

Mcs in Business, Language and Culture | Intercultural Management

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# Controversial Mega-events and the Sponsor's Image

Master thesis regarding  
the affect of the 2008 Olympic Games  
on its sponsor's social image

# Beijing 2008



Supervisor: K. Hockerts | Florence S. de Ruijter

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Study Direction	Mcs in Business, Culture and Languages (BLC)  Intercultural Management (ICM)
University	Copenhagen Business School (CBS)
Supervisor	Kai Hockerts
Student	Florence Stéphanie de Ruijter
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## Abstract

How do controversial mega-events affect the social image of its sponsors? This is the main question considered in this paper. The paper attempts to respond to this question as fully as possible. Therefore, several theoretical research streams are being discussed, such as corporate social responsibility (CSR), corporate image, sport sponsorship, and social risk. The conclusion is that the paper's findings are opposing result expectations, as well as prior research studies. To be more precise this paper proves that negative publicity surrounding a mega-event regarding human rights abuses which are not related to the sport event do not damage the sponsor's image.

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## Foreword

The Olympic year of 2008 was a turbulent year for China, the IOC and the Olympic sponsors. Coca-Cola, as longest standing sponsor, had a tough year with demonstrations and news articles questioning the morality of the Olympic sponsor. Attempting to pressure the organization to make statements, pressure the Chinese government or withdraw from the Games.

Which effect did this have on the image of the Olympic sponsor? Much research has been conducted regarding the positive effects of sponsorship. Yet, seldom the negative incidents among which the negative publications surrounding the sport event and the sponsors. In my point of view this is a deficiency even more, since the numbers of sport sponsoring are increasing.

I would, therefore, like to wish you a pleasant reading experience.

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## Introduction

"Persistent disruption to the Olympic torch relay has been followed by an open letter in which 150 activist groups claimed that sponsor, Coca-Cola, will be 'complicit in a humanitarian disaster in Tibet' if it fails to force the International Committee to direct the relay away from the territory" (Kemp, 2008). The affect of advertising on consumer behaviour is well documented, however, the research on the affect of publicity is scarce (Funk and Pritchard, 2006). "Negative publicity and swings in public opinion can have disastrous effects on an organization's activities and industries as a whole" (Franke, 1994, cited in Funk and Pritchard, 2006, p.613).

Next to being profitable, the organisations involvement in social initiatives is evolving. Demands on multi-national corporations (MNC's) to apply social initiatives increased over the last ten years (Bremer, 2008). MNC's are essential for the economic globalisation. However, the social image of MNC's is questionable. Frequently, corporations were illustrated as unsocial and exclusively profit driven, since e.g. MNC's search globally for the lowest possible production costs and lowest taxes. On the other hand, MNC's are of social importance, because of their investments, knowledge, job as well as welfare creation. In the 1990s an intense discourse rose up regarding globalisation and the controversial position of MNC's. Regardless of the laws for human rights, people desire corporations to spread human rights especially in third world countries. Due to the growth of welfare, misbehaviour of MNC's in third world countries and many more aspects triggered the international community to demand better institutional foundations (Fritsch, 2008).

Sponsorship is one of the many activities corporations can undertake in the form of corporate social responsibilities (CSR). Its origin came from the desire to promote ethical behaviour and CSR (Shen, 2004). Sponsorship is growing in significance over the years (Meenaghan, 2001). For example, Coca-Cola, a beverage company, is in a leading position as to the development of the brand and sport relationship. Since 1968, Coca-Cola proved itself to be a stable sponsor of the Special Olympics. The Special Olympics is an organisation especially held for the intelligent disabled (Cregan, 2008). Good business practise becomes increasingly important also being stimulated by organisations, such as the United Nations. MNC's have been pressed on by non-governmental

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organisations (NGO's) to commit to ethical business practise globally. This CSR progression among organisations is mostly due to the ongoing process of globalisation (Shen, 2004). For instance, the continuous development of communication technologies increases the capabilities of NGO's (Yaziji, 2004).

Sport sponsorship can have different types of objectives. Firstly, it could be to raise awareness for certain social goals. Secondly, corporations could use sponsorship as mean to increase consumer perceptions of the corporations social responsibilities, which again reflects upon the brand image (Brown and Dacin, 1997). Also, according to Meenaghan (2001) and McDonald (1991) sponsorship shapes the picture people have of sponsors. Each sport event possesses its own image and part of this image is passed on to the event sponsor (Meenaghan, 2001). According to Shen (2004) sport sponsorship is about promoting the organisation shaping the corporate image for more profit. Sport sponsorship is increasing and developing into a profitable business for many organisations. Many are concerned that the world of sports is becoming too much business, especially the Olympic Games.

Occasionally, sport news includes more negative headlines than the dazzling performances of the athletes. Sports can bring along unethical subjects, such as doping and corruption constituting an aspect of sports which is difficult to foretell. This can create a difficult environment for the sport organizations, as well as for the sponsors receiving bad publicity (Lagae, 2005). "When China was awarded the Olympics in 2001, the IOC declared human rights the 'issue at the table' and '... seven years from now we will see many changes in China'". "Yet, each year, China still executes more people than every other nation on Earth combined. Amnesty International reported that in the lead-up to the Olympics, harassment and imprisonment of human rights activists increased, while the repression of minority groups, including Tibetans, Uighurs and Mongolians, continued" (Despoja, 2008). While China was preparing to host the 2008 Beijing Olympics, the attention was focused on demonstrations against human rights violations held all over the world. Examples of places where demonstrations have been held are London, Copenhagen, Stockholm, Madrid, Berlin, Amsterdam, Lisbon (International Herald Tribune, 2008), Atlanta, Boston and New York. In front of the Coca-Cola office in Denver protestors were holding up signs saying 'Hey, Coke, You Can't Hide! Help Us Stop This Genocide!' (Walker, 2008).

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This research paper implemented the social risk theory of Yaziji (2004) on to the controversial Beijing Games. The theory of Yaziji states that MNC's are exposed to social risk, which can be created by observing organizations. There exists a high probability that these external organizations influence social groups, and herewith damage the social image of a corporation. The essence of this paper is to gain insight into how controversial mega-events affect the social image of its sponsors among consumers. Coca-Cola, as one of the Olympic sponsors of the 2008 Beijing Games, was used for this case research. Prior expectations concerning the research findings were to demonstrate a negative impact on the sponsor's image. However, a contrary result was found. This research paper concluded that sponsoring a controversial mega-event does not necessarily impact the sponsor's image negatively.

## Structure

The structure of this research paper was build up by means of a literature review, methodology, primary data analyses, discussion and a conclusion. The literature review exists out of three chapters. Firstly, corporate social responsibility was discussed which flows over into corporate image and sponsorship. Secondly, the Olympic Mega-event chapter describes the Olympic background followed up by the 2008 Beijing Games among which the negative issues surrounding this recent sport event. For instance, the human rights issues, as well as part of news articles that were present in the months prior to the 2008 Beijing Games. Thirdly, the chapter of social risk, here the organizations vulnerability was discussed, which is followed by case examples. The fourth chapter, methodology, consists of data collection, data interpretation and data analyses description. These parts are again split up into the two different research techniques, namely the questionnaire and focus group. Subsequently, the results, discussing the primary data findings of the online survey and the focus group. After a cross literature with data discussion, conclusions are drawn regarding the potential impact on the sponsor's image owing to sponsoring controversial mega-events.

## Research Question

How do controversial mega-events affect the social image of its sponsors among consumers?

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## Sub questions

1. To what extent are consumers aware of corporate sponsorship?
2. To what extent are consumers aware of the human rights violations in relation to the 2008 Beijing Games and its sponsors?
3. To what extent is the sponsor encountered to social risk?
4. To what extent is the sponsor in any boycott danger?
5. How do consumers evaluate sponsors on its press releases?
6. What do consumers say that sponsors should do?

## Delimitation of Topic

World-wide interest is magnetizing MNC's towards the Games to become associated with this sport event. Prior research indicated that a majority of the population have a positive image of the Olympics, as well as the corporations sponsoring the Olympic Games (Stipp and Schiavone, 1996). Yet, the continuing human rights violations by the Chinese government have turned the 2008 Beijing Games into a controversial mega-event. With a great deal of negative media attention that surrounded the Games the purpose of this research is to see if the negative aspects had any influence on the image of the Olympic sponsors among consumers. The objective of this research paper is confronted with a combination of various theoretical research streams with the intention to increase the research aspects. Therefore, I restrained from considering Coca-Cola's sales figures, as well as political science to be beyond the scope of this paper.

## Academic Relevance

This paper is an extension of literature. What makes this research so extremely interesting is the combination of different theoretical research streams. Moreover, most of these streams still need extensive research.

Firstly, in the end the essence of this paper is the sponsor's image. Even though corporate image is a well known marketing aspect, however, the effect of sponsorship is not as excessively research as the effect of advertising (Gardner and Shuman, 1987; Sandler and Shani, 1989; and McDonald, 1991). Next to image, negative publicity is a core issue, since this research is attempting to find evidence of influence on the sponsor's image. "Negative publicity and swings in public opinion can have disastrous effects on an organization's activities and industries as a whole" (Frank, 1994, cited in Funk and Pritchard, 2006, p. 613).

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However, there is a lack of literature regarding the influence of publicity (Funk and Pritchard, 2006). Thirdly, the effects of CSR are still unsure (Sen and Bhattacharya, 2001), as well as social risk (Yaziji, 2004) of which little research has been done. The combination of elements in this research are, therefore, highly interesting for scholars. This case research will be an expansion of literature given the combination of these theoretical research streams within this case research.

## Relevance

As mentioned before the affect of negative publicity is scarce in literature. This is surprising, since the affect of negative publicity could be enormous for MNC's. A couple of assumptions are made within this field of research, for instance "that negative information is almost always devastating" and "that consumers respond to negative publicity in a homogeneous manner" (Ahluwalia et al, 2000, p. 203). The objective of this paper is to gain insight into how controversial mega-events affect the social image of its sponsors among consumers. In this case, the 2008 Beijing Games, caused extensive negative news, concerning pollution, human rights and the responsibility of Olympic sponsors. This illustrates the relevance of this paper for the private sector.

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# 1 Corporate Social Responsibility and Sponsorship

The notion of corporate social responsibility (CSR) is ambiguous. According to the European Commission (cited in Newell and Frynas, 2007, p. 673) the definition of CSR is "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis". A wide variety of activities is considered to be CSR, such as philanthropic activities or in the direction of environment, health, safety, community building, human rights (Newell and Frynas, 2007), as well as sponsorship (Shen, 2004).

The inspiration for corporate sponsorship initiated from the combination of business ethics and marketing. Good business practise becomes increasingly important which is being stimulated by international non-governmental-organisations (NGO's), such as the United Nations. MNC's have been pressed on by NGO's to commit to ethical business practise globally. This CSR progression among organisations is mostly due to the ongoing process of globalisation. "In the arena of globalisation and global governance, companies are said to assume a leading role in the world scene and they should join forces with different stakeholders including NGO's, governments, international organisations to rescue the planet, its people and to combat social exclusion and injustice" (Shen, 2004, p. 284).

## 1.1 Global Compact

In 2000 the United Nations (UN) initiated the 10 principles named the Global Compact. These principles contain standards in the direction of environment, human rights, labour and anti-corruption. Kofi Annan has been requesting the business society to participate and support the 10 principles. A noteworthy effect is only possible when a significant number of companies embrace the Global Compact. According to Bremer (2008) only three per cent among the biggest leading companies in the world, of which mostly Western, joined the Global Compact. Herewith, also Coca-Cola that enlisted in 2006 (Global Compact).

*"Globalization is a fact of life. But I believe we have underestimated its fragility. The problem is this. The spread of markets outpaces the ability of societies and their political systems to adjust to them, let alone to guide the course they take.*

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*History teaches us that such an imbalance between the economic, social and political realms can never be sustained for very long. The industrialized countries learned that lesson in their bitter and costly encounter with the Great Depression. In order to restore social harmony and political stability, they adopted social safety nets and other measures, designed to limit economic volatility and compensate the victims of market failures. That consensus made possible successive moves towards liberalization, which brought about the long post-war period of expansion. Our challenge today is to devise a similar compact on the global scale, to underpin the new global economy”.*

(Kofi Annan, 1999, cited in Bremer, 2008, p. 228)

MNC's are essential for the world economy, as well as a source of power for globalisation. However, the social image of MNC's is debatable. Regularly MNC's were pictured as unsocial plus exclusively interested in their annual sales volume. Given that MNC's explore the world for the lowest production costs, as well as lowest taxes. Conversely, MNC's are of social importance, because of their investments, knowledge, job as well as welfare creation. Although criticism regarding MNC's goes back into the 19<sup>th</sup> century, an intense debate arose in the 1990s concerning globalisation and the controversial position of corporations. Various scholars examined and provided examples of controversial behaviour by MNC's e.g. Patey (2007) regarding oil corporations in Sudan. Furthermore, despite laws for human rights, people desire MNC's to spread human rights especially in developing countries. The growth of welfare as well as other aspects such as the misbehaviour of MNC's in third world countries triggered the international community to demand better institutional foundations among which, the Global Compact is one. MNC's join the Global Compact to contribute to creating a better world. However, there are various perspectives towards MNC's playing such an extreme social role. An opposite opinion is the perspective of Milton Friedman who believes that corporations exist only to make profit. Which of course will remain the core business of businesses, since corporations need their return on investment. Next to that the Global Compact was heavily criticised. The decision of the UN to closely collaborate with the private sector is highly questioned. Besides, there is no experience in granting organizations exceptional power within the UN system (Fritsch, 2008). According to Paine (2000) "NGO's and their allies in the social movements, along with sympathetic

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governments must do all in their power to reverse this trend. ... We must say 'no' to a corporate-dominated UN. We must advocate a financially and politically-strengthened UN that is responsive to the needs and demands of ordinary citizens. And we must insist that corporations be subject to citizen control, not the other way around" (cited in Fritsch, 2008, p. 23).

## 1.2 Defining Corporate Image

The notion of corporate image is essential within this research paper. Corporate image is of great importance to MNC's, therefore, an extended list of literature in the field of marketing is available (Brown and Dacin, 1997). Despite all this literature the notion of corporate image remains ambiguous. Often closely related notions, such as corporate identity and personality, cause confusion (Abratt, 1989). Bernstein (cited in Abratt, 1989, p. 68) described image as something that "is not what the company believes it to be, but the feelings and beliefs about the company that exist in the minds of its audiences and which arises from experience and observation".

According to Alvesson (1990, p. 376) "...images are an unavoidable part of social and psychological reality...". The idea of a corporate image is more in the direction of the sociological perspective. It incorporates the complete picture which is held by a certain group towards an organisation. This picture is the consequence of their own sense-making. "The image is not a tightly integrated part of reality (the referent) it is supposed to say something about, but is loosely coupled to this and can be affected in itself, without directly affecting what the image refers to" (p.376). The corporation's degree of sensitivity towards all these different opinions is linked to the corporation's degree of importance towards its image. Besides, the importance of the company image is often related to the ambiguity level of a certain business branch, business environment or corporation.

"An image is something we get primarily through coincidental, infrequent, superficial and/or mediated information, through mass media, public appearances, from second-hand sources ect., not through our own direct, lasting experiences and perceptions of the 'core' of the object" (p. 377). As far as we can speak of an "objective reality" (p.377) image deviates from it. Corporate image is an illustration, a picture, a representation of the company, therefore inherently ambiguous. Yet, not suggesting that image is negative or untrue just

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highlighting that it is a selecting truth covering up any less fortunate features. These features are being selected in a way that provides an uncomplicated, as well as an attractive corporate image (Alvesson, 1990).

Moreover, the how, when, and what kind of business behaviour affect sales remains a mystery. One thing is proven to be sure. Consumer behaviour towards products is being influenced by the amount of knowledge consumers have on corporations (Brown and Dacin, 1997).

### **1.2.1 Negative Publicity**

The affect of advertising on consumer behaviour is well documented, however, research on the affect of publicity is scarce (Funk and Pritchard, 2006). "Negative publicity and swings in public opinion can have disastrous effects on an organization's activities and industries as a whole" (Franke, 1994, cited in Funk and Pritchard, 2006, p.613). Image can be as important as a corporations financial performance. Partly, the image is influenced by negative or positive publications. Unfortunately, negative publicity occurs more frequently than positive publicity given that the press prefers negative news. The amount of published papers on crisis communication for corporations serves as an indication of the extent of negative news corporations have to deal with. An example is the Exxon Valdez crisis (Renkema and Hoeken, 1998) in 1989. When 11 million gallons of oil were spilled by a oil tanker in Alaska causing serious effects on the environment (The Exxon crisis).

An assumption in literature is that negative news can affect the corporate image severely. "However, no study has been conducted to show just how much damage results or how long that damage lasts" (Renkema and Hoeken, 1998, p. 522). According to Renkema and Hoeken (1998) readers' opinions of the corporate image would increase negatively when they assume the article to be true. Furthermore, news articles appear to have a short effect on readers, ranging from a duration of one day to one week. Yet, bribery incidents or any illegal activities, have longer affects given that the corporations trustworthiness is damaged.

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### 1.3 Corporate Sponsorship

According to Alvesson (1990) mass media increased over the years. Furthermore, sport and air-time increased. This development resolved into sport events being a more attractive area for sponsors. "In general term, media exposure is still the most important criteria for a sponsorship and with television continuing to devote extensive air-time to sports programming, sport with its wide ranging reach and appeal provides the most cost effective marketing vehicle for a sponsoring company" (Joe MacGregor of Saatchi's cited in Cook, 1993, p. 40). Meenaghan (1983) and others (Sandler and Shani, 1989) believe that the notion of sponsorship covers a wide scope. According to Meenaghan (1983) many definitions can be criticized on the fact that some element of the notion of sponsorship is missing. The author concludes with following definition "sponsorship can be regarded as the provision of assistance either financial or in kind to an activity by a commercial organisation for the purpose of achieving commercial objectives" (p. 9).

One could say that sponsorships are used as tool to accomplish certain corporate goals, for instance raising corporate image or brand awareness. Resembling an alternative method for promotion, sponsorship does influence the image of the sponsor among the public. Yet, considering sponsorship as marketing tool is not always the correct assumption, for instance, in the case of charitable causes or the chairman's personal interests (Gardner and Shuman, 1987).

For sponsors it is next to simply sponsoring a mega-event, essential "to heavily advertise the fact that they are official sponsors. Buying the rights to be an "official sponsor" may, in reality, only be buying a license to spend more money!" (Sandler and Shani, 1989, p. 13). In 1988 Olympic Games Coca-Cola's expenditures were over \$22 million (Sandler and Shani, 1989). During the 1996 Atlanta Games Coca-Cola's spending were around the \$650 million (Meenaghan, 2001). Stipp and Schiavone (1996, p. 24) discuss in their research that most respondents believe that "sponsors are pursuing business goals with their Olympic sponsorship". Pointing out that sponsorship belongs to one of the marketing tools, yet, bringing additional social benefits which other promotion tools lack.

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## 1.4 The Affects of Sponsorship

The effectiveness of sponsorship has barely been researched by companies (Gardner and Shuman, 1987; Sandler and Shani, 1989; and McDonald, 1991).

The affects and effects of sponsorship in relation to consumers are ambiguous. In marketing literature this part of research has been neglected. Meenaghan (2001) describes previous researches on sponsorship effectiveness. Concluding "that the level of understanding of consumer response to sponsorship is grossly inadequate and is in severe contrast to the current understanding of consumer response to conventional media advertising, a fact not unrelated to the cumulative level of research activity with respect to each" (p. 98).

According to Shen (2004) sport sponsorship is about promoting the organisation shaping the corporate image for more profit. Sport sponsorship is increasing and developing into a profitable business for many organisations. Many are concerned that the world of sports is becoming too much commerce, especially the Olympic Games. Obviously some parts of sports cannot survive without company funding. Yet, a great deal of sponsorship money ends up in the more popular sports. Famous athletes are being employed to bring the company message over to the public, hereby, improving the corporate image. Moreover, this all results in disparity amid sports, as well as changing character of the sports (Shen, 2004).

The majority of the sponsors establish a long-standing relationship with the sponsee. When visible the sponsorship will influence the image of the sponsor. In the worst case it can have a boomerang effect, which happened to the alcohol and tobacco organisations while investing in sport sponsorship. Unfortunately, the precise working of sponsorship on the corporate image stays unclear.

### 1.4.1 Image Transfer

It is so that sponsorship approaches the public indirectly in the contrary of other marketing tools. Hereby, reaching "a different area of consciousness" (McDonald, 1991, p.34). According to Cook (1993) the mind creates an image while thinking, seeing or hearing about sport which is often positive. Basically, these associations are transferred to the sponsors image (Gwinner and Eaton, 1999). This is exactly what MNC's want to achieve with its image. MNC's sponsor sport events and hereby try to create a subconscious link between its products and the positive image of sports. MNC's employ these sport events as a vehicle to further

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develop their image. Each event possesses its own image and part of this image is passed on to the event sponsor (Meenaghan, 2001). For example, the Olympic Games that stand for human brilliance, as well as extending itself to a maximum (Cook, 1993).

#### **1.4.2 Negative Publicity Sponsorship**

These days sport receives tremendous publicity, almost 25 per cent of the total newspaper belongs to sport coverage. However, herewith comes the possibility of “unexpected bombshells” (Burton and Howard, 2000, cited in Funk and Pritchard, 2006, p. 613). Even though the media cannot control a person’s decisions, indirectly the media does influence people’s perspectives (Funk and Pritchard, 2006). Irregularly negative headlines raise more awareness towards a sport than the impressive performance of athletes. The reason for this is that unethical matters, for instance doping and corruption, occur within sports. These matters within sports are difficult to predict, which can create a difficult environment for the sport organizations, as well as for the sponsors receiving bad publicity (Lagae, 2005).

According to Funk and Pritchard (2006) the reader’s level of involvement is significant in forming their judgement. Readers with a high involvement would be more likely to reject the negative information concerning their sport team or organisation for example. The reason for this is psychological, however, this will not be further discussed within this paper.

As mentioned before sports transfer a positive feelings on to the sponsors image. For example, something that is characteristic for sportsmen is their persistence. However, they move closely to the border or in the grey area of unethical behaviour. Furthermore, “news of sporting incidents spreads rapidly to the various stakeholders of an organization” (Lagae, 2005, p. 102). Naturally, this is a negative aspect of sport with which sponsors can be related. A perfect example of negative publicity surrounding a sport event is the doping problem at the Tour de France. Sport organizations and sponsors were highly interested to solve and monitor this issue. To do this, organizations closely collaborated resulting into the launch of a ten-point plan in 1999 (Lagae, 2005).

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## 2 Olympic Mega-event

Mega-events are extensive cultural events with an inspiring atmosphere, worldwide importance and popularity. Often, organised through a mixture of governmental and global non-governmental organisations (NGO's), they play a role in shaping the global public culture. These events constitute a part of international society in the sense that they help exchange cultures, values, and technology. Through its worldwide media coverage mega-events are an important element in globalisation (Roche, 2000).

The Olympic Games is a mega-sport-event, which is being held every four years. The Summer and Winter Games are separated and are two years apart. Both Games include extended preparation, extremely high costs, world-wide media attention and millions of viewers (Toohey and Veal, 2007).

### 2.1 Historical Background of the Olympic Games

The Games originates from Ancient Greece about 3000 years ago when it served a religious function. In the nineteenth century the Olympic Games were reintroduced by Baron Pierre de Coubertin. With game ethics out of Great-Britain as foundation, de Coubertin was open minded to other perspectives, philosophers among others, to create the principles of the Olympic Games.

"Olympism is a philosophy of life, exalting and combining in a balanced whole the qualities of body, will and mind. Blending sport with culture and education, Olympism seeks to create a way of life based on the joy of effort, the educational value of good example and respect for universal fundamental ethical principles" (The Olympic Charter, 2004, cited in Toohey and Veal, 2007, p. 1).

"Sport in general, and the Olympic Movement in particular, have frequently been promoted as a force of good in the world" (Black and Bezanson, 2004, p. 1245). Moreover, it can be said that the Olympic Movement plays a leadership role throughout certain times of ethical or moral issues in the world. Around 1985 for instance during the apartheid in South Africa. The world-wide battle against apartheid helped to turn around this "system of legalized racism", as well as changing "the face of international sport" (Kidd and Donnelly, 2000, p. 137). It created opportunities along with the right to be heard among athletes in the Third World (Kidd and Donnelly, 2000).

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From the beginning ethical and/or political problems, some rather controversially, challenged the Olympic Games (Toohey and Veal, 2007). For instance, the Berlin Olympics in 1936 during the Nazi regime. Obviously, the Olympic Movement violated its own principles by ignoring the human rights abuses, with this legitimising the Nazi regime. Similar situations occurred, namely the 1968 Olympic Games in Mexico City and the 1988 Seoul Games. The Seoul Games were during the “repressive military regime of General Chun Doo-hwan in South Korea” (Black and Bezanson, 2004, p. 1246). These situations have been defended by the argument that politics and sports should be kept apart. However, a positive example are the 1988 Games, which received credit for South Korea’s course of action towards democratisation. Peacefully a system of “multi-partyism and electoral democracy” took over from the military regime (Black and Bezanson, 2004, p. 1246).

Considering this history, maybe the 2008 Beijing Games might have its affect on China as to its human rights improvements and liberalising political change (Black and Bezanson, 2004).

## 2.2 2008 Beijing Olympics

“The Summer Games of the 29<sup>th</sup> Olympiad will open at the eight hour of the eight day of the eight year of the millennium (the lucky number eight indicating prosperity and development)” (Toohey and Veal, 2007, p. 255).

China participated in the bidding for the 2000 Olympic Games, which turned out to be unsuccessful. However, China participated again for the 2008 Games at which they won the voting in the second round. China hosting the Summer Olympics was to be expected, given the background that China is the most heavily populated country, as well as winner of many Olympic medals. However, China’s alteration over the last 20 years was necessary to realise this Chinese dream. Nevertheless, many believe that the Olympic Games are more to China than sporting power. Political and economic power is to many critics China’s main objective (Toohey and Veal, 2007).

### 2.2.1 China and the Olympics

The Chinese ambition for and rivalry at the Olympic Games is only to understand when looking at the past. During the time of the Maoists in between 1949 and 1978 sports and politics were tangled, which was common for Communistic

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states. Throughout these years sports has been a powerful weapon expressing the superiority of socialism against capitalism. "Since the 1980s, China's sporting success has been regarded not only as evidence of ideological superiority and economic prosperity, but also as a totem of national revival" (Hong et al, 2005, p. 518).

China was once a prideful country. However, the last 160 years were a historical humiliation for the Chinese people. As soon as China opened its borders the Chinese people got confronted with their inferiority compared to the West and Japan. Hosting the Olympic Games and winning medals constitutes a symbolic way for China to demonstrate its strengths. Moreover, the Games will bring China, Beijing especially, economic prosperity (Hong et al, 2005). "Indeed, the 2008 Olympic Games will serve as a catalyst for furthering reform and the liberalization process in China. Coupled with the far-reaching impact of China's access to the World Trade Organization, China's economy will become more closely linked internationally; ... it will be a milestone in world development" (Miller, 2004 cited in Hong et al, 2005, p. 520). However, opinions are divided on this matter according to Wasserstrom (2002, p.128) "the simple truth is that no one really does know what will happen next in China".

### **2.2.2 Human Rights**

CSR involves ethical behaviour and values. Here human rights and CSR will be linked. According to Welford (2002) globalization can be used to improve the human rights conditions in the world through corporations. It is unclear which direction the process of globalization is going. Some predict that world differences will enlarge. Others believe in great opportunities, especially for the third world countries.

"When China was awarded the Olympics in 2001, the IOC declared human rights the 'issue at the table' and '... seven years from now we will see many changes in China'". "Yet, each year, China still executes more people than every other nation on Earth combined. Amnesty International reported that in the lead-up to the Olympics, harassment and imprisonment of human rights activists increased, while the repression of minority groups, including Tibetans, Uighurs and Mongolians, continued" (Despoja, 2008).

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## 2.3 The Genocide Games

At the same time as China was organizing the 2008 Beijing Games, to create the perfect event, awareness was pulled towards the human rights abuses by means of demonstrations and negative publicity.

During Coca-Cola's yearly shareholder meeting in Wilmington demonstrations were held outside, while inside a discussion evolving the human rights abuses in Tibet took place. The demonstrators tried to pressure Coca-Cola into telling the IOC to discontinue the Torch being carried through Tibet. "The moment seemed to encapsulate the quandary the Olympic sponsors face as protests unfurl across various continents. In India, home to more than 100.000 Tibetans in exile and their religious leader, the Dalai Lama, even the official corporate sponsors avoided buying television and radio ads that were timed to the Olympic Torch relay" (Clifford, 2008). In Katmandu, Nepal, 1.100 protestors got arrested in front of the Chinese Embassy during a period of disallowed demonstrations. Even in Beijing demonstrations took place, for instance over the radio in multiple languages (Bennhold, 2008).

According to the Sunday Business Post (2008) the Chinese were annoyed with a BBC documentary that was accusing China of stimulating the Sudan war. The documentary, broadcasted three weeks prior to the Games, accused China of abusing the rule set by the United Nations not to deliver weapons to Sudan. In the chain of events China has drawn the rage of the NGO's, which make use of the world-wide media attention of the Olympic Games as tool to pressure Beijing into change. The NGO, Dream for Darfur group, was one of the leading organizations renaming the Beijing Games as the Genocide Games. "Rather than confronting Beijing directly, however, the organization has instead pressured Olympic sponsors and the other foreigners involved in the Games to either speak out against China's role in the region or withdraw their Olympic support" (Sunday Business Post, 2008).

"The right sponsor would do more for their brand by pulling out than staying in. If you wanted to make a statement about what your brand is that's going to make a lasting impression on a large proportion of your audience – assuming that audience is fairly sophisticated and forward-thinking – then pulling out could be a good move" (Reilly, 2008).

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## 3 The Social Risk Theory

According to Yaziji (2004) organizations are vulnerable to social risk. Herewith meaning that an organization is always confronted with a certain level of exposure on which they do not have too much grip. This risk can be created by the media, governments, non-governmental organizations (NGO's), and many others.

### 3.1 Corporate Exposure

"The list of companies pressured out of Burma by the Free Burma Coalition of SMOs include Levi-Strauss, Macy's, Liz Claiborne, PepsiCo, Texaco, Amoco, PepsiCo, ABN AMBRO, Kodak, Apple, Disney, Motorola, and others" (Yaziji, 2004, p. 87). The notion of normative delegitimation means the reducing process of a corporation's normative legitimacy, which could happen by doing of external movements. The process of delegitimation is better to comprehend when one fully understands the meaning of legitimacy (Yaziji, 2004).

#### **3.1.1 Defining Normative Legitimacy**

Over the years, many definitions have described legitimacy. Suchman (1995) reviewed various definitions of legitimacy and described it as followed. "Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (p. 574). The words 'perception' and 'assumption' in the definition stand for a reaction. Herewith, meaning a reaction of the people inside the corporation monitoring the companies' legitimacy. Legitimacy is controlled objectively while being formed subjectively. The reason for that is so long unethical behavior by corporations goes unnoticed its legitimacy stays unaffected. Furthermore, legitimacy is reliant on its social surrounding, since every social group contains its own norms and values with that its own perspective.

Normative legitimacy is situated in the field of these social values. Even when corporations function within guidelines and regulations its normative legitimacy can still diminish. Depending on the correctness of its ethical behavior, this is the foundation of social risk. NGO's and pressure groups use this as strategy to pressure MNC's into increasing its morality.

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One important aspect of legitimacy is the fact that it is in nobody's possession. This means there are no rights to claim by anyone not even the organization itself. The corporation neither the external movements completely possess and manage legitimacy. Those observing the organization are the ones controlling its legitimacy. Some external movements with high legitimacy can have a great deal of influence on social groups, "but rarely is any organization judged uniformly in terms of its legitimacy by all the evaluators in the organization's environment" (Yaziji, 2004, p. 92).

According to Pfeffer and Salancik (1978) "legitimacy is a conferred status and, therefore always controlled by those outside the organization... If objections are raised by some groups regarding the acceptability of an organization, the problem of legitimacy will be a function of how widely the objections are dispersed and whether sufficient interest is generated to support the opposition" (cited in Yaziji, 2004, p. 92). Furthermore, Yaziji (2004) emphasizes the lack in literature concerning the level of uncertainty confronting organizations, as well as the growing social demand.

## 3.2 Social Risks

The process of normative delegitimation is according to Yaziji (2004) another form of risk, namely social risk. Social risk is exposing "to possible loss or constraints on strategic choice resulting from normative delegitimation campaigns" (p. 89). In contrast to other external risks social risk has rarely been researched.

The process of social risk starts with a number of incidents, which lead to observations by outside organizations. Examples of these outside organizations are e.g. the media, governments, non-governmental organizations (NGO's). According to Yaziji (2004) NGO's are the main outside organizations behind these attempts to diminish the organizations legitimacy. NGO's "are increasingly challenging firms by calling into question the appropriateness or legitimacy of their behavior" (p.88) attempting normative delegitimation. These attempts take the form of demonstrations, boycotts, attacking the brand, and so on. Some examples of NGO's are WWF, Greenpeace, Friends of the Earth, and Human Right Watch.

Since, NGO's cannot force organizations to follow guidelines they pressure them indirectly. NGO's attempt to have an effect on organizations through

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indirect power, such as the media. The NGO's could provoke feedback from the challenged organization. These challenges can result into economic losses for the organization, as well as a restriction in its behavior. In case of a legitimate challenge the organizational costs can include "changes to the regulatory environment, reduced market size and market share, diminished brand value, shareholder constraints on behavior, lawsuits, work upholds, lowered employee morale, ect" (Yaziji, 2004, p. 91). Moreover, organizational costs can also include preventative activities to hold NGO threats off, such as putting into operation a more environment friendly production process.

According to Yaziji (2004) social risk might further develop and grow into an exceptional occurrence. Following explanations will illustrate this conclusion. Firstly, the ongoing communication developments create the possibility for NGO's influence to grow. For example, the social demands of the West are reaching MNC's now in areas with little or no social demands. Meaning that MNC's are pressured by the West into conducting better standards in areas lacking such demands. Furthermore, this growing communication infrastructure creates the perfect surroundings for NGO's to collaborate across borders. Secondly, the political climate around the world is becoming increasingly liberal. With this increasing liberalization the world is developing into a stronger environment for NGO's to continue battling against the injustice. Finally, as the trend of globalization continues to increase the business world will be exposed to "increasing competing and conflicting demands" (Yaziji, 2004, p. 102).

### 3.3 Case Examples

Here two case examples of social risk are given.

#### **3.3.1 Talisman in Sudan**

The Canadian oil company, Talisman, keen on growth possibilities in the international oil branch moved into Sudan. For the coming three years Talisman would realize its desired wishes, however, with consequences. "In North America and Europe international oil companies operating in Sudan were increasingly seen as accomplices in the mass displacement and killing of hundreds of thousands of civilians" (Patey, 2007, p. 1006). The Canadian oil company was sensible to the international pressure due to its shareholders with no desires to become related to violence. "However, despite the intense reputational damage

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the company was suffering, it was a threat to its capital raising capability on the New York Stock Exchange (NYSE) that made it take notice" (p. 1006). Pressure continued from the Congress in Washington as a result of a terrorism mishape, as well as the Peace Act including specific conditions. The final condition represented an extraordinary threat to Talisman's situation forcing it to pull out of Sudan. Even though, Talisman's own government was also pressuring the company, the threat of the U.S. government was sufficient. "While Talisman was an obvious victim of its political environment, other Western juniors had similar, but less devastating experiences in Sudan" (p. 1007).

### **3.3.2 Dictatorship Burma**

Since 1962, dictatorship ruled Burma, a diverse populated country characterized by fear of the military. In the summer of 1988, "its dictatorship became especially noxious ... having brutally suppressed a broad pro-democracy movement, it performed an internal coup and instituted a formal military junta" (Holliday, 2005, p. 329). The regime in power changed its countries name into Myanmar and engaged in human right violations, for instance forced labor in construction, agriculture or military. Consequently, Western organizations pulled out of Myanmar. "In the early 1990s, Levi Strauss, Eddie Bauer, Liz Claibourne, J. Crew, Columbia, Sportswear, Apple Computers, Kodak, Motorola, Disney, and PepsiCo all pulled out" (p. 332). These organizations were followed up brewer Heineken and Carlsberg in 1996. These pullouts were not a consequence of formal sanctions, but informal ones. Informal sanctions include different methods, for example street protests, letter-writing initiatives and lobbying campaigns. Nevertheless, these informal sanctions are mostly limited to the Western countries. "Heightened awareness of CSR ... among executives in leading MNC's played a role in the withdrawal process" (p. 329). Some formal sanctions were enforced, for instance in the United States. Informal sanctions are mostly targeted at global corporations with susceptibility in the Western countries.

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## 4 Methodology

In existing literature most research is of experimental nature regarding image transfer among sponsoring. This form of research is valuable as indication of possible effects in reality, however, the real effects are not measured. Besides, experimental research creates illusions, e.g. the events, the persons, and the incident for research material (Muntinga, 2008). This study focuses on the true effects of negative publicity regarding real incidents. As method an online survey was conducted, which was followed up by a group discussion to gather more in-depth information.

### 4.1 Choice of Case

The 2008 Summer Olympic Games in Beijing, China, was chosen as research case given the fact that the Olympics are a global mega-event with millions of viewers. Consequently, this event is magnetizing MNC's towards the Games to become associated with this global sport event. The continuing human rights violations by the Chinese government have turned the 2008 Beijing Games into a controversial mega-event. With a great deal of negative media attention surrounding the Games the purpose of this research is to see if the negative aspects have an influence on the image of the Olympic sponsors among consumers.

Since, the Olympic Movement stands for principles, such as non-discrimination, humanism, education and solidarity (Roche, 2000), China would not seem the obvious choice as host country of one of the Games. Due to human rights violations, as well as a loose environmental policy, China is confronted with much skepticism and criticism from the West. Therefore, there have been some eruptions among western countries e.g. demonstrations. For that reason, the sponsoring MNC's social image is particularly interesting at this point.

### 4.2 Choice of Sponsor

Coca-Cola has been chosen to research, because Coca-Cola is a product and a brand which is known internationally. To discover any change in the social image of Coca-Cola in relation to the 2008 Games the respondents need to have an idea about the company. "Asking respondents about a brand ... that they never encountered creates a problem" (Schmidt and Hollensen, 2006, p. 154).

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### 4.3 Choice of Theory

The social risk theory is the theory chosen for this case research. The author Yaziji (2004) proved in his research paper that MNC's are susceptible to social risk. According to Yaziji MNC's are to a certain extent constantly exposed to social risk, which is beyond corporation's control. Social risk can be created by e.g. the media, governments or non-governmental organizations (NGO's). This theory of Yaziji (2004) is suitable to answer the research question of this paper and thereby to evaluate the affect of controversial mega-events on its sponsors social image with the case of the 2008 Summer Olympic Games in Beijing, China.

### 4.4 Questionnaire Design

In line with Schmidt and Hollensen (2006) the questionnaire consists of simple questions and attention has been paid to the structure, as well as the wording, to overcome the incapability to respond to the questions. Therefore, double-barreled, leading and over 20 word questions have been avoided. The questions were exclusively focused on the topic of the paper. They were build up in a logical order to discover the underlying knowledge or unconscious judgments in order to find out the decision-making process of the respondents. Before sending the questionnaire some drafts have been made and verified by third parties to avoid misunderstandings in the questions.

The questionnaire was designed online at the SurveyMonkey website, which is an intelligent survey software. The questionnaire was made up of 21 numbered questions, which were divided over 4 pages. One series of questions asked respondents to fill in some background information, such as sex, age, nationality, country of residence, field of study, level of study as well as their political position. The second page of questions evolved around the brand Coca Cola. Discovering the consumption, opinions and feelings respondents have of Coca Cola and its CSR activities without knowing what the questionnaire was about. On the third page opinions as well as impressions were asked of China as a country, the 2008 Beijing Olympics and Coca Cola as an Olympic sponsor. On the last page a statement was given from Coca Cola concerning its relationship with the Olympic Movement. The statement contained a reaction towards the accusations that Olympic sponsors should collaborate and step up against China.

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The following questions tried to discover the respondents' opinion concerning the statement and the appropriate action for Olympic sponsors to take. Furthermore, the future Coca Cola consumption of the respondents was of interest. This information provided more inside to the vehemence of the respondent's opinion.

#### **4.4.1 Scale of Measurement**

In line with Schmidt and Hollensen (2006) the Likert scale was used. This rating scale is popular among researchers, since it requires participants to specify their level of agreement or disagreement with certain statements. "Typically, each scale item has five response categories, ranging from 'strongly disagree' to 'strongly agree'" (p. 120). Due to the fact that the survey was an own created measurement tool the remaining measurements are without reference of prior research. The questions considered I do not have reason to view them as invalid or unreliable. Given that the questions are clear and to the point leaving no room for misinterpretation.

### **4.5 Data Collection**

#### **4.5.1 Questionnaire**

The survey was conducted during one month, three weeks of July and one week of August, before the start of the 2008 Beijing Games. Reasons for choosing the online survey were lower costs, the speed of design, as well as the swift ability to reach respondents (Schmidt and Hollensen, 2006). For gathering the respondents the student network 'facebook' was used. Emails as well as event invitations were sent around with enclosed the questionnaire link on SurveyMonkey. Respondents were encouraged to forward the link to other students, herewith losing control over the amount of students it reached. Therefore, it would be impossible to estimate the response rate.

#### **4.5.2 Focus Group**

Additional research has been conducted after analyzing the questionnaire results. The reason for this is the following. Namely, to discover some in-depth information behind a certain part of the questionnaire. Since, unexpected results came up in the questionnaire, which were highly interesting to discuss in the form of a focus group to better comprehend the outcome (Schmidt and Hollensen, 2006). "A focus group is a small number of people brought together

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and guided by a moderator through an unstructured, spontaneous discussion about a topic" (p. 85). Furthermore, focus groups are often used "to reveal consumer needs, motives, perceptions and attitudes" (p. 64). Moreover, this group enactment collects more research material than personal interviews, because of the interaction between participants. The group interaction is a huge advantage of focus groups creating more insight, openness, creativity and provoked reactions. As every research tool focus groups contain weaknesses, such as not representing the population in addition to the fact that data interpretation are subjective. However, the combination of quantitative research, the questionnaire, and qualitative research, the focus group, complement each other in this paper. Making the disadvantages of both research techniques less severe.

In line with Schmidt and Hollensen (2006) the focus group was structured so that the prepared set up was completed. However, in between the questions the discussion was unstructured to stimulate a free discussion.

The selected participants were eight students of which seven who filled in the questionnaire. Two extra students were invited in case not all would attend, yet all the invited students showed up. This amount of people was chosen to encourage an optimal discussion. Too few people would risk silences during the discussion, which would not be productive. Yet, too many attendants would enlarge the risk of split conversations instead of a central discussion.

The group participants possessed similar characteristics, such as lifestyle, age and university. These similarities enabled participants to feel comfortable to express their opinion in a group. Another helpful characteristic regarding speaking freely was the fact that most participants met before or were friends. However, there were also dissimilarities, such as field of study, demographic background, gender as well as experiences. Nationalities present in the group were American, Dutch, English and German. The various fields of study present were Business & Culture, Finance and Marketing. Differences in experiences count for every human being, however, among the group we had an ex-Olympic volunteer, two with CSR job experience of which one person had lived in Nepal for two years. These dissimilarities create differences in opinion during the discussion, resulting in a more productive discussion.

The location was also in line with Schmidt and Hollensen (2006). The location was easy to reach in a comfortable room with a relaxing atmosphere.

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This to stimulate an informal discussion. Two audio recorders were used, namely one digital and the other a tape recorder, which were attached to the lamp. The reason for this was to provide successful, clear recordings, as well as not making the recording too obvious to the participants.

Being the researcher I occupied the role of a moderator assisted by another moderator who helped with expected and unexpected matters. Making sure that it was possible for me to concentrate fully on the discussion. Some notes were made to describe the group behavior during these two hours. At a certain point in time I played "devil's advocate" as Schmidt and Hollensen (2006, p. 70) call this by providing the group an article with an extreme point of view to stimulate the expression of opinions. Furthermore, the balance of the discussion was kept, participant had the freedom to introduce opinions, which sometimes were moving a little away from the question. However, raising interesting points. Participants took own initiative to move back to the main question, which prevented interruptions from the moderator. Five questions were discussed in two hours.

The focus group started off with the statement of Coca-Cola just to get back into the topic and for the participants to remember what they answered. Question 18 and 19 were filled in silence, after firstly discussing the human rights violations in China. Secondly, the fact that China is the host country of the 2008 Beijing Olympics. Thirdly, what each participant answered at question 18 and 19 of the questionnaire in the beginning. After, the article with the provoking statement was discussed. Finally, the discussion closed with asking the opinion in relation to a specific result of my questionnaire.

## 4.6 Data Interpretation

Data interpretation comes along with some common problems. Firstly, as researcher English is not my mother tongue. Secondly, most of the international students are no English native speakers. However, the advantage of international students is that their English skills are sufficient to excellent. Since, the questionnaire was conducted in English it could bring along some interpretation consequences between the researcher and the respondents. This gain could have influenced the received data. Moreover, my Dutch nationality could have influenced my data interpretation. Furthermore, it has to be taken into account

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that the demographical and cultural difference could influence the knowledge of the respondents on the subject (Schmidt and Hollensen, 2006).

## 4.7 Data Analyses

### 4.7.1 Questionnaire

The online data gathered on 'SurveyMonkey' was downloaded into an excel sheet. After that the data was imported into SPSS, Statistical Package for the Social Sciences, being created in 1960. SPSS is a software program designed to analyze data for research in the social science or business world (George and Mallery, 2003). SPSS enables to test whether there are relationships between multiple variables. In addition, SPSS facilitates assessing whether the underlying assumptions are fulfilled.

The questionnaire exists mainly out of multiple choice questions, such as one to five scales. However, the multiple choice questions alternated with some open questions in which respondents could express their feelings. To analyze the qualitative data four variables were transferred into quantitative data, namely the impression variables concerning Coca-Cola, Olympic Games, China, and the Beijing Games. This transfer was done by word tracking to measure importance of certain key activities in the mind of respondents. This was done by tracking words, such as human rights, Tibet, Darfur/Sudan and demonstrations. The interesting part about this data is if and how fast respondents bring up the human rights issues. The same was repeated for the impression variable of the Tour de France tracking words for mapping the drugs problem. This was intended to draw a comparison between the severity of the drugs problem during the Tour de France and the human rights issues in China were the Olympics were held.

Another interesting variable is the Coca-Cola consumption now and in the future. In the beginning of the questionnaire, in which the participant was not aware of the relation between Coca-cola and human rights abuses, Coca Cola's consumption a month was measured. Through the questionnaire the human rights link is being build up and finally the consumption question is repeated relating to future behavior. This to measure difference in consumption behavior before and after the awareness of human rights and Coca-Cola. It should be mentioned that the consumption was not specifically measured concerning liters, cans or bottles. However, this forms no problem for this specific measurement.

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Even though we might have measured different interpretations for every participant, every participant would have the same interpretation of both questions (now and the future consumption) creating no dilemma for our test.

#### *4.7.1.1 Participants*

In total 289 respondents participated with the research, however, 65 were excluded due to an extremely incomplete answer sheet. Furthermore, no selection was made within the remained group of respondents. Since, all respondents were Coca-Cola consumers, proved by the consumption variable, their opinions mattered to research the impact on the sponsor's image.

#### **4.7.2 Focus Group**

In line with Stewart et al (2007) analyzing the focus group discussion was accomplish by means of a transcript. Firstly, the entire discussion was transcribed. Transcriptions "will faithfully pick up incomplete sentences, half-finished thoughts, parts of words, odd phrases, and other characteristics of the spoken word in a group discussion" (Stewart et al, 2007, p. 111). Therefore, some editing has taken place to increase the readability of the transcript. Yet, in a way that preserved the participant's opinion.

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## 5 Results

The data of the respondents were imported, edited and analysed by means of the statistical data programme SPSS.

### 5.1 Prior expectations

Coca-Cola is a popular brand, internationally known, as well as sponsor of many sport events among others, the Olympic Games. The multitude of negative news articles, including demonstrations on the human rights issues as well as articles attempting to push the sponsors to make statements or withdraw from the Games triggered for me the interest in the relationship between the corporate image and negative publicity. Sponsoring sport events would expect a positive contribution to the corporate image. I considered it to be a special case to research and expected to find negative impact on the corporate image.

### 5.2 Describing the participants

The largest group of respondents were the age of 20 to 25. The second largest group were the age of 25 to 30. Furthermore, as much females as males participated with the research, which is very balanced. The target group chosen for this questionnaire were international students. Given that students are online in large numbers attached to student networks, therefore, easy to approach for an online survey. The most respondents study in the direction of business and culture or finance and banking on master level, which means a high educated response group. The political position of the students was mainly in the middle between the left and the right among all fields of study. There were no statistical differences measured among any group regarding the participants perspective about the behaviour of Coca-Cola.

### 5.3 Findings Questionnaire

On the statement that Coca-Cola takes its social responsibilities very seriously 19 per cent agreed, 51 per cent was neutral, 25 per cent disagreed and 5 percent of the respondents strongly disagreed (see appendix). Only 10 per cent of the international students believe that Coca-Cola sponsoring the Olympic Games is

an act of CSR. 44 percent disagree and 25 per cent strongly disagrees to this statement (see appendix).

**To what extent are consumers aware of Coca-Cola as Olympic sponsor?**

83 per cent of the respondents chose Coca-Cola as an Olympic sponsor. Furthermore, to remain obscure the Olympic Games was surrounded by Wimbledon, European Championships, and Tour de France. Almost 80 per cent of the participants chose correctly false for Wimbledon, as well as Tour de France (see appendix). In addition, the same counts for the European Championship on which question almost 80 per cent chose true (see appendix). This indicates that a large amount of people are aware of which brands sponsor which event.

Binomial Test						
		Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Coca Cola is sponsor of the Olympic Games.	Group 1	True	186	,83	,50	,000 <sup>a</sup>
	Group 2	False	38	,17		
	Total		224	1,00		
Coca Cola is sponsor of the Euro Championships.	Group 1	True	174	,78	,50	,000 <sup>a</sup>
	Group 2	False	50	,22		
	Total		224	1,00		
Coca Cola is sponsor of Wimbledon.	Group 1	False	175	,78	,50	,000 <sup>a</sup>
	Group 2	True	49	,22		
	Total		224	1,00		
Coca Cola is sponsor of Tour de France.	Group 1	False	172	,77	,50	,000 <sup>a</sup>
	Group 2	True	52	,23		
	Total		224	1,00		
a. Based on Z Approximation.						

**Table 1** Binomial test

By means of a binomial test it proves that there is a significantly positive difference above the 50 per cent (see table 1). This means that a significant numbers of respondents was aware of which sport events Coca-Cola did and did not sponsor.

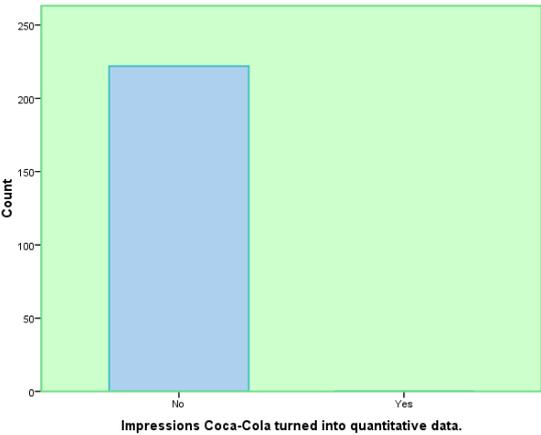
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**To what extend are consumers aware of the human rights violations in relation to the 2008 Beijing Games and its sponsors?**

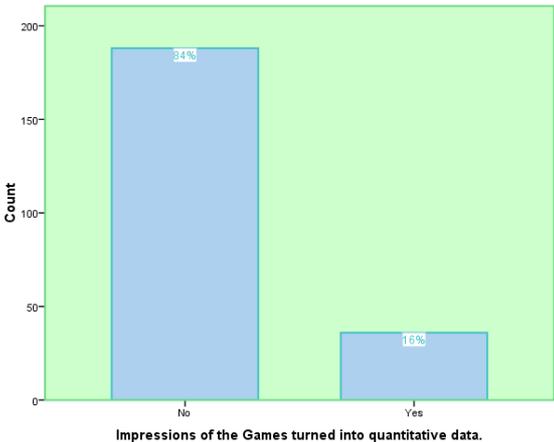
None of the respondents linked Coca-Cola to the human rights violations, the Torch demonstrations, Tibet or Darfur due to China being the host country of the 2008 Olympic Games, even though this link was made by NGO’s and the media who published it widely. The most common impressions of Coca-Cola were fun, young, red, as well as the Santa Claus commercials.

However, this question variant was repeated concerning the impressions of the Olympic Games, Tour de France, China, as well as the 2008 Beijing Games. Interesting to see is that the percentage of respondents coming up with human rights related words is growing, which is visible in the following four graphs. 16 per cent related the Olympic Games in general to human rights violation, which increased again for China to 28 per cent. The percentage related to the 2008 Beijing Games increased even to 37 per cent.

The impressions of Tour de France were also analysed on drugs related words. Creating a small comparison between the severity of the drugs problem of the Tour de France and the human rights violations in China. 57 per cent of the participants linked the Tour de France to doping. Which means that there is a 20 per cent difference between the relation of negative aspects of the Tour de France and of China.

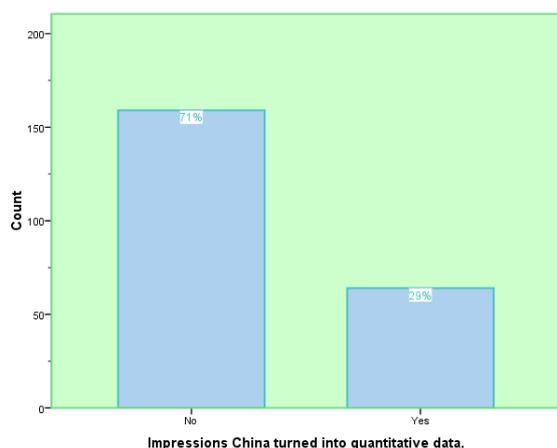


**Figure 1** Human rights – Coca Cola

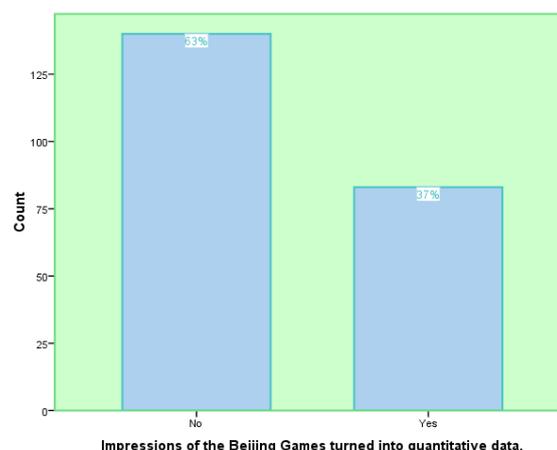


**Figure 2** Human rights - Olympics

**Figure 3** Human rights – China



**Figure 4** Human rights – Beijing Games



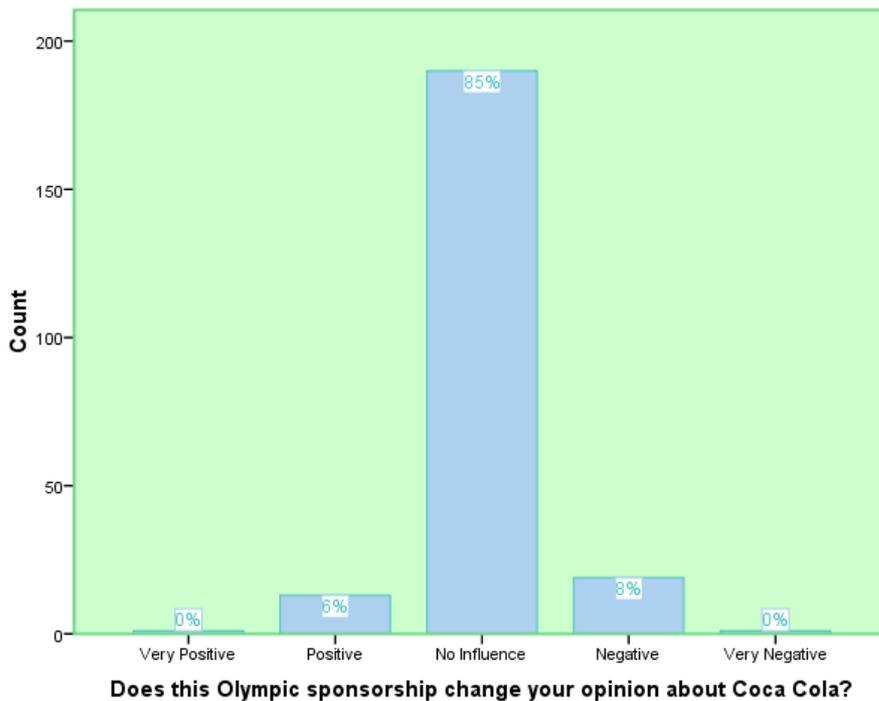
Moreover, the opinions of the international students were more divided concerning the statement 'I have a favourable opinion about China'. Namely, 2 per cent strongly agreed, 21 per cent agreed, 30 per cent was neutral, 33 per cent disagreed and 14 per cent strongly disagreed. By means of an one sample T-test it confirms that the disagree side is significantly higher than the neutral category ( $t(223) = 5,52, p < 0,001$ ). (see appendix)

**To what extend is the sponsor encountered to social risk?**

Among the participants 85 per cent believed that the sponsorship did not change their opinion about Coca-Cola. (see figure 5) By means of an one sample T-test it provides evidence that there is no significant difference from the no influence category, three. This with regard to the opinion of consumers concerning the Olympic sponsorship in Beijing of Coca-Cola ( $t(223) = 0,95, p = 0,172$ ). (see table 2 for the data)

**Table 2** One sample T-test results

	<b>N</b>	<b>t</b>	<b>df</b>	<b>Sig. (2-tailed)</b>	<b>Test-value</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>Fig. 5</b>	224	0,948	223	0,334	3	3,03	0,423



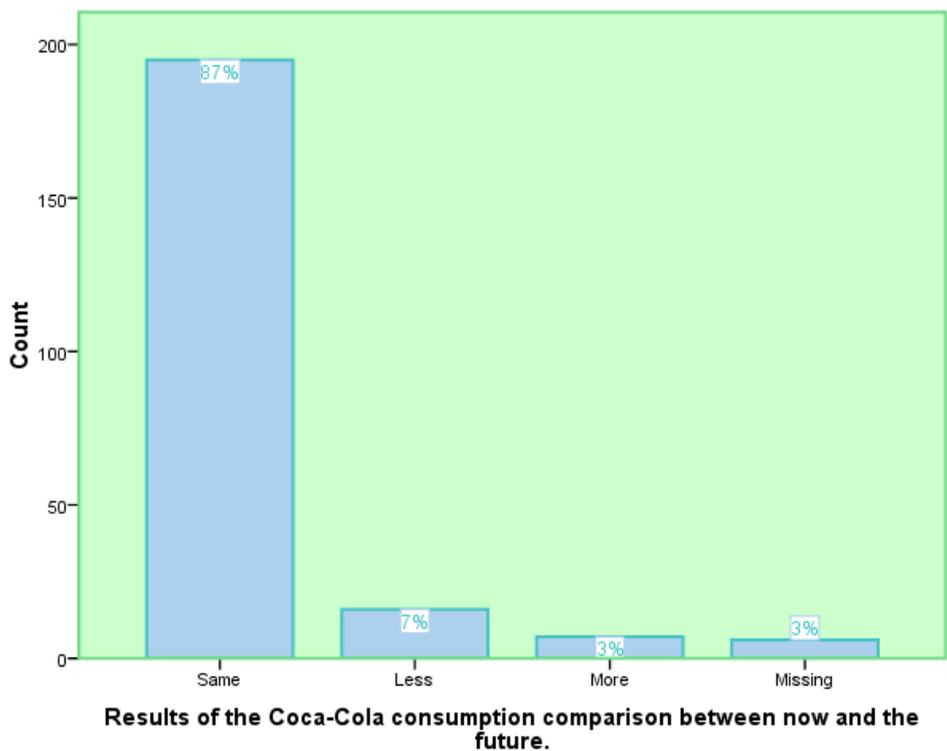
**Figure 5** Does this Olympic sponsorship change your opinion about Coca-Cola?

**To what extend is the sponsor in any boycott danger?**

In figure 6 the results of two different questions have been put together. Namely, the amounts of consumed Coca-Cola products a month, as well as the expected consummation a month in the future. This resulted into 87 per cent of the students answering the exact same amount of consumption now and in the future. It proves by means of the paired samples T-test that there exists no significant difference in Coca-Cola consumption before and after the participants became aware of the relation between human rights violations and Coca-Cola ( $t(217) = 0,35, p = 0,363$ ). (see table 3)

**Table 3** Paired sample T-test results

	<b>N</b>	<b>Mean</b>	<b>t</b>	<b>df</b>	<b>Sig. (2-tailed)</b>	<b>Correlation</b>	<b>Std. Deviation</b>
<b>Fig. 6</b>	218	0,032	0,351	217	0,726	0,995	1,349



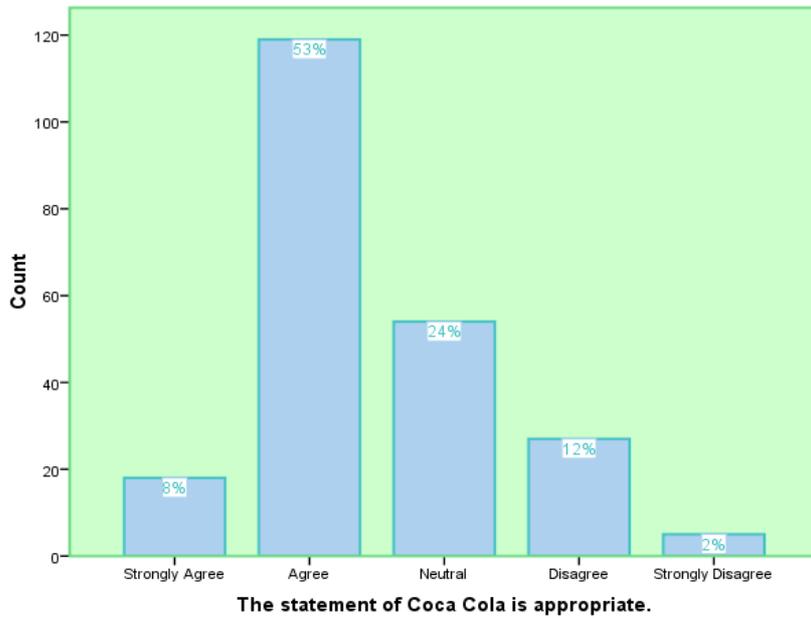
**Figure 6** Results of the consumption comparison

### How do consumers evaluate sponsors on its press releases?

53 per cent of the respondents regard the statement of Coca-Cola in relation to the Summer Olympic Games in Beijing appropriate, which is clearly visible in figure 7. Furthermore, 8 per cent strongly agrees, 24 per cent of the students are neutral, 12 per cent disagrees, and 2 per cent strongly disagrees. By means of an one sample T-test it confirms that there is a significant difference more positive than the category neutral ( $t(223) = -8,90, p < 0,001$ ). (see table 4)

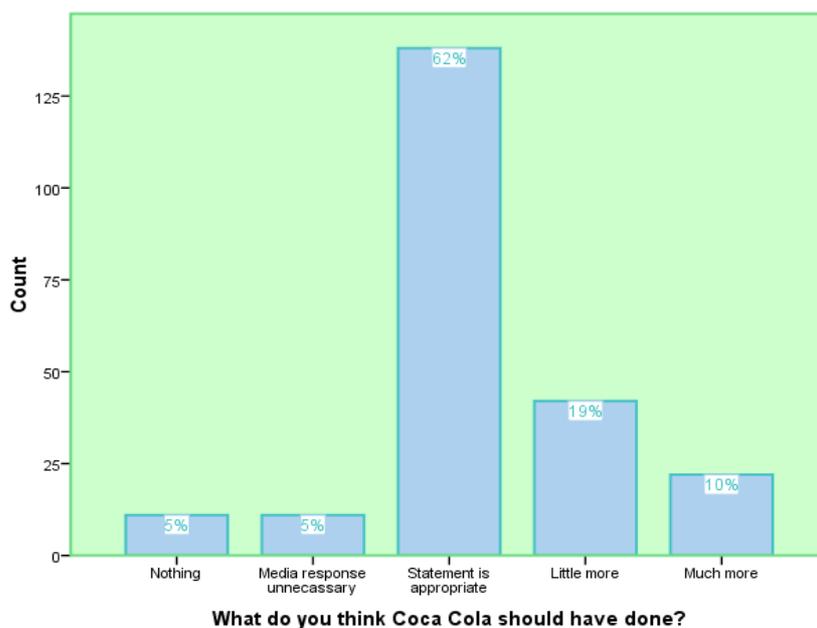
**Table 4** One sample T-test results

	<b>N</b>	<b>t</b>	<b>df</b>	<b>Sig. (2-tailed)</b>	<b>Test Value</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>Fig. 7</b>	224	-8,896	223	,000	3	2,47	0,887
<b>Fig. 8</b>	224	4,349	223	,000	3	3,25	0,877



**Figure 7** *The statement of Coca-Cola is appropriate*

62 per cent of the students believed that Coca-Cola was not obligated to undertake more action than it did. However, 19 per cent thinks that Coca-Cola should have done a little more and 10 per cent claims much more (figure 8). Furthermore, 5 per cent believed that Coca-Cola should not have taken action, and another 5 per cent believed media response was unnecessary. By means of an one sample T-test it is proven that there is no significant difference from category 3, the statement of Coca-Cola is appropriate ( $t(223) = 4,35, p < 0,001$ ).



**Figure 8** *What do you think Coca-Cola should have done?*

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### **What do consumers say that sponsors should do?**

Since the opinions are widely spread I will provide a selection of proposed company actions, as well as opinions regarding the current situation.

"Coca Cola is a corporation, responsible to its shareholders. The only ones who can cause any influence are the participants of the Olympic games, since without them, Coke will have nothing to sponsor".

"Interesting issue, but like the statement (by the way very good corporate statement) says, it cannot be Coca Cola's job to put pressure on a country. CC is a company and should primarily focus on profitability, I believe. Darfur is the result of extreme people being in power and a company or sport can do little to alter the situation for the better".

"Coca Cola as a significant sponsor though not a government or "the United Nations" has significant clout and I would suspect that the real motivator for some sponsors is not to criticise Chinese authorities, since it is a massively growing market in China. Creating friction with authorities undoubtedly would lead to friction with licensing and promotional activities in the future. Coke has the clout to do whatever it wants... the best solution being to stick on board and not rock the Chinese boat".

"I am in doubt and do in some way feel Coca-Cola did enough. On the other hand, if statements were going to be made they should have backed out of the Olympics years ago. I feel sorry for the athletes, however, I feel even more sorry for those people who are being wrongly treated by the Chinese government in order to clean up the city in general and in relation to the Games"

"Coca-Cola is not a political party, hence it should not act like one. As a corporate (global) citizen with a lot of power and influence, it should however try to improve wherever it can. Using the sponsorship to put pressure on the Chinese government to improve human rights is an opportunity it shouldn't miss".

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"Coca-Cola should have linked its sponsorship to certain restrictions concerning the situation in china, e.g. press liberty, human rights etc..."

"Step up, encourage sponsors to take one same position, together your strong to do something about these human rights violations".

"Stop supplying Coca-Cola products towards China as long as the situation holds its current position".

"Corporate social responsibility is playing an increasingly big part in the way companies behave. More firm statements or even actions are appropriate. Companies rule the world nowadays. They can turn their power into something positive for the world by boycotting events or requesting changes in order to sponsor events".

"They should continue what they started. It's the decision of the Olympic Committee (I guess) not to move the contest to another place, so Coca Cola should stick to it".

"As a big multinational company sponsoring with a huge amount of money, Coca Cola has a tremendous power, that the company could have taken use of".

"Businesses always say that they are outside of these problems, but together they can make a difference!"

"Darfur and China are two different problems; however, doing well in one of them does not give you the right to do badly on the other".

" I think if people want to protest against China, keep it with China. Coca Cola's responsibility as a sponsor should be to oversee that the Olympic Games are carried out in a proper way, it does not cover Chinese politics in general".

"I agree that there has to be a line between politics and business - it's not up to Coca-Cola to get involved in the (in)direct involvement of china in the Darfur crisis".

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“Companies need to behave according to their values and business interests. These must be considered when evaluating their actions”.

“For me Coca-Cola does act upon human responsibilities as their projects in Africa and Asia. Moreover, the company is a huge provider of labour in every country. So, they do not have any responsibilities as sponsors for concerns within China”.

“Of course it would be nice if they would do more, but it is completely within their right and almost not a part of their business to criticize a government and their action in human rights issues. If there were human rights violations occurring during the production of Coca-Cola then I would want action. In any case, it is a huge risk for them to stand up and criticize China and so I guess I agree with their stance of focusing on the Games and what the Olympics stands for, and not getting too involved in the politics”.

“I think Coke is not necessarily the one to put pressure on the Chinese government, but rather the IOC or the international community, and if it would be to put pressure, than not some weeks before the games, but well in advance. In general, it should rather try to empower the Chinese by focusing on social responsible production in china and supporting local communities. To me sponsoring the Olympic Games is in general not particular social responsibility. For me it is more general business interest, marketing and increasing the power, brand visibility, markets on a global scale”.

“Businesses are made for profit not world problems!”.

## 5.4 Findings Focus Group

The focus group was held to gain in-depth information regarding some results received from the survey. Since, some of the results were different than prior expectations the thinking process of respondents became particularly interesting. Therefore, the focus of the group discussion intended to investigate the image respondents held about Coca cola, Coca-Cola’s behavior, the statement and the opinions of the media.

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#### **5.4.1 China and the human rights abuses**

The first question, what are your opinions towards China and the human rights issues? Even though most participants responded no discussion was established. Next to that, in comparison with questions discussed later, respondents spent relatively little time on the discussion of human rights. The underlying reason for this is that everyone agrees that human rights abuses are a negative issue in general. Of course this also counts for China.

“I would say that the human rights situation is no good, especially from a super power like China”.

- By Wouter, September 8<sup>th</sup> 2008

However, different aspects came up considering China. For example, that China has improved, opened-up so much over the past decade and is moving in the right direction. The Chinese population is taking increasingly more Western perspectives. Another point is that it is almost becoming an ‘us’, the West, against ‘them’, the Chinese, kind of attitude.

“The United States has human rights violations as well... to go in and say that they cannot do that would be kind of hypocritical”.

- By Angela, September 8<sup>th</sup> 2008

Furthermore, twice the point was raised that who are we to sit here and decide what is right and what is wrong.

“The Chinese have completely different perspectives then we do created by their historical background. ... Our version of democracy does not necessarily work for others”.

- By Anders, September 8<sup>th</sup> 2008

Another point raised was the following statement.

“Politically everyone is sitting on the fence, because no one really wants to do something about it. It is a lot of rhetoric you know. I don’t know. I am always torn about it of course I don’t condone the various things that are

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going on human rights wise. What is to say that we are doing anything better, because Britain and the US is involved in some conflicts and we are in no positions to pass judgment on other countries”.

- By Anders, September 8<sup>th</sup> 2008

“No country would ever step up and break with a super power like China to pursue issues of human rights. China would punish that country immediately through boycotts or so... for example, in the news was something about the French president maybe not attending the opening ceremony of the Games and a French company active in China, ... had to suffer for it”.

- By Felix, September 8<sup>th</sup> 2008

#### **5.4.2 China hosting the Games**

The second question, considered what the participants thought about China hosting the Olympic Games. The time spent on this question was almost twice as long as on the previous question. The intensity of expressions was stronger present during this question. Additionally, the most prominent of mind themes were the openness of China, the Olympic ideals, as well as the responsibility of the IOC. Some believed that the Olympic Games were given to China in the hope of China opening up, thereby creating an opportunity for the West to criticize China.

“The Olympic Games form the ideal discussion platform for issues within every country, for instance NGO’s take advantage of that situation. China knew this very well before entering the biddings”.

- Felix, September 8<sup>th</sup> 2008

However, some believed that the 2008 Games did not cause huge changes in China. Although it did set in motion some discourse around the world, as well as in China, change within a country begins with the young population. from that point of view, could the Games have impacted more than we realize.

“Not giving China the Games would not have resulted into anything positive for the situation. ... If you stay out of China you have even less

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bargaining power. In that perspective I agree with the decision to give China the Games”.

- By Wouter, September 8<sup>th</sup> 2008

“You might have the opinion that you should not give something like the Olympic Games, a present, the event, to such a regime as China, which treats a large number of people as criminals who are just having a democratic opinion. ... I believe that it is a process, which is going step by step very slowly. ... The Chinese population will take the next step, demands more rights in the end, it is a huge country with a lot of people if they do some collective actions I am sure they can improve the situation”.

- By Jan, Spetember 8<sup>th</sup> 2008

Another aspect mentioned, concerned the human rights abuses due to the Olympic Games. Due to the thrive of the Chinese government to do everything right and make a big impression. One believed that China did not deserve the Games, critical points e.g. pollution and human rights abuses should have been improved first. Another participant disagreed with the argument that one fifth of the world population plus a great sports nation could not be withheld from hosting the Olympic Games. This was again strongly opposed by others.

#### **5.4.3 The Olympic Sponsor Coca-Cola**

The third question, involved the statement of Coca-Cola, as well as two questions underlying the statement from the online survey. Asking the participants for their opinions concerning the statement and Coca-Cola’s behavior. The time spent on this part increased again, which was filled with reactions and intense expressions. Of the 8 participants 5 agreed that the statement of Coca-Cola was appropriate.

Two disagreed with the statement, and consequently answered media response unnecessary on the next question within the survey, even though they agreed with most that was said. Another one was neutral on the matter, since every argument has its own sort of backing. For example, nobody mentioned the amount China spend investing in Sudan.

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“I think Coca-Cola played a smart political game”.

- By Anders, September 8<sup>th</sup> 2008

Additionally, the group turned a bit skeptical towards the idea that MNC's having an excess of political power. Although, the group mostly agreed that MNC's have the funds to be ethically responsible to make a difference within communities and environments. Except one participant who was stating the basic principles of businesses, which even made him change his opinion towards the statement and Coca-Cola's behavior to media response unnecessary.

“Let's face it what is the business of business other than business”.

- By Jan, September 8<sup>th</sup> 2008

This argument caused some intensive discussion from a CSR point of view. The group was doubting were the line of engagement as corporate citizen exactly was or stopped. MNC's have not been elected to execute this power, such as governments.

“I am a little skeptical about businesses having too much political leverage”.

- By Anders, September 8<sup>th</sup> 2008

Still, the grouped completely disagreed with the statement of the article, which was used as a devil's advocate to provoke stronger opinions. The group agreed with the fact that Coca-Cola would lose the Chinese market when making a stronger statement, for instance withdrawing from the Olympic Games. The Chinese market was described as one fifth of the world population. This means that Coca-Cola would sacrifice around 20 per cent of the world population as potential consumers, as well as the backlash of current sales given that Coca-Cola is already present on the Chinese market. Additionally, the group believed that as a marketing statement towards the West sales would not increase that much more as a consequence of withdrawing from the Olympic Games.

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“Perhaps Coca-Cola should play a part, because they are such a big company in the Chinese market, but are the Olympic Games the right platform for this discussion? I think a lot of people disagree on that here”.

- By Wouter, September 8<sup>th</sup> 2008

A dominant aspect during the group discussion was also the indirect link between Coca-Cola and the human rights violations. The group completely agreed that holding Coca-Cola responsible for the human rights violations in Darfur was plain nonsense, due to the indirect and rather vague relationship. The group was even doubting the accusations of China being responsible, which renders a completely different discussion. Coca-Cola was sponsoring a sport event, which could almost be called a tradition due to Coca-Cola’s long engagement as Olympic sponsor.

During the group discussion some wondered who was responsible if they did not held Coca-Cola responsible.

“The governments are in the best position to do that. ... The governments were not prepared to do that, end of story, and who is going to turn around and say a company should have done it. It should have been the governments, the Norwegian pre-minster, or so, took a stance against it, but what is he besides a drop in the ocean?”

- By Anders, September 8<sup>th</sup> 2008

In spite that the sport organization, IOC, have the power to suspend countries, as well as demanding change of certain aspects within a country or city, some participants thought of the IOC as the right platform for discussion. Another disagreed with that in view of the fact that the IOC does not possess capable people with the right to execute such decisions.

At a certain point one turned the discussion into why Coca-Cola, why now, why not all active companies within China? The rest actually agreed with the time, since the Olympic Games have always been a platform for ethical discussions. Also all agreed that all MNC’s are morally obligated if Coca-Cola is found to be morally obligated, however, this is an impossible mission.

“I believe they got pretty close to hitting the nail with the whole Tibet thing till that natural disaster hit China, and that put the tie on things. The

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Chinese were pretty astute with that and managed to twist it to the point where they said that if anyone would say anything about China, it would be distasteful as a result of the natural disaster. I think actually that the debate was getting close to coming into the mainstream then people realize. I think it was really heating up”.

- By Anders, September 2008

In the end all agreed that the world-wide caused discourse was a good consequence of the 2008 Beijing Games. Critical issues were being discussed openly, however, even if the earthquake in China would not have happened they were convinced it would not have changed Coca-Cola’s behavior. They believed people tend to agree with appropriateness of the statement when reading it. Some stated that the pollution stroked them more than the human rights violations.

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## 6 Discussion

In this chapter the findings will be discussed in relation with existing literature. Firstly, the sub research questions will be discussed followed by the main research question in the conclusion.

*To what extend are consumers aware of corporate sponsorship?*

A significant numbers of respondents were aware of which sport events Coca-Cola did and did not sponsor. Namely, 83 per cent of the respondents choose Coca-Cola as an Olympic sponsor. This was no coincidence due to the fact that around the same amount of respondents correctly choose true and false for the other sport events.

*To what extend are consumers aware of the human rights violations in relation to the 2008 Beijing Games and its sponsors?*

Since, the relation between the human rights violations and the Olympic sponsors was made by NGO's and the media, negative publicity caused consumers to become aware of this relation.

According to Renkema and Hoeken (1998) negative and positive publicity impact the corporate image. Yet, negative news is more frequent plus readers remember it well. Negative publicity is something MNC's increasingly need to handle over the years. An given example was the Exxon crisis in 1989. Yet, a more related to the Beijing case example was the drugs problem during the Tour de France, which was negative for the sponsors of this event (Lagae, 2005). According to Cook (1993) the mind creates an image while thinking, seeing or hearing about sport which is often positive. However, sport can bring along unethical subjects as mentioned above.

The awareness regarding human rights violations and sponsors would have been caused by negative media attention concerning the 2008 Olympic Games in China. Therefore, the four impression questions were the perfect test to observe exactly how far the media had influenced consumers. None of the respondents related Coca-Cola to the human rights abuses. In relation to the Olympic Games the link to human rights abuses was present, which increased for China and even more for the 2008 Beijing Games. To test the severity of the human rights violations in relation to the Olympic Games the results were compared to the

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drugs problems in relation to the Tour de France. Subsequently, showing a distinct difference of 20 per cent. This means that the drug abuse can be considered more top of mind than the human rights violations in China related to the Olympic Games.

From this can be concluded that the findings in this research do not correspond to prior research on the impact of negative publicity. The negative publicity preceding the Beijing Games related the human rights violations to the Olympic sponsors. Even though literature claims that negative publicity is well remembered these research findings show no evidence of consumers relating Coca-Cola to human rights abuses. Yet, findings did prove that consumers associated the human rights abuses to the Olympic Games in general even stronger for the 2008 Beijing Games. Still did this not negatively influence the Coca-Cola image.

*To what extent is the sponsor encountered to social risk (including boycott danger)?*

The social risk theory of Yaziji (2004) was tested upon the 2008 Beijing Games to research any impact on the social image of the Olympic sponsors. Normative legitimacy is related to social values, therefore, depended upon the perspective of an individual or region. The organization's normative legitimacy can still decline even though regulations are followed, since it is depended upon moral behaviour. The MNC's nor the outside organisations possess legitimacy, which means that there are no rights to claim. Yaziji (2004) describes that the process of social risk, by means of e.g. demonstration and boycotts held by outside organizations to pressure MNC's, can be damaging to their social image.

These attempts to diminish organizations legitimacy described by Yaziji (2004) are similar to the activities of the media and NGO's in the months prior to the 2008 Beijing Games. Demonstrations against human rights violations were held in many big cities. "Rather than confronting Beijing directly, however, the organization has instead pressured Olympic sponsors and the other foreigners involved in the Games to either speak out against China's role in the region or withdraw their Olympic support" (Sunday Business Post, 2008).

Yet, among the participants 85 per cent believed that the sponsorship did not change their opinion about Coca-Cola. In relation to that no boycott danger is threatening Cola-Cola. Research has shown that there exists no significant

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difference in the Coca-Cola consumption before and after the participants became aware of the relation between human rights violations in China and Coca-Cola as sponsor of the 2008 Beijing Games.

*How do consumers evaluate sponsors on its press releases?*

Research showed that a significant number, 53 per cent, of the participants found the statement of Coca-Cola regarding the 2008 Beijing Games appropriate. Next to that 62 per cent of the students believed that Coca-Cola was not obligated to undertake more action than they did. The research findings are unexpected considering the prior discussed CSR literature. However, there are different perspectives regarding global governance. To understand the mental process behind these unexpected results a discussion group was conducted. The discussion group material offers more in-depth information why participants believed that the Olympic sponsor did not need to undertake more moral responsibility. An interesting aspects constituted the thoughts of participants regarding china and the human rights in general. Subsequently, the fact that China was host country of the Olympic Games, leading to the last aspect, namely, how the participants evaluated the Olympic sponsor, Coca-Cola, in this case.

Literature discussed the following regarding global governance. "In the arena of globalisation and global governance, companies are said to assume a leading role in the world scene and they should forces with different stakeholders including NGO's, governments, international organisations to rescue the planet, its people and to combat social exclusion and injustice" (Shen, 2004, p.284). According to Fritsch (2008) growth of welfare, misbehaviour of MNC's and other aspects caused the international community to demand better institutional foundations. Kofi Annan requested the business society to participate and support 10 principles designed by the UN concerning the environment, human rights, labour conditions, and anti-corruption (Bremer, 2008). Yet, not all share this view. The Global Compact is heavily criticised due to the fact that close collaboration between the UN and the private sector is highly questionable. Concerns are granting organizations exceptional power within the system of the UN. Besides that not all view the positive perspective of CSR, namely Milton Friedman, who believes that corporations exist only to make profit (Fritsch, 2008).

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Naturally, human rights violations were disapproved by everyone during the group discussion. Obviously, this perspective was employed internationally not only within China. However, the participants were divided regarding their perspectives toward China. Noticeably, opinions varied from China as resembling a dictatorship in contrast to framing China as opening up. China as host country of the Olympic Games was intensely discussed, constituting a complicated issue. A large variety of views were present. Firstly, the hope that the Olympic Games would progress in the process of openness in China. Secondly, the Olympics created the ideal moment to criticize, as well as pressure China on certain topics in the hope for change. Thirdly, the fact that one cannot withhold a great sport nation, which represents 20 per cent of the world population. Finally, that China should have improved the critical issues first before being awarded as host country.

Consequently, the statement and sponsorship of Coca-Cola in relation to the 2008 Beijing Games was at discussion. Within this part of the group discussion again multiple views were shared. Firstly, a Milton Friedman perspective, namely the business of business is business. Secondly, that the Olympic Games is not the right platform for this discussion. Thirdly, that Coca-Cola played a political smart game. Furthermore, doubt was among the participants regarding where the limit of engagement lies, since MNC's were not elected to rule. There was scepticism among the participants regarding MNC's having too much political leverage. Besides, the governments were not prepared to take a stance, even though they are in the best position to do so. Then why should a sponsor of a sport event do so? Moreover, the participants considered the link between Coca-Cola as sponsor of a sport event, the Olympic Games, to the possibility of the Chinese government fuelling the war in Sudan as too indirect. The statement that the Chinese government is fuelling the war in Sudan is a different discussion. That Coca-Cola is being held responsible for this was considered to be ridiculous.

However, there are case examples in which MNC's did suffer from certain circumstances. For example the Canadian oil company, Talisman, that pulled out of Sudan due to pressure of NGO's, the Canadian and U.S. government, the media and their shareholders (Patey, 2007). Secondly, the case of the dictatorship in Burma was presented. MNC's, such as Disney and Levi Strauss pulled out of Burma due to pressure of NGO's. Followed by formal sanctions

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enforced by the U.S. (Holliday, 2005). The Beijing Games case is being compared here, although in the meanwhile realizing that every case is different plus operated under diverse circumstances, thus context specific.

Among these cases there exists huge differences resulting in the same outcome, namely that MNC's had to change their actions. However, in my case study the Beijing Games did not have a negative impact on the image of Coca-Cola. Therefore, this case is different compared to the other presented cases. An explanation could be that the debate regarding the human rights violations did not impact Coca-Cola's image due to the lack of governmental support, such as in the case of Talisman. Yet, the Burma case had mostly effect due to informal sanctions while formal sanctions followed. Still, could this be an argument considering the perspectives given within the discussion group e.g. that politicians did not take a stance. Moreover, in my case sponsors of a global sport event were being attacked, which is not the case among the other cases. Therefore, the Beijing Games was an exceptional research case where the attack on the sponsors is considered to be too indirect.

Nevertheless, negative impact on sponsors image takes place in relation to doping problems, corruption, negative results or actions by the athletes, team or sport organisation. This can create a difficult environment for sponsors receiving negative publicity e.g. the doping problem on the Tour de France (Lagae, 2005). Yet again these cases are different from the negative publicity on the Olympic sponsors. As there were no scandals within the sport event itself potentially creating a difficult environment for its sponsors. The human rights violations are within China and even outside of China where the sponsors were being associated with due to the Olympic Games. This is a case example completely different then cases researched before regarding the impact on the sponsors image.

#### *What do consumers say that sponsors should do?*

In the results most of the given statements were described, therefore, a summary of the statements was described here. The statements could mainly be categorized in two sides, namely for more action or concentrate on profit.

Participants who viewed that Coca-Cola or sponsors should have done more suggested the following. Firstly, all sponsors should have taken one common position, since they stand stronger together. Secondly, stop supplying Coca-Cola

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products to China. Thirdly, Coca-Cola as a powerful MNC's should have pressured China. Fourthly, the sponsors should boycott events to create change. An overall view here would be that MNC's have tremendous power and should use it for the better.

Obviously, the other side also mentioned some counter-arguments. Firstly, one cannot expect from Coca-Cola to pressure the Chinese government rather should it focus on making profit. Secondly, Coca-Cola is not a government, a political party or the United Nations. Thirdly, it was the decision of the IOC to award China the Games, therefore Coca-Cola as sponsor should stay. Fourthly, protestors with strong objections against China should focus on China not the Olympic sponsors who are only responsible for overseeing the implementation of the Olympic Games. Moreover, it is not up to Coca-Cola to get in any way involved with the China in Darfur crisis. Furthermore, Coca-Cola is responsible for its production to be without human rights abuses. Additionally, it is the job of the IOC or the international community to pressure the Chinese government. This all comes down to that Coca-Cola's main focus should be profit and not involve itself too much into politics.

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## 7 Conclusion

Within the following chapter the main research question – *how do controversial mega-events affect the social image of its sponsors among consumers?* - will be answered. The findings of the sub questions together produced the conclusion. Furthermore, a model of this research's findings was created. Finally, some attention is spend on the limitations of this research paper and some recommendations.

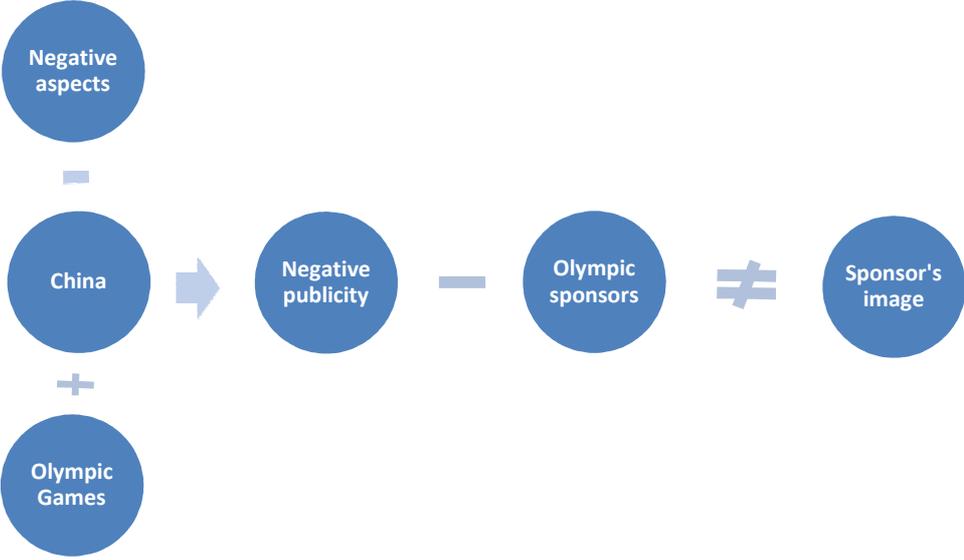
### 7.1 Controversial Mega-events and Sponsor's Image

Interesting aspects of this paper's research findings are that they are different than expected plus contradict prior research findings. The main findings of this paper are here shortly mentioned.

Namely, that a significant number, around the 80 per cent, of respondents was aware of which sport events Coca-Cola did and did not sponsor. Next to that 37 per cent associated the Beijing Games to human rights violations. Yet, none of the respondents related Coca-Cola to the human rights violations. Moreover, there was no significant difference in the consumption patron of the respondents before and after the association of human rights violations and Coca-Cola was established. Besides, 85 per cent believed that Coca-Cola sponsoring the Olympic Games did not change their perspective towards the organization. Finally, a significant number of respondents agreed that the statement of Coca-Cola was appropriate and did not desire more action from the Olympic sponsor. The main focus of this research paper concerns the effect on sponsor's image due to negative publicity concerning negative aspects of the host country of a mega sport event. The findings of this research disagree with prior research findings. Given that negative publicity attacking a sponsor of a global sport event concerning negative aspects, which happen outside of the sport organisation, sport team or sportsmen, does not affect the sponsor's image negatively.

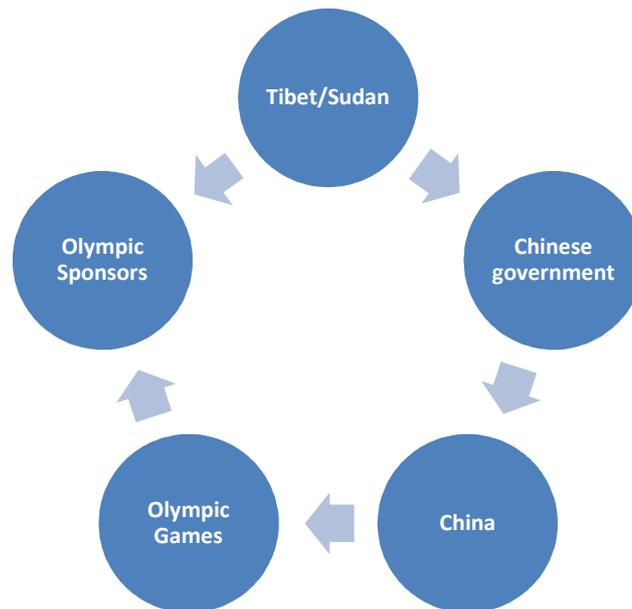
A model was created, see figure 9, to demonstrate this paper's findings. Herewith, a short explanation of the model. The negative aspects, naturally, stand for the human rights violations, which negatively influence the host country, China. The Olympic Games are a force of good entering China, however, negative publicity results from this combination. The Olympic sponsors were

pulled into the negative publications. Yet, this did not negatively affect the image of the sponsors.



**Figure 9** Model of this research's findings

Assumptions were made from the data to provide an explanation as to why these results do not match prior research. Many perspectives were gathered during the discussion group, however, there are three main assumptions. Firstly, the respondents did not desire Coca-Cola to play a corporate governance role. The desired engagement level of MNC's was considered to be ambiguous. Additionally, some of the students were sceptical regarding MNC's possessing too much political leverage. Secondly, it seemed to be of influence that none of the governments took a stance against the human rights violations by the Chinese government. The participants believed that Coca-Cola should not suffer, lose a huge market, from sponsoring a sport event, which happens to be in China, when none of the governmental bodies steps up. Thirdly, the relation between an Olympic sponsor and human rights violations in China is considered to be too indirect. Within prior research cases as indirect as the Beijing Games have never been researched. Perhaps the concept of indirectness needs a little more explanation within this context. Therefore, an overview was created in the form of a model, see figure 10, to visualize this indirectness.



**Figure 10** *Model of overview indirectness*

Tibet/Sudan were in this way put into the model due to the fact that the negative publicity prior to the Beijing Games included the Tibet and Sudan situation. To be more precise, in the media the Olympic sponsors were held responsible to utilize their position as sponsors to pressure China. Tibet/Sudan stands for the human rights violations, which was the main topic of the negative publicity, and therefore essential within this model. The Chinese government is in fact responsible for these human rights abuses, which is debatable for Sudan yet beyond the scope of this paper. China as country was awarded the Olympic Games, which is a global sport event. On top of that the sponsors of this sport event received negative publicity associated to the Tibet and Sudan situation.

Yaziji (2004) believed that social risk might further develop and grow into an exceptional occurrence. This research was conducted upon an extraordinary case, since the Beijing case is more indirect than other prior studied research cases. Even though, this paper's findings are opposing prior research studies this could perhaps be the beginning of that development of social risk. Perhaps this is what MNC's should prepare themselves for.

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## 7.2 Limitations

This paper is limited in scope, since this research is a combination of multiple theoretical research streams. The different research streams coming together are CSR, corporate image, sponsorship, mega-events, and the human rights violations. Hereby, limiting the evaluation of every research stream. Nevertheless, I believe that every stream has been evaluated in enough depth to give the reader a good understanding of the interesting aspects this paper contains. Another aspect is that there is lack of literature regarding this research angle, which is an incredibly indirect research angle.

Given the significant limitations imposed by timing and funding conditions, this research entailed a simple and fast methodological approach. Namely, an online survey using international students, as they were an easy accessible and fast reachable target group. A disadvantage of this methodological approach is that students are no representative for all the Coca-Cola consumers. Yet, all students were Coca-Cola consumers, therefore they are a part of the total consumer group. Besides, the group of participants was highly educated and existed mostly out of business students. This could make the results of this research less objective. However, one could hypothesises that less educated Coca-Cola consumers are not aware of human rights abuses, therefore, no target group of this research.

As every research method, questionnaires have certain limitations. The respondents in this research were being limited in their expression due to rating scales. Although, parts of the questionnaire contained open questions most were rating based. Yet, the use of a focus group to create more in-depth information reduces the limitations of the questionnaire creating a more valid research paper. Focus groups are almost always carried out with the collection of qualitative data as their primary purpose. This is their advantage, because focus groups produce a very rich body of data expressed in the responds' own words and context. There is a minimum of artificiality of response, unlike survey questionnaires that ask for response expressed on 5-point rating scales or other constrained response categories. Focus groups do not represent a large population no hard data (Schmidt and Hollensen, 2006). These focus group limitations are again reduced by means of the conducted questionnaire.

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### 7.3 Recommendations

In this study it is proven that negative publicity regarding sport sponsorship does not necessarily indicate undesired consequences for the sponsor's image. More precisely described, that negative publicity attacking a sponsor of a global sport event concerning negative aspects, which happen outside of the sport organisation, sport team or sportsmen, does not necessarily have negative impact on the sponsor's image. For marketers these findings are valuable when considering sport sponsoring as tool to enhance brand image. However, they should be aware that a brand image is vulnerable. Negative aspects outside of the sport organisation, sport team or sportsmen can still be compensated by other factors, which could perhaps change people's perspectives again.

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# Appendix

Figure 1

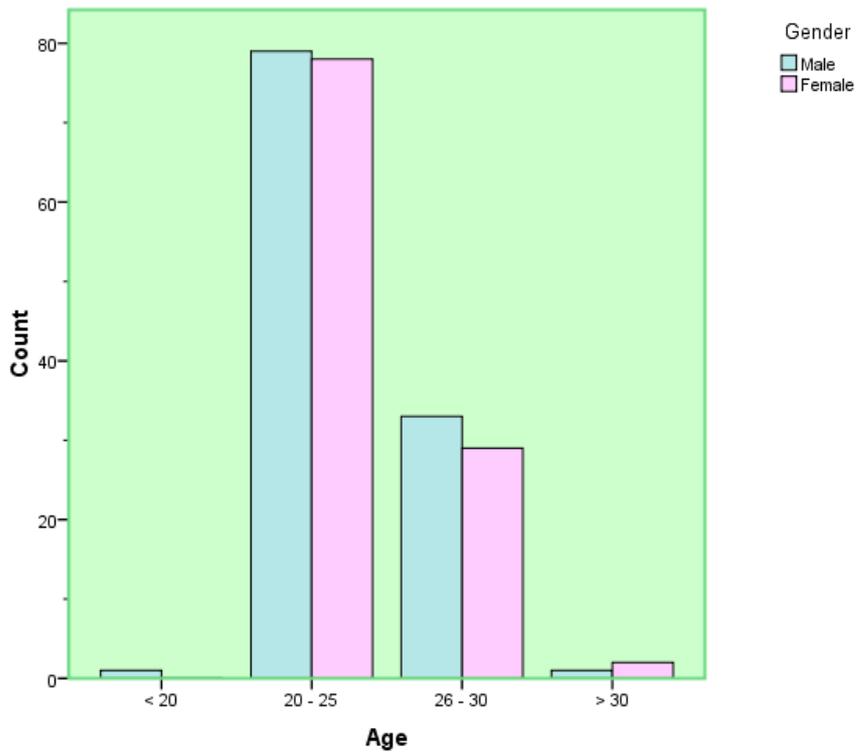


Figure 2

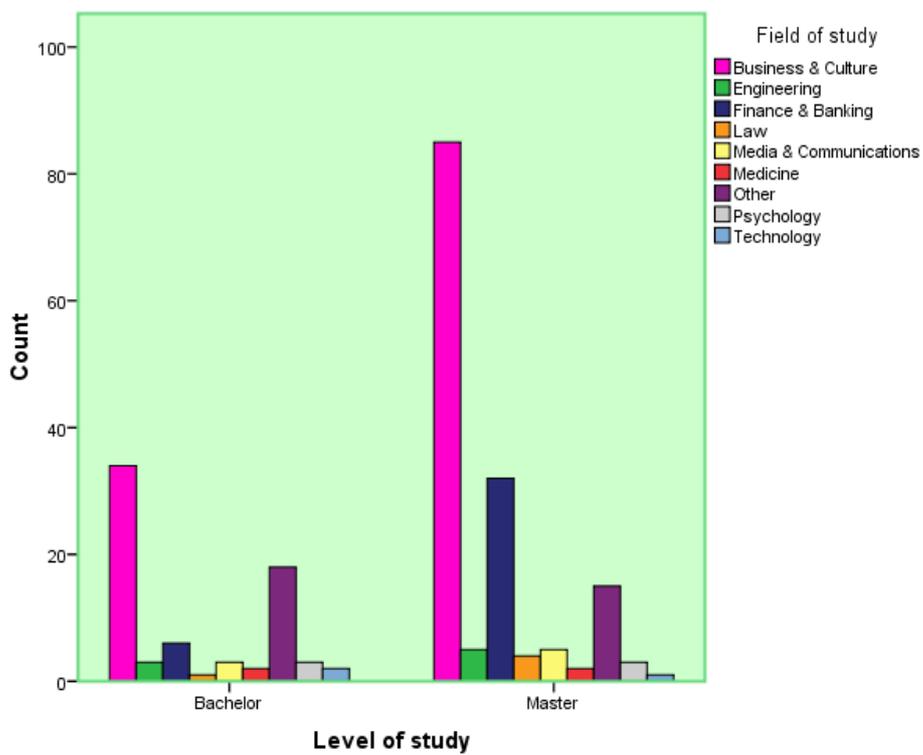


Figure 3

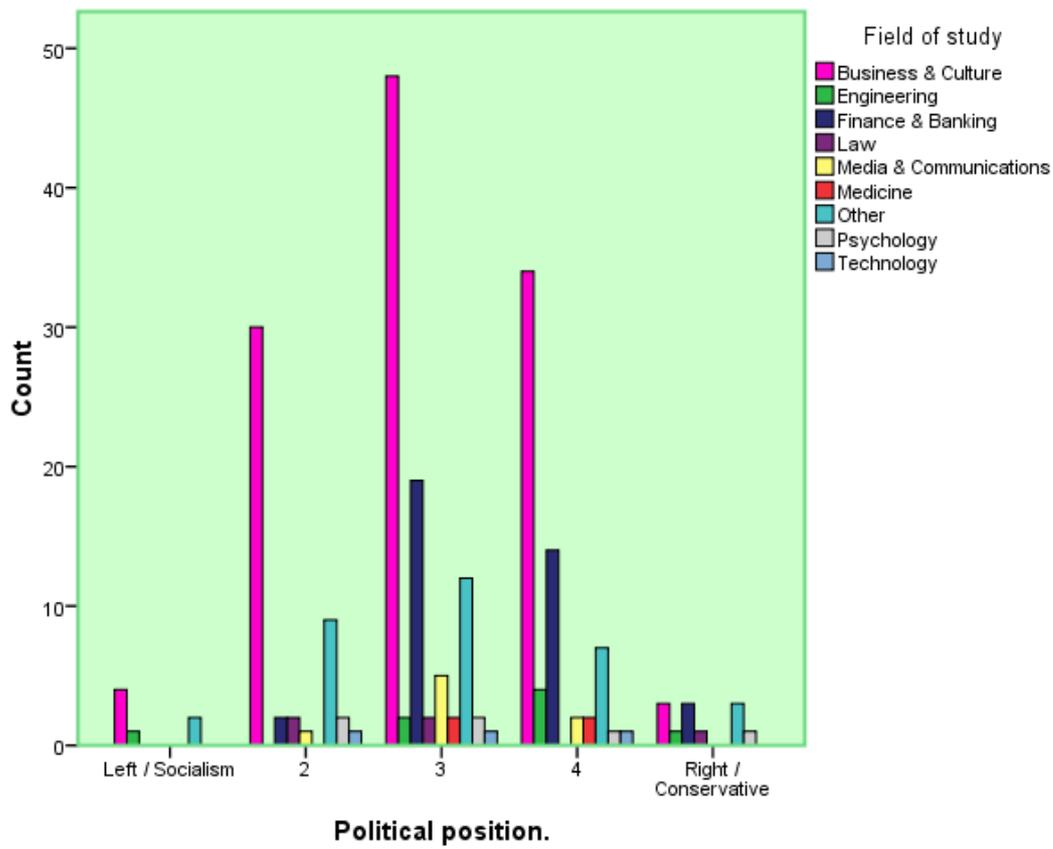


Figure 4

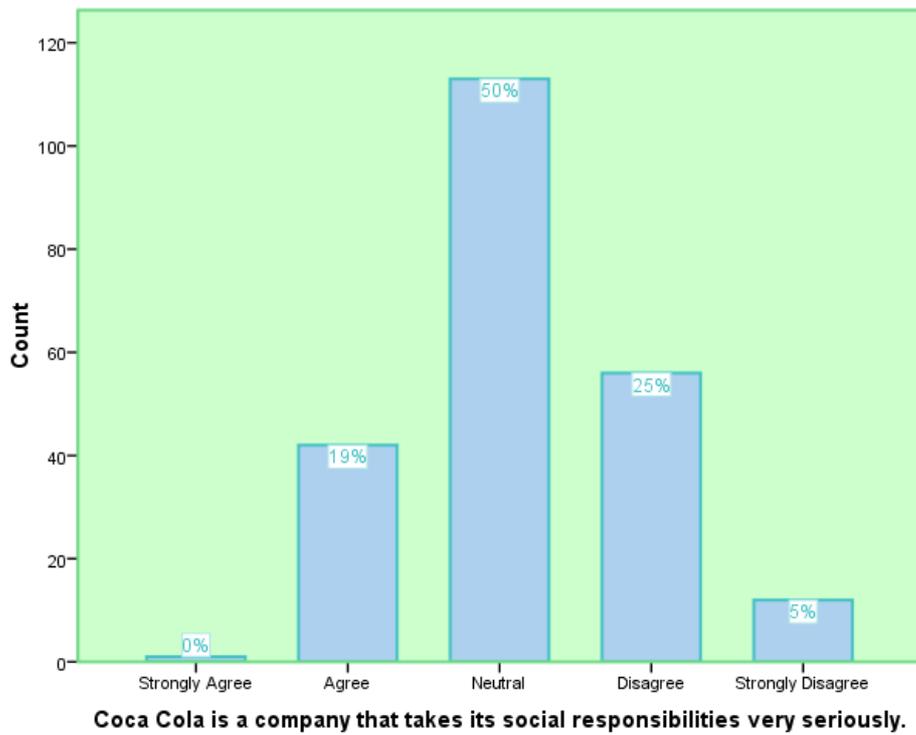


Figure 5

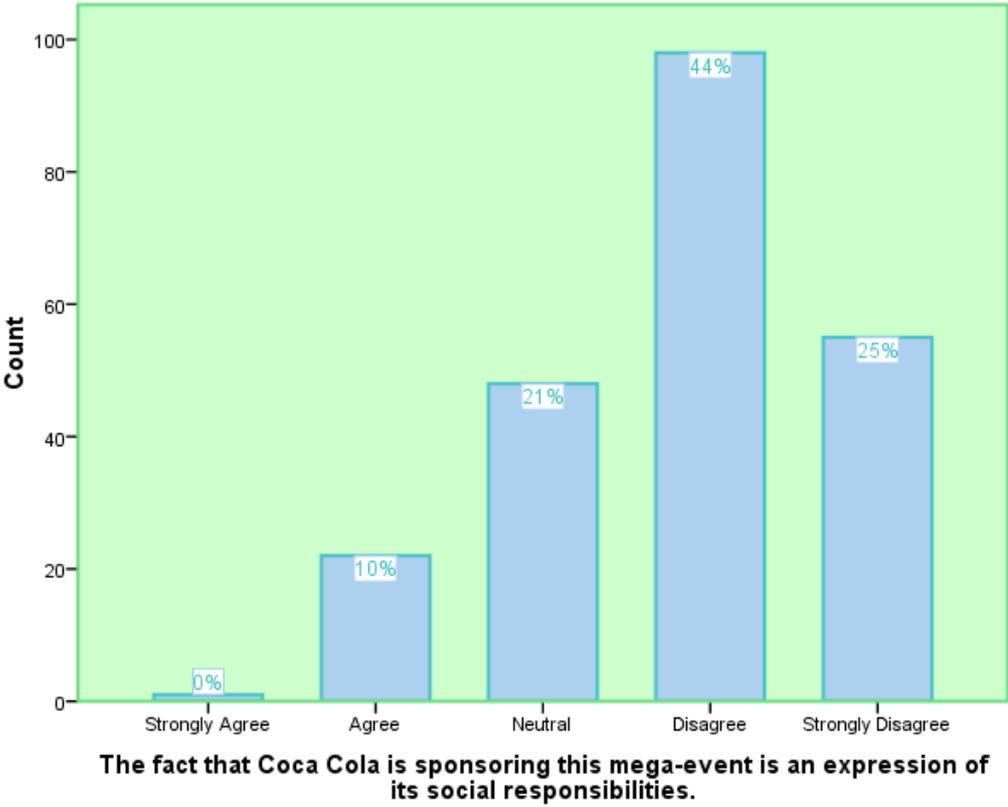


Figure 6

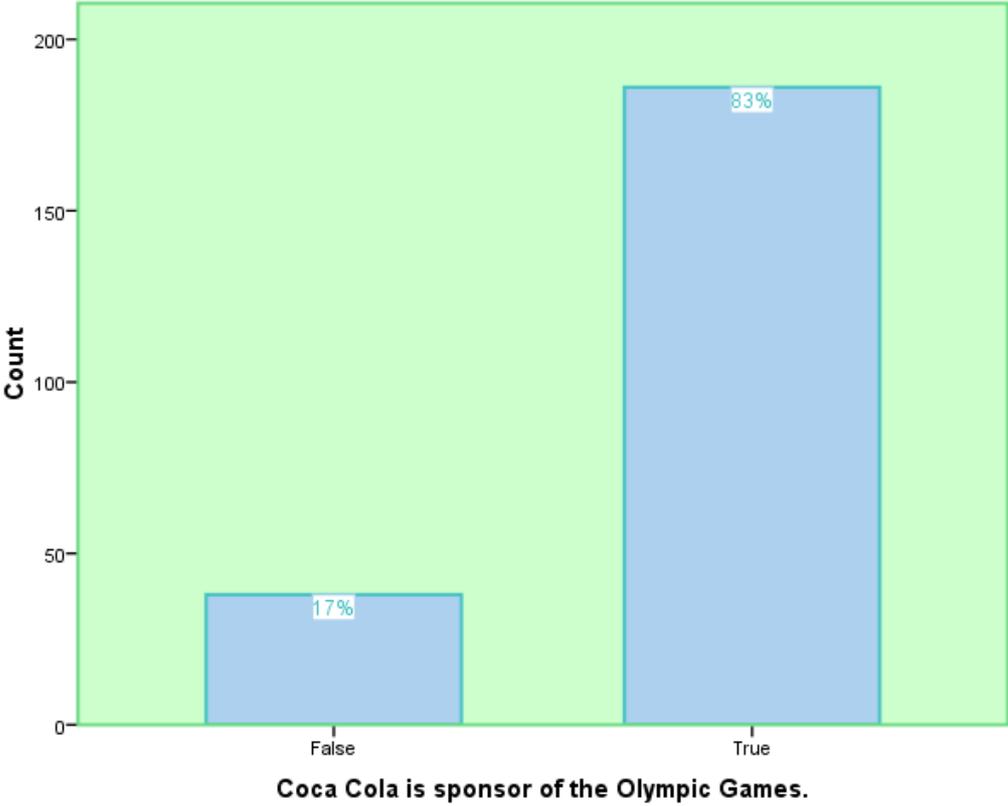


Figure 7

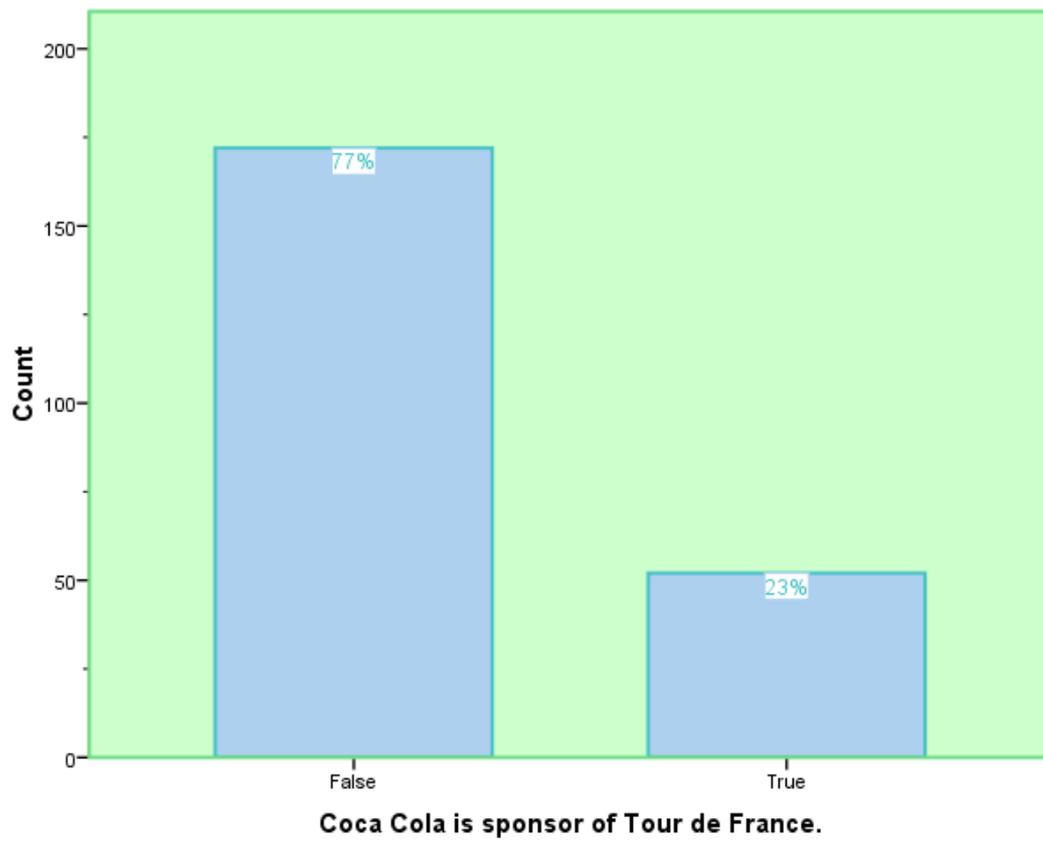


Figure 8

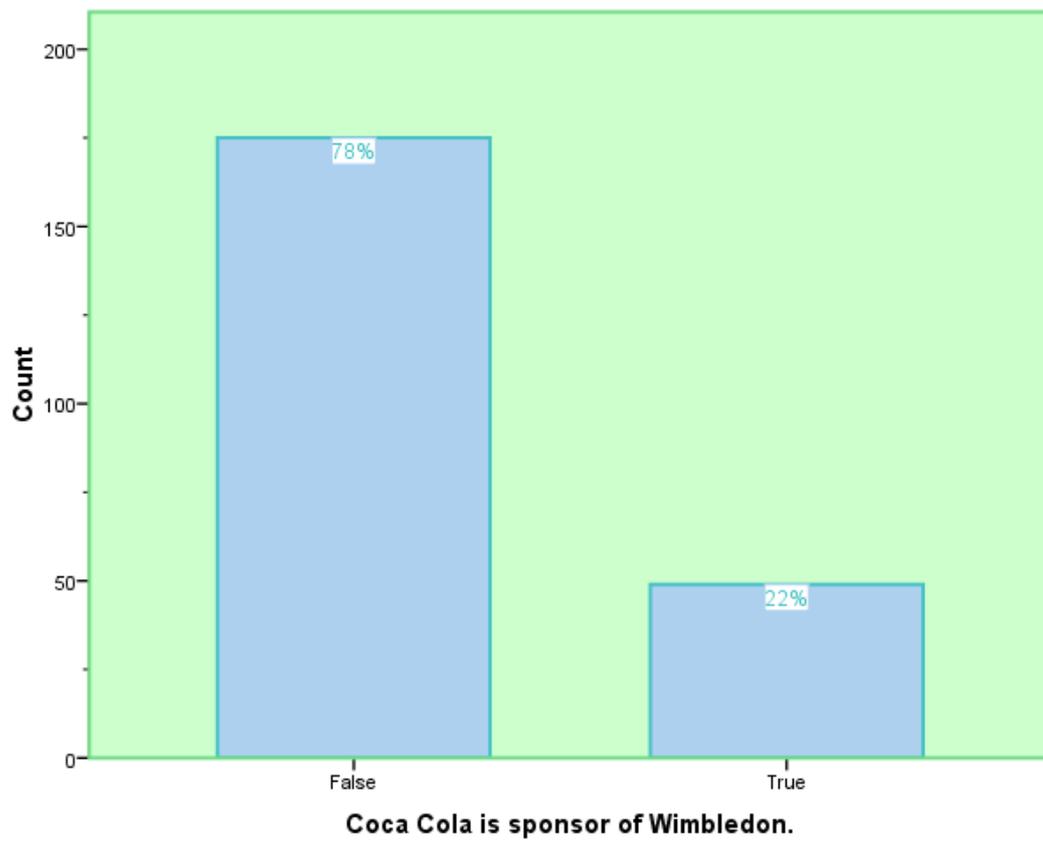


Figure 9

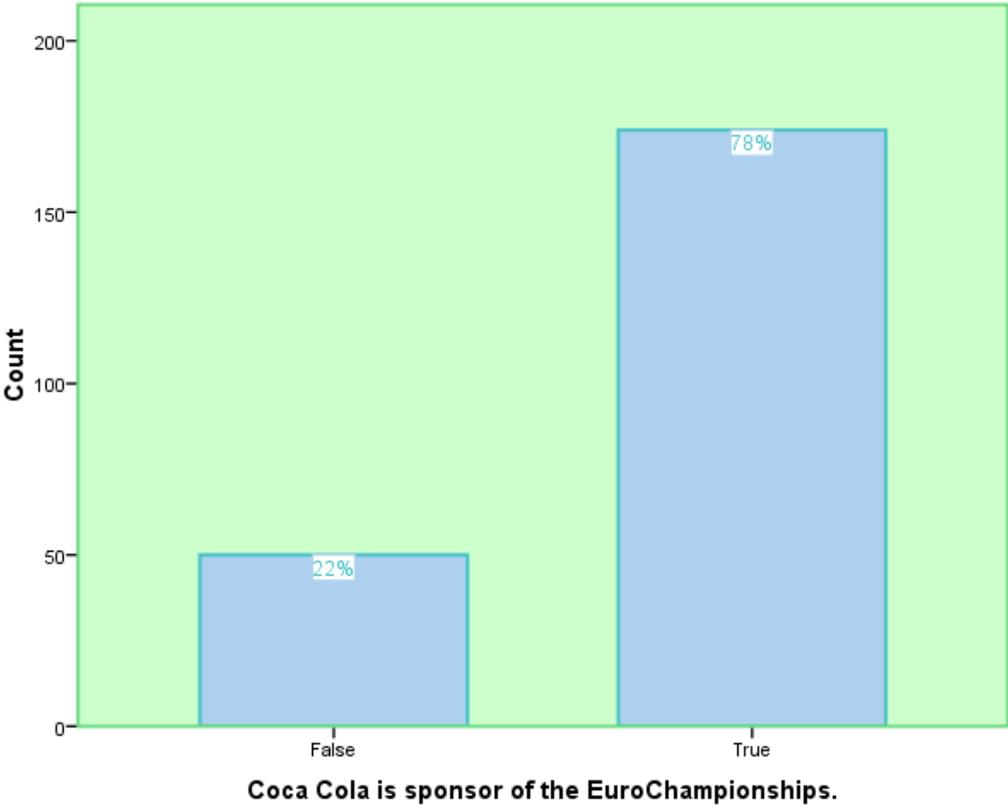
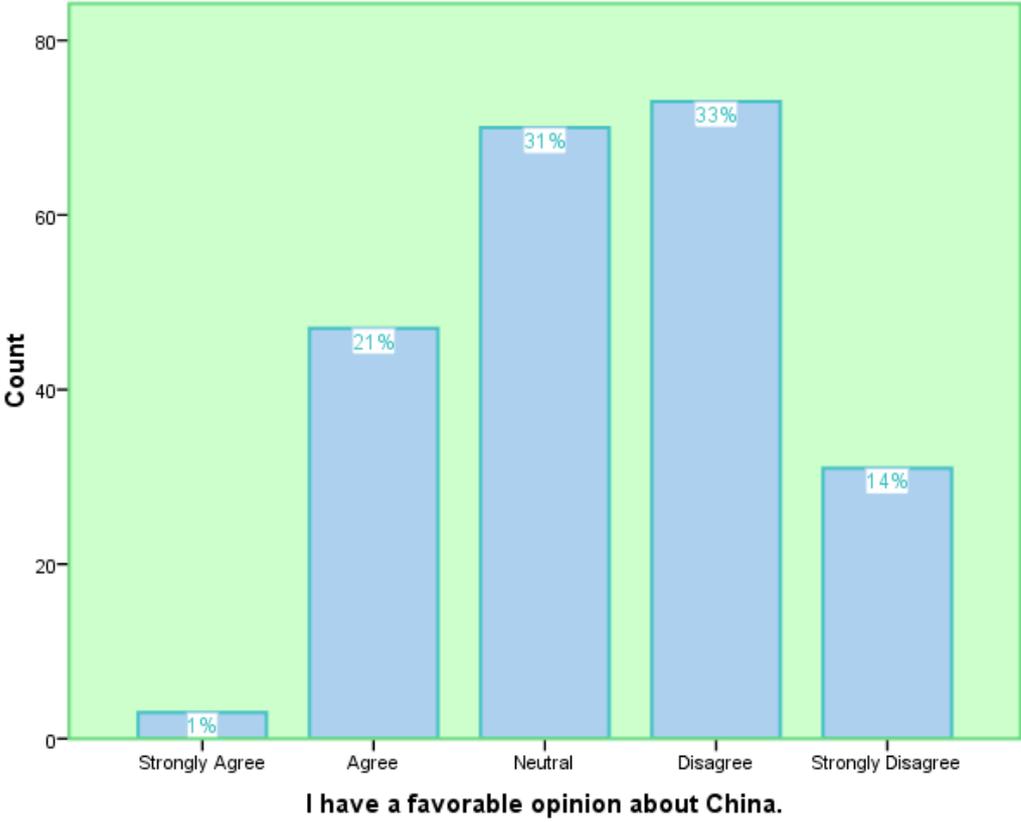


Figure 10



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## The Coca-Cola Questionnaire

### 1. Page 1 - General Information

This questionnaire will take 5 minutes of your time. I would like to thank you in advance for making this effort.

**1. Please select your sex.**

- Male  
 Female

**2. Please select your age category.**

- < 20  
 20 - 25  
 26 - 30  
 > 30

**3. What is your nationality?**

**4. What is your country of residence?**

**5. Which field of studies do you attend?**

**6. Indicate your level of studies.**

- Bachelor  
 Master

**7. Towards which political position do you lean the most? Left being socialism and right being conservative.**

- 1 (left)       2       3       4       5 (right)

## 2. Page 2

**8. Which impressions (feelings, pictures, ect) come to mind when you think about Coca Cola?**

**9. How many Coca Cola products do you consume a month?**

Coca Cola

**10. Coca Cola is a company that takes its social responsibilities very seriously.**

Strongly Agree  Agree  Neutral  Disagree  Strongly Disagree

**11. Coca Cola is sponsor of (the)...**

	True	False
European Championships 2008	<input type="radio"/>	<input type="radio"/>
Olympic Games	<input type="radio"/>	<input type="radio"/>
Tour de France	<input type="radio"/>	<input type="radio"/>
Wimbledon	<input type="radio"/>	<input type="radio"/>

**12. Which impressions (feelings, pictures, ect) come to mind when you think about the following events?**

European Championships

Wimbledon

Olympic Games

Tour de France

**13. The fact that Coca Cola is sponsoring these events is an expression of its social responsibilities.**

**Please elaborate after.**

Strongly Agree  Agree  Neutral  Disagree  Strongly Disagree

Please elaborate further.

### 3. Page 3

**14. I have a favorable opinion about China.**

- Strongly Agree     Agree     Neutral     Disagree     Strongly Disagree

**\* 15. Which impressions (feelings, pictures, ect) come to mind when you think about China?**

**\* 16. Which impressions (feelings, pictures, ect) come to mind when you think about the 2008 Olympic Games in Beijing?**

**17. Coca Cola has been a long-standing lead sponsor of the Olympic Games, thus again for the Beijing Olympics. Does this information change your opinion about Coca Cola?**

- Very positive     Positive     No influence     Negative     Very Negative

## 4. Page 4 - Final

Statement: The Coca-Cola Company and the Olympic Movement

Over the past few weeks, there have been calls on sponsors of the summer Olympic Games in Beijing to step up public pressure on China to help end the tragic humanitarian crisis in Darfur.

Let me be clear. We have been actively engaged in Darfur for two years. We have been a proud Olympic partner for the past 60 years. We support the athletes and the global unity the Olympics celebrates.

As a business, we recognize that our role is important, but it is also inherently and appropriately limited. We are neither a government nor the United Nations, but we can and must be a catalyst for change through actions that are appropriate for a business to take.

As the Olympic Movement's longest continuous corporate partner, The Coca-Cola Company is dedicated to bringing fans and athletes unique and memorable experiences through its support for the world's most watched and revered international sporting event, the Olympic Games.

While it would be an inappropriate role for sponsors to comment on the political situation of individual nations, we firmly believe that the Olympics are a force for good. Since 1928, we have supported the Olympic Games wherever they've been held, and have witnessed first-hand the cultural, economic and social benefits they bring to the host city and country.

We would ask those groups and individuals to find a way to use the openness of the Olympics in a positive way, rather than to attack and undermine one of the world's last remaining unifying events.

For the complicated situation in Sudan to be resolved, every element of society must play its part. Criticism of Olympic sponsors from well-intentioned people will not stop the violence in Darfur.

### 18. The statement of Coca Cola is appropriate.

Strongly Agree     Agree     Neutral     Disagree     Strongly Disagree

### 19. What do you think Coca Cola should have done?

Nothing      Media response unnecessary      Statement is appropriate      Little more      Much more

Level of action:

Please elaborate further.

### 20. How many Coca Cola products would you consume a month in the future?

Coca Cola

### 21. Do you have further comments?

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## Focus group on the 8<sup>th</sup> of September 2008 at 20.30

### 1. What are your opinions towards China and the human rights issues?

Felix: It is very easy to just sit here and say that it is not good what happens and you have human rights violated and that nothing is really done about it. But I guess if you look at it from a political perspective, no country would every step up and break with a super power like China to pursue issues of human rights. China would punish that country immediately through boycotts or so... for example, in the news was something about the French president maybe not attending the opening ceremony of the Games and a French company active in China, I do not remember which one, had to suffer for it.

Angela: I think that China has already opened up so much more in the past decade, especially now with the Olympics they open up more. The people in China they feel the same way as westerners, they want these human rights violations to stop, journalists are being prosecuted, arrested. But I think that was it was it is better and the direction China is going is they continue to open up. You continue to hear more about people fighting against the political system, still there is a lot of process to be made, but the United States has human right violations as well. From a country standpoint if any western country was suppose to go in and say that they cannot do that would be kind of hypocritical.

Christoph: I think you have to see that China is not a democracy and nowhere near being a democracy in the next 50 years. They are a state control being, I think there is a broad acceptance in the population to the actions of the Chinese government, especially what happens in Tibet, the Chinese population is totally in ... of the government, because that is the media footish they see. And the United States has a future position towards the current administration is doing in Chinese ... I think it is a trickier situation. We can say it is bad because that is our perception, but if you go by the perceptions of the people in China it is very different also because there is information ...

Anders: I think that there are 2 points within that, what I see. We also have a sad?... propaganda. I am always sitting on the fence and I am open-minded

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about it, because it really almost becomes a use against them kind of attitude. You look at the interviews they were conducting during the Olympics in China and people really truly genuinely (generally) believe that the westerners are out to get them. They are being fed a lot of stuff and the propaganda they are being fed is making them believe that whatever they are doing is fine. Who are we to sit there and say what is right and what is wrong. The Chinese have different perspectives created by their historical background. As far as the Tibet issue goes I have my own opinions about that after spending 2 years in Nepal, but that is beside the point. And politically everyone is sitting on the fence, because no one really wants to do something about it. It is a lot of rhetoric you know. I don't know. I am always torn about it of course I don't condone the various things that are going on human rights wise. What is to say that we are doing anything better, because Britain and the US is involved in some conflicts and we are in no positions to pass judgment on other countries.

And as far as democracy goes, for that thing, our version of democracy does not necessarily work for others. So I don't entirely buy into this whole political argument that they have to take extreme have to be made as a slidely different perspective...

Angela: What I find interesting about the Coca-Cola statement that it is just about Darfur which is the main issue at hand, there are so many human rights violations, and so why is Darfur the biggest one? Maybe because China is supporting the Sudan government and giving weapons to them.

Wouter: Basically, the question is not about Darfur or the USA, but if we agree with the human rights violations. Personally, I say the situation is no good, there is no democracy and people's rights are being violated, period. How do you look at it? As a consumer? I would say that the human rights situation is no good, especially from a super power, such as China.

## 2. What do you think about China hosting the Olympic Games?

Anders: Definitely.

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Felix: Initially, one of the reasons for China receiving the Games was the hope that China would open up, change structurally, so there was some good thinking involved. What I know so far is that there are no significant changes in term of openness or information freedom. Structurally, matters worked really well, and a there was a forward looking movement in China to be proud. However, in the end, when it comes to human rights it did not have a positive impact.

Jan: I think it is a very good question. Firstly, you might have the opinion that you should not give something like the Olympic Games, a present; it is THE event, to such a regime, which still treads a large number of people as criminals who are just having a democratic opinion. On the other side, I haven't been to China, so I do not know how much you are being controlled by the government. What I do believe is that it is a process which is going step by step very slowly. But now there are so many foreigners in Beijing, talking to the local Chinese people, and this is the great thing about it, so all these little conflicts which I am sure the Chinese got to know of, like that the detained journalists, or the not complete internet access, and they are talking about theses issues too. They are taking a step into the right direction, but it for sure will take a long time. Until then also the Chinese population will take the next step, demands more rights, in the end, it is a huge country with a lot of people if they do some collective actions I am sure they can improve the situation.

Angela: The western countries thought it would be the way for China to open up. Creating a possibility for us to say that they have to do more for human rights, because of the Olympics. But in fact the Olympics where a reason for China to enact more restrictions. The Chinese government framing it into a thought of that we as one people have to be proud of this, it is going to be great. And then there was this small number, or I don't really know how many, who did not agree. I do think that there were more human rights violations, because they used the Olympics to increase security, ect.

Felix: What could be a mode to give out the Olympics to any country?

Angela: The IOC is not a political body. You are drawing a fine line between...

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Felix: You have this Olympic ideal. You cannot exclude a country as big as China from the Olympic Games forever.

Jan: Is openness really an Olympic ideal? The only thing I remember is no war in between the Olympic Games. The basic point is to have some competition in a peaceful environment.

Felix: That was 2.000 years ago.

Angela: During the Berlin Olympics no war was going on, was there?

Laura: No, not yet.

Jan: In how far are the Olympic Games ideals related to human rights? I think it is a very good thing to do, however, is this really the Olympic spirit? Isn't it more about competition in a fair environment?

Rest: no.....

Felix: Then why should people want to life in the Olympic village?

Jan: Yes, it puts people together.

Felix: it is more about the discourse.

Jan: That is right.

Felix: Why is the Olympic Torch circled all around the world to represent unity of countries?

Anders: The point Jan made is also important, some concessions are made, how small they might be, at some level information coming from outside is being disseminated. You cannot avoid that. Western people where there will be some positive impact for the living. It is a slow process. So I think, in the long run, I think their ... is a bad thing.

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Christoph: Do you want to target; the government or the people?

Anders: Change comes from the people. It is the young people who are being educated.

Christoph: On the people side I do things some things changed, however, on the government side I do not think you can force feed openness into that regime. Of course that could have been clear from the start. If you give a dictatorship, which China kind of is with a one-party rule, an international event and the opportunity to show off they will take that chance.

Felix: Could you not have used penalties, just a fake idea...

Jan: Is it not good the way that it happened, that they tried to control it and that it became such a huge topic. I believe it was even discussed in China. More people in China got aware.

Wouter: Not giving China the Games would not have resulted into anything positive for the situation. So you might as well just allow yourself to apply some measurements, some instruments, to apply some pressure on the government by actually awarding them the Games. If you stay out of China you have even less bargaining power. And so in that perspective I agree with the decision to give China the Games.

Felix: Well, it is also something from the United Nations, no, to give a country a goal to work towards. However, the Olympic Games are something temporary ones they are over everyone will forget about it.

Anders: Well, that is not fully the case is it. I do not want to deviate from the topic, but it has a massive impact on the place, think about infrastructure and tourism. I do not know the exact effect on Beijing, but I do know that Barcelona is a completely different city as a result of the Olympics.

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Angela: Beijing was the most expensive Games till now. Montréal just paid off. From an economic point of view China is the perfect country to host the Games.

Anders: Exactly.

Angela: Places that have been build for the Olympics in Athens has become a ruin, however, tourism has gone up by 70 per cent.

Charlotte: You can question if the Olympic Games should have been held in China and I question that heavily. Because I think they should show some progress before they deserve something like this. I do think that they tried a lot of things to improve the situation only the real critical points did not get solved. For China it is a win-win situation. I do not think that this was the best thing to do from the IOC.

Felix: It is kind of an obligation so to say, no? In the long run you cannot prevent a fifth or a sixth of our world population, a huge sports nation not to forget from hosting the Games.

Angela: Oh they definitely could.

Charlotte: I think you could set some points that they would have to reach.

Felix: From a democratic viewpoint you could say that every human being has the same rights. So these 1 point something billion people deserve to get the Games.

Charlotte: What is the best thing for the Chinese people? Okay most likely what I believe is best for them is something completely different then what they think is best for them. However, I do think that some points within China are too strong to neglect, such as the lack of openness and the human rights issues, to award them the Olympic Games yet. We can discuss for a very long time if this was the right year for them to host it.

Angela: Yes and that discussion should have taken place 8 year ago.

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3. What do you think of the statement? What did you answer and why?

Laura: From Coca-Cola as a big company the statement is okay, although I do think they could have done a little more. Not as a real power, but I think it is always good to raise awareness. They kind of did with this statement only they did not take responsibility for it.

Angela: I agree that the statement is appropriate and I do not think that they should have done anything else. They have to think of their interests as well. Expressing a stronger opinion towards the situation could have had economic repercussions for Coca-Cola. They are a beverage; of course the Olympic Games are a part of their image. However, when ever I buy Coca-Cola I do not think about them sponsoring the Games.

Laura: I remember something I want to add. I believe that they are as sponsor not responsible for this if we do not even recognize the IOC completely for being in that position. They are a sponsor of a sport event, come on.

Anders: Were does it stop? Are people going to say that they are not going to be a spectator anymore?

Angela: That was the question with the political leaders if they were going to the opening ceremony. In the end it did not end up to be any big deal. Unfortunately, I guess.

Charlotte: I do not think that Coca-Cola should pull out of these Games, especially since they have been a sponsor for such a long time. They are known for participating in many different events and the Olympic Games is way to much appreciated.

Felix: They could have never withdrawn, because they could not afford it from a branding perspective to miss out on that. Coca-Cola has been a sponsor since 1928 or so, it is a tradition, and they have a strong relationship with the Olympic

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Games. If sponsors were to pull out I believe it should be one that does not have this relationship to give up and is not planning on staying in for the long run.

Charlotte: Yes, but if statements are going to be made then it would have been an even stronger statement coming from Coca-Cola just because they have this long commitment as a Olympic sponsor.

Felix: Well, for a company targeting the West it would have been a huge branding strategy.

Christoph: Yes, the media coverage would have been huge. But it is not just about what we think it is also about what the Chinese consumers think, because China is a huge growing market. I can completely understand Coca-Cola for wanting to stay in. The Games is in Beijing right under the noses of all the Chinese customers. It is just a smart move.

Anders: We are talking about China, Darfur, the reason these topic come up it because in the end of the day it is all about markets. The reason for China to be in Sudan is because of mineral resources. Western oil companies took the moral high ground to pull out of Sudan, well if Western companies are not going to move in then some else will, the Chinese realized that they need those resources. It is easy to say that Coca-Cola should pull out of there but then someone else will move in. It is just as much about morals as it is about logistics.

Angela: Why is it just the Olympics? I am thinking about Levi-Strauss pulling out of China. It is not only now, but China as a whole is not good to be marketing. Clearly, the market is for Coca-Cola way to big to give up.

Charlotte: I think the statement is enough for Coca-Cola. They could have decided not to sponsor the Olympic Games, because they were going to China. But still the Olympic Games is a fantastic event, a sport event, which just always ends up to be the perfect platform for local issues being made global just because of the amount of viewers and media attention. So in every country these human rights organizations or others find topics which are not ethical. I also

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think that the IOC could have decided not to enter China and that is a fair discussion but Coca-Cola has done enough with the statement saying that they do not agree with the situation. They are just reliable Olympic sponsors and that should be enough.

Wouter: I think I am going to play a little devil's advocate here, although I agree with most that is being said I disagree with the statement, and consequently I find the media response unnecessary. Even though I have a different answer than most of the people here I do think it fits into the discussion. Coca-Cola is sponsoring the Olympic Games not sponsoring the Chinese political party. If they really wanted to make a statement they would not have been in China in the first place with all their billboards. Now engaging in this statement I somehow think they became a player in a debate where they should not have been part of in the first place. So I think the statement is unnecessary, they make statements about Darfur, automatically replying that China has a big role in there which of course is highly debatable. Which I think Coca-Cola should never be a part of. Coca-Cola is not the political party period. I would not make any links between Coca-Cola and the human rights situation. If I would think about that I think about the Coca-Cola factories and if they would get the support from the Chinese regime to maintain bad labour policies. I do not make a direct link between what China is doing with the human rights violations plus Darfur and Coca-Cola who is just sponsoring the Olympic Games. For me they are two isolated parts as a consumer.

Jan: I am just wondering who knew about the statement?

Everybody: Yes. Nobody cared.

Jan: Consumers do not care about it. Who cares about it? Some human rights organizations push these companies to make these statements.

Anders: That is true.

Jan: None of us has ever known about it. Yes CSR is a big topic. Let's just make a statement that sounds nice.

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Anders: This goes further than CSR.

Jan: It is a lot about being a good citizen, a symbol; they just wanted to make everyone happy. Why do they have to go out there and make a statement? That is ridiculous. Where have we gotten? Why can we not just concentrate on the business and let the other things done by United Nations and by whatever party that has been voted to do that? I would actually reconsider my answers and strongly disagree. It is not necessary for a company to make this statement, because consumers do not care. What is the relation between Darfur, Coca-Cola and China? I do not see this relation. It is created by some think-tanks in human rights organizations, well they have to do something all day. And yes, Coca-Cola played it safe, of course made a statement and made some people happy, even though 90 per cent of the consumers will never know it and don't care anyways.

Angela: agrees.

Jan: Let's face it what is the business of business besides business.

Christoph: Why is the German, British or Danish, whatever government paying money for building roads in Africa? Where is the connection? Why are we doing that? Does anybody force us, do we have any obligation?

Jan: Is this a rhetoric question or are you expecting an answer?

Christoph: Yes, I am actually expecting an answer. Coca-Cola has a bigger annual turnover than a couple of small countries per cent of the GDP. So it is an international...

Jan: So this is why you are saying that companies should have power? Should the United Nations...

Christoph: I am saying that they have a lot of money, due to that money a lot of opportunities, power internationally, and they are a Western company, they have the chance or the opportunity to engage, to whatever degree they wish, in

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development or aid, humanitarian project. Being from a region of the world where most people think like us that involvement is good and that we should help and they can, why shouldn't they?

Anders: Every organization is politically backed...

Christoph: I am not saying that they have to, but they can, they have the fund to do so. They should not think whatever...

Anders: That is a dangerous line, isn't it?

Christoph: Sure.

Felix: I think that a little bit of the problem is that with this statement criticizing what is going on in Darfur Coca-Cola crosses the line from saying we do not do anything to we are against something. And ones they cross that line no matter how far, they will have always crossed the line. I answered Coca-Cola should have done a little more. I believe that if you release that kind of statement. I am not really sure how fare to go, but then they are already on the wrong side from the perspective of the Chinese government. So ones you do something, do it the right way.

Wouter: I would be very surprised being a customer visiting the Coca-Cola website reading about Coca-Cola, Dafur, humanitarian crisis. Then you make the link. In Holland we have a saying "do not wake-up sleeping dogs". Why would Coca-Cola do that? I agree with you. There is no middle road here. Either you stay very far away or you go extreme.

Anders: I think Coca-Cola played a smart political game. I actually answered neutral, because it is such a contentious (controversial) issue that in itself I pretty much agree with every statement that has been made. Every statement has its own sort of backing and is sensible in its own right. I do not think I am in the position to sit here and say that Coca-Cola should do more or less. I am not well educated enough about the issues in that region. For example, you do not here anyone saying how much money China invested into Sudan. I am just

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neutral, I do not have a perspective on if they should have done more or less. If anything, when I am reading this I am thinking they played a politically smart game. Playing into the hands of consumer pressure, while taking it a little easy on the Chinese government. Like you said they could have gone to one extreme and thereby overstepping the market or could have hidden behind their hands and said nothing. I believe consumer pressure let them down to making such a statement as this and at the same time the Chinese government is pressuring them not to go completely overboard.

Someone: You believe that is acceptable?

Anders: I am a little skeptical about businesses having too much political leverage.

Jan: I must say that I agree with Anders. It would be a bit scary if companies really had that much political influence.

Felix: Same here, I would be skeptical, but also for the company's future. If you constantly mingle with political issues you cannot really focus on the core business and looking at the half-value period of politicians I guess the stockholders would not appreciate strong political engagements either.

Wouter: I am confused with the end of the statement, what are they saying?

Anders: They trying to say that every stakeholder, not just Coca-Cola, is responsible. Which is true, very one has a part to play, that is the only way change comes at all. However, I remain neutral on this matter.

4. Article has been handed out to read.

Anders: The statement concerning that it would do more for a brand to pull out then to stay in is rubbish.

Everyone: agrees.

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Angela: You would lose out on the Chinese market.

Anders: We are talking about a relatively new market with a billion people. Maybe for other products it is a fair statement, but not for Coca-Cola. It is a billion people.

Christoph: That is so much profit to miss out on.

Anders: That is nearly 20 per cent of the world population. From a business perspective that is corporate suicide.

Angela: Agrees.

Laura: Even thinking about the Western population. If Coca-Cola would have pulled out, would you have started to buy more Coca-Cola? In the end, after two weeks would it really influence your buying decision, that much? I do not think it would be a major difference. Compared what to gain when entering the Chinese market.

Jan: Does the average consumer really care at all? Do they even know where Sudan is located on the map? Do they all know what is going on there? Maybe this sounds arrogant coming from me, which I do not wish it to sound. However, I just do not think the consumer really cares about this.

Anders: I do not, and I am sure consumers do not, see an overlap between Coca-Cola and these human rights issues.

Angela: I do not even believe that the average Olympic viewer even knows all the sponsors sponsoring the Olympics. The athletes do not wear Coca-Cola on their shirt, they wear their country. That is what it is about. Not about who is sponsoring it.

Anders: Now I think about it in hindsight. I do not remember so many advertisements of sponsors of the Olympics. If I compare it to the Euro

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Championships, for example, you see it way more. During the Olympics not as much.

Felix: Well, they do have it on the McDonalds cups and tv commercials underneath the logo. Coca-Cola and McDonalds actually sponsor it all the time.

Wouter: We are forgetting that Coca-Cola is already in China. If Coca-Cola would have withdrawn that would have been publicly know in China. So they would not only lose potential customers, but it would also have a major backlash on the sales.

Christoph: The Chinese government would find some ingredients in Coca-Cola and forbid sale.

Rest: agrees.

Anders: There is no doubt about it. If Coca-Cola pulls out, Pepsi moves in. Aren't you more glad to have a company in there that is maybe doing a little wrong, for example with this, but does try to make some sort of effort to bring up awareness. Have baked, but they are trying you know.

Rest: agrees.

Angela: In that sense, the statement was a good thing.

Anders: If you think that Coca-Cola should do something. I do not think that they should have done more than this.

Wouter: Perhaps this is the bottom line question. Yes, perhaps Coca-Cola should play a part, because they are such a big company in the Chinese market. But are the Olympic Games the right platform for this discussion? I think a lot of people disagree on that here.

Rest: agreeing

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Wouter: It is not about China as much as it is about the Olympic Games. You are sponsoring the sport event not the Chinese regime.

Angela: I believe it was Iran or Iraq where athletes were penalized because the government was interfering with the IOC.

Wouter: That is legitimate. All sports organizations have that power. Actually, that would be the right podium for this discussion.

Angela: Exactly. In this way it shows that the political government was not...

Anders: Who decides what the topics should be achieved? I do not think anyone within the Olympic Committee is in the political position to make that decision. Where does it stop? Every single country you could pick something up on. Australia with the aborigines. So we could claim they should not have had the Games. Everyone deserves the opportunity and it puts them on a sort of platform that is visible to the rest of the world. As long as there is no genocide going on in the host country we are not in the position to tell them anything.

Felix: Aren't you seeing that a little too black and white? The discussion giving it out to China or not is kind of extreme. You could tie the distribution of the Olympic Games to certain kinds of dialogue that has to be established.

Anders: Who defines what that dialogue is?

Felix: That is established by the IOC of course.

Christoph: During the city bidding the IOC could ask for more issues than infrastructural means. The question is who decides upon that and do you really want to do that.

Felix: What if they tie it to the Olympic ideal.

Anders: But is that political?

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Felix: Does the IOC engage politically or not. But what I would say is that as soon as you apply for hosting the Olympic Games you should as country or nation at least try to make an impression of supporting the Olympic ideals.

Anders: But we still have not established what that it.

Felix: The Olympic ideal of communication between people, feeling as one community in sports, that could be advertised heavily on the spots.

Anders: But that is in no way political. I always believed that the Olympics were about fair play and good sportsmanship.

Christoph: How far do you extent fair play? If you put fair play into the society then fair play is a basic right issue, that everyone has the same rights and the same opportunities.

Anders: ... United Nation's declaration of human rights, then you have a solid international statement. I still think this falls outside the rounds of the political discussion, because there is no agreed sort of consensus or something.

Felix: The Olympic ideal has existed for centuries, every country the Olympic Games go to, you have propaganda in terms of we spread the Olympic ideals. With this you would send an ethical statement from the IOC's point of view, you would save the sponsors. When you apply for the Olympic Games you already know in advance that you will be facing these advertisements.

Angela: I think the IOC is the body, there is no other body to make any sort of demands on the city that is going to host the Olympics. The IOC is the body, their ideals I think ... are political, for me it is about unity, ect. It is not being promoted, nobody knows what they are, I was a volunteer at the Atlanta Games and I did not have to know them.

Anders: Isn't it a more commercial platform anyways..?

Angela: It is!

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Anders: Truth be told. It is like all the other sporting events.

Angela: It is not like there were no other cities to be chosen. Beijing was not the only one. They could have made stronger demands on Beijing. The discussion should have been held a long time ago.

Anders: I am sure it was.

Angela: Yeah, only within the IOC, not within the media, not given out to the general public, do we want Beijing to hold these Olympics with these human rights violations.

Christoph: You cannot give something like that to the population, who would vote for that?

Angela: It is us consumers to say that we want the IOC to do something.

Jan: I want to go back to Coca-Cola or actually Nokia. Around a year ago I think in Germany Nokia said from one day to the other Germany is pretty expensive we are closing the factory here. We got millions of European subsidies, but we still want to go stop. That caused a huge anti Nokia campaign, so bad that even politicians even put their Nokia phone in the trashcan, I will never buy a Nokia phone again, stories for at least a month all over the media. A little later they came out with the sales figures it did not even have an effect on the sales figures, not at all. It is just because it is a debate that a certain elite is engaging in. Consumers have a different agenda.

Angela: Agrees.

Jan: In the end, Coca-Cola plays it safe and makes everyone happy, but it is not their battle.

Anders: Coca-Cola is a commodity.

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Jan: It was such a big thing in the German media. Even I thought this is not good, Nokia should not do this. Still, the mass consumer does not punish this behavior.

Anders: I do not think it correlates to certain industries. I believe some industries are more deceptible to consumer pressure than others. I believe coffee would suffer more from something like this.

Christoph: It can go both ways, no? Look at what Nike did, even though that was worse than what Nokia did, but still that did matter.

Jan: Which case?

Others: Child labor case.

Charlotte: I think there is a big difference between a sweatshop and withdrawing from a market.

Christoph: Yes, as I said there is another severity of what happened. Nike was hit hard, they recovered obviously, but it was a drawback.

Charlotte: You cannot compare the situation what happened to Nike anyways to something like Coca-Cola. Nike was directly responsible for what happened and Coca-Cola is not directly responsible for what happens in Darfur. That is crazy to think that.

Anders: But now you are talking about the difference between human rights and CSR.

Laura: And also about a company and an event.

Christoph: Now we are assuming that the consumer knows everything, in the end it does not matter how it is presented in the media.

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Laura: It was a while back, but someone said China was put upon a platform by given the Olympic Games. Because China was given the Games there was a lot of communication and discourse about what was going on there. It gave publicity what is going on there. It might not change consumers or companies actions right now, but at least there is more discourse going on.

Anders: I just thought of something. How long ago did the IOC award China the Games? 8/10 years ago? Let's go back to that. The end of the '90. It was a completely different discussion back then. At that point China was really going through its monster growth. Darfur has emerged since. So, of course that was not the topic of the discussion.

Rest: Still, you could say it was more a dictatorship or more communistic.

Anders: They were seeing this super power that was charging through economically. In time things will change, you cannot avoid that, young children are being educated abroad. But still 8 years ago it was a different argument.

Angela: I am just think, if anyone is responsible who is responsible? Is there any company or is it just in government hands? Only the IOC? To take a stance against human rights abuses and Darfur.

Anders: I think the government are in the best position to do that. Everyone represents nations that is what the Olympics is about. The government were not prepared to do that, end of story, and who is going to turn around a say, okay, a company should have done it. It should have been the governments, the Norwegian pre-minister or so took a stance against it, but what is he besides a drop in the ocean.

Rest: Agrees.

Christoph: The Chinese foreign policy or the Tibet situation that is a government issue. What The Olympic Committee should have done and failed miserably, is how the Olympics itself where executed. Such as, the internet access and restrictions of journalists. So China could look better for their own population

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that is against the Olympic spirit. The dictatorship behavior is so obvious there the Olympic Committee should have done something.

Wouter: I think it has been said now a few times. It is Coca-Cola sponsoring a sport event, the Olympic Games, they are not sponsoring the Chinese government. If you read Coca-Cola's mission statement... they have their human rights policies as well, and they are not approving what the Chinese government is doing. Coca-Cola sponsoring the OG and the IOC, so directly, would be executing certain labor human rights policies that were not in line with Coca-Cola then they should have withdrawn, right?

Rest: Agrees.

Wouter: What I want to say is that Coca-Cola is not sponsoring the Chinese government directly. In that way they are not violating their own policies.

Charlotte: Yes, how indirect can this be. The genocide discussion in Darfur, is China fueling this war or not? Is not even certain or proven without counterarguments. The IOC decides to award China the Games. And Coca-Cola has just been sponsoring the Games, which is a sport event, from 1928 or so. Every two years there is a Winter or Summer Games, so every year there are ethical discourses, because that is what the Games is being used for as platform for discussion. Looking at it from this perspective it is good that Coca-Cola is sponsoring the Games. Improving the global discourse. What else the situation in China has been like this for a long time and since April or so they decide to increase media pressure, why then? Now you do not hear anything anymore. So why blame the Olympic Games and the sponsors? There are so many companies that could have decided beforehand to withdraw from the Chinese market. Why should it be the sponsors of the Olympic Games that have to withdraw?

Anders: Because, you have a billion people watching it on television.

Charlotte: Of course, it was the media attention.

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Anders: So it must have been the right time. I do not completely agree with this because I believe they got pretty close to hitting the nail with the whole Tibet thing till that natural disaster hit China, and that put the tie on things. The Chinese were pretty astute (smart) with that and managed to twist it to the point where they said that if anyone would say anything about China, it would be distasteful as a result of the natural disaster. I think actually that the debate was getting close to coming into the mainstream then people realize. I think it was really heating up.

Charlotte: Yes, indeed, well, I do believe that this discourse was a good thing. But why blame the sponsors of this sport event? Why not blame everyone that is present in the Chinese market and supporting the Chinese economy?

Angela: Because the focus is always on the human rights, but know the focus is on the Olympic Games. Which is supposed to be a unifying event, something that nations are proud of and it is not suppose to be held in a country were... this is supposed to be a bad country.

Christoph: You always have something that you are unhappy about, you just need a sort of angle, the Olympics is a huge issue, being talked about everywhere, then you have an approach and you use that. Oh human rights are so bad in China, it is stupid that those companies are working in China. You cannot blame anybody. You cannot point at this coke bottle and say you are evil.

Angela: This is the arena, this is where the media is. The medium to get the message out. And it worked, so in that why they are smart.

Anders: Well, I don't think it is about who to blame, I thought the question was more about Coca-Cola had the moral obligation the raise the point.

Angela: agrees.

Anders: That is all I see. I do not believe Coca-Cola bears that moral.

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Charlotte: But should then not every company who is operation in China bear this moral?

Anders: I think to some extent they do. But the point is that the Olympics was the perfect platform to do this.

Christoph: Of course, you should blame everybody, but you cannot articulate it. You cannot communicate that. It is impossible.

Laura: You cannot blame everybody, because then you have to start with yourself. Then everyone should stop buying product which are made in China, sold in China, ect. It is impossible, no one would really do that. You see something you like, try to find the cheapest products. Many people would not be able to afford to always buy the more expensive product because it is not made in China. It is too far away.

Anders: Even if the earthquake would not have happened it would not have solved the Tibet issue and Coca-Cola would still not have withdrawn. It was just heating up the discussion and issues were being discussed openly.

5. In the results of my questionnaire around 60 per cent agreed the statement. What do you think about that?

Angela: I actually think that is a lot. I would have expected to be more people to answer that Coca-Cola could have done a little more, because media has been highlighting the negative points so much. Still I did not feel like that from an individual point of view.

Christoph: From a business point of view it is very hard to argue that Coca-Cola should have withdrawn or make a big statement. But if you would send it to not business educated people they might have a different opinion.

Jan: I actually think that when you read the statement you tend to agree... with it even though I argued something else before.

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Anders: How much time and money do you think they spend for making this statement. That is exactly that, they wanted to create a statement that would please as many people as possible.

Rest: Agrees.

Angela: They say every Olympic Games is remembered for something, such as the Munich Games were remembered for the Israeli athletes. I believe China will be remembered for the human rights violations, but I do not think it will be attached to the sponsors. Just not a direct link.

Anders: I would remember the pollution the most. The bird nests in the smoke stroke me more than the human rights issues...

Angela: It ended up not being a big deal during the Games.

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