The SFP is an original strategy for Spanish professional football that seeks to integrate social responsibility into the business management model promoted by the FFP.²⁸ The SFP claims that debt reduction and control positively affect social action.²⁹ However, unlike FFP and economic control, the SFP is not mandatory for clubs.³⁰ The SFP aims to promote a culture of social responsibility among clubs and foundations. This project mainly affects the governance dimension, serving as a catalyst for other CSR dimensions³¹ and aiming to improve the social image of clubs and provide ethical prestige to Spanish football. Among other initiatives, the SFP fosters transparency in financial and CSR reporting.³²

Although the SFP was inspired by good governance, this project also encouraged clubs to move closer to their main stakeholders and align social projects with the needs of each community. Therefore, it boosts the culture of measuring the effects of other CSR dimensions' initiatives.³³ The social dimension includes community initiatives, education, health promotion, and social inclusion programmes. The environmental dimension encompasses energy, water, and waste management policies and environmental awareness programmes.

The SFP project has resulted in training actions for club staff to achieve CSR management professionalisation. It has also provided methodological support for measuring initiatives' social impact and drafting sustainability reports and materiality matrices. LaLiga also organises meetings among club foundations, favouring a mutual understanding of CSR activities, and the exchange and implementation of good practices.³⁴

Drivers of CSR among sports organisations

In 2001, the European Commission defined CSR as 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis'.³⁵ However, the belief that organisations should engage in socially responsible behaviour is increasingly becoming a legitimate expectation among stakeholders.³⁶ Institutional theory has already considered these external pressures to embrace CSR principles and practices.

Institutions represent 'the rules of the game'.³⁷ Organisations operate within a social framework of norms, values, and taken-for-granted beliefs about what constitutes acceptable behaviour. Institutional pressures can be coercive, normative, and mimetic.³⁸ Coercive factors refer to formal and informal pressures exerted on organisations, such as political laws and regulations. Normative pressures refer to the norms emanating from the professionalisation of a field, such as industrial self-regulation. Mimetic factors are found in organisations that imitate the models of other organisations that they consider legitimate or successful. However, these categories are not always empirically distinct.³⁹

Although regulatory mechanisms are more visible, they may be less influential than normative or cultural factors. Corporate peer pressure is sometimes the most effective way to encourage increased CSR.⁴⁰ Therefore, projects such as the SFP may fall under normative and

mimetic factors. Although not mandatory, the exchange of experiences among the clubs promoted by LaLiga aims to encourage the imitation of best practices.

Additionally, internal drivers such as pursuing a particular competitive advantage or increasing firm performance encourage the adoption of CSR initiatives.⁴¹ Nevertheless, the rationale that organisations adopt CSR only to increase financial performance seems inappropriate, as the results for the business case of CSR remain inconclusive.⁴² Instead, internal financial resources are thought to moderate an organisation's CSR performance.

According to slack resources theory, corporations are less likely to adopt socially responsible approaches when they experience weak financial performance.⁴³ The risk of loss prevents companies from committing resources to CSR because their focus is on maximising shareholder value. Conversely, financially prosperous companies have more resources to spend on corporate social performance and are better able to respond to institutional forces.⁴⁴ Thus, organisations' slack resources moderate the extent to which they respond to institutional pressures, whereby organisations with more slack resources are more likely to comply.⁴⁵

Institutional drivers of CSR in sports organisations

CSR has a societal orientation⁴⁶ and is contingent on the organisational context.⁴⁷ Organisations in the same field tend to adopt standard institutional practices and adhere to generally accepted social norms and beliefs. Thus, organisations in each industry implement CSR differently.⁴⁸ The sports industry is no exception, as it constitutes an institutional field.⁴⁹

In sports organisations, the passion and interest generated among fans and the greater public scrutiny of teams and players influence the design, implementation, and effects of CSR activities.⁵⁰ These unique characteristics of sports have led researchers to focus on why and how sports organisations undertake these initiatives.

Currently, the management of sports organisations is facing various objectives that transcend traditional sports and financial goals because they must also meet stakeholders' expectations and values.⁵¹ Babiak and Wolfe⁵² found that these external determinants are more critical CSR drivers than internal factors for major professional US leagues. Thus, institutional pressures motivate sports organisations to adopt CSR,⁵³ and institutional theory has been widely used to explain this.⁵⁴

First, scrutiny of teams' behaviour via the media, regulation, and monitoring by watchdog groups constitute coercive factors. Second, associative behaviours and interactions among sports managers constitute mimetic pressure to adopt CSR, as clubs imitate the successful characteristics of competing organisations. Finally, among the normative pressures, societal expectations are increasing; fans and consumers of sports team products demand more CSR initiatives from sports organisations.⁵⁵ These demands for socially responsible approaches are more significant for more notorious clubs, leading to increased CSR reporting.⁵⁶

The difficulty in measuring social performance in sports organisations has limited the number of studies measuring the influence of these institutional determinants on CSR. Thus, quantitative research on CSR in sports organisations remains relatively limited.⁵⁷ Some quantitative studies have analysed the effect of clubs' visibility on their reported CSR activities based on publicly reported website information.⁵⁸ The measure we use for CSR in this study is similar but broader, as it entails measuring different CSR dimensions over time.

LaLiga clubs, which are the focus of our study, face shared institutional pressures that affect their social commitment. The literature criticises their lack of a holistic approach to CSR, as initiatives are primarily community-focused to legitimise their societal role.⁵⁹ Moreover, community-based programmes often lack clear objectives and proper evaluation systems.⁶⁰ Additionally, despite their efforts, Spanish clubs are criticised for not effectively communicating their social initiatives and maintaining a low media presence outside sports.⁶¹

Another significant issue is that clubs' traditional management models have often fallen short of transparency and ethics.⁶² Despite the positive changes in recent years, many clubs still lack proactive attitudes towards CSR and merely adhere to regulatory requirements.⁶³

However, a few case studies illustrate that Spanish clubs have carried out successful CSR initiatives, demonstrating the transformative power of a club's brand regarding social commitment. For instance, FC Barcelona's Peace Tour in 2013 positioned the club as a civil ambassador with diplomatic functions that fostered unity between Israeli and Palestinian communities.⁶⁴ Indeed, FC Barcelona was cited as an example of a business management paradigm linked to social responsibility.⁶⁵

In the environmental domain, the Real Betis Balompié launched the Forever Green programme as part of a rebranding process to incorporate environmental values into the club's corporate culture. The program sought to raise environmental awareness with initiatives related to recycling, sustainable mobility, and alliances to fight against climate change.⁶⁶ Finally, Real Madrid fights against inequality and has opened more than 400 social sports schools worldwide as educational centres for children. These practices have positioned the club's brand image as socially engaged, creating a lasting bond with fans and a love for the brand.⁶⁷

Previous studies suggest that although Spanish clubs may have improved their CSR practices, they still show vast differences. This study examines whether SFP has homogenised their CSR performance and raised the bar overall.

Hypotheses development

Based on the fundamental tenets of institutional theory presented above, we posit that football clubs' CSR performance results from different institutional drivers and constraining factors such as economic conditions. Among institutional determinants, peer pressure and industry

self-regulation foster CSR.⁶⁸ Specifically, the SFP, headed by LaLiga, aims to drive clubs to embrace social responsibility approaches.⁶⁹ LaLiga provides methodological support and encourages the exchange of experiences and good practices among clubs.⁷⁰ This enables the deployment of associative and mimetic behaviours that influence the adoption of sustainability practices.⁷¹

Although the principles of the SFP are not mandatory to adopt, we hypothesise that this launch represents a turning point, leading to a subsequent increase in clubs' CSR. Following DiMaggio and Powell,⁷² we expect that mimetic forces will lead some clubs to imitate the behaviour of other clubs that adopt SFP principles. Hence, we hypothesise the following:

H1: A positive and significant relationship exists between the launch of the SFP in 2017 and clubs' CSR.

To construct our second hypothesis, we follow Trendafilova, Babiak and Heinze's⁷³ suggestion and explore the extent to which sports organisations respond differently to institutional pressures. Although they inhabit the same institutional environment, CSR practices show heterogeneity across professional sports organisations. Several internal determinants such as financial circumstances may constrain the development of socially responsible approaches.⁷⁴ According to slack resources theory, organisations with worse financial performance are less likely to engage in CSR than those with better performance. Better financial performance increases the availability of slack resources for CSR investments.⁷⁵ Accordingly, we hypothesise that clubs will respond differently to institutional pressures depending on their slack resources.

H2: Clubs' slack resources modulate the SFP's impact on their CSR.

As explained, sports fans are increasingly demanding that the sports industry adopt CSR initiatives.⁷⁶ This demand is more acute for highly visible clubs, leading them to present themselves as leaders in CSR engagement. Hence, the higher a club's notoriety, the higher its

level of CSR reporting.⁷⁷ We use club size (i.e. turnover and sports performance) as a proxy for visibility. Clubs are business entities, and larger clubs can generate more revenue streams.⁷⁸ Larger organisations also face greater business exposure and legitimacy pressure⁷⁹ and are thus more likely to engage in CSR. Similarly, better sports performers typically have a more significant presence in the media and a more extensive fan base.⁸⁰ Consequently, we posit that a gap exists between more- and less-visible clubs regarding CSR.

Nevertheless, according to institutional theory, as organisations are subject to the same institutional pressures, they tend to align their responses and behaviour, a phenomenon referred to as ‘organisational isomorphism’.⁸¹ Therefore, we expect that mimetic forces will lead less committed clubs to imitate the behaviour of other clubs that adopt SFP principles. Thus, the stronger and denser the relationships among the members of an organisational field, the more likely they are to transfer best practices among each other.⁸²

Thus, we hypothesise that a soft regulatory measure such as the SFP facilitates this isomorphism and reduces the gap between more and less socially committed organisations:

H3: The SFP has resulted in the homogenisation of Spanish football clubs’ CSR performance, leading to a convergence between the most and least socially committed clubs.

Method

Sample description

Our study focused on Spanish professional football teams that participated in LaLiga’s first division from 2012 to 2021 (i.e. ten seasons). The SFP was launched in 2017; hence, this analysis considers the years preceding and following its launch. Twenty teams compete in each season. Some clubs descend yearly, whereas others ascend to the category based on their sports results. As a result, thirty-three entities remained for at least one year in the first division of the focal period.

We used panel analysis to test our hypotheses, as our data included cross-sectional and time-series components. The confluence of these clubs and ten cross-sectional periods allowed us to establish an unbalanced data panel with 157 club-year observations. Using panel data techniques, we isolate drivers with lesser and greater impacts on CSR and examine the interactions between external and internal drivers. The panel data also allow us to control for endogeneity, increasing the rigour of the analysis.⁸³

We constructed a database with financial, sporting, and CSR information to measure SFP's influence on football clubs' CSR. Financial information was drawn from the clubs' financial statements, most of which are publicly available in the SABI database. We contacted clubs directly to obtain additional financial information when necessary. Sports information is publicly available on the LaLiga website.⁸⁴

Responsiball, an organisation specialised in assessing the CSR of football leagues, provided CSR information⁸⁵. Responsiball publishes an annual ranking of football leagues' environmental, social and governance (ESG) performance on its website. To our knowledge, it has been the only CSR information provider for the football industry since 2011. Previous literature cites Responsiball's assessment of CSR in world football leagues.⁸⁶ It evaluates forty-six indicators from the Global Reporting Initiative (GRI) and ISO 20121 standards and sustainable development goals. Based on the information publicly displayed on club websites, Responsiball performs content analysis, detects the presence or absence of specific CSR information items, and calculates the average for each league. This procedure is similar to that used in other studies to rate CSR disclosure among professional football clubs.⁸⁷

Responsiball kindly shared its CSR information at the club level in governance, community, and environmental dimensions with us. Unfortunately, CSR information for 2017 is not available in the Responsiball database. However, this was not a major issue. Since the launch of the SFP in 2017, its effects have only manifested in subsequent years.

Variables

The variables used in the empirical analysis relate to the theoretical framework. We use four dependent variables in our regression models. The variable *OverallESG* measures the CSR of football clubs. The source was the score assigned to each club by Responsiball. Based on the disaggregated information provided in the three CSR dimensions, we define the dependent variables *Governance*, *Community* and *Environment*. A team's yearly *OverallESG* score averages the ratings of these three dimensions on a 0-100 scale.

To assess the validity of the dependent variables, we performed a correlation analysis using the transparency index for football clubs INFUT,⁸⁸ which evaluates 60 indicators linked to transparency and good governance. This index is only available for 2015, 2016, and 2019. We observed significant correlations between the INFUT index and the *OverallESG*, *Governance* and *Community* dimensions of the responsibility index used in this study ($r=0.5132$, $r=0.4104$, and $r=0.5473$, respectively; $p < 0.01$).

The independent variable is as follows:

- (1) *SFP* is a binary variable that takes the value of one if the information is after 2017 and zero otherwise.

The control variables in the regression models are as follows:

- (1) *Financial performance*: We constructed the proxy variable *Financial performance* (*FP*), to control for the effect of clubs' slack resources, as 'better financial performance results in the availability of slack resources'.⁸⁹ This is a composite variable computed as the first component in a principal component analysis (PCA) of three financial ratios commonly used in economic and sports research: *Profitability*, *Solvency*, and *Liquidity*, which jointly determine clubs' *FP*.⁹⁰ PCA improves interpretation and mitigates collinearity problems among these highly correlated financial ratios. '*Profitability*' or

return on assets (ROA) measures each club's economic return from its investments by dividing earnings before interest and taxes (EBIT) by total assets. ‘*Solvency*’ (equity/liabilities) measures clubs’ ability to meet long-term debts. ‘*Liquidity*’ (current assets/current liabilities) proxies the capacity of clubs to pay their debts in the short term. This component explained 58.71% of the original variability.

(2) *Size*: We constructed the proxy variable *Size* to control for the effect of club visibility. This is also a composite variable computed as the first component in the PCA of two variables that jointly determine clubs’ visibility, turnover, and sports performance. Larger entities and those with better on-field results face greater scrutiny and societal exposure. Club turnover and sports performance are highly correlated ($r = 0.7488$) because revenue generation enables clubs to invest in the best players and obtain the best sports results.⁹¹ We applied logs of the *turnover* figure because of the vast differences between Real Madrid, FC Barcelona, and the remaining clubs. We used the number of *Points* gained in each season in LaLiga as a proxy for sports performance.⁹² This component explained 92.70% of the original variability.

(3) *Club type* is a variable that controls for the entity type. Previous studies have found a relationship between an organisation’s equity ownership structure and CSR.⁹³ Four not-for-profit clubs participate in LaLiga, and the rest are for-profit corporations (SAD). Thus, this binary variable takes a value of 1 if the club is a nonprofit entity, and 0 if it is a for-profit entity.

Model

The basic model to test our hypotheses is as follows:

$$Y_{it} = \beta_0 + \beta_1 SFP_{it} + \beta_2 FP_{it-1} + \beta_3 Size_{it-1} + \beta_4 Club_{it} + \alpha_i + \eta_t + \mu_{it} \text{ (Model 1)}$$

Y_{it} stands for *OverallESG*, *Governance*, *Community* and *Environment*, (i.e. one equation for each dependent variable). This model explains club i 's ESG rate and its dimensions as a function of the *SFP*, club's *FP*, *Size* and entity type. β_1 is the parameter that captures the effect of *SFP* on each of the ESG dimensions in each regression.

To mitigate the endogeneity problem, we use temporal lags of the original regressors.⁹⁴ Thus, assuming that CSR influences *FP*,⁹⁵ we introduced the previous year's *FP* and *size* figures. We divide the error term into three components: individual effect, time effect, and random disturbance.

Given the results of the Hausman test, we estimate the ESG models using random-effects models. We also performed time-fixed effects tests, concluding that the year dummy variables were jointly significant and should be included in the models.

Results

Descriptive statistics

Table 1 displays the main statistics and Table 2 displays the correlation coefficients for the variables used in the empirical analysis.

[Table1]

The average mean of *OverallESG* 31.67 (max: 100) suggests low CSR among Spanish clubs and wide differences across clubs (SD = 14.96). The poorest CSR performance is in the *Environment* dimension (M = 8.73) compared to *Governance* (M = 47.28) and *Community* (M = 39.00).

[Table2]

As shown in Table 2, *SFP* is highly correlated with *OverallESG*, *Governance* and *Environment* ($r = 0.3522, 0.4151, \text{ and } 0.3766$, respectively; $p < 0.01$). Regarding *FP*, the results showed a

positive and highly significant correlation between *FP* and *Governance and Environment* ($r = 0.2928$ and 0.2436 , respectively; $p < 0.01$). Similar correlations were also observed for *Solvency*. Nevertheless, *OverallESG*, *Liquidity*, and *Profitability* were not correlated. The *Size* of clubs is strongly correlated with *OverallESG*, *Governance*, *Community*, and *Environment* ($r = 0.4773$, 0.4943 , 0.3527 , and 0.2104 , respectively; $p < 0.01$). The entity type measured by *Club* was highly correlated with *OverallESG*, *Governance* and *Community* ($r = 0.3733$, 0.3502 , and 0.2928 , respectively; $p < 0.01$).

Hypotheses testing

In this section, we test our hypotheses empirically. Table 3 presents the panel regression model estimates.

[Table3]

H1 predicts that the introduction of SFP will lead to higher CSR performance among clubs. Models 1, 2, and 4 supported this prediction. Among the various dimensions, *Governance* is specifically sensitive to SFP. However, contrary to our expectations, the *Community* dimension does not seem to be influenced by *SFP*. Traditionally, Spanish football clubs have focused their CSR activities on community-oriented practices;⁹⁶ hence, this soft regulatory measure has primarily fostered the adoption of other CSR initiatives.

The results also demonstrate that the control variables in our model significantly impact the dependent variables. Models 1 and 2 show that the *OverallESG* and *Governance* dimensions are sensitive to clubs' slack resources, as measured by their *FP*. The influence of visibility, measured by club *Size* in terms of revenue and sports performance, on clubs' *ESG* is also supported in Models 1, 2, and 3. Finally, the entity type influences *OverallESG*, as well as the *Governance* and *Community* dimensions.

H2 predicts that the impact of an institutional measure, such as the *SFP* on clubs' CSR is moderated by their slack resources. Cross variables were introduced into the original model. Specifically, the interaction between *SFP* and *FP* was added. Because we obtained inconclusive results, an interaction term between *SFP* and each financial ratio was added to the original model using different equations:

$$Y_{it} = \beta_0 + \beta_1 SFP_{it} + \beta_2 X_{it-1} + \beta_3 Size_{it-1} + \beta_4 Club_{it} + \beta_5 (SFP \times X_{it-1}) + \alpha_i + \eta_t + \mu_{it} \text{ (Model 2)}$$

where X_{it-1} stands for *FP* and each financial ratio (i.e. *Profitability*, *Solvency*, and *Liquidity*). Table 4 displays each equation's values of the crossed variable coefficients, β_5 . We obtained significant results when introducing cross-variable *Solvency* with *SFP*. Hence, the impact of *SFP* on *ESG* is more significant when a club's *Solvency* is greater. This occurs in both the *OverallESG* and *Environment* dimensions.

[Table4]

To test H3, we performed a regression analysis based on our model, in which the variation in the dependent variables was a function of the *ESG* initially reported by each club:

$$\Delta Y_{it} = \beta_0 + \beta_1 Y_{i0} + \beta_2 SFP_{it} + \beta_3 FP_{it-1} + \beta_4 Size_{it-1} + \beta_5 Club_{it} + \alpha_i + \eta_t + \mu_{it} \text{ (Model 3)}$$

where Y_{it} stands for *OverallESG*, *Governance*, *Community* and *Environment* for club i . These models explain club i 's rate increase in *ESG* and its dimensions as a function of its initially reported *ESG* performance Y_{i0} , *SFP*, club's *FP*, *Size* and entity type.

[Table5]

The results in Table 5 show a negative value for β_1 for the initially reported *ESG* and its dimensions. Therefore, the *ESG* growth rate tends to be inversely related to the starting level of *ESG* per club, globally, and in each dimension. The model implies that the growth rate increases the lower the ESG_{i0} ; that is, the *ESG* increase is stronger among clubs that start with a lower level of ESG_{i0} . Conversely, the higher the initially reported *ESG* level, the less it

increases over time. Therefore, these results demonstrate convergence in clubs' CSR, as the CSR performance of less committed clubs increases faster than that of more committed clubs. Similarly, Barro and Sala-i-Martin⁹⁷ applied the logic of this beta-convergence model to test economic convergence among regions, showing that poorer regions tend to grow faster than richer ones.

Table 6 illustrates specific examples of the clubs' CSR performance growth between 2012 and 2021. It shows the clubs that reported the highest ESG in 2012 and those within the group with the lowest ESG. The table shows higher ESG growth for clubs at the bottom of the ranking. Furthermore, better solvency reinforced this growth, and clubs with the highest solvency in each group (measured by the median value across the period) showed higher ESG increases. These cases align with the aggregate results that support hypotheses 2 and 3. For instance, a top ESG performer club in 2012 showed similar ESG performance at the end of the period and presented low solvency ratios, highlighting the importance of financial drivers.

[Table6]

Discussion

Supporting our hypotheses, the results show that SFP fosters clubs' adoption of socially responsible approaches, increasing their CSR performance (H1). Nevertheless, this effect is moderated by clubs' *Solvency*; as the impact of the SFP on their CSR is more significant the greater their *Solvency* is (H2). Finally, the SFP has also increased homogenisation concerning Spanish professional football clubs' CSR performance, reducing the gap between the most and least visible clubs (H3). These results are interpreted below based on the literature.

Previous studies have shown that the influence of league governing bodies results in coercive⁹⁸, normative,⁹⁹ or mimetic¹⁰⁰ pressure on clubs. Thus, awareness of the best practices of other professional sports teams significantly influenced the growth of clubs' CSR in other

leagues.¹⁰¹ Our study also confirms that a soft measure that enabled imitation among clubs increased the overall CSR performance of LaLiga clubs (H1) and homogenised their performance (H3).

Furthermore, the effect of SFP is moderated by club solvency (H2), which affects the long-term financial viability and health of companies. Unsurprisingly, adopting genuine CSR commitments requires long-term financial resources. This result supports Trendafilova, Babiak and Heinze¹⁰², who noted divergences in how sports organisations adopt these practices, whereby the availability of financial resources is a significant constraint. The link between CSR and financial performance has been investigated extensively. Most studies focus on the impact of CSR on financial performance.¹⁰³ In the sports industry, Inoue, Kent and Lee¹⁰⁴ have concluded that the operating margins of sports teams are not affected by their CSR initiatives, suggesting that fans have insufficient information about these initiatives. By contrast, our study examines the reverse relationship and shows that higher CSR is a consequence of better financial circumstances. Although increased CSR may result from better financial position, this inverse relationship remains relatively unexplored.¹⁰⁵

Finally, the outstanding visibility of the largest clubs with higher revenue and better sporting performance determines their higher CSR. However, SFP helped reduce the gap between the most and least visible clubs (H3). The diffusion of information by league governing bodies has also led to convergence in CSR efforts among sports organisations in other leagues.¹⁰⁶ Similarly, previous studies have shown that the most visible companies typically report the highest levels of CSR. Larger companies receive more public attention, face greater expectations from a denser network of stakeholders, and feel more pressure to adopt mimetic practices and copy accepted socially responsible behaviours.¹⁰⁷ Larger organisations also have more resources, which can be critical for funding their CSR

investments.¹⁰⁸ Additionally, clubs' higher visibility due to better sports performance leads to higher CSR reporting.¹⁰⁹

Conclusion

This study aimed to highlight football's impact on society and the need for clubs to adopt socially responsible approaches as a vehicle for creating shared value. To this end, this quantitative study investigates and measures the impact of SFP on Spanish clubs' social, governance, and environmental performances. This soft regulatory measure headed by LaLiga was implemented in 2017. However, to the best of our knowledge, no study has measured the impact of institutional measures on football club CSR. We evaluated the financial, sporting, and social performance data of first-division clubs from 2012 to 2021 using panel analysis. In response to prior calls for research,¹¹⁰ we also investigated how clubs' slack resources temper their responses to institutional drivers.

Our study makes various contributions to the literature on CSR in sports organisations. First, it shows empirically that a soft regulatory measure, such as SFP, can effectively promote clubs' CSR performance, reducing the gap between the most and least socially responsible clubs. This study also reveals that this measure has mainly affected clubs that initially reported a lower level of CSR and whose social commitment has increased faster. However, club solvency moderated the influence of this soft measure. A better long-term financial performance provides the economic resources required to develop these initiatives.

The findings have several managerial implications. They can foster the adoption of CSR promotion policies among football governing bodies in other leagues, as we demonstrate their positive contribution to clubs' social commitment. However, certain lessons can also be learned from this study because SFP does not affect all teams or CSR dimensions to the same extent.

First, this study reveals the need to combine measures that encourage socially responsible approaches with financial measures that ensure club sustainability, as healthy financial circumstances in the long term favour the adoption of socially responsible approaches. For example, the English football system recently introduced a novel Independent Regulator for English Football. It aims to ensure financial sustainability and good governance in English football by introducing financial regulations and a mandatory Football Club Corporate Governance Code.¹¹¹ Analysing the effect of this measure and comparing it with the Spanish SFP is thus a suggestion for future research.

Furthermore, our study reveals that SFP mainly affected the governance dimension. The environmental dimension continues to receive the least attention from Spanish professional football clubs, and it is necessary to complement this soft measure with others. To this end and to promote environmental culture in the football industry, LaLiga recently released the Environmental Fair Play project. It aims to improve clubs' environmental performance and reporting, create a platform for knowledge, and share experiences.¹¹² Analysing the impact of this measure on the environmental commitment of Spanish football clubs is, therefore, another suggestion for future research.

Nevertheless, this study has certain limitations that open avenues for future research. First, the measurement of clubs' CSR is based on Responsiball's content analysis of publicly displayed information on club websites. Although this method has been used in previous studies, measuring and reporting sustainability initiatives remain challenging for both scholars and club managers.¹¹³ Thus, this study paves the way for further quantitative studies that complement our research with other CSR performance measures based on a deeper analysis. Such measures should consider issues that have recently jeopardised the legitimacy of football, such as racism, violence or sexism scandals. We support Fernández-Villarino's¹¹⁴ suggestion to develop a standardised measure of social performance in the football industry, allowing

comparability and reporting among clubs. This measurement will likely favour CSR strategic management.

Second, although our study measures the impact of SFP, it does not analyse the outcomes of the specific measures encompassed within it. Interviews with club managers and other stakeholders would provide a complete picture of the internal and external effects of SFP. Finally, several voices have criticised a solely institutional approach to explaining corporate social commitment as long as moral foundations remain neglected. For some authors, the impulse of institutional drivers seems insufficient; they advocate for a real commitment from clubs and ethical responsibility by sports executives in developing CSR policies, rather than visible philanthropic initiatives. Indeed, morality is an essential part of organisational life.¹¹⁵ Hence, future research should consider how organisational actors' morality and perceptions influence the adoption of CSR principles and practices.

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The authors report that there are no competing interests to declare.

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Table 1. Descriptive statistics

Variable	Observations	Mean (M)	SD	Min.	Max.
Overall ESG	157	31.67	14.96	2.00	85.67
Governance	157	47.28	20.78	0.00	93.00
Community	157	39.00	22.43	0.00	100.00
Environment	157	8.73	15.50	0.00	83.00
SFP	157	0.39	0.49	0.00	1.00
FP*	151	0	1.33	-4.23	3.66
Profitability	157	0.06	0.21	-1.05	1.16
Solvency	157	0.41	0.77	-0.78	5.43
Liquidity	157	0.83	0.68	0.06	4.13
Size*	151	0	1.36	-2.58	3.24
Turnover (€mill.)	157	119.85	169.72	10.84	836.73
Points	157	52.31	17.25	20.00	100.00
Club	157	0.19	0.39	0.00	1.00

* Composite variables based on previous years' data, resulting in 151 observations.

Table 2. Pearson pairwise correlations

	OverallESG	Governance	Community	Environment	SFP	FP	Profitability	Solvency	Liquidity	Size	Turnover-year before	Points-year before	Club
OverallESG	1.0000*												
Governance	0.8525*	1.0000											
Community	0.7764*	0.4766*	1.0000										
Environment	0.6293*	0.4381*	0.1622	1.0000									
SFP	0.3522*	0.4151*	0.0600	0.3766*	1.0000								
FP	0.1928	0.2928*	-0.0519	0.2436*	0.2841*	1.0000							
Profitability	-0.0135	0.0026	0.0098	-0.0566	-0.0345	0.2280*	1.0000						
Solvency	0.2626*	0.3381*	-0.0166	0.3310*	0.2686*	0.7336*	0.2003	1.0000					
Liquidity	-0.0247	0.0460	-0.1549	0.0911	0.0817	0.6769*	0.2237*	0.4847*	1.0000				
Size	0.4773*	0.4943*	0.3527*	0.2104*	0.1320	0.0353	-0.1276	0.0218	-0.1470	1.0000			
Turnover-year before	0.4820*	0.4695*	0.3263*	0.2944*	0.1734	-0.0245	-0.1179	-0.0269	-0.1220	0.8300*	1.0000		
Points-year before	0.3750*	0.3682*	0.3353*	0.1072	-0.0191	-0.0302	-0.1279	-0.0208	-0.1721	0.9628*	0.7488*	1.0000	
Club	0.3733*	0.3502*	0.2928*	0.1877	0.0051	0.1346	-0.0465	0.0580	0.0963	0.5667*	0.6613*	0.5036*	1.0000

* $p < 0.01$.

Table 3. Coefficient estimates for model 1

	(1)		(2)		(3)		(4)	
	Overall ESG		Governance		Community		Environment	
SFP	13.4765	***	24.9786	***	6.7016		10.2808	*
FP	1.1674	**	2.0364	**	-0.5442		1.6095	
Size	3.6338	***	4.6046	***	4.5729	***	0.8147	
Club	6.3013	***	9.1620	***	6.6971	**	5.2034	
Time dummies	yes		yes		yes		yes	
Constant	21.9968	***	31.277	***	28.8366	***	4.2877	*
Chi-2	1,747.67		679.09		568.67		31.85	
R ²	0.5651		0.5878		0.5071		0.3095	

Notes: ***, **, * indicates significance at 1, 5, and 10% level, respectively. Inference based on robust heteroskedastic standard errors.

Table 4. Interaction terms' coefficient estimates in Model 2

	(1) Overall ESG	(2) Governance	(3) Community	(4) Environment
SFP x FP	1.6549	1.6446	-0.9811	3.6599 *
SFP x Profitability	-12.3507	-15.3898	-19.1618	-4.0282
SFP x Solvency	5.6097 **	4.8120	1.8706	8.8206 **
SFP x Liquidity	5.2494 *	7.3505	3.3267	4.6430

Notes: ***, **, * indicates significance at 1, 5, and 10% level, respectively. Inference based on robust heteroskedastic standard errors.

Table 5. Coefficient estimates for model 3

	(1) Overall ESG	(2) Governance	(3) Community	(4) Environment
Overall ESG _{i0}	-0.7374 ***			
Governance _{i0}		-0.7092 ***		
Community _{i0}			-0.7666 ***	
Environment _{i0}				-0.6817 **
SFP	12.9227 ***	23.9968 ***	5.7640	9.8289 *
FP	1.2719 **	2.0579 **	-0.0735	1.5178
Size	2.7651 ***	4.4156 ***	2.8432 **	0.9907
Club	3.5274 *	5.3579 *	2.2467	3.6629
Time dummies	yes	yes	yes	yes
Constant	16.8789 ***	23.2553 ***	22.8583 ***	3.4348 *
Chi-2	405.58	235.49	497.39	47.31
R ²	0.5912	0.6119	0.6459	0.3142

Notes: ***, **, * indicates significance at 1, 5, and 10% level, respectively. Inference based on robust heteroskedastic standard errors.

Table 6. Specific cases.

Club	Overall ESG	Solvency		
	increase	2012	2021	Median
	2021/2012			
<i>Top performers</i>				
<i>in ESG 2012</i>				
Club 1	126,3%	0,47	0,51	0,60
Club 2	0,0%	-0,04	-0,30	0,07
<i>Bottom</i>				
<i>performers in</i>				
<i>ESG 2012</i>				
Club 3	300,0%	0,17	0,47	0,15
Club 4	2.950,0%	-0,05	0,69	0,74