



**University of
Nottingham**

UK | CHINA | MALAYSIA

**State-Business Relations in Contemporary China:
The Case of the ‘Chinese Football Dream’ Reforms**

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May 2023

Thesis submitted to the University of Nottingham
for the degree of Doctor of Philosophy

supervised by
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Abstract

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State-business relations play a crucial role in China’s economic development and policy implementation. Characterised by an asymmetric dependency nexus, local government officials court business investments to facilitate policy and boost their political careers, while private firms are increasingly incentivised to support party-state goals to navigate their business through the political economy. The ‘Chinese Football Dream’ reforms launched in 2014 resemble such a party-state goal, exhibiting how private business actors and government officials have been willing to exchange economic and political resources for their personal, economic, or political gain. By taking the national reform policy as a case study, this study aims to explore and understand the dynamics and implications of football-related Corporate Political Strategy within the context of China’s political economy under Xi Jinping. As its theoretical framework the study is drawing on an integrated combination of Resource Dependence Theory and Corporate Political Strategy, including a specially adapted local typology of the latter. By using insights from 61 semi-structured interviews with practitioners, supported by publicly available micro and macro-economic industry data, the study provides a rare inside-view investigating the extent, types, determinants, and outcomes of football-related Corporate Political Strategies and their exchanges within the ‘Chinese Football Dream.’ The study argues that the expansion of China’s football industry from 2014-2020 was predominantly driven by private investors employing Corporate Political Strategies. The strategies’ investments primarily follow political calculi, and only secondary, if at all, any economic logics. Variations in strategy determinants lead to diverse strategies and outcomes, in part explaining the high volatility experienced among professional clubs, but generally argue for a case and context-specific examination. Clubs’ sporting success here shows a positive correlation with the probability and magnitude of obtaining benefits, a trend observed among both investors and governments, with stronger correlation in areas with less football development. Conversely, for clubs emblematic of the local city, the experience of sporting failure can have adverse effects on involved investors and governments. In addition to contributing novel perspectives into all three sub-domains of Corporate Political Strategy research (typologies, determinants, and outcomes), the study adds to the understanding of the modus operandi of private business and local government within the shifting political economy under Xi Jinping, as well as the broader fields of sports and football in Asia and state-regulated countries.

Für Nanny.

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List of Abbreviations

ACFIC	All-China Federation of Industry and Commerce
AFC	Asian Football Confederation
CCP	Chinese Communist Party
CFA	Chinese Football Associations
CL1	China League One
CL2	China League Two
CMCL	Chinese Football Association Members Association Champions League
CPES	Chinese Private Enterprise Survey
CSL	Chinese Super League
CSLC	Chinese Super League Company
CSR	Corporate Social Responsibility
FA	Football Association
FIFA	Federation Internationale de Football Association
GAS	General Administration of Sport
MoA	Ministry of Agriculture China
MoE	Ministry of Education China
NBSC	National Bureau of Statistics China
NDRC	National Development and Reform Commission
PC	People's Congress
PPCC	People's Political Consultative Conferences
SASAC	State-owned Assets Supervision and Administration Commission
SOE	state-owned enterprise
UEFA	Union of European Football Associations

Chapter 1 | Introduction

*In short – Chinese football is simply not about football.
It's about politics, business, and self-interest.*

Cameron Wilson

Chinese football writer & co-founder of Wild East Football blog
from “Why I stopped writing about Chinese Football” (Wilson, 2021)

In March 2022 the Dalian municipal government and Dalian Pro FC jointly announced that the Dalian Football Reform and Development Working Group (大连足球改革发展工作组, *dalian zuqiu gaige fazhan gongzuo*) under the leadership of the municipal government will take over full control and ownership of the local football club (Sina, 2022). Equity transfers are not rare in Chinese football; however, this case was different. Local private real estate conglomerate Wanda Group (万达集团, *wanda jituan*; in the following Wanda), essentially the team's funder and operator but officially not its owner, guaranteed covering operation costs of the club for the following three years, settle all historic debts, including debts from before their involvement, and donate their newly built RMB 1.6 billion (ca. EUR 220 million) training academy to local state-owned holding company Detai (德泰控股, *detai konggu*). Wanda was not a new player in Chinese football and after their absence from club football for more than a decade, in 2015, the company was reportedly requested by the Dalian municipal government to save the struggling club from collapse. After years of substantial investments into the club and local football development projects without any direct economic profit, the company reportedly lost several hundred million Euros from their football endeavour, Wanda's CEO, Wang Jianlin, has been remarkably outspoken about their relationship with the local government. Between 2019 and 2021 he repeatedly issued official statements arguing that despite the promise of substantial benefits from the local government, like solving the club's large-scale debt issues originating from prior their involvement, benefits have not been forthcoming (Sina, 2022). In August 2022, just months after Wanda handed over the club to the local government, the company settled all debts, lifting the earlier imposed player transfer ban due to wage arrears (NetEase, 2022). But why did Wanda fund the club for so many years with such seemingly selfless gesture?

Puzzled by the case of Wanda and numerous other costly but seemingly irrational investments into professional football clubs that made global headlines around 2015, I decided to investigate the issue by embarking on this PhD research project. While the exact rationale of this specific case remains largely covert, a growing literature on the development of the Chinese football industry provides some clues. It notes, for instance, that some private investors were benefitting from access to tax relief, land-use rights, or preferential policies in exchange

for their ‘football engagement’¹ (Liu et al., 2020; Ma & Kurscheidt, 2019a; Sullivan et al., 2019; Wang & Jin, 2016; Xue et al., 2020). With the launch of a series of central government reform policies between 2014-16, colloquially known as ‘Chinese Football Dream,’ the Chinese football industry experienced an investment surge of unprecedented scale (Liu et al., 2017). Predominantly driven by private investors new to the sport, mostly with a core business in other industries, from 2014 to 2017 numerous professional clubs have been established or changed hands, with countless more at the youth and amateur level (Dreyer, 2022, pp. 141-148). However, the spending spree by no means matched the industry’s general economic trajectory at that time, resulting in frequent bankruptcies among clubs in the years following the reforms, especially since 2020. The momentum of Chinese football has substantially waned in recent years due to the strong dependence on investors, negligible income from non-investor sources, and the compounding impact of the COVID-19 pandemic, economic slowdown, and industry regulations, especially in the real estate sector.

Financial volatility and occasional bankruptcy among professional football clubs has been experienced, for instance, in most of Europe until the introduction of financial control measures in the 2010s (Franck & Lang, 2014; Urdaneta-Camacho et al., 2022), and many former socialist countries (Drozda et al., 2020; Molnar et al., 2011; Riordan, 2011). But even today, outside of the North American context, club football is characterised by the paradoxical co-existence of persistent losses and strong stability (Storm & Nielsen, 2012, p. 184), often explained by utility maximisation, in contrast to profit maximisation, subject to a break-even constraint (Garcia-del-Barrio & Szymanski, 2009; Sloane, 1971), which differs strongly from most other industries. It is important to note, among Europe’s major leagues, despite persistent losses across many clubs, insolvencies are relatively rare (Szymanski & Weimar, 2019). Most (non-listed) top-level European clubs derive their income from gate receipts, advertising and sponsorships, merchandise, television rights, and player transfers, except for the latter, all income sources strongly dependent on sporting success (Andreff & Szymanski, 2006). Furthermore, due to the sport’s widespread popularity and cultural significance, alongside growing economic relevance, political interference in football governance (Arnaud & Riordan, 2013; Riordan, 2011) and local government support granted to professional clubs, especially during financial distress, is a common phenomenon across countries (Storm & Nielsen, 2012; van Maren, 2017).

Like the development in many former socialist states, China’s elite football system underwent a transformation from a state-managed to a more market-based system following reforms around 1994 and 2014. However, despite the increased influx of private corporate club owners until around 2020, the sport’s governance model continues to be largely dominated by local and central politics, in which government officials can benefit politically from a successful football club in their locality. Thus, local officials sometimes seek to instrumentalise public

¹ ‘Football engagement’ can be understood in a broader sense as a strategic involvement in football-related activities, events, or investments, such as investments or sponsorings of clubs, leagues, governing bodies, national teams, or sport development programs, taking over businesses within the wider football value chain, promoting football events, or participating in football-related social and community initiatives.

and private resources for local football development. As a result, some private investors are incentivised to enter reciprocal relationships with local governments which are overseeing several crucial resources as well as juridical and regulatory bodies essential for their economic success.

However, the actual scope of this mechanism, underlying motivations on both sides of the dyad, processes and influencing factors that lead – or do not lead – to investments and how they subsequently play out are largely neglected in the literature. This hinders a fuller understanding of contingent interactions between private capital and state actors in the sector but also China’s political economy at large. This study seeks to address this gap in the literature. By taking the national reform policy ‘Chinese Football Dream’ as a pivotal case, the study aims to explore and understand the dynamics and implications of football-related Corporate Political Strategy within the context of China’s political economy under Xi Jinping. Central to this research is the analysis of strategies employed by firms in the realm of football investment, including their causes, determinants, and consequences, while concurrently acknowledging the influence of China’s political economy under the current political leadership. The mechanism observed within the Chinese football industry, therefore, will serve as a lens to illuminate the broader interaction between state and business actors in contemporary China. The study is situated in the interdisciplinary academic field of political economy, which can be understood as a branch of social science that studies how political institutions, processes and ideologies as well as the economic system and its actors influence each other (Clark, 2016). This chapter will introduce the study by first discussing the background and context of the research area, followed by the research case and questions, its methodology, a summary of the main findings and finally, the structure of the thesis.

[1.1] Business-Government Nexus

It is generally accepted that government behaviour influences firms’ economic development and performance (Hillman et al., 2004). As a result, entrepreneurs and firms attempt to shape government action and policy in ways favourable to them (Baysinger, 1984). These attempts are known as Corporate Political Strategies in the literature (Hillman & Hitt, 1999; Ma et al., 2012) and differ across socio-political-economic environments (Lawton et al., 2013). In general, firms’ need for such attempts correlates with the degree of influence government exerts on the market (Pfeffer & Salancik, 1978/2003). This influence is contingent on the local economic and political setup. Countries following a rather neo-liberal economic and political philosophy generally emphasise limited government intervention in the economy and promote free market capitalism, while building and securing an institutional framework characterised by strong private property rights, free markets, and free trade. In the context of state-business relations, neoliberalism advocates for a minimal role of the state in regulating and controlling businesses (Harvey, 2007). As numerous studies show, in places with strong market-supporting institutions, generally promoting such a neoliberal model, firms can perform economic activity without seeking help from the government, therefore not having the need to shape government action. Conversely, in places with weak or no market-supporting institutions, firms depend

more on governments for their economic activities (e.g., Nee & Opper, 2010). Additionally, in countries with a weak rule-of-law, understood as unclear and partially adjudicated laws, firms often depend on political connections to substitute for formal legal protections, therefore equally increasing the need to influence government action (e.g., North, 1990). Dependence here can be understood as a situation in which a person or organisation relies on another for resources, services, or prestige (Emerson, 1962).

Since the reform-era, China evolved from a mostly ‘state-planned economy’ to a ‘state-led economy’ in less than half a century (Breslin, 2012). Often labelled a ‘transitional economy’ moving towards a primarily market-based economy after the launch of economic reforms in 1978 (e.g., Oi, 1995; Peng & Luo, 2000; Walder, 1996), since around 2005 this transition has slowed down, in parts retreated (Lardy, 2019; Naughton, 2018, p. 13). The Chinese government still directly controls seven strategic sectors that exclude any non-state local or foreign market entrants (Naughton & Tsai, 2015).² Beyond these sectors, China’s economic system predominantly runs on market principles. In what has been termed a distinct form of ‘State Capitalism,’ governments at central and local level intervene in macro- and micro-economic processes mainly through industrial policies, control of key economic resources as well as authority over regulatory and juridical bodies and state enterprises (Naughton & Tsai, 2015, pp. 18-19). However, state intervention varies substantially across regions, industries and over time (Nee & Opper, 2010; Ngo, 2018). The country retains a strong, largely centralised state sector, especially in the industrial and service sector. Outside the state sector exists a predominantly small- and medium-scale private sector that resembles the country’s diverse and competitive industrial landscape (Naughton, 2018, p. 335).

In the 2022 Index of Economic Freedom China ranked 158 out of 177 countries, making it one of the least economically free countries worldwide (The Heritage Foundation, 2022).³ However, due to differences in the rule-of-law, marketisation and market-supporting institutions, the government’s influence varies substantially across regions, industries and individual companies (Chen et al., 2018; deLisle, 2017; Nee & Opper, 2010). For instance, while firms in China’s highly marketized consumer products markets rarely “cross paths” with the government, in strongly regulated sectors, such as real estate, mining or construction, firms’ relationship with the local government is crucial for their economic development. In these

² The seven sectors largely controlled by the state are military, electric power generation and distribution, petroleum and petrochemicals, telecommunication, coal, civil aviation, and shipping (Naughton & Tsai, 2015).

³ The conservative US think tank The Heritage Foundation is publishing the index annually since 1995. On their website they describe ‘economic freedom’ as the absence of government coercion or constraint on the production, distribution, or consumption of goods and services beyond the extent necessary for citizens to protect and maintain liberty itself. The index is composed of twelve indices grouped in four categories, namely 1) rule-of-law (property rights, government integrity, judicial effectiveness), 2) government size (government spending, tax burden, fiscal health), 3) regulatory efficiency (business freedom, labour freedom, monetary freedom), 4) open markets (trade freedom, investment freedom, financial freedom) (Heritage Foundation, 2023). While the index has been contested in the literature for its one-sided understanding of the connection between economic freedom and economic growth (e.g., Sidaway & Pryke, 2000; Wu, 2011), it is a helpful tool to indicate the influence of the Chinese government on the economy in global perspective. For another widely used index for economic freedom, see the Economic Freedom of the World index by the Fraser Institute. In 2020, China was ranked 116 among 165 countries analysed (Fraser Institute, 2020).

sectors firms need to deal with a comparatively large number of government agencies in which government officials often act as monopolists and enjoy undivided control rights over crucial resources, permits and licences (McNally et al., 2007). Hence, the relationship to the government and its officials can make or break a company in these sectors. Additionally, regardless of the industry, often the state utilises “the forms of law to support repression” (Nathan, 2015, p. 162) by selectively punishing some firms while sparing others, for instance, like seen in tax collection (Zhang, 2019), enforcement of land regulations (X. Sun, 2015) and environmental regulations (Schwartz, 2003) or property rights (Hou, 2019).⁴ Furthermore, there is a large volume of research indicating that China’s state-owned enterprises (SOE) are generally favoured over their private-peers in their access to state-controlled resources like financial loans (e.g., Lardy, 2014), land use rights (e.g., Stein, 2006) and government subsidies (e.g., Zhang et al., 2014) as well as law enforcement (e.g., Chen et al., 2011) and protection from the state’s “grabbing hand” (e.g., Hou, 2019).

Consequently, especially private firms try to manage their dependence from the government through a range of ‘coping strategies’ known under the umbrella term Corporate Political Strategies, such as membership in the Chinese Communist Party (CCP) (e.g., Dickson, 2008), legislative bodies (e.g., Sun et al., 2014), and state-sponsored business associations (e.g., Unger & Chan, 2015), lobbying (e.g., Kennedy, 2005), or building reciprocal ties with local officials (e.g., Wank, 1999). Coping strategies refer to adaptive measures and tactics employed by businesses to manage their dependency from the state. These strategies often involve investments in areas outside of the executing firm’s core business, such as state-favoured industries, public health, education, culture and sports, including football, or other “government-pleasing” areas (Zhang & Lin, 2014, p. 73). Consistent with the general academic literature, these strategies are largely individual from firm to firm and contingent to local institutional and political circumstances. While private firms’ dependency from the government can be strong as demonstrated above, it is not one-sided. On the government-side, central and local governments similarly need private firms for their personal and political benefits, resulting in a state of interdependency. According to Emerson (1962), interdependence entails if one person or organisation aspires to goals or gratification, whose achievements are facilitated by appropriate actions on the other person or organisation’s part and vice-versa. As each person or organisation is in a position, to some degree, to grant or deny, facilitate or hinder, the other’s gratification, the power to control or influence the other lies in the control over the things they value. In the Chinese political economy context, both state and business actors rely on each other (to varying degrees) for various economic, social, and political benefits, thereby creating a complex network of interactions that shape the economic and political landscape. The power here largely lies in the hands of the governments, as they control access to firms’ gratification in quasi-monopolies, while governments’ gratification is

⁴ Despite far-reaching law reforms increasingly emphasizing adjudication according to law, fostering autonomy and professionalism of judges, and limiting the party’s intervention in individual cases, under Xi Jinping, the law remains often instrumentalist, and uneven across subjects and regions. Most significantly, the current regime continues to insist on party leadership over law-making and the legal system, manifest by structures that put courts under CCP supervision and influence (deLisle, 2017).

available from multiple firms, thereby manifesting an imbalance of power (Trantidis, 2015). While businesses employ coping strategies summarised as Corporate Political Strategies, the state similarly employs ‘co-optation strategies.’ These co-optation strategies by the central and local governments involve deliberate efforts to incorporate or co-opt specific businesses, interest groups, or entrepreneurs into the existing political or economic system to instrumentalise them for political, economic, and social ends. These corporate coping strategies, alongside governments’ co-optation strategies, will be discussed in more detail in the Literature Review Chapter 3.

[1.2] The Private Sector in China’s Economy

Despite the generally unfavourable business environment described above, the private sector has been growing in size⁵ steadily since the 1990s and has become a driving force for economic growth, tax revenues, innovation and technology as well as employment (Lardy, 2016). While private businesses were negligible and officially banned by the government until the late 1970s (Zheng & Scase, 2013), the poor state of the economy after the Cultural Revolution (文化大革命, wenhua dageming; 1966-76) – China was among the poorest nations on earth (Hofman, 2018, p. 54) – and a change in political leadership after Mao Zedong’s death in 1976, led to the launch of far-reaching economic liberalisation reforms in 1978 under Deng Xiaoping (Lai, 2006, pp. 39-42). After a short period of reform retrenchment caused by the social unrest around 1989, in the early 2000s, private entrepreneurs and businesses gained official constitutional protection, promoting their social, ideological, and legal acceptance. Under the Three Represents principle (三个代表, sange daibiao) by then-president, Jiang Zemin, the ruling party declared that it will “encourage, support and guide the development of the nonpublic [private and foreign] sectors of the economy” (quote from Jiang Zemin from the 2002 National Congress, taken from Guo et al., 2014, p. 287). This watershed moment largely changed the CCP’s line towards private entrepreneurs as from then onwards entrepreneurs were officially allowed into the party⁶ and conversely party members were encouraged to “jump into the ocean” of commerce (下海, xiahai), consequently fostering the co-optation of the private sector into the party-state (Dickson, 2003).

While in 1996 there were only 443,000 registered private enterprises (16.9 per cent of all enterprises), in 2018 this number jumped to 15.6 million (84.1 per cent of all enterprises) (NBSC, 2019, 2020). In 2018, the private sector was contributing more than 50 per cent of China’s fiscal revenues and accounted for more than 60 per cent of China’s total GDP (Xinhua, 2018), thus contributing a bigger share to China’s economic growth than the state-sector. The private economy, serving as a catalyst for innovation, contributes to over 70 percent of

⁵ The exact size of the private sector is hard to determine, as company ownership structures often are unclear and multi-layered in their investment structures. Moreover, many private companies pretend to be state-owned (“wearing a red-hat”) for preferential treatment in the market.

⁶ Private entrepreneurs were officially banned from CCP-membership from 1989 to 2001. For studies on the CCP’s changing attitude towards private entrepreneurs and businesses, see Peng (2006), Lai (2006) and Dickson (2008).

technological innovations and new products in the country. Furthermore, private companies provide about 80 per cent of all employment and 90 per cent of all new jobs; making the private economy an important factor for social and political stability (Xinhua, 2018).⁷

Having created a complex interdependent (while mostly asymmetric) relationship, the Chinese government is far from heading towards a free market economy, largely keeping SOEs and increasingly private companies tightly leashed to the state. According to Schubert and Heberer (2020), besides a resurging state sector under Xi Jinping, the state intends to increasingly control the private sector without completely overpowering it, making use of its creativity and economic success to the benefit of China's overall development. But at the same time the party wants to make sure that the country's private entrepreneurs remain loyal supporters of the party and its current regime (Schubert & Heberer, 2020, p. 105). To survive in this environment, it has become ever more important for private entrepreneurs to align themselves with the goals of the party and develop close links to the state (Hou & Zhu, 2020). For instance, demonstrating reform support through football engagement here constitutes a viable route for private firms to cultivate relationships with the governments, its agencies and enterprises (Xue et al., 2020).

This does not mean that private companies cannot flourish. Under Xi Jinping, China's ten biggest non-state companies have added roughly USD 2 trillion to their market capitalisation since he became General Secretary of the CCP in 2012 (The Economist, 2020). Nonetheless, the latest government is just showing ever more clearly that company goals must be in line with the state and its ideology. In short, only those can flourish that also benefit the state. Although the government under Xi Jinping has repeatedly promised to strengthen China's private economy, most notably by liberalising access for private companies to market sectors so far dominated by SOEs, actual changes have been largely absent during Xi's tenure (Schubert & Heberer, 2020). Nonetheless, private businesses are increasingly consulted in the policymaking process concerning their industries (Heilmann, 2018; Kennedy & Johnson, 2016). At the same time, cases like the state's suspension of private enterprise Ant Group's (蚂蚁集团, mayi jituan) stock market launch at the end of 2020 show the ultimate supremacy of the state over the private sector. The state's symbolic last-minute veto against Alibaba Group's (阿里巴巴集团, alibaba jituan; in the following Alibaba) fin-tech company and the subsequent regulation of China's internet technology sector, including extensive fines for some of their biggest firms, has been one among many repressions on private businesses in recent years, emphasising the ultimate power structures in China's political economy (Collier, 2022; The

⁷ It is important to note that corporate wealth is unbalanced at the top. In 2022, out of China's 25 largest companies, only five were not fully state-owned enterprises (Fortune, 2023). These numbers are the result of several consolidating policies starting in the 1990s, which helped certain (especially centrally managed) SOEs to develop into 'national champions,' keeping their competitors at bay, if not ruining them altogether (Lin, 2011; Leutert, 2020). This trend is mirrored in the fact that despite SOEs making only 1.3 per cent of all enterprises in 2018, their total assets and operating income accounts for 57 per cent and 28 per cent, respectively (NBSC, 2020). Many of these SOEs have grown so big in China – often protected from any competition – that they nowadays constitute some of the world's biggest companies, especially in the fields of natural resources, banking, and construction (Fortune, 2023).

Economist, 2020).⁸ This structure is strengthened further by Xi Jinping's ongoing anti-corruption campaign, which has altered state-business relations⁹ and brought entrepreneurs more into line with the CCP (Schubert & Heberer, 2020).

This challenging business environment for private companies, dominated by enhanced macro-economic control by the state and added power for its consolidated SOEs, is a continuation (in part a reinforcement) of economic reforms that were initiated by the Hu Jintao administration (2003-2013), especially after the global financial crisis in 2008 (Huang, 2016; Lardy, 2019; Naughton, 2015). These reforms saw a shift from rather market-orientated policies – following a 'transitional economy' trajectory – towards a strengthening of the bureaucratic state and its SOEs, thereby allowing for more control of the overall economy.

[1.3] Local Governments and the Private Sector

At the local government-level – which can be understood as all governments below the central government – officials depend on private actors in the sense that the latter can help improve economic development, public budgets, and officials' track record. In China's administrative system all major political goals are defined centrally and instructions given down the bureaucratic hierarchy via medium and long-term development plans, above all the 5-Year Plans (五年计划, wunian jihua), which intend to give overall directions for China's social, political and economic development.¹⁰ Nevertheless, it is important to note that local governments may not strictly adhere to central directives, and relationships between upper and lower governments are not always seamless. Central-local government relations are complex and diverse, often involving elements of coercion, bargaining, and reciprocity (Zheng, 2007). Consequently, central directives are not uniformly implemented and vary across different regions. Besides, central and local authorities issue macro-regional programs (to promote certain regions), special plans (to promote certain industries or tackle social issues), and experimental schemes (to test certain policies in a condensed area or field) (Heilmann, 2018). These plans define binding and indicative targets that become the guiding pillars for the implementing state bodies at the local level. In general, local officials enjoy some degree of leeway in their policy implementation (Göbel, 2011; O'Brien & Li, 1999; Van Aken & Lewis, 2015), however, policy targets are often mirrored in the performance goals set for cadres in the 'cadre evaluation system,' which to a large degree determines a cadre's career trajectory

⁸ After residing for more than a year abroad, Alibaba founder, Jack Ma, in March 2023 returned to China. His return was followed by reports of a lowering of Ant Group's penalty as well as a general softening of the central government's sentiment towards the tech sector (Lahiri, 2023).

⁹ Following Ngo (2018), the study refers to 'state-business relations' (in contrast to 'government-business relations'), as many state institutions, such as the Communist Party, military, public organizations, universities, or hospitals also hold links to businesses in China. Just referring to 'government relations' is therefore too narrow in the Chinese context.

¹⁰ Regarding the economy, the two 5-Year Plans issued under Xi Jinping, 13th (2016-20) and 14th (2021-25), have seen an increased focus on local innovation and local consumption (including service sectors like sport), away from an export and investment-driven economy. For a review of China's 5-Year Plans, including the most recent, see Yin and Xu (2022).

(Heberer & Trappel, 2013; Heilmann, 2018).¹¹ As the system sees the highest ranking executive CCP and government officials at local level on average rotating their post every three to four years (Eaton & Kostka, 2014, p. 362), many officials seek to enhance their performance record with short-term results, sometimes in the form of prestige projects (Cai, 2004; Guo, 2020), thereby often neglecting long-term goals and the sustainability of the project (Eaton & Kostka, 2014). Due to the pressures inherent in this system, many local officials turn to private firms through various co-optation strategies to help them fulfil their policy goals related to economic development and substantive goals such as poverty alleviation or sports development like football (Ahlers et al., 2016, p. 66).

This pressure on the local government-side is even intensified by China's fiscal system, which creates a disparity between local tax income and available government resources for the provision of infrastructure and local public services.¹² Since the tax-sharing reform of 1994, the central government is taking a substantially greater share of the total subnational budgetary revenue (Liu & Xiong, 2018). This disparity between local tax income and available government resources further incentivises local governments to seek extra-budgetary revenues, taxes and assistance in public services from firms, especially in the private sector (Zhang, 2019). COVID-19 has further intensified this disparity since many local governments have accrued debts due to higher public spending related to the pandemic and lower tax income from a slowing economy (Hawkins, 2023). In sum, local governments have a vested interest in the local private economy, often entering reciprocal exchange relationships with entrepreneurs to foster local economic development or facilitate policy support. Football constitutes no exception, as local officials are encouraged to develop the sport under the 'Chinese Football Dream' directives, but often lack needed capital and expertise.

[1.4] Power Asymmetry and Policy-Implementation

The strong power-imbalance between governments and private companies described above is utilised by the governments when implementing public policies and wider national goals. In large political programs specific industries and economic sectors, geographic regions, or social and cultural projects are being addressed by the central and local governments through public campaigns, laws and regulations, specific policies, economic incentives, and state investments. These political campaigns often directly encourage economic actors to participate in the policies, like seen, for instance, in the 'building a new socialist countryside' (建设社会主义新农村, jiannshe shehui zhuyi xin nongcun) (MoA, 2006), 'construction of vocational education' (职业教育体系建设规划, zhiye jiaoyu tixi jianshe gui Hua) (State Council, 2010), and 'new energy vehicle industrial development plan' (新能源汽车产业发展规划, xin

¹¹ For studies on China's cadre evaluation system and its impact on policy implementation and state-business relations, see Guo (2020), Leng & Zuo (2022), Cai (2014), Eaton & Kostka (2014), Edin (2003), and Whiting (2000).

¹² For studies on China's fiscal system and its impact on local economic growth, see Cui (2022), Brehm (2013), and Chu and Zheng (2013).

nengyuan qiche changye fazhan guihua) (State Council, 2020) policy frameworks. Such policies largely determine the future direction of the economy and consequently attract many companies hoping to generate extra income in the newly favoured fields (Tian et al., 2021; Yeung, 2019). But despite available subsidies alongside some policies, not all promoted fields are necessarily lucrative, particularly not in the introduction or nascent phase, often causing investors to incur substantial losses. However, pressured by their dependence on the government, many companies follow the state's call nonetheless and invest – strategically or compelled – as a gesture to the government. Economic actors' dependency from the government is therefore indirectly instrumentalised by the state to mobilise and steer the economy. Schubert and Heberer (2020) describe this mechanism as “domestication” of the private sector and a main economic steering capacity of the state. In their earlier study on local policy implementation co-authored with Anna Ahlers, the authors note “local authorities strategically target entrepreneurs to ensure smooth private sector development, which facilitates effective policy implementation on the ground” (Ahlers et al., 2016, p. 65). Pressured by these targets and only limited public budgets, government officials often turn to local firms to “voluntarily” support specific policies and projects, in some cases even directly coercing local entrepreneurs (see for example Ahlers et al., 2016; Sun et al., 2014; Xu, 2011).

[1.5] Case and Research Questions

With the increased influx of private capital in the football sector triggered by national policies and driven by interdependencies, private entrepreneurs and local government officials attempt to cultivate clientelist reciprocal ties under the banner of local football development. The ‘Chinese Football Dream’ reforms suggest showing similarities to above presented policies and thus comprise a suitable case study to explore and understand the dynamics and implications of football-related Corporate Political Strategy within the context of China's political economy under Xi Jinping. Hence, observed mechanism within the Chinese football industry are being used to illuminate the interaction between state and business actors in China at large. With the release of three policy documents at the highest political level between 2014 and 2016 (NDRC, 2016; State Council, 2014, 2015) as well as several accompanying political documents and official speeches by prime political leaders, the wider aim to transform China into a leading “football nation” by 2050 was put on the highest political agenda. Yet, the ‘Chinese Football Dream’¹³ is not merely about evolving in the world's most popular sport. It is a tool to “serve broad economic and socio-political ends, including promoting public health, well-being, and active lifestyles; generating feelings of national unity and pride; stimulating middle-class consumption; inculcating social cohesion; encouraging patriotic citizenship; and

¹³ The term ‘Chinese Football Dream’ (中国足球梦, zhongguo zuqiu meng) gained first wider popularity among Chinese media around 2011 in response to then vice-president Xi Jinping's publicly stated wish for the country's football development (Sina, 2011). The term was later associated to the country's wider aspirational concept of the ‘China Dream’ (中国梦, zhongguo meng,) introduced by president Xi Jinping in 2013 (Gündogan & Sonntag, 2018). Today it is widely used by the public, media, entertainment industry, academia, and state agencies. For the author the term resembles China's overall aspiration to become a global ‘football nation,’ including sporting aspirations, but also wider socioeconomic aspirations.

forging a shared national identity” (Sullivan et al., 2019, p. 494). Outside of its borders the country’s football expansion is seen to be utilised in areas such as, soft power (Connell, 2017), diplomacy and geopolitics (Junior & Rodrigues, 2020), corporate investments (Lee & No, 2022), or the promotion of Chinese brands (Chadwick et al., 2022). To achieve these goals China’s central and local governments make use of private companies’ dependence on the government, having publicly urged major private conglomerates like Wanda and Evergrande Group (恒大集团, *hengda jituan*; in the following Evergrande) to invest in football (Connell, 2017; Tan et al., 2016; Yu et al., 2019). Both firms followed the government’s call and have been two of the leading supporters of Chinese football until recently, sponsoring professional clubs, investing in youth development programs and infrastructure as well as supporting the Chinese Football Association (中国足协, *zhongguo zuxie*; in the following CFA) and their national team. Companies of various size, sector, industry, and geographic location started engaging with football. Consequently, within a short period of time the government created an unprecedented economic growth in the industry (Liu et al., 2017), which attracted numerous investors, mostly from sectors alien to the sport and its adjacent businesses. Since 2014, many private firms have invested significant sums in professional football clubs, a main pillar of the reforms. Traditionally a loss-making business due to the serial underdevelopment of the Chinese sports industry since its commercialisation in the early 1990s (J. Zhang, 2020), the literature suggests that some of these investments follow political calculi and are being instrumentalised by their parent companies as Corporate Political Strategy to influence the local government in their favour (e.g., Xue et al., 2020). However, the extent of this mechanism and its scope within the Chinese football industry remains opaque and unstudied, limiting a fuller understanding of the Chinese football reforms and China’s political economy at large. This gap in the literature underpins the first research question (RQ):

RQ1: To what extent is China’s private football investment driven by Corporate Political Strategy?

Local officials, on the other hand, are similarly encouraged and personally incentivised to follow the central government’s call and promote football in their jurisdictions. Having put football on the highest political agenda, experiences from other policies indicate that officials are not just expected to “play their part” but can also actively utilise local policy-related achievements to improve their career track record (Heberer & Trappel, 2013; Leng & Zuo, 2022) or “window-dress” shortcomings in other political areas (Cai, 2004). Consequently, officials seek out firms to facilitate their policy support, while firms offer their support in exchange for preferential treatment. Following the logics of business-state engagement observed in other cases, officials and football investors should therefore actively try to cultivate reciprocal relationships with each other. Unfortunately, each side’s incentive structures, and consequently their motivations to enter such exchange relations, as well as potential risks are largely individual and context specific. Existing quantitative research often uses available micro and macro-level firm data as proxies to measure positive (or negative) correlations between exchange means (e.g., Lei, 2021). While findings from these studies are useful to indicate exchanges and exchange forms between businesses and the state, they give little

insights on how these exchanges are formed and play out in practice. For instance, many studies confer specific meanings on the existence of a political tie or allegedly exchanged benefits, without consideration of its actual quality and context. In contrast, qualitative research studies using first-hand empirical data from interviews and surveys with practitioners offer more grounded insights, as they often illuminate how exchange ties are formed and cultivated. However, most of this literature either deals with case studies of individual firms (e.g., Sun et al., 2011) or industries (e.g., Sun et al., 2010), while more general studies (e.g., Ma et al., 2012) do not focus on corporate support for an individual government policy. The strategies observed against the backdrop of the football reforms therefore present an unexplored case study that holds strong value for comparative analysis in diverse contexts. This gap in the literature prompts one further research question:

RQ2: How do football-related Corporate Political Strategies and their exchanges differ from strategies employed in other contexts?

Investment into football is not equally prevalent across company forms, industries, and company sizes. For instance, many companies investing in football specialise in real estate and land development, industries that are structured by strong uncertainty and power asymmetries between firms and governments, especially in the private sector. In 2021, ten out of 16 Chinese first division clubs were fully or part-owned by investors from these industries (see also Table 1). These firms have a comparatively stronger need or incentive to support state projects such as football to improve their relationship with the government. As a result, it is especially firms from state-controlled industries, such as real estate, that employ Corporate Political Strategy (Gao et al., 2008; Tian & Deng, 2007). However, China's football leagues also contain several investors from industries facing comparatively little government oversight, such as consumer goods and retail, further complicating this assumption. Operating in an economy with weak market-supporting institutions and rule-of-law, some companies and entrepreneurs find themselves facing an immediate (justified/unjustified) threat from the state, for instance in form of law prosecution or 'red tape.' Existing literature from other industries indicates these companies have a stronger, more immediate need to influence the government and therefore suggest being more likely to deploy Corporate Political Strategies than their peers not facing such threats (Ma et al., 2012). However, as firms demonstrate different characteristics and capabilities, not all companies are equally able or under pressure to employ football-related Corporate Political Strategy. In situations of asymmetric power balance leaning towards the local government, firms must respond to direct government pressure, sometimes trying to utilise investments into state-favoured projects. Conversely, enthusiasm and engagement with Corporate Political Strategies on the government-side imply showing similar variations. Such internal and external determinants suggest influencing the employment of Corporate Political Strategies but are largely unexplored in the case of football. Hence, to contribute to the understanding of Corporate Political Strategies' determinants in the field of football and elsewhere, this study aims to answer the third research question:

RQ3: How do business and government characteristics determine the ability and the pressure to engage in football-related Corporate Political Strategies?

Despite football-related state-business engagement indicating substantial benefits on both sides of the dyad, the frequent vanishing of football clubs suggests that not all engagements are sustainable. Between the start of the reforms in 2014 and 2023 there have been more than fifty clubs ceasing operations, in many cases only after a few seasons, generally demonstrating a high volatility in China's club football landscape (see also Figure 2). Such cases suggest harming state-business ties and their exchanges as well as the involved actors' reputation, especially with the involvement of high-profile clubs. These dynamics appear to contradict the essence of Corporate Political Strategy, which seeks to enhance the relationship between state and business actors, along with their reputations. It is therefore incoherent why so many clubs disappear shortly after their establishment or takeover. However, while these cases are extensively reported in the local media, outside of the common narrative that investors struggle financially to operate their clubs, underlying mechanisms and deeper reasons remain largely opaque. This puzzling issue leads us to the fourth and last research question:

RQ4: How does the volatility in Chinese professional club football reflect the efficacy of football-related Corporate Political Strategy?

The above presented research questions seek to address the research aim to explore and understand the dynamics and implications of football-related Corporate Political Strategy within the context of China's political economy under Xi Jinping from several angles.¹⁴ First, by examining the extent of investments underlying Corporate Political Strategy, the study aims to demonstrate the significance of Corporate Political Strategy within the industry. This demonstration will enable the extrapolation of findings to comparable cases and offer insights into China's broader political economy. Second, by analysing incentive and risk structures for business and government actors, the study seeks to infer decision-making processes related to specific types of Corporate Political Strategies and the strategies themselves. Third, by gaining comprehensive understanding of the determinants of Corporate Political Strategy engagement, the study aims to shed light on the pressure and capabilities on both sides of the dyad. This understanding will help explain variations in Corporate Political Strategy engagement observed in the case and elsewhere. Fourth and lastly, by investigating the widespread volatility in Chinese club football, the study endeavours to illuminate the outcomes of Corporate Political Strategies in the context of the industry. Through this approach it addresses all three core domains within the realm of Corporate Political Strategy literature: typology (addressed in RQ2), determinants (addressed in RQ3), and outcomes (addressed in RQ4), presented in the Literature Review Chapter 3. Corporate Political Strategy, a concept and research area home in several academic fields, including political economy, explores how corporate actors seek to navigate and influence the political landscape as well as the latter's engagement with it (Katic & Hillman, 2023). Hence, by examining the interaction between politics and economics in the

¹⁴ While acknowledging women's football in the 'Chinese Football Dream' reforms, this study is focussing on men's football in its analysis. This is mainly due to the latter's substantially larger public, political, and business interest, resulting in more state-business interactions informing this research.

case of Chinese football, the study feeds into the interdisciplinary academic field of political economy (Clark, 2016).

[1.6] Methodology

To achieve this goal and answer above research questions the study has developed a distinct research methodology. Generally, the present study can be situated in the field of qualitative research, as it predominantly takes non-measurable empirical data as its base of analysis to illuminate China's largely covert state-business relations (Cypress, 2015). Having conducted 61 semi-structured video and audio call interviews between April and November 2021 with practitioners and experts from the wider Chinese football industry, supported by publicly available micro and macro-economic industry data, the study aims to address presented research aim and research questions. It thereby uses an instrumental case study approach in the sense of Stake (1995) in which it examines state-business interaction in the case of Chinese football in order to extrapolate its findings to the wider Chinese state-business environment. Thus, the findings drawn from the case of Chinese football suggest having relevance beyond the immediate subjects under research, thereby illuminating state-business relations at large. To achieve this, the case of China's football industry has been selected for this study due to both its methodological advantages, especially access to data and case framing, and case-related advantages. Football investors, stemming from diverse industries, locations, company forms, and characteristics, bring case-related advantages by embodying push and pull factors from both state and business actors, providing valuable insights into a broad spectrum of state-business exchanges. The study applies a theoretical framework based on an integrated combination of Resource Dependence Theory (Pfeffer & Salancik, 1978/2003), a concept often applied in Corporate Political Strategy research (Lawton et al., 2013), and a specially adapted local typology of Corporate Political Strategies largely following Ma et al. (2012). In this combined approach Resource Dependence Theory will function as the theoretical base through which to understand firms' dependence on the government as well as their application, selection, and determinants of various political strategies. Corporate Political Strategy is then utilised to empirically illuminate the various strategies, their determinants, and outcomes in the case of football. Focused on the mechanisms, underlying incentives, processes and influencing factors that lead – or do not lead – to football investments and how they subsequently play out, the study aims to explore and understand the dynamics and implications of football-related Corporate Political Strategy within the context of China's political economy under Xi Jinping. By doing so, the study will not only contribute to the understanding of the contingent interactions between private capital and state actors in the Chinese football sector but more importantly China's political economy at large.

[1.7] Summary of Key Findings

Corporate Political Strategies drive football expansion

It can be concluded, most of the growth in China's club football industry before 2020 can be attributed to private firms implementing Corporate Political Strategies. Triggered by the elevated political status of the sport during the 'Chinese Football Dream' reforms, apart from those with commercial and charitable goals, the majority of investors aimed to instrumentalise their club to influence local government decisions in their favour. These firms, along with their corresponding local government officials – particularly mayors, governors, and their party counterparts – have been willing to invest economic and political resources to establish mutually dependent and reciprocal relationships for personal, economic, or political benefits. The substantial number of investments involved in Corporate Political Strategies underscores the importance and necessity of facilitating favourable relationships with the government, especially for private firms with significant resource dependency on local governments.

Correlation between sporting success/failure and obtained benefits

Engagement in football offers diverse incentives for both businesses and governments. Firms and entrepreneurs are enticed by potential gains in legitimacy, political connections (*guanxi*), repayment of political debts, and reciprocal relationships with individual officials. For governments, participation in football can enhance officials' career records, political image, and contributes to local economic development. While personal gain, a motive largely reported in the literature (Katic & Hillman, 2023), was not reported in this study's sample, recent investigations into corruption within the local football industry suggest its persistence, nonetheless (Sohu, 2023c). The data also indicates that a club's sporting success can enhance the likelihood and extent of obtaining associated benefits. This is particularly true for smaller firms that hold less significance for the state. Sporting success serves as a viable avenue for these firms to improve their position vis-à-vis governments. Despite facing a strong dependency on the government, these firms have limited influence over it, highlighting the specific importance of football-related Corporate Political Strategy. The positive correlation between sporting success and the benefits obtained has been observed among both firms and governments and its impact may be even more pronounced in regions that are comparatively underdeveloped in football. Conversely, clubs representative for a city's image may negatively impact investors and governments if they underperform or cease operations. Given that a successful football engagement can yield benefits for the local government, it is evident that football-related Corporate Political Strategies are not solely driven by firms but are also actively promoted by government officials. Here investments are sometimes actively courted or even pressured by the local government, resulting in situations where firms are urged to “voluntarily” support football-related projects.

Strategies largely consistent with other cases but differ in nuances

Examining football-related strategies reveals significant variations in incentives and risks, leading to diverse patterns in China's club football landscape. While all Corporate Political Strategies aim to influence government actions in favour of the executing firm (Baysinger, 1984), their execution is individual and context-specific. The study's typology of five strategy types effectively categorizes and compares these strategies, demonstrating consistency with

broader industry practices (e.g., Ma et al., 2012). The absence of reported 'information' strategy likely stems from limited data access, a lack of football-specific exchange platforms, and investors' infrequent interest in developing the sport. Other strategies align with the broader literature, differing only in nuanced aspects.

Several factors determine application, nature and outcomes of strategies

The strategies observed are not developed in isolation; instead, they are shaped by various internal and external factors that influence the application, nature, and outcomes of Corporate Political Strategies. On the business side, the study identified firms' financial strengths and their dependence on the government as crucial factors influencing these strategies. On the government side, the study identified local policy priorities, officials' career prospects, and peer competition as determinants of these strategies. Finally, strategy-specific determinants were evident in the personal and informal nature of most exchanges and the speculative character of related investments. In essence, the engagement, nature, and outcomes of a successful football venture are guided by these determinants, which have implications for personal, economic, and political benefits for both the investor and the local government.

Outcomes largely influenced by strategy-specific factors

When examining the outcomes of football-related Corporate Political Strategy engagement, it becomes apparent that a significant number of clubs have ceased operations since the initiation of the reforms in 2014. The reasons for this volatility among clubs are multifaceted but can be partly explained by the study's strategy-specific determinants. Firstly, the data highlights that informal agreements and non-binding obligations are the prevalent forms of transactions between businesses and local officials. Without any binding agreement and a weak rule-of-law persisting in significant parts of the country (e.g., deLisle, 2017), pledged benefits to investors or their clubs are often altered or terminated by connected officials. Since the football operation primarily exists due to the exchange relationship between investors and government officials, any disruption in this link prompts many investors to reassess their football engagement, often leading to disinvestment. Secondly, motivations and incentive structures vary among local governments, and a successful engagement is contingent on officials' strategic assessments determined by administrative prospects and pressure. Since most investments are speculative without preceding agreements between investors and local officials, and substantial benefits are often secured only at higher league levels (if at all), many football engagements do not "pay off" for the investor. Engaging in speculation, these investors anticipate benefits from their football investments without any formal or informal agreement. Depending on the determinants of Corporate Political Strategy, particularly government-specific factors, many of these investors find that their strategies often go unnoticed by officials and only rarely yield desired outcomes. In such cases, when operating costs consistently exceed benefits, firms often withdraw their investment, further explaining the high volatility among Chinese clubs, especially at lower league levels where exchanges between investors and governments are less frequent.

Volatility among clubs does not necessarily mirror strategy efficacy

However, comprehending the volatility experienced among clubs necessitates a consideration of the underlying motivations of Corporate Political Strategy. The primary goal of most football investments is to utilize the club as a means to secure preferential treatment from the local government. Consequently, not all firms aim to establish enduring club ventures, and once investors have obtained the anticipated benefits, the purpose of their club investment is essentially fulfilled. Other investments become less instrumental when potential benefits are no longer available to the executing firm, for instance due to a change in policy direction. State-business exchanges are based on mutual dependency and reciprocity, and their sustainability depends on both actors perceiving benefits from the bond. If either side diminishes its enthusiasm, the bond and the exchanged benefits become fragile. In such instances, investors often divest and not infrequently move on to the next state-favoured project. Following this line of thinking, the disappearance of many football clubs not long after they were established or taken over is therefore not always a measure of their Corporate Political Strategy's efficacy and needs to be analysed case by case.

[1.8] Thesis Structure

Focused on state-business relations in the case of the 'Chinese Football Dream,' the study aims to explore and understand the dynamics and implications of football-related Corporate Political Strategy within the context of China's political economy under Xi Jinping. To address this research aim and answer the study's research questions, the thesis is arranged in ten chapters. By introducing the issues under research, particularly Chinese state-business relations and the case of China's football reforms, Chapter 1 sets out the central research focus and research questions of this study. Additionally, the chapter provides a synopsis of the thesis' methodology and results as well as this presentation of the thesis structure.

Chapter 2 provides the contextual background of the research case of Chinese football. The chapter begins with a brief review of the literature on football in a global, Asian, state-regulated, and Chinese context. This specific literature review is not part of the Literature Review Chapter 3 for clarity since the latter is solely focussed on state-business relations and does not include the case of football. After reviewing the case-related literature, the chapter provides a brief historic background of Chinese football focusing on state-business relations, followed by an introduction of the 'Chinese Football Dream,' its policy implementation processes and reform trajectory. The chapter concludes with an organisational overview of the sport's main actors relevant for the study (i.e., China's sport administration, football governing bodies, league structures, and professional clubs).

Chapter 3 outlines and reviews the literature around state-business relations and Corporate Political Strategy in China and elsewhere. After presenting studies dealing with China's economic system and economic steering at central and local level, the remainder of the chapter is engaging with studies researching state-business interdependencies and strategies to alter

these relationships. For clarity this section is divided into studies dealing with government-initiated strategies seeking to incorporate business actors and studies dealing with coping strategies of the private sector, especially Corporate Political Strategy. As many of the strategies presented in these studies are non-exclusive to any of the two parties, the division further highlights the interdependencies and push and pull dynamics between the focal research subjects of the study.

Chapter 4 sets out the theoretical framework. Focussed on the concepts of power through social and organizational exchanges, the chapter presents the theoretical basis to investigate state-business relations in the case of the ‘Chinese Football Dream,’ including a discussion of common theoretical approaches. As these exchanges are influenced by social and cultural norms, three main concepts concerning China, namely *guanxi*, *renqing* and *mianzi*, are included in the framework. Based on a combination of Research Dependence Theory (Pfeffer & Salancik, 1978/2003) and Corporate Political Strategies (Hillman & Hitt, 1999), a methodology often found in the existing literature (Lawton et al., 2013), this theoretical framework provides the lens through which to interpret football-related state-business exchanges from a micro- (between entrepreneurs and officials), meso- (between firms and governments) and macro-level (within the market environment) of analysis. The remainder of the chapter is presenting a specially adapted Corporate Political Strategy typology. This typology is applied to the study’s case and its empirical findings are presented in Chapter 7.

Subsequent Chapter 5 presents the methodology adopted in this study. Commencing with the study’s four research questions, the chapter elucidates how the methodology aims to address these inquiries. It further substantiates the study’s research approach (qualitative), research philosophy (constructionist and interpretive), methodology (instrumental case study), data collection (semi-structured online interviews) and data analysis (thematic analysis), thereby presenting the study’s research design, process, and review of alternative methods. The chapter concludes with closing remarks on ethics, data storage and participants’ anonymity.

The study’s empirical findings are presented and analysed in Chapter 6 to Chapter 8. The chapters are divided into three distinct chapters for clarity with each chapter having its own focus. The first of the three chapters, Chapter 6, first presents firms’ motivations to invest into football, thereby helping to address the first research question. The remainder of the chapter is focusing on Corporate Political Strategies as motive, presenting the incentive structures and potential benefits from football engagement on the business and the government side. As Corporate Political Strategies are largely individual and situational, Chapter 7 applies the study’s Corporate Political Strategy typology presented in Chapter 4 to the case, thereby bringing structure to observed corporate behaviour while addressing RQ2. By using the specially adopted typology of five distinct strategies, the chapter is categorising observed strategies among football investors, further pointing out differences among company forms (private and state) and investment scenarios. As these Corporate Political Strategies do not happen in vacuum, the last of the three empirical findings chapters, Chapter 8, is presenting the determinants of football-related Corporate Political Strategies, which are also addressed by RQ3. These determinants are influencing the application, nature, and outcomes of Corporate

Political Strategies. Observed strategies are strongly influenced by the characteristics of the parent company (especially its financial situation and dependency on the government), the local government (especially its policy priorities, career prospects for individual officials, and peer-competition with other geographic and administrative areas) and the strategy characteristics themselves (especially its informal, personal, and speculative nature).

Chapter 9 is answering the study's four research questions in numeric order while discussing the study's findings with the existing literature. The chapter is thereby addressing the extent (RQ1), types (RQ2), determinants (RQ3), and outcomes (RQ4) of Corporate Political Strategies observed in the case under research. Lastly, the chapter is concluding the chapter with a review of the utility of the study's conceptual framework.

Chapter 10 concludes the thesis by providing a brief overview of the study's key findings as well as their implication on the 'Chinese Football Dream' and contemporary state-business nexus. Lastly, the chapter is reassessing the project's design, pointing out its limitations and avenues for further research, before, finally, presenting the study's research contribution.

Chapter 2 | Background: State-Business Relations in Chinese Football

As football-related Corporate Political Strategy against the backdrop of the ‘Chinese Football Dream’ constitute the analytical case of this study to serve as a lens to illuminate the broader interaction between state and business actors in contemporary China, this chapter will present the contextual background of this study. To begin with the chapter is providing a brief review of the general literature dealing with sport and football development in the global, Asian, and state-regulated contexts. The section is followed by a review of the current state of research on Chinese football, divided into academic English-language and Chinese-language literature as well as media resources. This specific case-related literature review is not part of the Literature Review Chapter 3, since the latter is focussed on state-business relations and does, for the most part, not include the case of football in its studies. Following the literature review, there is a concise historical overview of the development of Chinese football, with a specific emphasis on the dynamics of state-business relations. Next, the chapter will present the ‘Chinese Football Dream’ reforms and their trajectory from its inception until today, particularly regarding its implementation and interplay with the private business sector. Finally, to establish an understanding of the main football actors concerning this study, the chapter will present an organisational overview of China’s sport and football administration, including football governing bodies as well as league systems, club ownership forms and club financial situation.

[2.1] Case-Related Literature Review

[2.1.1] Literature Review on Sport and Football Development

Sport development, including football development, are subjects extensively explored in academic literature, offering a nuanced understanding of the multifaceted factors influencing developments of mass and elite sports, its structures, and funding. While early studies have largely focussed on sport’s role in society (Coakley, 1978; Hargreaves, 1986; Riordan, 1977), an increasing professionalisation and commercialisation at the backdrop of technological advancement have resulted in the growth of studies dealing with sport as a business (Downward & Dawson, 2000; Quirk & Fort, 1997) and sport as a government tool for social, economic and political ends (Euchner, 1994; Wilson, 1994). Later comparative studies were the first to compare sport systems across nations and identify factors influencing elite sport development (De Bosscher et al., 2009; Gammelsæter & Senaux, 2011; Hallmann & Petry, 2013; Houlihan & Green, 2007, 2010), including specific to football (Amara et al., 2005; O’Boyle & Bradbury, 2013; Onwumechili, 2019). Besides those comparative studies, topic-specific research has been employed in fields such as politics (Bairner et al., 2016; Grix, 2017; Hoberman, 1984; Houlihan & White, 2003), diplomacy and geopolitics (Chadwick et al., 2023; Murray, 2018; Peppard & Riordan, 1993), sports policy analysis (Bergsgard et al., 2009; Bloyce & Smith, 2009), social studies (Kew, 2009; Nicholson et al., 2010), economic and business perspectives

(Andreff & Szymanski, 2006; Chadwick et al., 2018; Dobson et al., 2001; Downward et al., 2019), and examinations of sport governance (Gammelsæter & Senaux, 2011; King, 2016; Shilbury & Ferkins, 2019). In the sport governance context, scholars are illuminating the structures and processes through which sport organisations, including clubs and leagues, are managed, regulated, funded, and controlled. The role of the state in sport and football development here varies across settings, leading to variations in governance structures and the state's interplay with the local economy and society (Amara et al., 2005; Darby, 2013; Karadzowski & Siljanoska, 2011; O'Boyle & Bradbury, 2013; Onwumehili, 2019; Siekmann & Soek, 2010). Understanding the region-specific dynamics is crucial for grasping the complexities of football development around the world and specific to China.

In the Asian context where football's arrival was largely influenced by colonialism and globalisation, today's sport development mirrors the continent's diverse cultures, economic disparities, histories, and political systems and ideologies. Early seminal studies by Manzenreiter and Horne (2004) explore the professionalisation and commercialisation of football in the 1990s and early 2000s in Japan, South-Korea and China, showing an influx of corporate actors while retaining strong state control in the case of China. Kang et al. (2019) offer a more recent study of sport governance structures in the three East Asian countries, emphasising differences in local professional team ownership, including football. Additionally, works such as Cho (2016) explore the cultural significance of football in Asian societies, illuminating how historical and political factors have influenced the evolution of the sport in the region. Additionally, Weinberg (2015) provide critical analysis of AFC's role in shaping football development in Asia, emphasising its stakeholders and governance structure. Other studies provide a historical perspective, exploring how colonial legacies have influenced football development, institutions and fandom in the former British colonies (Connell, 2013), India (Dimeo & Mills, 2001), Kolkata (Mitra, 2023), Indonesia (Harjo, 2022), Singapore (Aplin, 2016), Macao (Gouveia, 2021) and Hong Kong (Zuser, 2018). Other studies dealing with sports in general illuminate the differences in sport policy and funding (among other issues) between 'traditional Asian sports' and 'modern sports' (Fan & Lu, 2020) as well as the role of the government in sports development across Asian countries (Cha, 2013; Dousti et al., 2013; Ma'mun, 2019; Tan et al., 2009; Won & Hong, 2015).

In state-regulated sport systems, such as in China, relatively strong governmental interference and political steering profoundly shape local sport and football development. In this context, studies such as Arnaud and Riordan (2013), Parks (2016) and Krüger and Murray (2010) illuminate the organisational structures and political utility of sport in state-dominated systems such as the Soviet Union or Nazi Germany. Rojo-Labaien et al. (2020) illuminates the differences in sport governance in post-Soviet and post-socialist countries, traditionally countries with strong state control, categorising them into neoliberal (market-based), transitional (largely market-based, but with less available social/commercial resources), and presidential (state-based) sport systems. In the latter group of countries sport is predominantly subject to state management, often dedicated to producing elite athletes or hosting sport mega events, while keeping commercial and social stakeholders largely outside (Rojo-Labaien et al., 2020, pp. 177-274).

The Chinese sport system since around 1980 has been termed ‘whole-country supports the elite system’ (举国体制, *juguo tizhi*) and is widely discussed in the literature (e.g., Fan, 2008; Fan & Lu, 2012a; Hu & Henry, 2017; Liu & Chang, 2023; Zheng et al., 2018). In essence the system embodies political ideology, while focussing most state (financial and administrative) resources on (Olympic) elite sports through a centralised selection and training system (Fan, 2008, pp. 36-42), thereby showing many similarities to the state-managed and state-funded governance systems in the former Soviet Union (Arnaud & Riordan, 2013; Riordan, 1977) and German Democratic Republic (Dennis & Grix, 2012). However, while the Chinese system until recently largely neglected mass sport and sport participation outside the elite-level, amateur sport clubs at work, educational or social institutions were widespread in the two former communist states. As a result of the football reforms from 1994 and later ‘Chinese Football Dream’ reforms football plays a special role in the Chinese system. In this model, besides clubs and leagues operating largely under market-mechanisms, in contrast to the state-funded system in most other sports, the state remains exerting strong influence on governance (focussed on the development of the national teams) and the allocation of resources (centrally managed league income, but also local football infrastructure and funding). In their comparative study across Algeria, China, France, Japan, and the UK, Amara et al. (2005) term this model ‘state sponsored restricted capitalism,’ in contrast to a ‘neoliberal’ model found for instance in the UK. More recently Ma and Kurscheidt (2019a, p. 14) confirmed these general structures in Chinese football, while noting an increased influx of corporate club owners after the publication of Amara and colleagues.

[2.1.2] Literature Review on Chinese Football

English-language literature on the Chinese football business and its organisational structure is scarce and has only in recent years gained increased attention by scholars around the world. While the few early academic papers were mostly general in nature, often descriptive and mainly focussing on the history of China’s football development and connected sport policies (Amara et al., 2005; Dong & Mangan, 2001; Jones, 1999, 2004; Manzenreiter & Horne, 2007; Tan & Bairner, 2010), as well as the special role of women’s football therein (Fan & Mangan, 2003; Zhao et al., 2012), more recent works are increasingly specific and deal with the wider social, cultural, economic, and political aspects of the sport. The rise in specification and output can be attributed, in part, to China’s growing integration into the global economy, as well as the expanding commercialisation and globalisation of the sport. Since Chinese football has seen a transformation from a largely politicised state-planned elite sport to a commercialised business starting in the mid-1990s (Fan & Lu, 2013; Liang, 2014), with several corruption scandals disrupting the game around 2000 (Huang et al., 2018; Liu et al., 2019), and increased mass and school participation programmes since the 2010s (Li, 2017; Liang, 2016), so it has simultaneously transformed the literature. Another large shift (and surge in output) can be seen since the far-reaching sport and football reforms starting in 2014, resulting in a fair amount of literature dealing with the reforms and linked policies (Chadwick & Sullivan, 2019; Ma & Kurscheidt, 2020; Peng et al., 2022; Peng et al., 2018; Peng et al., 2021; Tan et al., 2016), its impact on the sport industry (Liu et al., 2017; J. Zhang, 2020), commercialisation and

professionalisation of the game (Ma & Zheng, 2022; Xiong & Ma, 2021), fan and media perceptions (Gong et al., 2015; Gündoğan & Sonntag, 2018; Liu et al., 2021; Ma et al., 2022; Qian et al., 2017), as well as theoretical concepts of globalisation, soft-power, identity, class, and citizenship (Connell, 2017; Delgado & Villar, 2020; Hesketh & Sullivan, 2020; Junio & Rodrigues, 2017; Mangan & Tagsold, 2020; Stride & Vandenberg, 2019; Sullivan et al., 2019; Sullivan et al., 2022; Yu et al., 2019). As football constitutes the world's most popular and lucrative sport, so did China's political directive draw diverse local and global academic interest. Another body of literature has been dealing with recent developments in the country's sport governance, its governing bodies and clubs (Lin et al., 2018; Liu et al., 2020; Ma & Kurscheidt, 2019a, 2020; Ma & Zheng, 2022; Peng et al., 2021; Tan et al., 2016), the country's player naturalisation efforts (Han, 2022; Ross, forthcoming; Sullivan et al., 2022) as well as a few works illuminating football's state-business nexus, which constitutes the focus of this study and will be discussed in more detail at the end of this chapter (Liu et al., 2020; Ma & Kurscheidt, 2019a; Xue et al., 2020).

Chinese-language literature on Chinese football has taken a slightly different path compared to their international peers, likely due to their proximity, a lower language barrier and comparatively easier access to relevant data. Consequently, the 2000s saw a fair number of works on the country's nascent professional league system and various topics related to its marketisation (Bao, 2009; Ding & Li, 2003; Zhang, 2001), professionalisation (Yu et al., 2000; Yuan et al., 2001), as well as the involvement of state and private investors (Zhang, 2006), and school football (Li, 2012; Wei, 2010) in the overall development of Chinese football. Often drawing comparisons to other countries, many of these studies take a rather advisory position on how to develop or improve the situation at place. Like their international peers, the studies published post-2010 are more specific and deal with (sub-)topics in the fields of governance and sport policies (K. Sun, 2015), legal regulations of the various stakeholders (Wang, 2016), industry development (Li & Liu, 2016; Shen, 2021; Zhang & Wu, 2014), and issues related to club investors (Huang, 2018; Tang, 2012; Wang, 2022; Wang & Jin, 2016). Despite its larger volume, the methodological rigour of many of these works falls short of international academic standards, with some notable exceptions (e.g., Li & Liu, 2016; Shen, 2021; Tang, 2012; Wang & Jin, 2016).

Contrastingly, when looking at the media landscape, there is a comparatively large and well-informed body of Chinese sport and business media, which regularly publishes in-depth analytical articles on the topics relevant to this research, such as club-investor-state relations, club and investor economics, or governance structures (see for instance Xinhua Daily Telegraph's 4-part-series from 2021). These articles are often backed by financial data and insider knowledge, information that is considerably harder to access for non-local media, therefore representing a useful data source and valuable up-to-date addition to the academic literature at place.

[2.2] Chinese Football Development: A Historic Overview

Even though China is officially recognised by the world football governing body Federation Internationale de Football Association (FIFA) as the cradle of earliest forms of the sport more than 2000 years ago (Chen, 2004), modern football did not enter China until the late nineteenth century through colonial Hong Kong and China's international coastal cities. Despite first efforts towards an institutionalisation of the game, due to the political turbulences of the first half of the twentieth century, the sport did only grow slowly at first (Dong & Mangan, 2001). After the foundation of the Peoples Republic of China (中华人民共和国, *zhonghua renmin gongheguo*) in 1949, the new government under Mao Zedong soon took complete administrative and financial control of the sport, largely excluding social and corporate institutions. In 1952, a unified and concentrated system of sports administration had been put in place following the creation of the National Sports Commission (中央体委, *zhongyang tiwei*; later known as General Administration of Sport [GAS]) under the central government, which would be managing all national sports policy and administration, including football (Fan & Lu, 2015). Football's administrative and governing structures were initially formed by the National Sports Commission through the establishment of the CFA as a department of the state sport agency in 1955. Under Mao sport had two main functions. Ideologically, state-organised mass sport participation should inspire, unite, and strengthen physical fitness among the Chinese people. Politically, sport should project the country's strength and superiority over other countries and political systems in elite competitions (Fan & Lu, 2015). At elite-level, local and national sport administrations established centralised training centres, which pick athletes at very early age and employs them as professionals with the aim to compete at national and international competitions. The results soon paid off as China establish itself as a footballing power in Asia by the late 1950s. This system, which is still largely in place today outside of a few sports, including football, did not involve any corporations and was fully funded by the national and local sport administrations (Dong & Mangan, 2001; Jones, 2004).

The subsequent decades were heavily influenced by the political, economic and social turbulences brought about by the political campaigns of the Great Leap Forward (大跃进, *dayuejin*; 1958-62) as well as the Cultural Revolution (文化大革命, *wenhua dagemin*; 1966-1976), which saw an almost complete standstill of the sport (Fan & Lu, 2012b; Lu, 2016).¹⁵ This disruption was even intensified by China's absence from the international sport governing bodies International Olympic Committee and FIFA from 1958 till 1979 and 1980, respectively, due to the 'two-Chinas issue' (Homburg, 2006).¹⁶ This break from the international sporting world had a severe impact on the country's sport development since it meant the cut-off from all related international sport competitions, sport development funds and knowledge exchange in a period where the sport evolved rapidly around the world (Zhang & Huang, 2004). As a

¹⁵ For instance, due to the Cultural Revolution China's national football league interrupted its operation from 1966-1973 (Fan & Lu, 2015).

¹⁶ China joined the Asian Football Confederation (AFC) in 1974, after Taiwan had previously left the association to join the Oceania Football Confederation.

result Chinese football largely stagnated during that time (Dong & Mangan, 2001; Jones, 2004).¹⁷

The death of Mao Zedong and consequent economic and administrative reforms under the new leadership of Deng Xiaoping starting in the late 1970s also brought large changes for the field of sport and especially football. While transforming the previously centrally planned economy into a more market-oriented system, sport was at the forefront towards a more commercial consumer culture. From the early 1980s, the government for the first time allowed corporations and individuals to sponsor the specialised football teams within its sport administration, easing the financial budgets of the state in the burgeoning market-based economy (Dong & Mangan, 2001). The early 1990s saw a further push of the policies largely triggered by the failure to qualify for the 1992 Barcelona Olympics. Subsequently, at the famous Hongshankou Conference (红山口会议, hong shankou huiyi), it was announced that football should pioneer China's sport reformation, following the principles of a market economy (Fan & Lu, 2013).¹⁸ Launched at the highest political level, football was soon undergoing ground-breaking reforms promoting decentralisation of authority and self-administered club operations. At the business level, the reforms brought three fundamental changes: 1) the professionalisation of China's top two leagues, 2) the commercialisation of the leagues and their clubs, and 3) the opening of clubs to private capital investment. Government-initiated sport reforms are not unique to China and can be observed across countries and time (Bergsgard et al., 2009; Houlihan & Green, 2007, 2010).

The restructured, now professional, Jia-A (甲 A 联赛, jia-A liansai) and Jia-B (甲 B 联赛, jia-B liansai) leagues, with promotion and relegation between them, kicked-off in 1994.¹⁹ Commercialisation and international knowledge transfer were promoted through a long-term deal with global sports-marketing company IMG, which was awarded the marketing rights to the league. Within a short period, numerous local and international companies got involved with the league and its clubs. The former Dalian Dockyard team (owned and managed by a local SOE and the municipal government) was bought by private, then still mostly local, real estate firm Wanda in 1993, becoming the first fully privately-owned club in China. In close symbioses with the local government and mayor Bo Xilai, Dalian Wanda FC went on to win seven Jia-A titles between 1993 and 2004 and established their owner, Wang Jianlin, as a main

¹⁷ At international level the national team was only participating in the Games of the New Emerging Forces (1963 and 1966) and AFC Asian Cup (1976) as well as several friendly games predominantly against "ally countries" of only moderate quality. For a historic record of all games of China's men's national team, see Sina (2023).

¹⁸ The government directive was in stark contrast to the professionalisation of the sport in most western countries, where independent actors had made collective decisions to transform the sport into a professional business, often taking several decades (Jones, 2004).

¹⁹ Besides the Jia-A football league, basketball, volleyball, and table tennis followed a similar path and started (non-state) professional leagues under market elements outside the state-planned system in the mid- and late-1990s (Zheng et al., 2018, p. 485). Furthermore, since the late 2000s we see an increasing number of (mostly individual) athletes partly leaving the system as well. Known colloquially as 'flying solo' (单飞, danfei) athletes in sports such as tennis (most prominently Li Na), snowboarding, motorsports, surfing, and climbing refrain from the state-managed system and manage and train themselves individually, while sharing parts of their earnings from the sport with the sport administration (Pu et al., 2019).

figure in the development of Chinese football and his company as a major national real estate conglomerate (Chadwick & Sullivan, 2019; Fan & Lu, 2013). The reforms and subsequent changes in the football landscape were welcomed by commercial companies and fans alike, attracting large crowds in the stadiums and in front of the TV. For instance, in 1996 the average stadium attendance had reached a record of 24,300 per game, more than in any other Asian country at that time (J. Zhang, 2020) (see also Figure 1). The country's football excitement was also felt at grassroot level, where participation numbers had increased substantially in the years following 1994 (Fan & Lu, 2013; Peng et al., 2022).

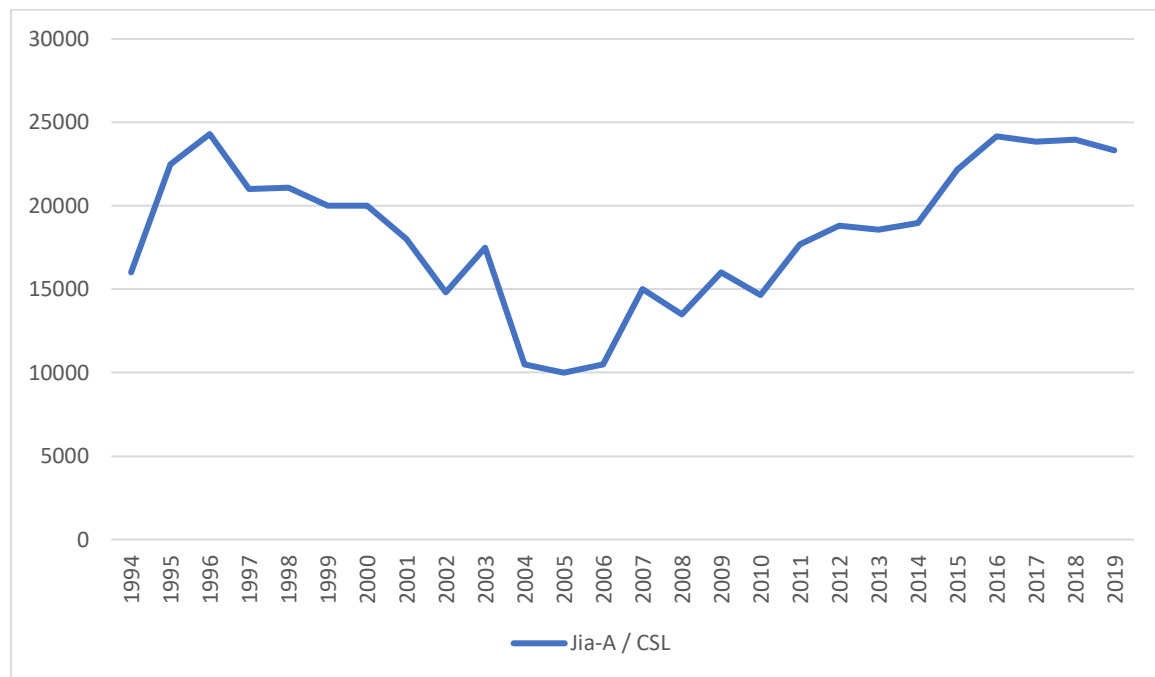
However, despite these new income sources from the market economy, due to the immaturity of the local football industry and widespread inexperience in market-based football governance and club management, clubs got increasingly dependent on their investors' cashflow (Jones, 2004; Wang, 2004).²⁰ Consequently, corporate investors – in almost all cases practising a core business outside of the sport – were no longer mere financial sponsors, but increasingly took full financial and management control of their teams.²¹ Furthermore, even though local sports administrations were gradually withdrawing from direct club funding, behind the scenes local governments often continued to be engaged and, for instance, provided athletes' sport and living facilities (Jones, 1999) or facilitated state-owned corporate sponsors and investors for financially struggling clubs (Amara et al., 2005, p. 195). In practice, the majority of club owners at that time were state-owned enterprises, thus largely keeping control within the local states (Amara et al., 2005, p. 195). The ratio of state-sponsored clubs declined slowly over the years with the majority of professional clubs in 2012 (and onwards) being owned by private investors (Fan & Lu, 2013, p. 1644). During that time some local governments tried to utilise clubs' sporting success for personal and political image-building, for instance prominently seen in the case of former Dalian mayor Bo Xilai (Xue et al., 2020, pp. 14-15), and also practiced at the National Games (全运会, quanyunhui), China's premier multi-sports event at national level (Ma & Kurscheidt, 2019b, pp. 689-690). As local governments would seek benefits from having a successful football club in their locality, especially private club investors with a core business outside of the sport would form ties with the local leadership. Such ties between clubs and local governments would often involve an exchange of benefits where investors could obtain, for instance, tax incentives, land use rights, or business licenses from local governments (Wang, 2004), essentially foreshadowing what would become common practice during the 'Chinese Football Dream.' Furthermore, at the sport governance level, the state never really retreated and continued to heavily influence the sport through the CFA, the Football Management Centre (from 1995 to its dismantling in 2016) and the GAS.

²⁰ For a rare in-depth account of the financial structures, investor-club relations, and investor-government relations during the first decade of Chinese professional football, see Wang (2004).

²¹ This is in stark contrast to the commercialisation and professionalisation model of the early Japanese J.League, which was founded around the same time as the Jia-A league in 1992. Here clubs had to be registered corporations with the club business being their only core business, thereby ensuring that club management would be professional and not dominated by other interests such as corporate advertising. The latter was exemplified by a regulation not allowing clubs being named after their owner or corporate sponsor (Amara et al., 2005, p. 199)

Nonetheless, despite extensive progress in the institutionalisation of league structures, the still young Jia-A league and Chinese football was disrupted by numerous negative incidents in the late 1990s and early 2000s, especially in the form of organised crime such as match-fixing (Jones, 2004; Liu et al., 2019). Alongside growing incidents of hooliganism and violent fan confrontation in and outside China’s arenas, many fans lost trust in the sport and average attendance numbers more than halved to an all-time low between 2004 and 2006 (not including seasons impacted by COVID-19) (see also Figure 1 below). The number of registered players at youth level fell drastically during that time (Liu, 2018). This general fan alienation was even intensified by clubs’ frequent change of owners, locations, team colours and names – a phenomenon still largely common today (Chadwick & Sullivan, 2019). When first corporations pulled out of the league, pressure on the governing bodies from the public, its clubs and the government was growing to fix the situation. In 2004 the CFA deployed a rebranding of the league from Jia-A to Chinese Super League (中超, zhongchao; in the following CSL), followed by several internal administrative changes and the establishment of the Chinese Super League Company (CSLC) in 2006, which is still centrally managing and marketing the CSL (Fan & Lu, 2013).

Figure 1 | Average Attendance in Jia-A / Chinese Super League (1994-2019)



Source: Chadwick and Sullivan (2019); Transfermarkt (2023)

Despite these efforts and a slow recovery of attendance numbers from 2007 to 2010, the league’s major problem of match-fixing continued and became somewhat of an open secret. The issue became so imminent that in 2009 the Ministry of Public Security (公安部, gonganbu) launched an anti-corruption campaign under the direction of then vice-president, Xi Jinping, inside the football industry (Fan & Lu, 2013). Between 2009 and 2012, 58 players, coaches,

referees, and officials had been convicted, some to long prison sentences and life-long bans from the sport. Among them high ranking officials, such as a former CFA vice-president, two chairmen, and the head of the CSLC. Furthermore, twelve clubs have been fined, deducted points, ordered for relegation, and even taking away their championship title (i.e., Shanghai Shenhua FC's 2003 title) (China Daily, 2013).²²

The measure proved to be effective and brought confidence back to fans and investors. Average attendance increased steadily since 2010 and big local and international investors (re)-entered the industry. The growth in sponsorship and overall stability was followed by state broadcaster CCTV (中央电视台, zhongyang dianshitai) resuming broadcasts after a three-year absence in 2012. In the early 2010s, the league experienced a period of recovery from its turbulent years that started a decade earlier, with increasing income from sponsors and investors as well as growing fan and media interest (J. Zhang, 2020).

This upward trend needs to be seen with a caveat. Compared to leading sport economies, China's football and sports industry, for the most part, was and continues to be far from mature (Liu et al., 2017; J. Zhang, 2020). Despite having promoted the marketisation of the football industry since the 1990s, especially China's professional club football remains depending heavily on its investors and the state (Ma & Zheng, 2022). Furthermore, on the pitch, international performance has been largely mediocre, with only Guangzhou FC having made acknowledgeable impact within Asia (the club won the AFC Asian Champions League in 2013 and 2015),²³ while China's national team continues to stagnate since around 2004. From 1993-2023, the men's national team has been ranked 73rd on average in the FIFA World Ranking (FIFA, 2023). Except for two runners-up at the AFC Asian Cup (1988 and 2004) and two participations at the Olympic Games (1988 and 2008 [as host directly qualified]), China only participated once in a World Cup in 2002, in which it exited the tournament after the group stage and three defeats without a goal scored.²⁴ In sum, Chinese football lays far behind its global aspirations as a sporting superpower, which has been demonstrated elsewhere in numerous Olympic summer and winter sports as well as the hosting of two Olympic Games (Fan & Zhong, 2020; Rick & Li, 2023).

[2.3] The 'Chinese Football Dream' Reforms

Since 2011, the Chinese government has put substantial efforts into changing this trend, trying to transform Chinese football and the overall sport industry, with football as a main pillar, into world class. In early 2011, the State Council (国务院, guowuyuan), China's highest executive

²² Starting in late 2022, currently the sport is experiencing another round of far-reaching corruption investigations. The ongoing investigations include high-profile representatives from the CFA, local FAs, its clubs, and investors as well as the Ministry of Education and GAS, with several representatives being expelled from their posts (Sohu, 2023).

²³ Other international achievements have been made by Liaoning FC (disbanded in 2020), earning a title (1989/90) and runners-up (1990/91), and Dalian Wanda FC (now Dalian Pro FC), earning a runner-up (1997/98) in the AFC Champions League.

²⁴ At youth level, China has not qualified for the finals of a global tournament since 2005 (Church, 2023).

and administrative government organ, convened a conference at GAS to find pathways to revive the struggling Chinese football industry and promote the country's stagnating football development. Among the conference members was Wanda's CEO, Wang Jianlin (Tan et al., 2016). In hindsight, this conference can be seen as the start of the policy formulation process or 'cornerstone event' (Chen & Naughton, 2016), which would later lead to the wider reform plans known as 'Chinese Football Dream.'²⁵ While Xi Jinping's alleged personal interest in football is frequently linked to the reforms in the media and public discourse, it is important to note that the reforms were set in motion prior to his presidency and are seen as being influenced by a range of factors, including Xi Jinping (Peng et al., 2018). Following the conference, Wanda announced a strategic partnership with the CFA in which the company would invest RMB 500 million (ca. EUR 60 million) over three years in China's football development, including RMB 60 million annually to act as title sponsor for the CSL (Tan et al., 2016). The investment was the biggest private investment in Chinese football at that time, further strengthened by the company's salary contribution for the newly appointed national team coach José Camacho later that year (Sina, 2011).²⁶ Ever since, Wanda has made numerous large-scale investments into local and foreign football and Wang Jianlin has become a close consultant for Chinese football policymaking (Tan et al., 2016).²⁷ The re-entering of Wanda onto football scene was largely symbolic, since the company exited the industry in 2000 as protest against the corruption scandals of that time (Sullivan et al., 2019). Around the same time, in early 2010, Evergrande entered the football industry by acquiring second-tier Guangzhou FC from the local Sports Bureau and would soon become China's most successful and influential football club, contributing to China's overall football development in several

²⁵ According to Chen and Naughton (2016), 'cornerstone events' are a fundamental part of contemporary Chinese policy formulation. The way the event is laid typically reflects the intentions of the leader who initiated the process. In recent years, a formal process of consultation has almost always been part of policy formulation. This includes both interested parties inside the CCP and government, and independent experts outside the government; in the case of football Wang Jianlin and Wanda. Policy-makers use this consultation process to elicit a structured consensus, which gives the policy outcome greater legitimacy. The process is typically directed towards the drafting of a broad policy document; in this case the reform papers between 2014-16 (Chen & Naughton, 2016, p. 2144).

²⁶ Private firms' contribution to Chinese football development was not a new phenomenon. For instance, in 1992, private beverage company Jianlibao in partnership with the CFA sent 22 Chinese football talents for five years to Brazil to receive professional training. Another example is German car-manufacturer Volkswagen which contributed to the salary of the Chinese national team coach Klaus Schlappner in 1992 (Dong & Mangan, 2001). However, the scope and impact of the later contributions, especially after 2014, is unprecedented.

²⁷ List of Wanda's major investments in football (excerpt): since 2011 sending Chinese youth players for trainings to Spain; 20 per cent stake in Spanish top-club club Atletico Madrid in 2015 (17 per cent shares were sold again in 2018); acquisition of global sports media-rights agency Infront in 2015; top-level sponsoring deal with FIFA and the World Cup from 2016-2030; hosting of the China Cup invitational tournament incl. China and three additional national teams from 2017-2019; sponsoring of Chinese professional football club Dalian Yifang FC (today Dalian Pro FC) from 2015-2022; strategic partnership with the Dalian municipal government in youth football development in 2019; establishment of youth training academy in Dalian in 2019 (Liu et al., 2017, pp. 7-8).

ways.²⁸ The club started to invest heavily in players and coaching staff to improve their sporting level in the shortest possible time, coining the term ‘Golden Dollar Football’ (金元足球, jinyuan zuqiu), as opposed to a more youth development focussed model. In sum, alongside the anti-corruption campaign in football of that time, the central government was signalling the revival of Chinese football with the help of the private sector.

A few months after the high-level conference at GAS, in July 2011, China’s vice-president at that time, Xi Jinping, for the first time outlined his wish “to qualify for the World Cup, to host the World Cup and to win the World Cup” (Sina, 2011). In the subsequent years the ‘Chinese Football Dream’ was brought onto the highest political agenda predominantly through three major strategic reform documents: ‘Accelerating the Development of the Sports Industry to Promote Sport Consumption’ (加快发展体育产业促进体育消费, jiakuai fazhan tiyu chanye cujin tiyu xiaofei), ‘The Overall Reform Plan for the Reform and Development of Chinese Football’ (中国足球改革发展总体方案, zhongguo zuqiu gaige fazhan zongti fang'an), both issued by the State Council (State Council, 2014, 2015), and ‘Chinese Football Medium to Long Term Development Plan 2016-2050’ (中国足球中长期发展规划 2016-2050 年, zhongguo zuqiu zhong chang qi fazhan guihua 2016-2050 nian), issued by the National Development and Reform Commission (国家发改委, guojia fagaiwei) (NDRC, 2016), China’s major macroeconomic steering agency under the State Council.²⁹ These strategic documents can be seen as the central directives to develop a sports economy worth USD 800 million – with football as its main pillar – and 500 million people regularly participating in sports by 2025 (State Council, 2014), professionalise China’s football system and governing bodies (State Council, 2015), while ultimately transforming China to a world leading “football nation” until 2050 (NDRC, 2016). For the Chinese party-state the reforms “serve broad economic and socio-political ends,” including the promotion of a healthier lifestyle, patriotism and national unity, middle-class consumption and a shared national identity (Sullivan et al., 2019, p. 494). Centrally initiated football development plans were not new in Chinese sport history, however, the reforms’ depth and scope as well as top-level government support was unprecedented.³⁰

Among the three policy documents the ‘Chinese Football Medium to Long Term Development Plan 2016-2050’ (NDRC, 2016) is the most concrete and includes numerous key objectives

²⁸ List of Evergrande’s major investments in football (excerpt): establishment of Evergrande Football Academy, the world’s largest football academy, in 2012; establishment of Evergrande Football Academy Spain branch in 2014; contributing to salary of national team coach Marcello Lippi from 2016-2019; releasing their club’s coach, Fabio Cannavaro, act as interim coach for the national team in 2019; construction of world’s biggest football-only arena in Guangzhou in 2020 (construction stopped and project was handed to the local government in 2022); covering the costs for the naturalization of several players for the national team around 2019 (Liu et al., 2017, pp. 7-8).

²⁹ Since 2014, alongside the three mentioned documents various agencies of the Chinese government have issued additional documents and official speeches dealing in more detail with the issues outlaid in the initial strategic papers.

³⁰ For instance, in 1993 at the Bangchui Island Football Working Conference (棒槌岛足球工作会议, bangchuidao zuqiu gongzuo huiyi) the CFA announced a 10-year-plan in which China should establish itself among the top 16 teams in the 2002 FIFA World Cup. The plan included a stronger focus on international knowledge and training exchange, but generally failed its goals.

and milestones divided into three timeframes: short-term (2016-2020), medium-term (2021-2030), and long-term (2031-2050). The first timeframe (2016-2020) focusses on including football into compulsory education at a large number of schools, having the stated target of 30 million primary and secondary school children actively involved in football at 20,000 so called ‘specialised football schools’ (特色足球学校, *tese zuqiu xuexiao*).³¹ On a broader level the short-term plan aims to get 50 million people regularly playing football, while making 70,000 football pitches available to the public (equal to 0.5-0.7 pitches per 10,000 person). This first phase is laying the groundwork for mass sport participation and its infrastructure, a largely new direction in China’s reform-era sport policies, which largely neglected mass participation (Zheng et al., 2018). In the second phase (2021-2030), the plan aims to further expand football mass infrastructure through making one pitch available for every 10,000 citizens. Emphasis in this phase is given to the advancement of the campus, amateur, and professional football systems. Furthermore, football should become the engine of China’s sport economy. From a sporting perspective the professional league organisation and competition should reach top level in Asia, alongside a men’s national team which can compete with Asia’s top teams. The women’s team on the other hand should return to world class. For the third phase (2031-2050) the overarching goal is to establish China as a world leading football nation (NDRC, 2016). These key objectives are complemented by more detailed policy directions considering the emphasised sectors, but never offer more than a guideline or general framework.

According to Chen and Naughton (2016) the exact implementation of these (often vague) “keystone policy documents” is delegated to the state apparatus (government ministries, provincial and municipal governments, and SOEs), which should take these policies as a framework that needs to be “fleshed-out” according to local needs and capacities. Since the publication of the central reform documents, many local governments have followed suit and published similar plans broken down to their specific local circumstances. As the policy goals are mostly vague in their formulation, local officials enjoy some leeway in their implementation of the reforms, thus, leading to diverse government-initiated football development programs and varying enthusiasm across regions (Sullivan et al., 2019). However, officials are incentivised, sometimes pressured by peer competition (Leng & Zuo, 2022; Xu, 2011), to contribute to the reforms through the cadre evaluation system, introduced in Chapter 1.

[2.3.1] The ‘Chinese Football Dream’ in International Comparison

Similar cases of state-initiated sport and sport industry development plans have been observed elsewhere, for instance, in Saudi Arabia (Chadwick & Widdop, 2022), Qatar (Grix et al., 2019), Bahrain (Nassif, 2022), Kazakhstan (Eggeling, 2020) Russia (Grix & Kramareva, 2017) and South-Korea (Hongik, 2004). Besides the development in the sporting arena, most of these programs aim to restructure or diversify the local economy or enhance the country’s soft-power abroad, other underlying incentives are largely individual across cases (e.g., domestic health

³¹ ‘Specialised football schools’ must include football in their curriculum and offer a specified minimum of football infrastructure, administration, and personnel in their institutions.

issues, global market access, geopolitics, global security, “sport-washing”). Equally diverse are the countries’ strategies to achieve these goals. For instance, while Qatar (Reiche, 2015) and Saudi Arabia (Ettinger, 2023) – sport programs frequently compared with China in recent years – predominantly utilise centralised state-controlled sovereign wealth funds to invest into the global and local sports industry, including several local and international football clubs, China’s latest club investment surge has been largely driven by private investors, mostly decentralised and without direct interference by the central government. For instance, Saudi Arabia’s Public Investment Fund (PIF) controlled by the country’s Crown Prince currently controls four of the country’s most prolific clubs as well as English Premier League side Newcastle United, alongside numerous large-scale investments in other sports and industries (Panja & Al Omran, 2023). In China, on the other hand, most of the industry’s expansion was driven by private firms, often underlying Corporate Political Strategies, while the few state-owned clubs have been largely established before the reforms in 2014 or are a result of local governments’ rescue plans. In sum, while China’s football reforms were initiated at central level and the central state still largely controls its governance structures, as most investments are driven by private corporations and decentralised local governments with individual incentive structures, the reform’s implementation on ground unfolds largely different to the examples above.

[2.3.2] State-Business Relations in the ‘Chinese Football Dream’

Triggered by the reforms and the preceding success story of Evergrande’s investment in football – after the firm’s takeover in 2010 the club instantly won several national and international titles – all over the country firms rushed into the market. From sports media and production, over marketing and events, to training and education, all fields of the football value chain experienced an unprecedented economic expansion (Liu et al., 2017).³² Besides local actors, numerous foreign football entities and adjacent businesses actively sought out opportunities to engage with this burgeoning global football actor. Arguably this “gold-rush” was most vividly felt in China’s football club landscape. For instance, in 2014, private e-commerce conglomerate Alibaba acquired a 50 per cent stake in Guangzhou Evergrande FC for a reported RMB 1.2 billion (ca. EUR 160 million). In late 2015, private electronics retailer Suning Appliance Group (苏宁电器集团, suning dianqi jituan; in the following Suning) acquired Jiangsu Sainty FC for RMB 523 million (ca. EUR 70 million), alongside several more local and international high-profile acquisitions in the sports and sports media industry. In addition to these private enterprises, a limited number of SOEs also invested in the realm of football. For instance, in late 2014, Shanghai International Port Group (上海国际港务集团,

³² The economic expansion and engagement through football was also felt outside of China, as Chinese firms heavily invested into foreign professional clubs, leagues and governing bodies, players and coaches, technical and educational staff, and infrastructure as well as sport and media agencies. In many cases the investors would fully takeover the foreign firm. However, acquisitions generally reduced drastically from mid-2017 after the Chinese government limited foreign investments in sport clubs (among other sectors) (Slater, 2020; State Council, 2017). Some of these investments were executed in what might be described as “strategic locations,” such as points on the Belt and Road Initiative (Junior & Rodrigues, 2020) or followed the long-established practice of “stadium diplomacy” (Dubinsky, 2021).

shanghai guoji gangwu jituan; in the following SIPG), a SOE under the Shanghai municipal government, acquired local Shanghai East Asia FC for an estimated RMB 250-300 million (ca. EUR 33-39 million), establishing the club as one of China's top teams and big spenders. At the same time, some of the most high-profile clubs spent millions of Euros on international and local star players, exhibited by the CSL outspending all international leagues in spring 2016 (Hidalgo Martinez, 2021).

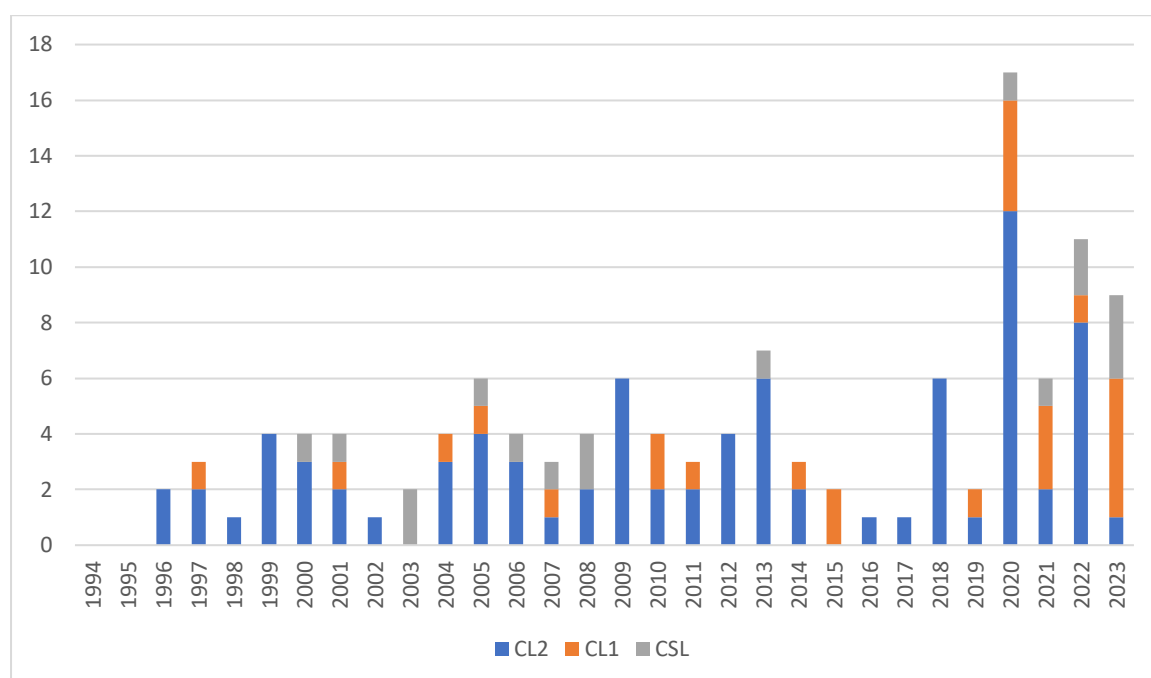
Instructed with the implementation of the reforms on-ground, local governments often lack the financial capacities, knowledge, and network to promote the policies and consequently often seek help from private and state-owned economic actors. Businesses, on the other hand, know of these constraints and actively demonstrate their reform support, often including high-profile political PR campaigns. However, the exact motivations of such investments are largely individual and often hard to pin-down. While company's like Evergrande and Suning emphasised the marketing character of their football investment, a small number of academic articles gives, at least in part, evidence that some of China's football expansion was motivated by political calculi (Liu et al., 2020; Ma & Kurscheidt, 2019a; Ma & Zheng, 2022; Sullivan et al., 2019; Wang & Jin, 2016; Xue et al., 2020). These firms invest into football clubs for political reasons and only secondarily, if at all, aim at developing the sport, its business or fan culture. For instance, Wang and Jin (2016) were first to point out the significance of the high concentration of real estate firms in football, seeing recognition and policy support (especially acquiring land) from local governments as major driving factors behind firms' investments. Xue et al. (2020) link these developments to the concept of *guanxi*, a distinct form of Chinese reciprocal social relations which will be explained in more detail in the Theoretical Framework Chapter 4, stating "Chinese entrepreneurs engaging in sponsoring CSL clubs, buying foreign clubs in major European football leagues, and marching into global sport media and marketing industry, became a strategy of building and maintaining *guanxi* with government officials in order to further secure essential business opportunities and resources" (p. 15). However, football investments might also create revenues from spillover effects related to their core business. For instance, as firms would invest into a local football club, they can potentially benefit from the real estate business surrounding the stadium and training facilities. Following this line of thinking, Ma and Kurscheidt (2019a) note "it is supposed that club owners want both to please local governmental authorities and officials to benefit from spillovers and economies of scope related to their primary companies" (p. 14). The complexity of underlying incentives is further captured by Liu et al. (2020), taking Guangzhou FC as a case, the authors note, "despite significant losses at club-level, Evergrande FC has captured unparalleled value for the whole group" (p. 16). This "value" can take many forms for the parent company – economic, social, and political – and goes beyond the football industry and sports context. According to the authors, "these benefits are probably the most strongly motivating reasons for investing in football in China" (Liu et al., 2020, p. 16), further emphasizing the significance of these incentives for China's football industry growth until 2020.

[2.3.3] Reform Trajectory

The football reform series launched in 2014 underwent multiple adjustments and were significantly impacted by external events over the years, as a result profoundly shaping the development path of Chinese club football. The initial two years of the reforms witnessed an unparalleled surge in investments within Chinese football and its adjacent businesses. However, much of the expansion was driven by speculation, excessive demand, and investor enthusiasm underlying political calculi rather than economic logics, thereby creating a “market bubble” with largely unprofitable clubs (J. Zhang, 2020; Zuser, 2020). After numerous clubs had attracted international star players for extraordinary transfer fees and salaries from Europe and elsewhere (Hidalgo Martinez, 2021), the CFA, in May 2017, imposed several regulations heavily curbing “irrational” player transfers, alongside regulations promoting the development of domestic players (CFA, 2017a, 2017b). This focus on state-favoured projects and domestic development was further emphasised by China’s central government when the State Council, in August that same year, issued a regulation restricting overseas investments in several economic sectors, including foreign sport clubs (State Council, 2017). The two sets of regulations generally lowered enthusiasm among local investors, corporate sponsors, and media companies, which feared a decline in public interest, but did not impair the reform’s trajectory substantially (e.g., game attendance numbers and club investments remained relatively stable until 2020). The following years brought several further regulations by the CFA generally aiming at a more stable and self-sustaining business model among clubs that would limit player salaries, club expenses and debts, while demanding youth player development and professional management structures (CFA, 2020). Meanwhile, clubs’ marketing utility was strongly constrained as regulations imposed before the 2021 season banned corporate names from official club names, rendering firms’ club involvement less obvious.

With the start of the pandemic in 2020 and China’s zero-COVID policy the domestic football economy was severely impacted, leading to the effective collapse of the industry in 2021. League matches were played for two seasons without spectators, clubs refusing to participate in the AFC Champions League, and the national team playing outside of the country for almost two years while failing to qualify for the 2022 World Cup, generally curbing enthusiasm for the sport. Industry regulations and post-COVID headwinds have notably affected the real estate sector, easily the most intertwined with football investment, adding to the financial volatility that saw more than 40 professional clubs cease operation since 2020. In comparison, during the period from 1992 to 2014, Germany (30), France (40), and England (44) documented significantly fewer instances of club bankruptcies within their respective top three football divisions (Szymanski & Weimar, 2019, p. 61), even amid the challenges posed by COVID (Alabi & Urquhart, 2023). For an overview of the situation in China, please see Figure 2 presenting each season’s number of disbanded clubs from 1994 to 2023.

Figure 2 | Number of disbanded clubs in China's top three divisions (1994-2023)



*2023 data until May

Source: own illustration; data from You (2021) and Chen (2023)

Commencing in August 2020, the Chinese government implemented far-reaching regulations, commonly referred to as the ‘three red lines’ (三条红线, *santiao hongxian*), aimed at curtailing excessive corporate debt. These regulations had a profound impact on various sectors, with the real estate industry, particularly market leader Evergrande, experiencing significant liquidity challenges. The repercussions of Evergrande’s financial turbulences extended throughout the real estate sector, leading to severe distress for many companies. Given football’s strong dependence on the real estate industry, the effects of this crisis were also felt in the realm of football. Numerous football clubs owned by real estate companies were either sold or ceased their operations. In the case of Evergrande, the company was pressured to transfer most of its established players to sustain financial stability, resulting in its relegation to CL1 in 2022. Furthermore, China withdrew its hosting rights for several international football events before lifting its COVID restrictions, including the 2021 FIFA Club World Cup and 2023 AFC Asian Cup, both of which were considered milestones towards hosting a World Cup. Amid an increasingly complicated foreign relations environment and deeply-rooted economic problems, Chinese leaders have largely turned to more pressing issues than football. On top of all that, since the end of 2022, China’s football governance is heavily disrupted by the biggest corruption investigation since over a decade, leading to the fall of numerous top executives within the CFA, clubs, investors, sport, and education administration.

[2.6] China's Sport Administration, Football Governing Bodies and Clubs

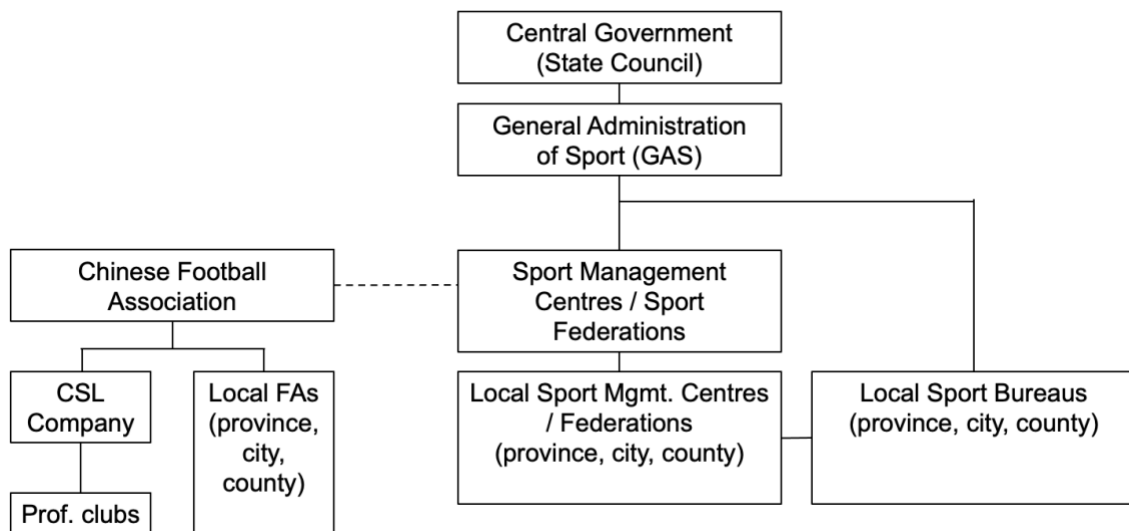
The remaining sections of the contextual background chapter will present a brief introduction of China's sport administration and football governing bodies as well as clubs' league systems, ownership forms and financial situation relevant for this research.

[2.6.1] General Administration of Sport (GAS)

Like all other Olympic sports in China, until 2016, football was fully governed as part of GAS (国家体育总局, *guojia tiyu zongju*). Being directly linked to the State Council, GAS is sitting at the top of its centralised organisational structure, as part of the state apparatus and tightly controlled by the highest levels of government. Its overarching goal is the development of elite sport, which has been heavily utilised for political reasons by the CCP, while largely neglecting mass sport participation (Zheng et al., 2018). Even though this trend has seen a slight change in recent years due to public health issues and its hoped improvement through mass sport participation, the general "priority status of elite sport is secure because of its multiple political, social and economic functions" (Zheng et al., 2018, p. 484).

Focussing exclusively on Olympic sports and their disciplines, each sport is administered by a 'Sport Management Centre' (运动管理中心, *yundong guanli zhongxin*) responsible for the development of the respective sport. All national sports associations, such as the Chinese Basketball Association (中国篮协, *zhongguo lanxie*) (CBA), are directly affiliated to their management centre and often in practice not distinguishable from each other. Down the administrative ladder, local management centres and their linked sports associations are led by the local sport bureaus, which are part of the local governments. Officially GAS and the national sport management centres have only a mentoring relationship with their corresponding agencies at local level, however, local agencies are expected to comply with national policies regarding nationwide and Olympic Games-related issues (Zheng et al., 2018). In practice, local sport policy is mostly determined by the local governments, as they provide most funding and enjoy legal authority. In this system, local governments often try to utilise local sporting success for their personal and political image-building, like seen in the National Games held every four years, consequently further favouring short-term elite success over mass participation and grassroots development (Ma & Kurscheidt, 2019b). Figure 2 shows the organisational structure of China's sport and football administration since 2016.

Figure 3 | China's Sport and Football Administrative Structure since 2016



Source: own illustration based on Zheng et al. (2018)

From 1995 until 2016, football was fully governed by the Football Management Centre (足球运动管理中心, *zuqiu yundong guanli zhongxin*) alongside the CFA as part of GAS (Zheng et al 2018). As part of the ‘Chinese Football Dream’ reforms the CFA was officially decoupled from GAS at central and local level (Peng, 2021), for the first time refraining from direct control of the development of a national sport (Ma & Kurscheidt, 2019a). However, the decoupling continues to be challenging, as especially local FAs have only very limited budgets available and rely on local sport bureau funds (Peng et al., 2021). Additionally, political interference in the operation and agenda setting of national and local FAs is the norm, further limiting footballs actual autonomy from the state (Ma & Kurscheidt, 2019a).³³

[2.6.2] Chinese Football Association (CFA)

The CFA is mainland China’s highest football governing body and manages and oversees its national teams at all levels, its professional competitions (CSL, CL1, CL2, CFA Cup, CFA Super Cup) as well as youth competitions (youth leagues), parts of China’s amateur football, beach soccer and futsal national teams and competitions, all official training programs for referees, coaches, managers and sports doctors (all entities for men and women), a national training base, as well as a football marketing and event company (CFA, 2018). Officially, and

³³ Among the other sports that transitioned towards a more market-based elite sport system in the 1990s (basketball, volleyball, table tennis) the state similarly continues to have strong influence on their leagues and clubs. For instance, in Chinese basketball, considered China’s second most professional and commercial sport after football, the state frequently interferes in sport governance issues at central and local level. At local level, CBA clubs are even more prone to state influence than their CSL-peers as governments either maintain shares in basketball clubs or work in close partnership through youth training and facility provision (Kang et al., 2019).

to satisfy prevailing FIFA institutional rules,³⁴ the CFA is a non-governmental ‘social organisation’ (社会组织, shehui zuzhi), however, in practice the organisation is largely controlled by the state (see also previous section on GAS) (Ma & Kurscheidt, 2019a). Today, the CFA’s central governing body is the general assembly of its membership, currently consisting of 50 regional and industry/sport-related football associations,³⁵ which among other duties elects the CFA president (Ma & Kurscheidt, 2019a). Funding derives mostly from commercial sponsoring and licenses, its share in the CSL (both make about 80 per cent of CFA’s income, with most coming from the CSL), and funds from GAS, showing a clear *financial* break from the central government sport agency (Yu, 2019).³⁶ Despite its diverse field of responsibilities, the CFA’s attention and resources largely centre around the men’s national team, resulting in frequent interference in league and club operations in favour of the national team (Ma & Kurscheidt, 2019a), while harming long-term sport and business development (Xinhua, 2019). Starting end of 2022, several high-level CFA representatives are under investigation for corruption, largely disrupting the organisation’s operational management (Sohu, 2023c).

[2.6.3] Chinese Super League Company (CSLC)

China’s highest professional football league, CSL, is officially managed by the holding company CSLC (中超公司, zhongchao gongsi). Despite initial plans to transfer its shares to the clubs, ever since its foundation, the company is co-owned by the CFA (36 per cent), its controlling shareholder, and all current first division CSL-clubs (4 per cent each). The CSLC controls and centrally sells the rights for broadcasting, advertisement, sponsorship, club jersey supplier and official match ball of the league and its competition. All income from these right sales is distributed according to its shareholder distribution, with the biggest share going to the CFA. The clubs retain only partial advertisement rights, club sponsoring rights (e.g., jersey sponsor) but manage club-inherent assets like ticket sales and merchandise exclusively (Tan & Bairner, 2010).

According to CSL’s Business Value Evaluation White Paper (Deloitte & CSL, 2019), in 2018, income from broadcasting rights and sponsorship were CSLC’s main sources for its total income of RMB 1.59 billion (ca. EUR 200 million). The two income sources saw a large increase since the start of the current reforms, accumulating to annually RMB 1 billion (ca. EUR 128 million) from broadcasting rights (a 14-fold increase compared to their last rights-cycle 2012-15) and RMB 465 million (ca. EUR 59 million) from sponsorship (a 3-fold increase

³⁴ According to FIFA’s official statutes, all member associations must be free from any political interference in their respective countries (FIFA, 2021, p. 17). The world football governing body has repeatedly enforced this rule by temporarily banning members from all FIFA competitions and development programmes, however, its stance on the Chinese FA (among other associations) has remained soft for various reasons (Vandenberg, 2023).

³⁵ Among the 50 member associations there are 32 associations at the provincial level (including 4 municipalities directly under the central government), 13 associations at municipal level, and 5 industry and sport associations (Coal Mine Sports Association, Locomotive Sports Association, Xinjiang Production and Construction Company Association, Enterprise Sports Association, and China University Sports Association). For a list of all member associations, see CFA (2023).

³⁶ For a breakdown of CFA’s income and expenditures with data from 2017 and 2018, see Yu (2019).

since 2013), but are likely to drop again sharply due to the current turbulences felt in the industry (Deloitte & CSL, 2019). For instance, many long-term contracts have already been renegotiated or cancelled in recent years. Colloquially being named “mini-CFA” the CSLC in practice does not manage its operations and resources according to the distribution of shares and clubs have only very limited say in the overall operation and agenda setting of the league organisation.³⁷ During the general assembly in August 2019, former CFA president, Chen Xuyuan, announced the decoupling of the CSLC from CFA, with CFA’s shares being relinquished and a controlling committee by its clubs established (Xinhua, 2019), however, this proposition has not been forthcoming as of May 2023.

[2.6.4] China’s Professional and Amateur Football League System and Clubs

China’s professional football clubs compete in three divisions with a system of promotion and relegation between them. Due to the high number of disbanded clubs, COVID regulations and strategic management decisions by the CFA, the number of participating clubs and competition format has changed considerably in recent years. In 2021, the year in which most data for this study were collected, China’s first division, the CSL, held 16 clubs, its second division, League One (中甲, zhongjia; in the following CL1), 18 clubs, and its third division, League Two (中乙, zhongyi; in the following CL2), 24 clubs. Below the three professional nationwide leagues, the CFA member associations organise different forms of amateur competitions, league and cup competitions, at local level. On top of this amateur football pyramid sits the CFA Members Association Champions League (中冠联赛, zhongguang liansai; in the following CMCL) to which around 60 amateur teams qualify each season through their local association competitions or recommendation. The top three teams of the CMCL get promoted to China’s lowest professional league, CL2. However, due to many clubs ceasing operations in recent years, even clubs without qualification often move up leagues to fill up the empty spots left from the disbanded clubs.³⁸

When examining clubs’ ownership status, as required by the CFA, all club are registered as corporate entities in the form of a limited company (Kang et al., 2019). These clubs can be divided into four ownership categories: privately-owned, SOE-owned, state-owned, and

³⁷ For instance, only in recent years have club and CSLC representatives been invited to CFA assembly meetings, which generally determine the direction of the league, while the right to vote for any major decisions persists exclusively with the member associations. Furthermore, until now all CEOs of the CSLC have previously been officials of the CFA.

³⁸ At youth level, outside the league system under the CFA, the Ministry of Education (教育部, jiaoyubu; MoE) and the Education Bureaus (教育局, jiaoyuju) at local level are operating a school and university league system. At the top of this system is the nationwide China University Football League (大学生足球联赛, daxuesheng zuqiu liansai) and China Youth Campus Football League (青少年校园足球联赛, qingshaonian xiaoyuan zuqiu liansai). However, player exchange and synergies between the CFA and MoE system are limited (Peng et al., 2022). As a result, in 2022, GAS, Ministry of Education and CFA established the China Youth League [青少年足球联赛, qingshaonian zuqiu liansai], which allows youth teams from educational, social and professional football clubs to participate at ten different age levels.

mixed-ownership.³⁹ These categories are for illustration purposes and in practice we see numerous clubs being part-owned by several owners (with different backgrounds) at the same time. For an overview of season 2021, please see Table 1 showing the season's top three division professional football clubs, including information on their owners, company form and investor's core business.

Table 1 | Ownership Structure Top Three Division Football Clubs (2021)

Club	Chinese name	Est.	Main Owner(s)	Comp. form	Business field(s)
CHINESE SUPER LEAGUE					
Beijing Guoan FC	北京国安 FC	1992	Sinobo (中赫置地)	private	real estate
Cangzhou Mighty Lions FC	沧州雄狮 FC	2011	Yongchang (Ever Bright) Real Estate Group (永昌地产集团)	private	real estate
			Cangzhou Construction Investment Group (沧州市建设投资集团)	SOE	construction
Changchun Yatai FC	长春亚泰 FC	1996	Changchun Jiarun Investment Management (长春嘉润投资管理有限公司)	SOE	investment, asset mgmt.
Chongqing Liangjiang Athletic FC	重庆两江竞技 FC	1995	Desports Group (双刃剑体育发展)	private	sports marketing
			Lifan Group (重庆力帆控股)	private	automotive
Dalian Professional FC	大连人职业 FC	2009	Dalian Yifang Group (大连一方集团)	private	real estate
Guangzhou FC	广州 FC	1993	Evergrande Real Estate Group (恒大地产集团) (60%)	private	real estate
			Alibaba Group (阿里巴巴) (40%)	private	e-commerce
Guangzhou City FC	广州城 FC	2011	Guangzhou R&F Properties (广州富力地产)	private	real estate
Hebei FC	河北 FC	2010	China Fortune Land Development (华夏幸福)	private	real estate
Henan Songshan Longmen FC	河南嵩山龙门 FC	1994	Jianye Residential Group (建业住宅集团) 30%	private	real estate
			Zhengzhou Development and Investment Group (郑州发展投资集团) (40%)	SOE	development, investment
			Luoyang Culture Tourism Group (洛阳文旅发展集团) (30%)	SOE	tourism, culture
Qingdao FC	青岛 FC	2013	Shenzhen Hengye Investment Group (深圳市衡业投资集团) (63%) - all 4 investors belong to Huanghai Zhiyao Pharmaceuticals (青岛黄海制药有限责任公司)	private	pharma, logistics, warehouse, gas
			Qingdao Huanghai Health Industry Group (青岛黄海医药集团) (27%)	private	pharma consulting & mgmt.
			QD Manatee Jinhao Investment (青岛海牛锦灏投资) (6%)	private	food wholesale

³⁹ Besides these ownership forms there are currently two clubs that are essentially invested and controlled by foreign entities, namely Sichuan Jiuniu FC (linked to UAE-US-China holding company City Football Group) and Qingdao Red Lions FC (linked to Dutch businessman Piet van der Pol). However, likely due to CFA's unclear regulations regarding foreign ownership, both teams are officially owned by Chinese companies.

			QD Comm. Mgmt. Manatee Plaza (青岛海牛中央广场商业管理) (4%)	private	property mgmt., real estate
Shandong Taishan FC	山东泰山 FC	1993	Jinan Culture Tourism Group (济南文旅集团旅游开发) (40%)	SOE	tourism, culture, sport
			Shandong Electric Power Group (国网山东省电力) (30%)	SOE	energy
			China Green Development Investment Group (中国绿发投资集团) (30%)	SOE	energy, real estate
Shanghai Port FC	上海海港 FC	2005	Shanghai International Port Group (上海国际港务)	SOE	port operator
Shanghai Shenhua FC	上海申花 FC	1993	Greenland Group (上海绿地集团)	private	real estate
Shenzhen FC	深圳市 FC	1994	Keyu Hotel Management Group (可域酒店管理) (90%) - subsidiary of Kaisa Group	private (HK)	management service company
			Wan Hongwei (万宏伟) (investor and previous chairman since 2009)	private	investment
Tianjin Jinmen Tigers FC	天津津门虎 FC	1998	Guohong Enterprise Management (国宏企业管理)	SOE	Mgmt. consulting
			TEDA Investment Holding (天津经济技术开发区投资)	SOE	land development, real estate, finance (among others)
Wuhan FC	武汉 FC	2009	Zall Holding (卓尔集团)	private	logistics, finance (among others)
CHINA LEAGUE 1					
Beijing BIT FC	北京理工大学 FC	2000	Beijing Institute of Technology (BIT) (北京理工大学)	state	public education
			Jingjiajing Sports Culture Media (竞佳境体育文化传媒) - CEO Joan Oliver; part-owned by Spanish CSSB	private (foreign)	sport development, exchange, sport goods
Beijing BSU	北京北体大 FC	2019	Beijing Sport University Training Center (北京北体大体育培训中心) (55%)	SOE	sport enterprise of BSU
			Beijing Beikong Sports and Culture Group (北京北控文化体育) (35%)	SOE	infrastructure; food, tourism (among others)
			Beijing Dongfang Longwei Sports Culture Development (10%) (北京东方龙威国际体育文化发展)	private	sports, culture
Chengdu Rongcheng FC	成都蓉城 FC	2014	Chengdu Better City Investment Group (成都兴城投资集团) (95%)	SOE	land development, infrastructure, environmental governance
			Chengdu Derui Football Training Center (成都德瑞足球培训中心) (5%)	private	youth football training
Guizhou FC	贵州 FC	2005	GZ Hengfeng Weiye Real Estate Development (贵州恒丰伟业房地产开发) (66%)	private	real estate
			GZ Zhicheng Enterprise Group Investment (贵州智诚企业集团投资) (34%)	private	real estate
Heilongjiang Ice City FC	黑龙江冰城 FC	2015	Heilongjiang Volcanic Spring Group (黑龙江省火山鸣泉绿色天然矿泉水) (71%)	private	drinking water
			Heilongjiang Dake Highway Maintenance (黑龙江大可公路养护股份) (29%)	private	highway construction and management
Jiangxi Beidamen FC	江西北大门 FC	2012	Jiujiang Liansheng Group (九江联盛实业集团)	private	mining
Kunshan FC	昆山 FC	2018	Kunshan Cultural Business Travel Group (昆山文商旅集团) (35%)	SOE	investment, tourism, culture

			Jiangsu Changao Sports Development (江苏常奥体育发展) (36%)	private	sport events, sport team operations
			Kunshan Changao Sports Culture (昆山常奥体育文化发展) (28%)	private	sport events, sport team operations
Liaoning Shenyang Urban FC	辽宁沈阳城市 FC	2015	Shenyang Urban Construction college (沈阳城市建设学院)	private	football development, private education
Meizhou Hakka FC	梅州客家 FC	2013	Liao Zhigao (廖志高) (private investor) (50%) - CEO of Wuhua Agricultural Development	private	food, agriculture
			Li Jianhong (李剑洪) (private investor) (49%) - owner of Wuhua New Wisdom Investment + Wuhua Xinjinwei Concrete	private	construction, real estate, investment
Nanjing City FC	南京城市 FC	2014	Nanjing Dingzhu Power Equipment Engineering (南京鼎竹电力设备工程) (60%)	private	power facility installation
			Jiangsu Fengfan Construction Group (江苏枫帆建设集团) (30%)	private	construction
			Nanjing Dongleyu Sports Culture Development (南京东乐宇体育文化发展) (10%)	private	sport events
Nantong Zhiyun FC	南通支云 FC	2016	Nantong Runtian Fuel (南通润天燃料) (71%)	private	coal, machinery
			Zhongru Construction Engineering Group (中如建工集团) (29%)	SOE	construction, real estate
Shaanxi Chang'an Athletic	陕西长安竞技 FC	2016	Zhang Xinyu (张新宇) (50%) - part-owner of Shaanxi Jema Sports Culture Communication	private	sport events
			Liu Libo (刘立波) (50%) - owner of Linwei District Tianhai Building Materials	private	building materials, construction
Sichuan Jiuniu FC	四川九牛 FC	2006	City Football Group (城市足球集团)	private (foreign)	football clubs
			Beijing Xianghui Cultural and Creative (北京映像汇文化创意有限公司) (90%)	n/a	n/a
Suzhou Dongwu FC	苏州东吴 FC	2015	Shanghai Ruiying Management Consulting (上海睿颖管理咨询)	private	corporate management consulting, property management (among others)
Wuhan Three Towns FC	武汉三镇 FC	2013	Wuhan Shangwen Star Sport (武汉尚文之星体育产业) - owned by Benhui Jituan (武汉本汇高科技产业投资集团)	private	sports (IT technology investment)
Xinjiang Tianshan Leopard	新疆天山雪豹 FC	2011	Urumqi Juntai Real Estate (乌鲁木齐君泰房地产)	private	real estate
Zhejiang Professional FC	浙江职业 FC	1993	Greentown Real Estate Group (绿城房地产集团) (50%)	private	real estate
			Zhejiang Energy Group (浙江省能源集团) (50%)	SOE	energy
Zibo Cuju FC	淄博蹴鞠 FC	1982	Shandong Sanyao Electronic Technology (山东三耀电子科技) (71%)	private	computer software and hardware development
			Wang Hongtao (王洪涛) (private investor) (29%)	private	construction, engineering
CHINA LEAGUE 2					
China u20 National Team	u20 国家队		CFA (中国足协)	state	FA
Dandong Tengyue FC	丹东腾跃 FC	2015	Xie Wenqiang (解文强) - chairman of Dandong FA (private investor)	private	sports, building materials, logistics, electronics
			Liu Jixian (刘积娴) (private investor)	private	wholesale, retail,
			Wang Sitong (王嘉旭) (private investor)	private	sports development
			Wang Dan (王丹) (private investor)	private	clothing, manufacturing

			Hu Chenyu (胡晨宇) (private investor)	private	sports development
Dongguan Guanlian FC	东莞莞联 FC	2016	Hunan Lianghetang Real Estate Development (湖南良和堂控股集团)	private	real estate
Guangxi Pingguo Haliao FC	广西平果哈嘹 FC	2018	Luo Xuan (骆璇) (private investor)	private	construction, real estate
			Liang Zhenhua (梁振华) (private investor)	private	construction, real estate, asset management
Hebei Kungfu FC	河北功夫 FC	2018	Elite Sports Development Group (精英体育发展集团)	private	sport events
Hebei Zhuoao FC	河北卓奥 FC	2009	United Vansen Sport (合力万盛)	private	sport events, club (also owns Ado den Haag), real estate
Hubei Istar FC	湖北青年星 FC	2016	Xinghui Hesheng International Sports Culture (星辉合盛国际体育文化)	private	Culture, Sports and Entertainment
Hunan Billows FC	湖南湘涛 FC	2006	Zhong Faping (钟发平) (private investor) (90%)	private	energy, pharmaceuticals, tech
			Wu Fengmei (伍凤梅) (private investor) (10%)	private	n/a
Inner Mongolia Caoshangfei FC	内蒙古草上飞 FC	2015	Caoshengfei Trading (草上飞贸易)	private	cosmetics, e-commerce
Kunming Zheng He Shipman FC	昆明郑和船工 FC	2017	Yunnan Kunlu Sports Culture Communication (云南昆陆体育文化传播)	private	football development
Qingdao Manatee FC	青岛海牛 FC	1990	China Zhongneng Group (青岛中能集团)	private	cables, electronics, communications, real estate (among others)
Qingdao Red Lions FC	青岛红狮 FC	2016	Ou Liya Football Promotion (欧亚足球推广) - owned by Piet van der Pol	private (foreign)	football club mgmt. investment group
Qingdao Youth Island FC	青岛青春岛 FC	2007	Qingdao Zhongchuang Hengtai Construction Engineering (青岛中创恒泰建筑工程)	private	architecture design and construction
Quanzhou Yaxin FC	泉州亚新 FC	2019	Fujian Adma Sports Beverage Group (福建爱德马运动饮料集团) (70%)	private	beverages
			Li Mingquan (李明权) (30%) - owner of Adma	private	beverages
Shaanxi Warriors Beyond FC	陕西俑士超越 FC	2019	Xi'an Zhenyong Sports Culture Communication (西安振勇体育文化传播) (90%)	private	sports
			Yang Chunxiu (杨春秀) (10%) (private investor)	private	n/a
Shanghai Jiading Huilong FC	上海嘉定汇龙 FC	2012	Lu Jianjun (陆建军) (90%) (private investor)	private	sports, construction
			Liu Liji (刘丽吉) (10%) (private investor)	private	trading, real estate
Shanxi Longjin FC	山西龙晋 FC	2015	Chen Jie (陈杰) (private investor)	private	n/a (former footballer)
Shaoxing Keqiao Yuejia	绍兴柯桥越甲 FC	1994	Harbin Yiteng Construction Engineering (哈尔滨毅腾建筑工程)	private	real estate
Sichuan Minzu FC	四川民足 FC	2020	Sichuan Shengcheng Huixin Enterprise Management Consulting (四川圣诚汇鑫企业管理咨询)	private	consulting
Wuxi Wugou FC	无锡吴钩 FC	2019	Su Weifeng (苏卫峰) (80%) (private investor)	private	sports
			Zhao Peng (赵鹏) (20%) (private investor)	private	sports
Xi'an Wolves FC	西安骏狼 FC	2018	Shaanxi Jingutang Pharmaceutical (陕西筋骨堂药业) (60%)	private	pharma
			Puhua Commercial Group (普华商业集团) (40%)	private	IT services

Xiamen Ludao FC	厦门鹭岛 FC	2019	Xiamen Fun Plus Technology Development (厦门趣加科技发展) - subsidiary of Qidian 趣店集团	private	IT services; online education
Yanbian Longding FC	延边龙鼎 FC	2017	Longjing Hailanjiang Football Culture Industry Investment (龙井海兰江足球文化产业投资)	private	sport & tourism investment
Yichun Weihu FC	宜春威虎 FC	2018	Yichun Tantalum Niobium Mine (宜春钽铌矿)	private	mining

Source: own illustration; data from enterprise information online platforms Qichacha (企查查) (QCC, n/a) and Qixinbao (启信宝) (QXB, n/a) as well as CFA's official announcement database (CFA, n/a)

Privately owned clubs are owned by private companies. These firms in most cases operate a non-sport core business besides their subsidiary-like club operations. For instance, Guangzhou FC is co-owned by private real estate and e-commerce conglomerates Evergrande and Alibaba, respectively.⁴⁰ Outside of a few exceptions managed by professional management teams, especially at mid and lower league levels, clubs' management mostly consists of employees of the investing firm, predominantly with no or only little professional experience in the football industry. The organisational structures of these clubs are integrated into those of the investing company, often sharing the same facilities and personnel, making it almost impossible to distinguish between investor and club (R3, 2021; R13, 2021; R16, 2021; R21, 2021; R24, 2021; R37, 2021; R39, 2021; R44, 2021; R53, 2021). The club's board is often directly appointed, rather than elected, by the owning company (Kang et al., 2019). As a result, often the club leadership consist of family members or close acquaintances which directly report to the owner of the parent company, further emphasising the importance of the club for the parent company. These investors determine not only the club's overall strategy as part of their corporate strategy but are often also deeply involved in the club's management decisions. This influence can be far-reaching, as investors provide the main source of income, appoint the top management team, seek additional sponsors or investors, or in some cases even make sporting decisions (Liu et al., 2020, p. 13). This club governance model is not unique to China and for instance common in South-Korea's K-League where non-sport parent conglomerates have strong influence on team governance and management (Kang et al., 2019). Private domestic and foreign investors are also the norm in the world's most developed leagues from England, Spain, Italy, France, and Germany, with the latter limiting the influence of investors to minority control (Rohde & Breuer, 2017). Their owners encompass private businessmen and families, industrial goods companies, strategic investors, (sport) investment companies, and multi-club ownership groups, among others (Rohde & Breuer, 2017).

SOE-owned clubs are funded and managed by local SOEs, which are controlled by their corresponding State-owned Assets Supervision and Administration Commission (国资委, guoziwei; SASAC), as part of the local government. For instance, Shandong Taishan FC is

⁴⁰ Since the 2021 season, clubs in China's three professional leagues are required to only use non-corporate names (CFA, 2020). For instance, Guangzhou FC was previously named Guangzhou Evergrande Taobao FC after its two investors Evergrande and Alibaba (Taobao is a product of Alibaba).

part-owned by major local state-owned electric utility company Shandong Electric Power Corporation (国网山东省电力公司, guowang shandong shen dianli gongsi). This club governance model used to be widespread, for instance, in the former Soviet Union and East Bloc (Dennis & Grix, 2012; Riordan, 2011; Rojo-Labaien et al., 2020), but prevails in form of substantial sponsoring or direct ownership today, for instance, in many former colonial countries in Africa (Onwumechili & Totty, 2019) or Poland (Drozda et al., 2020). In the Chinese context, different from private investors, which sometimes constitute smaller firms at lower league level, most SOEs constitute major national and global conglomerates and are concentrated in the CSL. These clubs usually have similar internal organisational structures like their private peers, but, together with their owner, are largely embedded into the state administration (R36, 2021; R44, 2021; R49, 2021). This embeddedness naturally makes them more adhering and instrumental to government directions (Wang & Jin, 2016). Several SOE-owned clubs are the result of a strategic government order to invest in a (struggling) club deemed important for the local government (R10, 2021; R17, 2021; R18, 2021; R31, 2021; R41, 2021; R42, 2021; R44, 2021; R49, 2021; R54, 2021). In recent years there is an increase in local Culture and Tourism Groups (文旅集团, wenlv jituan), state-owned culture and tourism investment and management firms, taking over football clubs (Sina, 2020).⁴¹ These SOEs are commonly intertwined with local governments and are expected to make use of their expertise in operating cultural operations, such as sport events and facilities, alongside boosting the local culture and tourism sector. This push comes against the backdrop of central government directives post 2013 urging state enterprises to consolidate their operations to their core business (Song, 2018), leading to several SOE-owned clubs transferring their equity, in many cases to Culture and Tourism Groups (Sina, 2020).

In contrast to SOE-owned clubs, state-owned clubs are directly invested by provincial or municipal governments, often their local sports bureau or sport administration. This club governance form used to be the norm before the league's commercialisation in 1994 but has almost completely vanished due to the sport's governance transformation since then. Currently, there is no club in China's three professional football leagues which is exclusively owned by the state, but several clubs hold shares from local governments, for instance, Meizhou Hakka FC (part owned by Meizhou municipal government and Meizhou Sports Bureau). In some cases, these clubs are (part)-owned by local sport schools or universities, educational institutions inside the state administration, for instance, in the case of Beijing Institute of Technology FC or the disbanded Beijing Sports University FC and Liaoning FC. These clubs derive most of their players from linked educational institutions, often play their games on campus and essentially receive funding from the local government. Generally, there is a trend against the *direct* involvement of local governments and their sport administration in football, nonetheless, local Sport Bureaus are still frequently used as interim operators or financial backers for clubs that struggle financially. Beyond the Chinese context, this club governance model continues to be prevalent, for instance, in South-Korea where many local governments

⁴¹ A similar trend can be observed among Chinese basketball clubs (Sina, 2020).

own and operate professional football clubs, sometimes together with local corporate or social entities, through their sport council (Kang et al., 2019).

Lastly, mixed-ownership clubs are clubs that are jointly invested by a state body (state agency or SOE) and a private company, for instance, Inner Mongolia Zhongyou FC, jointly owned by Hohhot Sports Bureau and private real estate company Shanghai Zhongyou Real Estate Group. In recent years this category has been actively promoted by the central government and CFA, in line with the country's economic mixed-ownership reform, to improve financial stability and knowledge transfer between private and state firms (Xinhua Daily Telegraph, 2021). However, this club form is uncommon and investment usually one-sided, as SOEs invest in private clubs, but rarely vice-versa. As ownership shares change according to the investment, management structures mostly change accordingly. Nonetheless, state-initiated minority shares are often only used to support clubs financially or avoid collapse. These shareholders usually get sponsorship rights to advertise their company at the club but aren't involved in any club operations (R14, 2021; R17, 2021; R38, 2021; R58, 2021).⁴²

Besides the short-lived heydays of the CSL's founding years in the mid-1990s and an extensive influx of private capital from 2010 onwards, China's football industry has largely struggled from underdevelopment and corruption scandals disrupting the sector. Today, most of China's professional football clubs operate at a loss in a "market bubble"-like business environment (J. Zhang, 2020). Taking data from CFA's financial report, in 2016 clubs accumulated an average loss per club of RMB 155 million and RMB 18 million in China's first and second tier, respectively (Zuser, 2020). These losses make them highly dependent on the continues capital injections by their investors and in lower leagues often additional government subsidies. Financial difficulties among clubs are not unique to China and have been largely observed, for instance, in Europe (Solberg & Haugen, 2010) and Brazil (Proni, 2021), despite strong growth in the sector. The evolution of revenue sources and economic control measures, however, has improved clubs' financial situation of Europe's top leagues considerably since the 2010s (Sanchez et al., 2019). In the Chinese context, the dependency on external subsidies is also mirrored in the distribution of professional football clubs among China's provinces, which sees a high concentration of teams in China's most economically developed regions (Sohu, 2022c) (see also Figure 4 below).⁴³ These areas typically host the majority of the nation's affluent companies capable of funding the heavily reliant clubs.

⁴² Besides such mixed-ownership forms, several clubs are officially owned by multiple companies, however, these companies are often subsidiaries or affiliated firms of the controlling firm (see also Table 1).

⁴³ For a more detailed analysis of GDP and GDP per capita corresponding to the number of professional clubs in China's provinces in the 2021 season, see Sohu (2022a).

Figure 4 | Location of Chinese Professional Clubs Top Three Divisions (Season 2021)



Source: Wei (2021)

Especially China’s lower league clubs face large financial difficulties due to a comparatively underdeveloped market and consequently only small revenues from traditional income sources like TV-rights, tickets sales, sponsoring/advertisement and merchandise (Y. Chen, 2020).⁴⁴ This reliance on investor capital and the club’s strong incorporation into the parent company often means that the “club’s sustainability is associated with the competence and determination of their investors,” resulting in a largely vulnerable financial situation of the club (Liu et al., 2020, p. 16). This high dependence on continuous investor and government capital injections, especially in China’s second and third division, in part, led to more than 100 professional clubs ceasing operations from 1994 to 2023 (see also Figure 2).

⁴⁴ China’s largely underdeveloped football market is especially visible at lower league levels. First, as TV-rights are often not appealing to TV-stations, teams that want to broadcast their games must pay local stations for their production and broadcast services. Second, as most stadiums are owned by local governments, income from ticket sales and hospitality is only rarely benefitting clubs themselves. Third, the merchandise sector is largely underdeveloped and continues to struggle from counterfeit products, contributing to only a small share of clubs’ income. As a result, most club income at lower league level only derives from investor capital injections, corporate sponsoring, and player transfers.

Chapter 3 | Literature Review

Contemporary Chinese state-business relations, including football-related Corporate Political Strategy in the case of China's football reform directives, the focal research of this thesis, are the result of China's political and economic framework. Central to this research is the analysis of strategies employed by firms in the realm of football investment, including their causes, determinants, and consequences, while concurrently acknowledging the influence of China's political economy under the current political leadership. This chapter will try to bring structure to these complexities and review the literature on contemporary Chinese state-business relations from various levels of abstraction and perspectives. Initially the chapter will discuss literature from a macro to a micro-level of examination. The analysis initiates by casting a global lens, offering insights into diverse state-business relations and economic steering in comparative perspective, thereby setting the stage for a focussed examination of the Chinese environment. Within the Chinese context, academic literature presents a range of sometimes conflicting concepts; however, there suggest being consensus on the existence of a mutual, albeit often asymmetric, dependence between state and business actors. This interdependence has spurred considerable scholarly discourse, particularly concerning the political resilience of the system at place. The initial segments of this chapter lay the foundational groundwork for a subsequent detailed examination of the dynamics found on ground, shedding light on the various strategies adopted by both state and business actors to achieve their objectives. These sections discuss the literature regarding co-optation strategies by the state, followed by coping strategies by the private sector. The latter focusses on Corporate Political Strategy in the global and the Chinese context as well as its three research sub-fields – typologies, determinants, and outcomes – which are all addressed by this present study. Along the analysis of Corporate Political Strategy literature, gaps in the literature are identified, followed by explanations how this study intends to address these gaps.

[3.1] State-Business Relations in Comparative Perspective

Beyond the economy, governments around the world engage in public policy and political steering across divers sectors, including social welfare, healthcare, education, environment, infrastructure, technology, social and cultural affairs, national security, and foreign relations (Dodds, 2018). In the context of the economy, steering and intervention by governments is not unique to China and has been observed over time and across countries.⁴⁵ After decades of neo-liberal trends towards large withdrawal of the state in most developed countries and much of the former Communist Bloc starting in the late 1970s and 1990s, respectively, recently we can observe a resurgence of state-intervention in many economies around the world – especially triggered by the global financial crisis of 2008 and the COVID-19 pandemic (Wright et al.,

⁴⁵ For a categorisation of countries considering their state intervention, please see the literature around 'varieties of capitalism' introduced by Hall and Soskice (2001) and its theoretical advancement 'varieties of state capitalism' by Wright et al. (2021).

2021). While these cases are predominantly driven by crisis, governments in countries such as Japan (Johnson, 1982), South Korea, Taiwan, Singapore, and Hong Kong (Lall, 1996; Wade, 2004) have strategically employed state intervention, regulation and planning capacities to facilitate economic growth post-World War II. Referred to as ‘developmental state model’ in the academic literature, some scholars argue that China adopted parts of its post-1978 economic reforms from these experiences, evident, for instance, in extensive economic regulations and investments in infrastructure and education (e.g., Baek, 2005; Nee et al., 2007). Other governments such as Brazil (Musacchio et al., 2014), Malaysia (Gomez, 2006) and Oman (Al-Sarihi & Cherni, 2022) exercise control over significant sectors of the economy through both direct and indirect corporate ownership of key economic entities, akin to the influential SOE-sector in China (Lardy, 2019). In contrast, other governments, including in China, in Russia (Guriev & Rachinsky, 2005), Ukraine (Matuszak, 2012), the Philippines (Hutchcroft, 1991) or Indonesia (Jeffrey, 2013) partly steer their economies using personal, often clientelist or oligarchic, dyadic state-business networks.

[3.2] State-Business Relations in China

Within the Chinese state administration, power structures are fragmented, with governments and agencies sometimes competing against each other (Lieberthal & Lampton, 1992), allowing leeway for local ‘selective policy implementation’ (O’Brien & Li, 1999), ‘policy experimentation’ (Heilmann, 2008), and ‘effective policy implementation’ (Ahlers et al., 2016). Even though recent studies examining the Xi-era (since 2013) observe a re-centralisation of power (Teets & Hasmath, 2020), nevertheless, the characteristics of contemporary state-business relations are by no means centrally planned in Beijing. Consequently, differences in economic and political settings have led to substantial regional and sectoral variations in the interplay between state and business (Huang, 2008; McNally, 2011; Nee & Opper, 2010; Tsai, 2007; Zhang & Zhu, 2018a). These variations in economic and political features determine the degree of interdependence between state and business. Due to this political fragmentation, combined with institutional changes over time, different scholars have described Chinese governments’ attitude towards businesses as ‘developmental’ (Shue, 1988), ‘entrepreneurial’ (Duckett, 1998), ‘corporatist’ (Unger & Chan, 1995), ‘clientelist’ (Wank, 1999), ‘incorporating’ (Dickson, 2008), ‘predatory’ (Pei, 2006), ‘managerial’ (Kostka & Hobbs, 2013), ‘crony capitalist’ (Pei, 2016), ‘state capitalist’ (Naughton & Tsai, 2015), and ‘party-state capitalist’ (Pearson et al., 2020). While these concepts are useful tools for describing local government’s attitude and behaviour, in practice, state-business relations often resemble a mix of these concepts. As a result, multiple modes with different mechanisms of influence and partnership between state and business actors coexist.⁴⁶

⁴⁶ For reviews of the literature on state-business relation in China, see Heberer and Schubert (2020, pp. 53-93) and Breslin (2012).

[3.2.1] Mutual and Asymmetric Dependency

As presented above, dependencies between state and business vary among regions, sectors and over time (Ngo, 2018), leading to variations in ties, but predominantly resulting in an asymmetric mutual dependence in favour of the state. Reasons, mechanisms, outcomes, and variations of this asymmetric mutual dependence have been analysed, sometimes termed differently, by several studies (e.g., Ahlers et al., 2016; Sun & Hai, 2020; Zhang, 2019; Zheng & Huang, 2018). For instance, Zhang (2019) sees the state's legal repression and co-optation via deterrence as causes for asymmetric interdependency even for firms possessing large economic resources, which usually enjoy comparatively more power. Zhang argues that at the backdrop of a weak rule-of-law and under-institutionalised tax system, private entrepreneurs are vulnerable to legal repression and therefore must enter patron-client ties with local officials for protection. These officials, on the other hand, need entrepreneurs, of which there are usually many, to reach certain economic targets linked to their career development. As a result it is this asymmetric interdependency that leads to asymmetric power relations between entrepreneurs and officials (Zhang, 2019, p. 167). This line of thinking is consistent with Trantidis (2015) theoretical study on clientelism in authoritarian regimes like China. Trantidis argues that power asymmetry stems from the imbalance between demand and supply. As many clients (i.e., entrepreneurs) aspire to enter clientelist exchange with a much smaller number of patrons (i.e., government officials) with the political power to meet these demands, there is competition among clients, further allowing the patrons to raise the "price" charged, namely the reciprocation required in return for a granted favour (Trantidis, 2015, pp. 124-125). However, under certain conditions firms may engage in what Ahlers et al. (2016) have described as "government capture" (pp. 66-67), a situation in which entrepreneurs are capable of making demands and even exerting pressure on local governments. In such a setting the entrepreneur is in possession of a specific resource the government official desires (e.g., key technologies, major tax contributions, major workforce) and there are no readily available alternatives. However, such situations are rarely reported in the literature.

[3.2.2] Regime Resilience or Challenge?

Against the backdrop of this asymmetric interdependence, scholars have paid much attention to the question whether these dependencies, linkages and co-optation methods by the state are fostering regime resilience or if the increasingly powerful private economic actors would ultimately be willing to challenge the state's political order. Most studies from the last 25 years support the former scenario, while there are a few more recent studies that argue for a change of direction. Among the first group of scholars, for instance, Dickson (2008), McNally and Wright (2010), Yan (2011), Sun et al. (2014), and Zhang (2019) see the CCP's strategies as a mechanism to stabilise their rule through increased embeddedness and interdependencies between the state and private business. However, other scholars present a more nuanced picture. For instance, in their survey-based study among entrepreneurs in 2006-2007, Chen and Dickson argue that links to the government – institutional or not – are not decisive whether entrepreneurs support the government, but rather if entrepreneurs are satisfied with the CCP's policy performance and their material and social lives (2008, p. 802). This finding suggests that regime support hinges on government performance and could potentially shift if it is

substantially disrupted, however, for now private entrepreneurs are not supportive of efforts challenging the current order. Contrastingly, scholars like Heberer and Schubert (2020), Huang and Chen (2016), and Rithmire and Chen (2021) argue that some private entrepreneurs are indeed, at least in parts, increasingly a threat to the regime. For instance, Heberer and Schubert argue private entrepreneurs have become a “strategic group” in Chinese society that is increasingly involved in policy making – predominantly in the business context – and shaping the political system, however, “not (yet) at the expense of party-state political supremacy” (2020, pp. 121-122). This discussion on whether the CCP’s incorporation strategies foster regime resilience suggests that business elites, at least for now, generally support the party-state if in line with their own interest and if they are benefitting personally and economically from the status-quo. However, the latter group of literature suggest that this is not given for all entrepreneurs and that regime support is conditional.

[3.3] State and Business Strategies

The following sections will discuss the literature on state-business relations from a micro-level of abstraction, on ground, from two perspectives: 1) co-optation strategies by the state, and 2) coping⁴⁷ strategies by the private sector. On the government-side, co-optation strategies denote deliberate attempts to assimilate or co-opt specific businesses, interest groups, or individuals entrepreneurs into the political or economic system, utilising them for political, economic, or social purposes, such as personal benefits, economic and political steering, or the preservation of political and social stability (Dickson, 2008, p. 111; Lardy, 2014, p. 120). On the business-side, coping strategies encompass adaptive measures and tactics employed by businesses and entrepreneurs to mitigate their dependence on the state, thereby, for instance, securing access to essential resources or avoiding ‘red tape’ (Tsai, 2007, p. 118). However, as business and state actors often find themselves in a state of interdependency, as introduced in Introduction Chapter 1, the strategies largely resemble *push and pull* dynamics driven by both sides of the dyadic relationship. For instance, granting CCP-membership for influential private entrepreneurs is serving the state’s efforts to politically co-opt parts of the private business elite, however, it can also come with certain benefits for private enterprises operating in a highly politicised market environment. Hence, both perspectives are non-exclusive, interrelated and overlapping. In general, the first set of strategies, co-optation strategies by the state, is initiated and controlled by the state since only the state has the authority and power to co-opt business actors, for instance through granting them party membership.⁴⁸ Conversely, businesses’ coping strategies are initiated and executed by the business-side. To understand those strategies from

⁴⁷ The concept of ‘coping’ can vary in its definition and application across different contexts, such as psychology, healthcare, environment, or management and business, but in its core idea involves managing challenges or stressors. In the case of state-business relations, businesses and entrepreneurs manage their challenges, dependence on the state, through various coping strategies.

⁴⁸ Note, there is also a large group of literature dealing with CCP-members becoming entrepreneurs (e.g., Dickson, 2003), known as ‘xiahai’ and introduced in Chapter 1. However, since these actors are by their nature already embedded in the state and hence do not need to be co-opted or cope with the state, they will not be discussed in detail here.

both sides of the dyadic relationship not only illuminates contemporary state-business relations but also the exchange behaviour resulting from it.

[3.3.1] How the State seeks to Co-Opt the Private Sector

[3.3.1.1] Co-Optation Through Party Membership

In his often-cited study based on two large-scale surveys among entrepreneurs (524 and 1058, respectively) and officials (230 and 279, respectively) in eight counties and county-level cities in Hebei, Hunan, Shandong and Zhejiang completed in 1997 and 2005, Dickson (2008) found that after the official acceptance of private entrepreneurs into the party in 2001, the number of entrepreneurs inside the party increased steadily (roughly from 1/5 in 2000 to 1/3 in 2006), while the CCP became increasingly selective about who was allowed membership (Dickson, 2008, p. 70). Restricted by quotas and regulations, Dickson reports a preference for owners of large companies with high growth, tax, and employment volume, hence firms comparatively important for the state's economic and social stability. This observation was even stronger in less economically developed areas, where there is a higher need for the government to steer the economy, but also entrepreneurs are more incentivised to join the party due to larger constraints and uncertainties from the environment (Dickson, 2008, pp. 86-93). Furthermore, Dickson's survey from 2005 showed that above 50 per cent of entrepreneurs think that joining the party would benefit their company economically due to easier access to loans and resources, discretion in regulations, or favourable policies (among others), while similarly increasing their chances to participate in politics (Dickson, 2008, pp. 93-96). Nonetheless, while party-membership can benefit corporate performance, it also brought certain obligation with it, as companies were stricter controlled (e.g., harder to circumvent tax payments) or pressured to open party branches (Dickson, 2008, pp. 199-236). Scholars like Gao (2011) and Yang and Wiepking (2021) have confirmed this argument by demonstrating that political affiliated firms, indicated by leading corporate managers serving in the party, donate more and more often to political programs and state philanthropy than their peers without such affiliation.

[3.3.1.2] Co-Optation Through Party Offices

Besides party-membership – mainly granted to China's economic elite – the state has been promoting party offices within private companies as a further tool to incorporate the private sector. Officially the state legally requires all publicly listed companies and encourages all firms employing a minimum of three party-members, regardless of their company form, to establish party branches within their company structure (Ahlers et al., 2016, p. 68). The number of party branches within private firms has been increasing gradually since the party's first efforts in 1984 and is experiencing a further resurgence under Xi Jinping (Yan & Huang, 2017, pp. 39-46). According to Thomas (2020), taking data from the 2018 CPES, 48 per cent of all private enterprises had installed a party branch within their company, with a higher concentration in bigger companies (92 per cent of China's top 500 private enterprises). There is empirical and theoretical inconsistency in the literature regarding the state's influence upon firms hosting party branches. While scholars like Dickson (2008), McGregor (2010), Yan and Huang (2017) and Heberer and Schubert (2020) emphasise the business-orientation and

economic benefits of these party branches, Yang (2012), Shen et al. (2020) and He and Liu (2022) more see the party's ideological and political supervision on the forefront, leading to, for instance, more charitable donations in such firms (e.g., Gustafsson et al., 2017). In any case, party branches suggest being an additional, fast-growing link between the state and business actors as well as a mechanism to co-opt private enterprises into the state.

[3.3.1.3] Co-Optation Through Business Associations

“State corporatism” has been a prominent, even though contested, concept to explain the party's influence into the private business sphere through the utilisation of business associations (Unger & Chan, 1995, 2015). As China's economy started to transform in the 1980s and 1990s, Chan & Unger have argued that “the more the economy decentralises, the more corporatist associations get established as substitute control mechanisms” (1995, p. 40). Today, these “control mechanisms” are far-reaching and all firms are required to register in one of the many official business associations according to a firm's industry (e.g., foreign trade, automobile), company form (e.g., private, foreign-invested) and size (small, medium, large). Furthermore, there is a growing number of self-organised associations, which mostly represent a certain industry (for instance the steel association is very powerful as its members are mostly large-scale SOEs with a huge work force and tax revenue) or region (for instance the city of Wenzhou has a very influential business association with operations across the country). While the latter is seen as less state-driven, nonetheless these association also must register with a government supervision unit (Dickson, 2008). Turning to association's function for the state, Unger & Chan (2015) report how today's business associations increasingly serve their members in business-related problems, but how ultimately state interest stands above all. This view is mirrored by Dickson (2003), who observed four main functions for China's business associations, namely business interest articulation, regularised flow of information between state and key business groups, replacement of direct state control by partial regulation, and to screen out unwanted business groups (pp. 56-85). Other scholars have presented a more nuanced picture, explaining variations in state influence across association by differences in local political and economic characteristics (e.g., Zhang, 2007).

[3.3.1.4] Co-Optation Through State Investments

First propagated by the central government in 2013 (Xinhua, 2013), this relatively new and scarcely studied co-optation strategy seeks the expansion of state capital beyond SOE ownership. From 2019 to 2021, state-owned enterprises have acquired more than 110 publicly traded major private enterprises, valued at more than USD 83 billion (PWC, 2022). In their case study among three high-profile state-owned shareholding firms in China, Chen and Rithmire argue that such state investments generally follow a mix of motivations, introducing “new means through which the state can monitor, influence, and discipline business actors and activities” of particular importance for the state (2020, p. 259). This strategy is further promoted in the increased prevalence of so-called ‘special management shares’ or ‘golden shares,’ which enable the state to install ‘special directors’ onto the corporate board, despite its minority ownership (Pearson et al., 2020, pp. 9-11). The authors further argue that while state investment usually helps the growth of the private company, they also see a rising political

motivation in controlling those strategically important companies. Chen and Rithmire (2020) go even further and see a larger macro-economic strategy by the state to monitor and influence strategically important business sectors.

[3.3.1.5] Co-Optation Through Membership in Legislative Bodies

Likely the most studied mechanism to co-opt private entrepreneurs into the state unfolds in the granting of membership to China's legislative bodies at the national and local level, the People's Congresses (人民代表大会, *renmin daibiao dahui*) (PC) and People's Political Consultative Conferences (人民政协, *renmin zhengxie*) (PPCC) (e.g., Dickson, 2008; Guo et al., 2014; Hou, 2019; Sun et al., 2014; Yan, 2011). These largely symbolic political advisory bodies are supervised and directed by the CCP whose local standing committee's must approve all members (Yan, 2011, pp. 61-62).⁴⁹ Located at the "middle ground" between party and state, Yan argues that these local legislative bodies provide the state with a platform to co-opt and monitor potentially threatening social forces, policy bargaining, and a mechanism to offer benefits to its favoured members, hence constituting a viable route for the state to incorporate and guide economic actors outside of their direct control (2011, p. 54). Potential benefits for entrepreneurs include "spoils, rents, privileges and protection" (Yan 2011, p. 73). However, access to the PC and the PPCC is restricted and individual characteristics such as party-membership, age, male gender, and higher education level as well as contributions to the state (e.g., taxes, workforce, philanthropy, supporting government goals) suggest having positive impact on being elected into a legislative body (Chen & Touve, 2011; Dickson, 2008; Ma & Parish, 2006). As a result, some private entrepreneurs dedicate substantial time and resources, often in form of currying favours and bribing of officials, in order to enhance their prospects of getting selected (Hou, 2019, p. 76; Zhang, 2017, p. 10).

The above studies on party and legislative body membership show that it is generally firms and entrepreneurs that are economically strong, reputable, and generous to the state in form of philanthropy and policy support – firms that are deemed useful for economic and political stability – that are permitted access to what Sun et al. (2014) call platforms of "organisational clientelism." Despite the relatively weak policymaking power of the PCs and PPCCs, the legislative bodies resemble an institutionalised platform to establish clientelist links between private entrepreneurs and government officials. Using data from the 2006 CPES, among their sample of 3036 firms, 41 per cent of entrepreneurs held an official post (Sun et al., 2014, p. 14), a figure similar to those reported by other scholars (e.g., Chen & Dickson, 2010). Membership generally helped them to receive more state-controlled financial resources (e.g., loans), while at the same time having to carry various administrative and policy burdens (e.g., funding local administrative expenses, assisting failing SOEs, providing public goods and services). These exchange relations and their contributions were generally stronger in PCs than PPCCs but documented in both (Sun et al., 2014). In sum, while politically incorporated private firms can obtain certain benefits, they can also be compelled to carry out more administrative

⁴⁹ For an in-depth study on China's local legislative bodies with a focus on post-1978, including their organisational structure, member selection process and functional and political role for the CCP, see Yan (2011).

and policy tasks than their peers without such links. This “double-edged sword” of corporate political ties has been addressed by a substantial number studies (e.g., Cheung et al., 2009; Wang et al., 2021; Warren et al., 2004; Young et al., 2022), often emphasising the reciprocal relationship between entrepreneurs and local officials (e.g., Z. Chen, 2020; Gao, 2011; Haveman et al., 2017; Lei, 2021; Long & Yang, 2016).

After having discussed the government’s strategies to co-opt the private sector and its implications on policy implementation, economic development, and regime survival, in the following section the study will present the literature dealing with strategies of the private sector to cope with the state.

[3.3.2] How the Private Sector Seeks to Cope with the State

[3.3.2.1] Coping Through Lobbying

In the realm of scholarly investigation into the coping strategies utilised by the private sector, despite its historically widespread use in the West, the practice of lobbying has only gained increased traction in the last approximate 15 years in China (e.g., Deng & Kennedy, 2010; Huang & Chen, 2020; Huang et al., 2017; Kennedy, 2005; Lüdtke, 2020). In his seminal work on the steel, consumer electronics, and software industries, Kennedy (2005) was the first to evidence large entrepreneurs and business associations’ influence on central policy-making. These companies provide feedback on (proposed) policies and regulations via personal meetings, business associations and government hearings and consultations. However, differences across firms and business association exist. Generally, there is a positive correlation between a firm’s contribution to society and its level of influence in the policy-making process (Kennedy, 2008, p. 170). In his study comparing formal and informal lobbying practices among different companies, Kennedy further argues large firms are more inclined to act individually by making use of their personal relationships with government officials, whereas small and medium-sized firms, who often lack such networks, rather chose collective action via business associations (Kennedy, 2009).

[3.3.2.2] Coping Through Corruption

Besides such legal strategies, illegal measures such as bribery have been studied by numerous scholars. Known as the “East Asian Paradox,” researchers have been puzzled by China’s economic rise (among other countries), despite widespread corruption, as studies from other cases would generally confirm corruption’s negative impact on economic development (e.g., Ang, 2020; Wedeman, 2012). At the firm-level, a small number of scholars confirms this “paradox” by giving evidence for corruption’s positive impact on firms’ growth, with stronger impact in less developed financial markets and for private firms (Jiang & Nie, 2014; Kong et al., 2017; Pan & Tian, 2020; Wang & You, 2012). Jiang and Nie (2014) further observe how corruption is more positively correlated with firm profitability in regions with more government intervention in the marketplace, especially for firms in more competitive markets. In these regions firms use bribes to circumvent excessive government regulation, thus increasing their economic performance (p. 369). In sum, the literature shows how corruption

is not just used for personal gain but furthermore as coping mechanism against the state's business intervention and 'red tape.'

However, ties between entrepreneurs and officials are heavily impacted by the country's ongoing anti-corruption campaign from 2012. To date the campaign has investigated more than four million cases of alleged corruption, with an overwhelming majority of accusations implicating officials of bribery and corrupt dealings with private businessmen (Gong & Tu, 2022). These accusations are largely changing Chinese state-business relations, which have been permeated with corruption for decades, but are now causing fears among entrepreneurs and officials alike. At the government side, for example, Wang and Yan (2020) report a trend towards bureaucratic slack and a 'just do the minimum, to do nothing wrong' mentality among local cadres. These officials increasingly need to evaluate between attracting economic growth – often facilitated by corruption with economic actors – to higher their chance of promotion and the risk of being investigated for it. The campaign's impact on state-business ties and their value is further explored in several recent works. It appears to have reduced the positive correlation between political ties and government subsidies (Hao et al., 2020), firm value (Liu & Ying, 2019), access to bank loans (Guo, 2019), and land prize discounts (Chen & Kung, 2019), more so in areas with a lower degree of marketisation as well as higher degree of corruption (Liu & Ying, 2019). Furthermore, Hao et al. (2020) suggest that Chinese firms have reduced their charitable donations since the campaign's start because it largely cuts off firms' incentives to use donations to establish or nurture political connections. However, Chang et al. (2021) is reporting that firms with a high risk of being targeted in the campaign as well as firms located in provinces whose top political leaders have a stronger incentive to push the donation-receiving program are more likely to donate. Therefore, the evidence suggests that despite a general decrease in value from political ties, managers and politicians' characteristics and incentives are increasingly more important factors driving firms' decision to donate.

[3.4] Coping Through Corporate Political Strategies

The strain of literature that is trying to combine different corporate strategies that seek to influence governments in their favour is known as Corporate Political Strategies (also known as 'Corporate Political Activity' and 'Nonmarket Strategy' in the literature). The term is an umbrella term for the different strategies and tactics in a firm's political repertoire, such as lobbying, political campaign donations, bribery, political and regulatory ties, politically motivated corporate social responsibility (CSR) campaigns, or corporate activism (Katic & Hillman, 2023). Found across diverse political systems, while these strategies can be largely different in nature, all Corporate Political Strategies seek to influence government policy and government action in the executing firm's favour (Baysinger, 1984). In contrast to 'market strategies,' which aim to create value by improving the company's economic performance, Corporate Political Strategies are considered 'non-market strategies' outside the economic performance. Driven by factors such as regulatory changes, increased corporate power, and structural readjustments of state-business interaction, the study of Corporate Political Strategies has developed over time in response to the growing recognition of the influence that

corporations exert on political processes and policymaking. After first seminal studies by scholars such as Runo (1960) or Epstein (1969), the study as such has first received broader attention in the US in the early 1980s. Stipulated by an increasing recognition of the importance of non-market strategies by firms around the world, since around 2000, academic studies on Corporate Political Strategies have substantially increased in numbers by scholars from disciplines as far ranging as corporate management, political science, political economy, sociology, economics and finance.⁵⁰

The fragmented nature of disciplines poses a challenge in synthesizing findings across diverse fields and fostering cumulative knowledge. Additionally, the inherent heterogeneity within Corporate Political Strategies further complicates efforts towards integration (Brown et al., 2022). Additionally, scholars have criticised the concept of Corporate Political Strategy for its omission of social and ethical implications (Mantere et al., 2009; Néron, 2016) as well as a concentration and non-adaptability of underlying theories and perspectives (Lawton et al., 2013; Lenway et al., 2022). Among the former scholarship, observed strategies aiming at the government challenge the assumption that firms are only profit-maximising entities – as largely believed in the Corporate Political Strategy literature (Lawton et al., 2013, p. 88) – but also have intrinsic ethical and social obligations. Following this line of thinking, Corporate Citizenship Theory (Matten & Crane, 2005), for instance, emphasises the importance of balancing profit-making activities with the well-being of the society and the environment. According to the theory, firms increasingly employ business strategies that benefit society and the environment but also enhance a company's reputation, fosters customer loyalty, and sustainable business growth, thus maximising the survival of the firm (Mantere et al., 2009). Arguably the largest strain of critique about Corporate Political Strategy stems from the concept's alleged inadaptability to the changing nature of strategies, and the political, economic, and social environment they are employed in (Katic & Hillman, 2023; Lenway et al., 2022; Wasson, 2020), including in the international (weakly institutionalised) context (Liedong et al., 2020). For instance, strategies that were traditionally aimed at the government, such as strategies to increase a firm's legitimacy, are now often aiming at societal acceptance for either the firm's existence or its practices, largely excluding governments in their strategy (Castelló & Galang, 2014). Furthermore, established ideas about the division of labour between the political and economic spheres are increasingly eroded since firms often act as both economic and political actors, thereby contributing to both private and public interest (Scherer & Palazzo, 2007). Such changes and differences in political, economic, and social environments determine how Corporate Political Strategies are employed and accordingly ask for an updated and localised employment of the concept. This study aims to offer such a treatment of the Corporate Political Strategy concept.

Following the literature review study by Katic and Hillman (2023), Corporate Political Strategy research can be divided into three research sub-fields: 1) Corporate Political Strategy types and

⁵⁰ For literature review articles on Corporate Political Strategy, see Hillman et al. (2004), Lux et al. (2011), Brown et al. (2022), Katic and Hillman (2023), and Lawton et al. (2013), with the latter including a review of applied conceptual frameworks.

typologies, 2) Corporate Political Strategy outcomes on firms' performance, and 3) Corporate Political Strategy determinants.

[3.4.1] Corporate Political Strategy Typologies

In the context of the first sub-field, Corporate Political Strategy types and typologies, common typologies of the applied corporate strategies are differentiating between individual strategy types (e.g., Hillman & Hitt, 1999) as well as strategy clusters, such as proactive vs. reactive strategies (e.g., Boddewyn & Brewer, 1994), relational vs. transactional strategies (e.g., Luo, 2001), individual vs. collective strategies (e.g., Bonardi & Keim, 2005). Presumably one of the most applied typologies in the literature is that of Hillman and Hitt (1999), which distinguish between 'constituency building' (including tactics such as grassroots mobilisation), 'information' (including tactics such as lobbying), and 'financial incentive' strategies (including tactics such as campaign contributions and political connections). Most of the early foundational studies and still the majority of today's publications on Corporate Political Strategy were developed in the context of the US American political system, which places a strong focus on Corporate Political Strategies such as 'institutional lobbying' and 'campaign contributions' (Katic & Hillman, 2023; Lawton et al., 2013).⁵¹ This over-representation in the literature is likely due to its easier observability and required disclosure of for example political campaign contributions in the US political system (Katic & Hillman, 2023). However, such strategies are often inapplicable in countries with weak institutions and a different political system, such as China. Nevertheless, studies with localised Corporate Political Strategy typologies are still scarce and only exist for a handful of countries, such as China (e.g., Ma et al., 2012; Zhang & Lin, 2014), Ghana (Liedong & Frynas, 2018), Nigeria (Liedong et al., 2020) and Uganda (Mbalyohere & Lawton, 2018). Consequently, in the last decade, several scholars have stressed the need for more localised concepts and typologies that account for the vast structural and cultural differences across countries (e.g., Katic & Hillman, 2023; Lawton et al., 2013; Liedong et al., 2020; Rajwani & Liedong, 2015). This study aims to offer such a localised and updated China-specific typology.

In the Corporate Political Strategy literature dealing with the Chinese context, scholars have developed typologies that range from two to twelve different Corporate Political Strategy types and are either based on existing (US-American) typologies applied in the Chinese-context (Gao et al., 2008; He, 2006; He et al., 2007; Tian et al., 2009), a unique China-specific set (Ahlstrom & Bruton, 2001; Ahlstrom et al., 2000; Ahlstrom et al., 2008; Deng et al., 2010; He & Tian, 2008; Li et al., 2006; Ma et al., 2012; Zhang & Lin, 2014), or a mix of both (Gao, 2006). Some studies compare the use of Corporate Political Strategy types across company forms (Ahlstrom et al., 2008; He & Tian, 2008; Ma et al., 2012) and between China and the US (Gao, 2006; He,

⁵¹ In their literature review study, Katic and Hillman (2023) report out of the 241 observed studies, the US has been the research context for 159 (65 per cent), and 157 studies focus on 'institutional lobbying' and/or 'campaign contributions' (p. 1915), strategies largely uncommon in many parts of the world, including China. However, the review further points out that most studies outside of the US context deal with China or the European Union, without indicating a number for either region, with very few investigations in other locales, particularly emerging democracies (p. 1915).

2006) and China and Taiwan (Ahlstrom et al., 2008). While some earlier studies exclusively deal with Corporate Political Strategies promoting a firm's legitimacy (Ahlstrom & Bruton, 2001; Ahlstrom et al., 2008), due to the general socio-political acceptance of private firms and increased marketisation in large parts of the Chinese economy, later studies include such strategies only as one Corporate Political Strategy among many. However, compared to the West, where scholars seemed to have largely agreed on Hillman & Hitt's typology from 1999 as their theoretical base, in China, there seems to be no consensus on any of the typologies presented above. This inconsistency emphasises the need for a China-specific typology that can be universally applied across cases. This study aims to offer such a universally applicable Corporate Political Strategy typology.

[3.4.2] Corporate Political Strategy Outcomes

Situated in the second sub-field of Corporate Political Strategy research, Corporate Political Strategy outcomes on firms' performance, presumably the largest cohort of studies on locally applied strategies in the Chinese context has focussed on investigating the efficacy of corporate links to the government. Such links are established, for instance, when entrepreneurs serve in legislative bodies (Hou, 2019; Sun et al., 2014; Zhang, 2017; Zhou, 2009), become party members (Li et al., 2008), when firms install government officials and party members in their company boards (Gao, 2011; Haveman et al., 2017; Liu & Ying, 2019) or unspecified through personal clientelist relationships (Lei, 2021; Zhang, 2019). However, despite this large number of studies on nonmarket strategies, researcher have found it difficult to draw meaningful generalisations about the outcomes of such links on business performance. For instance, various studies argue that links to the government can lead to better access to bank loans and credits (e.g., Haveman et al., 2017), access to discounted land deals (e.g., Chen & Kung, 2019), tax benefits (e.g., Zhang, 2017) and help firms protect their property rights (e.g., Hou, 2019). However, other scholars reported negative outcomes from such links (e.g., Gao, 2011; Lei, 2021; Sun et al., 2014). Furthermore, several studies would demonstrate how links to the government could swing in both directions, change over time and across situations (e.g., Sun et al., 2014). These studies remain largely vague about the exact impact of Corporate Political Strategies, often portraying liabilities as a necessary by-product of the received benefits or part of a reciprocal clientelist relationship. Overall, the body of literature examining the influence of Corporate Political Strategies on firm performance has yielded inconsistent findings regarding their positive and negative outcomes. This indeterminability and inconsistency of findings on Corporate Political Strategy outcomes has been similarly reported in literature review papers beyond the Chinese context, especially among informal and illegal strategies predominant in China (e.g., Katic & Hillman, 2023, pp. 1923-1924; 1927-1928).

[3.4.3] Corporate Political Strategy Determinants

Corporate Political Strategies are highly context-dependent in the sense that they are tailored to the unique political context where they are deployed (Liedong et al., 2020, p. 856). In China this is particularly important as economic and political settings can vary substantially from case to case due to its unevenly progressing 'transitional economy' – mirrored in the variations in marketisation and rule-of-law levels – and a comparatively strong autonomy of senior local

officials. Furthermore, Corporate Political Strategies do not necessarily deliver results for the executing firm. Unlike in economic markets, where successful payment by demanders usually leads to the delivery of products or services, Corporate Political Strategies do not always lead to desired governmental outcomes for a variety of context-specific reasons (Katic & Hillman, 2023). Studies analysing Corporate Political Strategies' determinants (also termed 'antecedents' in some studies) try to illuminate these issues by investigating internal and external factors that influence or determine Corporate Political Strategies and their impact on firm performance, such as firm size, firm dependency on the government, or firm diversification but also institutional differences or industry structural variations (Hillman et al., 2004). In the Chinese context, for instance, Gao et al. (2008) sees firm's resources, management orientation, and uncertainty in the nonmarket environment as impacting Corporate Political Strategies. Tian and Deng (2007), on the other hand, distinguishes between firm and industry-specific determinants, having identified firm size and diversification level as well as the industry regulation level and market share being positively correlated with the application of Corporate Political Strategies. These studies can be situated in the third research sub-field, Corporate Political Strategy determinants, and generally observe political, administrative, economic, and social factors that can affect the application, dynamics, and outcomes of Corporate Political Strategy.

[3.4.4] Corporate Political Strategy and Sports

Using sport investments as a Corporate Political Strategy to influence governments in a firm's favour is neither exclusive to football nor the case of China. As Corporate Political Strategies often involve investments in areas outside of the executing firm's core business, such as state-favoured industries, public health, education, culture and sports, or other "government-pleasing" areas (Zhang & Lin, 2014, p. 73), they can be found across many sports in China (see for instance, Ma et al., 2012, pp. 18-19; p. 66; p. 68; Zhang & Lin, 2014, pp. 66-67; Ahlstrom et al., 2008, p. 393). Most of these sport-related investments are found in China's professionalized sports of football, basketball, volleyball, and table tennis, since these sports are promoted by the state and allow corporate club ownership and sponsoring, while being largely unprofitable and reliant on external funding. Other sport-related investments are focused on sport infrastructure projects, public health programs, and sporting event sponsorship (e.g., Ahlstrom et al., 2008, p. 393). However, given the prominent influence of private investors amid the football reforms, Corporate Political Strategies within the context of the 'Chinese Football Dream' appear notably widespread.

Outside of (mainland) China, cases of sport-related Corporate Political Strategies have been reported, for instance, in Taiwan in the context of two baseball leagues (Lee & Jiang, 2013), across Montenegro's national sport federations and sport clubs (Begović, 2023), in Lebanon in the context of national sport federations and international sport events (Nassif, 2014), in Argentina (Paradiso, 2016), and post-Soviet Romania (Péter, 2020) Ukraine and Russia (Veth, 2014) across football clubs and their owners, and in Turkey in the case of Istanbul Basaksehir (Kalaycı, 2022). The latter study shows how several private construction and real estate firms as well as state-owned service provider connected to the former Istanbul municipal government,

national AKP party, or Erdogan family would sponsor president Erdogan's "pet project" Istanbul Basaksehir FC in exchange for winning public tenders and political support (Kalaycı, 2022, pp. 586-589), thereby showing many similarities to the crony exchange networks found in Chinese football.

[3.5] Gaps in the Literature

Notwithstanding the advancement in identifying different corporate strategies, their corresponding benefits, and the underlying factors that indicate to shape their outcomes, extant studies have generally neglected to address the following gaps in the literature. First, most studies fail to analyse the numerous situations in which firms are negatively impacted by their Corporate Political Strategies, as pointed out, for instance, by Katic and Hillman (2023) in their literature review study. The common assumption in the existing literature is that Corporate Political Strategies are beneficial or at worst ineffective. However, in the Chinese context, a small but burgeoning literature shows that political ties can mitigate but do not eliminate risk exposure from the state and that corporate links to the government can have a detrimental impact (e.g., Z. Chen, 2020; Chen et al., 2018; Sun et al., 2016). Hence, political ties can be both beneficial and carrying a burden, with benefits sometimes turning into liabilities and vice-versa, something that can only hardly be captured by analysis at sectoral- and macro-economic-level common in the literature. Being at the issuing end of the strategies, first-hand data can provide the needed inside view to track and evaluate businesses' value from their engagement with the government in the context of football. By empirically exploring previous and ongoing football-related Corporate Political Strategy efforts with the help of interviews with practitioners the study intends to fill this gap in the literature.

Second, most studies focus on the dependence of the private sector on the state without considering their mutual dependency and often reciprocal relationship. This problem is common in the way Corporate Political Strategy is conceptualised and operationalised as a one-directional tool utilised by firms to influence governments (Liedong et al., 2020, p. 856). This is particularly ambiguous since consequently most research is omitting the state's pull factor, for instance, pointed out by Katic and Hillman (2023). In the Chinese context, studies largely portray government officials as either passive – in the sense of only "receiving" Corporate Political Strategies – or driven by personal gain from corruption, like critically addressed by Lei (2021), thereby often neglecting critical pull factors, such as officials career prospects or peer-pressure. By investigating the factors that determine government actors' willingness to engage or even court Corporate Political Strategies, across different strategies and government agencies, is helpful to illuminate governments decision processes regarding their engagement with the strategies. Due to a lack of first-hand data from government officials directly involved in Corporate Political Strategies, comparing firms' unsuccessful efforts with successful efforts can help explain why officials engage with one Corporate Political Strategy while ignoring another, thereby advancing the field of strategy determinants. In analysing contemporary literature on Chinese government administration and cadre career processes as well as empirical interview data from officials in the sport administration, government consultants,

clubs, investors, and journalist with contextual knowledge, especially comparing varying observed engagement levels across cases, the study intends to illuminate these issues from multiple angles.

Third and lastly, even though the literature suggest that state-business relations have been substantially altered under Xi Jinping (e.g., Pearson et al., 2020), with the majority of specialised publications being researched prior to his tenure, the field of Chinese Corporate Political Strategies has not witnessed substantial updates since then. While recent studies point to changes in determinants, especially due to the ongoing anti-corruption campaign, and related outcomes for businesses (e.g., Guo, 2019), they rarely investigate how firms' coping strategies suggest having changed amid the altered political economy. By developing an updated and localised, China-specific, Corporate Political Strategy typology, this study wants to address this issue and further answer the literature's call for more localised typologies and concepts (e.g., Katic & Hillman, 2023; Liedong et al., 2020). Furthermore, the typology intends to be applicable beyond the case of football or specific to any industry in China, thereby offering a set of universally applicable strategy categories that can be employed across cases and studies, reducing the lack of agreement among scholars in the Chinese context.

In summary, this study addresses significant gaps in the Corporate Political Strategy literature. By examining negative impacts of the strategies, exploring mutual dependencies, and offering an updated, universally applicable Corporate Political Strategy typology in the Chinese context, this study contributes to all three sub-field of the Corporate Political Strategy literature: typology (addressed in RQ2), determinants (addressed in RQ3), and outcomes (addressed in RQ4). Through first-hand empirical data from practitioners as well as comparative and contextual analysis, the study advances our understanding of Corporate Political Strategy as part of contemporary state-business relations under Xi Jinping. The findings go beyond the case of Chinese football and shed light on China's political economy at large, offering valuable insights for both scholars and practitioners.

Chapter 4 | Theoretical Framework

As the literature review has demonstrated, private business actors and local governments in China seek to influence each other for their own benefits. Kept in a state of mutual, often asymmetric dependence both actors of the dyadic relationship employ strategies frequently involving reciprocal exchanges between the two. In the case of the Chinese football industry, the pivotal case of this study, the actual scope of this mechanism, causes, determinants, and consequences are largely unexplored. This study seeks to address this gap in the literature. By taking the ‘Chinese Football Dream’ as a case, the study aims to explore and understand the dynamics and implications of football-related Corporate Political Strategy within the context of China’s political economy under Xi Jinping. Although these strategies are largely individual and context-specific, their underlying mechanisms can be explained and organised by existing theoretical concepts and typologies. These concepts will shape this study’s theoretical framework, thereby structuring the research and providing a lens through which to interpret its findings and answer its research questions.

Focussed on theorising power through exchange behaviour among individuals and organisations, this chapter will first present the study’s understanding of social exchange between individuals and organisations at micro-level (between individuals) and meso-level (between organisations), before theorising exchange behaviour at macro- or market-level. Because exchanges are influenced by local social and cultural norms, the study is including three key concepts influencing exchange behaviour in China, namely *guanxi*, *renqing* and *mianzi*, into its theoretical framework. After the presentation and discussion of the study’s theoretical framework, consisting of Resource Dependence Theory integrated with Corporate Political Strategy, the chapter is presenting the specially adapted typology of Corporate Political Strategies applied to this study.

[4.1] Theorising Power Through Social Exchange Behaviour

The study of organisational exchange behaviour, understood as interdependent transactions between two or more organisations and the focus of this study, has its venerable roots in early anthropological studies on ‘simple societies’⁵² by scholars like Malinowski (1922/2002), Mauss (1925/2000), Lévi-Strauss (1949/1971), and Sahlins (1972/2017) and US American social exchange behaviour studies by Homans (1961), Emerson (1962), Blau (1964/2017), and Thompson (1967/2003). The latter four were among the most prominent researchers trying to theorise what determines the exchange of goods and services among humans. According to these scholars, social exchange is mainly influenced by the amount of power and dependence deriving from the resources available for each actor involved. For example, in his seminal study

⁵² The exact meaning of ‘simple’ or ‘primitive’ cultures varies among the researchers but can generally be seen as a society characterised by features that may include a lack of a written language, relative isolation, small population, relatively simple social institutions and technology, and a generally slow rate of sociocultural change.

“Power-Dependence Relations,” Emerson (1962) named resources as the decisive factor for one’s power over others. According to the author’s Power Dependence Theory, most social relations entail ties of some degree of mutual dependence between parties if one person aspires to goals or gratification, whose achievements are facilitated by appropriate actions on the other person’s part and vice-versa. Therefore, it is more or less important to each person that they be able to control or influence the other person’s behaviour. As each person is in a position, to some degree, to grant or deny, facilitate or hinder, the other person’s gratification, the power to control or influence the other person lies in the control over the things they value. ‘Gratifications’ in Emerson’s understanding are physical resources as well as services and prestige (i.e., giving status). Following this argument, power resides implicitly in the other person’s dependence on their resources, services, and/or prestige. This line of thought was further developed into two propositions, which are applicable for this study:

1. The dependence of actor A upon actor B is (1) directly proportional to A's motivational investment in goals mediated by B, and (2) inversely proportional to the availability of those goals to A outside of the A-B relation.
2. The power of actor A over actor B is the amount of resistance on the part of B which can be potentially overcome by A.

By transferring these concepts to Chinese state-business relations, we can explain the exchange behaviour found between entrepreneurs and officials at micro-level. Following the first proposition, the dependence of an entrepreneur on an official and vice versa depends on how much one needs the gratification (i.e., resources, services, and/or prestige) controlled by the other as well as how available there are alternatives for obtaining it. In practice this means, for instance, entrepreneurs depend on certain government officials for their access to financial loans or tax relief since both ‘gratifications’ are controlled and administered by government officials. Besides these resources and services, prestige as gratification is sought by entrepreneurs in form of legitimacy, for instance through membership in the CCP or a legislative body, to which access is equally controlled by government officials. These gratifications are valuable for certain entrepreneurs since they promise corporate stability (financial loans), competitive advantage (tax relief) and increased status (government affiliation), all gratifications generally benefitting one’s successful operation or survival. Alternatives for these ‘gratifications’ are rare, especially locally, as local governments control their access in quasi-monopolies and agencies while entrepreneurs are often bound to a specific locality.

Conversely, some government officials are dependent on entrepreneurs as entrepreneurs control resources, services and prestige valued by the official. For instance, some entrepreneurs have financial capital (resource), expertise (service) and sporting success (prestige) available to contribute to certain local government goals, for instance football development, or personal gain of the official. For some officials these gratifications can be particularly valuable as their successful utilisation is beneficial for their personal or political development. Such ‘gratifications’ are usually – but not always – available from a multitude of local entrepreneurs, leaving government officials with alternative sources to satisfy their gratification. In a situation

with ample available alternative sources for a specific gratification, for instance in a locality with many cash-rich entrepreneurs, each source (i.e., entrepreneur) exerts comparatively less power over the demander (i.e., official) of that gratification, as they can choose the best available alternative. Conversely, in a situation with only limited or no alternative sources, for instance membership to the local legislative body, each source (i.e., the official overseeing membership acceptance) exerts comparatively large power over the demander (i.e., entrepreneur). In sum, the power of government officials over entrepreneurs and vice versa results from the balance of each actor's need for resources, services and prestige controlled by the other and their available alternatives.

According to the second proposition, the power of the entrepreneur over the officials and vice versa is exposed when the person is making some demand and the other is fulfilling these demands, even though the fulfilment runs counter to the person's own desires. Or in other words, a person is having power over the other because they can make the other person overcome their own resistance. In Chinese state-business relations, the literature has demonstrated that coercive behaviour is common among government officials when directly urging entrepreneurs to support certain government goals. Often without any reciprocity these cases demonstrate officials' superior power over entrepreneurs as investments run counter economic logics and entrepreneurs' own desires. Conversely, entrepreneurs sometimes exert power over government officials. For instance, if an official is in urgent need to save a struggling local company from collapse and there is no readily available alternative other than a specific entrepreneur, the entrepreneur can demand corporate and personal benefits from the government official in need, such as abnormal subsidies, tax relief or personal gifts. These power relations between two people can be either in balance or imbalance (also termed symmetric and asymmetric). As both persons can desire gratification from the other person at the same time, their power balance is therefore defined as (power of person A over person B) minus (power of person B over person A). If the result is negative or positive, there is a power imbalance or an asymmetric power relationship. If the result equals zero, there is a perfectly balanced power relationship between two persons. In sum, a person is the more powerful party if the other person is more dependent on the other, which enables the latter to demand gratification running counter the former's own desires. However, these power relations are not fixed and can be influenced over time through various Corporate Political Strategies discussed later in the chapter, consequently rendering asymmetric power relationships either way.

[4.2] Theorising Perfect and Imperfect Markets

Taking these concepts to a macro-level, in a 'perfect market' with 'perfect competition' organisations know there will be support (in the form of available resources, services and prestige, but also demand) when needed and hence they can maintain freedom from commitment by negotiating an exchange only when a need occurs. In this *theoretical* market the environment not only entails sufficient actors with needed capacity but also sufficient actors requiring such capacity, therefore having enough suppliers and demanders that makes the actions of any one of them insignificant (Thompson, 1967/2003, p. 33). In reality, however,

such conditions are highly unlikely. Conversely, in an ‘imperfect market’ with ‘imperfect competition,’ competition introduces uncertainty of future events and therefore forces organisations to seek for alternative sources of exchange and increases the possibility of losing out on any negotiation to such third parties. Each time the organisation needs a particular kind of support (in the form of resources, services and prestige), it offers something in exchange; but if the organisation in control of that support has better offers from other organisations in the market, the organisation in need may be without supply of that support. In contrast to the ‘perfect market’, in an ‘imperfect market’ demand and supply is not constantly available and uncertainty dominates the organisation’s operation (Thompson, 1967/2003, p. 33).

In ‘transitional economies’ like China, moving from a planned economy towards a more market-based economy, as the transition constitutes an uneven evolutionary process, these theoretical concepts are useful tools to explain different market settings across industries, regions, time periods and individual organisations. For instance, in the real estate industry firms still face a deeply regulated economy in which local governments possess far-reaching influence over the market not just through laws and regulations – like in many other countries – but also market competition, access and control of crucial resources (Liu & Xiong, 2018). In these markets firms face a high degree of uncertainty due to the limited number of suppliers (of needed resources, services and prestige) and demanders (of their particular resources, services and prestige). The real estate firm in need is therefore negotiating an exchange with the government and its agencies and enterprises, but due to its superior position in the market, the government can choose the best available offer, generally fostering an unfair exchange and leaving many other firms remain empty handed. As a result, in some industries where the government is the sole legal supplier of certain goods and services like licenses, certificates, but also access to infrastructure, energy, resources, or capital, the government is often the only available source for a certain business need. In these industries, such differences in access to resources and available alternatives lead to high uncertainty on the business side and an asymmetric power balance leaning in favour of the government. Such power asymmetry brings some governments in a position to potentially force policies and decisions on its suppliers and buyers. As a result, power imbalances prompt companies in heavily regulated industries to align with government objectives, as illustrated by the high concentration of real estate firms, traditionally subject to extensive government regulations, in Chinese football. Contrastingly, in markets with only little government control and influence, for instance consumer products, supply and demand is comparatively available and firms can negotiate exchanges more ad-hoc and under fairer conditions. Here market mechanisms largely determine supply and demand, and the government rather acts as ‘referee’ rather than ‘active player.’ In these markets businesses’ constraints and uncertainties mostly derive from outside the state in form of non-state suppliers, competitors, or customers.

[4.3] The Impact of Social and Cultural Norms on Exchange Behaviour

Above presented exchange behaviour is affected by social and cultural norms. These norms are rules or expectations of behaviour based on shared beliefs within a specific group. These often

non-formalised norms represent social standards for appropriate and inappropriate behaviour that governs what is acceptable and unacceptable in the interaction among people (Parker, 2005). Social and cultural norms are therefore highly influential over social behaviour in a broad variety of contexts like social exchange, gift giving and reciprocity as well as in organisational settings. Although there are various cultural norms in China, scholars commonly identify three primary norm-concepts as having significant impact on social and organisational behaviour: ‘guanxi’ (关系; reciprocal personal network), ‘renqing’ (人情; social obligation), and ‘mianzi’ (面子; social reputation) (e.g., Chang, 2012; Hwang, 1987; Hwang, 2000; King, 1991; Qian et al., 2007). Finding its origin in Confucianism, all three concepts have a two-millennia long tradition in Chinese society and shape social and organisational exchange still today (Hwang, 2012). Consequently, these concepts not only help us understand Chinese exchange behaviour, but also the state-business exchanges under research in this study.

[4.3.1] Guanxi

Guanxi refers to reciprocal personal network ties between two or more individuals. These ties are based on common kinship, native place, and ethnicity, but can also derive from a shared experience, like doing business together, attending the same school or university, or working at the same company (Gold et al., 2002; Luo, 2007). The network serves as a safety-net which one can use when in need or for social or economic advancement as it can reduce constraints and uncertainties from the environment, concepts that will be explained later in this chapter. Once a person received a favour, the person is expected to reciprocate at some time in the future, otherwise guanxi cannot be sustained. Different to Western social exchange theories on reciprocity (e.g., Homans, 1961), the guanxi reciprocity must not be mutual and roughly equal in value. Chinese guanxi reciprocity focusses more on the commitment to reciprocate (in any form or value) in the future (King, 1991). Reciprocity is mostly informal, opaque, and personal. Due to its personal nature potential benefits from guanxi are bound to the network and need to be sustained over time (Luo, 2007). Hence, once a guanxi tie is disrupted, the members lose access to the benefits derived from the relationship. This character is especially relevant for guanxi ties between entrepreneurs and local officials as senior-level officials often function as a bottleneck to provide access to benefits controlled by the local government, but often lose this authority once reassigned to another post or location. As guanxi networks can help their members to advance socially and economically, people nurture existing networks or try to manufacture or enter new networks through intermediates or direct approach (Hwang, 1987; Luo, 2007). Within China’s state-business nexus, the case has been made that private investment in state-favoured projects, such as football development, is seen as a form of guanxi building (e.g., McNally et al., 2007; Xue et al., 2020). For entrepreneurs in strongly controlled industries such as real estate, guanxi with government officials possessing the right power and authority to help them advance economically is especially valuable and sought-after (McNally et al., 2007). However, consistent with the (inconsistent) literature presented in the Literature Review Chapter 3, guanxi can be seen as a ‘double-edged sword’ with both positive and negative outcomes for managers, organisations and society at large (Warren et al., 2004). When there is a strong dependence on guanxi for social or economic advancement combined with a

lack of alternatives, guanxi exchanges can turn to liabilities and detrimental to the desired advancement.

[4.3.2] Renqing

Renqing is related to the concept of guanxi and refers to social obligations among two or more linked individuals. The concept entails mainly three characteristics; first, the emotional response one shows to personal contacts (especially from their guanxi network) in different daily situations in life, second, the resources or services one is giving as sentiment to people in need or celebration, and third, a set of social norms that require continuous contact with members of one's guanxi network as well as the exchange of gifts, greetings, visits, and assistance (Hwang, 1987; King, 1991). It is important to note that the renqing expressed in different day-to-day situations does not only include empathy in bad situations, but rather the whole spectrum of emotions from happiness to sadness in various situations of life. A person with high renqing caters to the tastes and current emotions of the people the person cares for. Contrastingly, if one is not sensitive enough to others' feeling or prepared to do them a favour when in need, a person is regarded as having low renqing (Chang, 2012; Hwang, 1987; Qian et al., 2007). This social obligation from renqing can be observed in China's state-business relations as entrepreneurs and officials linked through guanxi are generally expected to provide assistance if one part of the dyadic relationship is in need.

[4.3.3] Mianzi

Mianzi, directly translated as 'face' and refers to a person's public image, social status or prestige, gained by performing certain social roles that are recognised by others. As people can lose face or mianzi through misbehaviour of their social roles (e.g., not returning a favour as a guanxi contact), people try to shape and present a self-image that leaves a favourable impression at other people (Jia, 2001; Smith, 2012). If a person experiences embarrassment due to their mianzi having been discredited in a particular encounter, their relationship can be disrupted substantially (Hwang, 1987). Hence, both parties in a dyad have vested interest in protecting or saving one's face to keep the social encounter smooth. Connecting mianzi to the concepts of guanxi and renqing it is widely acknowledged that one's social position is reflected and judged by their guanxi network. A person's guanxi network reflects one's potential power and subsequently the person's social image or mianzi. Due to their power and influence guanxi links to senior-level government officials is particularly valuable as it reflects a high level of mianzi. However, not showing renqing can cause people to lose face and vice-versa. Here social hierarchies play an important role, as people must show renqing not only according to the situation, but also fitting to the hierarchical order of the dyad. This often leads to people showing renqing (e.g., making gifts) exceeding their actual capacities and own will, as people feel obliged to help out (especially people of higher status), since "misbehaviour" could lead to losing mianzi (Hwang, 1987; Jia, 2001). As football in China essentially embodies a loss-making venture, corporate investments in football development often represents a gesture to the governments that can increase entrepreneurs' mianzi vis-a-vis the government. Conversely, significant sporting decline or the disappearance of a football club emblematic with the image of a city can cause owners and linked governments lose mianzi.

[4.4] Resource Dependence Theory

The concepts by Emerson (1962) and peers presented above predominantly focus on social behaviour among *individuals* in informal settings, lacking explicit consideration of organisations or their environmental influences. Building upon Emerson's work on power dynamics arising from resource dependencies, scholars such as Cyert and March (1963), Thompson (1967/2003) and Pfeffer and Salancik (1978/2003) extended these concepts to theorise *organisational* behaviour within broader environmental context, generally proposing an 'open system' approach, as opposed to a 'rational / closed' or 'natural' approach, in which organisations try to cope with internal and external uncertainties (Scott & Davis, 2015). This shift in focus within the academic field of organisational behaviour studies involved recognising that organisational strategy extends beyond products and customers to encompass suppliers and other entities in the environment. This expanded perspective acknowledges the influence of governments and governmental organisation on the flow of resources to organisations, such as companies.

In their influential book, "The external control of organizations: A resource dependence perspective," Pfeffer and Salancik (1978/2003) applied the resource dependence view to the political economy of 1970s USA, establishing a first extensive record of theory testing in the real world. Their concepts resulted in the Resource Dependence Theory, a concept often used to theorise state-business relations in international context, including China. According to the theory, business organisations face a multitude of interdependencies with external entities, such as other companies, public institutions, governments, and their agencies. Consequently, organisational survival and growth hinge on their ability to secure resources from these external constituents and effectively manage constraints and uncertainties stemming from them. Among these constituents, government is "one of the most difficult environmental dependencies to control" (Hillman et al., 2009, p. 1412). Constraints, according to Pfeffer and Salancik (1978/2003), encompass external 'demand' (laws and regulations) and 'pressure' (interdependence with external constituents). The government here can act not only as a regulator but also as an active participant, directly influencing companies as buyer and seller of resources and services. Uncertainty, for instance, may arise when the supplier of a critical resource significantly raises prices, alters the product or service, ceases production, or restricts access altogether, factors that can impact the resource and lie beyond the control of the demanding firm. Largely following Emerson's power-dependence concept (Emerson, 1962), organisational dependence on another entity is influenced by three key factors. Firstly, the importance of the resource for the operation or survival of the organisation. Secondly, the extent of discretion of the organisation over resource allocation and use. Lastly, the availability of alternatives for the resource, considering not only the presence of alternative sources but also the organisation's potential access to these sources and any constraints limiting such access (Pfeffer & Salancik, 1978/2003, pp. 46-51). As a result of this resource-dependence, firms proactively take action through a set of available tactics to minimise their environmental constraints and uncertainties. Pfeffer and Salancik (1978/2003) empirically observed five tactics – or coping strategies – across organisations: mergers and acquisitions (Chapter 6), joint ventures and other interorganisational relationships, interlocking boards of directors (both

Chapter 7), political action (Chapter 8), and executive succession (Chapter 9). In instances where organisations struggle to diminish their dependence on external entities, including the government, they resort to political action, such as influencing government regulations to construct a more favourable environment for the executing organisation. This observed organisational tactic lays the groundwork for the later development of the Corporate Political Strategy literature dealing with firms' coping strategies.

Firms' strategic and active choice behaviour to mitigate constraints and uncertainties stemming from external entities, for instance, contrasts with (neo)-institutionalism (Meyer & Rowan, 1977; Zucker, 1987), another concept often used to explain organisational behaviour. While both Resource Dependence Theory and Institutional Theory address how organisations respond to external pressure, the latter emphasises the influence of social rules, expectations, norms, and values on organisational behaviour. By exploring how organisations conform to these often only hardly changeable institutional norms, it stresses firm survival through conformity and sometimes isomorphic behaviour (DiMaggio & Powell, 1983). Isomorphic behaviour here refers to the tendency of organisations to imitate or mimic the structures, practices, and processes of other organisations within the same organisational environment, thereby seeking legitimacy and social acceptance (DiMaggio & Powell, 1983). In contrast, Resource Dependence Theory stresses the necessity of firms adapting to environmental constraints and uncertainties, coping with interdependencies, and actively managing and manipulating their environment. For instance, while both concepts emphasise the importance of firms obtaining legitimacy, in the sense of social and political acceptability, Resource Dependence Theory places more emphasis on the instrumentality of legitimacy as a tool to influence the environment (Greenwood & Hinings, 1996; Pfeffer & Salancik, 1978/2003, pp. 193-202).

While Resource Dependence Theory provides valuable insights into organisational behaviour, it is not without critiques. One critique lies in its deterministic view, often portraying organisations as entities shaped solely by external factors. For instance, Strategic Management scholars argue that this perspective might oversimplify the complexity of organisational decision-making, overlooking the active role and strategic choices made by organisations internally (e.g., Ansoff, 2007). As an example, the Resource-Based View centres on internal, scarce, and inimitable resources (Barney, 1991). Firms that command such resources are expected to secure competitive advantage in the market, primary through strategic profit-seeking behaviour. In a similar vein, Resource Dependence Theory's emphasis on power, as opposed to economic efficiency and rationality, sets it apart from Transaction Cost Economics (e.g., Williamson, 1998), despite a shared focus on interorganisational relationships. Additionally, scholars from fields such as Organisational Culture Theory (e.g., Martin, 1992) and Leadership Theories (e.g., Horner, 1997) often criticise Resource Dependence Theory for largely neglecting internal management factors such as organisational culture and leadership styles, which are seen to influence organisational behaviour.

In addition to above conceptual critique, many scholars, including Pfeffer and Salancik themselves (1978/2003, p. xvi), contend that the tactics outlined in their classic volume "The

external control of organizations” (Pfeffer & Salancik, 1978/2003) were embraced to readily without sufficient empirical testing (Casciaro & Piskorski, 2005) and generally necessitate contemporary modification (Davis & Cobb, 2010; Davis & McAdam, 2000; Hillman et al., 2009). Regarding the latter critique, for instance, Davis and Cobb (2010) stresses “[today] tactics like co-opting suppliers by putting them on the board, or diversifying, probably would do most firms more harm than good” (p. 38). As social, economic, and political structures and their impact on organisations changed since their publication in 1978, so do organisational tactics change accordingly. However, Resource Dependence Theory’s foundational theoretical approach of diagnosing power sources and dependencies, along with predicting organisational responses under certain conditions, continues to provide valuable insight into organisational behaviour. Due to its frequently limited sole applicability, the concept is primarily integrated with other theoretical perspectives (Hillman et al., 2009, p. 1416).

[4.5] The Study’s Theoretical Framework

[4.5.1] Integrated Approach

This present study will follow this approach and combine Resource Dependence Theory with the concept of Corporate Political Strategy. The resource dependence view will function as the theoretical lens through which to understand firms’ (inter)dependence on the government as well as their application, selection, and determinants of various political strategies. Corporate Political Strategy is then utilised to empirically illuminate the various strategy types, their determinants, and outcomes in the case of football. This integrated approach has several advantages. First, Resource Dependence Theory has proven to be a useful and often applied concept to explain power structures and dependencies between firms and governments, the focal research subjects of this study. Moreover, as the concept does not differentiate among ‘organisations’ in their theorising, including governments, government agencies and state-owned enterprises, the concepts is able to capture the diverse roles of *the state* in the case of China (i.e., buyer, seller, and regulator of services and resources). Corporate Political Strategy, in its essence an evolved form of political action tactics, if updated and localised, offer a contemporary set of tactics that can be empirically tested, thereby substituting the partly outdated set of tactics introduced by Pfeffer and Salancik (1978/2003) in the political context. Moreover, the strategic and instrumental behaviour inherent in Corporate Political Strategy aligns seamlessly with the principles of the resource dependence view, in contrast to the reactive and passive perspectives found in alternative organisational behaviour concepts. Third, scholars researching Corporate Political Strategy, including in the Chinese context, have already demonstrated the successful application of Resource Dependence Theory as their underpinning theoretical framework (e.g., Ahlstrom & Bruton, 2001; Chen & Touve, 2011; Dickson, 2008; Gao et al., 2008; Haveman et al., 2017; He & Tian, 2008; Liedong et al., 2020; Tian et al., 2009). Lastly, the integrated approach bridges the theoretical and practical realms, allowing for the empirical testing of political strategies within a resource dependence view, something that has been requested repeatedly in the literature (e.g., Casciaro & Piskorski, 2005).

Resource Dependence Theory's foundational theoretical approach of diagnosing power sources and dependencies, along with predicting organisational responses under certain conditions, provides valuable insight into organisational behaviour. Organisational dependence on another organisation is influenced by three key factors conversely determining the power that an organisation has over the other. Firstly, the importance of the resource for the operation or survival of the organisation. Secondly, the extent of discretion of the organisation over resource allocation and use. Lastly, the availability of alternatives for the resource, considering not only the presence of alternative sources but also the organisation's potential access to these sources and any constraints limiting such access (Pfeffer & Salancik, 1978/2003, pp. 46-51). In relation to Corporate Political Strategy these theoretical assumptions emphasise the significance of resources, possessed by both government and business actors, in the operation of organisations. In a dynamic and competitive business and government administration environment, access to resources is vital. Therefore, Corporate Political Strategy resembles a strategic avenue through which organisations aim to secure these essential resources. Furthermore, organisations exercise discretion in allocating and utilising resources. For example, as some firms need some resources more than others for their operation, these firms are more prone to executing Corporate Political Strategy, hoping to access needed resources controlled by the local governments. These firms may allocate resources, such as investing capital into a football club, strategically as part of their Corporate Political Strategy to achieve their specific objectives. Following these underlying assumptions, the timing, tactic, and targets of strategies are linked to firms' reliance on governments that possess control over specific resources. Lastly, the amount of pressure to employ Corporate Political Strategy hinges on the availability and access to alternative resources. In situations with enough suppliers of a key resource – introduced as 'perfect market' above – firms face a lesser need to employ Corporate Political Strategy since access to resources is not limited. Conversely, in situations of only a limited number of government agencies in supply and reach of a key resource – introduced as 'imperfect market' above – firms have only limited room to manoeuvre and often must adhere to the demands by the government agency controlling the resource. To manage their constraints and uncertainties stemming from the government, these firms are more prone to employ Corporate Political Strategy than firms not facing such an environment. However, since some firms equally control resources valued by the governments, resource dependency can also be mutual, resulting in power structures that can be balanced or shifting in either direction.

Having established the foundational theoretical underpinnings of Resource Dependence Theory and its implications for organisational behaviour, especially considering the use of Corporate Political Strategy, the following section will present this study's Corporate Political Strategy typology.

[4.5.2] Corporate Political Strategies

In what is arguably the most extensive study on Corporate Political Strategies in the Chinese context, Ma et al. (2012) developed eight Corporate Political Strategy-types specific to China, namely 'one-night-stands', 'situational shopper', 'good ole friend', 'patronage seeker',

‘institutional improviser’, ‘model volunteer’, ‘direct participator’, and ‘red hat insider’. Such categorisations help understand and organise the various strategies, their characteristics, and incentives. In the following section the study wants to present these types in a specially altered form, supplemented by the characteristics of Corporate Political Strategy typologies developed by Ahlstrom et al. (2000), He and Tian (2008), Deng et al. (2010), and Zhang and Lin (2014). As Ma et al. (2012) in their study is distinguishing between entrepreneurs and companies as institutions, this study will try to combine these categories as the mode of exchange is largely identical for each actor. Furthermore, the study will include ‘information strategies’ (own terminology), which was not incorporated in Ma et al. (2012), but several other studies. It is important to note that the ‘information strategy’ employed in this present study bears resemblances to what is understood as ‘information strategy’ by Hillman and Hitt (1999), however, it is implemented in an institutional context that significantly diverges from Western settings. For an overview of the study’s Corporate Political Strategy typology see Table 2 below. By combining typologies from several key studies, the study hopes to provide a Corporate Political Strategy typology that is universally applicable to businesses in China. Furthermore, it will serve as the typology applied to the empirical research case of this study in Chapter 7. The specially created typology will be used to categorise the observed football-related Corporate Political Strategies employed by the research subjects in the empirical case, and to facilitate comparison of the strategies both among each other and across company characteristics.

In general, all Corporate Political Strategies aim at influencing government policy and government action in ways favourable to the firm (Baysinger, 1984). The strategy types are not exclusive to certain situations and entrepreneurs and companies may also use more than one type at the same time to deal with multiple demands or over time. The first pair of strategies, one-night-stands / situational shopper, can be seen as rather reactive or defensive, as the pressure to act rapidly is more imminent than in other situations. Hillman and Hitt (1999) would term these strategies ‘transactional,’ as they are triggered by an immediate threat or upcoming opportunity and aim for short-term solutions (pp. 828-829). These strategies are utilised either during situations of utmost urgency, requiring immediate assistance from the government, or when unexpected opportunities that need the help of the government present themselves. Contrastingly, all other strategies presented can be seen as rather proactive, selective, not driven by an immediate threat or opportunity, or to stay in Hillman and Hitt’s categorisation: ‘relational’ (1999, pp. 828-829). Here the entrepreneur or company engage in rather long-term strategies to gain and sustain competitive advantages in terms of favourable positions, access to markets, and to secure or enhance legitimacy in the social and political setting.

Table 2 | Overview of the Study's Corporate Political Strategy Typology

Corporate Political Strategy	Characteristics	Mode	Exemplary Actions
One-night-stands / situational shopper	<ul style="list-style-type: none"> - triggered by an immediate threat or opportunity - aiming for short-term solutions - often welcomed/courted by rent-seeking/unpromotable officials 	<ul style="list-style-type: none"> - reactive - defensive - transactional 	<ul style="list-style-type: none"> - bribery/corruption - gift-giving - supporting a state project prompted by an official
Good ole friend / patronage seeker	<ul style="list-style-type: none"> - long-term involvement with an official seeking favours and protection over a longer period - reciprocal exchange of various benefits between entrepreneur and official - often welcomed/courted by promotable officials 	<ul style="list-style-type: none"> - proactive - selective - relational 	<ul style="list-style-type: none"> - contributions to projects overseen by the official - providing help in situations of trouble - granting of shares and (symbolic) employment for official
Model volunteer / institutional improviser	<ul style="list-style-type: none"> - promotion of prioritised state projects to increase legitimacy - selective, voluntarily - 'act in the sense of the government' - worshipping of the CCP - make government aware of one's company 	<ul style="list-style-type: none"> - proactive - selective - relational 	<ul style="list-style-type: none"> - conduct highly visible activities showcasing policy support - politically motivated CSR campaigns - act as spokesperson for state project / organisation - issue political PR campaigns - invite officials to attend company events - visit CCP sites
Direct participator / red hat insider	<ul style="list-style-type: none"> - direct involvement with the government for policymaking, benefits, and protection - often in pro-business and pro-privatisation political environment - legitimise own business through link to government - strengthen clientelist networks 	<ul style="list-style-type: none"> - proactive - selective - relational 	<ul style="list-style-type: none"> - join CCP or legislative bodies - invest into SOE or court SOE investment - partner with state agency
Information strategy	<ul style="list-style-type: none"> - making government aware of external problems faced by the company - advising the government on corporate issues - push for institutional firm-related changes - often applied individually, non-collective - often privately face-to-face, non-institutionalised, via guanxi networks 	<ul style="list-style-type: none"> - proactive - selective - relational 	<ul style="list-style-type: none"> - lobbying - informing the government about issues directly in personal meetings, business associations, or legislative bodies - informing the government indirectly via own publications or the media

Source: own illustration

[4.5.2.1] One-Night-Stands / Situational Shopper

One-night-stands and situational shopper strategies are being deployed in either extremely urgent conditions when immediate assistance from officials is needed or when an opportunity unexpectedly arises. Such threats can be in the form of (legitimate/illegitimate) law prosecution, changes in laws and regulations hampering one's operation, 'red tape' (e.g., abnormal fines and tax payments), and 'grabbing hand' behaviour (e.g., property predation and expropriation). Opportunities, on the other hand, can be an emerging business deal, access to certain resources or public projects, or confidential information positively affecting firm's development. In such situations the entrepreneur or company engage in spot transactions with government officials to avoid a threat, seek protection, or obtain an emerging opportunity at personal level or for the company. Common forms of this exchange are bribery, gifts and rewards, one-time favours for the official or their family as well as contributions to projects overseen by the official. Due to the ongoing anti-corruption campaign from 2012, this strategy has likely shifted away from illicit measures towards more contributions to projects overseen by the official.

[4.5.2.2] Good Ole Friend / Patronage Seeker

Good ole friend and patronage seeker strategies, on the other hand, can more be seen as a long-term aiming involvement with government officials to receive continuous favour and protection for the entrepreneur personally or company as an organisation. Different to one-night-stand / situational shopper no immediate assistance is sought and the gifting and hosting of officials is happening on a rather regular basis. In this strategy companies regularly contribute to the matters overseen by the official. Such contributions are diverse and include resource and financial policy contributions, disaster relief, support for struggling state enterprises and institutions, knowledge transfer and the provision of public infrastructure and services. Some firms even offer company shares and employment (often in rather symbolic positions) to current or retired officials and their family. As officials regularly change locations due to the cadre rotation system, companies sometimes even follow officials as they change location to receive continuous support.⁵³ The long-term exchange can be seen as a credit system in which the entrepreneur / company pays in with good deeds for the official directly or to make his job easier in exchange for future favours and protection. Often these exchanges are happening between entrepreneur / company and officials with a comparatively high potential for promotion and career advancement ("rank-seeking officials"), while being potentially influential enough within the government to help the entrepreneur / company in need. Officials that potentially can get promoted in the near future are more likely to enter such business-state relationships to push government policies than "unpromotable" officials that rather seek no or only personal gain driven relationships with entrepreneurs (e.g., taking bribes) ("rent-seeking officials").

⁵³ For more studies on China's cadre system, including cadre rotation, see Jia et al. (2022), Brødsgaard (2017), Eaton and Kostka (2014), and Landry (2008).

[4.5.2.3] Model Volunteer / Institutional Improviser

As the government actively solicits and rewards entrepreneurs and businesses that promote government policies and their linked symbols and slogans, entrepreneurs and companies curry favours linked to these policies with government agencies on voluntary or selective basis. Through the promotion of projects that have been given priority by the central or local governments, the entrepreneur / company is trying to win the goodwill of the government and trust of the public to enhance a competitive advantage and legitimacy. Frequently seen in the form of politically driven CSR efforts, firms employing this strategy often undertake benevolent activities directed at the government, such as public donations, community development, health and wellness programs, employment schemes or environmental initiatives. Furthermore, entrepreneurs often volunteer to act as spokesperson or active promoter of government projects in public to show its support. In this Corporate Political Strategy-type the main goal is to act in the sense of the government and its mayor policies to benefit personally or as a business. Through promoting government goals this strategy is often used to make the government aware of one's company and projects. Firms therefore issue political PR campaigns, directly report to government officials, invite them to attend formally organised gatherings or conduct highly visible activities showcasing their policy support. Through these measures the firm tries to increase its legitimacy and not just benefit from government recognition but also be seen as exemplary actor within society and economy, consequently benefiting from its elevated status. This strategy has likely become more relevant under Xi Jinping, since the CCP leadership is increasingly expecting businesses to demonstrate fealty and support for the party and its goals (Pearson et al., 2020; Sun & Hai, 2020).

[4.5.2.4] Direct Participator / Red Hat Insider

In the direct participator / red hat insider strategy the entrepreneur and company try to get directly involved with the government. At the entrepreneur-level this can be achieved through joining the CCP or a legislative body, mostly the local PC and PPCC. At firm-level the strategy aims to partner with SOEs or government agencies or seeks them to become shareholders of their own company. This strategy is usually deployed in a pro-business environment in which entrepreneurs are encouraged to serve as government officials or join local and national legislative bodies. Once being part of the government the entrepreneur can easier get involved in the policymaking process, seek protection, or obtain access to benefits controlled by the state. For instance, following (Sun et al., 2014) or (Zhang, 2017), legislative bodies can provide a platform that helps strengthen clientelist networks between entrepreneurs and the state. At organisational level, private companies either seek government investment into their companies or invest themselves into state companies to legitimise their own business by wearing a "red hat." These strategies are especially predominant in areas and industries where there is a push for privatisation of state assets or the government urges SOEs and state agencies to partner with the private sector through mixed-ownership and public-private partnership.

[4.5.2.5] Information Strategy

In information strategies companies make the government aware of problems faced by the company or the industry and provide the government with proposals how to solve them. Often challenging existing institutional arrangements, the company is pointing at their shortcomings and pushing for changes. In the Chinese context, this can happen rather direct, outside the public realm, between the company and state (often in personal meetings, but increasingly via business associations and legislative bodies) or indirect, in public, via company publications or the media. In the latter, though not very common, the company attempts to build coalitions among relevant stakeholders to influence public opinion and government decision making, often in form of media reports or PR campaigns. The tightened control of traditional media (Repnikova, 2018) and social media (Chen, 2022) under Xi Jinping suggest that this approach has further decreased in recent years.

Generally, this Corporate Political Strategy type shows similarities to what Hillman and Hitt (1999) termed ‘information strategy’ but finds itself applied in an institutional setting largely different to the US and other Western contexts. While the strategy is commonly used in both contexts, its tactics diverge significantly. Although lobbying strategies have seen a slight increase in China over the last two decades (Huang & Chen, 2020), established structures like lobbying firms, public regulatory and policy advocacy, expert testimony, and hearings, prevalent in the US context, remain largely absent in China. Instead, in China, most instances of ‘information strategy’ occur privately in face-to-face meetings and are executed by individual firms (Kennedy, 2005, 2009). Often these efforts leverage entrepreneurs’ guanxi networks, sometimes facilitated by gift-giving and bribery practices (Gao, 2006). If attempts deem successful, most public decisions are carried out as specific ‘business policy’ which only apply to the individual company practicing the strategy (e.g., Deng et al., 2010, pp. 377-378; Zhang & Lin, 2014, pp. 61-63)

Presented theoretical concepts have demonstrated how environmental constraints and uncertainties deriving from resource dependence determine the power structure of individuals and organisations with their environment. These power structures can help explain exchange behaviour between state and business actors in China, including in the case of China’s football reforms. Firms and entrepreneurs can influence the environment through a set of Corporate Political Strategies that help them manage their constraints and uncertainties. The pressure to employ these strategies derives from one’s power balance from resource dependence, as firms/entrepreneurs with comparatively little power vis-à-vis the government are more pressured to seek favourable relations with the government and vice versa. Dependence here is comprised of three elements: first, importance of the resource for the demander, second, extent of discretion over allocation and use of the resource by the supplier, and third, available alternatives of the resource. This theoretical approach of diagnosing power sources and dependencies, along with predicting organisational responses under certain conditions, provides valuable insight into organisational behaviour. In the Chinese context, a transitional economy in many sectors constituting an ‘imperfect market’ environment, many entrepreneurs and firms face an asymmetric power balance vis-à-vis the government, consequently being

driven to employ Corporate Political Strategies to manage their constraints and uncertainties. These actors try to manage their dependency through a set of strategies specific to China's social, political, and economic environment. Based on this line of theoretical thinking, a specially created typology has been presented combined from existing China-specific Corporate Political Strategy key studies. The theoretical framework hereby helps understanding if and how pressing a firm is in need to employ such strategies, however, the framework does not answer how these strategies form and play out in practice. Such information is largely subjective, context specific, and mostly only known to the subjects involved, demanding for an empirical research methodology presented in the next chapter.

Chapter 5 | Research Methodology

Starting off with general views on the study's research approach and research philosophy, the subsequent sections present the study's own research design, data collection and data analysis methods. The applied methods are reviewed and compared with methods commonly used in the general methodology literature and the specific research field. The chapter concludes with remarks on the study's ethics, data storage and participants' anonymity.

[5.1] Research Approach

By taking the national reform policy 'Chinese Football Dream' as a case, the study aims to explore and understand the dynamics and implications of football-related Corporate Political Strategy within the context of China's political economy under Xi Jinping. As its theoretical base and to understand these highly individual dynamics the study follows an integrated theoretical approach combining the theoretical concepts of Resource Dependence Theory and Corporate Political Strategy. According to Resource Dependence Theory, organisational dependence and ultimately its power structures vis-à-vis other organisations are influenced by three key factors considering the access of 'resources' (resources here constitute tangible resources, but also services and prestige). Firstly, the importance of the resource for the operation or survival of the organisation. Secondly, the extent of discretion of the organisation over resource allocation and use. Lastly, the availability of alternatives for the resource. According to these factors firms try to manage their power balance from resource dependency through Corporate Political Strategy, depending on firms' need and pressure level to employ these strategies. In the context of Chinese football, the pressure to employ these strategies hinges on one's power from resource dependence, as firms/entrepreneurs with comparatively little power vis-à-vis the government are more compelled to seek favourable relations with the government and thus sometimes turn to football-related Corporate Political Strategy. These strategies can help them manage their constraints and uncertainties from the government in control of crucial resources, such as physical resources, but also legitimacy or avoiding red tape. Hence, Resource Dependence Theory's foundational theoretical approach diagnoses power sources and dependencies, along with predicting organisational responses under certain conditions, thereby providing valuable insight into organisational behaviour. The theory hereby helps understanding if and how pressing a firm is in need to employ such strategies, however, the theoretical framework does not answer how these strategies form and play out in practice. While they give indication under what conditions firms are likely to employ Corporate Political Strategies, they give little information about a firm's individual considerations, such as the specific resource the firm desires, the need and ability to obtain the resource, the risk and incentive of obtaining the resource, or the deployment of the Corporate Political Strategy itself. Such information is largely subjective, context specific, and mostly only known to the firms themselves. As a result, empirical data collection is needed to address these issues and to answer the study's four research questions:

- 1) To what extent is China's private football investment driven by Corporate Political Strategy?
- 2) How do football-related Corporate Political Strategies and their exchanges differ from strategies employed in other contexts?
- 3) How do business and government characteristics determine the ability and the pressure to engage in football-related Corporate Political Strategies?
- 4) How does the volatility in Chinese professional club football reflect the efficacy of football-related Corporate Political Strategy?

To address the research aim and answer the research question the study adopted a qualitative research approach for two reasons. First, a qualitative research method suits the nature of the study's focus, as it seeks to understand human and organisational behaviour through asking for the *why* and *how*, in terms of relations among the variables: governments and businesses (Cypress, 2015, pp. 256-257). *Why* are non-sport businesses investing in football clubs? *How* are external incentives and risks forming Corporate Political Strategies and their exchanges? *Why* do some governments engage with Corporate Political Strategies and some not? *How* are characteristics on both sides of the dyadic relationship influencing Corporate Political Strategies and their engagement? *Why* is there such a high volatility in football endeavours? *How* are Corporate Political Strategies deployed and *how* do they ultimately play out? Qualitative research methods can help researchers to understand the subjective experiences of participants, such as their motivations, challenges, and strategies, all being important to understand why and how Corporate Political Strategies are being practiced in China. These complex and highly individual enquiries could hardly be captured by quantitative research methods. Yet, while findings from quantitative studies, often using available micro- and macro-level firm data as proxies to apply regression analysis, can be useful to indicate general exchanges and exchange means between businesses and governments in certain regions, industries, or company forms (e.g., Gao, 2011; Li et al., 2015; Marquis & Qian, 2014; Wang & Qian, 2011; Wang & Jin, 2016), they give little insights on how these exchanges are formed and take place in practice – both enquiries of this study. Second, the investigated case and its research field – state-business relations in Chinese football – is still relatively underexplored and lacks in-depth empirical data to answer the study's research questions. To get insights from the research field, the study needs to illuminate informal and unstructured linkages and processes in and between businesses and state actors, which are generally covert and hard to access. Qualitative research methods have proven particularly useful for obtaining such sensitive and difficult-to-access information (e.g., Ahlers et al., 2016; Duckett, 1998; Eaton & Kostka, 2014; Edin, 2000; Heberer & Schubert, 2020; Hou, 2019; Lin, 2001; McNally et al., 2007; Oi, 1989; Wank, 1999; Whiting, 2000), including in the context of Chinese Corporate Political Strategy (e.g., Ahlstrom et al., 2008; Deng et al., 2010; Ma et al., 2012; Zhang & Lin, 2014), as they allow researchers to build a trusting relationship with participants (Cypress, 2015, p. 258).⁵⁴

⁵⁴ For general literature on research methods in social science in the Chinese context, see DuBois and Kiely (2019), Carlson et al. (2010), or Heimer and Thøgersen (2006).

[5.2] Research Philosophy

When looking at the study from a research philosophy perspective there are several ontological (nature of reality) and epistemological (nature of knowledge) considerations represented in this research. As the study deals with behaviour and beliefs of social actors and their organisations – entrepreneurs/firms and officials/governments – these entities are also in the centre of their research philosophical considerations and ultimately led to the study's research methods. Regarding ontological beliefs the study is taking a constructionist position in the sense of Bryman (2016). In short, constructionism stresses the active role of the social actor in all social phenomena and their meanings, while admitting there is a (constantly shifting) objective reality in form of organisational and cultural norms (Bryman, 2016, pp. 28-29). It is therefore the author's task to interpret the actions of the research objects under consideration of their actions' context. Further, under epistemological considerations, the study aims for the subjective meaning or *interpretive* understanding of these social actions from the view of the research object, a research position known as interpretivism (Bryman, 2016, pp. 26-28). In sum, the study tries to understand human behaviour inside a social reality (i.e., its context), while not just explaining the forces that act on it. For the case under research this involves understanding the motivations of social actions through gaining in-depth access to people's common sense thinking and hence interpret their actions and their social world from their point of view. This research position is mirrored in the study's research questions which ask for business and government actors' motivations to engage with football as well as their incentives, risks and determinants influencing their actions.

[5.3] The Study's Research Design

[5.3.1] Instrumental Case Study

As business-state relations in China are vast and in-depth research on China in its entirety simply not feasible, the study will limit its investigation to the case of the 'Chinese Football Dream' reforms and in particular the relationship between Chinese professional football club investors and local governments therein, thereby applying a case study research approach. A case study, a qualitative research approach common in the social sciences (George & Bennett, 2005), is an in-depth examination of one or multiple cases, such as an individual, a company, industry, or policy (Moore et al., 2012). When designing a case study researchers need to define or limit the case under research (i.e., identifying the aspects to be studied, the location, time, and research subjects), thereby avoiding the manipulation of data as well as making the study manageable. While its purpose and application divers across disciplines, case study research has the ability to explain, explore, describe, and compare events and behaviour (Moore et al., 2012). This particular study chooses to pursue an instrumental case study, in contrast to an intrinsic or collective case study, as its research tradition in the sense of Stake (1995) as it hopes to use or *instrumentalise* the case to gain insight into a particular issue (i.e., the case is instrumental to understanding a larger phenomenon) (pp. 3-4). Taking an in-depth analysis of a defined case – Chinese football – enables the study to better understand the case in particular while using the gained knowledge to further illuminate the issue of business-state relations in

general. In sum, this study chooses an interpretivist qualitative research approach gathering data from interviews with practitioners in the instrumental case study of the ‘Chinese Football Dream’ reforms to illuminate Chinese state-business relations at large. In the following section the study will present the motivation behind these decisions.

The study chooses the case study of state-business relations within the ‘Chinese Football Dream’ reforms due to its properties and capacity to illuminate state-business relations in China at large. To avoid manipulation of data and making the study manageable (Moore et al., 2012), it limits its case to state-business exchanges among China’s professional football clubs, including their investors, in the top three divisions from 2014 onwards. The study chooses these case limitations for four reasons. First, these clubs comprise the elite of China’s football pyramid and consequently attract comparatively more public and political interest than investors in other fields of the reforms, thus offering sufficient observable data for the case study (Moore et al., 2012). Second, examining a reform policy as a case, in contrast to a specific industry as often seen in the literature (e.g., Huang, 2008; Kostka & Zhou, 2013; Lee et al., 2007; Sun, 2007; Sun et al., 2010), adds significant value. This approach enables the comparison of Corporate Political Strategies across firms from diverse industries and characteristics (company form, location, size, linkages and dependency from the government) facing similar market constraints within the football industry. As a result, Corporate Political Strategies employed by these actors amid the reforms appear to reflect a large and diverse enough amount of the most common forms and characteristics of Chinese state-business relations, alongside particular features unique to the case. Therefore, it serves as a robust case study, contributing to a more nuanced understanding of Corporate Political Strategies in China, offering ample data for both intra-case and cross-case comparison, as well as enriching the broader comprehension of business-state relations in China. Third, as the Chinese football industry was a largely underdeveloped industry before 2014, the football reforms and their impact on the football industry constitute a case study that is comparatively easy to frame and does not include many disruptive factors deriving from pre-reform periods, thus minimising potential variables while keeping the study manageable (Moore et al., 2012). Lastly, the case of Chinese football constitutes a comparatively *free* research field, which largely flies under the radar of China’s regulatory bodies. This relative neutrality makes it comparatively easier to conduct research and gather data, thus offering ‘accessible evidence’ often inaccessible in other state-business relations cases (George & Bennett, 2005, p. 25). In sum, the case not only fulfils all essential features necessary to qualify as a good case study, but it also shows many attributes found in other reforms with business-state exchange. This typicality of the case (alongside particular unusual features) allows the study to transfer these findings out of the particular case and employ what is known as ‘theoretical generalizability’ (Barbour, 2013, pp. 322-323), a precondition demanded by many critics of the case study approach (for a critique of the approach, see Gerring, 2006, pp. 5-8). Simply put, the act of ‘theoretical generalizability’ within an interpretivist paradigm involves forming general statements from specific cases (Carminati, 2018). Here concepts can be identified as meaningful in one case and hold comparable significance in other instances of similar nature, even if the contexts are different. In other words, the findings drawn from the case of Chinese football suggest having relevance

beyond the immediate subjects under research, thereby illuminating state-business relations at large.

[5.3.2] Data Collection Method

Data collection for the case study derived mainly from first-hand semi-structured online audio and video interviews with representatives of Chinese professional football clubs and their parent companies as well as industry experts. In contrast to survey-based data collection, a method widely applied in Chinese Corporate Political Strategy research with large and accessible samples (e.g., Chen & Dickson, 2010; Dickson, 2003; Dickson, 2008; Gao et al., 2008; He et al., 2007; Huang, 2008; Tian & Deng, 2007; Tian et al., 2009; Tsai, 2007),⁵⁵ for this study interviews are more applicable since this method has proven to be particularly useful in cases of high sensitivity, novelty of the research topic and a limited sample size (Barbour, 2013, pp. 113-116), all factors found in this study. Initial plans to conduct the interviews in-person in China had to be cancelled due to the travel restrictions imposed by the COVID pandemic. Often seen as “superior” within the methodology literature, scholars, especially pre-COVID, have commonly advocated for conducting interviews in-person (e.g., Rubin & Rubin, 2011, p. 125). They argue that this approach provides a natural setting, a more robust basis for building rapport, and the best opportunity to observe visual and emotional cues (e.g., Irvine et al., 2013). Yet, the lack of consensus on how to operationalise “quality” across interview modes poses a challenge in determining whether one interview mode is genuinely superior to the other (Johnson et al., 2021, p. 1143). Hence, many scholars argue that the perceived disadvantages of phone and online interviews are overstated and often non-existent, emphasising the methodological and practical advantages of remote interviews, such as, a calmer, more private and familiar setting as well as overall flexibility, especially when interviewing elites (e.g., Cachia & Millward, 2011). For this present study the use of remote online interviews had several advantages, such as, an increased convenience for participant and researcher, a more private and perceived “safe” environment, cost- and time-effectiveness and general flexibility. The increased flexibility proved especially useful as several interview participants asked to conduct their interview just shortly after a first contact had been established, which would have been challenging in-person. Furthermore, the study picked the unequivocally hegemonic messenger app Weixin (微信) (known internationally as WeChat) as contact, referral, and interview platform since its ubiquity made it comparatively easier to get referred to and seek out potential interview participants located across the country. It is important to note that the app was not used identify participants in an online search, but rather functioned as a linking platform between the researcher, existing contacts and new contacts. While potential interview participants were often reluctant to participate in the study due to its sensitive nature (see also

⁵⁵ Zhilong Tian and his associates, presumably the group with the largest volume of publications on Chinese Corporate Political Strategy, are mostly associated with Huazhong University of Science and Technology (Wuhan) School of Management. The scholars predominantly derive their data from surveys among EMBA students from the same university with work experience in managerial positions across the country. While these studies did substantial pioneering work in the research field, their samples are often limited in size, leading to a concentration of geographic areas, industries, and company characteristics. Further, they rarely include the government in their analysis.

later section on the interview response rate), among the agreed interviews the remote private interview mode often put interviewees at ease to speak openly about often very sensitive topics, a characteristic, for instance, similarly observed by Jenner and Myers (2019). Hence, amid the topic's sensitivity the physical distance and comparatively "anonymity" of especially audio-calls therefore suggest having contributed positively to the study's data quality.

In September 2019, three pilot interviews, not included in the study's data, have been conducted in-person with representatives of three CSL clubs in China. The study chooses to use a semi-structured interview form, in contrast to a structured and unstructured form, as it had a general idea of the topics it was interested in, but at the same time wanted respondents to speak comparatively freely about their experiences and opinions (Brinkmann, 2014). Furthermore, apart from Corporate Political Strategies known in the literature, the study was trying to uncover practices unique to the case as well as general insights specific to club and/or parent company (e.g., their incentives for investing in football and constraints by the government). Such relatively individual enquiries are challenging in a structured interview format, leading to a semi-structured interview format that allows for the flexible ordering of questions and focus, while allowing for enough flexibility outside the pre-set themes (Barbour, 2013, pp. 120-121). As a result, the interviews with club representatives and/or their parent companies combine concrete, focused questions as well as narrative stimuli focusing on specific situations and experiences. The study did not develop a separate interview guide for club and investor representatives since club and investing firm are largely integrated, many participants have had posts in both organisations and are usually informed about the endeavour as a whole. Consequently, the interview guides for interviews among this group of participants are largely identical, consisting of the following topics (for an exemplary interview guide see Appendix I):⁵⁶

- Club's history and recent sport and business development
- Reasons for involvement of parent company in football
- Information on parent company's core business
- Club's overall short- to long-term goals and measures
- Administrative structure of club and investor

⁵⁶ While indirectly enquiring about state-business relations and CPS in specific, none of the interview guide questions were directly dealing with these issues. This is mainly due to several feedback conversations with academics with interview experience in China, including the study's supervisors, as well as preliminary conversations with practitioners from the football industry, which all advised a rather indirect enquiry approach concerning sensitive topics. This precaution was confirmed during the interview process in which direct enquiries of sensitive topics would sometimes lead to a change in interview atmosphere. Nonetheless, there was also a substantial amount of interviews which allowed for a comparatively open and direct conversation, mostly after a longer period of exchange and increased familiarity.

- Relation to the local government and FA/Sports Bureau
- Club's income and expenditure structure
- Importance of 'Chinese Football Dream' reforms for involvement in football
- Future outlook for club-investor-state nexus

The interviews with representatives of clubs and/or their parent companies were supplemented by several non-standardised interviews with industry experts to get a fuller picture of business-state relations in Chinese football and potentially cross-check information from the interviews with the former. In contrast to the mostly standardised semi-structured interview guides for representatives of clubs and/or their parent company, the guides for industry experts were mostly personalised, according to the participant's field of expertise (e.g., many journalists were mainly familiar with one particular club only) and the researcher's specific motivation for conducting the interview. Besides the cross-checking of information from multiple interview participants, also known as 'triangulation method' in the literature (e.g., Barbour, 2013, p. 222), these interviews were especially used to familiarise the researcher with the political business environment clubs and investors operate in. An exemplary interview guide from an interview with an industry expert can be found in Appendix II. Both interview guides have undergone several feedback rounds with academics with experience in conducting semi-structured interviews as well as industry experts familiar with the research subjects.

[5.3.2.1] Sampling Methods

The study employed a combination of 'purposive sampling' and 'snowball sampling' techniques. To reflect the diversity within the subject under research – club investors – the study employed the qualitative sampling approach of 'purposive sampling,' as opposed to 'random sampling,' as it promised the highest success rate for a sufficient number and range of characteristics among participants (Barbour, 2013, pp. 66-70). Aims and criteria for the sample were 1) participants must know of / be involved in business-state relations at a club, 2) the sample must cover all three professional football divisions, 3) cover all common company forms among parent companies (i.e., private, SOE, state-agency, mixed), and 4) cover a range of business sectors in their core business (e.g., real estate, electronics, retail). By covering these characteristics and diversity among interview participants the study is able to *purposefully* make comparisons and identify patterns in the data (Barbour, 2013, p. 64). Additionally, the study included individuals that had retired from their profession but matched the sampling criteria nonetheless, such as former employees of clubs that ceased operations. In fulfilling the sample's specific inclusion and exclusion criteria, the study relied on the assessment and recommendation of the researcher's existing contact network and 'snowball sampling,' an approach often applied when researchers are seeking to gain access to restricted social groups where trust is of key importance, such as in interviewing elites (Barbour, 2013, p. 66). In the course of the researcher's previous employment with the German football league Bundesliga organisational body, the researcher brought to the research project pre-existing networks among Chinese football industry actors (mainly sports media, marketing agencies, Chinese and

foreign clubs and league organisations, and Chinese FA), which served as first points of contact. Through these contacts the researcher got introduced to several additional representatives from Chinese professional football clubs. Next, the researcher used this enlarged existing network and ‘snowball sampling’ to find further suitable interview participants. In this approach, the researcher leverages the network of key interviewees or participants in focus groups to recruit others who share similar characteristics, who in turn may recommend additional participants and so on (Barbour, 2013, p. 66). While ‘snowball sampling’ is often the only available method to get access to these hard-to-reach populations it can, for instance, also lead to sampling bias due to over-representation of certain groups or traits within participants (Parker et al., 2019). However, as the study was kicking-off the ‘snowball sampling’ from various starting points (i.e., people the author knew before the study as well as along the way) which were not connected with each other, the study hopes to have minimised sampling bias to a sufficient degree.

[5.3.2.2] Insider/Outsider Problem

The above presented method helped the author to reduce the ‘insider/outsider problem’ described in many studies and methodology handbooks (e.g., Asselin, 2003; Mullings, 1999), which is emphasising the researcher’s membership role and its impact on conducting qualitative research. In the Chinese context, the raised issue of membership and affiliation is embedded within the concept of ‘guanxi,’ which plays an important role in many aspects of Chinese life and is introduced in the Theoretical Framework Chapter 4. Introductions to a guanxi network are established through a trusted insider without whom admittance and the trust of that specific network is substantially harder if not impossible. In such networks foreign researchers are often seen as ‘outsiders’ by the group, which need to establish relevant guanxi links to create an environment of trust (Watkins-Mathys, 2006). Once such links are established, ‘insiders’ have easier access to interview participants as well as encourage honesty and commitment to the project from the interviewees.⁵⁷ The guanxi network established through the author’s previous work and educational experience in China was therefore strategically leveraged to access networks that deemed useful to the research. While working on this study the author was nurturing these “gatekeepers” further and got introduced to additional networks. With each interview this network grew and made it easier to confirm further interview participants. Finally, having previously worked in the same industry as most of the interview participants, being able to speak Mandarin, having previously lived in China as well as the author’s personal interest in the country and Chinese football in particular has probably further eased the ‘insider/outsider problem.’

⁵⁷ Contacts established through guanxi networks can have the drawback that their motivation to participate in the study is largely due to their social obligation or renqing to the common guanxi contact. As a result, some of the interviews conducted with the help of guanxi contacts suggested being seen as an obligation for the participant, in some cases resulting in conversations with less engagement.

[5.3.2.3] Overview of Participants and Interview Process

Among the total of 61 interviews, the author conducted 40 interviews with (current or former) club representatives from China's top three divisions, including disbanded clubs, as well as 7 interviews with representatives from clubs' parent companies. The participants were holding executive management positions (e.g., President, General Manager, Chairman) as well as job positions in the fields of marketing, business development, PR/media, and sport (incl. players and coaching staff) at the point of the interview or when employed for the club/company (with a concentration in senior management positions). To supplement this cohort of practitioners the author interviewed industry insiders with contextual knowledge but no first-hand experience, such as, local football and business journalists (10), representatives of China's sport governing bodies (10), and employees of sports marketing and PR agencies (5). The researcher included interviews with two amateur clubs aiming for promotion into China League 2, as they shared similar incentive structures to their professional peers. Table 4 shows a summary of interview subjects.

Table 3 | Summary of Interview Subjects

Organisation	Level	Interviews*
Club officials	CSL	20
	CL1	13
	CL2	7
	Amateur clubs	2
Club investors	CSL	2
	CL1	2
	CL2	3
	Amateur clubs	0
Governing body, state administration	Chinese Football Association	2
	Local football associations	4
	General Administration of Sport	1
	Local Sport Bureaus	1
	Consultants	2
Media	Football, business journalists	10
Sport agencies	PR, sport media rights, player agency	5

*Some interviewees represent more than one organisation, hence the total here exceeds 61

A total of 61 semi-structured interviews were conducted between April and November 2021 using Chinese social media app Weixin video (12) or audio call (49). The amount of interviews is explained by 'data saturation,' the point in qualitative research when new data no longer provide additional insights (Guest et al., 2006; Parker et al., 2019), since the author did not expect new information or themes from the completion of additional (available) interviews. Each interview lasted between 20 and 100 minutes (average: 53 minutes). The interviews were conducted in Chinese (46), English (14) and German (1). No interpreter was used for the interviews. Where allowed by the participant the interviews were digitally audio recorded, for

all other interviews the author would take notes during the interview. All recorded interviews were transcribed and (if needed) translated into English. Online service iflyrec.com (Chinese) as well as Microsoft Word online (English) were used as supporting software for the transcriptions. A back translation method following Brislin (1970) has been applied to maintain as accurately as possible the original meaning of the original transcripts. The study acknowledges potential data bias arising from language issues in non-native language interviews and translations (Marschan-Piekkari & Reis, 2004). However, given the sensitive nature of the topic and the heightened need for trust and rapport between participants and the researcher, the study has chosen not to use professional interpreters or other methodological tools. Institutional ethics approval was sought and obtained. Interviews have been anonymised at the request of interview subjects, with identifying proper nouns like club and city names redacted.

To ensure data validity, the study used a ‘triangulation method’ (Barbour, 2013, p. 222) and cross-checked information through secondary data as well as interviews with multiple people considering the same topic, something considered particularly crucial in the context of elite interviews (Natow, 2020). Triangulation can follow different approaches, but in this study involves employing various data sources (data source triangulation) and methods (method triangulation) to gain a thorough understanding of the phenomena and to assess data validity by converging information from different sources (Patton, 1999). Industry experts, including journalists and former club and investor employees, were consulted due to their extensive knowledge of the industry, serving as valuable sources to cross-verify information that appeared questionable. Together with data from company reports and media articles, this emphasis on multiple points of reference allowed for checking the consistency and veracity of data.

Besides the 61 official interviews listed above, through the course of this PhD the researcher conducted approximately 100 additional undocumented, unofficial conversations and correspondences with people connected to the wider Chinese football industry. These often more open conversations had the purpose to familiarise the researcher with state-business relations in Chinese football and identify potential interview participants and relevant cases involving an exchange of benefits between the two parties. Lastly, the study wants to point out that the researcher had about 180 interview requests turned down – mostly from club representatives, investors and government officials – leading to an overall response rate of about 25 per cent. In general, it was substantially more difficult to solicit interviews with SOEs and their connected clubs as well as government agencies and officials. As most rejections remain unexplained, the ones that provided an explanation were often referring to the sensitivity of the topic as well as “bad timing” due to the turbulences in the Chinese football industry. Additionally, some employees in state enterprises and agencies stated they officially needed a permission from their institution’s administration to participate in the project (with only little hope for success), further limiting this group’s participation. However, some participants would circumvent this rule and agreed to be interviewed under the protection of anonymity, nonetheless.

[5.3.3] Data Analysis Methods

The study followed a ‘thematic analysis’ approach in the sense of Kiger and Varpio (2020) when analysing gathered data. This data analysis method is often used when researchers try to identify common themes – topics, ideas, or patterns – present in the data that provide valuable insights addressing the research questions (Braun & Clarke, 2006). As this study was trying to determine common characteristics and patterns of state-business relations in the case of the ‘Chinese Football Dream’ reforms this method had several advantages. Thematic analysis offers researchers considerable flexibility in interpreting their data, as it involves identifying themes through a deductive (themes deriving from pre-existing theory or frameworks), inductive (themes deriving from researcher’s data), or combined approach (Kiger & Varpio, 2020). As the study was, in part, drawing on a typology based on existing themes of Corporate Political Strategies in China, the study could make use of these themes in a deductive approach and apply the themes – five distinct strategy types – to its own analysis. Other themes dealing with investors’ motivations, firms, clubs and government characteristics as well as policy implementation patterns were handled inductively, with themes largely deriving from the gathered data. It is important to note, in thematic analysis, researchers can identify themes regardless of how frequently a specific topic, idea, or pattern related to that theme appears in a data set, as long as they provide information that help addressing the research questions (Braun & Clarke, 2006). The thematic data analysis of this study followed the six-step process largely adopted within the qualitative literature (Kiger & Varpio, 2020, p. 848):

1. Familiarisation with the data
2. Coding
3. Generating themes
4. Reviewing themes
5. Defining and naming themes
6. Presenting and discussing results

As an initial step of the data analysis process, the author was making himself familiar with the large set of collected data from the various interviews. Here transcribing all interviews was very helpful as it forced the author to *re-live* all interviews in detail. For the interviews without audio recording, the author was making notes during or after the interviews which similarly helped recalling them. These documents were very helpful to get a thorough overview of all the data before starting the actual analysis.

In a second step, the researcher highlighted sections of the transcribed interview data, labelling them with certain codes to describe their content. In detail this meant going through the transcript of every interview and highlight everything seemingly relevant or potentially interesting to the overall research area. As these labels should capture the essence of what is

being discussed without imposing any preconceived categories, the author tried to stay as broad as possible leaving room for themes potentially unknown to existing literature. After having signposted all relevant sections, the data was organised into groups identified by codes. These codes then allowed the researcher to get a better overview of the main points and common topics recurring throughout the data. In this process he was additionally marking where the code came from (i.e., from which anonymised participant did the data derive from). This indication helped to keep track of participants' characteristics (e.g., position, core business field, company form, size, club league level), thereby allowing for a later comparison and identification of patterns across the data. The whole coding process was supported by the qualitative analysis and coding software NVivo (version 12) supplied by the university. The decision to use a qualitative data analysis software was made based on the volume of data, since manual coding for such large volumes of data bears risks of inaccuracy and misinterpretation of themes (Welsh, 2002). NVivo was specifically chosen over other software, such as, ATLAS.ti and MAXQDA, due to its availability, including a refresher course, and previous experiences with the software.

After coding the transcribed interviews, the researcher organised the codes into broader themes. Here, special attention was given to the factors important for answering the study's four research questions, such as the motivations for why businesses invest in football (RQ1), the characteristics of football-related Corporate Political Strategies and their exchanges (RQ2), characteristics of engaged and non-engaged clubs, parent companies, and corresponding governments (RQ3), and the efficacy of football-related Corporate Political Strategy (RQ4). Having coded a large data set the goal was to make sense of these codes and categorise them into themes summarising certain views or behaviour among the participants and their businesses. Regarding the codes considering Corporate Political Strategies' characteristics in the football context (RQ2), the researcher was following a mostly deductive approach (Kiger & Varpio, 2020) as he tried to categorise the codes into the existing typology themes presented in the Theoretical Framework Chapter 4 ('One-night-stands / situational shopper', 'Good ole friend / patronage seeker', 'Model volunteer / institutional improviser', 'Direct participator / red hat insider', and 'Information strategies'). Codes that would not fit into these themes were put aside and in an inductive approach later organised into new themes, thereby including themes outside the existing literature, and avoiding confirmatory bias. Other themes dealing with investors' motivations (RQ1), firm, club and government characteristics (RQ3) as well as strategy processes and outcomes (RQ4) were largely handled inductively (Kiger & Varpio, 2020), with themes deriving from the data. Codes that were too vague or too specific (i.e., only occurring at one investor or club) or failed to provide any relevant insights pertaining to research questions were excluded from consideration.

After all codes were organised into themes or discarded, the author revisited the themes, checking their usefulness and general representation of the data. Having all themes and their underlying codes lined up it was easier to compare them against each other and see if there was something missing or whether themes would overlap. In general, this step was used to reassess the themes and check if they could be improved and better represent the data considering the overall research aim and questions.

After having “agreed” on all themes they were defined in detail. This involved checking whether the themes from the pre-defined typology would fully capture the content of these themes and if the other themes could be combined in groups. Themes should be coherent and capture meaningful patterns or narratives within the data. In detail this meant formulating exactly what each theme meant for the author and how the themes would help understand the data in its entirety.

Finally, after formulating all themes in detail the researcher was able to compare them across the case as well as to the existing literature. The now structured data helped to apply the findings to the study’s overall research questions. Regarding the quote extraction, the author selected quotes from the transcripts that best exemplified each theme, thereby ensuring that the selected quotes are clear, concise, and representative of the theme. By verifying that each selected quote aligns with the theme it is associated with, the researcher was able to ensure that the quotes effectively illustrate the themes and contribute to the study’s research aim. Furthermore, the author could go back and see what themes were especially prevalent in general and among certain groups of participants (business field, company form, etc.) providing possible indicators for patterns and characteristics. Above all, the utilisation of thematic analysis on the interview data facilitated the organisation of the substantial volume of information collected during the interview process. This structured approach enabled the study to subsequently apply the analytical insights and engage in a meaningful discussion with the pre-existing literature.

[5.4] Ethics, Data Storage and Anonymity of Participants

The presented research project received ethics approval for its fieldwork on 4th January 2021 by the University of Nottingham’s School of Politics and IR Research Ethics Committee.

To follow agreed standards any primary research was only undertaken after the prior permission of the participants. When making first contact with potential participants the author always introduced himself, the institution and research project as well as the interview he intended to conduct. Furthermore, the author provided the potential participant with the ‘Consent Form,’ provided as a template by the School of Politics and IR Research Ethics Committee as well as a short information sheet about the project (see Appendix III and IV). This information sheet includes a short introduction to the study, the interview as well as contact details of the researcher and supervisors. If the participant agreed to be interviewed for the study, the author would only conduct the interview after receiving written consent by the participant. Alternatively, participants could declare consent verbally at the beginning of the interview. From the time of the interview until submission of the dissertation all interviewees were granted the right to withdraw from the interview process and prohibit the usage of their data at their own discretion at any time.

As some information given by the participants were of confidential nature and might even point at illicit procedures within the government or industry, the study had to guarantee confidentiality at any times. Furthermore, some of the participants work in a relatively closed work environment, which would make it comparatively easy to track down participants' identity. Therefore, where desired or deemed necessary for security reasons the study would ensure confidentiality, anonymity and non-traceability of the research participants. For this reason, all interview materials, such as, recordings (if agreed by the participant) and notes taken were put together and enumerated anonymously. For confidentiality reasons, respondents were assigned pseudonyms (i.e., R1, R2, R3, etc.), only disclosing their organisation type and league level (if applicable).

All gathered data was stored on a computer protected by a password and relevant notes were stored in a locked compartment. No one other than the researcher had access to the gathered data at any time. The data will be stored under protection for at least seven years after submission of the dissertation.

Chapter 6 | Presentation of Results: Investor Motivations & Corporate Political Strategies' Patterns and Characteristics

When China's far-reaching sport and football reforms launched in 2014 many state and private companies followed the government's call to develop the sport and its industry through investments in a large spectrum of projects. As the professional football clubs have gained prominent attention in the reform plans issued by the government, so did large volumes of football-related investments flow into them. Sponsored by companies mostly alien to the football or sports industry, all over the country new clubs were established or taken over at one of China's three professional football leagues and beyond. The reasons and underlying mechanisms for those investments are complex, influenced by a multitude of factors, and often nebulous in their true motivation. With the help of a large volume of empirical data from club representatives and experts from the wider football industry presented in the preceding Research Methodology Chapter 5 as well as secondary data from academic, media, government, and company reports, the following three chapters intend to go to the bottom of these issues and illuminate the complexities of football-related investments since 2014.

The presentation of results is divided into three chapters in sequence. As each chapter builds on the preceding one, the first chapter initially deals with the general motivations among football investments, not just as part of Corporate Political Strategy, before turning its focus on Corporate Political Strategy specifically. By obtaining an overview of football investors' motivations, the study will be able to answer the first research question (RQ1) asking for the extent of Corporate Political Strategies in China's football expansion since 2014. Subsequently the chapter presents the potential benefits of an engagement with football-related Corporate Political Strategies from the corporate and the government perspective. These observations encompass recurring patterns and characteristics across various strategies, thereby in part addressing the fourth research question (RQ4) enquiring how the volatility in Chinese professional club football reflects the efficacy of football-related Corporate Political Strategies.

In the second of the three results chapters, the study will focus on the strategies employed by football investors from a micro-level against the backdrop of the football reforms observed among the sample. For a better analysis and comparability among each other and between private and state companies as well as within the general literature, the Corporate Political Strategies are categorised using the specially adapted typology of five distinct strategies presented in the Theoretical Framework Chapter 4. By investigating the strategies in detail, the study will be able to address the second research question (RQ2) asking how football-related Corporate Political Strategies and their exchanges differ from strategies employed in other contexts.

Lastly, the third and last of the results chapters will present the factors influencing football-related Corporate Political Strategies – their determinants – from the angle of the investor, the government, and specific to any strategies. By addressing the third research question (RQ3) the chapter is asking how internal and external factors determine the application, dynamics, and outcomes of such strategies, thereby giving further indication of the power asymmetry from resource dependence between firms and government, which firms try to manage through their Corporate Political Strategies.

[6.1] Why do Firms Invest in Chinese Football Clubs?

Reviewing financial reports of Chinese professional football clubs and existing academic analysis reveals that it is largely a loss-making industry (e.g., GET FC, 2020; J. Zhang, 2020; Zuser, 2020). These findings were corroborated by interview participants, who clearly established that none of China’s professional football clubs – at least for now – was generating any profit.⁵⁸ At the same time costs for running a football club, especially in the CSL, have increased exponentially since the early 2010s due to ‘Golden Dollar Football,’ making football clubs a multimillion-dollar endeavour for investors. So why do Chinese football club owners invest in these loss-making ventures? To understand the scope and importance of Corporate Political Strategies in the ‘Chinese Football Dream’ reforms the study set out in its first research question (RQ1) asking to what extent China’s private football investment is driven by Corporate Political Strategies? Examining investors’ motivations suggests illuminating the issue.

One recurring motivation among the sample was the overall prospect of a lucrative industry. Since China’s scandal-ridden football industry never really took off since the professionalisation and commercialisation of its league system in 1994, many investors were motivated by the prospect of a growing industry (R6, 2021; R16, 2021; R17, 2021; R21, 2021). These club owners would describe their investment as an ‘investment in the future’, which would pay off once the industry would further develop, as described by respondent 11 from a media rights agency:

[...] football was always an undervalued sector, sport was always an undervalued sector in China. We always apply [...] the sport sector’s ratio with GDP, in China it’s like 0.5 per cent, but in the US probably 3 per cent. [...] so they [investors] would

⁵⁸ Despite being one of the highest spending clubs in the CSL, according to their parent company’s annual financial reports from 2017, 2018, and 2019, Shanghai Port FC was claiming to have made a profit in those years. Nonetheless, the reports are seen very controversial inside the industry as they do not explicitly label “income” from their parent company SIPG. See SIPG (n/a) for the reports and NetEase (2021) for a media commentary on the issue.

In 2012, then vice-chairman of the CFA, Wei Di, had already criticised similar cases of “window-dressing” clubs’ financial reports, as clubs would declare economically unreasonable financial injections into the club as commercial income. At the ‘China Football Development Forum’ he argued, “there are no profitable clubs in the Chinese Super League [...] it looks like commercial advertisement, but it is actually a political subsidy, friendship sponsorship, or even inner-firm ‘right to left pocket’ behaviour” (Sohu, 2012).

think that there is huge potential once our nation is more wealthy and people have more leisure time [...] (R11, 2021)

For many investors their initial investments were reportedly directly triggered by the sport and football reform papers and increased government attention between 2014-16 (R2, 2021; R14, 2021; R16, 2021; R25, 2021). Seen as a new prioritised industry by the state, these companies followed the government's call and invested into football-related projects. Many respondents were rather vague in their records and described the reforms as a potential catalyst for the industry, something that could earn you "brownie points" vis-à-vis the government, or something it was generally beneficial to be involved with. Xi Jinping's personal role in the reforms and his alleged passion for the sport was here often emphasised, giving it an additional connotation of "if the leader thinks it's good, we should also support it."⁵⁹ This "follow the leader" corporate behaviour has been similarly reported, for instance, in other state-favoured sectors, such as new-energy vehicles (Kennedy, 2018) or solar power systems (Corwin & Johnson, 2019; Zhang & He, 2013) where firms would rush into the market following the industry's political recognition. Reflecting on the introduction phase of the reforms, interviewee 11 summarises its impact on corporate investment as follows:

[...] I'm not sure if you have heard of the no. 46 document? In Chinese we call it "46 haowen" (号文) [reform document promoting the Chinese sports industry; see State Council, 2014]. So that shows that the government is encouraging private sectors to invest in sports, the government is very ambitious of sport, especially football. So you know, in China the government's attitude is very important and has many incentives for enterprises, for entrepreneurs, etc. So they [investors] think "well it's the time to invest in football" (R11, 2021)

Triggered by the state's encouragement, incentives and prospect of a growing industry, often these investments were linked to existing businesses in an attempt to create spillover effects from the football club (R2, 2021; R17, 2021; R18, 2021; R42, 2021). Similar corporate strategies in football have been reported by scholars like Ma and Kurscheidt (2019a), Liu et al. (2020) and Wang and Jin (2016). Among the sample several participants were pointing out former CSL-club owner Suning, as an example of a firm that tried to use their football investments to create extra income in their core businesses (R7, 2021; R18, 2021; R42, 2021). When Suning started investing in Jiangsu Suning FC by the end of 2015, they soon after acquired several sports-related assets, such as, Italian Serie A club Inter Milan (06-2016), e-sports team T.Bear Gaming (12-2016), and numerous premium football TV-rights for their sports streaming platform PP Sports (2017), often using these assets to promote their original core business of electronics retail and e-commerce. Investors traditionally active in non-sport

⁵⁹ Some respondents here used the idiom 'touqi suohao' (投其所好), which roughly translates into 'to cater to someone's preferences' and is often used to express a means to an end behaviour to receive something someone else is in control of.

industries like Suning (electronics retail), Kaisa (real estate and tourism) or DDMC (film and TV production) sometimes try to create a portfolio of sport assets to position themselves as a sport company, attract additional investments and benefit from spillover effects in their core industries. For instance, respondent 17 working for a CL1 club investor was telling how their company is trying to set up a portfolio of different sport assets to cater their products to a wider audience (general public, young consumers, local government) and consequently attract more investments at the capital market (R17, 2021).

But not all investments were means to an end outside of the football industry. As China's football industry was experiencing an unprecedented boom-period from around 2014-2017 (Liu et al., 2017), many investors were trying to creatively use their football assets to generate revenues from related fields, such as, developing local talents and staff,⁶⁰ stadium and youth team operations for local governments, or hosting football-related events. As new clubs mushroomed all over the country and more and more local governments promoted football in their locality, the need for expertise and skilled personnel grew exponentially. Many firms made use of this gap in supply and demand and tried to benefit economically from Chinese football's *goldrush* period in the early years after the start of the reforms.

Besides, many respondents reported investors used their clubs as advertisement platforms for their core or side-businesses, prominently seen by their jersey sponsor and, until the 2021 season, official club names (R13, 2021; R15, 2021; R33, 2021; R34, 2021; R38, 2021; R42, 2021). Due to the overall high popularity of football in China as well as investor's strong link to the brand of their club, investors, their companies and products can grow substantially in public awareness from an investment in football. Interviewee 13 from a CSL club evaluates the impact of their club on the parent company as follows:

In fact, if we talk about its use, the club's brand exposure is indeed much better than before. For example, in the past, [Company X] was actually not in the top 50 in [Province X]. In the [Province X] [business sector] ranking it is still not in the top 50. But since doing football, it might be, how to say, the degree of attention towards [Company X], people knowing the company, it is about half more than before, about half. Therefore, basically the biggest benefit of football for the group is its awareness. Now most people in [Province X] know that there is such a football club and such a company in [business sector]. (R13, 2021)

Probably the most prominent example mentioned in numerous interviews is the case of Evergrande Real Estate Group and Guangzhou FC, which is briefly introduced in the Background Chapter 2. Since its takeover in 2010, due to the 'Golder Dollar Football' investment model, the club has won numerous national and international titles in the decade

⁶⁰ Often local talents were sent to affiliated or Chinese-owned teams in Europe to increase their reputation, before being offered at a higher price to professional clubs in China.

after, while the parent company was simultaneously growing to one of China's most valuable national private enterprises, until it almost collapsed in 2020 due to far-reaching debt issues. While the exact impact on the parent company from advertisement through their club is hard to measure, it certainly suggests how football investments can be used to grow one's brand. Many respondents, like local journalist interviewee 10, would portray how local firms were growing in prominence and popularity according to their club's sporting results (R10, 2021). As China's highest professional league currently only holds 16 seats, promotion to the CSL and good results in domestic and international competitions can help brands expand their level of public awareness substantially. Being the first team from a certain region, province or the country (in the case of international competitions) to participate in a certain league level, cup competition or Asian tournament here seems to have increased value and would further help one's brand travel outside its home region as reported by several participants. Other respondents depicted how certain teams would try to *leapfrog* this development and instead invest into individual foreign and domestic star players which would instantly boost public awareness for their investors.

But not all investors value the advertisement effects of their football clubs equally. Respondents indicated that firms with a core in consumer products are more likely to use their club as a marketing tool, while business-to-business firms felt less so. Others would report how state-owned companies would only rarely use football for marketing reasons. For instance, respondent 31 from a state-owned CSL club, was comparing their investor's need to advertise with their private peers:

Advertisement? [...] we don't need advertisement. Evergrande or Suning they may need advertisement because they are in the industry. Evergrande is a real estate company. If you do real estate, you have competitors, or you need to develop your own brand in real estate, national appeal and reputation, so they use advertisement. We at [Club X], we are a monopoly. There is no need to advertise, it's entirely social responsibility. (R31, 2021)

Often situated in a quasi-monopolistic and administrative position in the state that allows to operate outside the regular market, these investors are less driven by traditional market mechanisms and often act purely political instead. Being instrumentalised by their overseeing government agency, these firms and in extension their clubs were often portrayed as "serving the nation" or employing social responsibility via football.

The 'social responsibility' motive interviewee 31 refers to above is another motivation stated by several respondents, state and private alike (R8, 2021; R15, 2021; R19, 2021; R31, 2021). However, the narrative for this driving force differs largely among investors. While some investors described their 'social responsibility' as service to the nation or society, or an act of paying back the city that had nurtured them, others described it rather directly as a means to an

(commercial or political) end.⁶¹ Among the sample, interviewee 31 working for a state-owned CSL club, describes their club's 'social responsibility' as "winning trophies for the city" (R31, 2021). The fact that their investor is technically using public funds to operate the club was not questioned and rather further seen as obligation to entertain local residents and bring glory to the city. While the respondent's telling was probably idealised and holding back its full motivation, it nonetheless portrays the SOE and in extension its club as a tool of the local government to serve its people. This sentiment is in line with other interviews depicting local governments' ambition and direct influence to install enterprises under their quasi-control to improve the city's local football record (R30, 2021; R38, 2021; R44, 2021).

In contrast, when analysing the reports of private investors, interviewee eight from a private CSL club sees their 'service to society' positively impacting the reputation of the parent company and ultimately leading to more business. He depicts their football clubs not as 'purely commercial,' weighting up 'economic indicators but also potential social benefits'. Comparing it to advertisement, even though their investor is losing money with their club engagement, its contribution and intangible assets for the local community is positively rewarded by other companies. However, not all private club investments aim at commercial interests. Respondent 15 working for another private CSL club sees their engagement in football rather as duty to give back to the city:

As you are a relatively well-known enterprise in [City B], the development of the whole company is also due to what the city [municipal government] gave to you, so you should also give back as the business grows, make a contribution to the city, so they first certainly considered social responsibility. [...] As a football club, you are an image of the city, a representative of the city, and if you do well, then the leaders of the city government are happy, and it is also a glory for the city. (R15, 2021)

Since the company was only able to flourish economically due to the local government's support, their club's social responsibility is aimed at giving back to the city and municipal government. The attitude of respondent 15 was mirrored by several privately-owned clubs throughout the interview process, which saw their team as vehicle to make the local leadership happy compensating for their previous support.

[6.2] Football Investments as Corporate Political Strategy

However, many interviewees indicated that much of football's CSR was less genuine than presented and often rather a politically motivated strategic tool seeking favourable treatment by the government, or in other words a Corporate Political Strategy. It is important to note that

⁶¹ Interestingly, in an interview in 2021, former CFA president Chen Xuyuan, stated that due to the industry's increased unprofitability football investors "need to have a sense of social responsibility, take more responsibility and treat football as a social welfare project" (own translation from Cheng, 2021).

CSR initiatives not automatically translate into Corporate Political Strategies. Many CSR efforts are directed, at least in part, at social objectives pursued by the involved firm. Corporate Political Strategy, in contrast, encompass CSR activities specifically undertaken with the strategic intent of managing government relations (Katic & Hillman, 2023, p. 1928). Among many state-owned enterprises CSR is rather directly instructed or expected by their overseeing agencies, while private companies rather use it strategically to benefit in exchange from the government. Similar observation can be found in the general literature on Chinese corporate philanthropy and CSR, beyond the case of football, which observes comparable strategic thinking among different company forms amid the country's political economy (e.g., Chang et al., 2021; Chen & Cao, 2016; Gao, 2011; Li et al., 2015). However, CSR's prevalence and potential firm impact suggest hinging on more factors than firms' ownership structure, such as, its size, profitability, regional competition/marketisation, political links, risk of law prosecution as well as managers career status, incentives and personal experience (e.g., Chang et al., 2021; Chen & Cao, 2016). Among the study's sample, seeing the regulations by the CFA strapping corporate names from official club names as harming direct advertisement effects for the parent company, interviewee 37, a local journalist, describes investors' 'social responsibility' as cover up for their true intentions – preferential policies:

[..., the main goal of the parent company, basically the goal of most parent companies investing in football, can be regarded as a kind of social responsibility. It may publicly say that it pays attention to this kind of social responsibility and so on, but in fact it is there for the preferential policies by the government. (R37, 2021)]

Such 'preferential policies' vary in scope and nature, but generally describe unregular benefits and favourable treatment by the government.⁶² To obtain such benefits investors employ football-related Corporate Political Strategies. While this topic is highly sensitive and mostly executed behind closed doors, a substantial number of the study's sample confirmed this approach (e.g., R2, 2021; R14, 2021; R16, 2021; R18, 2021; R21, 2021; R25, 2021; R30, 2021; R33, 2021; R34, 2021; R43, 2021; R52, 2021). To quantify the exact scope of this phenomenon is challenging, however, it appears that private club investors are predominantly driven by this motivation, giving state-business relations and Corporate Political Strategy a pivotal role in China's overall football development.

To support this argument more systematically, the study performed a text analysis on all interview transcripts, counting different motivations to invest into a football club mentioned by the participants interviewed (note: not just investors) presented in Table 5 below. Here 'investments as Corporate Political Strategy' was most indicated by the sample (60 per cent), followed by a more neutral 'triggered by the reforms' (47 per cent). Additionally, many

⁶² The concept of 'preferential policies' or 'policy' (政策, zhengce) has been raised by numerous participants. Consistent with the observations of Zheng and Huang (2018, p. 338), the concept is equivalent to making an exception to the prevailing laws and regulations. An official providing 'preferential policies' to an enterprise thus simply means preferential treatment, such as tax or land discounts, or favourable treatment in front of the law.

participants would mention the ‘establishment of links to the government’ (29 per cent) as well as a ‘direct order from the state’ (27 per cent) or ‘paying back the state’ (9 per cent) – all motivations that further indicate Corporate Political Strategies and an exchange relationship with the government. More commercial reasons like ‘advertisement’ (40 per cent), having a ‘club as profitable business’ (18 per cent) or ‘investment object’ (9 per cent) were less prevailing in sum. However, such data should be taken with a grain of salt as some individuals might be more outspoken and honest than others. However, the fact that only a relatively small percentage stated commercial or social and personal investment reasons, reasons generally seen as the main motivations for investors in established football nations (Rohde & Breuer, 2017), should give readers some confidence that they spoke their minds.

Table 4 | Motivations to Invest in a Chinese Football Club

Motivation	Number of mentions	Percentage*
Investment as Corporate Political Strategy	37	60
Establish links to government	18	29
Directly ordered by the state	17	27
Pay back the state	5	9
Triggered by central sport / football reforms	29	47
Advertisement	25	40
Club as profitable business (now or in the future)	11	18
Investment object expecting increase in value	6	9
Love for the sport / investor acts as patron/sponsor	19	31
Service to society	10	16
TOTAL	61	

*Percentage is the ratio of mentions to the total number N (61). Note: N = all interviewees, not just investors.

Source: own interview data.

This general assessment of Corporate Political Strategies’ predominance among football investors’ motivations is shared by interviewee 41, a senior executive at the CFA, further confirming the study’s assessment of the issue:

There are very few investors who really love football. They need to use this investment to obtain effective government support policies for their company's core business. For example, real estate companies need the government to grant them land to build houses, and tax incentives, and at the same time get the attention of government leaders through football investments and so on.... Everyone knows Xi Dada [Xi Jinping] is a football fan [laughs] (R41, 2021)

The preceding section has presented investors' motivations to invest into Chinese football clubs against the backdrop of the 'Chinese Football Dream' reforms. These motivations range from commercial interests (advertisement; club as profitable business [now or in the future]; investment object expecting increase in value), over rather social, personal and political motivations (directly ordered by the state; love for the sport / investor acts as patron/sponsor; service to society) to investments as Corporate Political Strategy as well as more neutral motivations (triggered by central sport / football reforms). Among the motivations Corporate Political Strategies and related motivations suggest being most prevalent. The following section will exclusively focus on Corporate Political Strategies as corporate motive and present their outcomes, including potential benefits and failed attempts.

[6.3] Football-Related Corporate Political Strategies' Outcomes

This section will start off with introducing the potential benefits from the engagement with football-related Corporate Political Strategies from both the corporate and the government perspective. Moreover, this analysis will help addressing the fourth research question (RQ4) asking how the volatility in Chinese professional club football reflects the efficacy of football-related Corporate Political Strategy.

[6.3.1] Benefits for Club, Firm and Entrepreneur

As above references show, respondents frequently raised the issue of benefits and receiving policies, but it is not as straightforward as a simple quid pro quo, let alone a formal contractual arrangement. Respondents spoke of tangible and intangible benefits, those enjoyed immediately and those delayed. They noted potential benefits for the club, the parent company or individual entrepreneurs as well as benefits for the company's core business or adjacent businesses. Benefits for clubs generally range from savings for the club through free or discounted supply of services or facilities by the local government (e.g., use of stadiums, training facilities, public infrastructure, public security, youth teams under the helm of the local Sports Bureau) (R3, 2021; R10, 2021; R28, 2021; R30, 2021; R43, 2021), discounted or free land for building new facilities related to the club (e.g., stadium, training facilities) (R3, 2021; R10, 2021; R32, 2021; R37, 2021; R41, 2021; R42, 2021), tax discounts or exemptions, as well as direct subsidies by the Sports Bureau (R30, 2021; R32, 2021; R33, 2021; R41, 2021; R44, 2021; R56, 2021). While Sport Bureaus subsidies are relatively standardised throughout the country and follow an official application process, most other club benefits are subject to negotiation with the local administration and individual officials. Furthermore, local governments are involved in attracting sponsors or investors to ease the club's financial burden (R13, 2021; R14, 2021; R16, 2021; R58, 2021), something that has been practiced since the early days of Chinese football's commercialisation in the 1990s (Amara et al., 2005, p. 195). Where a club faces bankruptcy they have even acted as the club's trustee for a limited period of time (R4, 2021; R10, 2021; R32, 2021; R40, 2021), like seen with Tianjin Tianhai FC (2019 season) and Tianjin Jinmen Tigers FC (since 2021), or initiated an equity transfer to a state or private company (R5, 2021; R17, 2021; R30, 2021). Financial bailouts due to firms' social,

economic or political importance to the local government are common in China, as exemplified in cases such as those involving solar PV manufacturers (Corwin & Johnson, 2019).

Benefits for the parent company and entrepreneurs are less standardised and mostly range from tax benefits (R30, 2021; R32, 2021; R41, 2021; R55, 2021; R58, 2021), preferential land deals and bank loans (R3, 2021; R5, 2021; R21, 2021; R34, 2021; R42, 2021; R58, 2021), favourable policies related to the company and its businesses (R5, 2021; R6, 2021; R58, 2021), access to public projects (R9, 2021), insider knowledge on government-controlled assets and policies (R42, 2021; R58, 2021), links to government departments and officials (R11, 2021; R13, 2021; R25, 2021; R34, 2021; R35, 2021; R55, 2021), personal benefits like favourable treatment in law enforcement (R42, 2021; R53, 2021) or increased chances to get accepted to the Party or legislative bodies (R52, 2021; R58, 2021). In general, an investment into a successful football club could potentially increase one's political capital and grease the wheels of local state-business relations. For many investors obtaining such benefits seemed to be key to their business strategy, as they would bring a significant competitive advantage over their peers or represent a life-saving hope when under immediate threat. Many observed clubs and parent companies therefore would even set up dedicated internal units which would manage government relations. In sum, investors can benefit substantially from increased political capital and direct benefits personally and in their core and football business through football-related Corporate Political Strategies. Football investments therefore are a vital tool for many companies and entrepreneurs to improve their position in the market or vis-à-vis the government. Up until their financial and sporting downturn around 2020, Evergrande and their owner, Xu Jiayin, exemplify the costs and benefits of sustaining a football club. After acquiring the team in 2010, from 2013 to 2019 the club accrued losses of RMB 7.58 billion, while from 2009 to 2019 the property developer's sales increased from RMB 30.3 billion to RMB 601.6 billion (Z. Zhang, 2020). At the same time the firm and their owner rose to national fame, making Xu Jiayin one of the richest and most influential private entrepreneurs in China.

[6.3.2] Benefits for Local Governments and Officials

Benefits on the government-side are usually less straightforward than those obtained by clubs, firms and entrepreneurs. As football development is not included in any performance evaluation for cadres outside the state sport administration, the actual impact of football-related Corporate Political Strategies and corresponding political benefits for officials remain vague, despite being indicated by a substantial number of participants. Following participants' tellings, benefits can be categorised in benefits for the city as an institution, its government and individual officials as well as economic and sport development.

Among the sample, respondents indicated that the arrival of a local football club could lead to an elevated status for the city (R10, 2021; R14, 2021; R15, 2021; R17, 2021; R22, 2021; R35, 2021; R38, 2021; R40, 2021; R43, 2021; R44, 2021; R48, 2021; R50, 2021; R58, 2021; R61, 2021), the local government and individual officials (R30, 2021; R34, 2021; R35, 2021; R52, 2021; R60, 2021), potentially further amplified by good sporting results, such as promotion to the CSL or winning titles (R4, 2021; R25, 2021; R32, 2021; R54, 2021; R58, 2021; R60, 2021).

The increased status can result in enhanced commercial and social appeal for the city, as well as a heightened reputation within the state bureaucracy. Similarly, comparable motivations from within the state administration are reported in relation to the National Games, where regions that perform particularly well, as evidenced by medal wins, can gain political advantages (Ma & Kurscheidt, 2019b). Moreover, outside of the sport context, local governments strategically execute projects, for instance in the field of infrastructure (Ding et al., 2014; Ma, 2022), as a means to garner political support at higher administrative levels. At the backdrop of the central government's added appreciation for football, many respondents spoke of 'political achievements' through football that could potentially improve an official's track record and career development (R25, 2021; R32, 2021; R34, 2021; R48, 2021; R52, 2021; R53, 2021; R54, 2021; R61, 2021). But as these achievements are not directly included in any performance evaluation, respondents portrayed football-related projects as soft factors that *could* potentially improve cadre's job evaluation but not necessarily. Some local governments would promote football as part of a wider sport or industry policy (R13, 2021; R18, 2021; R28, 2021; R33, 2021; R45, 2021; R50, 2021), sometimes using a club as prestige project to "window dress" shortcomings in other areas (R52, 2021), a strategy similarly reported outside the case of football (Cai, 2004). Others would execute direct orders from their superiors, such as installing a local football club for an upcoming national sporting event, such as the initially planned 2023 AFC Asian Cup, which could further help one's career if fulfilled satisfactorily (R32, 2021; R45, 2021). Generally, superior's policy priorities suggest playing a decisive role in how far football development was "giving down the administrative ladder" as a policy task as well as in how far local football development could pay into an official's performance evaluation. However, football could also have adverse effects on officials' reputation. For cities carrying a football 'name card' (名片, mingpian), generally cities with a long football history or image, this status had to be sustained, as, for example, the collapse or continuous bad sporting results of a local club could harm an official's reputation and political career (R22, 2021; R32, 2021; R40, 2021; R43, 2021; R44, 2021; R52, 2021; R61, 2021).

In the economic context, respondents spoke of local economic development and increased fiscal income from football-related investments and sports industry development (R20, 2021; R28, 2021; R30, 2021; R50, 2021) as well as investors' improved core business resulting from an exchange relationship (R34, 2021; R40, 2021). Often these investments were attracted by local governments as part of larger urban transformation plans, aiming to drive territorial and economic development in geographic areas previously underdeveloped (R22, 2021; R34, 2021; R37, 2021; R40, 2021; R48, 2021), something that has been similarly observed, especially among provincial and sub-provincial cities, since the 1990s by Hidalgo Martinez (2021). Here football clubs and their newly built arenas are often being instated as landmark buildings signalling the elevated status of a city or neighbourhood, thus attracting additional investments, new residents, tourists and upper-level policy support. A similar behaviour has been reported by Xue and Mason (2019) in their study on Chinese local government promoted stadium development. In their study, especially cities that had been striving to gain national status, local governments strategically use arena projects to reposition themselves against other cities in China. Among the sample, in some cases investments were part of a larger mixed-use sport-

tourism-entertainment project, which have been promoted by GAS since 2017 (R8, 2021; R20, 2021).⁶³ As stadiums are often built without any long-term utilisation plan, local officials are further incentivised to leverage their existing state-owned arenas with sport teams and events (R28, 2021; R30, 2021; R32, 2021; R48, 2021; R53, 2021).

In the sport context, football-related Corporate Political Strategies can promote local football culture and sports development, for instance, through improving a locality's performance at the prestigious National Games and Provincial Games (省运会, shenyunhui) through the supply of funds, youth players, coaches and infrastructure (R14, 2021; R37, 2021; R48, 2021). Other investments were linked to knowledge transfer from economic actors to state agencies, sometimes in form of joint operations of clubs, sport arenas and sport development programs (R30, 2021; R53, 2021). As central and provincial sport policy support is increasingly linked to certain criteria, such as the number of youth teams or sport facilities, some respondents explained how local FAs and Sports Bureaus tried to leverage private football engagement to reach such goals (R14, 2021; R22, 2021).

Finally, despite its widespread reporting within the general Corporate Political Strategy literature (e.g., Katic & Hillman, 2023; Ma et al., 2012), none of this study's respondents mentioned personal gain through football-related Corporate Political Strategy. Reasons for this non-reporting might be its sensitive nature, however, several participants pointed at China's ongoing anti-corruption campaign as having a strong impact on how officials render their business relations. One participant even stated that football investments and connected political benefits were replacing direct bribery in some business-state relationships (R52, 2021). The resulting business-state and state-state relations suggest being increasingly complex. As overt bribery becomes less viable, the anti-corruption campaign has not only increased the need for policy support in form of Corporate Political Strategies among entrepreneurs, but it has also tarnished the careers of tens of thousands of cadres, causing fear and increasing the need to demonstrate political loyalty. Nonetheless, the recent criminal investigations in Chinese football, including investigations among club owners, suggest that corruption continues to be employed by investors in the football context (e.g., Sun et al., 2023; Yang, 2023).

In summary, this chapter has explored the role of Corporate Political Strategy in China's football expansion between 2014 and 2020 as well as the outcomes of an engagement with these strategies from both the corporate and government perspective. It has demonstrated that despite the range of reasons why firms decide to invest into Chinese football, 'investments as Corporate Political Strategy' was indicated by the largest share of respondents (60 per cent) and further corroborated by individual industry experts, giving Corporate Political Strategy a

⁶³ In 2017, GAS issued the 'Notice on Promoting the Construction of Sports and Leisure Characteristic Towns' (Gas, 2017), which promotes the creation of sport and leisure parks across China. Driven by local governments (assisted by GAS and local Sport Bureaus), these parks are mostly financed by private economic actors and integrate (mass and elite) sport, tourism, leisure, and entertainment. The study's observations show that some of these investments suggest following reciprocal relationships between entrepreneurs and local officials, especially in the real estate sector.

pivotal role in the 'Chinese Football Dream' reforms and overall football development. Consistent with the general literature, firms applying football-related Corporate Political Strategies seek to influence government action in their favour and can potentially garner benefits at club, firm, and entrepreneur-level. Local governments and officials, on the other hand, are equally incentivised to engage with such strategies. As a result, both sides actively try to facilitate an exchange relationship which can advance them economically, politically, and personally. However, each side is not always equally eager and capable to engage in such exchanges, as demonstrated by the determinants of Corporate Political Strategy in Chapter 8. These positive and negative outcomes of football-related Corporate Political Strategy not just shed light on the incentive and risk structures of business and government actors, but further help understanding the high volatility among Chinese football clubs.

Chapter 7 | Presentation of Results: Corporate Political Strategy-Types in the ‘Chinese Football Dream’ Reforms

After having analysed investor’s motivations to engage in football, particularly as part of a Corporate Political Strategy, as well as its underlying mechanisms, this second of three results chapters will focus on the strategies themselves observed in China’s football reforms. By investigating the strategies in detail, the study will be addressing the second research question (RQ2) asking how football-related Corporate Political Strategies and their exchanges differ from strategies employed in other contexts. To do this the study will use the specially adopted Corporate Political Strategy typology introduced in the Theoretical Framework Chapter 4, which consists of five distinct strategies, namely ‘one-night-stand / situational shopper’, ‘good ole friend / patronage seeker’, ‘institutional improviser / model volunteer’, ‘direct participator / red hat insider’ and ‘information’ strategies. Driven by varying levels of pressure and incentives as well as capacity and constraints firms employ different strategies in different situations. This typology will help the study to categorise the various strategies observed in the sample, compare them among each other as well as between private and state investors.

[7.1] Typology of Football-Related Corporate Political Strategies

When analysing the interview data we see a significant overlap in the characteristics of football-related Corporate Political Strategies and the Corporate Political Strategies typology introduced in the Theoretical Framework Chapter 4. Driven by pressure or opportunities, the investors observed in the case of football apply Corporate Political Strategies in a large array of situations. These Corporate Political Strategies are strategically chosen, but hinge on a firm’s internal and external constraints and capacities. Like in other industries, in general, the presented Corporate Political Strategies are not exclusive to specific situations and investors may use various types of Corporate Political Strategies at the same time to deal with multiple demands faced by their company. In the following section the study will use the five typologies introduced in the Theoretical Framework Chapter 4 to present the characteristics and patterns of football-related Corporate Political Strategies observed among the sample, before then analysing factors influencing them.

[7.2] One-Night-Stand / Situational Shopper

The ‘one-night-stand / situational shopper’-strategy is usually applied in situation of imminent danger for the company or an individual entrepreneur as well as situations brought up by an opportunity. A situation of danger can be legal prosecution or a threat for a legal prosecution for the company or entrepreneur, new economic regulations detrimental to the company, or a general ‘wrongdoing’ by the entrepreneur known to certain officials. In those situations, the

company is trying to use their football investment as a Corporate Political Strategy to ease the pressure and pull oneself out of the affair. With pleasing the local government or a specific official, the investor is seeking protection or avoiding an urgent threat, like reported by several interviews (R14, 2021; R32, 2021; R42, 2021; R53, 2021). For instance, interviewee 42 from a dissolved CSL club was describing their situation and motivation to invest into a local football club as follows:

[...] [company X] may have had some bad things in the past, I can't say exactly, it's not really convenient to say [...] there were some rumours that the whole company had some problems, but because the Chinese government is now paying a lot of attention to this matter [football], [...] so he will, the boss will engage in football. Back then he's done it as a kind of public service, or for himself, how to say... [stutters, not really willing to say anything out loud] It's like when I make a mistake, but I do a good thing, I might be able to make my sin a little smaller, something like that. [...] More he would feel that, the boss would feel that his investment in the club would actually be like a protection for him. (R42, 2021)

Even though the respondent did not feel comfortable to talk about the issue faced by the investor in detail, comparing it to a “mistake” and “sin” clearly indicates a wrongdoing by the investor. The subsequent large-scale investment into a struggling local football club, a project favoured by the local government, was here used as a ‘one-night-stand / situational shopper’ strategy to “protect the boss” of the parent company and avoid further (legal) consequences. Beyond the football context, such corporate behaviour is consistent with, for instance, Chang et al. (2021), which suggest that firms and managers with a higher risk of being targeted by China’s anti-corruption campaign are more likely to contribute to CSR projects favoured by the state. Taking the country’s national poverty alleviation campaign as a case the study finds that “contributions to the campaign help managers to manage political risk and avoid being targeted in the anti-corruption campaign” (Chang et al., 2021, p. 663), confirming this study’s observations.⁶⁴

A similar case is presented by interviewee 53 working for the investor of a CSL club, who’s investment was described as “purely political” and “paying back earlier debts.” In the interview the participant was telling that the investor was facing prosecution due to a major corruption case connected to a large-scale sport event in which the investor’s firm was involved. While not entirely clear if the investor had done anything illegal, their connection to certain convicted government officials linked to the public project put the company itself under threat from the local anti-corruption bureau. As an upcoming company, the investor saw it as inevitable to strike connections to the local leadership for protection and to advance economically, but also saw the potential downside of such links. Based on a true crime or false allegation the firm was

⁶⁴ A similar narrative is presented by Chen and Cao (2016) which observed more charitable giving among firms that have previously been legally sanctioned. In industries where such a sanction was rare, this trend was even more prevalent, since firms’ wrongdoings were more noticeable.

pressured to support government projects to avoid investigation and finally decided to take over the local struggling football club. When asked if they were directly coerced to invest in the club, the respondent denied and described their investment more as one option among several to please the government (R53, 2021). The decisive factor seemed to be a hint from inside the government, which promised to ease the faced threat. While operating in a situation with no real rule-of-law in which local governments can exploit their position to strategically enforce the law (or not), firms are pressured to enter exchange relationships with governments (Zhang, 2019) as well as please the government with state-favoured projects such as football and poverty alleviation (Chang et al., 2021). To behave *right* and avoid prosecution in this environment is often less determined by the actual official laws, but more by the authorities that execute them. Consistent with the studies of scholars like Zhang (2019), Z. Chen (2020), X. Sun (2015) or Hou (2019) in light of an asymmetric mutual dependency between firms and local governments, China's authoritarian state is using the law as repression and to pursue personal and political goals with the help of economic actors. When turning to this study's case, local governments use the law to coercively extract capital from investors to boost local football development and by extension their political career.

Besides those cases of urgent threat for company or entrepreneur, other investors use the 'one-night-stand / situational shopper'-strategy following an emerging business opportunity available to the company, like reported by respondent R9 (2021), R38 (2021), R40 (2021), R42 (2021), and R60 (2021). Those situations can evolve, for example, if a linked government official gets promoted to a more influential position or a public project becomes available. Very often those opportunities are only in reach to entrepreneurs with a strong and personal relationship to the people in charge at the local government. For instance, respondent 38 describes such a situation at their CSL club as follows:

Things fitted together perfectly, first of all, our investor and the secretary of [City C] at that time, the actual local head of [City C], had known each other for a long time. [...] So when he arrived in his new city, he probably thought that he could bring football to [City C], so it was a good match. [...] we saw the opportunity in [City C], from the club to the parent company, seize the opportunity to developed through better communication with the government and prospect for cooperation. It's not that we cannot survive, it's just that we feel there is an opportunity to provide a greater boost to the parent company's development. (R38, 2021)

Seeing it as a business opportunity for the parent company, the relocation of the club and personal connection to the local principal was aimed at benefitting both sides of the exchange relationship, as the government official wanted a football club in their locality and promised the investor large-scale joint projects in the new city. The partnership between the two parties promised the investor numerous projects in their core industry mostly unrelated to football, thus, increasing the company's economic performance substantially.

A different business opportunity was described by interviewee 40 from a CL1 club. Here the investor was promised to acquire profitable land use rights through their club, an exchange mechanism observed among several respondents (R9, 2021; R40, 2021; R42, 2021). The deputy general manager of the club had known the leadership of the city before and was offered to acquire a large piece of land that should have become the new base of their second team. The deal was that the land had to be used for a new football stadium and training facilities, but the remaining area – a substantial share of the overall project – could be sold commercially at high profit (R40, 2021). Even though the case described by interviewee 40 did not materialise in the end, without the investor’s link to the city’s official administering this specific piece of land, the entrepreneur would have not been able to benefit from this opportunity. The report clearly shows the closed ‘guanxi network’ that one needs to be in or connected to, to be able to employ this Corporate Political Strategy and seek such opportunities.

[7.3] Good Ole Friend / Patronage Seeker

In contrast to the rather ad-hoc and opportunistic Corporate Political Strategy discussed before, strategies termed ‘good ole friend / patronage seeker’ are seeking long-term relations between government officials and entrepreneurs or companies that are characterised by an ongoing exchange relationship. Here the company is contributing to different political matters to help the official in their task, while in exchange benefitting from preferential treatment of various nature. While such relationships were reported by several interviewees, they most clearly become visible when club investments “follow” certain officials during their career stages. Among the sample the study observed several personal bonds between entrepreneurs and individual officials, which have led to a long-term mutual exchange relationship between the two and their institutions. However, benefits from these exchanges are often bound to the location of the official, as officials can only control local resources and institutions and equally only benefit from football investments in their locality. As a result, as cadres regularly rotate in office and location, these bonds are sometimes kept alive through investors relocating their football club to the cadre’s new location. This behaviour is not exclusive to football, as for instance Jia et al. (2022) reports that firms from various industries follow connected officials and establish new subsidiaries in the new location to continue receiving favourable treatment.⁶⁵ Arguably the most famous case of a club following government incentives was Beijing Chengfeng FC, which dissolved in 2021. Having changed locations multiple times in their history (Shanghai, Xi’an, Guiyang, Beijing), especially during the ownership of commercial real estate firm Renhe (2012-21), the club was well-known for following government incentives promised to the club and parent company (Sina, 2016). Several respondents confirmed this Corporate Political Strategy approach (R10, 2021; R13, 2021; R38, 2021; R60, 2021; Sina, 2016), but also flagged how the 2016 changes in CFA regulations have constrained

⁶⁵ See also Jia et al. (2022)’s Appendix I for several anecdotal examples of firms trailing connected officials to sustain their exchange relationship.

this strategy, only allowing inner-province club relocation.⁶⁶ However, some respondents indicated cases in which investors would circumvent the regulation and sell their local asset and acquire or newly establish another club at the new location, thus continuing their exchange relationship with the official. An investor employing the ‘good ole friend / patronage seeker’-strategy is the before mentioned club from interview R38 (2021), which relocated due to a long-term relationship between the company owner and a high-ranked official.

[...] our investor and the secretary of [City C] at that time, the actual local head of [City C], had known each other for a long time. He had known or worked with him since a long time ago. [He] had been in power elsewhere before he took up his post in [City C] and had had some contacts and cooperation with the [Company C], they had established a very trusting and strong relationship. So when he arrived in his new city, he probably thought that he could bring football to [City C], so it was a good match. The two sides have their own needs, and it was an instant match. (R38, 2021)

The situation described by interview R38 (2021) depicts a long-term ‘trusting and strong relationship’, established through various preceding ‘cooperation’ between the two parties. Triggered by an opportunity – the connected cadre’s relocation to a more influential post – the investor was following the cadre to continue and even expand their exchange relationship. Like in other industries those Corporate Political Strategies are aimed at officials being potentially influential enough within the local government to help the company or entrepreneur in their need. In the case of the club mentioned above, the official was able to attract a local SOE to invest a considerable amount of capital into the club as well as promising potential further joint projects between the company and city. Those actions and promises can only be executed by people high up the administrative ladder with far reaching influence, such as city mayors, provincial governors, or the corresponding party secretaries.

[7.4] Institutional Improviser / Model Volunteer

When applying the ‘institutional improviser / model volunteer’-strategy companies are publicly promoting government policies on a voluntary and selective basis. Different to the two Corporate Political Strategies presented before, which often happen behind closed doors, this strategy occurs in the public sphere and is inherently aimed at gaining public and government attention. While all Corporate Political Strategy-types target at winning the goodwill of the government, this strategy is particularly engaged in ‘acting in the sense of the government.’ However, what is deemed ‘exemplary behaviour’ is highly interpretative and might differ from region to region, among individual officials or government level, as policies

⁶⁶ The regulation has been altered again in February 2023, now allowing for nationwide club relocation in CL1 and CL2. CSL clubs, however, are still restricted to only relocate within their province. Before the CFA regulations in 2016, relocations were common in Chinese football. According to Beijing Youth Daily (2015), from 1994 to 2015, almost 200 professional clubs have changed locations.

are often only issued as general guidance by the central government and implemented with substantial leeway at local level. Often in form of politically motivated CSR initiatives, these firms engage in goodwill gestures such as, philanthropy, environmental sustainability, education and skill development, health programs, or poverty reduction. In the case of football, much exemplary behaviour is aimed at the CFA, its national teams as well as the country's overall football development. For instance, respondent 23 from a CSL club was describing how their club's current goals were focussed on 'social responsibility,' 'developing local talents' and 'help Chinese football advance,' while their own league performance was subordinate (R23, 2021). The club's commitment to 'developing Chinese football' while potentially harming their own club goals, is a classic example of the sentiment shared by many interviewees applying the 'institutional improviser / model volunteer'-strategy. In early 2021, state-owned Shanghai Port FC's chairman, Zhang Min, gave a vivid example of this sentiment during his club's season opening event. At the press conference he stated "[...] there is a very important goal, the tasks of the Chinese national team at all levels are higher than Shanghai Port's season goals. If there is conflict, we will make sacrifices" (Qu, 2021).⁶⁷ The club's dedication and potential sacrifices to the national team was due to the country's World Cup qualification campaign, which was in its crucial stage that same year. Furthermore, the burden was equally carried by all teams during the two months-long interruptions of the CSL season and cup competition, in order for the national team to prepare for the crucial qualification games. Similar cases of clubs and athletes sacrificing potential success in their leagues for the national team or provincial representative team at the National Games have been reported in the professional leagues of basketball (Kang et al., 2019) and table tennis (Hu & Henry, 2017), especially among clubs with links to the local government.

Among the study's sample particularly private firms from sectors with a bad reputation or currently under scrutiny by the state chose this Corporate Political Strategy over others with the aim to enhance their image and deflect public scepticism off their "sins." Here specifically real estate companies were often portrayed as 'exploitative', 'profiteering' or 'selfish', therefore being more *expected* to give back and make amends to state and society than their peers from other industries. Company size here also seemed to matter, since large (especially listed) firms are held to higher standards owing to their bigger resources, higher visibility and state benefits that had presumably helped them to flourish. This higher expectation to support government goals was similarly felt in state-owned firms as well as firms that had installed party offices, as pressure and scrutiny was higher in these firms. Outside of the sports context, the latter observation is shared by scholars such as Gustafsson et al. (2017) and Chen et al. (2018), which report a higher rate of charity donations among firms operating a party branch due to political pressure stemming from these institutions. Small and for the state less important firms, on the other hand, would particularly use this Corporate Political Strategy to get recognised by the local government, since these firms comparatively struggle to get in contact with senior-level cadres.

⁶⁷ A similar sentiment was given by Shanghai Shenhua's head coach, Wu Jingui, in April 2023. In an interview he stated that he would always place the interest of the club and himself below the national interest of talent development, while further emphasising that this is in line with their state-owned investor (Xiao, 2023).

Privately-owned Guangzhou FC is probably the most prominent example of a team employing this Corporate Political Strategy. According to several media reports and interview respondents the club was ‘naturalising foreign-born players for the national team’ (R52, 2021), ‘paying a substantial share of the national team manager’s salary’ and ‘temporarily releasing their own club manager for the national team’ (R10, 2021). Similar to what can partly be observed in corporate social responsibility behaviour among other industries presented in the preceding chapter, the activities employed by this strategy are exclusively a means to an end. This underlying motivation was portrayed by respondent 10 working as a local journalist:

[...] I feel that even if Evergrande is helping the national team, it does not mean that they are helping the Football Association [CFA]. Because of this it may be exposed to higher leadership [...] Guangzhou Evergrande FC belongs to an enterprise, the enterprise is a private enterprise, in China you compete with state-owned enterprises, or central enterprises, your abilities might be very limited. So for them this method may be a shortcut, use football to improve your guanxi with the local government, including the central government. I think it [the contributions to the national team] is actually for helping yourself. (R10, 2021)

Above quote as well as numerous further interviews suggest that investors policy support is rarely genuine and often aiming at favourable treatment by the government, thus representing a Corporate Political Strategy. The contribution made by companies and their clubs employing ‘institutional improviser / model volunteer’-strategies are diverse and can be generally divided into 1) football-related and 2) football-unrelated efforts. Football-related contributions by the investor and club include investments in infrastructure (stadium, training facilities), transfers of national and international star players and coaches, over-fulfilment of league regulations or policy suggestions (e.g., reducing the number of foreign players, taking the investor’s name off the club name, visiting military style training camps), support in grassroots or talent development in cooperation with the local government (e.g., international talent programs, school football programs), contributions to the FA or league (e.g., league or national team sponsoring, contributing to salary payments, naturalisation of foreign players, releasing club staff for the national team), and acquisitions or affiliation with football-related assets in and outside of China (e.g., UEFA/FIFA sponsoring, acquisition and partnerships with international clubs and leagues). Often these measures are directly inspired by government actions and regulations, like seen by many clubs organising military style training camps after such a camp was launched by the CFA in late 2018. As the preliminary aim of these activities is to attract local cadre’s attention and impress them with their good deeds, many investments are short-term oriented, highly visible, and excessive in scope and nature. But while some of these measures also benefit the club and its sports development, a vast number of those efforts have proven to be highly irrational, unsustainable, and ineffective.

Football-unrelated efforts by the club⁶⁸ include various types of donations (e.g., provision of COVID PPE, poverty alleviation measures, disaster relief measures), visiting and promoting social projects and institutions (e.g., schools, hospitals), club activities, symbols or slogans worshipping the Communist Party, publicly supporting government policies and attitudes, and opening a party office in the club.

As state-owned companies are naturally more embedded in the state and CCP hierarchies and consequently more expected to act as a ‘model volunteer’ for the country (Leutert, 2020), many of the measures described above are particularly employed by state-owned clubs, especially when there is a clear policy guideline by the government or football governing body. For instance, interviewee 44 working for a state-owned CSL club describes their club’s priorities and execution of CFA guidelines as follows:

[...] they are politically oriented [...] they are engaging more politically than other clubs. [...] like for example some of the CFA's policies, for example, we want to develop local coaches, develop Chinese coaches, maybe [Club X] will say we will use [Chinese Coach], use a Chinese coach, we are using local coaches to help the country, right? [...] [Club X] they don't care, fans don't matter, nor does the money matter, right? The leaders are happy is most important, right? If President Xi says that in China we only have foreign coaches and we need Chinese coaches, we will use Chinese coaches, regardless of whether they are of a high or low quality. (R44, 2021)

The fictional situation described by interview R44 (2021) was a relatively common theme among state-owned clubs, which were expected to act more in-line with government regulations than privately-owned clubs. Different to their private peers SOEs are generally more likely to prioritise the alignment of state and firm goals, rather than maximising profits (or club performance and supporter satisfaction; like pointed out by the interviewee). As local governments here have the power and incentives to intervene in corporate decisions, such activities do not always resemble a choice to them, but rather an obligation that must be followed, thereby confirming observation made by Wang and Jin (2016) on the motivations and characteristics of state-owned CSL clubs. Because state investors and their clubs are often closely integrated into the state apparatus, interviewees would sometimes depict a picture in which they were directly instructed by their overseeing state agencies to execute certain orders and generally expected to (over)-perform guidelines. Among the state-owned clubs from the sample, all indicated that they started their football club investment due to direct government orders. Nonetheless, not all ‘institutional improviser / model volunteer’-strategies employed by state-owned clubs are the result of direct orders or the fulfilment of regulations, state-owned clubs would also try to impress government officials to receive internal administrative benefits.

⁶⁸ Since this study only focusses on football-related CPS, the study here only includes efforts executed by clubs. However, parent companies also perform other football-unrelated efforts.

For example, respondent 44 would explain how their club was staging “show events”, like international friendly matches against unequal opponents, which primarily aim to impress government leaders, but do not have any value for the team’s development (R44, 2021).

[7.5] Direct Participator / Red Hat Insider

Another strategy that not just tries to ‘act in the sense of the government,’ but tries to get directly involved with it, is the ‘direct participator / red hat insider’-strategy. Here the entrepreneur or company tries to get directly involved with the government through joining the CCP or legislative bodies, its company partners with or invests into SOEs or government agencies or seeks them to become shareholders of the company to form a “mixed ownership” company. Once being “inside the system” the entrepreneur can easier get involved in the policymaking process or seek personal and company’s protection. Additionally, being linked or invested to a state firm or agency (also known as “wearing a red hat” in the general literature) can bring additional business and a general stability to one’s business operation.

As information on party and legislative membership are relatively sensitive and Corporate Political Strategies’ exact impact hard to isolate, the study cannot provide reliable information on the situation among football investors and their club management. However, among the sample, respondents would indicate how they were instrumentalising their club investment to generally gain more legitimacy and potentially get easier access to these government institutions (R52, 2021; R58, 2021). In the sport governance field – a field that continues to be closely interwoven with the government – such strategies were more straightforward, as several respondents would report how their investor or club management would strategically serve in executive committees of local and provincial Football Associations (R14, 2021; R15, 2021; R59, 2021). While these organisations are officially in a process of decoupling from their local Sport Bureaus, a state body under the local government, in practice there remains a very close link between China’s local FAs and governments (Peng et al., 2021). However, due to its relative limited influence outside of football, respondents would mostly speak of benefits for their club. For instance, interviewees R15 (2021) and R59 (2021) would explain how their representative post at the local FA helps them to recruit and jointly develop talented players from the local school system. Even though limited to their club operations, such links can be very valuable to their team’s development, since clubs often struggle to access players under the helm of the local Education Bureau.⁶⁹

As clubs can benefit substantially from a close link to the local FA, firms sometimes actively pursue strategies getting closer to the governing body, like illustrated by participant 25 working for a CL1 club. Aiming at a closer link to the local government, the club’s owner, a local real estate company, sponsored and executed a long-term football development program in the area.

⁶⁹ China’s youth football system is essentially divided into two administrative units: school/university football and club football. While school football is overseen by the local Education Bureaus, club football is organised by the local FAs and Sport Bureaus, often not allowing player transfers between the two systems.

With the help of this program the company caught the government's attention resulting in a larger partnership between the club and local FA facilitated by the government (R25, 2021). Even though such partnerships do not directly link the club or its investor to the municipal leadership, they can be a first gateway to the government and its agencies. The link between local FA, club and investor in some cases is so blurred that some clubs are basically one organisation with the FA. In such cases funding often comes from a local SOE (e.g., Chengdu Rongcheng FC / Better City Real Estate Group) or private company (e.g., Wuhan Three Towns FC / Shangwen Real Estate Group; Hubei Istar FC / Xinghui Hesheng International Sports Culture). Even though often initiated by the local government, those close partnerships substantially increase the interaction and links between investor and government.

Another way to establish closer links to the government via 'direct participator / red hat insider' is to attract investments from local SOEs or state agencies into one's club, like depicted by interviews R10 (2021), R14 (2021), R30 (2021), R38 (2021), and R58 (2021). Since localities differ in their capacity and enthusiasm to provide support, some investors do market research, tap into different *guanxi* networks and shop around to find the best available offer. Such negotiations generally hinge on the scale of investment and the scale of local government support, modulated by several variables relating to how much and how urgently either side perceives its need for the exchange. Respondent 30 working for a CL2 club was trying to pursue such a strategy when negotiating the relocation of their club with a local government agency. Knowing that the local government was interested in attracting a professional football club in their locality, the investor directly approached the government proposing a shared equity structure for the club, like illustrated by his interview:

The model we are talking about with [City D] is actually like this: they have a state-owned enterprise in [City D] [...] So what we are thinking about right now is actually to run the club together with a state-owned enterprise. [...] Because if we are bound together, we may be able to get more support from the government. [...] I think this may be a healthier structure. (R30, 2021)

Further concerned about the financial burden and current volatility in the industry, the investor expects more support and stability from the government through a shared equity structure with a SOE. A similar assessment of the benefits of linking up with SOEs and state agencies was made by respondent 58, who was reporting how their now dissolved CL1 club had received substantial financial and political aid via a local bank and SOE (R58, 2021). Several respondents indicated similar strategies in which parent companies tried to not just ease the financial burden of running a club with the help of state investments, but also gain valuable contacts and protection from being linked to a SOE or state agency.

The decision to employ 'direct participator / red hat insider' is often linked to firms and entrepreneurs seeking protection or business opportunities which are hard to achieve for private firms and can be improved by linking up with the government. However, the decision to employ 'direct participator / red hat insider' is decisive as it could lead to a loss of sole control

over club and sometimes even the parent company. In some cases, once the investor is linked to the state via mixed-ownership or serving in legislative and governing bodies, the government's influence on the investor increases, often leading to adverse additional policy burden on the investor-side. These policy burden can be public donations or support for local government policies. While every exchange relation underlying Corporate Political Strategies involves some sort of give and take with the government, compared to other Corporate Political Strategies, in this strategy it is naturally more pronounced, as links are institutionalised. Since officials here have more direct access to entrepreneurs it is easier for them to pressure or sometimes even directly coerce them to support certain government projects, a mechanism similarly reported in the literature (e.g., Hou, 2019; Sun et al., 2014; Zhang, 2017). This is in stark contrast to the 'institutional improviser / model volunteer'-strategy presented before in which companies decide more freely and strategically what and to what extent they promote policy goals in the hope to benefit from preferential treatment by the government.

[7.6] Information Strategies

Lastly, the study tried to categorise the observations as 'information strategies'-strategies, the last of five strategy-types presented in the Theoretical Framework Chapter 4. 'Information strategies' are generally applied when companies are trying to push the government to change certain policies or improve general difficulties for the firm or its industry. Raising awareness for an issue is executed in public via company outlets, academic or business publications, and media reports, as well as rather personal in an exchange between the entrepreneur and corresponding government officials. Compared to 'institutional improviser / model volunteer,' which also aim at raising awareness and publicity, this strategy is more critical and wants to make the public and government aware of shortcomings in their business field (opposed to worshipping one's or the party's achievements). Among the five analysed categories 'information strategy' is a rather new phenomenon in China, which only in the last approximately 15 years gained increased attention in the literature (e.g., Gao, 2006; Kennedy, 2005; Zhang & Lin, 2014). In contrast to the West where this strategy has been employed extensively over decades and often in groups of firms from the same industry, in China it usually happens behind closed doors and in personal encounters between individual entrepreneurs and government officials (Gao, 2006).

When analysing the sample and Chinese football media in general this Corporate Political Strategy suggests not to be common. While some clubs sporadically show their disapproval with certain regulations by the CFA, for example when several clubs circumvented the new under-23 player rule by substituting those players right after kick-off, generally only in very

rare cases clubs publicly speak up against the CFA or other governing bodies.⁷⁰ Even though CFA's influence on the sport and its industry is far-reaching and new regulations often have substantial impact on the game (e.g., foreigner and under-23 player quota) and club's economic performance (e.g., non-corporate club names, games without spectators, shortened season, extensive breaks in favour of the national team), however, criticism or any form of debate seems to be largely absent – at least in public. This behaviour is in stark contrast to Europe where clubs often openly criticise the FA and their regulations if detrimental to club's sport or business development. But while this Corporate Political Strategy suggests being widely absent from the football industry, it's worth analysing the reasons for such a behaviour. When asked why seemingly no clubs publicly oppose the CFA's strong prioritisation of the national team over clubs and the league, interviewee 30 from a CL2 club gave the following explanation:

[laughs] I guess nobody dares to do it. No, I don't think anyone would dare to oppose these things when it comes to the national team level, they can only say that they will try their best to accept it, even if it's something you don't approve of, right. In fact, as you know, the u23 national team is in our [league] group, it is in the same division as us, and to be honest we can't really accept it. (R30, 2021)

The disapproval of China's under-23 national team participating in the CL2 was shared by several respondents, who personally pointed out issues of favouritism, unfair competition and even match-fixing.⁷¹ While their might have been discussion behind closed doors, to date there has not been any public criticism towards the issue by any club. Respondent 44 from a CSL club confirms this general hesitance to speak up, while pointing out differences between smaller and bigger clubs:

[...] as a small club the government also has a great influence on you, only maybe not at the national level. For example, if you are a small club like [Club X] or anywhere else, it is important that they have a good relationship with the local government, with the city government, including the Sports Bureau. [...] they may do something to make the citizens and municipal government happier, because they are

⁷⁰ A rare exception occurred in 2006 at the height of the match-fixing scandals, when a group of 7 major clubs (also called 'The G-7') was publicly threatening the CFA to break away, if the governing body would not implement more transparent business practices and grant more rights to the clubs (Chadwick & Sullivan, 2019). Another more recent example is Wuhan Three Towns FC's public statement from December 2022 warning of "dark forces" within the CFA, indicating corruption within the organisation and Chinese professional football (Sohu, 2022b). Just weeks later several high-level CFA officials were detained for corrupt behavior. CFA's response was first mild, asking the club for more details about the allegations, and then completely absent, supposedly due to their internal matters. The club's underlying motivations and if this is a change in club-CFA relations remains to be seen.

⁷¹ In the 2020 and 2021 season China's under-23 national team was participating in the regular CL2 competition in order to practice for the 2024 Olympic Games qualification campaign (Mu, 2022).

actually all connected somehow, in China this relationship environment is very important, this extent of authority is very important. (R44, 2021)

The respondent's description of a fictional club environment gives valuable insight into the political economy Chinese clubs operate in. Since clubs operate in similarly politicised environment like their investors, they also depend on the government's goodwill and try to avoid spoiling their good relationship. Due to the 'extent of authority' or omnipresence of the state in all spheres of the polity, economy and society, including sport governance, clubs and their investors alike avoid all kinds of confrontation. Finally, as most investors are not primarily investing to generate commercial revenue from their club, as analysis in the preceding chapter has demonstrated, their level of complaint towards issues affecting their business might also be reserved accordingly. This *non-commitment* to their club can be observed among many Chinese owners in the fields of business development, fan and community engagement, grassroots and talent development, or game experience – fields extensively promoted by clubs in Europe but often completely absent in China.⁷² Against the backdrop of China's political economy, most Chinese firms invest into football clubs primarily for political motives and only secondarily, if at all, considering sport, business, and fan culture development.

⁷² A similar observation has been made by Liu and Schwarz (2020) among the Chinese public. For instance, according to their survey conducted among residents in Shanghai in 2015, participants did not perceive that Chinese professional football clubs were actively involved in the 'development of grassroots football' and 'local player development' and that 'experiences at games are not meeting expectations of a professional sport organization' (p. 595).

The environment for supporter groups and fan culture is further constrained by the state's general sensitive attitude towards non-governmental organisations and larger social organised groups as well as a lack of community-based football clubs, both aspects common in many Western 'football nations' (Liang, 2014; 2017; Ma & Kurscheidt, 2020).

Chapter 8 | Presentation of Results: Corporate Political Strategies' Determinants

After having presented football investors motivations and Corporate Political Strategies' common mechanisms in the first of three chapters presenting this study's results, the preceding chapter has applied the Corporate Political Strategy typology presented in the Theoretical Framework Chapter 4 to the case of this study – the 'Chinese Football Dream' reforms – and the observation made among the sample. Except for 'information strategy' all strategies have been reported in the field of football, showing accordance and unique features compared to other industries, thus demonstrating a general applicability of the typology. However, these strategies do not operate in vacuum and are largely influenced by internal and external factors – determinants – affecting the application, dynamics, and success of football-related Corporate Political Strategies (Hillman et al., 2004). By investigating football-related Corporate Political Strategy's determinants the chapter is addressing both the third (RQ3) and fourth research question (RQ4). RQ3 is asking for the characteristics determining the ability and the pressure to engage with such strategies from the perspective of businesses and governments. Since these factors also influence the success and failure of football-related Corporate Political Strategy, the chapter is further addressing RQ4 asking in how far the volatility among football clubs is reflecting the efficacy of Corporate Political Strategy. Generally, observed strategies are strongly influenced by the characteristics of the parent company (especially its financial situation, and dependency on the government), the local government (especially its policy priorities, career prospects for individual officials, and peer-competition with other geographic and administrative areas), and the strategy itself (especially its informal and personal character, and speculative character). While the parent company's characteristics mostly determine the company's ability and *pressure* to execute football-related Corporate Political Strategy – strategies' *push* factors –, the government's characteristics, on the other hand, influence their receptiveness and *need* to enter an exchange relationship with an investor – strategies' *pull* factors. Lastly, strategy-specific determinants influence how strategies are employed and develop, thus shedding light on its outcomes. This chapter builds the last section of the three results chapters and should give the reader a fuller understanding of the determinants of football-related Corporate Political Strategies, before the next chapter will discuss the study's findings with the general literature.

[8.1] Firm-Specific Determinants

[8.1.1] Financial Situation

A review of football investors' financial reports and secondary literature (e.g., GET FC, 2020; J. Zhang, 2020; Zuser, 2020), supplemented by this study's fieldwork, substantiates that the Chinese football is predominantly characterised by financial losses. The operation of a professional football club in China, pre-COVID and the CFA's financial regulations first imposed in 2021, required a minimum of several million Euro in the third and second division

and tens of million Euro in the CSL to only hold the league. With only negligible income from traditional income sources (tv-rights, sponsoring, tickets, merchandise) and a largely restrictive (official) financial government support, owning a football club essentially is only possible for financially strong companies or companies with strong government support. This threshold makes Corporate Political Strategies involving a club investment very exclusive and only available to a limited number of companies.⁷³ When comparing the different league levels, we can see that especially lower league clubs can benefit by a proportionally higher degree from government subsidies than their CSL peers, partly explaining many firms' speculative club investments to gain recognition by the local government. Clubs in the CSL, on the other hand, cannot survive from only government subsidies and since commercial income is concentrated among China's top clubs, almost exclusively depend on their investors. At CSL level we therefore almost exclusively see large private conglomerates and local quasi-monopoly SOEs (see also Table 1). As these clubs heavily depend on their investors' financial support, they are susceptible to fluctuations in their economic performance, rendering them highly vulnerable to economic factors beyond their control. Consequently, the development of local football is closely tied to the financial strength and stability of corporate club investors, making it an important determinant under what circumstances football-related Corporate Political Strategies are executed. When asked about the lack of professional football clubs in Sichuan, interviewee 45, a local journalist, sees the lack and financial volatility of wealthy (enough) companies as a major reason:

The main reason is that there is no good investor, no good company to invest in football. After a few years, the boss will have no money, can't afford to pay, and disband. This is the reason. For so many years, Chengdu has not had a CSL team, that's the biggest reason. Because Sichuan's economy is not particularly good in the whole of China, there is not a big company. [...] there is no big company that wants to invest in football. In fact, the main reason is that there is no money and no investors. (R45, 2021)

As football clubs are not making enough money to cover their costs, parent companies can only invest in football clubs if they have sufficient disposable income and cash reserves. Since running a football club has become exponentially more expensive between 2010-2020, only a very limited number of mid- and large-size companies could afford running a football club during that time. This trend is also mirrored in the distribution of professional football clubs among China's provinces, which sees a high concentration of teams in China's most

⁷³ CFA's expenditure and salary cap regulations first imposed in 2021 have lowered this threshold, capping annual club expenditures at RMB 600 million (ca. EUR 80 million). However, due to the country's strict COVID regulations (e.g., between 2020 and 2023 almost no spectators were allowed to attend professional games), and turbulences in the real estate and football industry, many clubs have accrued large debts in recent years. In the most recent season 2022, several CSL clubs have spent the limit of RMB 600 million, while the three title contenders Wuhan Three Towns FC (2022 champion), Shandong Taishan FC, and Shanghai Port FC spent around RMB 300-400 million (ca. EUR 40-52 million) and mid-table club Tianjin Jinmen Tigers around RMB 100 million (ca. EUR 13 million) (Jiu, 2023).

economically developed regions (Sohu, 2022c) (see also Figure 4). Among the companies involved in football, for many their club has become the biggest non-core business expense, as reported by interviews R3 (2021), R30 (2021), R32 (2021), R37 (2021), R53 (2021), and R58 (2021).

Due to the relative size of these companies' investments and their club's negligible income, once the parent company encounters any difficulties, the football club is often the first asset that is cut off, like widely seen during the economic downturn amid COVID-19. Interviewee 32 working for a CL2 club describes the unsustainability of their investment and corelating dependence on the investor's performance in a more direct way:

[...] I think the club is the thing that burns money the most. Because other businesses are also risky of course, you may also lose, but although you may lose, you also have the possibility to win. But with a club, you know very clear how much money is thrown out every year, and there is no hope in sight. [...] Because a club is a product of a company that is running well, once the company is in trouble, it's really hard. A club is a kind of... [...] a kind of parasite. Your host, if your mother is doing well, you will be fine, but if your mother is not doing well, you will be very bad. (R32, 2021)

Being largely founded on an unsustainable business model with large expenses and only little income, Chinese football relies predominantly on heavy outside investments. As a result, football-related Corporate Political Strategies can only be applied by investors with a considerable disposable income from their core business, making investors' financial strength an important determinant of Corporate Political Strategy in the case of Chinese football. Once such a Corporate Political Strategy is in place, their survival depends almost entirely on the parent company's long-term business situation. Being strongly affected by a general slowdown of the economy and political imperatives to cut corporate debt, especially in the real estate sector, easily the most intertwined with football, China's football investors have been struggling heavily in recent years. As a result, since 2020 we've seen more than 35 clubs from China's top three professional leagues ceasing operations, with five teams coming from its top flight at the point of cessation (see also Figure 2).

[8.1.2] Dependency on the Government

Besides these financial aspects, firms' dependency on the government resembles an additional determinant influencing football-related Corporate Political Strategies. Rooted in a combination of Resource Dependence Theory (Pfeffer & Salancik, 1978/2003) and Corporate Political Strategy (Hillman & Hitt, 1999) presented in the Theoretical Framework Chapter 4, the need for a company to deploy non-market strategies is the result of their power balance from resource dependency vis-à-vis the local government. As certain industries, companies or entrepreneurs depend more on the government or individual officials than others, their relative *need* to employ Corporate Political Strategy varies accordingly. Participant 50, an official from

a local FA gives insights to such variations when explaining why there is no professional club in their locality:

[...] Our industry is mainly manufacturing. We are famous for ceramic tiles and various household appliances. Therefore, the bosses of these [local] private enterprises are relatively pragmatic, they don't need to please the government, right? Why make an unnecessary investment? After all, what you are talking about is still an investment. (R50, 2021)

In the case of interview R50 (2021), as local businesses are mostly engaged in manufacturing – a sector relatively unaffected by government intervention – entrepreneurs have a relatively smaller need to engage in Corporate Political Strategy. In contrast, when later asked about the investment into a football club in a neighbouring city, the same interviewee points out the other investor's 'dependency' and 'need' to cooperate with the government:

[the investor] is mainly a company that relies on local resources for its business development, it is more dependent on the projection of government resources, so he will support it. But if he is doing international trade or global business, you can assume that its main source of income is from business, it doesn't have such an urgent need to cooperate with the government. (R50, 2021)

The participant's telling shows how a firm's dependency from the government, and thus their need to employ Corporate Political Strategy, hinges on how strongly the local government is influencing its business development. Even though the interviewee did not want to mention the investor's business sector, traditionally firms from strongly state-controlled sectors, such as real estate, exhibit a large dependency on the government (McNally et al., 2007; Nee & Opper, 2010). But firm's dependency is not just material. As the government is essentially controlling all state institutions, including regulatory bodies, and large parts of the economy through its SOEs, firm's dependencies are far-reaching and individual from case to case. The state's omnipresence becomes especially visible when looking at regions with only little marketisation and a strong state-owned economic sector. Here especially smaller, more locally operating companies are comparatively more dependent on the local government, as the market offers only limited alternatives to obtain crucial resources (Li et al., 2008; Li, 2023). Moreover, local governments in such market environments are comparatively less dependent on private firms for economic development since the state sector is predominantly contributing to local development (Gao et al., 2008). As a result, private firms face a comparatively strong resource dependency on the government and vice-versa. As these firms find themselves in an asymmetric power relation vis-à-vis the local government, there is a comparatively higher need to employ Corporate Political Strategies to balance this asymmetry. At the same time local governments in such environments are more able to possibly influence firms' decision making, sometimes pressuring or even coercing firms to invest (or not disinvest) in local football development, as indicated by several interviews (R32, 2021; R36, 2021; R37, 2021; R52, 2021;

R53, 2021; R58, 2021). The case of the ‘Chinese Football Dream’ therefore supports the argument in the general literature that strong marketisation, to some degree, substitutes the need to employ Corporate Political Strategy (Li, 2023).

Football’s close entanglement with the real estate industry, an industry strongly dependent on the government, has been a recurring topic throughout both the fieldwork and the broader research project. In particular, when examining the dependence of firms, numerous respondents stressed the critical role of cultivating a positive government relationship for real estate companies (R4, 2021; R11, 2021; R14, 2021; R22, 2021; R34, 2021; R40, 2021; R41, 2021; R50, 2021). For example, R34 working for the investor of a CSL club described “maintaining a good relationship with the government” as “key to a sound development for any real estate company” (R34, 2021). This unique relationship essentially revolves around two state-controlled resources: land and bank loans. However, gaining access to these resources is not as straightforward as typical market transactions. Companies first must obtain information about land availability and auction schedules, which are overseen by the local government’s Urban Planning Department (城市规划部门, *chengshi guihua bumen*). Once securing land, firms must then secure financing for their land development projects through bank loans. Access to bank loans and their interest rate is determined by local banks, which are equally controlled by the local government (Liu & Xiong, 2018).

Generally, most interviews indicated a degree of dependency of the investor on the government, however, in some instances, the investor appeared to have a degree of advantage vis-à-vis the local government. Interviewee 42 from a dissolved CSL club, for instance, would explain how their investor’s large company size and workforce was giving them a stronger negotiating position when dealing with the government. Based in an economically underdeveloped region the company could enjoy a more balanced power relationship from resource dependence when approached by the government to continue their football investment, since the government equally needed the company for its local economic and social stability (R42, 2021). This observation is confirming, for instance, Gao et al. (2008), seeing a positive correlation between a firm’s contribution to the local economy and local government support. A similarly more balanced interaction between investors and local governments was also indicated by respondents sharing insights of negotiations discussing a potential club relocation to a locality in *need* (R10, 2021; R25, 2021; R28, 2021; R30, 2021; R38, 2021; R43, 2021). As some local officials strategically seek to establish a professional football club in their locality, some investors find themselves in a comparatively strong position when discussing exchange benefits for club and parent company. Such examples show that power stemming from resource dependence can lean towards both local governments and investors. However, since there is usually more than one investor available to local governments, and investors often bound to a certain geographic area due to their core business, this dependency can easily turn over, thereby confirming the theoretical concept of Trantidis (2015) introduced in the Literature Review Chapter 3. Trantidis argues that power asymmetry stems from an imbalance between demand and supply. As many investors aspire to enter clientelist exchange with a much smaller number of government officials with the political power to meet these demands, there is competition

among investors, further allowing the officials to raise the reciprocation required in return for a granted favour (Trantidis, 2015, pp. 124-125). In sum, while the ‘Chinese Football Dream’ includes cases in which investors enjoy a relatively balanced power relationship vis-à-vis local governments, the situations portrayed above suggest being rare and usually local governments can exploit resource dependency in their favour.

[8.2] Government-Specific Determinants

[8.2.1] Policy Priorities

Given that the majority of investors participate in football primarily to gain government benefits, the level of direct and indirect government support significantly shapes the course and effectiveness of football-related Corporate Political Strategies. Thus, local government’s attitude towards football is crucial, yet it varies significantly. While smaller club-related government support is mostly dealt with the local FA or Sports Bureau, more substantial support, such as attracting investments into the club or exchange relations with the parent company, are mostly agreed personally with officials inside the top municipal or provincial leadership. The openness to such support often hinges on the overall policy direction of the local government, as described by many interviews (R13, 2021; R14, 2021; R16, 2021; R18, 2021; R21, 2021; R22, 2021; R28, 2021; R32, 2021; R33, 2021; R45, 2021; R50, 2021; R58, 2021). These priorities are fluid and vary over time, across locations and cadres, as the state has multiple goals, such as economic development, social stability, or environmental protection, and prioritises the different sequence of goals in different periods (Brødsgaard, 2017; Heberer & Trappel, 2013). Further do local governments enjoy some leeway in their implementation and prioritisation of goals (Chen & Naughton, 2016). Respondents stated various policy priorities influenced by local conditions, such as poverty alleviation in economically deprived areas, or as part of a deliberate strategy pursued by the local leadership to promote specific social issues or economic sectors. In places where football-related Corporate Political Strategies would fall on deaf ears, respondents often pointed at a different positioning by the city. Such positioning as, for instance, “manufacturing city” or “finance centre” can have far-reaching impact on the local economy and would be manifested in government spending and policies (R50, 2021). The direction a city would take appeared to depend significantly on the choices made by the top municipal leadership, especially the mayor and party secretary. If these leaders personally favoured basketball over football or had no preference for sports, could determine the extent and strengths of local policy support (R13, 2021). Other respondents would state how a good record in another sport could also hold back official’s enthusiasm for football, as they would rather continue, or extend, putting their resources into the *winning horse*. This pattern of government behaviour extends beyond the sports context, as governments in so-called ‘specialised towns’ tend to prioritise the promotion of economic, cultural, and social sectors in which they already have relative strength (Barbieri et al., 2019; Hu et al., 2021). Since these sectors frequently serve as the city’s identity, sometimes in form of a ‘name card,’ a concept explored preceding chapter, local leaders also prioritise their attention, resources, and policies to enhance them (R50, 2021; R61, 2021).

Apart from those cases where enthusiasm for local football development is limited, several interviewees highlighted situations in which localities actively endorse football and club investments through a range of measures. For example, interviewee 50 from a local FA was telling how the secretary of the municipal party committee and the mayor of a neighbouring area are trying to transform their city into one of China's major "football cities." Based on exchange relationships with several local firms, the city with "a GDP below average" aims to make football an important pillar of its local economy and image (R50, 2021). Such local policies constitute a clear *pull* factor for firms' Corporate Political Strategies, as it substantially increases the chances of a successful Corporate Political Strategy. Since local officials are encouraged and incentivised to develop football in their jurisdiction, local governments often court or even pressure investors to take liabilities off their hands. Being kept in a state of mutual dependency both sides of the dyad can use their economic and political capital to help the other advance in their project, sometimes entering an exchange relationship. Interviewee 14 from a CL1 club frames the mechanics of such an exchange as follows:

A very common phenomenon in China is, for example, the owner of a large company, for example a real estate company, he invests in a football club in the city. [...] Why? Exactly in order to achieve some political achievements for the government. Because after all, China's Xi Dada [Xi Jinping] is a football fan, right? [...] Now a businessman comes here, he says that I have money and I can help your municipal government do football projects. Your municipal government will give me other things in exchange, some benefits, this is a very common transaction. (R14, 2021)

However, as local governments (and their agencies) officially are not permitted to directly run football clubs and often lack the disposable capital and expertise, some local governments are actively courting suitable investors to finance and operate a football club in their locality. In early 2021, one municipal government's pull to attract a football club became public when a document from Tangshan's Development and Reform Commission and Sport Bureau, both local government agencies, was leaked online. The official notice was presumably aimed at neighbouring CSL-club Hebei FC (dissolved in March 2023) and would have included a joint investment of the owner (private real estate firm China Fortune Land Development), local state-owned Tangshan Cultural Tourism Group and additional capital sponsors (Sina, 2021). Being further linked to a local sport arena currently under-construction, the incoming football club should help "enhance Tangshan's image, stimulate economic development, and help develop the local football industry" (own translation from Sina, 2021). This active *pulling* by local governments was stated by several interviewees among the sample (e.g., R14, 2021; R17, 2021; R20, 2021; R30, 2021; R32, 2021; R38, 2021; R53, 2021; R58, 2021). Local governments courting corporate investments is not exclusive to the case of football and has been observed across many state-promoted areas, such as new-energy vehicles (Kennedy, 2018) or solar power systems (Corwin & Johnson, 2019; Zhang & He, 2013). As local governments can benefit economically and politically from the growth of state-favoured industries, they provide subsidies and other incentives to attract incoming companies and facilitate development.

While policy priorities are clearly important for the application, dynamics and success of Corporate Political Strategies, firms sometimes try to leverage their position in the market. Situated in an environment that encourages investments, potential investors will usually collect multiple sources of information on the incentives of different localities, often trying to locate “pain points” on the government-side, which could potentially be reduced by their football investment. In a pragmatic manner both sides would come together and see what each side can bring to the table to help the other. For instance, a municipal government in need for a football club to enhance the city’s image or to leverage their underutilised stadium, is comparatively more open to support such an investor than a government exhibiting other characteristics. This “catering” to local officials’ needs was a common theme among the sample and is similarly reported in the existing literature (e.g., Guo, 2020; Ma et al., 2012). Ma et al. (2012), for instance, see “[...] survival and success of the private business sector, whose inception and development are both at the mercy of the all-powerful government, depend largely on how these firms could fit their businesses into the government agendas [...] currently in vogue” (p. 38). This “shopping around” according to local needs is similarly reported by Xue and Mason (2020) in the USA where private firms try to leverage the scarcity of professional sport teams, not just football, in certain regions to extract public subsidies. Attracted by the local business development and an increased national and international reputation, local governments, in the US and other more developed sport industries, similarly sometimes grant tax subsidies or infrastructure to the incoming sports team. In China, however, often such subsidies would be directed to the core business of the club owner and only in parts, if at all, to the club itself. On the government-side, amid the central government reforms and a still relatively immature football industry, incentives are mostly political and only secondarily driven by economic prospect deriving from the incoming club business.

[8.2.2] Career Prospects for Individual Officials

Besides policy priorities, another determinant shaping the application, dynamics and success of football-related Corporate Political Strategies is the career prospect of government officials. As local officials can benefit from ‘political achievements’ (政绩, zhengji) in the field of football due to the central government’s increased political attention, having a professional football club in one’s jurisdiction can potentially boost an official’s political career. However, at the backdrop of the central government’s increased attention towards football as well as responsibilities attached to certain football clubs, football can both positively and negatively impact a cadre’s career trajectory. This potential impact becomes visible when looking at the above-mentioned football ‘name card’ cities, where local cadres suggest having higher pressure to develop, or at least sustain, football in their locality. For example, if a major football-related incident occurs under a certain official’s leadership, such as the collapse of a prestigious football club, their career prospect might be negatively affected, like indicated by interviews R40 (2021), R43 (2021), R44 (2021), and R61 (2021). Seeing some clubs closely interwoven with the image of the local government, participant 43, a local journalist, describes the collapse of previously crowned CSL champion Jiangsu Suning FC in 2021 a “very embarrassing thing for the local government” that had a large impact on its leadership’s reputation (R43, 2021).

Even though the exact impact of this incident is hard to measure, several interviews indicated a potential negative impact for government officials if clubs would vanish under their leadership.⁷⁴ Prestigious and historic teams linked to ‘football cities’ as well as teams with special importance for the province (e.g., being the only professional team in the province), here seemed to have increased value and “responsibility” for the local leadership. In contrast, if a city or province was already having several teams competing in China’s professional league system, the collapse of a single (non-prestigious) team had less adverse impact on the local leadership (R1, 2021; R2, 2021; R3, 2021; R13, 2021).⁷⁵

Despite increased pressure to sustain certain teams, government support varies and can be as little as the bare minimum, so the club does not encounter any severe difficulties. Respondent 40 from a CL1 club based in a city considered ‘football city’ was explaining how the last two mayors have both only supported the club with enough funds so they can operate and avoid relegation. Having only received the standardised Sport Bureau funds and constrained by its investor’s troubled core business, the club was too good to fail, but stagnated at the sporting level in recent years (R40, 2021). This ‘you cannot let the club die under your authority’ mantra at times seemed to be exploited by investors and staff, as they would pressure local cadres to issue support when in severe trouble. In the case of interview R40 (2021) the club repeatedly received extraordinary support from the local mayor whenever facing existential, high-profile difficulties, which news would easily spread across the country.

For hosting cities of major sporting events like the 2023 AFC Asian Cup, 2022 Asian Games, or the quadrennial National Games, local government officials face increased pressure to install or keep a professional team in their city to boost local football and sport culture.⁷⁶ While those events are mostly held in cities with existing clubs and infrastructure, large future host cities like Xiamen, Kunshan, Xi’an, Chengdu or Suzhou, previously without top level clubs, have reportedly provided substantial support to local lower league clubs in the hope of getting promoted to China’s top divisions.⁷⁷ If successful, the instalment of a professional club can further benefit a cadre’s career, while failing can have adverse effects. In instances like this where local governments have an obvious need, officials sometimes directly approach local

⁷⁴ According to several respondents, the globally reported collapse of CSL-champion Jiangsu Suning FC in early 2021 had caused increased pressure on local governments and governing bodies to avoid more clubs from ceasing operations (R10, 2021; R42, 2021). In some cases, this pressure had been exploited by clubs which would willingly ignore CFA regulations, as they did not fear any consequences (R40, 2021).

⁷⁵ Other factors influencing if a club was saved from collapse reported among the sample are the club’s high debt burden (R4, 2021; R6, 2021; R42, 2021), the club’s support from competing political factions (R31, 2021; R36, 2021), the level of political interference in the market (R37, 2021), and the club’s registration at municipal or provincial sport administrative level (R42, 2021).

⁷⁶ In 2015, China started its bidding process for hosting the 2023 AFC Asian Cup, which the country was awarded in 2019 and withdrew again in May 2022 due to the COVID pandemic. However, large-scale efforts, such as the construction/renovation of 10 football stadiums as well as the installation of several football teams, had been already in full swing.

⁷⁷ In the case of Chengdu this plan has been successful as Chengdu Rongcheng FC has been promoted to the CSL in 2022. However, Chongqing Liangjiang Athletic FC, Kunshan FC and Xiamen Ludao FC, all clubs located at cities that were intended to host the 2023 AFC Asian Cup and presumably utilise the newly built arenas after the event, have ceased operations recently.

companies encouraging them to chip in the capital and expertise to run a football club. While for some (strongly dependent) companies such an “offer” can be hard to turn down, other less dependent firms reported how they would try to exploit the government’s pressure to negotiate better benefits for both the club and parent company.

While some government officials seem to only support football clubs if not avoidable, there are also others that try to actively instrumentalise football as political achievement to advance in their career. In such cases, a successful club venture can improve the city’s image and prestige and reflect its glory on the local government, like for example depicted by interviews R17 (2021), R20 (2021), R38 (2021), and R54 (2021). Interviewee 54, a consultant to the government in sport questions, explained how many local cadres were triggered by the central football reforms and tried to use local sport success, like the promotion of a local team to the CSL, as political achievement. The interviewee would further comment how many officials would only push highly visible short-term projects, such as establishing a professional club or building extravagant elite sports facilities but would only rarely focus on long-term goals (R54, 2021). Such cadres are particularly open for football-related Corporate Political Strategies, as reported by many interviews, thus constituting a further *pull* factor. For example, respondent 32 working for a CL2 club was explaining how cadres would use club investments as political achievements:

[...] these mayors or city party secretaries have to report on their work every year. If there is [an investor] that is willing to establish a football club, willing to invest a certain amount each year [...] If they persuade the company to do this, it is the result of their work. [...] Because these things are political achievements for them [...]
(R32, 2021)

This fictional report by interviewee 32 indicated how local officials are incentivised to attract private capital – in form of football investments – and turn it into a ‘political achievement’ for their career record. The participant was further explaining how such an investment would be rewarded by the government through preferential policies for the investor, clearly showing the positive correlation between successful Corporate Political Strategies and cadres’ career development (R32, 2021).

[8.2.3] Peer-Competition

Besides policy priorities and career prospects, the study observed peer-competition determining the application, dynamics, and outcomes of football-related Corporate Political Strategy (R14, 2021; R32, 2021; R35, 2021; R38, 2021; R52, 2021; R53, 2021; R58, 2021). As cadres’ career prospects are not just influenced by vertical hierarchies, the observations suggest there’s similar pressure felt on the horizontal administrative axis. For example, many interviewees would talk about how certain officials wanted to attract or further promote football in their locality because of a successful club venture in a neighbouring city. Others felt pressure to keep up with other cities of comparable size or national status. Generally, this

expectation or competition appeared to adhere to specific categorisations, with localities typically benchmarking themselves against localities of comparable administrative level, size, GDP, tier-level, public recognition, or geographic area. Respondent 58 from a dissolved CL1 club was giving insights into this peer-pressure when portraying a local official's considerations to attract a football club after taking office as mayor in a new city:

[...] [City X] does not have a professional team, whether in basketball, table tennis or football, it does not have a professional team. But cities like [City Y] and [City Z], on the edge of [City X], including [City A], they all have their own professional sport teams. As a relatively large city in this area, [City X] feels that it is a little lacking in the soft power for the city. So he wanted to find a club, he wanted to find a club to come in, achieve the same status like the surrounding cities, we should be the same, what you have I also need to have, that's what it is. (R58, 2021)

As above example shows, local officials feel pressured to achieve the same status as their peer cities. This general expectation and peer-competition among certain officials makes them more receptive to football-related Corporate Political Strategies than others. Besides the felt competition among peers, certain cities and their governments are feeling pressure inherited from its national status, as for example first- and second-tier cities were expected to have a CSL club (R4, 2021). While this is not an official requirement issued by the central government, it is keenly felt. As a result, respondents would report how investors would particularly look out for such officials and directly offer their assistance as part of a Corporate Political Strategy (R28, 2021; R30, 2021; R38, 2021; R60, 2021).

In places with an existing football club based on Corporate Political Strategy the peer-pressure is often giving down from the government to the club investor. In such cases the investor is compelled to sustain the club's status-quo (i.e., hold the league) or, if the sporting level is not matching expectations deriving from peer-pressure, encouraged to improve the team's performance. Respondent 53, an investor of a CSL club, gave a vivid record of the pressure felt at investor level when their team was aiming for promotion to the CSL:

[...] you kind of represent [City E], and you are always reminded by the governors you know, day by day that [City E] doesn't own a CSL team. You know [City F] owns two and the other tier, you know [City G], [City H], you know all those, you know [same tier cities], they all do. And [City E] is the only city that doesn't have that (R53, 2021)

This pressure to invest (or not disinvest) due to a preceding or ongoing exchange relationship with the government was indicated by several interviews (R32, 2021; R36, 2021; R37, 2021; R52, 2021; R53, 2021; R58, 2021). Hinging on the investor's power balance stemming from resource dependence vis-à-vis the government many investors are kept in such a situation for years, only in very rare cases being able to get away unscathed.

[8.3] Strategy-Specific Determinants

[8.3.1] Speculative Character

Despite the variety of potential benefits on both sides of the dyadic relationship, not all football-related Corporate Political Strategies automatically achieve the desired outcomes. In general, one can say that an investment into a football club, especially at lower level, in most cases is rather speculative behaviour without any previous agreements with the government. Consequently, football-related investments underlying a Corporate Political Strategy do not necessarily bring the desired benefits for the parent company. This *gamble* is explained by interviewee 18, owner of a 4th division CMCL amateur club aiming for promotion to China's professional CL2:

It is a process of negotiation to some extent. It does not mean that if I invest in football, I will definitely get the support of the government, but I may get the support of the government when I invest in football. This is a tacit understanding. Many things in China are not written on paper, but you are looking for such an intermediate relationship through a tacit understanding of the situation, but you may not get what you thought you would get in the end [...] (R18, 2021)

Among the sample many interviews painted a picture in which firms were desperately trying to instrumentalise their club investment but would fall on deaf ears within the local government. For instance, such a situation was depicted by participant 16, working for a CSL club:

[...] they have invested in [City I] for almost five years since the beginning of 2016, and in these five years, they feel that the [City I] Municipal Government has not given them any support, or any policy help. So they think there might be something wrong with the investment in football [...] they thought they would get help from the [City I] government, but there has been no policy support or funding for the club from the time they bought the club until 2020. There is just a big gap between the reality and what they had hoped for. (R16, 2021)

The same interviewee was naming the investor's non-local business operation as the main reason for the government's cold attitude towards the club and further stated that the investor is currently looking for a new buyer. While we can only assume the exact reasons for the government's attitude in this case, other scholars outside of the sports context have similarly reported such forms of local protectionism across local governments (e.g., Bai et al., 2004; Han & Wu, 2024; Tan et al., 2007). Since "outsider" firms usually pay fewer taxes locally than their local peers, local governments tend to discriminate these firms over their local competitors regarding state-controlled resources and policy support (Tan et al., 2007, p. 789). As not all local government officials are equally eager or have the resources and authority to promote football through an exchange relationship, many clubs only receive the largely standardised

support from the local Sports Bureau, if at all, often barely covering the salary of any of their star players. Thus, for investors aiming for an exchange relationship with the government success is often not guaranteed and once the costs of running a club outnumber the benefits for too long, investors try to sell their assets again.

[8.3.1] Informal and Personal Character

But even if an agreement was made preceding the investment, not all agreements between government and investor materialise or are long-lasting. Interviewee 38 working with a CSL club, explained in depth the decision to relocate from a prefecture-level city to a considerably smaller city of the same administrative level after almost a decade. The decision was taken because the benefits at the first location stagnated, and the government at the new location was enthusiastic and made substantial promises. The decision was strategic, with long-term development in mind based on state investment in the club and the promise of substantial joint projects in the investor's core business. The trade-off was that the club culture and relationships with fans and local authorities would have to start again from scratch. A long personal relationship between the club owner and the highest-level official at the new city seemed the clincher, only for that official's unexpected late transfer after less than twelve months in office to another locality to jeopardise the arrangement and the club considering moving back again (R38, 2021).

Most respondents depicted the exchange relationship between private firms and governments as informal and agreements as rather personal than institutional. Some respondents depict an informal process of behind-closed-doors introductions and conversations, often brokered by intermediaries with shared *guanxi* connections. Negotiations sometimes involved proposals conducted in the back-rooms of hotels and restaurants.⁷⁸ This personalization of negotiations and investment decisions is manifest in many ways, and often has a determinative impact on the sustainability of clubs. Decisions are regularly bound to individuals, exacerbated by the fact that so many agreements are informal. Due to the routinised rotation of cadres and the geographic and institutional mobility in officials' career trajectories, there is frequent turnover in decision-making personnel in local governments (Brødsgaard, 2017). Once an official changes their office or location, the impact on the club can be severe, if incoming officials perceive less utility in, or are unaware of, the informal arrangements agreed by their predecessors, something similarly observed, for instance, within the context of environmental policies (Eaton & Kostka, 2014). Many of the potential benefits to be gained from Corporate Political Strategy are overseen by different administrative bodies within the local government, and only a top-level official such as the mayor or party secretary has the power to influence the various state agencies. An investor's link to a top-level official is often the decisive factor in the flow of benefits, hence, when such powerholders move on, government support can no longer be taken for granted (R16, 2021; R26, 2021; R38, 2021; R40, 2021; R52, 2021). This volatility and uncertainty are captured by the experience of participant 52 from a CL1 club:

⁷⁸ In this context, several respondents used the term 'jiuzhuo' (酒桌), meaning liquor table, to describe how deals are agreed during alcohol-rich banquets among associates.

[...] I think afterwards the most ridiculous part happened: the mayor was gone. Was not there anymore. And I think during or maybe in the whole year or the whole half year, there's no mayor in [City J]. So now the mayor was not there anymore, so they just cannot decide. [The vice-Mayor said] "I didn't say anything, I didn't promise you anything." So that's the first moment that [Company F] wants to quit. (R52, 2021)

Since the tacit exchange relationship between investor and local government is often agreed personally between entrepreneur and official without any contract or legally binding agreement, many clubs and their investors find themselves in a volatile situation that can develop in unexpected ways. However, as many firms face a strong power asymmetry from resource dependence vis-à-vis the local government, these potential setbacks and insecurities do not refrain firms from executing football-related Corporate Political Strategies.

In summary, determinants are the factors that influence a firm's decision to engage in Corporate Political Strategy, as well as the nature and effectiveness of its strategies (Hillman et al., 2004). In the case of this study observed determinants include firm-specific determinants, government-specific determinants, and strategy-specific determinants. It is important to note that these factors are not mutually exclusive, and the interplay between them can influence the nature and effectiveness of a firm's strategy. Moreover, among these determinants, certain factors exert a more pronounced influence than others on the diverse and context-specific implications. For instance, firms with more disposable resources to invest in strategies are more likely to engage in strategies that require strong financial power especially when dealing with more interventionist governments. In the case of football, firm-specific factors, including firm size and government dependency, wield significant influence over a firm's capacity to invest in a football club and the extent of pressure it encounters to make such investments. However, these factors have limited implication for the potential outcomes of such investments. Outcomes, on the other hand, are more heavily influenced by government-specific factors, including policy priority, career prospects, peer-competition, as well as strategy-specific factors, such as the speculative and informal nature of many investments.

Chapter 9 | Discussion

After having presented the study's results from empirical data collection in the preceding three chapters, this chapter will answer the study's research questions and discuss the findings with the existing literature on state-business relations and Corporate Political Strategies in China and elsewhere. To do so, this chapter will first elaborate on the scope of Corporate Political Strategy within China's football expansion (RQ1), before comparing the strategies observed among the sample with the strategies from other studies and cases (RQ2). Subsequently, the chapter will review Corporate Political Strategies' determinants on the firm and government-side within the existing literature and across the observed case, focusing on firms' size and dependency from the government (RQ3). Afterwards, the chapter will turn to the outcomes of football-related Corporate Political Strategies, shedding light on the efficacy of Corporate Political Strategy and its impact on the widespread volatility experienced in Chinese club football (RQ4). Since the study was using a combined theoretical concept of Resource Dependence Theory and Corporate Political Strategy as its underpinning concept, lastly, the chapter will review the utility of this applied theoretical framework.

[9.1] RQ1: To what extent is China's private football investment driven by Corporate Political Strategy?

Puzzled by the seemingly irrational investments into Chinese football clubs between 2014 and 2020, the first research question set out to grasp the extent and scope of Corporate Political Strategy within the football context. As underlying investment motives are mostly covert and only known to people close to the executing firm, the study had to empirically investigate such investments. This empirical data collection demonstrated that despite the multitude of largely individual motives, 'investments as Corporate Political Strategy' was indicated by the largest share of respondents (60 per cent) and further corroborated by individual industry experts, giving Corporate Political Strategy a pivotal role in the 'Chinese Football Dream' reforms and overall football development. It can be inferred that prior to the COVID-19 pandemic, the primary driver of private growth within the Chinese football industry was the implementation of Corporate Political Strategies, followed, to a lesser degree, by related motives, such as the 'establishment of links to the government' (29 per cent), 'direct order from the state' (27 per cent) and 'paying back the state' (9 per cent). Initiated by the central government reforms launched in 2014, a multitude of largely individual motives prompted investors to harness the heightened political significance of the sport in order to exert influence over local government decisions in their favour. This underlying motive of football-related Corporate Political Strategy is confirming the overall motive found in the general Corporate Political Strategy (Hillman & Hitt, 1999) literature as well as in the Chinese context (Ma et al., 2012).

Investors, along with local government officials, particularly mayors, governors, and their CCP counterparts, demonstrated a willingness to allocate their economic and political resources to establish mutually beneficial relationships, with the aim of advancing their own economic or

political interests. While most of these investments are driven by private actors, the study has shown that state-owned clubs often follow similar narratives and are rarely investing for commercial reasons either. Moreover, the substantial number of investments underpinning Corporate Political Strategies underscores the paramount importance and imperative nature of cultivating favourable relations with the government under Xi Jinping, particularly for private enterprises facing strong resource dependency on local authorities. The observation within the football context serve to validate similar findings made in other state-favoured areas (e.g., Corwin & Johnson, 2019; Kennedy, 2018; Zhang & He, 2013), however, what stands out prominently is the unparalleled scale of Corporate Political Strategy against the backdrop of the ‘Chinese Football Dream’ reforms, which appears to be distinctive and exceptional. While other state-supported sectors would exhibit a mix of motives among investors, investments into Chinese football clubs follow primarily political calculi and only secondary, if at all, any economic logics.

[9.2] RQ2: How do football-related Corporate Political Strategies and their exchanges differ from strategies employed in other contexts?

Turning to the study’s second research question exploring the differences between Corporate Political Strategy in the football context and strategies in other contexts, the study applied a thematic analysis of the empirical data set. The study hereby employed a categorisation of five strategy types deriving from existing key studies, which helped point out similarities and differences in the application and dynamics of these football-related strategies. Comparing football-related Corporate Political Strategies observed among the sample to the typologies found in the general literature is complex in the sense that most general studies do not specify the exchange medium of a Corporate Political Strategy (i.e., strategy content). For instance, contributions to government projects would often not be specified in its content. In this study football-related Corporate Political Strategies are the only focus medium analysed and compared with the existing literature, which generally only include (if at all) sport-related Corporate Political Strategies as one medium among many. Hence, the analysis is situating a Corporate Political Strategy medium – football – within the existing general literature on Corporate Political Strategy.

Above all, this study’s empirical analysis suggests that the Corporate Political Strategy typology deriving from key studies from the China-specific Corporate Political Strategy (non-football) literature are a useful typology to categorise the strategies observed in the case of the Chinese football reforms. This observation is exhibited in the variety and depths of employed strategies. Hence, the case of Chinese football resembles a valuable site for generating insights into state-business relations beyond the football sector. This observation suggests that the typology can be applicable to other contexts, thereby suggesting its universal applicability. This section presents similarities and differences observed in the case of football compared to the general literature dealing with various industries. Besides the typology, the data confirms several observations from the general Chinese Corporate Political Strategy literature, such as the trend towards employing strategies alone vs. as part of a group (e.g., Ma et al., 2012; Zhang & Lin, 2014), and differences in more active vs. re-active strategies according to a firm’s

“threat level” (e.g., Ma et al., 2012). However, the case also indicated several dissimilarities to what is reported in the existing literature, offering plenty of novel insights about Chinese Corporate Political Strategy and its interplay with China’s state administration.

‘One-night-stand / situational shopper’ strategies, commonly seen across various Chinese industries, were employed when firms and entrepreneurs were facing immediate threats or encountering lucrative business opportunities. Consistent with, for instance, Ma et al. (2012) these strategies were mostly reactive and employed without much preparation or previous arrangements. Consistent with the existing literature investors were confronted with an unanticipated situation which led them to react to a threat (e.g., a threat from law prosecution like presented by interviews R42, 2021 and R53, 2021) or make use of an emerging opportunity (e.g., a potential land deal connected to a club investment like presented by interview R40, 2021). However, while ‘one-night-stand / situational shopper’ in the existing literature would often depict such situations as transaction-based and terminating after the exchange of benefits (e.g., Ma et al., 2012), the findings observed among Chinese football suggest that sometimes a threat can be further exploited by the government over an extended period of time (e.g., R53, 2021). In situations where firms and entrepreneurs are captured in a state of asymmetric power balance from resource dependency, officials sometimes further exploit their superior position and pressure business actors to continue (or even expand) their club investments, since a disinvestment could negatively affect the local government or individual officials. Afraid of a potential backlash from the government, these investors cannot easily exit their relationship, despite having already settled their “debt.” Furthermore, in the existing literature ‘one-night-stand / situational shopper’ would often involve illegal practices on the entrepreneur-side, such as bribing officials to instantly either ease a threat or facilitate a business opportunity (e.g., Boyd, 2008; Deng et al., 2010). But while many ‘one-night-stand / situational shopper’ in the data imply to be triggered by (alleged) illegal practices, actual illicit Corporate Political Strategy measures can only be assumed.

Another strategy type observed among the sample largely consistent with the existing literature was ‘good ole friend / patronage seeker’. Here entrepreneurs and officials would support each other through an exchange relationship over an extended period of time. Usually such strategies would be interaction-based and grounded in a trusting, sometimes very close, personal relationship. However, while existing studies were able to identify such relations in various situations, settings and timeframes (e.g., Lei, 2021; Ma et al., 2012; Zhang & Lin, 2014), the data observed in this study’s case made such relations most visible when investors were “following” an official’s rotation in office. This practise of this strategy is not new and similarly reported in the existing literature (e.g., Jia et al., 2022; Ma et al., 2012, p. 16), further demonstrating its applicability in football. Among the sample interviewees would depict mutual exchange relationships that had already existed over time and were further nurtured by football-related projects. The football investment here was often only one among many exchanges between the entrepreneur and official, in some cases even repeatedly using football as a Corporate Political Strategy medium to assist the official during their career. Lastly, while this strategy became most visible in the form of entrepreneurs trailing officials, several interviews indicated the general use of this strategy across different situations.

Turning to ‘institutional improviser / model volunteer’ observed among the sample, the study observed that firms and clubs alike actively use their assets to not only act as ‘model volunteers’ in the field of football (e.g., supporting the national team), but also leverage their club’s brand to employ football-unrelated efforts (e.g., players visiting famous CCP sites). This utilisation of Corporate Political Strategy measures is largely consistent with the existing literature in which firms employing this Corporate Political Strategy would frequently adapt their model volunteer measures according to contemporary policies and local government goals (e.g., He & Tian, 2008; Ma et al., 2012). Additionally, the data further suggests that this strategy is more common among state-owned firms (and by extension their clubs). This is in line with the findings of for example He and Tian (2008), which is comparing various Corporate Political Strategy types among private, state and multinational enterprises through the lens of their PR efforts. However, the findings observed among the football case suggest there is an additional layer to this strategy type. Since China’s central football reforms and related measures by the CFA prioritise the development of the national team over clubs and leagues, many investors would voluntarily “sacrifice” their club’s sport and business development to support the national team. Such an observation is new – or at least unknown to the author – since not just the strategy-employing entity is sacrificing economic benefits as part of its Corporate Political Strategy, a finding common in the literature (e.g., Ma et al., 2012), but also its strategy-measure itself. Unlike other cases where firms would invest into “money-losing projects” favoured by the state, in football this strategy unfolds within two layers – inside the investor and inside the investment (i.e., club) itself. Consistent with other loss-making endeavours, as professional football clubs provide such a poor return on investment, their utility as a loyalty-signalling device increases over time. If clubs and by extension their owners invest into goals predominantly beneficial to the national team or overall football development, while harming their own development, this loyalty-signalling is even further amplified.

In the general literature ‘direct participator / red hat insider’ can generally be divided into strategies where entrepreneurs try to become members of state agencies (especially PC and PPCC) as well as strategies in which they invest into or attract investments from SOEs – both with the aim to affiliate with the state and its agencies. But while many club officials are holding representative posts at local FAs, apart from benefits considering the sport, the general impact of such posts for the investor suggests being limited. Additionally, as for example some investors are/were represented in China’s national and local legislative bodies (e.g., Guangzhou FC / Evergrande Group’s Xu Jiayin served as member of the national PPCC from 2008 to 2023),⁷⁹ without further insights, it is hard to measure and isolate their strategy’s effect to it. As the football club is only one Corporate Political Strategy-tool among many for some large conglomerates like Evergrande or Wanda, the actual direct impact from football is hard to measure in such cases. For smaller investors, on the other hand, enquiring information like local legislative body or party membership is challenging and data largely sensitive.

⁷⁹ Since the 2023 national PPCC 5-year-term, entrepreneurs from the real estate sector, a strongly represented sector in the preceding decade, have largely been absent from CCP’s handpicked consultative body, indicating a shift in economic favouritism away from the sector (BBC, 2023).

Nonetheless, cases in which investors tried to attract state investments into their clubs are easier to observe, since several respondents would indicate this practice as part of their ‘direct participator / red hat insider.’ Here investor and club would actively shop around, scout available state interest and make their decision about transactions based on a comparison of potential targets. In line with cases from other studies (e.g., Ma et al., 2012), usually a firm’s need to employ this strategy is less urgent compared to ‘one-night-stand / situational shopper.’ Hence, companies strategically employ this Corporate Political Strategy to gain or sustain a competitive advantage over their peers or enhance their legitimacy vis-à-vis the government. Such situations suggest having a relatively balanced power dynamic between business and state from resource dependency since the need to employ Corporate Political Strategy is less pressing. Contrastingly, private investments into state-owned enterprises – a practice common among this Corporate Political Strategy in other industries (Zhang & Lin, 2014, pp. 67-72) – were unreported in the sample and are generally less prevailing in football. While many privately-owned clubs actively seek state investments to affiliate themselves with the state and consequently increase their legitimacy, despite China’s mixed-ownership reform (as part of its renewed and refashioned SOE reform), the opposite is rarely the case. Outside of football, since the “deepening stage of SOE reform” post-2013 (Wang et al., 2022, pp. 178-179), especially leading and large private companies are increasingly allowed non-controlling stakes in China’s traditionally restrictive state sector. Motivations for this development are mostly capital accumulation and knowledge transfer into the often-outdated state corporate structures (Song, 2018, p. 362). In football, state-owned clubs are rare, concentrated in the CSL and mostly owned by large local companies of strategic importance (see also Table 1). Such companies traditionally rarely issue shares to private buyers, partly explaining the situation in football. Furthermore, these SOEs suggest enjoying a superior power balance from resource dependency, therefore having a lesser need to accept investments from private actors.

Lastly, turning to ‘information strategy’ observed in football, the Corporate Political Strategy type had the lowest level of reporting among the sample and only very little signs for its use in football in general. Generally, ‘information strategy’ in the literature is applied when companies are using public outlets, institutional platforms (especially business associations and legislative bodies) or personal exchanges to lobby the government and its agencies to change certain policies or improve general difficulties for the firm or its industry. But even though Chinese football clubs are extensively used as marketing platform for their owner’s company and products or to promote state goals and ideology (i.e., ‘model volunteer’), they are only rarely instrumentalised as a medium for critique or lobbyism. This is in contrast to findings from the US and Europe, where this Corporate Political Strategy is traditionally more common and institutionalised (Gao, 2006; Kennedy, 2009), but also other industries within China, in which numerous companies like Lenovo (computers), Mengniu (dairy products) or Geely (automobile) have successfully used ‘information strategy’ to improve their business situation (Kennedy, 2011, pp. 113-114; Zhang & Lin, 2014, pp. 62-63). Following scholars like Kennedy (2005, 2009, 2011) and Huang and Chen (2020), Chinese business associations have gained significance and influence on policy making in recent decades – though not substituting informal exchanges – as these institutions (to some degree) constitute business-oriented

platforms fostering exchanges between firms and officials. In football such platforms effectively only exist at local level within FA assemblies where its impact is limited. At national level the CFA only recently allowed clubs to participate in league assemblies without enabling them any voting rights. Another reason for this strategy's rare use in football might be the underlying motivation why investors get involved in the sport in the first place. As only a very limited number of investors suggest being genuinely interested in developing the sport or its business and critique could reduce their political capital, football-related 'information strategies' remain rare. Nonetheless, this strategy might be used by observed investors through other communication channels, especially informal personal exchanges, but cannot be confirmed by the data. As most instances of 'information strategy,' in the Chinese context, often occur in personal face-to-face meetings, the use of this strategy is often covert and rarely known to the public.

[9.3] RQ3: How do business and government characteristics determine the ability and the pressure to engage in football-related Corporate Political Strategies?

Turning to the study's third research question dealing with football-related Corporate Political Strategy's determinants, the study has set out to explore the influencing factors through a thematic analysis of the empirical data set. In this section its findings, presented in Chapter 8, will be discussed with the general literature stemming from a range of industries beyond the football context. According to the existing literature, several internal (company size, dependence on the government) and external factors (institutional/legal setup, relative power of the local government, officials' career stage, political climate) determine the application, dynamics, and outcomes of Corporate Political Strategy. But even though this study's analysis shows signs for all these factors, due to lack of data, macro-economic factors like the institutional setup or political climate as well as officials' micro-level personal information on their career stage can only be indicated and not systematically analysed. However, the remaining factors addressed in the data give valuable insights about Corporate Political Strategies' determinants and will be presented in this following section.

Consistent with the findings of McNally et al. (2007), Gao (2011), Hou (2019), and Zhang and Zhu (2018b), deriving their data from a wide range of industries and Corporate Political Strategy cases, most football-related strategies are employed by mid- to large-sized companies, corroborated by almost all first division clubs being owned by large multi-billion-dollar companies. Since running a football club even at lower league level requires several million Euros in disposable income (Hidalgo Martinez, 2021), especially prior to CFA's recent financial regulations and the overall business "downgrade" due to the COVID pandemic, investing into a football club as Corporate Political Strategy remains largely exclusive. This threshold to be able to gain political capital is similarly reported by Hou (2019) in her study on private entrepreneurs in public office. As entrepreneurs must use large amounts of financial resources to become members of China's local legislative bodies to avoid predation and expropriation, it is mostly medium and large firms which are represented in the PC and PPCC. In football this difference in company size is roughly mirrored by a club's league level, finding most smaller investors in China's second and third division. Those companies need to invest a

proportionally bigger share of their capital into their football venture and are more sensitive to economic turbulences, in part explaining the higher club volatility in China's lower divisions. Nonetheless, as smaller, less established companies are usually less connected with the government, successful Corporate Political Strategies can have a disproportional bigger impact on their development. This observation is in-line with the findings of Long and Yang (2016) and Haveman et al. (2016) which see the reciprocal impact from an exchange with the government more pronounced in relatively smaller firms.

Turning to firms' dependency from the government as a Corporate Political Strategy's determinant the study's data suggest large overlap with existing research. Similar to what is reported by Nee and Opper (2010), Ma et al. (2012), McNally et al. (2007), Long and Yang (2016), He and Tian (2008), and Xue et al. (2020), investors from industries comparatively more dependent on the state – due to the government's control of key resources, markets and the regulatory framework – were not just more likely to invest into football clubs (see also Table 1) but also singled out by several respondents as having more *need* than others to do so due to their position vis-a-vis the state. Especially real estate and (to a lesser degree) construction and mining was mentioned by a substantial number of respondents as industries with high dependence from the government, thereby further confirming the existing literature. Contrastingly, businesses with less government influence, like manufacturing, international trade⁸⁰ or hospitality, were described as relatively less dependent by the sample. In these more freely contested industries, firms were presented as focusing more on competition and only rarely engaging in any Corporate Political Strategy. This observation is largely in line with the findings of Nee and Opper (2010), which indicate that the value of a firm's political capital in a 'transitional economy' like China varies across distinct types of institutional domains.⁸¹ For example, in the market for land use rights, "government bureaucrats act as monopolist and enjoy undivided control rights over resources" (Nee & Opper, 2010, p. 2111), which in turn leads to connected firms having more value from their political links compared to their peers in other markets. However, while this resembles a general tendency in the literature as well as this study, the data also suggests several exceptions.

Probably the most common exception to the rule was when firms and entrepreneurs – regardless of their industry – were threatened by the local government and needed to comply. Even though these threats were not discussed in detail by any respondent, most were depicted as potential legal prosecution for legitimate or illegitimate misbehaviour by the investor in the past. Those wrongdoings, justified or not, could be amended or at least eased by their football investment but would often result in a relationship that was hard to exit again. Consistent with what Ma et al. (2012) reported from their fieldwork, these investments would mostly follow a

⁸⁰ Interestingly, several respondents would point out exporting industries as being relatively unaffected by government influence. This is in contrast to the earlier findings of for example Wank (1999) and Tian and Deng (2007), which would observe the export sector as a field with large government interference. Having based their observations in the 1990s and early 2000s this contrast shows how state influence can change over time, with Corporate Political Strategies' determinants changing accordingly, due to changes in regulations and institutional settings.

⁸¹ Here 'domain' meaning distinct institutional arrangement that enables and guides economic transaction.

‘one-night-stand’-strategy in which companies and entrepreneurs would fight for survival to either fend off “grabbing hand” rent-seeking officials or threats from alleged wrongdoings. Some of the reports depicted a picture in which local officials were holding entrepreneurs “hostage” with incriminating information, similar to what Rithmire and Chen describe as “mafia-like business systems [...] cordoned off from the ‘legal’ or mainstream economy” (2021, p. 1043). Other respondents explained their powerlessness to reject local government orders with their comparatively dependent position vis-à-vis the state. Consistent with the findings of Sun et al. (2014) or Hou (2019) “saying no is usually not an option for most entrepreneurs, because bureaucrats could easily find legitimate reasons to authorise collecting money from these companies” (Hou, 2019, p. 85). Especially small companies with less bargaining power vis-à-vis the state here seem to be particularly vulnerable to exploitation. These firms face a strong power imbalance from resource dependency and consequently are more likely to oblige. This difference in vulnerability among firms found among the sample is largely consistent with existing studies (e.g., Z. Chen, 2020; Hou, 2019), but further complicated by differences in the local institutional setup and rule-of-law across China (e.g., Chen et al., 2018; deLisle, 2017). Alongside the prevailing personal and informal character of most exchanges, interviewee’s observations in which firms were coerced into football investments indicate a weak institutional setup and rule-of-law in those markets.

Additionally, some officials would use football’s lustre and popular appeal to not just improve their personal recognition but that of their locality. As particularly smaller cities are struggling to gain recognition outside their local area, some officials would try to utilise a club’s success to enhance their image as a city and thus benefit economically and politically. In what is known as a city’s ‘name card’ these officials try to establish an enhanced image through football, like previously done in cities like Dalian, Qingdao, Meizhou or Zibo. A successful football venture can improve the city’s image and prestige and reflect its glory on the local government. It can further increase a city’s attractiveness towards corporate investments, tourism, new residents and upper-level policy support. However, different to traditional Chinese city branding initiatives, a ‘football city’ is not the result of its industrial profile, national and provincial plans, or inter-city proximity (Yang et al., 2018), but solely its sporting success. Similar dynamics have been reported by Ma and Kurscheidt (2019b) from China’s National Games in which local governments try to utilise good sport performances to improve their reputation in the state bureaucracy. What is considered a success and thus leading to an improved reputation is relative and hinges on the status of the city. For instance, while promotion to the CSL is considered a success for smaller cities, for China’s most developed cities it is seen as mandatory. As clubs advance in their sporting success, the city equally rises in public and political recognition. Consistent with the observations made on the investor-side, in which investors expand their *guanxi* network according to their sporting success, local governments and officials equally increase their reputation in accordance with the performance of their local football team. However, while traditional city brands “tend to provide a convenient illusion to outsiders” through PR and marketing campaigns (Yang et al., 2018, p. 162), in football this illusion is hard to sustain if sporting results do not keep up.

A club emblematic of the city also comes with the responsibility to sustain and develop football there. Hence, while positive football developments may help an official's career development, the reverse is also true, for instance if a prestigious club disappears under one's helm. Football seems to be special in the sense that it only brings very limited direct economic development to the locality and is neither directly linked to the cadre evaluation system, still it can positively and negatively affect an official's career trajectory. However, this does not mean that clubs emblematic of the city generally receive more government support. As the study's observations have shown, if officials do not want to utilise local club operations for their personal or political gain, many officials in such cities only supply the needed assistance so clubs aren't severely disrupted and stay alive.

These findings are further complicated by a perceived competition among peer officials and localities. This peer-competition was widely reported by the sample, for instance mirrored by the perceived pressure of major cities and provinces to have at least one professional team representative in the CSL. While this is not an official requirement issued by the central government, it is keenly felt, and displays many similarities to what is known as 'championship contest' or 'tournament cadre evaluation' in the literature (e.g., Guo, 2020; Lei, 2021; Leng & Zuo, 2022). According to Leng and Zuo (2022) – only discussing hard cadre evaluation factors – “for city leaders, promotion not only lies in the absolute performance, but also in the city's ranking within the province in terms of the progress achieved” (p. 123). City leaders try to outnumber their peers with higher economic growth or employment rates to reach one of the few contested promotion seats in the next higher administrative level, therefore creating a competitive atmosphere between leaders at the same level (Guo, 2020, p. 231). In the field of football, this pressure suggests being less concrete nor bound to measurable indicators, but became visible, for instance, if a certain locality was hosting a professional major sports club and peer-localities did not. Generally, the pressure here derives from factors such as the same tier-level, administration level, population size and proximity to cities of similar character. For instance, the fact that a neighbouring city of comparable size and administrative level was having a professional volleyball club can be reason enough for officials to court football-related investments. The observations constitute a valuable insight to this relatively new sub-field in Chinese cadre evaluation system research and further emphasises the variety and significance of administrative competition in state-business relations.

Furthermore, this observation is in line with what Lei (2021) describes as peer-competition “along various dimension” (Lei, 2021, p. 3) and does further highlight potential benefits and pressure for local officials to engage in “soft factor projects,” alongside hard factor target-based projects (e.g., GDP growth). While especially studies predating the Xi-era emphasise the importance of hard factors, particularly economic targets, in the evaluation of cadres' performance (e.g., Edin, 2003; Heberer & Trappel, 2013; Whiting, 2000), the study's observations suggest that soft factors such as football development can matter as well. These observations are in line with more recent studies by Ahlers et al. (2016), Guo (2020) and Wang (2018) which observe a more balanced cadre evaluation system which is “more equally distributing evaluation weight among economic and non-economic targets” (Wang, 2018, p. 74).

[9.4] RQ4: How does the volatility in Chinese professional club football reflect the efficacy of football-related Corporate Political Strategy?

Given that the vanishing of a local football club can adversely affect both both the firm and the local government, there exist a mutual incentive for both entities to support the continued operation of the local club. However, since the launch of the sport and football reforms in 2014, more than fifty professional football clubs have ceased operations (see also Figure 2). Given the extent of Corporate Political Strategy's involvement in the investment of most professional football clubs, it can be assumed that there is a link between the volatility and Corporate Political Strategy. However, it is crucial to note that the presence of potential incentives does not necessarily result in concrete actions. Influenced by the determinants presented in Chapter 8 and addressed in the third research questions, football-related Corporate Political Strategies trigger diverse responses from the government, thus resulting in a wide spectrum of outcomes. Addressing the fourth and last research question, which examines the link between the volatility among clubs and the efficacy of investor strategies, the study has embarked on an exploration of the link through a thematic analysis of the empirical dataset. The study hereby specifically investigated firms' investment strategies from start to end, including attempts that resulted in the termination of their club operation. Following this approach, this section will explore the link between the different determinants of Corporate Political Strategy, their outcomes, and the volatility observed in Chinese club football.

An important determinant influencing the outcomes of Corporate Political Strategy across strategy types was the informal and personal mode of many state-business exchanges. As a result of this characteristic, agreements frequently remain undelivered or undergo modifications in terms of scope or content over time. Respondents reported how officials' promises had often not been forthcoming, leaving a large gap between agreement and what was delivered. While the platform for their exchange might be institutional – many entrepreneurs presumably meet officials at legislative bodies, business associations or other state agencies – the observations have predominantly portrayed agreements lacking any legal basis or formal contract. This informality extends so far that many of a club's crucial financial resources facilitated by the government, such as government subsidies or major corporate sponsorships, would only be agreed verbally at personal meetings and not always materialise. This is especially relevant for smaller investors, as they rely more heavily on promised resources and lack the financial capacity needed to independently sustain a club over an extended period. This informal and personal exchange mode between entrepreneurs and officials is largely confirmed in the broader literature (e.g., Lei, 2021; Long & Yang, 2016; Ma et al., 2012; McNally et al., 2007; Sun et al., 2014). For instance, Sun et al. (2014) note that a key feature of business-state relationships is “that they involve voluntary exchange between patrons and clients, and therefore no binding contract exists to guarantee that both parties will fulfil the duties they have promised” (p. 9). The study further sees private entrepreneurs as “more vulnerable” in these bonds, an observation that is largely supported by this study, but also notes that officials equally struggle to “leverage relatively stable flows of support from private entrepreneurs” (p. 9), a scenario that was not observed among the sample. On the contrary, the study's data illustrates instances where officials, even after the fulfilment of

agreed-upon obligations, continued to leverage entrepreneurs' dependency by urging them to persist or even extend their investments.

The impact of the personal and informal nature on strategies' outcomes becomes especially apparent when the rotation of an official disrupts an ongoing exchange relationship. This phenomenon has been observed both by this study's sample and in the broader literature (Eaton & Kostka, 2014; Jia et al., 2022; Long & Yang, 2016). For instance, Long and Yang (2016) elucidated the lower levels of corporate philanthropy in regions where there had been recent rotations of high government officials due to preceding personal reciprocal relationships between entrepreneurs and officials. While this study cannot make such general statements on the statistical likelihood of a project's discontinuity after cadre rotation, it nonetheless gives numerous detailed examples of such situations. When investors have a strong natural bond to the locality – for example due their company facilities or sales market – Corporate Political Strategies are equally immobile. As many investors can only benefit from recognition and favourable treatment by the *local* government and its agencies, a key official's relocation can disrupt their exchange and strongly impact an investor's club and core business. If there had been a legally binding agreement between investor and government official the relocation would likely not have impacted the outcome of the Corporate Political Strategy. This observation is in line with Nee and Opper (2010) which see political capital only accumulating in relational ties and once such a tie is disrupted, entrepreneurs lose access to the political capital derived from it. Among the sample some respondents would illustrate how certain contacts – especially the mayor and party secretary – are crucial for the survival of a club, as agreements would not necessarily be continued by the incoming official. Reasons for this behaviour on the government-side suggest being consistent with existing studies on Chinese policy implementation (Eaton & Kostka, 2014; Guo, 2020; Heberer & Trappel, 2013). As some officials want to place their own stamp on a locality, leadership discontinuity often causes project uncertainties or even “policy freeze” (Eaton & Kostka, 2014, p. 375). In what is known as “new lords, new laws” (新管新法, *xinguan xinfa*), officials “[...] are eager to mark their actions and achievements in material form so that their efforts can be distinguished from those of their predecessors and their superiors can be impressed [...]” (Guo, 2020, pp. 239-240). As a result, due to agreements' personal and non-transferable character, football investors being engaged in an exchange relationship with local officials often suffer from these mechanisms if incoming officials stop ongoing joint projects and simultaneously reduce or cut government support for club and owner. If the investor does not see any potential value from their Corporate Political Strategy, many investors end their investment, contributing to the volatility experienced among clubs.

Nonetheless, while such disruptions are widespread, not every change in office causes the break of a reciprocal relationship between entrepreneur and official. As some investors develop a strong bond to an individual official – often employing a ‘good ole friend / patronage seeker’-strategy – in some cases the investor even relocates their investment (i.e., club) following the official to their new locality. In such instances the reciprocal relationship between investor and official can be sustained, thereby enduring the positive outcome of the applied Corporate

Political Strategy. Similar observations have been made by Jia et al. (2022) or Ma et al. (2012) in the existing literature. For example, Ma et al. (2012) is explaining a company's relocation from one province to another due to the rotation of an influential "rising star official." Befriended at the previous locality, the officials new post would mean a continued exchange relationship as well as valuable links within the new provincial government (Ma et al. 2012, p. 17). While such behaviour has certainly become more restricted since CFA's 2016 regulations only allowing inner-province CSL club relocation (until 2023 the regulation included CL1 and CL2 clubs), nonetheless, the data suggest that such long-term bonds between entrepreneurs and officials do exist in the field of football.

Besides the informal and personal nature of many agreements, another determinant of Corporate Political Strategy that suggest to heavily influence their outcomes is the speculative character of many investments. This study's observations have demonstrated that only in rare cases Corporate Political Strategies are preceding any agreement between the executing business and the local government. To the author's knowledge, the extent of this phenomenon remains largely unexplored in the existing literature. The underreporting may be attributed to several factors, including the tendency of many existing studies to analyse Corporate Political Strategies primarily from a macro- or meso-level perspective. Additionally, these studies often focus on successful implementations, seldom examining the entire process, including unsuccessful strategy attempts. However, in this study's sample especially smaller firms would often take a punt, aware of the broad environment in which football development has been encouraged by the central government, but in the dark about whether investment in a particular locality will lead to an exchange relationship with the local government. These investors engage in speculation, anticipating benefits from their football investments without any formal or informal agreement in place. Depending on the determinants of Corporate Political Strategy, especially government-specific factors, many such investors would fall on officials' deaf ears and only rarely achieve desired outcomes of their strategy. While some investors may continue seeking favour from local officials, await changes in office, or explore opportunities in different locations, a substantial number of such investors opt to divest from their investment shortly after entering the sporting arena.

In general, the data suggests the speculative and informal character of many Corporate Political Strategies reported in the findings is a decisive factor to understand some of the volatility of Chinese football clubs in recent years. However, this assumption must be taken with a grain of salt, as the very purpose of most clubs is to act as a *temporary* instrument to obtain benefits from the government and once this goal is achieved many investors move on to the next state-favoured project. This sentiment became particularly evident in the field of football around 2017 when several Chinese investors started to pull out their investments from European clubs after the central government had urged investors to focus on the Chinese market or state-favoured foreign projects in light of regulations curbing "irrational" and "illicit" outward investments in several economic sectors, including football (Slater, 2020; State Council,

2017).⁸² This Corporate Political Strategy characteristic is also noted by Ma et al. (2012) which states, “firms will pop up and die with the coming and going of different waves of government movements and mobilizations” (Ma et al., 2012, p. 106). Following this observation, the disappearance of many football clubs not long after they were established or taken over is therefore not always a measure for their Corporate Political Strategy’s efficacy and needs to be analysed case by case. A similar sentiment was shared by interviewees R34 (2021) and R55 (2021) which pointed at several cases in which football investors would engage in multiple state favoured areas simultaneously to benefit from favourable treatment. Seeing the football club as one Corporate Political Strategy measure among many, it is only being utilised as long as deemed useful to the investor.

Furthermore, the relatively underdeveloped state of China’s football industry suggests further impacting the volatility found across clubs. Considering the fast-paced expansion of the industry from 2014-2020, a lack of sport management experience and overall market underdevelopment likely had decremental effects on the management and income structures among clubs. Combined with club’s sporting success being influenced by many (uncontrollable) variables and the high threshold that needs to be reached to reap any considerable benefits, many clubs never make it out of the lower divisions and disappear soon after they entered the industry. As clubs need to reach a certain sporting level to gain the attention and potential benefits from local governments, many investors suggest overspending, desperately trying to reach sporting heights. This dynamic was likely even intensified by the arms race felt across clubs for potent players and staff, until the recent financial regulations imposed by the CFA.

In summary, while the volatility of football clubs does reflect the efficacy of football-related Corporate Political Strategy to some degree, it does not tell the whole story. Indeed, especially the speculative and informal character of Corporate Political Strategy can have an impact on the outcomes of such strategies, however, the observations also show that effects on a club’s performance can be difficult to isolate. This is because the influencing factors are not mutually exclusive, and the interplay between them can influence the effectiveness of a firm’s strategy. For instance, while the informal character often leads to a disruption of the exchange if the involved official rotates in office, other cases have shown that informality combined with personal bonds can avoid a termination of the exchange. Across the many factors that can affect a firm’s performance it is difficult to determine which factors are most important. Additionally, the effects of Corporate Political Strategy can be delayed or indirect, making it even more difficult to isolate them from other factors.

⁸² After the introduction of the regulations in 2017 most Chinese investors sold their shares in foreign football clubs. Wanda (Atletico Madrid) and United Vansen (ADO Den Haag) sold or attempted to sell their shares in their European clubs and subsequently invested into Chinese football clubs Dalian Pro FC and Hebei Zhuoao FC (Slater, 2020).

This study's theoretical framework based on Resource Dependence Theory (Pfeffer & Salancik, 1978/2003) combined with Corporate Political Strategy (Hillman & Hitt, 1999) presented in the Theoretical Framework Chapter 4 offers several benefits alongside a few weaknesses for the analysis of the issues under research. In its essence the framework helps understanding power structures between individuals and organisations (i.e., entrepreneurs/officials and firms/governments) formed by the actors' resource interdependency and their strategic responses through Corporate Political Strategy. This section will present an assessment of the framework's applicability to the case and Chinese state-business relations.

First, the theory proved useful in describing how much and how urgently state and business actors perceive the need for an exchange of benefits. As actors operate in a power balance with each other which can turn in favour of either side, in situations of power imbalance from asymmetric resource interdependency, the more powerful actor can enforce actions on the other. Such dynamics became visible in numerous cases, mostly – but not always – leaning in favour of the government, as local governments would exploit their superior positions vis-à-vis business actors. For instance, firms with little *value* for the local government (e.g., due to a small workforce, tax expenses, economic growth) are in more need to employ Corporate Political Strategies to manage their power imbalance and are more likely to be compelled to do things that run counter their own desire by the more powerful local government. Such power imbalance was particularly visible in 'one-night-stand / situational shopper' when firms or entrepreneurs were facing an immediate threat from the government. However, the football reforms provided cases that resembled the whole spectrum of power constellations, from asymmetry in favour of the government, over asymmetry in favour of the business, to a relatively balanced power structure. Relatively balanced power dynamics were found especially among observations dealing with 'direct participator / red hat insider' as involved firms did not face a pressing need and employed the strategy purposefully. In sum, the theoretical framework can help understand variations in enthusiasm and need to employ and engage with Corporate Political Strategies on both sides of the dyadic relationship between state and business. Furthermore, the theory can help understand firms' choice of strategy types as different power relations lead to different strategy choices.

As the theory deems useful for understanding interactions between state and private economic actors, among state economic actors above claims do not always hold true. For example, the observations among the study's sample suggest that 'institutional improviser / model volunteer'-strategies are more frequently and extensively applied by SOEs than private actors. This observation suggests being inconsistent with the theory, since, according to its line of thinking, SOEs generally inherent more power from resource dependency than their private peers. These firms generally have easier access to resources and enjoy less government interference in their economic actions due to its embeddedness in the state. Hence, their constraints and uncertainties from the environment are more limited and consequently resemble a comparatively smaller need to be managed through Corporate Political Strategies. So, why do SOEs engage more in this strategy type despite its comparatively lesser need? The

study's explanation is two-fold. First, as the variations in Corporate Political Strategies have proven in this study, to fully understand the power dynamics at place we need to examine each case individually to fully understand organisation's constraints and uncertainties. While SOEs exhibit a notable degree of integration with the state apparatus, they suggest being nonetheless obliged to engage with external organisations that wield control over resources and regulatory bodies within their environment. Consequently, based on their individual circumstances, some SOEs may find it necessary to employ Corporate Political Strategies with the objective of influencing government actions. Second, the applied Corporate Political Strategy typology is primarily applicable to private firms. As SOEs face substantially different constraints and incentive structures, their strategies to influence organisations in their environment suggest to differ as well. Hence, to fully understand SOE actions, we need to first understand their constraints and incentive structures.

Lastly, focussing on organisations' 'gratifications' (Emerson, 1962), the theoretical framework proved largely applicable to the case of the 'Chinese Football Dream' reforms. According to the theory, gratification can generally be distinguished between resources, services and prestige. These gratification types are valued by individuals and organisations and constitute the "currency" that is being exchanged between them according to resource dependency. This study's observations have provided examples of all three gratification types on the business and government side. For instance, businesses in this study possessed capital (resource), expertise to run a football club (service) and sporting success (prestige) – all gratifications valued by governments and officials. On the government-side, officials possessed, for instance, access to financial loans (resource), protection from red tape (service) and legitimacy from affiliation (prestige) – all gratifications valued by businesses and entrepreneurs. Such gratifications are exchanged between the actors according to their power balance from resource dependency. For instance, a club's sporting success and increased prestige for the local government can be "exchanged" for access to financial loans for the club's owner. This disambiguation is useful as it allows to differentiate and abstract exchanged benefits between state and businesses.

Chapter 10 | Conclusion

This study set out to explore and understand the dynamics and implications of football-related Corporate Political Strategy within the context of China's political economy under Xi Jinping. Through an in-depth examination of state-business relations observed in the case of the 'Chinese Football Dream' reform directives launched by the central government in 2014, the study sought to extrapolate insights from the case to illuminate dynamics in the broader political economy. Personally puzzled by the numerous costly but economically irrational investments into professional football clubs, with the help of four research questions, the study investigated the role (RQ1), types (RQ2), determinants (RQ3) and outcomes (RQ4) of Corporate Political Strategies in China's football expansion. To answer the study's research questions, the study has conducted 61 semi-structured video and audio call interviews between April and November 2021 with practitioners and experts from the wider Chinese football industry. Thematic analysis has been applied to the empirical data sample. As its theoretical framework, the study applied an integrated combination of Resource Dependence Theory (Pfeffer & Salancik, 1978/2003) and Corporate Political Strategy (Hillman & Hitt, 1999), a concept often applied in Corporate Political Strategy research (Lawton et al., 2013). The study further applied a specially adapted typology of five strategies to the corporate behaviour found in Chinese football, namely 'one-night-stand / situational shopper', 'good ole friend / patronage seeker', 'institutional improviser / model volunteer', 'direct participator / red hat insider' and 'information' strategies. By using this approach, the study contributes to all three sub-field of the Corporate Political Strategy literature: typology (addressed in RQ2), determinants (addressed in RQ3), and outcomes (addressed in RQ4). After having answered and discussed the study's four research questions in the preceding chapter, this concluding chapter will present a summary of the key findings as well as their implications on the 'Chinese Football Dream' and wider state-business relations. Lastly, the chapter will present the study's limitations and avenues for further research, before concluding the chapter with a brief overview of the study's contributions to research.

[10.1] Key Findings

Corporate Political Strategies drive football expansion

It can be concluded that most of the expansion of China's club football industry pre-2020 was predominantly driven by private firms executing Corporate Political Strategies. Incentivised by the elevated political status of the sport amid the 'Chinese Football Dream' reform directives, except for a few firms driven by commercial and charitable motives, most investors sought to leverage their club operation to influence local government action in their favour. These firms and high-ranking local government officials – especially mayors, governors, and their party equivalents – have been willing to invest their economic or political resources to build mutually dependent and reciprocal relationships for their personal, economic, or political gain. The overwhelming number of investments underlying Corporate Political Strategies further

emphasises the significance and pressure to establish and cultivate favourable relations with the government, especially among private firms facing comparatively strong resource dependency from local governments.

Correlation between sporting success/failure and obtained benefits

Incentives arising from an engagement with football are multifaceted. On the business-side, firms and entrepreneurs are incentivised to engage in football by potentially increased legitimacy, political guanxi networks, repayments of political debts, and reciprocal relationships with individual officials. From the government's perspective, involvement in football can enhance officials' career track records, political image, and contribute to local economic development. Although personal gain was not reported in the sample of this study, recent investigations into corruption within the local football industry suggest that personal gain as incentive remains prevalent. The data further suggests that a club's sporting success can increase the likelihood and extent of obtaining these benefits. Especially for smaller, for the state less important firms, sporting success therefore constitutes a viable route to better their position vis-à-vis governments. These firms commonly face a strong dependency on the government but have limited influence over it, underscoring the particular significance of football-related Corporate Political Strategy. This positive correlation between sporting success and obtained benefits has been observed among both firms and governments. This impact may even be amplified in regions that are comparatively underdeveloped in football, as firstcomers suggest bringing higher value for local governments and consequently investors (e.g., being the first club to reach a certain sporting level in a given province). Conversely, clubs emblematic of a city's image can also negatively impact investors and governments if they underperform for an extended period or cease operations. Given that a successful football engagement can yield benefits for the local government, it is evident that football-related Corporate Political Strategies are not solely driven by firms but are also actively promoted by government officials. Here investments are sometimes actively courted or even pressured by the local government, resulting in situations where firms are urged to "voluntarily" support football-related projects.

Strategies largely consistent with other cases but differ in nuances

When examining the strategies in detail, the results demonstrate football-related engagement exhibits substantial variations in incentives and risks, which leads to diverse strategy patterns in China's club football landscape. Generally, while all Corporate Political Strategies aim at influencing government action in the favour of the executing firm (Baysinger, 1984), their execution is largely individual and context-specific. Applying the study's typology of five strategy types has proven instrumental in categorizing and comparing the strategies identified in the case of Chinese football with the findings observed in other contexts. Except for 'information' strategy, businesses and entrepreneurs have been employing Corporate Political Strategy types largely consistent with the strategies observed in other industries and cases (e.g., Ma et al., 2012). The lack of reporting of 'information' strategy is likely attributable to a dearth of access to data, the absence of football-specific institutional exchange platforms, and

investors' infrequent genuine interest in developing the sport and its business – characteristics consistent with the general literature on this strategy type. Other strategies have been consistent with the broader literature and only differ in nuances.

Several factors determine application, nature and outcomes of strategies

The observed strategies do not unfold in isolation and are influenced by several internal and external factors determining the application, nature, and outcomes of Corporate Political Strategies. On the business-side, the study was observing firms' financial strengths and dependence on the government as influencing Corporate Political Strategies. On the government-side, the study identified local policy priorities, officials' career prospects, and peer-competition as the strategies' determinants. Lastly, strategy-specific determinants have been observed in the personal and informal character of most exchanges as well as the speculative nature of most strategy-related investments. Generally, while a successful football venture can potentially yield personal, economic, and political benefits for both the investor and the local government, its engagement, nature, and outcomes are influenced by these determinants.

Outcomes largely influenced by strategy-specific factors

When examining the outcomes of football-related Corporate Political Strategy engagement, it becomes apparent that a significant number of clubs have ceased operations since the initiation of the reforms in 2014. Reasons for this volatility among clubs are diverse, but regarding Corporate Political Strategy can be largely explained by two factors largely linked to the study's strategy-specific determinants. First, endeavours by private businesses can mitigate but do not necessarily remove political risk. As the data demonstrates, informal agreements and non-binding obligations are the common form of transaction between business and local officials. Without any binding agreement and a weak rule-of-law persisting in large parts of the country (e.g., deLisle, 2017), as a result, benefits pledged to investors or their clubs are often altered or terminated by linked officials. Given that the football operation primarily exists due to the exchange relationship between investors and government officials, any disruption in this link and exchange prompts many investors to reevaluate their football engagement, often leading to disinvestment. Second, motivations and incentive structures vary among local governments and a successful engagement is contingent on officials' own strategic assessments determined by administrative prospects and pressure. As most investments are speculative in nature without any preceding agreements between investors and local officials, and considerable benefits can often only be secured at higher league levels (if at all), many football engagements never "pay off" for the investor. The study has demonstrated that especially smaller firms would often take a punt, aware of the broad environment in which football development has been encouraged by the central government, however, uncertain about whether investing in a specific locality will establish an exchange relationship with the local government. Engaging in speculation, these investors anticipate benefits from their football investments without any formal or informal agreement. Depending on the determinants of Corporate Political Strategy, especially government-specific factors, many of these investors

find that their strategies often go unnoticed by officials and only rarely yield the desired outcomes. In such cases, once operating costs exceed benefits for too long, firms often pull out their investment, further explaining the high volatility among Chinese clubs especially at lower league level where exchanges between investor and governments are less frequent.

Volatility among clubs does not necessarily mirror strategy efficacy

However, to fully understand the volatility experienced among clubs, it is essential to include the underlying motivations of Corporate Political Strategy. The primary objective of most football investments is to leverage the club as a means to secure preferential treatment from the local government. Consequently, not all firms aspire to establish enduring club ventures, and once investors have attained the anticipated benefits, the purpose of their club investment is essentially fulfilled. Other investments become less instrumental once potential benefits are no longer available to the executing firm, for instance, due to a change in policy direction. State-business exchanges are based on mutual dependency and reciprocity and can only endure as long as both actors perceive benefits from the bond. If either side diminishes its enthusiasm, the bond and consequently its exchanged benefits become fragile. In such incidents investors often divest and not rarely move on to the next state-favoured project. Such a dynamic was particularly apparent during the COVID pandemic since local governments largely shifted their focus away from football towards more pressing issues. As local officials showed less enthusiasm for football, operating a football club became less instrumental for investors who were also grappling with the economic challenges posed by the pandemic. By treating the football club as one of several Corporate Political Strategy measures, it is utilized only as long as it is considered advantageous to the investor. Following this line of thinking, the disappearance of many football clubs not long after they were established or taken over is therefore not always a measure for their Corporate Political Strategy's efficacy and needs to be analysed case by case.

[10.2] Impact on the 'Chinese Football Dream'

The study's findings suggest having several implications for the 'Chinese Football Dream' and its interplay with private capital. Largely triggered by the central government directives, the extensive inflow of private capital into various areas of the football value chain, especially between 2014 and 2017, has lifted the local football industry to unprecedented levels (Liu et al., 2017). However, more recent developments in the industry question the actual long-term benefits of those investments for China's overall football and industry development. For instance, since 2018 more than 45 clubs in China's three professional leagues ceased operations (see also Figure 2) with several more currently at the brink of collapse. These clubs and their grassroots infrastructure are largely seen as the breeding ground for local talent and catalyst for football culture (NDRC, 2016; State Council, 2015). However, cases like the collapse of several high-profile clubs or the rapid decline of record-champion and prime football development sponsor, Guangzhou FC, have shown how such incidents can cause far-reaching disruptions in China's overall football development. Consequently, the men's national teams

at various age levels are stagnating. Between 2014 and 2023, China was globally ranked between rank 97 and 71, currently holding rank 80 between Honduras and Gabon (as of April 2023) (FIFA, 2023). The country further did not qualify for the FIFA World Cup and Olympic Games and was twice eliminated in the quarterfinals of the AFC Asian Cup in that same period.⁸³ At club level China's last international success dates back to 2015 when Guangzhou FC last won the AFC Champions League.⁸⁴

Even though parts of this development are caused by external factors, such as the pandemic, a slowing of the economy and industry regulations, overall, it seems that much of Chinese professional football was built on shaky grounds. Because investment decisions are informed by political assessments, they do not conform to purely economic logics. As Chinese club football does not promise any direct profits from its business, clubs predominantly resemble a corporate welfare project driven by dependencies on the state. Investors primarily establish or take over clubs with the aim of navigating their relationship with the government, which in turn is crucial for their economic success. These investors are prepared to run their club operations at a loss, anticipating benefits elsewhere from an enhanced relationship with the local administration. The club here is merely employed as a strategic tool to enhance the investor's position within China's political economy. However, firms mostly only invest if financially capable and as long as (anticipated) benefits exceed costs. Once there is a considerable change in either of these two factors, investments often become volatile. Chinese football's dependency on these external factors became particularly visible during the COVID-19 pandemic (roughly January 2020 to December 2022) and amid political imperatives to cut corporate debt issued in August 2020. During that time, real estate firms, easily the most intertwined with football, generally had less disposable capital, while government officials had largely shifted their priorities to more pressing issues. As a result, football-related exchanges between investors and officials came to a standstill. While the country's zero-COVID policy and debt regulations have been largely abandoned in December 2022 and January 2023, respectively, its adverse impact on the Chinese football industry continues.

Local governments, on the other hand, sometimes try to utilise football as "political achievement" to improve their career record as part of own strategic consideration or higher-level policy orders. However, due to the regular rotation of leading local government officials, football-related exchanges between officials and investors are frequently disrupted and often only short-term oriented. As incoming leading officials often only have a limited time period to improve their track record, if they decide trying to leverage football's elevated political status,

⁸³ Between 2014 and 2023, China's women national team – traditionally the stronger team – has won the 2022 AFC Asian Cup, but equally stagnates at rank 13 in the FIFA World Ranking (FIFA, 2023) and exited the most recent two FIFA World Cups in the round-of-16 (2019) and quarter-finals (2015).

⁸⁴ China's stagnation in football, in parts decline, is similarly felt off the pitch. For instance, most Chinese investments into European football clubs, once found in over 20 clubs, have changed hands again (Slater, 2020). Many local firms involved in the sport and its adjacent businesses have ceased or reduced operations. The hosting rights for the 2021 FIFA Club World Cup and the 2023 AFC Asian Cup – tournaments largely regarded as steppingstones for staging the FIFA World Cup – have been withdrawn due to the COVID-19 pandemic. A far-reaching corruption investigation launched at the end of 2022 has swept China's football and sport governing elite, national team, clubs, and investors (Sohu, 2023).

many state-business exchanges often only promote short-term and highly visible prestige projects, such as a club's promotion to a higher league level or elite infrastructure projects. The positive correlating between sporting success and obtaining benefits for involved investors and government officials implies a further intensification of this trend. Long-term football development, like the promotion of grassroots participation and youth league structures, are consequently often neglected. Furthermore, existing football projects and related state-business exchanges are often disrupted by the frequent rotation of local government officials, since incoming officials often prioritize different initiatives and exchanges are bound to the departing contact.

The volatility on both sides of the dyadic relationship has a substantial impact on the reform's overall implementation dynamics. Unlike in other national contexts, the state's top-down directives to mobilise private capital in football achieved unintended consequences. As neither investors nor government officials have an intrinsic interest to *sustainably* develop the sport or its business, something that suggest being essential at the current stage of China's football development, this uncoordinated policy implementation leads to incoherent and sometimes contradictory results. Recent regulations by China's sport and football governing bodies seem to acknowledge these issues and increasingly aim at a more self-sustaining business model among clubs combined with long-term incentives structures for local governments. The 2021 first imposed expenditure regulations by CFA limit club expenses and intend to lower the threshold for firms to invest into football and, once the industry has levelled at a more self-sustaining ground, attract more investors aiming to leverage their club as a direct income source – not a Corporate Political Strategy (CFA, 2020). However, while such regulations will likely bring more stability to the industry, they may also further curb public and commercial interest in the sport, thus further decelerating the industry's development trajectory.

On the government side, in 2021, GAS has introduced the 'football key city program' (全国足球发展重点城市, quanguo zuqiu fazhan zhongdian chengshi) (GAS, 2021) which until now awarded 16 cities and incentivises municipal governments to promote long-term football development in their locality (Tencent, 2023). As cities need to continuously fulfil certain criteria, such as infrastructure, amateur league structure and participation indicators, to receive central and local government funding, the program suggests being less affected by cadre rotation, aiming to ensure a continuation of local policies and support for club investors. However, the program is severely financially hampered by the current turmoil in Chinese football, a general slowing of the economy and, until December 2022, the country's zero-COVID policy that had shifted state priorities and severely impacted the sport (Sohu, 2023a). As a result, investment in most football clubs will possibly continue to decline due to businesses and governments reduced financial ability to afford such extravagant projects. As clubs' debts are likely to grow further in the short-run and many owners and local governments continue to struggle financially, the total of clubs disbanding will likely further rise.

While the lustre of football has clearly worn off in recent years, given its political altitude and Xi Jinping's personal commitment, it would be unwise to write off China's football political

programme. The government's ambitions for football remain long-term and multifaceted. However, we can expect that the central government and its agencies will further re-centralise its control in football governance, like seen, for instance, in the 'key city program' overseen by GAS (GAS, 2021) or the appointment of several senior GAS officials as interim leadership team amid the anti-corruption drive in football (N. Xiao, 2023), which has seen the investigation of several senior CFA officials (Sohu, 2023c). Local governments, on the other hand, will likely become more cautious with their football-related exchange relations, increasingly directly instructing local SOEs to invest into clubs and thereby retaining stronger control while largely avoiding the ongoing general anti-corruption investigations. At the backdrop of an unfavourable investment climate, SOEs further promise financial stability and can more easily be instructed for political goals. Recent state investments into Henan Songshan Longmen FC (Sohu, 2022a), Shanghai Shenhua FC (Sohu, 2023b) and Changchun Yatai FC (Sohu, 2023d), especially from local state-owned Culture and Tourism Groups, suggest confirming this trend. Nevertheless, the unsuccessful state bailouts of high-profile teams like Jiangsu FC (AFLC, 2021), Chongqing Liangjiang Athletic FC (Fu, 2022) and Guangzhou City FC (PP Sport, 2023) have shown that this trend is increasingly influenced by economic logics and state-owned firms – and in extension their controlling local governments – less often willing to settle the often substantial historic club debts.

As the study's empirical data was gathered between April and November 2021 it fell into a time of widespread industry disorder. However, much of this disorder, most prominently investors disinvesting from their clubs, is underlying investors' incentive structures that have largely remained unchanged. As firms employ Corporate Political Strategies in state-favoured areas to influence the government in their favour, the moment in which government priorities shift, as seen during the pandemic, firms adjust their strategies accordingly. These firms often move on to another state-favoured project, employing Corporate Political Strategy elsewhere. Yet, if governments persist in finding value in having a football club in their locality – illustrated by numerous cases where clubs were rescued from collapse by local governments and the establishment of a few state-backed clubs post-2020 – firms are likely to continue leveraging football as a Corporate Political Strategy, provided they have the capacity to do so. Until this underlying mechanism is not fully removed, football will continue struggling to stand on its own feet and its development will be largely determined by political calculi and only secondary by economic logics. The findings conducted in the case of the Chinese football industry, despite its recent turbulences, therefore continue offering valuable insights into China's wider state-business nexus.

[10.3] Impact on Wider State-Business Nexus

This study's findings not only contribute to the general literature on Corporate Political Strategies and football, but further illuminate state-business relations in China at large. As demonstrated by the overwhelming number of firms' investments into football underlying Corporate Political Strategies, the high degree of volatility due to its speculative and informal character, and the often-exploitative nature of state-business ties, the study's findings stand in

strong contrast to earlier observations made by scholars like Kennedy (2007), Nee and Oppen (2010) or Zhang and Lin (2014). These studies increasingly see China's economy moving "in the direction of a level playing field" (Nee & Oppen, 2010, p. 2128) and Corporate Political Strategies becoming "discretionary options" which firm can strategically choose from (Zhang & Lin, 2014, p. 77). Comparing private firms with different levels of political capital in three distinct Chinese political markets, Nee and Oppen see an "increasing fairness and unbiased treatment of economic actors" (2010, p. 2122) based on a linked market and state evolutionary development. But while their study acknowledges differences in values from political connections due to varying marketisation levels across markets, they predict these values decline over time, consequently decoupling firm development from government influence. According to their prediction, the state here acts as fair regulatory body and resources are equally accessible in a fair market competition. This assessment largely resembles the theoretical concepts of the 'perfect' and 'imperfect market' presented in the Theoretical Framework Chapter 4. In the 'perfect market' firms know there will be available resources and demand when needed, giving them freedom to negotiate a fair exchange when it occurs. In this market the government acts as an overseeing body or 'referee' that treats all firms equal and hence does not need to be manipulated by Corporate Political Strategy like investments into football for firms' economic development.

However, the study's findings combined with more recent research on China's political economy under Xi Jinping strongly challenge this theoretical assessment (e.g., Z. Chen, 2020; Chen et al., 2018; deLisle, 2017; Hou, 2019; Pearson et al., 2020; Rithmire & Chen, 2021; Sun & Hai, 2020; Zhang, 2019). The study argues, firms – regardless of the local marketisation level – are increasingly facing a hostile market environment if not in line with the goals of the party-state. In this environment many private firms *need* political legitimacy and ties to the government to flourish or sheer survive, consequently turning to state-favoured projects like football. China therefore largely remains an 'imperfect market,' in which firms continue to face constraints and uncertainties from the environment beyond their control. The government here takes a special role, not just as a 'referee,' but rather active 'player' that can influence firms' regulatory and resource domain. In what Pfeffer and Salancik (1978) term demand (laws and regulations) and pressure (interdependencies through the supply of resources) from external organizations, in parts, the Chinese state remains having strong impact on both these domains. While constraints and uncertainties suggest subsiding to some degree due to improved corporate networks, marketisation and rule-of-law in some areas and industries, the study's findings highlight the various situations where business actors continue depending on the government for economic success or are pressured to contribute to state goals such as football due to their inferior position vis-à-vis the state.

Furthermore, due to Xi's anti-corruption campaign business-state interaction is substantially transformed and constrained, leaving especially private firms less options to establish or cultivate ties to the state. Some Corporate Political Strategies, even though likely also changing due to the campaign, constitute one such option. Corporate Political Strategies therefore do not resemble 'discretionary options' among a multitude of 'market investment activities' over which entrepreneurs exert discretion whether and how to employ them, like proposed by Zhang

and Lin (2014, pp. 75-78), but for some firms – without kinship ties – rather one of the few remaining avenues to gain political legitimacy and establish or cultivate links to the government. These firms are increasingly pressured to ‘play their part’ and demonstrate fealty to the government, often using a substantial share of their resources to do so, especially in industries which are comparatively more dependent on state-controlled resources and government regulations. Consequently, firms increasingly take a punt in state-favoured areas such as football, aware of its irrational, risky and volatile character, but sometimes one of only a few available options to advance economically or survive.

Government officials, on the other hand, are largely intimidated by the anti-corruption campaign and increasingly weigh up risks and potential benefits from an engagement with businesses, partly explaining why so many football-related Corporate Political Strategies remain unanswered. Consequently, cadres’ kinship-based business ties are likely to gain further importance in football and other state-favoured fields, since they promise to be less risky and easier to manage, but essentially cut off firms without such ties. Furthermore, China’s weak system of checks and balances continues to resemble an institutional vacuum with only weak constraints on government power that allows officials and entrepreneurs to not only extract economic rents, but also officials to exploit their position for personal and political gain. Officials here continue to make use of the weak rule-of-law in some areas and leverage their superior position vis-à-vis firms. As the study’s data indicates, some of China’s football investments have been either directly or indirectly pressured by local governments, sometimes even holding investors hostage with information on alleged wrongdoings and the threat of criminal prosecution. In situations of strong power asymmetry from resource dependency, local governments pressure firms to sponsor or take over struggling football clubs, sometimes leaving not many options than to comply.

[10.4] Limitations and Avenues for Further Research

Even though the study has improved our understanding of the mechanics of state-business relations in the case of China’s current football reform and its political economy at large, only little of its empirical data has been derived directly from the state and its agencies, thus partly limiting a comprehensive understanding of the dyadic relationship. While the gathered data has helped the study investigate the mechanism, processes, and determinants of football-related Corporate Political Strategies from both sides of the dyad, their outcomes could only be observed from the issuing-side, the investor. Similarly, investigations into the state’s policy implementation process, including the role of SOEs and cadre evaluation, have been challenging due to a lack in access to data. Obtaining empirical data has generally been challenging due to the sensitivity of the subject matter. However, the gained knowledge has equally created new opportunities for scholars to further investigate state-business relations and expand upon the constraints of this research.

For example, while this study has mostly illuminated football-related Corporate Political Strategies among private firms, the role of SOEs in the ‘Chinese Football Dream’ remains

largely unstudied. As SOEs are naturally more embedded in the state apparatus (Leutert, 2020) and often receive preferential treatment, such as policy, funding and resources (Lardy, 2014; Zhang et al., 2014), their unique relationship with the government suggests different Corporate Political Strategy types and underlying mechanism than the ones observed in this study. Future research could explore football-related Corporate Political Strategy of SOEs and how they differ from their private peers. For instance, scholars could investigate how SOEs interact with leading local government officials, how they respond to football-related political orders, what types of political activities they engage in, and how they navigate the government's bureaucratic and regulatory processes. Moreover, research could also explore how SOEs interact with private firms, something increasingly observed in Chinese football in recent years, including among this study's sample, and how these interactions affect firm, club and football development. Overall, exploring Corporate Political Strategy among SOEs can provide insights into the unique political dynamics of China's state-owned business-state relations and further illuminate the growing influx of state capital into football since the industry's turbulences.

At the government level, while this study has shown that government characteristics are crucial in determining their involvement with football-related Corporate Political Strategy, particularly regarding policy priorities, it remains largely unclear to what extent and under what circumstances a successful football engagement can enhance an official's career trajectory. Scholar like Lei (2021) have highlighted the need for a more comprehensive understanding of the government in Corporate Political Strategy research. An analysis of the football reform's internal state mechanisms at different administrative and political levels, in the tradition of Eaton and Kostka (2014) or Ahlers et al. (2016), could give a fuller understanding of the reforms from the government's perspective. Such an enquiry, for instance, could investigate the career paths of leading local officials (i.e., mayor and party secretary) in municipalities hosting professional clubs and the respective club's sporting performance during their tenure. This would provide additional insights into the correlation between sporting performance and career trajectories and help further explain the variations in government enthusiasm for football. Additionally, distinguishing between officials at different career stages (i.e., promotable vs. unpromotable) as well as before and after rotation in office, variables common in the literature (e.g., Ma et al., 2012; Wang et al., 2020; Zhang & Lin, 2014), promise to further illuminate official's engagement with football. Overall, exploring the football directive's internal state mechanisms not only helps illuminate policy implementation processes but also their interplay with Corporate Political Strategy.

[10.5] Contributions to Research

The findings of this study offer contributions to several research fields. First, as the study's focus, the case of football-related Corporate Political Strategies will help advance the scholarship on Corporate Political Strategy in weak institutional contexts. By developing a localised typology, something that was repeatedly proposed in the literature (Lawton et al 2013), the study was able to illuminate strategies within the case while offering a typology that

is universally applicable in China. Having developed substantial new knowledge in how different Corporate Political Strategies are formed, employed, and play out in the case of football, this study contributes significantly to our understanding of the intricate dynamics between business entities and the state. Furthermore, by taking a contingent and comprehensive perspective that encompasses both sides of the dyad, as well as considering failed and non self-initiated investments, the study provides holistic case-related insights into determinants and outcomes that have the potential to advance the field beyond the context of football. In sum, the study is contributing to all three areas of the Corporate Political Strategy research field: typologies, determinants, and outcomes.

Second, situated within China's business-state nexus, the findings will provide additional value to researchers interested in state-business relations in 'state capitalist' countries characterized by strong government market control. Having generated insights into the modus operandi of private businesses and local governments in China's contemporary political economy, these findings are transferable to other contexts. Such knowledge is increasingly relevant since forms of this political-economic system are spreading globally (e.g., Bremmer, 2008; Wright et al., 2021) while impacting local economic settings (e.g., Milhaupt & Zheng, 2014; Ten Brink, 2011) and geopolitics (e.g., Alami et al., 2022), including in the field of sports (e.g., Chadwick et al., 2023; Kelly & Mangan, 2015). The rapid global expansion of Chinese enterprises has led to increased interest among global policymakers regarding firms' relationship with the party-state. Furthermore, contemporary case studies like this present study, suggest being of particular importance since state-business relations are shifting substantially under Xi Jinping, outdated previous knowledge.

Third, by taking a central government directive and its local implementation as a case, the study offers valuable insights into the field of Chinese policy implementation, particularly for policies not directly integrated into the cadre evaluation system. This examination illuminates the relationship between central and local actors, providing nuanced perspectives on how national policies are interpreted and executed at the regional level but also their interplay with private businesses. The case of the 'Chinese Football Dream' is particularly valuable due to the extensive involvement of the private sector, a dimension rarely reported to this extent in existing literature.

Finally, taking most of its data from the case of the Chinese football industry, the study will naturally contribute to the research fields of sport policy, sport business, and sport economy in China. By drawing on a substantial set of primary data from practitioners and industry insiders, the study is providing a rare inside-view to this largely covert industry and its interaction with local governments. Furthermore, the study provides an up-to-date record of China's football industry, the sport's organisational structures, main entities, interdependencies, and relationships with the governments. This contribution will significantly advance the research field of sports in Asia and state-regulated countries. Moreover, it aims to fill a critical gap in the sub-field of state-business relations in Chinese football, an area that has been largely overlooked, outside of a few preliminary studies (Wang & Jin, 2016; Xue et al., 2020), despite its profound research value.

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- R29. (2021, June 23). agency, video call [Interview]
- R30. (2021, June 25). CL2 / investor CL2, audio call [Interview]
- R31. (2021, June 29). CSL, audio call [Interview]
- R32. (2021, July 6). CL2, audio call [Interview]
- R33. (2021, July 13). CL2, audio call [Interview]
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- R36. (2021, September 5). governing body, audio call [Interview]
- R37. (2021, September 6). media, audio call [Interview]
- R38. (2021, September 7). CSL, audio call [Interview]
- R39. (2021, September 7). CL1, audio call [Interview]
- R40. (2021, September 8). CL1, audio call [Interview]
- R41. (2021, September 8). governing body, audio call [Interview]
- R42. (2021, September 13). CSL, audio call [Interview]
- R43. (2021, September 14). media, audio call [Interview]
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- R45. (2021, September 16). media, audio call [Interview]
- R47. (2021, September 17). governing body, audio call [Interview]
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- R49. (2021, September 28). CSL, audio call [Interview]
- R50. (2021, September 30). governing body, audio call [Interview]
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- R55. (2021, October 21). governing body, audio call [Interview]
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Appendices

Appendix I

采访指南 / Interview Guide



1. 请您给我讲俱乐部的历史和最近几年发展？ / Please talk me through the history and recent developments of your club?
 - a. 什么时候建立了？ / when established?
 - b. 体育是否成功？ / Sporting success?
 - c. 俱乐部营业状况怎么样？ / Business situation of club?
 - d. 俱乐部内部是否发生重大变化（搬迁，股权结构）？ / Major changes inside the club over time? (relocation, equity structure?)
2. 请问您的母公司怎么进入足球行业，特别是这家俱乐部？ / Could you explain to me how your parent company started getting involved in football and this club in specific?
 - a. 什么时候开始？ / Since when?
 - b. 以前跟足球的关系？ / Previous links to football?
 - c. 公司中的推动力？ / Driving forces inside company?
 - d. 现在其他的体育或足球的关系？ / Other links to football/sport besides club?
 - e. 投资以后母公司内部是否发生重大变化？ / Major developments of parent company since involvement?
3. 您的母公司做什么？ / What is your parent company doing?
 - a. 母公司主要目标是什么？ / What are the main goals of company?
 - b. 母公司主要困难/挑战是什么？ / What are the main challenges of company?
4. 母公司和俱乐部的管理架构是什么？ / What is the administrative structure between parent company and club?
5. 展望未来，你们俱乐部的短期，中期和长期目标是什么？ / Looking at the future, what are your short-, medium- and long-term goals of your club?
 - a. 您实现这些目标的措施/行动是什么？ / What are your measures/actions to achieve these goals?
6. 联盟组织，当地足协/体育局和地方政府为您实现这些目标提供支持吗？ / How is the league organisation, local FA/sports bureau and local government supporting you in achieving these goals?
 - a. 这些组织对您成功有多重要？ / How important are they for your success?
7. “足球梦”对您俱乐部和母公司有没有影响？ / What impact did the ‘Chinese Football Dream’ reforms have on your club and parent company?
8. 请您大致解释一下俱乐部内的收支结构？ / Can you broadly explain to me the income and expenditure structure within your club?
9. 考虑到现行的法规对实现可持续发展和本地发展的影响，您如何看待企业在未来5到10年内对足球俱乐部的参与？ / After recent regulations towards more sustainable and local development, how do you see corporate involvement in football clubs in the next 5-10 years?
 - a. 而且国企和国家机构将发挥什么作用？ / What roles will state firms and state institutions play?

最后，您能否介绍其他的采访参加者，帮我多了解相关信息？ / Lastly, could you recommend further interview participants to me that could elaborate more on similar cases?

本人在此保证对面试参与者的姓名及任何个人信息绝对保密，如若在毕业论文或相关出版物中引述面试参与者的回复，本人将使用匿名或假名。 / I hereby guarantee the absolute confidentiality of the interview participants' names and personal information. If the interview participants' responses are quoted in my dissertation or related publications, I will use anonymity or a pseudonym.

研究者的签名 / Signature Researcher:

采访指南 / Interview Guide (FA)

1. 2015 年出台的《足改方案》和相关改革中，各个体育管理机构有什么主要作用和任务？/ what function and tasks do the various sports governing bodies incorporate in the 2015 Chinese football reforms?
 - a. 政府？ government's function?
 - b. 中国和地方足协？ national and local FA?
 - c. 体育局？ sport bureau's function?
 - d. 还有别的重要的机构吗？ others?
2. 青训对国家的足球发展很重要，地方足协和俱乐部怎么推广和指导青训发展 / Youth development is very important for football development, how do local FAs and clubs promote and guide youth development?
3. 自《足改方案》以来很多公司投资足球俱乐部，是什么推动公司作出这个决定？ / There is an impressive expansion of Chinese football clubs, especially since the reforms, what are the main driving forces of corporations getting involved in football?
4. 只看政府关系原因，足球政策开始的时候政府和足球管理人预计会有这个结果吗？ / Just looking at government guanxi as reason, did the government and football governing bodies expect this outcome?
5. 在鼓励和引导足球投资中，国家和地方足协扮演什么角色？ / What role does the local and national FA play in encouraging and guiding football investment?
6. 俱乐部和足协怎么合作？俱乐部怎么支持足协，足协怎么支持俱乐部？ / How do clubs cooperate with the (local) FA? How do clubs support the FA and vice versa?
7. 最近几年很多俱乐部仅运营了短短一段时间后便陷入财务困境或突然解散，这背后有什么原因？足协对此采取了哪些措施防止此类情况发生？ / In recent years there are many clubs in financial difficulties or dissolve abruptly after just a short time of operation, why is that and what is the CFA doing against it?
8. 请您大致解释一下地方足协的收支结构？ / Can you broadly explain to me the income and expenditure structure within the local FA?
9. 感觉万达，恒大这些企业比较支持中国足球发展，包括青训培养和国家队，请您给我介绍一下企业和足协的关系？为什么这些企业即使在亏本的情况下也支持中国足球的发展？地方足协跟企业也有合作关系吗？ / Companies like Wanda or Evergrande extensively support the Chinese football development (e.g. youth development and national team), could you explain to me the relationship between companies and the FA? Why do these companies support, despite the continuous losses they make? Does the local FA also has cooperations with businesses?
10. 以河南建业，天津泰达，江苏苏宁他们俱乐部最近情况为例，为什么有的俱乐部收到政府和足协帮助，有的没有？ / Taking clubs like Henan Jianye, Tianjin Teda or Jiangsu Suning, how can I understand that some clubs are being supported/rescued by local governments/FA and some not?
11. 考虑到现行的法规对实现更可持续发展和本地发展的影响，您如何看待企业在未来 5 到 10 年内对足球俱乐部的参与？国企和国家机关将发挥什么作用？ / After years of (often unreasonable) spending and recent regulations towards more sustainable and local development, how do you see corporate involvement in football clubs in the next 5-10 years? What roles will state firms and state institutions play?

本人在此保证对面试参与者的姓名及任何个人信息绝对保密，如若在毕业论文或相关出版物中引述面试参与者的回复，本人将使用匿名或假名。 / I hereby guarantee the absolute confidentiality of the interview participants' names and personal information. If the interview participants' responses are quoted in my dissertation or related publications, I will use anonymity or a pseudonym.

研究者的签名 / Signature Researcher:



英国诺丁汉大学政治与国际关系学院
University of Nottingham (UK)
School of Politics and International Relations
同意书 / Consent Form



项目名称 / Project title: 中国足球梦改革中的经济环境 /
Business Environment in the 'Chinese Football Dream' Reforms
博士研究者 / Researcher: Tobias Ross (罗修斌)
导师 / Supervisors: Jonathan Sullivan 教授; 赖洪毅教授

请仔细看看以下表格 / please read this form carefully:

- 我自愿同意参加这项研究 / I voluntarily agree to take part in this study
- 采访将通过微信, Skype 或 Zoom 视频通话进行 / the interview will be conducted over WeChat, Skype or Zoom video call
- 我确认上述博士研究者已给我完整的解释, 并且我已阅读并理解提供给我的信息表 / I confirm that I have been given a full explanation by the above named and that I have read and understand the information sheet given to me
- 我授权研究人员透露我参与研究的结果, 但不能透露我的名字 / I authorise the researcher to disclose the results of my participation in the study but not my name
- 我同意访谈被记录 / I agree to be recorded: 是 Yes / 否 No
- 我了解研究期间记录的关于我的信息将保存在安全的数据库中。该研究结果发表后, 数据将保留七年 / I understand that the information about me recorded during the study will be kept in a secure database. Data will be kept for seven years after the results of this study have been published
- 如果记录下来, 将在磁带上给参与者编号, 以确保匿名, 并且不会记录他们的姓名 / If recorded, participants will be given a number on tape to ensure anonymity and their names will not be recorded
- 我同意在出版物中使用匿名引用 / I agree to the use of anonymised quotes in publications
- 我了解我可以随时要求进一步的说明或解释 / I understand that I can ask for further instructions or explanations at any time
- 我了解在面试过程中或面试之日起的未来两个月中的任何时候, 我都可以随时退出研究 / I understand that I am free to withdraw from the study at any time during the interview process or in the next two months from the date of the interview

签名 / Signature (研究参与者/research participant)

名字 / Print name 日期 / Date

(如果签名不方便也可以在采访开始的时候说您同意 / Alternatively consent can be given verbally at the start of the interview)

保密条款 / Confidentiality clause

本人在此保证对面试参与者的姓名及任何个人信息绝对保密, 如若在毕业论文或相关出版物中引述面试参与者的回复, 本人将使用匿名或假名。 / I hereby guarantee the absolute confidentiality of the interview participants' names and personal information. If the interview participants' responses are quoted in my dissertation or related publications, I will use anonymity or a pseudonym.

研究者的签名 / Signature Researcher:

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信息表 / Information Sheet



项目名称 / Project title: 中国足球梦改革中的经济环境 /
The Business Environment of China's Football Dream Reforms

博士研究者 / Researcher: Tobias Ross (罗修斌)

导师 / Supervisors: Jonathan Sullivan 教授; 赖洪毅教授

研究背景/Background of the study

该研究的主要焦点是从“中国足球梦”带动的改革来研究企业（特别是在中国职业足球俱乐部）经济环境与政府关系。这项研究想了解中国的足球行业，俱乐部的体育和经济情况，俱乐部和市场的前途，为什么企业投资俱乐部，俱乐部的短中长期目标，政府和改革对此有没有什么影响，足协和体育局政策，以及企业和足协/市政府在足球方面怎么合作。为了了解这些，我正在采访中国足球俱乐部的工作人员（中超/中甲/中乙/最近解散）和足球行业的专家（比如记者，足协/体育局/政府管理人，足球行业工作人员）。/ The main focus of the study is to examine business-state relations in light of the 'Chinese Football Dream' reforms, especially among Chinese professional football clubs. The study is trying to understand the Chinese football industry, the sporting and business situation of its clubs, why companies get involved in football, what are their short/medium/long-term goals, what role the state and local FA plays in all this, and how do the various actors cooperate (and influence) with each other. To answer these questions I am interviewing representatives from Chinese football clubs (1/2/3 division and recently disbanded) as well as industry experts (i.e. football officials from CFA, sports bureau, MoE, journalists, sports marketing agencies, etc.).

博士研究者背景/Background of the researcher

我来自德国不来梅（云达不来梅球迷），正在英国诺丁汉大学读博士。本来现在想在四川大学留学，但因为大流行病没有办法去中国。我本科在德国不来梅科技大学学中文和经济，我硕士在北京师范大学学现代中国发展学。开始读博士之前我5年的时间在德甲联盟公司的市场部工作。/ I am from Bremen, Germany (suffering with Werder Bremen), currently pursuing my PhD at University of Nottingham, UK. I intended to conduct my fieldwork based at Sichuan University, but could not enter China due to the pandemic. I hold a BA from University of Applied Sciences Bremen in Chinese and Economics, and a MA from Beijing Normal University in Chinese Development Studies. Before starting my PhD I was working for 5 years at Deutsche Fussball Liga (Bundesliga) HQ in international Marketing.

研究设计是什么？/ What does the study involve?

您将参与采访的整个过程，持续时间在45至60分钟之间。时间也可以根据您的意愿改变。采访的形式跟聊天差不多一样。所有采访都会用微信，zoom或skype通话。采访可以用汉语，英语，德语沟通。/ You will be involved for the duration of an interview, which may last between 45-60 minutes, or as you wish. The style of the interview is like a casual conversation, vaguely following an interview guide. All interviews are being conducted via weChat, Zoom or Skype call. Interviews can be in Chinese, English or German.

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Appendix V

Coding tree (screenshots from NVivo):

The image displays two screenshots of NVivo coding trees, showing hierarchical structures of codes. The left screenshot shows a tree with a root node 'Name' and several main categories, each with sub-nodes. The right screenshot shows a similar tree structure with different categories and sub-nodes.

Left Screenshot Coding Tree:

- Organisations' Role in Reforms
 - State-Business Link
 - Others
 - MoE
- Government
 - Local
 - Central
 - FA
- Investment Reasons
 - Untitled
 - Triggered by Appeal of Reforms
 - SOEs as tool
 - Others
- Links to gov.
 - Expand
 - Establish
 - Invest. pressured by gov.
- Invest. for gov. benefits
 - Modes of Interaction
 - Modes of Benefits
 - Compensation
 - Club Patron
 - Club as Business
 - Attracting Capital for Parent Comp.
 - Advertisement
 - 'Service to Society'
- Corporate Political Strategies
 - Others
 - One-night-stand - Situational Shopper CPS
 - Model Volunteer - Inst. Improviser CPS
 - Information CPS
 - Good ole Friend - Patronage Seeker CPS
 - Direct Participator - Red Hat Insider CPS

Right Screenshot Coding Tree:

- Club Turbulences
 - Rescue Modes
 - Trusteeship
 - Others
 - Attract incoming Investors
 - Reasons for Rescue
 - Reasons against Rescue
 - Reasons
 - Trouble Investor
 - Others
 - Change in gov. support
 - Due to rotation
 - Cadre Rotation
- Characteristics Parent Comp.
 - Others
 - Links to gov.
 - Indiv. Officials
 - Financial situation
 - Dependency on gov.
- Characteristics Government
 - Sustain & develop image of city
 - Inner-state recognition
 - Policy Priority
 - Policy Implementation
 - Eco. development
 - Central vs. Local
 - 'KPIs' - Achievement
 - Visible vs. invisible
 - Peer-Competition
 - Others
 - Only sustain club
 - Local Sports Event
 - 'Government Capture'
- Characteristics Club
 - Trouble
 - State-Business Exchanges
 - Others
 - Mgmt. Structure
 - Link to other teams
- Finances
 - Income
 - Expenses
 - Dependency on Investor