

**A Case Study Report on the
FIFA Corruption Scandal**



Steven Benton

Abby Broom

Mohsina Yusuf

Auburn University

Introduction

Fédération Internationale de Football Association (FIFA) was founded on May 21, 1904 and is considered the governing body of football (soccer). It is currently headquartered in Zurich, Switzerland and has 209 associations. Their mission is to improve football on a global scale by investing in the sport and defining the Laws of the Game (FIFA 2015). FIFA is best known for the sports largest international competitions, the World Cup and the Women's World Cup.

According to the article "Everything You Need to Know about the FIFA Corruption Scandal," the Justice Department charged fourteen people for money laundering, racketeering and fraud. Seven of those people were FIFA executives. The Justice Department reported that FIFA made deals with sports marketing groups and broadcast corporations over television rights for international soccer tournaments, including the World Cup. FIFA had been receiving bribes from involved firms that amount to more than \$150 million (2015).

The corruption scandal is linked with FIFA's decision to allow Russia and Qatar to host the 2018 and 2022 World Cups, respectively. Both countries were reported to have bribed the organization with money in exchange for votes. The decision to award Qatar the 2022 World Cup was widely criticized. According to the article "11 Reasons Why the Qatar World Cup Is Going to be a Disaster," the country is located in the Middle East where temperatures reach 120 degrees Fahrenheit. Because of this, FIFA has opted to hold the World Cup during the winter that year, which interferes with European club soccer.

Furthermore, Qatar currently does not have any of the facilities required to host a World Cup. They have been accused of using "modern day slavery" to build the stadiums. Workers have not been paid and have been forced to work without water. It has been reported that 44 Nepalese migrant workers have died due to the harsh working conditions (2013).

However, while Russia and Qatar are examples of FIFA accepting bribes, that is not the primary focus of the corruption scandal. Many fans believe the two host countries play a bigger role in the scandal, but the corruption mainly focuses on the selling of media and marketing rights. That is why we chose to do our case study on this topic. We want to inform others on the true foundation of the corruption case. We ourselves want to better understand this international sports crisis.

This case is an example of community relations and crisis communications. FIFA's wrongdoing affects fans, countries and athletes. FIFA had to communicate with the public about the current situation and future plans. It was a smoldering crisis, as it had been developing for years. When the arrests were made in May 2015, the scandal became public. How FIFA dealt with the crisis is a different story.

Formative Research Plan

The United States Federal Bureau of Investigation (FBI) disclosed multiple cases of corruption against officials of Federation Internationale de Football Association (FIFA) in 2015. FIFA is the world governing body for association football, futsal and beach soccer. In May, 14 officials were indicted with seven of them being arrested on the charges of bribery, fraud and money laundering in relation to FIFA corrupting the issue of media and marketing rights to FIFA related games in the Americas.

The arrests sparked the ongoing FIFA scandal, but the FBI has been investigating FIFA for the past three years for suspicious activity regarding the bidding process of the 2018 and 2022 World Cups. The investigation has been widened to look at FIFA's activities in the past 20 years.

FIFA is responsible for organizing football's major tournaments such as the World Cup and Women's World Cup. The government organization consists of 209 member national associations and is headquartered in Zurich, Switzerland. FIFA does not control the rules of football and is only responsible for organizing and promoting tournaments which generate sponsorship revenue.

Two key officials involved in the scandal are former FIFA president Sepp Blatter and former general secretary of Confederation of North, Central America and Caribbean Association Football (CONCACAF) Charles Blazer. Blatter has been accused of criminal mismanagement. He has denied any wrongdoing while several key officials accept their indictments from US prosecutors. Blatter has been named a subject to a different criminal investigation launched by Swiss prosecutors. Blazer is one of the seven officials that was arrested in May 2015 in Zurich. Blazer admitted to accepting bribes connected to broadcast rights to the Concacaf Gold Cup tournament in 1996, 1998, 2000, 2002 and 2003. Blazer also admitted to accepting bribes in connection with South Africa being selected as the host of 2010 World Cup.

The main publics affected in the midst of the scandal are the fans of football and the sponsorships of the World Cup. It has not been announced whether the 2018 and 2022 World Cups will be opened for rebidding. However, the UK Labour Party has demanded the tournaments to be reopened for bidding and that alternative tournaments be planned if demand has not been met. Football fans are used to reading about scandals that arise, but the World Cup allegations draw a fine line. Russia and Qatar are two countries with a history of human rights violations. There has been recent news of Qatari stadium construction workers experiencing inhumane conditions such as not being provided water during shifts. VISA has also demanded

for changes to be made. "VISA, one of FIFA's biggest sponsors, have warned the football body that it would "reassess its sponsorship" if FIFA failed to clean up its act. (Forbes).

Strategies

FIFA is a non-profit organization, but ironically, the scandal portrays them as greedy. When the crisis became public, FIFA had a poor response. Sepp Blatter, then-president of the organization, was the spokesperson. Blatter's initial response was, "We understand the disappointment that many have expressed and I know that the events of today will impact the way in which many people view us." It was not until several days later that the organization admitted they have to regain trust and change the public's perception. However, it was Domenico Scala, the head of FIFA's audit and compliance committee, who said it (*Crisis of the Week: FIFA Corruption Scandal*, 2015).

Blatter was re-elected as the FIFA president the same day as the indictments and did not resign until after his re-election. Jonathan Bernstein, a consultant and crisis manager, says that made the matter worse. Blatter blamed others for the scandal instead of accepting responsibility. In his resignation speech, Blatter offered hope for the organization to move forward (*Crisis of the Week: FIFA Corruption Scandal*, 2015).

FIFA had press conferences, but they were unorganized. Their statements offered clear explanations, but Blatter should have delivered them. As the president, he should have been the key spokesperson in this crisis. They did not seem to have a crisis communications plan, which is not responsible for such a large international organization. We would have opted to have Blatter be the only spokesperson. We would have properly prepped him, so the press conferences were not sloppy. We also would have utilized the social media accounts. It is a great way to release official statements and quick comments for reassurance.

Tactics

Seven Federation Internationale de Football Association (FIFA) senior officials and sports marketing executives were arrested in Zurich, Switzerland on May 27, 2015, on the charges of corruption and bribery by the Federal Bureau of Investigation (FBI). On May 31 in Beijing, China, re-elected FIFA president Sepp Blatter labeled the tactics made by the investigators as nonsense interfering with the 65th FIFA Congress being held in Zurich just a day later. The Congress included the election of the president of FIFA in which Blatter won 133 votes to 73 against Prince Ali al-Hussein.

The Swiss president used his own tactics, saying he was "shocked" at how United States authorities aimed at football's governing body. He marked the arrests as part of a "hate" campaign started by the football authorities of the Union of European Football Associations (UEFA). Blatter had this to say about the officials and marketing executives escorted out of the Hotel Baur au Lac, "No one is going to tell me that it was a simple coincidence," he said. "This American attack two days before the elections of FIFA. It doesn't smell good." (India.com). Taking a reactive strategic stance, Blatter signaled out a number of reasons why the US and UEFA would take action in the arrests.

The US had lost their bid for the 2022 World Cup to the small but rich Middle-Eastern nation Qatar and England lost their bid for the 2018 World Cup to European rivals Russia. Blatter stated that the US was the "number one sponsor" of Jordan, the home country of Prince Ali al-Hussein. Blatter also attacked UEFA president Michel Platini for being behind the arrests and not receiving his support in his recent re-election. "It is a hate that comes not just from a person at UEFA," he said. "It comes from the UEFA organization that cannot understand that in 1998 I became president." (India.com). Platini had taken the opportunity to appeal to Blatter to

step down and postpone the election immediately. Blatter stated he has no plans to run from the allegations and reminds the public that his track record in dealing with similar corruption in the past is satisfactory. "Why would I step down? That would mean I recognize that I did wrong." he said. "I fought for the last three or four years against all the corruption." (India.com).

The arrests made in Zurich against seven FIFA senior officials and marketing executives in response to allegations of bribery, fraud and money laundering in relation to FIFA corrupting the issue of media and marketing rights for FIFA games in the Americas. FIFA decided to take a reactive strategic stance and implemented tactics such as using their former president Sepp Blatter as their spokesperson in calling the officials' arrests rubbish. FIFA has also been under heavy scrutiny regarding accusations of corruption after awarding the 2022 World Cup to the powerful Persian Gulf nation Qatar. In December 2014, FIFA decided not to execute their own investigation into the allegations. They instead released an executive summary saying they absolved the bidding process. The report was written by American lawyer Michael Garcia, who resigned from position following heavy protest. Since the World Cup is the most-watched sporting event in the world, the arrests and investigations point at dishonesty in the distribution of World Cup tournaments, electing its president and administrating funds.

Sepp Blatter's defense comments regarding the May 2015 arrests and FIFA's initial decision to not open their own investigation into the 2022 World Cup bid to Qatar has received heavy amounts of negative feedback from the public. Only three days after winning a fifth consecutive term, Blatter stepped as FIFA's president. At his resignation announcement, he was forced to fight off questions regarding FIFA's falling reputation and the chance he might be arrested.

Sepp Blatter supported FIFA to have a complete turnaround, and even though not everyone on the committee supported his decision, it was one that had to be made. "FIFA needs profound restructuring," Blatter said. "Although members have given me the new mandate, this mandate does not seem to be supported by everyone. We will hold an extraordinary conference as soon as possible. A new president will be elected." (ESPNFC).

Michael Garcia wrote an executive summary exonerating FIFA's 2022 World Cup bidding process instead of FIFA opening up their own investigation. The executive summary received negative media backlash and resulted in Garcia resigning from his FIFA position. The unwillingness to go forward with an investigation also resulted in the FBI opening investigations into the 2014 World Cup in Brazil and the 2018 World Cup in Russia.

The tactics used by FIFA in response to allegations of corruption were part of a reactive strategy that was not deemed successful by any means. We do not agree with Sepp Blatter trying to cover his tracks once the arrests were made and we do not agree with FIFA's decision to not open their own investigation into their World Cup bidding process. When an investigation is conducted in the developing stages of a crisis, it is better to take a proactive stance and admit any wrongdoing. It may lead to the president's resignation or it may not, depending on how the board members and public view the situation.

When FIFA did not conduct an internal investigation, it gave the FBI more opportunity to look into other World Cup tournaments in the recent years. The arrests made on the charges of money laundering for marketing rights for FIFA in the Americas has only given the FBI more leverage in finding evidence of bribery and corruption. The tactics used by FIFA do not reflect how a sports governing organization should handle a crisis.

Evaluation/Conclusions

The FIFA Corruption Scandal is currently an on going case. Although it is in a continuous phase, many actions have been taken, and there have been a variety of repercussions taken already. Arrests were made, and the FBI has been investigating all things involved with the corruption scandal. Former President, Sepp Blatter, resigned from FIFA after ensuring that he was re-elected. This was a poor way to handle the situation in our opinion, and quite arrogant too. In addition, the bid process for the future world cup has been put on hold until further notice. As stated previously, FIFA has handled this whole situation with a responsive/defensive response which is not always the best way to handle crisis. It is important to focus more on rebuilding and what the company can do in order to begin regaining trust. This situation is a perfect example of poorly executed public relations. Morals play a huge role in this corruption. Everything from start to end was based on poor ethical and moral standards. If we had handled this situation, we would have taken more of a proactive stance when the scandal arose. We would have focused on being transparent and honest with our fan base. Conducting our own investigation could have prevented external sources from revealing the situation so abruptly, and it could have substantially lowered the significant amount of chaos that was brought about during this situation. We believe that in order to help prevent these types of crises in the future, FIFA should have a crisis communication plan set up before hand and prepared at all times. Being ill prepared for crisis most certainly did not help FIFA in this situation. The FIFA officials that are responsible for this crisis should have used better morals from the start. They should have had a plan for crisis and been as transparent as possible along the way, because it would have been beneficial to them in the end.

References

Choudbury, A. (2015, May 29). How will the FIFA corruption scandal affect world football?

Everything you wanted to know. Retrieved November 30, 2015.

Crisis of the Week: FIFA responds to a scandal. Retrieved December 1, 2015.

Fifa corruption crisis: Key questions answered-BBC News. (2015, September 25). Retrieved November 30, 2015

FIFA Corruption Scandal: Sepp Blatter slams US Interference. (2015, May 31). Retrieved November 30, 2015.

Gibson, O. (2015, May 29). Sepp Blatter re-elected as Fifa president after Prince Ali Bin al-Hussein concedes defeat. Retrieved November 16, 2015.

McFarland, K.M. (2015). Everything you need to know about FIFA's corruption scandal. Retrieved November 15, 2015.

Ruiz, R., & Mather, V. (2015, September 25). The FIFA scandal: what's happened, and what's to come. Retrieved November 16, 2015.

Rumsby, B. (2015, October 10). Fifa scandal: How to solve the crisis engulfing world football. Retrieved November 16, 2015.

Rise and fall of Mohamed bin Hammam – timeline (2014, June 1). Retrieved November 16, 2015.

Sepp Blatter resigns as FIFA president: What you need to know. (2015, June 5). Retrieved November 30, 2015.

Timeline of FIFA corruption as criminal proceedings are opened against Blatter. (2015, September 25). Retrieved November 30, 2015.