Greening: politics and economics for social auditing. Sport management as common denominator

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Abstract. *This paper considers sport as a driver for politics and economics green incentives. While there are dichotomies in between green politics and economics, sport acts like a catalyst in between the two, by making use of its social dimension. In this respect, a stakeholder perspective is encouraged, especially when considering Corporate Social Responsibility coupled with ESG principles and non financial reporting. Sports is a 1.3 billion dollars industry that can set certain good practices and in this sense its "sport for development and peace" should be understood in broader terms. Social audits should be more extensive in order to capture better the links in between social, environment and governance factors, as reports from sports industry recently showed.*

Keywords: green business, ESG, CSR, future of accounting, non-financial reporting.

Introduction

There are classical tensions between public and private reasons of action and a mix of resistance and acceptance in between legal and business practice in regards to green incentives. Some scholars try to legitimize the relations between sovereignty, geography and international agreements. This hegemonic view of looking at environmental politics may be rather an old-fashioned way because it ignores that there may be a market perspective and environmental economics with different incentives, along with different social views. Both private and public sectors may be well determined to green themselves, except the greenwashing techniques which can be intended or can be a result of the capturing argument. The green private sector is coerced to apply the sovereign green and also may follow its own voluntary instincts, if not try to capture sovereign green and create a vicious circle. Currently, green economics and green politics put forward multifaceted

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problems and a multitude of solutions, out of which some are questionable, while others are hard to be implemented due to change impact or expensive means for society (Hoinaru, 2018).

Social needs being considered in a stakeholder approach manner is a rather new school of thought which implies accountability, regulatory sand boxes, better connections inside environment, society and governance (ESG) as well as non-financial reporting and social audits (Haslam et al., 2019). Communities have the most to suffer as they can be caught in the middle of this potential clash and the most vulnerable communities can be affected by far away international negotiations and new environmental rules. For a more holistic vision, sports can be a catalyst between politics, economics and society. It is important to address sport in this framework as this is a rather uncommon view and even the literature review is niche on these connections.

In this sense, the authors of this article argue that there are unexplored links between economics, policy, sports and environment. There are political aspects and market conditions with a public good aspect to be added into the Corporate Social Responsibility with actual metrics to improve transparency and evaluate differently the impact in terms of economics, environmental, social risks, community perception, and new aspects of social contract auditing via sports.

Cooperation in between the Olympic Games and the United Nations Environment Programme (UNEP) dates back to early 1992 when at the United Nations Conference on Environmental Development, partnerships between public and private organisations were recognised as a necessity, leading to the Earth Pledge which was an environmental programme of the International Sports Federations and National Olympic Committees / Olympic Movement (Schmidt, 2017).

Further on, in time, the Olympic Congress acknowledged the 'importance of environment and sustainable development' and placed environment as one of the three pillars of the Olympic Movement, together with the most obvious sports and culture. This new arrangement triggered a new promotion of environment via sports, the creation of the Sport and Environment Commission (renamed the Sustainability and Legacy Commission) and a series of conferences and events to raise awareness and money for protection of environment via sport (Cooperation Agreement UN-OC, 1994).

Social audits and ESG have to expend by different greening strategies and sports can start as a pilot project with sand boxes can be observed for best practices for all. Extensive non-financial reporting and social auditing can gather information to create new indexes and metrics to create better understanding on the impact and legitimacy of sovereign politics or of green economics and show the strategic importance of the connections between environment, society and governance.

This article looks at the politics and economics behind sports for a comprehensive ultimate picture of understanding social needs and public good. The first part will look at general greening framework. Social audits are part of a new audit culture gathering and recoding impact assessments and also evaluating on current governance principles. In this way an outcome of public and private green can be easily seen. Second part will consider more hands on examples from companies and green practices. Lastly, the conclusion will sum up all the arguments presenting a 360 degree viewpoint and will try to present a compromise solution and an argument to integrate sport further in greening society.

Public and private green

The Stockholm declaration known also as United Nations Conference on the Human Environment of 1972 sets the responsibilities of states in regards to what could have been perceived in that age as ES(G). The state should act morally whiten its boundaries to protect people and environment,

yet the declaration as such acknowledged that environment and human activities „respect no borders". Accordingly to this declaration states have the sovereign power to impose rules on non-state actors and can impose appropriate coercions whenever needed (Stockholm declaration, 1972).

Litfin commented that between state sovereignty and ecological independence may be a false trade off as there is a natural and national sovereignty that controls the outcomes of green policy which are thought to be utilitarian. However, this perspective can be highly criticised especially when considering the value of foreign direct investment, for the states to sell the right of exploitation for natural resources and the ecological mass that was left behind and lack of sustainability vision, normally accused by civil society (Litfin, 1998). Also, the issue of self regulation and freedom of private sector were not addressed in the 70s.

From this perspective, ESG may erode the norms of sovereignty of states, despite the international agreements and voluntary devolution of power and sovereignty barging (see Paris Agreement, Hoinaru et. al. 2019). It can be argued that this is balanced by a global civil society normally represented by NGOs which can be easily called „politics beyond the state" which is more responsive to community needs, when the state separate itself and follows a parallel logic to that one of the society which is supposed to represent, however it as ends up represents itself in the most decoupled manner (Sowell, 2019; Fontes et al., 2021; Krastevich, 2021).

The new relationship between firms are communities in terms of ESG and non financial reporting in general explanans how communities are is affected by the business activities and also give people a voice, allowing governments to solve certain issues and protect the most vulnerable. There are certain social auditing tools and metrics presenting a more or less true and faire view of externalities, in a similar fashion to how accounting, the language of business, mirrors the economic health of a company (ESG The Report – official website, not date).

An article by CNBC (2017) reveal that value of international companies can be affected by their decision to treat community in negative ways. Losses can be counted in the realm of billions of dollars as shareholders and potential investors react in more emotional or rational ways. Decision making process in this case is based on potential value loss for the company and decrease of brand image as well as damage to society and environment at large (CNBC 2017).

Social audits should be broader in scope and reflect stakeholder involvement, analyses social impacts of economic activities and also consider further environment and ethics. Interesting enough, social auditing is generally perceived as a balance and check for corporate activities and never for a governmental activity. This aspect is rather worrying as governments can made great use of social audits and not be necessarily part of them.

Many companies act in green markets not because of the sole sake of being green but due to an inclination towards CSR and ESG imposed upon by the authorities, favouring an economic sustainable trend associated with faire trade, social perspective, no children or prisoners work, etc. These companies have this particular market strategy because they can charge more for sustainable products, when in fact they could charge less. This business perspective goes hand in hand with marketing techniques, known your customer principle, and building up a new type of image for many companies for a brand value that is increasingly important for social and economic reasons, based on greening factor.

An interesting example happened in Glemore, South Africa were a social audits based on sports did happen, involving the authorities and the community as well. This rather particular Social Audit happened in 2017 and looked at the satisfaction of community on the level of satisfaction of refurbishment of sports facilities in the community. The project had a clear procedure, including participants, evidence gathering, developing a social audit guide, followed by public hearing and

discussions. Worth mentioning is that social audit is not a statutory audit, regardless on how professional it may be carried on. For clarification, a statutory audit is: *'an examination of financial records or accounts to check for accuracy and completes of information, in order to form an opinion on whether they are free from material misstatements'* (ESG The Report – official website, not date).



Figure 1. Conducting a social audit

Source: Afersis -corplan, 2018.

As far as now this article tries to explain the missing links in the ESG, between the public and the private, as society is not connected to environment and the other way round, and governance is far away from the two as is having its own self contained world and rules. In this sense a new approach is needed, mainly a bottom up, with a bonding factor to make society cross dimensional, and also connect ESG more with CSR, as envisioned by public and private actors. Next the role of sports in greening politics and economics will be explained more.

Social Green via sports

Recently, the sport industry came up with "sport for development and peace" (SDP) concept to promote a sustainability agenda the Sustainable Development Goals (SDG) to mitigate on climate change, protect fresh water resources, advance sanitation and promote sustainable energy, among faire play and ethical standards (Frontiers in Sports, 2021; Juhász et al., 2020).

This perspective got criticised by some as the message „*Play sports! Be in harmony with nature! And end all preventable deaths"* is regarded as far too broad and may not necessarily convince more women to join in football or rugby teams, which are increasingly promoted. Also, the wording may not be necessarily viewed in a positive, joyful way, yet more like a threat, especially as in some circumstances it is hard to quantify exactly the benefits that sports come up with, deadly injuries being also possible. In addition to this, in terms of environment teams and sportsman, professional or amateur, are driving or flying to stadiums or arenas improving

incrementally on their health's, yet, producing unnecessary externalities, which will be detailed later on (FP, 2015).

Worldwide sport is a 1.3 trillion USD industry, with about one third of this money being spend in the US alone. Entire country or firms' brands are created around sports, especially when you think of countries like France and Brazil with football, Canada with hockey, Romania with oina and the list can continue. Despite its „green nature" sports have great incentives to promote green policies and social responsibilities. At one of the recent Green Sports Alliance Summit in Chicago shortcomings were identified and the conclusion that the summit came up with was that: "*The sustainable economy doesn't exist. We need to create it."* (Smart City Dive, 2017).

This social green perspective has a huge impact when considering the size, global cover and money involved in this industry, that move towards SDP and SDG. One of the big questions here is whether the government is capable of sustaining sports towards its plan or whether private companies are more inclined to go their own way. Sport is not always a team sports or a marketable one, even though some sports do not get much media coverage due to little interest.

McCullough et. al. (2015) argue that currently there is no framework in which sports and social change can be analysed and stereotypes are perpetuating, turning sports into a business with a political touch. Athletes are encouraged to participate in environmental campaigns to sustain the movement, yet, the sport should look how to green itself to begin with, as a strategic effort and environmental consciousness. From an institutional point of view this is interesting as sports and other industries do not compete one another and in this sense, there is not even a mutual benefit for sport to get involved in greening politics and economy, apart from its social responsibility dimension and tax incentives. It is a matter of credibility and not missing out what is happening around the globe. For example, at the Beijing Olympics over solar power panel were installed, water treatment facilities were modernised, energy efficiency was improved, proving that there sport can have a general impact on environment.

Civil and civic participatory in an Olympiad is massive, as well as the funds invested and the capacity of the message to be spread over. Some Olympiads were rather unsuccessful in promotive a positive vibe due to the environmental problems it created, as soil and local vegetation had to be removed disturbing wildlife corridors. Among the big problems are that these facilities are not always used much longer after the events and buildings, and parking lots are left there with an underestimated effect, yet eventually 'the local led directly to the global'. Also, due to high costs, the community could not always benefit from the facilities bilt there, however, they were left with the problems (Popelarova, S and Janiga, M. 2008; Müller, M., Wolfe, S.D., Gaffney,2021).

Müller, Wolfe and Gaffney (2021) produced a diagrame on the overall sustenability of the Olympics from 1992 to 2020, caming to the conclusuon that on average Olympiads scored 44/100 in ecological dimension, 47/100 in economic dimensiona dn 51/100 in social dimension. These metrics are rather interesting as while sport are very popular, the integration is fragile.

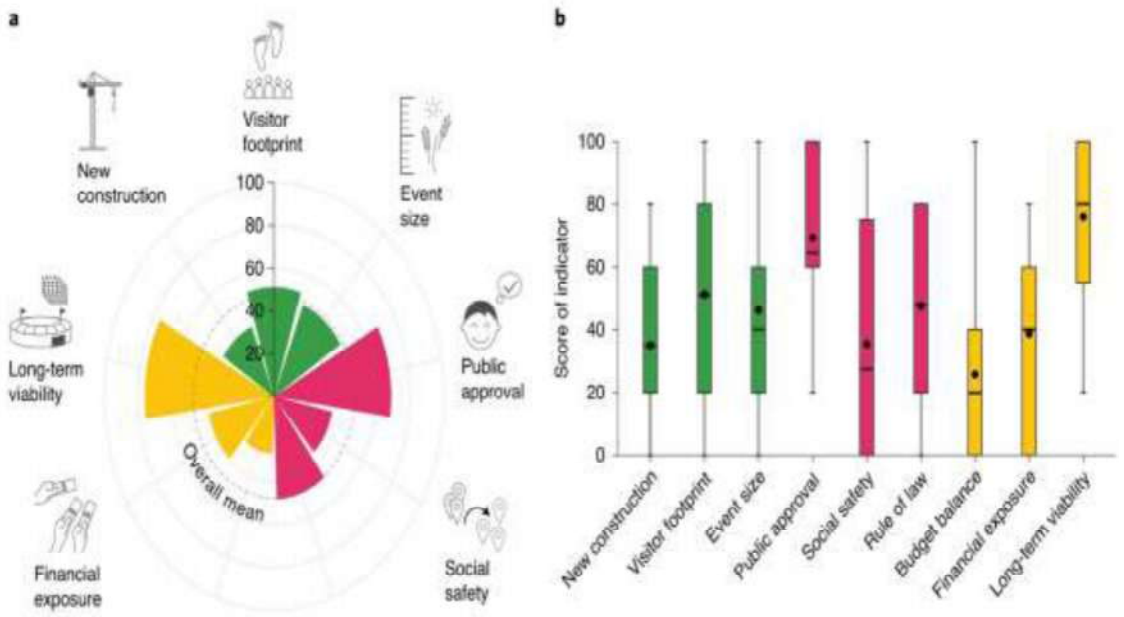


Figure 2. Overall sustenability of the Olympics

Source: Müller, M., Wolfe, S.D., Gaffney (2021)

Considering more examples, private companies like Nike's 2020 Impact Report reads that its community focus perspective is continued, mainly in sustaining young coaches, as well as girl coaches in different communities, coupled with the effort of promoting gender and racial equality and opportunities, "both within the company and in wider society" (Fashion Network, 2021). In more proper terms via its charities, Nike distributed $140 million to help Black Americans, and a further $40 million for an improved just society. Nike's giving back to society policy is clear as they understand the use of thier producsts and have a sustained response effort, to support not only sport in communities and society, but also doctors in China and youth community in Europe. As the Report mentioneds, Nike's community Impact is of an at least „1.5% pre tax income to drive positive impact in our communities" and very importantly, this tarjet gets measured in terms if community development, getting kids making more sport and „NIKE employees to engage with their communities and support their giving of expertise, time and money [...] to Drive sustained community impact in primary markets and sourcing backyards" as a target for 2025 (Nike, 2020).

In a similar fashion, Hoinaru et al. (2021) analysed the sustainability policy of Adidas. For instance, Adidas annual reports disclose that: "*To carefully track the progress of our environmental initiatives and their impacts against our targets, we have established a detailed environmental data recording and reporting system which currently covers more than 90% of adidas internal environmental footprint. Every year we publish a special Green Company Performance Analysis that shows our achievements*." In this sense, carbon emissions were reduced by 55% compared to the previous year, and further on in relation to this water was reduced by almost half by using innovative indoors and outdoors solutions, while the waste was eliminated by 50% as well (Adidas, 2020).

Other scholars like Dobre et al. (2015) argue for better financial reporting and non-financial reporting practices, and more solid links in regards to People Planet Profits and revival of triple bottom line reporting. Also, under IAS 1 Managerial comments needs to be more comprehensive and extensive to provide more certainty to stakeholders who do not necessarily have the right level of access to accounting information.

Conclusion and discussion

Currently there is a mimetic isomorphism between the politics and economics of greening, governing bodies concentrating on effects rather than on causes. Sports world gets occasionally accusation of corruption and frauds mainly via inadequate health treatments that improve on performances or by illicit financial flows to overseas countries in Africa and Latin America (Hoinaru, 2017; UN, no data), yet sport stays as a good catalyst. Humans and human life is of great intrinsic value as well as environmental quality. As McCullough et. al. (2015) argue drivers of decision making should be addressed and reformed and meanwhile social aspects be recognised in a more stakeholder centred fashion. Community objectives need to be mapped out more clearly to address in a better way inequality in order to combine green policies with fiscal policies, peace, human rights, etc.

Social audits are part of a new audit culture gathering and recoding impact assessments and also evaluating on current governance principles, which become increasingly complex. Haslam et al. (2016; 2019) put forward an idea of the accounting for the future, with more accountability along with technical accountancy practice. Sport industry can be a great place to start from due to its complexity of evaluations and also due to its promotion power capability. Greening strategies can start from sports as a pilot industry and regulatory sand boxes can be observed for best practices for all, due to its popularity and spread. Extensive non-financial reporting and social auditing can gather information to create new indexes and metrics to create better understanding on the impact and legitimacy of sovereign politics or of green economics and show the strategic importance of the connections between environment, society and governance.

This carbon intensity of certain countries mirror itself in the business models of local companies and show how value may be affected in the foreseeable future especially when stranded assets are considered, polluters pay principle and the entire cost of externalities. Sport can green itself, and can create an entire green infrastructure (see Olympiads), can green the manufacturing process of clothing, balls, clubs, etc promoting green awareness leading in a reverse process to sustainable agriculture (Daniel et. al 2019) which is very important to tackle down global warming. Sport can be part of a low carbon society, the connection and impact of green finance and growth being well studied. (see Tran, 2021; Xiochen, et al. 2018).

In conclusion, sport is a good catalyst, a huge industry that is often ignored in terms of capacity to change practices and drive a world wide greening project. Sport is a social matter and can unite people, change minds and create bottom up policies, as opposed to a top down statist command and control perspective. Expanding social audits both in terms of scale and scope can actually be the way forward to green both politics and economics.

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