



**Unpacking FC Barcelona Foundation:
Examining the Forces Behind FC Barcelona's
Philanthropy**

A Research Paper presented by:

Periša Ražnatović

Serbia

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Members of the examining committee:

Dr. Karim Knio (supervisor)

Dr. Erhard Berner (reader)

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This document represents part of the author's study programme while at the Institute of Social Studies. The views stated therein are those of the author and not necessarily those of the Institute.

Inquiries:

Postal address:

Institute of Social Studies
P.O. Box 29776
2502 LT The Hague
The Netherlands

Location:

Kortenaerkade 12
2518 AX The Hague
The Netherlands

Telephone: +31 70 426 0460

Fax: +31 70 426 0799

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List of Acronyms

CSR – Corporate Social Responsibility

ECOSOC – The Economic and Social Council of the United Nations

FC – Football Club

HIV/AIDS – Human Immunodeficiency Virus / Acquired
Immunodeficiency Syndrome

IFFHS – International Federation of Football History and Statistics

UNESCO – The United Nations Educational, Scientific and Cultural
Organization

UNHCR – The Office of the United Nations High Commissioner for
Refugees

UNICEF – The United Nations Children's Fund

Abstract

This paper examines the motivations behind the decision of a football club, such as FC Barcelona to get involved in the sport-in-development field by establishing and running a charitable organization – FC Barcelona Foundation. Applying new institutionalist approach to the historical narrative, this paper will challenge the existing justifications regarding the work of Barca's philanthropic initiatives. Using a historical institutionalist approach, this research will provide an explanation that is attentive to the context in which FC Barcelona is embedded. This study offers an in-depth examination of the relationship between the two major forces that were determinant in the creation of Barca's key policies, including the one regarding FC Barcelona Foundation.

Relevance to Development Studies

The trend of associating sports with development has been increasing in recent years. National Olympic committees, sports associations and clubs are being involved into various partnerships with non-governmental organizations, international institutions, regional or national governments, which are concerned with tackling development issues. Football is the sport with the biggest outreach in the world and, thus, biggest influence in the sport-for-development agenda. Research presented in this paper attempts to enhance the understanding about the new role of football clubs in the field of international development. Findings from this research provide an in-depth insight into the social forces behinds football club's decision to start a development foundation. The purpose of this paper is to encourage additional involvement of sport associations in the area of sports-for-development, as well as, to inspire further research in this area.

Keywords

FC Barcelona, Corporate Social Responsibility, Path Dependency, Football, Philanthropy, Catalonia

Chapter 1

Introduction

The association of development practice with professional sports has been an increasing trend in recent years. Numerous sport associations and professional clubs are partnering with the non-governmental sector, international institutions and national governments in order to tackle the most pressing developmental issues. Football, as a sport with the biggest outreach in the world, has showed the biggest potential for promoting the sport-in-development agenda. FC Barcelona's activities in this area conducted through its charitable organization made it the most prominent representative of the new trend.

FC Barcelona Fundació was established in 1994 with the goal of supporting international development through programs that promote education and social integration. Today FC Barcelona is allocating 0.7 per cent of its revenue to the Foundation. Through the Foundation FC Barcelona have forged partnerships with several UN agencies, which have rewarded the club with a membership status in the UN ECOSOC.

Throughout its history, Barça has always exhibited a strong tie with the Catalan community. During the years of repression FC Barcelona was a symbol of Catalan identity, which cemented its reputation of being 'més que un club' ('more than a club').

The purpose of this research is to examine the role of professional sports, particularly football clubs in the area of international development. This paper will approach this research by analyzing the links between the development initiatives of FC Barcelona Foundation on one, and the cultural and commercial forces behind these initiatives on the other side.

As shall be presented, the debates regarding Barça's involvement in the international development are numerous and often times lean toward opposite poles. One of these sides is emphasizing Barça's 'societal' role, while the other is revolving around the 'material' explanation of the phenomena.

This paper will explore the changes in the balance between the 'material' reasoning as well as the 'societal' motivations of FC Barcelona's charitable activities. In order to address these matters, this paper will examine the continuity and change in the club's membership, shirt-sponsorship and philanthropy policies over the last 30 years. For this purpose the paper will rely on the Institutional Economics body of literature to provide a theoretical framework for this research. The narrative will follow the terms of two most prominent presidents in Barça's recent history: Josep Luís Núñez and Joan Laporta. Due to the lack of reliable sources and temporal proximity that would compromise the

assessment of the current policies, this research will exclude the developments taking place in FC Barcelona under its current president – Sandro Rosell.

Following this chapter the research paper is structured as follows: Chapter 2 will present a brief history of FC Barcelona and its cultural and social meaning for Catalans, as well as the key features of its exceptional governance model. Chapter 3 will provide a context by outlining the main policies regarding club's governance during the presidencies of Núñez and Laporta. Furthermore, this chapter will summarize the academic debate regarding Barça's charitable organization. Chapter 4 will establish a theoretical framework based on the main ideas of historical institutionalism and path-dependency approach. Moreover, the methodology applied during this research, as well as its key limitations will be reviewed in this chapter. In Chapter 5 a short analysis of the dominant interpretations regarding the FC Barcelona Foundation will be presented. Chapter 6 consists of an in-depth path-dependent analysis of the key events that challenged and reinforced dominant forces in FC Barcelona throughout its history. Finally, Chapter 7 will wrap up this paper by outlining the key findings of the conducted research.

Chapter 2

History of Futbol Club Barcelona

In order to provide a context for the research that is going to be presented in this paper, this chapter will offer a brief historical overview of the most important points in the history of FC Barcelona. Moreover, apart from the historical facts regarding the establishment of the club, Chapter 2 offers a narrative regarding Barça's meaningful role in Catalonia, its ownership structure, as well as its sponsorship and charitable policies.

2.1 Founding of the Club

In 1899, football was still a new sport still making its way in the continental Europe. At that time in Europe, as well as in Catalonia, life was “essentially sedentary,” with occasional horseback riding, shooting or tennis playing (Burns 2009: 73). In October of that same year, a Swiss businessman, Hans Gamper (in further text Joan Gamper, after his adopted Catalan name), placed an advertisement in which he called “anyone enthusiastic enough” to join him in organizing football games in Barcelona (Ibid: 76). Enthusiasm about the innovative game brought eleven footballers, most of them foreigners, to meet in the Solé gymnasium on 29th November 1899 (Ibid: 77). This date is considered to be the founding date of what is later going to become known as Football Club Barcelona (FC Barcelona).

FC Barcelona (commonly referred to as Barça by its supporters) was founded in the time of rising of the Catalan nationalism and anti-Madrid sentiment. Year before the Club was founded; Madrid lost its Caribbean colonies in the war with the United States (Spanish-American War). The decline of the Spanish Empire paved the way for the politics of Catalanism in Barcelona (Ibid: 84). Gamper's search for funding, led him to exploit this raising national sentiment by relating Barça's cultural identity with the Catalan nationalist movement. Promoting the Club as ‘Catalan’ he was trying to appeal to the increasingly nationalistic professional middle class in Barcelona, in order to gain their support. During Gamper's presidency the connections between Barça and the cultural identity of Catalonia were reinforced, through Club's campaigns that promoted the Catalan language and independence from Spain. (Hamil et al. 2010: 477-8) Throughout his five terms as president (1910-1925) Gamper ensured for FC Barcelona to become “an institution clearly identified with local Catalan politics” (Burns 2009: 86), thus tying together the destinies of the Club he created and the place he lived in.

Military regimes of general Miguel Primo de Rivera (1923-1930) and *Generalísimo* Francisco Franco (1939-1975) have situated Catalonia through a period of political and cultural repression. Both leaders pursued policies of state centralization. Within Spain any manifestation of national identity distinctive from Spanish was outlawed. During those times anyone who advocated devo-

lution of the central power due to cultural, linguistic or any other difference was prosecuted by the regime. In those times FC Barcelona emerged as the “symbol of freedom” for Catalans. Its stadiums were the only public place where Catalans were able to express their national feelings voice their frustrations and speak their native language, without fear from prosecution. The special role Barça had among Catalans came with a huge price for the Club itself. During Rivera’s era the club was banned from playing for six months, because of its fans’ whistling during the intonation of the Spanish national anthem (Ibid: 87). FC Barcelona’s relationship with general Franco was even more dramatic. It started with the execution of Barça’s politically active president Josep Sunyol during the Civil War, and was followed up by years of antagonism between the Franco’ regime and the football club from Catalonia (Ibid:107-9).

2.2 Meaning of FC Barcelona

Since its foundation FC Barcelona has been destined to be more than just a football club. As mentioned before, very early in its history it became associated with the region of Catalonia and its people. Hamil et al. writes that Barça is at the same time, a sporting, as well as cultural institution, which “enjoys wider political significance in Catalan society” (2010: 476). Apart from football FC Barcelona subsidizes other sports, such as basketball, handball, roller hockey and futsal, as well as number of various amateur sports. With the motto “*Més que un club*,” (“More than a club”) the Club reflects its desire to be seen as the “embodiment of sporting excellence and cultural sophistication” (Ibid: 498). In his article Shobe (2008) emphasizes Barça’s close involvement with the Catalan collective identification, corresponding to Catalan values and ideas about life:

It [FC Barcelona] has tried to represent an idea about football and style of play that is akin to an idea about life. It is a club that has an opinion on things . . . That is to say that there are aesthetic and ethical dimensions to the style of play that make football, in an advanced society like this, still have predominance . . . That is to say that the idea of ‘more than a club’ is not only political but also social, anthropological if you like. (Espadaler, as cited in Shobe 2008: 99-100)

In the absence of democracy, during the era of Franco’s dictatorship, this football club was seen as a vehicle for achieving a democratic change. Jordi Pujol, a prominent nationalistic leader, wrote that Barça together with other Catalan symbols, such as the Montserrat¹, represents “a reserve we [Catalans] can draw on when other sources dry up, when the doors of normality are closed to us” (Burns 2009: 194). Ferrán Soriano, FC Barcelona vice-president in the period from 2003 until 2008, reasoned that Barça was a way in which

¹ Santa Maria de Montserrat is a monastery in the Montserrat Mountain near Barcelona.

Catalans could present themselves to the world during the times when Catalonia, due to historical circumstances, was lacking state-institutions and national symbols (Hamil et al. 2010: 497). It was the dictatorships of Rivera and Franco that have created such a symbolism for FC Barcelona, according to Xifra (2008). Barça became a “symbolic substitution” to the suppressed national symbols of Catalonia during these two regimes. Thus, it has evolved “into a symbolic and ritual system by which it contributes to constructing, upholding, reproducing and expressing Catalan national or ethnic identity” (Xifra 2008: 194).

Various leaders in the Catalan society often exploited this cultural capital that FC Barcelona acquired in order to gain points for their political agenda. This was particularly evident during the process of democratization, which took place after general Franco’s death in 1975. Caraben wrote that after the democratization, getting a post in FC Barcelona became the main objective for most politicians. This was the continuation of the practice exercised during Franco’s era, in which the Club was used as a “trampoline” for getting closer to the regime (Burns 2009: 353).

Jordi Pujol, leader of the nationalistic *Convergència Democràtica de Catalunya* (CDC), was the first to pursue agenda of gaining political power by associating himself with the football club. Through his bank, *Banca Catalana*, which provided Barça with funding for the signing of Johan Cruyff, Pujol managed to cement his influence in the club (Ibid: 218). Club’s president at that time, Agustin Montal, was a supporter of Pujol’s party, claimed that during his presidency FC Barcelona became supportive of the idea of an autonomous Catalan state, regardless of those people in the club who opposed that idea. In 1974 Montal used the Barça’s 75th anniversary gathering in the Montserrat monastery to provide a cover for the political meeting of Pujol and his supporters (Ibid: 196).

Josep Tarradellas was another politician who gladly used the image of FC Barcelona in his speeches. After returning from exile, as a President of the Generalitat of Catalonia², Tarradellas addressed the audience at Camp Nou reminding them of Barça’s loyalty towards Catalanism.

Another example was the leader of the Communist Party (PSUC), Gregorio Lopez Raimundo, who emphasized historical role of Barça in challenging the forces of reaction led by Franco’s regime and the local bourgeoisie. During the first election for the Club’s presidency Raimundo, as well as, many other

² Generalitat of Catalonia (Catalan: *Generalitat de Catalunya*) is the institution in which the self-government of Catalonia is politically organized, and is made up of the Parliament, the President of the Generalitat and the Government (www.gencat.cat).

political leaders in Barcelona at that time had his favorite candidate for Barça's top position (Ibid: 236).

2.3 Ownership

Barça's strong connection with the Catalan community is reflected in its organizational structure. Unlike the most of the professional football clubs today, FC Barcelona is not a privately owned entity. Burns writes that according to its statutes, the club remained to be "faithful to the democratic principles of its founding fathers – 'a private association without profit motive, owned and controlled by its membership'" (2009: 25). Members of the club are called *socios*. They are obliged to pay annual fees for their membership. In order to become a *socio*, applicants need to prove the existence of a first or second-degree family relationship with a current FC Barcelona club member. Those not fulfilling these requirements can join the Club, after a 3-year period of membership in the "Commitment Card" program (FCBarcelona.cat, n.d.). Members' rights range from discounted merchandise in the FC Barcelona store and free FC Barcelona museum tours, until the participation in the club's decision making.

FC Barcelona is governed by the assembly of delegates, a body of 3000 members randomly chosen among Barça's socios every two years. Hamil et al. write that this assembly operates similarly to a parliament "which has the power to censure the president and the board in the event they do not comply with the club's statutes." Among other responsibilities it is obliged to oversee club's annual budget (2010: 480). Decisions of the assembly have to be "respected by all members and also the Board of Directors." (FCBarcelona.cat, n.d.).

The most important right that a *socio* has is the right of vote in the election for the club presidency. According to FC Barcelona website (FCBarcelona.cat), these elections are held every six years, and anyone who is over 18 years old and has been a member of the club for more than one year can exercise their voting rights. Shobe suggests that this democratic process of electing a club president creates a special link between the presidency and the fan base, a link, that is non-existent in privately owned football clubs (2010: 91). Adult members, also have the right to voice their concerns and present their opinions through Barcelona Supporters Services Offices (OAB), as well as to apply for the position in the Board of Directors of FC Barcelona (FCBarcelona.cat, n.d.).

Throughout Barça's history the club membership was constantly increasing, with several exceptions from this trend in the aftermaths of Rivera's dictatorship and Spanish Civil War (Burns 2009: 134-5). Burns presents this trend in his book *Barça: People's Passion* (2009). He writes that in the year of 1942 the Club had around 15000 socios (Ibid: 135). That number went up to over 77000, before the first democratic election for club presidency in 1978 (Ibid: 226) and continued to grow up to 103000 socios in the next 20 years (Ibid: 348). Hamil et al. write that in June 2008, the membership totaled over 162000 socios (2010: 487). According to Burns, club ownership model and the increas-

ing number of socios throughout the years provided a “permanent cash life-line,” that ensured the club financial stability even in the times of crises (2009: 347-8)

FC Barcelona is not the only football club in Spain with such an ownership model. Prior to 1990 when the Spanish government passed the Sport Law 10/1990, many clubs in Spain were registered as sport associations. The new law, also known as *ley del deporte*, created the obligation for all clubs in Spain to change their legal status and become “*sociedad anonima deportiva* (SAD), which is a limited joint-stock sport company” (Ascari 2006: 78). However, the law allowed those clubs who had “shown positive balances in their capital accounts during the 1985-1986 season” to choose to keep their previous legal status. FC Barcelona was among four other clubs (Real Madrid, Athletic Bilbao and Osasuna), which were able to maintain their member-owned structure (Hamil et al. 2010: 480).

2.4 Sponsorship

FC Barcelona for more than a century since it has been founded did not have a corporate advertisement on its football shirt. For the longest period of time it differentiated Barça from other famous football clubs. The reason for this according to Gil-Laufente changed over time. A possibility of advertising on a football shirt was not very popular among big companies in Spain, since football teams usually did not appear in the media quite often up to thirty years ago. In the last three decades, even though contemplated, this option was always considered to be unpopular among the fans and it was kept as a possibility only in case of absolute economic deficiency (2007: 194). Club’s resistance to shirt sponsorship deal was considered to be a “strong sociopolitical statement” that reinforced “the traditional values of community and solidarity” historically associated with FC Barcelona (Hamil et al. 2010: 493). Even though it incurred opportunity cost of corporate sponsorship revenue, this decision reinforced the image of Barça as a football club that is “special” (Arthur and Chadwick, n.d.: 6).

The first logo, apart from the shirts manufacturer, that the FC Barcelona players wore on their chest was that of the United Nations Children’s Fund – UNICEF. This precedent was part of the alliance agreement signed in 2006, between FC Barcelona and UNICEF. This deal did not include payment from UNICEF part, as was the practice with corporate sponsors (Hamil et. al 2010: 491). Contrary to that, FC Barcelona has committed to provide support for UNICEF projects, by donating 0.7 per cent of its operating revenue – 1.5 per year – in the following 5 years (FCBarcelona.cat, n.d.). This partnership was another effort by club’s leadership to make the statement FC Barcelona was “more than a club.”

2.5 Fundació Privada Futbol Club Barcelona

For all of its turbulent history, social and cultural meaning, political role, community ownership and diverse sponsorship scheme, FC Barcelona is considered to be one intriguing football club. Shobe argues that, even though, FC Barcelona had such a rich history, it would be problematic to claim the uniqueness of its social role. He provides examples of other football clubs that played “very key roles in the politics of place and identity;” such as Athletic Bilbao, Celtic Football Club or Glasgow Rangers (Shobe 2008: 100).

What truly makes FC Barcelona different from other football clubs is the fact that was the first, and until recently the only³, big football club in the world that to have its own charitable foundation - Fundació FC Barcelona (FC Barcelona Foundation). Since 1994, FC Barcelona runs a foundation with a mission of promoting education, civic values and the region Catalonia, through sport. At the FC Barcelona website, the foundation is advertised as a “source of civilian participation through the numerous social, cultural and sporting activities” organized by the Club. The same source presents FC Barcelona Foundation as a reflection of “the advanced society in which the club is located.”(FCBarcelona.cat, n.d.).

After 2003, the Foundation started expanding its charitable activities outside Catalonia. Since then, its work was “globalized and developed far beyond what had been a previously narrow local focus.” (Hamil et al. 2010: 492). Currently, the Foundation runs a number of projects distributed in three strategic programs: the Social Network and 28 Solidarity Centers, the Sport and Citizenship Program and the Joint Solidarity Programs (Woodhouse 2010: 28-9). As a part of these programs, FC Barcelona Foundation is developing projects that use sport as an educative and a social cohesive tool in Catalonia and ten foreign countries with around 11000 beneficiaries.

Apart from its own projects FC Barcelona Foundation has developed a number of partnerships with different governmental and non-governmental organizations. The most famous of those partnerships are those established with the United Nations agencies: UNICEF, UNESCO and UNHCR.

Alliance with UNICEF, as mentioned above, was signed in 2006. Except for the logo advertisement on Barça's, entailed an annual donation to the UNICEF's struggle against HIV/AIDS in Sub-Saharan Africa ('Foundation at Glance' n.d.). Through its partnership with UNICEF, FC Barcelona is giving its contribution to the achievement of the Millennium Development Goals challenge, according to the Foundation website (FCBarcelona.cat n.d.). UNICEF recently reported that it has reached the agreement with FC Barcelo-

³ Manchester United Foundation is a charity that operates in the United Kingdom and is promoted by the Manchester United Football Club. Recently this charity formed a partnership with UNICEF called “United for UNICEF”. (MUFoundation.org)

na to extend their partnership, which was about to end in the summer of 2011 (UNICEF.org 2011).

Collaboration between UNESCO and FC Barcelona was arranged in 2007. This partnership based on FC Barcelona's and UNESCO efforts in fighting racism. The first outcome of these efforts was the "Youth Voices Against Racism," that has enabled young people from Europe to negotiate ten recommendations on how to fight racism and violence and present them in the European Parliament ('Foundation at Glance' n.d.). UNESCO and FC Barcelona, together with *Universitat Oberta de Catalunya* created a post-graduate program in which the focus will be put on sport as a tool for social coexistence and conflict resolution⁴. (FCBarcelona.cat n.d.)

In 2008, UNHCR became the third UN agency with which FC Barcelona though its foundation is trying to address the issue of extreme vulnerability of refugees throughout the world. In this partnership sport is used as "means of education and social integration for thousands of children and young people who are in refugee and displaced persons camps" (FCBarcelona.cat). This collaboration, together with the sport manufacturer NIKE started the "MÉS" project. This project aim is redistribute funds, raised by selling t-shirts from the exclusive MES line, to programs that target extreme poverty of children and refugees ('Foundation at Glance' n.d.).

FC Barcelona Foundation charitable activities developed throughout almost two decades of existence has put FC Barcelona in a unique position, of being the only football club with a membership in the Economic and Social Council of the United Nations (ECOSOC) (Woodhouse 2010: 29).

2.6 Conclusion

FC Barcelona since its beginnings has been living up to its motto of being more than just a football club. This chapter offered a brief summary about the social role of the biggest football club in Catalonia. Barça's history, social meaning, ownership structure and charitable work point to the club's embeddedness with community. FC Barça's motto as explained by Espandaler "is an expression, a way of seeing, still valid because Barça is a little different than other clubs." According to him,

Barça has become so big as it belongs to the socios and has a history tied to the history of the resistance of the country against franquismo but also against the dictatorship of the 1920's, it has been a distinctive club that has

⁴ UNESCO – FC Barcelona Foundation – UOC Chair, according to the University website, "offers the master's degree in Sport for Social Coexistence and Conflict Resolution, which is made up of two postgraduate courses: Sport and Human Rights, and Sport and Development" (UOC.edu).

addressed many social concerns. Barça is the only team that has had an impact in the press, has created press, has had relationships with artists, with politicians, that has been behind a country, that tried to bring together the immigration of the 1960s and 1970s. (Espandaler as cited in Shobe 2009: 99).

Chapter 3

Literature Review

Chapter 3 of this paper is supposed to provide a context in which the policies that are the concern of this study took place. In order to provide the content that will be used for analysis in the reminder of this paper, this chapter outlines the key elements of the policies of the two most influential presidents in FC Barcelona's post-Franco history: Josep Luís Núñez and Joan Laporta.

Furthermore, since the aim of this research is to understand the reasoning behind the philanthropic activities of FC Barcelona Foundation this chapter will offer an array of interpretations regarding FC Barcelona's charitable institution.

3.1 Núñez and Laporta

At the time of the establishment of the Foundation, FC Barcelona was still under the rule of its first democratically elected president in the post-Civil War era, Josep Lluís Núñez (Hamil et al. 2010:478). Before becoming the president of FC Barcelona in 1978, Núñez has established himself as a successful businessman. During, Franco's rule in Spain Núñez's corporation became the biggest construction company in Spain (Burns 2009: 230-1). Business brought him fortune, but not a social recognition in Catalonia. Immigrant himself⁵, he did not speak proper Catalan, nor he was politically aligned with the post-Franco political elite in Catalonia (Ibid: 231). After a long and murky campaign for the club's top post, Núñez became the president of FC Barcelona on the 6th of May 1978 (Ibid: 232-40). As Barça's president, Núñez achieve a considerable success, as pointed out by Allen and Eguía (2004):

During this time, the club underwent notable growth, significant improvement in the organization's finances and significant social expansion (a considerable increase in the number of affiliated supporters and supporters' clubs) and an increase in assets — the opening of the Miniestadi (see annexe 1) and successive remodelling of the stadium. The club also had a sports record which took FC Barcelona to be the best club in the world in 1997 according to the IFFHS (International Federation of Football History and Statistics).

Several authors (Shobe 2008, Burns 2009, Hamil et al 2010) agree that Núñez's presidency featured his determination to de-politicize FC Barcelona. During his campaign in 1978, he insisted that Barça should be out of the "sphere of regional politics (where he had no power)" (Shobe 2009: 92). Burns writes that Núñez, distrusted Catalan nationalist politicians. His "love-hate"

⁵ Núñez was born in a small Basque town close to Bilbao. While he was in his early age, his family move it Catalonia (Burns 2009: 229)

relationship and occasional deals with the leader of Catalan nationalists Burns explains as arrangements of convenience between two power-thirsty individuals (Burns 2009: 351). Núñez argued, according to Hamil et al. (2010) that the deep politicization and “Catalanization” that took place after Franco’s death, was preventing Barça’s financial growth. Therefore, his policies comprised of FC Barcelona’s promotion as a sporting and economic institution, and the depreciation of its cultural and national social role (Shobe 2008: 91). Throughout his 22-year presidency in FC Barcelona, Núñez did his best to keep the control over the club away from politicians, as well to avoid any association with Catalanism (Ibid: 93-4).

Núñez’s desire to run a socially complex football club, like Barça, as a business generated a significant economic benefit, according to Shobe. During this time FC Barcelona increased its wealth and became one of the richest clubs in Europe (Ibid: 95). However, his presidency was characterized by numerous tensions with *socios*, who accused him of taking personal control over the club, by undermining their rights. Apart from that, lack of financial transparency, increased debt as well as fear of increased commercialization of Barça, led a number of club members to organize an opposition that will aim to remove Núñez from power (Hamil et al 2010: 480). After an unsuccessful censure vote against him facilitated by the emerging opposition led by Joan Laporta in 2000, Núñez decided to resign after 22 years in charge of the biggest Catalan Club.

Following Núñez’s resignation Barça went through an unsuccessful period, both in on and off the field, during the presidency of his successor Joan Gaspart. Gaspart resigned in 2003. In the elections that followed, newly elected president was one of the biggest opponents to Núñez’s regime, Joan Laporta.

Before he decided to get involved into the politics of FC Barcelona, Joan Laporta was a successful lawyer in Barcelona. His firm represented number of important clients, including one of the biggest names in the world of football, Johan Cruyff (Ibid: 481). Laporta was a leader of *L’Elefant Blau*, a campaigning group within FC Barcelona’s membership, which criticized Núñez’s policies of extensive commercialization of Barça and called for his resignation (Ibid: 497).

As a president of FC Barcelona, Laporta was leading a young team of successful professionals who understood the commercial imperatives of their era, but at the same time, were aware of Barça’s social meaning. During the election campaign Laporta promised to ensure club’s financial independence while keeping commitment to Barça’s historical values (Allen and Eguía 2004).

Laporta’s presidency resulted in numerous sportive and financial successes. During the first season of his leadership in the club, FC Barcelona managed, after a long time close its accounts with a positive balance (Allen and Eguía 2004). Together with sport successes that followed, Laporta’s team con-

ducted numerous reforms in the governance of the Club. Under Laporta, Barça, while preserving its local spiritedness, managed to become a globally renowned brand.

The new board insisted on reasserting the traditional role of FC Barcelona. According to Shobe (2008: 101), by reclaiming Barça's social role Laporta's management was trying to evoke the work of the board that directed the Club in the pre-Núñez era. The re-politicization undertaken by Laporta's board had clearly taken a Catalanist discourse as pointed out by the current president, at that time Barça's vice-president Sandro Rosell:

I think the present management team is basically very barcelonista and very catalanista. Historically, Barcelona (the club) has always been a catalanista reference, of catalanidad, an instrument for explaining to the world what Catalonia is and what it means to be Catalan. I think the previous club administrations have lost a little of this identity between the club and Catalan identity. (Rosell as cited in Shobe 2008: 101)

Shobe writes that the Laporta extensively used the media to promote that narrative of Barcelona as "primarily a Catalan institution" (Ibid: 100). The Club was used as a tool for promoting Catalan language - a core value in defining the notions of Catalanism (Ibid: 102).

Similarly to Núñez, who considered that the sponsorship tradition could be only disrupted in case of absolute necessity, Laporta's board realized the constraints of FC Barcelona's influential past. (Chadwick and Arthur n.d.: 5) Since the increase in ticket price or getting a corporate sponsorship was not an option (because *socios* would not like it), Laporta needed to rely on heavy-duty marketing campaign of Barça's other assets such as team, players, facilities and brand (Calzada as cited in Gil-Laufente 2007: 201).

The commercial strategy adopted was centered on Barça's social and cultural principles (Hamil et al. 2010: 483). The main idea of this plan was to increase the revenue from off-field activities through the globalization of Barça's "more than a club" brand (Ibid: 488). Chadwick and Arthur agree by writing that this "revenue generating brand" needed to be positioned somewhere between Real Madrid's "glamorous" image and Manchester United's "commercial reputation" (n.d.: 4).

Laporta's presidency re-established the significance of club's membership. During his campaign he insisted that *socios* were Barça's biggest asset (Ibid: 481). Laporta's board insisted on re-establishing member democracy, that according to them, was damaged during Núñez era. They have entitled the membership to vote for the club's president every four years, as well as to decide on a wide range of issues (Ibid: 486).

The board decided to take financial advantage of the member democracy of the Club. In order to increase revenue from membership fees, Laporta started a recruitment campaign called *El Gran Repte* (“The Great Challenge”) which is designed to increase the number of club members up to one million (Chadwick and Arthur (n.d.: 4).

The strong democratic mechanism Laporta helped re-establish was used to take him out of power after couple of unsuccessful seasons for FC Barcelona. Laporta ended his term as a president in 2010, after two unsuccessful censure votes against followed by the resignation of several influential figures from his board (Hamil et al 2010: 494-5).

3.2 FC Barcelona Foundation – Interpretations

Since this paper is focusing on the Foundation of the Barcelona Football Club it is necessary to examine the literature that is acknowledging its work. The body of literature interpreting the existence of the FC Barcelona Foundation is very limited in scope. Thus, most of the interpretations regarding the Foundation’s existence had to be drawn from the works on governance of FC Barcelona, as well as, from the works on corporate social responsibility (CSR) in sports. One can observe a vague division among the authors, discussing the reasoning beyond the existence of a charitable organization within a professional sporting institution. This chapter will attempt to present this blurred division by distinguishing between those authors who emphasize the *societal* motive for establishing the FC Barcelona Foundation, and those who insist on the its *material* reasoning.

The Foundation was established in 1994, during Núñez’s presidency. Gil-Lafuente (2007) writes that president Nunez, agreeing to the suggestion made by the President of FC Barcelona Statutory-Economic committee at that time, Professor Dr Jaime Gil-Aluja, established the Foundation⁶. Main purpose of the foundation, according to Gil-Aluja’s idea, was to attract financial resources in order to support a currently unprofitable sport company. FC Barcelona Foundation was supposed to issue shares that could be obtained by members, fans, and other supporters, and thus, provide another financial inflow for the Club. Even though, Gil-Lafuente considered that this idea was the “road to travel,” he criticized its implementation. He argues that the Club did not take invest enough effort in order to maximize the advantages of this option (2007: 195).

In his book (2009: 349), Jimmy Burns briefly discusses the FC Barcelona Foundation. During the time of economic transformation that began under

⁶ Dr Jaime Gil Aluja is a Professor of Finance and Economy at University of Barcelona. In 1988 he was elected President of the Statutory –Economic Committee of the Barcelona Football Club. Gil Aluja became the president of the Royal Academy of Economics and Finance of Spain, in 2002, he has ceased his responsibilities in FC Barcelona (Fuzzyeconomics.com).

Josep Núñez, club's capacity to borrow was very limited. Barça as a non-profit association of its members is obliged to reinvest its annual revenue in its team and infrastructure, as well as in its non-football activities. Burns writes that the idea behind the foundation was the *out-sourcing* the cost of Barça's educational and other non-football activities. Foundation was supposed to be the channel thorough which Catalan companies and institutions could invest funds in order to support FC Barcelona's social obligations.

Corporate Social Responsibility (CSR) was one of the four key areas of Laporta's corporate strategy that aimed to reform FC Barcelona, after his was elected president. (Hamil et al. 2010: 484) The new board, led by the former members of L'Elefant Blau, feared that Barça was "losing touch with its social and cultural roots," and thus, decided to implement a new strategy that will further develop and extend Barça's corporate social responsibility activities. Hamil et al. considered this to be Laporta's way of ensuring clubs "traditional and social *raison d'être*," in the era of commercialism.

Through partnerships with UNICEF and UNESCO, the new board extended the charitable activities of, FC Barcelona Foundation beyond the borders of Catalonia and Spain. Globalization of the Foundation's work, according to Hamil et al., functioned as a tool for institutionalization of the "community involvement" at FC Barcelona (Ibid: 492). When commenting on Barça's sponsorship and promotion of UNICEF on its jersey, Hamil et al., argue that Laporta's board wanted to emphasize the FC Barcelona's exceptionality among the professional football clubs (Ibid: 493).

However, Hamil et al. presented the concerns emerged after the UNICEF deal. Certain number of *socios* seemed unhappy that their approval for putting a corporate sponsor, for the first time in Barça's history, was not materialized through a profitable contract with a big business corporation. In his address to the assembly of delegates in 2006, Laporta justified his decision by arguing that the Foundations partnership with UNICEF will generate revenue through the future brand promotion. Hamil et al. concluded that if observed from a critical lens, the motivations behind the UNICEF deal were not purely philanthropic, since one of those was the commercial globalization of the FC Barcelona brand.

Allen and Eguía (2004) report, that club's social area, which is one out of three action areas in which they divided Laporta's reform strategy, when creating policies takes into account "the historical and political profile," as well as "the social and geographical framework" in which the Barça has been cultivated. According to Allen and Eguía, Barça's social values include: "public-spiritedness, democracy, sportsmanship, solidarity, support for Catalanian [language]." They quote Laporta in order to portray some of these social values:

A modern-day support for Barcelona based on solidarity. Consequently, the fact that we donate 80.7% of the club's income from affiliated supporters to

projects that are aimed at promoting solidarity is very important, and what is even more important is that the affiliated supporters themselves will decide which project is given this amount. Therefore, as always, the affiliated supporters, the owners of the club, are the people who, with their active participation, can select the projects in which the club takes part. (Laporta, as cited in Allen and Eguía 2004)

However, there is another whole body of literature, which is critical of corporate social responsibility initiatives conducted by the sporting organizations. Some of those discussions will be presented in the following text.

In order to better understand reasoning behind CSR in sports Sheth and Babiak (2010), conducted a detailed study, which attempted to provide insights into how executives perceive corporate social responsibility in sports industry. In their article they have compared the critical CSR theory in sports with the results produced during their research. Sheth and Babiak were able to conclude that, even though CSR in professional sports, is “clearly a business priority,” it differs from those undertaken in other businesses (Ibid: 448).

In examining the origins of CSR in sportive institutions they relied on Babiak and Wolf (2006), who perceived this phenomena as a product of internal and external pressures that exist within the sports institution. Findings, revealed by Babiak and Wolf, show that most of the executives interviewed in their study reported that the pressure for getting engaged in CSR came from their “customers, team employees, corporate partners, and other stakeholders.” These conclusions, led them to suggest that executives in sporting institutions use CSR as a tool for reinforcement of their organization’s strategic position (Ibid: 436).

Sheth and Babiak observation of CSR initiatives run by sport organizations, from a marketing perspective provided some noteworthy assumptions. Sheth and Babiak agreed that most of these “socially responsible” activities are created in order to provide benefits for both the society, as well as for the sports organization that initiated in. They introduced the work of Grau and Folse in order to reaffirm their observation:

Categorized as sponsorships, cause-related marketing involves profit-motivated giving and enables firms to contribute to nonprofit organizations while also increasing their bottom line by tying those contributions to sales. (Grau and Folse as cited in Sheth and Babiak 2010: 436)

Furthermore, the study showed that CSR activities are marginally related to the sporting success of the sport organization. It is argued, that when the social responsibility activities are used for strategic purposes, a reverse reciprocal relationship between the intensity of charitable activities and sporting performance, as observed by Sheth and Babiak:

If executives use CSR for strategic purposes, a team that is successful on the playing field (or perhaps in other aspects of their business) may not need the image-enhancing function or community relationship building that socially responsible efforts might provide - executives may feel that their performance on the field is sufficiently providing these benefits to the organization. Alternately, a losing team might want to maintain their name and brand in the community in which they operate, and may use the CSR function to do so (Ibid: 447).

Roger Levermore, provided a critical analyses of the CSR in sport in his article *CSR for Development Through Sport: examining its potential and limitations* (2010). Following Smith's and Westerbeek's notion Levermore starts his argument by emphasizing sport's capacity to generate satisfaction and its ability to broadcast messages through media. Thus, CSR activities conducted through sports are provided with "mass appeal" (Levermore 2010: 228). Sport, with its set of "well understood values," is a social entity that easily connects with local communities. According to Levermore, sport's sociability and its omnipresence as well as the economic might of the corporate sector create a fruitful background for the development of joint CSR schemes. Sports ability to provide the 'common ground' for peoples' participation in shared CSR initiatives is a reason why big businesses, such as Vodafone and Standard Chartered, together with numerous apparel companies have had long-term relationships with sporting institutions (Ibid: 229).

In his article, Levermore presents a number of criticisms to the business-sport CSR partnerships. First argument provided points at the intensified inequality between North and South, reproduced by the CSR through sports initiatives. He writes that:

Sport has been used to further causes that are contradictory to altruistic development objectives and to convey a 'top-down' power structure that might amplify unequal North-South relations. (Ibid: 239)

Development-through-sport programs are criticized of being mainly focused on "Northern-dominated sports", such as football, basketball, baseball, etc.), and thus, oblivious of indigenous sportive activities in the areas they are being implemented. Levermore finds "northern sports," similarly to extractive industries to be reinforcing unequal political relations, by "extracting" skilled athletes from and exporting "expert-coaches" to the South. "Missionary" enthusiasm of these sport-business ventures is perceived as a way of imposing "the values of the first-world middle class on the disadvantaged of the low-income countries" (Ibid: 230).

Critique continues with the argument that there are companies that engage in CSR initiatives in order to further their brand-promotion. Those businesses

perceive CSR as a vehicle that provides a “free PR ride,” which consequently, would boost their income “without providing substance to socially responsible behavior” (Ibid: 236). Thus, Levermore observes that the motivation for engaging into CSR through sport programs is often a product of the needs of the donating-business, rather than the needs of the communities, these initiatives are supposed to be addressing (Ibid: 239).

Although, his argument is focusing on businesses conducting CSR through sports, in his article, among others he includes FC Barcelona. Classification of FC Barcelona as business in his analyses, Levermore justifies by the fact that, even though it is a non-profit, public association, it still operates as a commercial organization (Ibid: 228). The author applies Ponte’s categorization of CSR initiatives in order to illustrate the levels of engagement and proximity of the “businesses” and their CSR development-through-sport initiatives. According to this categorization, Barça is classified as disengaged and distanced (Ibid: 233), where former implies that the CSR initiatives have little to do with “the operations of the company,” and latter means weak links between the CSR activity and the local surrounding of the donor-institution. Opposite to FC Barcelona’s position according to Ponte would be an institution or a company that, for the sake of being socially responsible (*engaged CSR*), would be ready to undermine its commercial competitiveness, as well as to conduct its CSR activities in its immediate surrounding (*proximate*) (Ibid: 231).

Xavier Ginesta (2010) agrees with Levermore’s conclusion about the use of CSR for brand expansion. Ginesta uses the period in which FC Barcelona and Real Madrid were attempting to globalize their club images, to question the authenticity of their CSR initiatives started around that time. He argues FC Barcelona Foundation, has been a strong ally, in Barça’s attempt to expand its brand internationally. International partnerships that FC Barcelona Foundation established with UNICEF, UNCESO and UNHCR, were of a particular importance for Barça’s global publicity. (Ginesta 2010: 161)

Furthermore Ginesta, argues that the main feature of the international co-operation programs, that Real Madrid and FC Barcelona have been running in Latin America and Africa, was the launch of soccer training schools. According to him, the initiatives run by FC Barcelona Foundation, together with Real Madrid Sport Academies in a number of countries, have been intended to scout for new talents that would be exported to the European football. In some cases, for the recruitment of young players FC Barcelona relied on private foundations of its former players, such as Jose Edmilson in Brazil and Rafael Marquez in Mexico (Ibid: 161-2).

3.3 Conclusion

This chapter has outlined the main differences in the post-dictatorship presidencies of FC Barcelona. It started with the in-depth explanation of the policy arrangements established by Josep Lu s N   ez, and continued with the explanation of the new approaches to professional football established by the board

led by Joan Laporta. Additionally, Chapter 3 provided an overview of the main debates between scholars regarding FC Barcelona's charitable activities.

Chapter 4

Theoretical Framework and Methodology

In order to get a better sense of the debates that took place in the previous chapter, this paper relies on the theoretical underpinnings provided by the authors of New Institutional Economics. As shall be demonstrated, discussions presented in this chapter will provide a framework for understanding causal relationships between policies in the past and those that were undertaken at a later time. This chapter will start with a brief introduction to historical institutionalism, and its main features. Afterwards, it will move onto explanations of path-dependency approach, as a tool for understanding policy persistence and change over time. Towards the end, this chapter will discuss methodologies as well as limitations of this research.

4.1 Historical Institutionalism

Peters et al. (2005: 1279-80) explain that the new interest in institutions during the 1980s, “came after some decades of concentrating on more individualistic explanations for political phenomena.” It has been argued that the individualistic approach that was a characteristic in behavioral studies was unable to explain the impact that structures had on public policies. The new institutionalists argued that once institutionalized formal and informal arrangements assume “certain rigidity,” and thus become difficult to change. Furthermore, Peters et al. argue, these institutional arrangements provide an explanatory framework for the forthcoming policy outcomes.

Historical institutionalism developed as a response to group theories of politics and structural functionalism that were commonly used in the 1960s and 1970s. (Hall and Taylor 1996). Hall and Taylor argued that historical institutionalism has borrowed from those two approaches. It accepted group theory’s argument that politics is based on the conflict among rivals for scarce resources, but also sought to further develop it by providing better explanations for the different outcomes of national politics. Structural theorists influenced the way in which historical institutionalism saw polity – as a whole system of interacting parts. In this case, as well, historical institutionalism went beyond the initial explanation of the theory it borrowed from, by arguing the collective behavior was not influenced by social, psychological or cultural behaviors of individuals (as offered by structural functionalists) but the “institutional organization of the polity or political economy” (Ibid: 937).

Historical institutionalists assume a conservative tendency within policy-making systems, which will stimulate these systems to defend the existing patterns of policy. Peters et al. follow Pierson, by claiming the existence of “self-reinforcing processes” within institutions that “make institutional configurations, and hence their policies, difficult to change once a pattern has been established.” Public policymaking and political change are imagined, as a “dis-

crete process, characterized by extended time periods of considerable stability – referred to as ‘path dependency’ - interrupted by turbulent, ‘formative moments’ ” These formative moments, represent periods in which public policy is faced with new objectives, new priorities and new political coalitions that emerge in order to sustain these new policies (2005: 1276).

Institutions that are in the focus of historical institutional analyses are commonly defined (Hall and Taylor 1996; Thelen and Steinmo as cited in Peters et al 2005) as the formal or informal organizations, rules, conventions and procedures that determine behavior within an organizational structure. Peters et al. (2005) continue by following Thelen and Steinmo in defining the role of institutions in historical institutionalism. They [Thelen and Steinmo] write that institutions that could range from “party systems” to “business associations” are able to shape and constrain political strategies. At the same time, these institutions represent the outcomes of previous conscious or unconscious political strategies, conflict and choice (Ibid: 1282).

Hall and Taylor (1996) distinguish four main features in the historical institutionalist approach. Firstly, they present the broad conceptualization by which historical institutionalism sees relationship between institutions and individual behavior. This conceptualization offers two approaches for explaining the continuity of regularized patterns of behavior associated with institutions. According to the first approach – calculus – individuals follow patterns of behavior “because deviation will make the individual worse off than will adherence. Cultural approach which is the second regarding the institutions-individuals relationship, explains the persistence of institutions by stating that some institutions are “so conventional,” as collective constructions, that it would be impossible for any individual to reform them, because they “structure the very choices about reform” (Ibid: 939-40). Secondly, historical institutionalists assume that institutions tend to provide disproportionate access to decision-making to some group or interests, rather than to provide the outcomes that aimed towards the betterment of everyone (Ibid: 941). Thirdly, historical institutionalism insists on the perspective that “social causation is ‘path dependent’.” Path dependency rejects the traditional understanding that same forces will produce the same results everywhere. It insists that the operation of any forces in a particular situation will be “mediated” by its “contextual features,” inherited from the past. Therefore, institutions are considered to be a persistent product of the historical background, as well as, the driving force for the development that will follow a certain path (Ibid: 491). Fourthly, it is argued that historical institutionalists were very concerned of the relationship between institutions and ideas. Thus, in their research they tend to locate institutions in “a causal chain that accommodates a role for other factors,” such as ideas. (Ibid: 492)

Peters et al. (2005) use the concept of *punctuated equilibria* to explain the changes in policies, according to the historical institutionalist approach. Punctuated equilibria is based on the assumption that change could only be facilitated by sharp breaks in the policy trajectory. It is argued that, policies remain in

equilibrium during longer periods time, before the shift in their path facilitates the new the establishment of the new equilibrium (Ibid: 1289).

4.2 Path Dependency

Mahoney (2000) presents his view on the path dependency approach by following a number of authors such as Aminzade, Griffin, Isaac, Sewel, Somers and Tilly, who argued that social phenomena can be effectively explained “only in terms of path dependence” (Ibid: 507). He argues that a number of historical sociologists, in their attempts to define path dependence, relied on a broader conceptualization of the term. The broader term was based on the argument that past events influence future ones. Mahoney argues that definitions like those of Sewell⁷, have encouraged many authors to simply label their arguments, in which past events affected later ones, as path-dependent (Ibid: 510). Peters et al. (2005: 1287) write that path dependency theorists claim that small choices, regardless of whether they were intentionally adopted or just by mere accident, can have significant and irreversible consequences at a later time. Contrary to that, Mahoney insists on a more specific definition of path-dependence. He argues “that path dependence characterizes specifically those historical sequences in which contingent events set into motion institutional patterns or events chains that have deterministic properties.” In order to identify path dependence, according to Mahoney, one needs to trace a given outcome back to the set of contingent historical events, as well as, to prove that these occurrences cannot be explained by earlier historical conditions (Mahoney 2000: 507).

In his explanation of path dependency, Mahoney (2000: 510) identifies three main features of this analysis. Firstly, in order to conduct a path dependent analysis one needs to identify “causal processes that are highly sensitive to events that take place in the early stages of an overall historical sequence.” Here he follows the argument of Pierson who writes that earlier events in the time sequence matter much more than the later ones, which could have had greater influence if there time had been different. Secondly, Mahoney dismisses a possibility of using path dependency analysis in predicting future outcomes when the initial conditions are available. He insists that earlier events in a path dependent sequence are contingent, and thus, independent of and unexplainable by initial conditions or previous events. Finally, “once contingent historical events take place, path-dependent sequences are marked by relatively deterministic causal patterns.” In other words, once the process are started and begin to follow a particular outcome on a certain track, by *inertia* in the future they will continue to stay in motion and keep track the same outcome.

⁷ “[Path dependency means] that what has happened at an earlier point in time will affect the possible outcomes of a sequence of events occurring at a later point in time.” (Sewell as cited in Mahoney 2000: 510)

4.2.1 Self-Reinforcing and Reactive Sequences

In his work Mahoney (2000) distinguishes two types of path dependent approaches. First of these approaches is examining, what he calls self-reinforcing sequences, while the second attempts to understand reactive sequences. In the further text, the summary of these two types will be presented.

Sequences with self-reinforcing properties are considered to be those in which the initial step in a particular direction induces “further movement in the same direction such that over time it becomes difficult or impossible to reverse direction” (Ibid: 512). Self-reinforcing sequences are used to explain the “formation and the long term reproduction of a given institutional pattern.” Mahoney suggests, “increasing returns,” in economics is an example of the self-reinforcing sequence. He argues that once adopted as an institutional pattern, increasing returns “deliver increasing benefits with its continued adoption,” and thus, they become more difficult to change, regardless of more efficient alternative possibilities (Ibid: 508-9).

In his understanding of self-reinforcing sequences, Mahoney follows Stinchcombe’s historicist explanation, which distinguishes between two types of causes: formation of the institution (institution genesis) and the reproduction of the institutional patterns (institution reproduction) (Ibid: 512).

Periods, in which the institutional pattern is being initiated, are called “critical junctures.” Mahoney explains critical junctures as follows:

Critical junctures are characterized by the adoption of a particular institutional arrangement from among two or more alternatives. These junctures are “critical” because once a particular option is selected it becomes progressively more difficult to return to the initial point when multiple alternatives were still available (Mahoney 2000: 513).

Critical junctures are not only considered to be the initiators of a new institutional pattern, but also, “branching points” of the old one. Hall and Taylor (1996: 491-2) explain critical junctures as “moments when substantial institutional change takes place.” This change, they argue, diverts the historical development from its original path by creating a new one.

The adoption of the alternatives that are available in the period of institutional genesis (critical junctures), is considered to be contingent, according to Mahoney. He writes that contingent events are those which occurrence could not be explained or anticipated, given the available theoretical knowledge about causal processes (Ibid: 513). Sociologists commonly assign contingency to small events “too specific to be accommodated by prevailing social theories, such as the assassination of a political leader or the specific choices and ‘agen-

cy' of particular individuals" as well as, to large "seemingly random processes such as natural disasters" (Ibid: 514).

Contrary to the periods of institution formation, which are explained through contingent critical junctures relative to theoretical explanations, institutional reproduction is explicated via "mechanisms derived from predominant theories." Mahoney argues that causes for institutional reproduction are different from those that initiated the institutional pattern: "[P]ath-dependent institutions persist[s] in the absence of the forces responsible for their original production." He continues, by arguing that the mechanisms for institutional reproduction tend to be very efficient, thereby making a given institutional pattern difficult to end (Ibid: 515).

Following historical sociologists that tried to identify mechanisms that support institutional reproduction Mahoney offers four different mechanisms that explain reproduction and change in self-reinforcing sequences: utilitarian, functional, power and legitimation (Ibid: 508-9). Utilitarian framework sees reproduction of the institution as a rational choice of the actors, who by calculation understand that the benefits of the change would be smaller than its costs. Institutional change according to this framework occurs when actors realize that further reproduction of the institutional pattern is not in their interest (Ibid: 518). A functional explanation of reproduction regards an institution as a tool that serves for a particular function within the system, which leads to the expansion of the institution. Expanded institution can now better perform its function for the system, which leads to further institutional expansion, after which the process repeats. Changes in the institutional pattern in this case are only possible due to exogenous shocks on the system, which is considered to be self-regulating, and thus, in order to adapt the new environment it might need to initiate an institutional change (Ibid: 521). Power explanation, similarly to the utilitarian one, assumes that decisions made by actors are product of weighing costs and benefits. Authors that adopt power explanation argue that institution contingently empowers one group over the other, thus, the advantaged group will tend to expand the institution, as its expansion increases this group's power. In this case institutional change happens when the institution reaches a point, after which its expansion facilitates conflict with the disadvantaged group of actors (Ibid: 523). Finally, the legitimation framework explains the institutional reproduction by arguing that once established pattern that was considered to be appropriate and morally correct, will be voluntarily reproduced by the actors. Institution that was chosen will be reproduced because it is considered to be legitimate, and as a result of this reproduction its legitimacy will further increase. Since the reproduction is based on subjective beliefs of the actors, institutional change occurs due to "the breakdown in consensual beliefs regarding the reproduction of an institution." This "breakdown" is often a product of the emergence of new cognitive frameworks, as well as the decline in institutional efficiency or stability (Ibid: 525).

Mahoney (2000: 526-7) defines **reactive sequences** as “chains of temporally ordered and causally connected events.” Reactive sequences are based on a different logic than self-reinforcing sequences. While self-reinforcing sequences reproduce, reactive sequences tend to transform earlier events. In a reactive sequence each event is “in part a reaction” to the event that preceded it, as well as, “a cause” of a subsequent event. In other words, each point on this track is dependent on the prior point. It is argued that the early events of the reactive sequence induce further development, not by reproducing a given pattern, but “by setting in motion a chain of tightly linked reactions and counterreactions.” Mahoney considers these early events to be crucial for the final outcome, since a small change in one of them could accumulate over time, thus altering the end of the sequence.

Similarly to self-reinforcing sequences, initial events in reactive sequences are considered to be contingent. Mahoney recalls Sewell’s suggestion that it has been typical for analysts to start their sequential analyses with “surprising breaks” from the theoretical framework. Contingent events that initiate a reactive causal sequence usually are a product of conjunction of two or more intersecting sequences. The collision of independent sequences, of which some can follow a highly predictable pattern of causality, often time is unpredictable; thereby conjunctions are “treated as contingent occurrences” (Ibid: 527).

Mahoney emphasizes unpredictability as one of the characteristics of reactive sequential causality. He argues that even when researchers are aware of the contingent break point which initiated the sequence, they will most probably be unable to predict its final outcome. However, Mahoney continues by writing that smaller events within the interval between the initial point of the reactive sequence and its outcome can often be predicted and studied. This predictability is what makes these small events “the central objects” of path-dependence analyses.

Path-dependent reactive sequence consists of outcomes that are connected with small causal linkages called inherent sequentiality (Griffin and Ragin as cited in Mahoney 2000: 530). Since, a clear and undeniable formulation was not offered, Mahoney attempted to distinguish three main features of inherent sequentiality. Firstly, he argues that events in the reactive sequence are commonly understood as both, sufficient and necessary conditions for subsequent events. Secondly, in a reactive sequence initial event and the outcome are linked with intermediary events, which represent a causal mechanism of this sequence. However, small causal mechanisms exist between each of the intermediary events that link the early point in the sequence with the outcome. Thirdly, chronological order of events, according to Mahoney, is the key reason behind inherent sequentiality in a reactive sequence (Ibid: 530-2).

4.2.2. Defining Policy Levels

Path dependence approach is commonly used as an analytical tool for examining patterns of behavior. Often times policy persistence and change are the key

focuses of in these examinations. Kay (2005) found that the term ‘policy’ was vaguely used in the path dependence analyses and that it needs further examination. He argues that there is no “unique policy level,” rather there is a range of levels that could be studied as ‘policy’. In defining this range, Kay follows Heclo and his explanation of the term ‘policy’ as being applicable to “something ‘bigger’ than particular decision, but ‘smaller’ than general social movements” (2005: 556).

Policy system, according to Kay (2005: 557), is a complex entity with a substantial number of interrelated elements. He argues that with a certain policy there could be several policy elements, which he refers to as **sub-systems**, with their own set of actors, organizations, instruments and goals. In order to understand the development of these sub-systems, a path dependence analysis can be used in the same way as in the case of the ‘whole’ policy system. Additionally, Kay follows Rose and Davies (1994) in their argument that policy studies should use policy program level as a basic unit of analysis. Policy program level is easily observable policy instrument that refers to a “combination of laws, commitments, appropriations, organizations and personnel directed towards a more or less clearly defined set of goals.”

4.3 Limitations of the Approach

There is a vague consensus among authors about the limitations of the historical institutionalism and path dependency approach. Most of the critiques of these approaches that occur in different articles could be categorized into four main groups.

Uncertain definitions of concepts in historical institutionalism are one of the common critiques by scholars. Peters et al. (2005: 1286) critique is aimed at the vague definition of the concept of institution:

Institution is also used to describe formal administrative institutions within the state such as civil service departments or legislatures, as well as informal rules, agreements, and customs within the state and between the state and society.

They argue the definition of the term ‘institution’ would be more useful if fixed to certain agents or units with a durable character or “informal but clearly identified rules and legacies associated with particular institutions or institutional arrangements” (Ibid: 1286).

Similarly, Mahoney (2000) insists that the meaning of path dependence needs to become more explicit, otherwise it’s “loose” usage and unclear definition could discourage historical sociologists to use path dependence sequences as analytical tools in their research (Ibid: 538).

Historical institutionalist approach is considered to be very good for describing persistence of a certain policy or program once they are initiated (Peters et al 2005: 1282). However, Peters et al., find this approach to be “less capable of explaining the initial adoption” of the policy. Hall and Taylor agree with this suggestion by arguing that historical institutionalists are having difficulties in explaining the initiation of critical junctures, as events that trigger the motion of institutional patterns (1996: 491-2). Mahoney (2000: 537) emphasizes the same problem. He argues that current debates in this area underestimate the importance of defining the initial point in the path dependent causal sequence. He argues that without clearly defined “starting conditions” a researcher “could end up in the trap of infinite regress,” when examining path dependent reactive sequences (Ibid: 527).

Apart from difficulties in the explanation of how a certain policy originates, historical institutionalism is criticized for its inability to clearly explain how a change of institutionalized behavior occurs. Historical institutionalism’s primarily orientation towards understanding structural variables, limits its possibilities for providing a clear theoretical explanation of change (Peters et al. 2005: 1277). Peters et al. argue that this problem of the historical institutionalism induces a two related difficulties: firstly, it is unable to incorporate political change in its analytical framework; and secondly, it fails “to identify the political conflict and dissensus within what at the surface might appear to be stable path-dependent periods” (Ibid: 1277). Moreover, the vague definitions of path-dependence, that are presented as little more than the notion that “history matters,” led scholars to use path dependence analyses in order to simply trace “outcomes back to temporally remote causes.” This kind of research does provide a variety of different “path analysis” modes, but it does not examine path dependent processes of change, as argued by Mahoney (2000: 507). Following Hay (2002), Kay argues that path dependent research provides better explanations for understanding stability than for examining change. At the same time, Kay introduces Thelen’s (1999) criticism of path-dependency being a deterministic approach. He writes, “once the initial choice is made, then the argument for future development becomes mechanical” (2005: 565-6).

Peters et al. (2005: 1284) observe that historical institutionalists exaggerate the importance of the structure (institutions) and thus, undermine the

“role of ideas in policymaking processes.” They argue, that most of the issues historical institutionalist approach is facing could be removed with a stronger emphasis of the role of agency within institutions. According to them historical institutionalist approach assumes homogeneity within institutions, and disregards the fact that the decisions taken in order to preserve a certain pattern are taken by some actor. Peters et al. suggest that it is not enough to argue that patterns persist, but also to link the outcomes of a certain policies with the agency (2005: 1284-5).

Key critiques to historical institutionalism and path-dependency approaches to research come from the critical schools such as neo-gramscian, neo-polanyian and critical realism. Authors with these and similar backgrounds

would object against Mahoney's attempt to merge the two different types of path-dependence approaches: self-reinforcing and reactive causal sequences, in order to create an analytical tool that will be at the same time attentive to the first initial condition (in self-reinforcing sequences) and the preceding event (reactive sequentiality) in the causal chain. (2000: 527-35). However, the acknowledgement of these analytical limitations of the approach does not mean, that the theoretical framework that will be applied is inaccurate. It suggests the existence of alternative approaches to the examined *problematique* that could not be discussed in this paper due to its limited format.

4.4 Methodology and Limitations

The research presented in this paper was based on the application of qualitative methodology, as well as, on the secondary data provided in numerous sources such as, literature, documentary films, journal and newspaper articles and online Internet sources. Through usage of the theoretical tools presented in this chapter, particularly Mahoney's path-dependency approach, this paper will examine competing policies that led to the establishment of Barça's "charitable arm". This paper will try to trace and identify those "critical junctures," in the history of FC Barcelona that initiated a number of causal events leading to the final outcome – FC Barcelona Foundation.

Limitations of this research include four main elements: scarce literature, lacking interviews, unavailable data and language deficiency. Firstly, the scope of the literature examining the governance of sporting organizations is fairly narrow. Existing literature is mainly based on the techno-managerial descriptions of decision-making. Furthermore, even though the literature about the corporate social responsibility in sport is growing, explanations that it provides are primarily economic. This literature usually does not provide explanations about specificities of sportive organizations, and in the case when it does, they are provided in a very simplistic and descriptive manner.

The research presented in this paper is lacking some primary inputs, such as interviews. Unavailability or unreachability of the persons related to the club or familiar with its work, contributed to the shortcomings of this paper.

Similarly to many commercial institutions, FC Barcelona's decision-making, most of the time is conducted behind closed doors. Secretive nature of decisions and private meetings that influenced the policies, this research is examining, are thus being unavailable for assessment.

Finally, author's low proficiency in Spanish and the lack of the knowledge of Catalan languages contribute as another limitation to this research. Deficiency in these two languages limited the number of possible interviewees. It has also narrowed the range of available sources to those published in English.

4.5 Conclusion

This chapter has provided a theoretical framework onto which the forthcoming analyses will be based on. It has offered a summary of the one of the main debates in the field of new institutional economics – historical institutionalism. The chapter concentrated on the work of historical institutionalists who focused on the path dependence analytical approach. Moreover, it has attempted to outline the advantages and disadvantages of this approach. Presentations of theoretical debates in this chapter are meant to provide an analytical tool for understanding causal relationships between policies that will be assessed in the following chapter. Additionally, Chapter 4 outlined the methodology and limitations of this study.

Chapter 5

‘Material’ *versus* ‘Societal’ FC Barcelona

In order to make use of the interpretations from the chapters above, as well as to establish the tools that will be used in the upcoming analyses, it is important to distinguish between two general rationalizations about the governance of FC Barcelona. One can observe that there is a tension between the explanations about Barça’s policies regarding the Foundation. On one side, articles by Allen and Eguía and Hamil et al. emphasize Barça’s rootedness in Catalanism; while on the other hand, Sheth and Babiak, Levermore and Ginesta insist on financial and marketable aspects of FC Barcelona’s charitable programs. The aim of this chapter is to categorize these interpretations into two distinct policy sets in order for them to be used in the analytical part of this research.

5.1. Defining the ‘material’ and the ‘societal’ in the governance of FC Barcelona

This study will use Kay’s (2005) understanding of policy as a “complex entity” that consists of numerous interrelated policy elements – sub-systems. In the debate presented in Chapter 3 various policy interpretations of FC Barcelona’s governance emphasize two distinct policy elements that, for the purposes of this study, will be termed ‘material’ and ‘societal’.

Term ‘material’ in the further text will refer to those policy sub-systems that prioritize commercial and sportive success over Barça’s cultural values. Sheth and Babiak (2010), Levermore (2010) and Ginesta (2010), are the authors who point to FC Barcelona’s the ‘material’ side by arguing that, even though being a non-profit organization, Barça operates as a competitive business, and is primarily focused on fulfilling its business priorities through brand expansion and talent recruitment.

Contrary to the ‘material’ policy elements, are those that rank Barça’s communitarian values above its commercial priorities. Authors like Allen and Eguía (2004), Shobe (2008), Burns (2009) and Hamil et al. (2010) put these sub-systems in the spotlight in their articles. They emphasize FC Barcelona’s role of being “more than a club” throughout its history. Policy sub-systems or forces that insist on Barça’s embeddedness in the Catalan national discourse in the reminder of this paper will be labeled as ‘societal’.

It is of crucial importance that the ‘material’ and ‘societal’ policy elements in this case are not understood as mutually exclusive. ‘Material’ classification in this case does not necessarily mean materialistic concern for making profit, winning trophies and increasing assets without regard to Barça’s social aspect. Similarly, policy identified as ‘societal’ is not exclusively based on irrational cultural values and national feelings and irrespective of the club’s financial situa-

tion. Rather this categorization tends to emphasize the dominant sub-system within the overall policy during a limited temporal sequence.

5.2 Conclusion

This chapter has provided a grouping of various policy interpretations into two core policy sub-systems = ‘material’ and ‘societal’ - competing within FC Barcelona’s governance structure. In the following chapter this categorization will be applied as an analytical tool for explaining continuity and change of FC Barcelona’s policies.

Chapter 6

Understanding Barça's Policy Trajectories

This chapter will offer an explanation regarding the existence of three interrelated policies in FC Barcelona regarding: the membership, the sponsorship and FC Barcelona Foundation. These explanations will be approached through the examination of policy sub-systems that were dominant in Barça's institutional arrangements throughout its history.

Chapter 6 presents three path-dependent trajectories with self-reinforcing properties that were characterized by the combination of competition and co-operation between 'societal' and 'material' sub-policies. This chapter offers three of those self-reinforcing sequences: first in which the 'societal' patterns of behavior were dominant, second, during Núñez presidency where the emphasis was put on 'material' policy elements, and third, in which Laporta's administration combined those two.

6.1. 'Més Que Un Club' – Establishment and Reinforcement

6.1.1. *Critical Juncture: 'Societal' FC Barcelona*

Since its early stages, FC Barcelona has attained a role of being "more than a club." The person responsible for this was the founder of the club himself – Joan Gamper. Gamper's decision to align Barça with the ideas of Catalanism was based in part on 'material' reasoning. However, Gamper's "personal crusade to rescue the club," by ingratiating Barça to the Catalanist middle class in order to secure financial support (Burns 2009; Hamil et al. 2010), represents the initial condition for the institutional genesis of Barça's 'societal' role. Not everyone in the administration of FC Barcelona was happy about its new role. According to Burns (2009: 82) Arthur Witty, one of the initial members of the Club disliked this politicization. He desired to see Barça, revolving around principles of sportsmanship, rather than principles of the political struggle. Following Mahoney (2000: 514), Gamper's decision to select the 'societal' path over the Witty's alternative is a contingent event, since "the specific choices and 'agency' of particular individuals," cannot be explained via dominant social theories.

However, Gamper's initial event of labeling FC Barcelona as a "Catalan club," did not become the "branching point" that moved club's historical development on a purely Catalanist path until the first dictatorship regime was established in Spain. It was Primo de Rivera's regime of cultural repression that sealed the deal between Barça and Catalanism. Thus, a critical juncture point was created, since from that moment it became almost impossible to return FC Barcelona to the initial point where "multiple alternatives" for organizing the club (such as Witty's) were still available (Ibid: 513). Xifra follows Salvador

(2004) in arguing that the suppression of all official symbols of Catalonia, during Rivera's (and later Franco's) regime gave rise to the "Barça phenomenon." Due to this cultural repression, Xifra argues, FC Barcelona evolved "into a symbolic and ritual system" that will contribute to the construction and reproduction of the Catalan national identity (2008: 194). Burns (2009: 87) writes that Rivera's conflict with Barça escalated after his regime had closed down the Catalan local government and banned the use of the Catalan language. On the next match that Barça played on its stadium, the Spanish national anthem was booed and whistled at by Barça's supporters. This infuriated Rivera who imposed a "six-months ban on Barcelona's activities as a club and as a team." This moment initiated what Mahoney (2000) refers to as a self-reinforcing sequence, in which FC Barcelona's "societal role" became an irreversible institutional pattern that will be reinforced and expanded with numerous subsequent events.

6.1.2. Institutional Reproduction of the 'Societal' Barça

The 'societal' institutional pattern that was "locked in" during Rivera's military regime was reproduced via events that emphasized Barça's national symbolism throughout the years of Franco's dictatorship. These events that were reinforcing Barça's role are explained using Mahoney's (2010) *legitimation* and *functional frameworks* of path-dependent institutional reproduction.

Using the legitimization explanation one can observe that there is no doubt the events that reinforced Barça's 'societal' role were rooted in the 'subjective beliefs' of its supporters. Gil-Laufente (2007: 187) wrote that FC Barcelona always represented a union of certain values that were reflected within the Catalan society. Furthermore, Xifra (2009: 195) argues that Barça's supporters "become 'believers' in a symbolic system brimming with religious meaning" who saw FC Barcelona "as a symbol to which they attribute transcendental meanings and truths." Burns (2009: 194) quotes Jordi Pujol, one of the most prominent Catalan nationalist politicians, who argued that during the time of repression FC Barcelona represented one of the "folkloric manifestations" of the Catalan people. A good example of the event that reinforced Barça's 'societal' role, that could be explained via the legitimization framework happened during the Spanish Civil War. A number of FC Barcelona players, when the war broke out, decided to enlist themselves to fight against Franco's falangists. Some of them formed football teams whose aim was to spread the propaganda and collect funds abroad in order to support anti-Franco forces (Aja 2003: 104). Event with a similar reasoning happened during Franco's regime. Burns writes that in 1951 FC Barcelona supported the first organized protest that was organized due to the increased tram ticket prices. During a match that Barça played at its stadium at that time, numerous "leaflets backing the boycott were distributed round the terraces, and when the match was over as many fans ignored the empty trams that the regime had placed near the stadium, choosing to walk home instead" (2009: 150-1). Once again, the institutional pattern reproduction was a product of supporter's belief in the moral correctness of Barça's policy.

Mahoney's (2000) functional framework provides a slightly different explanation of the process of reproduction of the 'societal' Barça. Looking through the functional lens, one can observe two main functions of the Catalan football club: cultural and political.

In this case FC Barcelona's *cultural function* refers to the activities undertaken by the club in order to preserve the Catalan identity. Xifra (2008) argues that FC Barcelona fulfilled the same social functions as religion not so long ago. He argues that

[t]he array of rituals and devotions generated by Barça creates or recreates the national community, strengthens its cohesion and bestows on it a transcendental facet, whilst also helping to make the identification and mythological symbols of Catalan imagined community and everything this signifies sacred. (2008: 195)

Similarly, Shobe highlights the discussion of various scholars who argued that sport, and football in particular, is "involved in the reproduction of Hobsbawm's 'invented traditions' (1983) which maintain Anderson's 'imagined communities' (1991)" (2008: 89). Moreover, he argues that in times of political repression, the role of sport in facilitating "collective identification" becomes even more significant. (Ibid: 89). Many authors (Xifra 2008; Burns 2009; Hamil et al. 2010) provide an example of FC Barcelona's stadiums as venues in which Barça was fulfilling its cultural function. Football matches, played on Les Cortes and Camp Nou, were those events during which Catalans were able to reinforce their collective identity, by speaking their language and publicly expressing their Catalanism.

Barça's *political function*, however, emphasizes club's involvement in the political struggle against Franco's regime. Shobe writes that sport, by providing the reinforcement of the collective identity, can become venerable to "manipulation by political elites," but at the same time it can provide necessary "means of resistance" towards those in power (2008: 89). These dynamics were inherent in the functioning of FC Barcelona in Francoist Spain. Catalan nationalists openly regarded Barça as a "key ally" in their political struggle with the regime (Burns 2009: 219). In 1974, the club's 75th anniversary was purposely used as a cover for a significant political gathering of the supporters loyal to Jordi Pujol, leader of the strongest nationalist party in Catalonia (Ibid: 196). Following this one, on several other occasions during the "dying days of Franco's regime," FC Barcelona was used for political purposes.

A friendly match between the Soviet Union and the all-Catalan team was used as an occasion for intoning the Catalan national anthem, despite the presence of the representatives of Franco's regime (Ibid: 219). The events that succeeded this one, such as the introduction of Catalan in announcements on the Camp Nou, as well as the distribution of Catalan flags to the fans before

the match with Real Madrid in 1975 (Ibid: 220) certified Barça's political function in the reinforcement of its 'societal' role.

The self-reinforcing path-dependent chain of FC Barcelona's societal pattern of behavior was not without tensions throughout its term. On several occasions the dictatorship occasions have tried to challenge Barça's social role. Several examples of these challenges that did not influence the path-dependent sequence will be mentioned. Firstly, in 1940 there was an attempt by the Franco's regime to challenge the club's cultural role, by changing its name from Catalan FC Barcelona to more Spanish-like name Barcelona Club de Fútbol (FCBarcelona.cat, n.d.). The name change was followed by the appointment of board members loyal to Franco, in order to prevent "any future dissidence against the dictatorship regime" (Hamil et al. 2010: 478). Later incidents involved FC Barcelona's rivalry with Real Madrid. The club from the Madrid was, according to Burns (2009: 143) not just supported by Franco's regime - it was the resemblance of Franco himself. Frequent incidents that occurred between these two teams are numerous, and thus, impossible to name in this paper. However the most important one, that was aimed at challenging FC Barcelona's role as an inspiring social force happened in before the rematch with Real Madrid in the finals of the Cup that was played in Franco's honor in 1943. In order to secure the trophy for Real Madrid, despite their loss in the first leg, Franco's chief of security visited Barça's changing room before the match to remind them about "the generosity of the regime" for allowing them to compete despite their "lack of patriotism" (Ibid: 145). The attempt to influence Barça's sportive success and thus its social outreach came from the Spanish legislation on restriction of the number of foreign players. Burns argues, that this restriction was selectively breached in favor of Real Madrid's foreign signings (Ibid: 200). However, none of these challenges to the institutional reproduction of Barça's 'societal' policy, managed to alter its path. The forces that will change Barça's policy trajectory, did not come from the consolidation of Franco's regime, rather, they were the outcome of its breakdown.

6.2. Rise of the 'Material' in FC Barcelona

6.2.1. Explaining the Change

Path dependent sequence that was for many years reinforcing Barça's 'societal' role came to its end with the demise of the fascist regime in Spain. Franco's death paved the way for the change of Barça's long-term *raison d'être*. This alteration is confirmed by Mahoney's (2000) explanations of change. He writes that self-reinforcing institutional pattern changes when the institution stops serving a certain purpose to the system (functional framework), as well as due to the changes in the subjective preferences of those who legitimized it (legitimation explanation). It is argued (Shobe 2008), that after the democratization process kicked-off in Spain, Barça's 'societal' role was doubted. Its cultural

function was weakening, since Catalans started expressing their identity through numerous social activities, while its political function had passed to the political institutions that were outlawed during the dictatorship (Ibid: 88). Furthermore, the new liberalized environment and the “introduction of new ideas,” changed the subjective beliefs of Catalans, and thus, induced the legitimation decline of the ‘societal’ FC Barcelona. However, it is important to mention that even though the societal policy elements were fading they did not disappear from club’s institutional patterns, since Barça’ remained “implicated in the politics of place and the social construction of place-based identities in Barcelona and Catalonia.” (Ibid: 88).

The environment change that started with the process of democratization of Spanish politics and liberalization of its economy had a major impact on various sectors of the Spanish social life, including football. The neoliberal paradigm that initiated a commercialization of football in Europe, and most notably in England (Hamil et al. 2010: 476) raised concerns whether socially complex and politicized Spanish clubs will be able to successfully compete with commercialized English teams. This opening towards the Western liberalism provided an initial condition for the emergence of the new FC Barcelona dominated by ‘material’ sub-policy elements. The critical juncture that will change Barça’s policy priorities happened in 1978 after the first club’s truly democratic presidential elections. Contingency in this case can be observed in the election of a person who was not previously related to the club, who was not politically active, who was not even Catalan – Josep Luis Núñez. Burns (2009: 228) confirms that prior to his election for club’s chairman position, Núñez did not have any official ties with FC Barcelona. Furthermore, Núñez’s demagoguery that he was loyal to Barça’s Catalan roots, but at the same time above the political and party interests of his rivals, nicely appealed to those who feared the uncertainty of the democratic transition and thus were only interested in Barça’s sportive success (Ibid: 238).

6.2.2. Institutional Genesis and Reproduction of Núñez’s FC Barcelona

The best account for institutionalization and self-reinforcement of Núñez’s policies of running FC Barcelona as a commercial enterprise is provided using Mahoney’s (2000) power explanation. In this case the empowerment of Núñez’s approach of running Barça as a business, came at the expense of those groups within the club that insisted on the type of governance that would emphasize its traditional role. From that moment on, all the actions and policies undertaken by Núñez served for the expansion of his policies, which in return, increased his advantage over the opposed groups within the club. Many authors (Burns 2009; Hamil et al. 2010) have confirmed Núñez’s thirst for power in FC Barcelona. Burns quotation of Tusquets, one of Núñez’s board members, confirms his thirst for power:

At the beginning when Núñez was elected president, there were only a few of us in the junta and we were free to speak and take our own decisions. Over the years, Núñez took more and more control of the club's affairs, and his junta became mainly decorative (2009: 353).

Desire for retaining “a high level of personal control over the management of the football club,” (Hamil et al. 2010: 480) pushed Núñez into numerous strategic alliances and conflicts with actors from within the Club and out of it. On several occasions Núñez sided with Johan Cruyff in order to achieve sportive success and secure his position before the elections (Burns 2009: 298-302). At the same time, whenever Cruyff became influential enough to challenge Núñez's control he would be removed from the Club. Similar relationship Núñez had with the Barça's superstar Maradona, who he sacked when the Argentinian became a challenge to his ‘reign’ (Ibid: 253). These are the two of many examples of Núñez's opportunistic alliances with coaches, footballers and politicians presented in Burns' book *Barça* (2009). During Núñez era there could be only one boss in FC Barcelona – himself (Ibid: 306-7). Regardless of occasional strategic alliances with nationalistic politicians, like Jordi Puyol (Ibid: 351), Núñez's overall governance was characterized by de-politicization of FC Barcelona (Shobe 2008; Burns 2009; Hamil et al. 2010).

In his attempt to achieve the absolute control over the club Núñez, distanced FC Barcelona from its social role, by giving preference to those policy elements that can be characterized as ‘material’. As Shobe confirms:

Núñez insulated the club from prevailing political powers and conducted the affairs of the club with little regard for its social role in the context of Barcelona and Catalonia. In so doing, Núñez effectively reframed the political discourse of FC Barcelona in two ways (2008: 93).

Firstly, as Shobe writes, he was keeping the control over the Club away from those political figures who wanted to use Barça's reputation for their political purposes. Secondly, Núñez avoided any association of club with Catalan nationalism. During his era FC Barcelona “ceased to be an important Catalan political / cultural institution and became more of a business” (Ibid: 94).

Path-dependent self-reinforcement of the ‘material’ institutional patterns became evident in Núñez's policies that treated Barça as a commercial enterprise. Núñez embarked on a strategy that was supposed to maximize Barça's economic potential. This encompassed the replacement of the old “patriarchal” management with the new efficient administration (Burns 2009: 347). The new administration was inspired by the commercial success of Manchester United, and thus pursued similar actions. These actions included signing deals with TV broadcasters, sports apparel companies, as well as setting a limit for borrowing from the banking sector (Ibid: 349-55).

Shobe (2008) and Burns (2009) agree that Núñez's business-minded management was successful. Barça's wealth increased over time and it became one of the richest clubs in Europe (Shobe 2008: 95). Club's increased wealth was used for buying world-class players regardless of their price or reputation⁸. Further deterioration of the 'societal' FC Barcelona was evident in its policies towards other Catalan clubs. Núñez stopped Barça's nurturing of football in Catalonia; since he started buying out talented players from smaller Catalan teams (Shobe 2008: 94).

Another reinforcing event of 'material' policy elements, during the Núñez era, was related to FC Barcelona's democratic tradition. Namely, throughout his presidency, Núñez treated club's membership – socios – as shareholders in a corporation, rather than the constituency in a democratically run association at service to Catalonia (Ibid: 94). Hamil et al. argue that Núñez, constantly eroded club's democracy by undermining the rights of socios. He was often accused of lack in transparency over the selection of those socios who will be voting in Barça's presidential elections (2010: 476). However, Burns (2009) argues that Núñez always relied on Barça's membership when needed an extra cash inflow for his projects of expanding the stadium or buying elite players – like Maradona.

Regardless of Núñez's power and premier focus on 'material' (financial and sportive) success, he could not totally ignore the fact that FC Barcelona was deeply entrenched in the Catalan nationalism (Ibid: 354). Barça's Catalanism in this case represents, what Kay (2005: 556) calls, a policy legacy that often times constrained, rather than determined Núñez's commercial policies. These 'societal' constraints in predominantly 'material' institutional reproduction of Núñez's FC Barcelona are obvious in the cases of shirt-sponsorship, as well as in Barça's educational and non-football activities.

Burns argues that Núñez realized that corporate sponsorship on Barça's jersey would go against the club's tradition and would not be welcomed among the fans and socios. (2009: 355). This is why, even though interested in getting a sponsor like many other clubs in Spain at that time; he decided to consider this option only in the case of absolute financial emergency (Gil-Laufente 2007: 194).

Similarly, non-football activities that FC Barcelona was running before Núñez, such as educational programs and amateur sports sections, represented another 'legacy constraint' that his administration has to cope with. Núñez approached this "problem" with his typical business-minded method. Following Gil-Aluja's idea (as described in Chapter 3) he established FC Barcelona Foundation with a purpose of raising funds from the corporate sector in Catalonia,

⁸ Núñez insisted on getting Maradona, regardless of the accusations of being "mindless." (Burns 2009: 248)

in order to relieve Barça's budget of its 'societal' burden (Gil-Laufen 2007; Burns 2009). Therefore one can observe that FC Barcelona Foundation was an outcome of the struggle between two policy sub-systems in FC Barcelona – 'material' and 'societal'.

6.3 The New Era and Laporta's 'Societal-Material' Synergy

6.3.1 *Explaining the Change: Collapse of the 'Material' Barça*

As mentioned above Núñez's regime collapsed in 2000. His legacy was continued for another three years under his vice-president Gaspart, after which the 'material' path-dependent self-reinforcing chain was altered. Power-based accounts, as was Núñez's regime, are conflictual in nature, according to Mahoney (2000: 523). Thus, Mahoney's explanation implies that the potential for change has been embedded in the struggle between the dominant 'material' and disadvantaged 'societal' forces within FC Barcelona. Conflicts between the regime and other actors within Barça were frequent during Núñez's era (Cruyff, Maradona, Robson, etc.). But it was the fear of further commercialization (Hamil et al. 2010) coming from Núñez's master project Barça 2000⁹, that pushed the subordinate 'societal' policy sub-system to challenge "the prevailing arrangement" (Mahoney 2000: 521). This challenge was materialized via the activities of *L'Elefant Blau* – campaigning group within club's membership led by Laporta.

Laporta's election in 2003, against all odds, as reported by Allen and Eguía (2004) was a product of contingency¹⁰. This event represents a new critical juncture in Barça's path-dependent causal chain, since the program of Laporta's team dramatically changed the way this football club was operating. Laporta's plan to simultaneously run FC Barcelona as a "Catalan club" and as a global superbrand (Shobe 2008) was based on the dynamic symbiosis of Barça's 'material' and 'societal' sides. Allen and Eguía contribute to this argument by listing Laporta's objectives in their study (2004):

[K]eep FC Barcelona independent from financial and political groups and not sell the club's assets, together with a greater commitment to the historic values of the club (support for Catalonia, public-spiritedness, democracy, etc.)

⁹ "The idea behind 'Barça 2000' was to build a kind of Disneyland park surrounding the stadium with all sorts of bars, cinemas, shops and other facilities tangential to our club's vocation, which is (as declared by the first article of the statutes) the promotion, practice, diffusion and exhibition of football and other sports." (Carben et al. as cited in Hamil et al 2010: 481)

¹⁰ Allen and Eguía report that only four month before the election polls showed that Laporta's platform was supported by only 2.2 per cent of members. (2004: Table 4.)

Hamil et al. also support the previous statement in their argument that Barça's new commercial model was based on "strong cultural and social principles" (2010: 498). Embracing the 'new era of commercialism' during which Laporta's board accepted "the need to operate in a global market and expanded commercial activities (Ibid: 498); while at the same time reasserting the club's social role through "promotion of the Catalan language, use of Catalan symbols and improved relations with the city and regional governments" (Shobe 2008: 99) Laporta's team created a paradoxical situation in which, initially contradictory, "theoretical frameworks" were reinforcing each other through the process of path-dependent institutional reproduction (Mahoney 2000: 516).

Hamil et al. (2010: 498), also observe the irony in these developments while arguing that those who feared from Nunez's extensive commercialization of the club, actually extended it by incorporating Barça's social elements and selling them to the world as marketable products.

6.3.2 Institutional reproduction of Laporta's 'societal-material' approach

This new institutional reproduction process is best understood through the functional explanation offered by Mahoney (2000: 519). Laporta's 'material-societal' institutional pattern managed to simultaneously accommodate functions of the new commercialized football environment; as well as Barça's traditional role of being a tool for supporting Catalanian autonomous governance within the Spanish democracy.

'Societal' and 'Material' in the New Membership Democracy

Hamil et al. write that one as a reaction to Núñez's 22-year presidency of the club, the new board "entitled the socios to vote for the club president every four years at the presidential elections." Moreover, Laporta's board empowered club's membership with voting rights over a number of topics (2010: 486). Allen and Eguía (2004), confirm this achievement by arguing that Laporta's FC Barcelona, based on solidarity, threatens its affiliated supporters as "owners" of the club, who have the right to decide in which direction should the club go. It is reported that Laporta did his best to increase the transparency of his governance via the improvement in communication with the membership (Hamil et al 2010: 486-7).

While these developments clearly confirm the renaissance of the 'societal' Barça, following events will highlight the simultaneous activity the 'material' policy elements.

Sometime around the time when the socios were re-entitled with the voting rights, the club's administration decided to increase the affiliation fee. Allen and Eguía (2004) report from 20 to 40 per cent increase in the membership fee

that was supposed to generate around 8 million euros of extra funding. Besides this, Laporta's management aggressively promoted the project called El Gran Repte (The Great Challenge). This project meant increasing number of socios up to 1 million members in order to generate potential income of 100 million euros per year (Allen and Eguía 2004). These events were a clear evidence of the usage of club's democratic tradition as a comparative advantage for making FC Barcelona economically stronger than other 'commercialized' teams.

Lacking the Logo

Barça's shirt sponsorship policy was very clear throughout its history – no logo! For Laporta this tradition was constrain from the past, which was respected even during Núñez's time as president. Hamil et al. argued that Laporta understood that selling sponsorship rights, after a century, of 'ads-free' jersey would compromise the integrity of the club and thus decided not to consider this policy during his first years in office (2010: 493).

Nevertheless, as much as Laporta's decision 'to protect' Barça's shirt was an outcome of the 'societal' sub-systems within his overall policy, at the same time his board realized that a logo-free shirt was good branding. Reinforcing the 'socio-political statement' that Barça is 'more than a club' (Arthur and Chadwick n.d.: 5), created an "exciting brand image" that facilitated the increased "affiliation between fans, the public and the club" (Hamil et al. 2010: 493).

Expanding the Foundation

One of the most debated policies undertaken by Laporta's board was related to its treatment of the club's 'charitable arm'. Expansion of FC Barcelona Foundation's activities is attributed to the 'societal' elements related to the institutionalization of the club's community involvement, as well as the extension of its "more than a club" role on a global level. Since Laporta's inauguration as Barça's president, the club had developed the most extensive corporate responsibility program with numerous activities around the world (Ibid: 492). As demonstrated in Chapter 2, Barça's partnership with UNICEF provided an annual donation of 1.5 million dollars for this organization's global programs of AIDS prevention. FC Barcelona's 'societal' policy elements were further reinforced through Foundations partnership with UNESCO in the joint fight against racism and promotion of education. In 2008, Laporta's board signed the UNHCR partnership in order to support education programs among people who are displaced or live in refuge. Apart from its international involvement the Foundation was very active in the promotion of the Catalan language in Catalonia (Shobe 2008: 102).

However, it would be hard to ignore the presence of the 'material' policy elements following FC Barcelona Foundation's activities during Laporta's term.

Esteve Calzada, who served as the marketing director of FC Barcelona during the initial years of Laporta's presidency in an interview given to Gil-

Laufente (2007: 202), argued that “selling the Foundation” was among other tasks of his department. His job was to use the work of the ‘societal’ Barça to attract funding that would reinforce the ‘material’ side of the policy. Laporta, himself did not hide the ‘material’ reasoning of the Foundations partnership with UNICEF. In his address to the assembly of socios, he claimed that the UNICEF agreement was not entirely motivated by philanthropy, but also by the economic (marketing) possibilities that were opened with that deal (Hamil et al.: 494).

FC Barcelona Foundation’s activities at home and abroad, similarly to the shirt-sponsorship and membership policies represent events on the path-dependent trajectory, that were reinforcing Laporta’s ‘social-material’ institutional arrangement.

6.4 Conclusion

This chapter had presented an analysis of FC Barcelona’s path-dependent institutional pattern of behavior. It offered an outline of three major time sequences during which the ‘societal’ and ‘material’ policy sub-systems were competing and cooperating in the creation of Barça’s policies toward the democratic membership, the shirt-sponsorship and FC Barcelona Foundation.

Chapter 7

Conclusion

The history of Futbol Club Barcelona has been very dynamic and turbulent. The club that was founded by foreign football enthusiasts quickly became the symbol of Barcelona and Catalonia. During the dictatorship eras FC Barcelona became a shelter for many Catalans, who were opposing the centralistic policies of the government in Madrid. During the discriminatory regimes of Rivera and Franco, Barça represented a ‘sacred temple’ in which Catalans could express their national feelings and speak, their otherwise outlawed language. Its membership-ownership structure ensured, throughout all those years, that the policies Barça was pursuing were reinforcing its “*més que un club*” motto.

Throughout its history FC Barcelona has won many trophies and has had the best players in the world wearing its blue and red colors. Barça, today, is among the best football clubs in the world. Still, most of the decisions undertaken in the new neoliberal era were weighted against Barça social role. Sponsorship scheme and FC Barcelona Foundation represent the outcomes of those decisions.

Barça’s football jersey was a sacred symbol that has never accommodated a corporate logo. Since 2005, it FC Barcelona became the first club in the world to put a logo of a UN agency on its shirt.

It has been 17 years since the establishment of FC Barcelona Foundation. Since that time its activities expanded from the narrow scope of Catalan language courses to the worldwide projects with tens of thousands of beneficiaries across the globe. Foundation’s charitable activities gave Barça a unique position of being the only football club with a membership in a UN committee – ECOSOC.

There have been many debates among scholars, politicians, fans, etc. about the motivations behind FC Barcelona’s philanthropic work. These debates, as was demonstrated in this paper, go in two seemingly opposite directions. On one side, there the argument goes towards a commercial reasoning, while on the other side; the emphasis is on cultural motivations.

This paper has attempted to provide an alternative explanation of FC Barcelona’s philanthropy. Applying the approach of new institutional economics on the historical narrative has showed that, in order to understand the motivations for Barça’s charitable activity, the research needs to be attentive to the context in which the club has been embedded. The research presented in this paper consisted of the in-depth examination of Barça’s social role, and the policies that represent the outcomes of that role. For this purpose, the paper embarked on a path-dependent approach to the analysis. The analysis reviled

three path-dependent causal chains with self-reinforcing properties observed throughout FC Barcelona's history. Each of these chains with its dominant institutional arrangements has, to a certain degree, influenced the institutional pattern of the subsequent ones.

As was demonstrated, this paper argues that the motives that led towards the establishment and expansion of FC Barcelona Foundation varied depending on the dominant institutional pattern within a the path-dependent time sequence. Thus, this paper challenges previous explanations of Barça's decision to run a charity and engage into partnerships with international development organizations, such as UNICEF, UNESCO and UNHCR. The research disclosed that the philanthropy in this case could be attributed neither to just predominantly commercial and marketable rationalizations, nor only to the historical heritage and the social role of FC Barcelona. Rather, it argues that FC Barcelona Foundation was an outcome of the competition and cooperation of the 'societal' and 'material' sub-systems of Barça's overall policy. The relationship between these two elements ranged from domination and subordination during Franco's regime and Núñez presidency till mutual reinforcement and symbiosis under Laporta.

Finally, the purpose of this paper is to establish the basis for understanding the forces behind the decision of a big football club, such as FC Barcelona, to establish and run a development-oriented organization – FC Barcelona Foundation. This research attempts to partially fill a significant gap in the literature about the links between professional football and development, as well as to encourage further investigation in the field of sport-in-development.

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