

[Home](#) > [Journal of Business Ethics](#) > Article

Investment Ethics and the Global Economy of Sports: The Norwegian Oil Fund, Formula 1 and the 2014 Russian Grand Prix

| Original Paper | Published: 02 December 2017

| Volume 158, pages 535–546, (2019) [Cite this article](#)[Save article](#)[View saved research >](#)

[Journal of Business Ethics](#)

[Aims and scope →](#)[Submit manuscript →](#)[Hans Erik Næss](#)  ¹ 2325 Accesses  17 Citations [Explore all metrics →](#)

Abstract

As a sovereign wealth fund, the \$1 trillion Norwegian Government Pension Fund-Global ('the Oil Fund'), which is managed by Norges Bank Investment Management on behalf of the welfare of Norway's citizens, is supposed to be a flagship for socially responsible investments through its Council of Ethics. However, its investment in Delta Topco, the holding company of Formula 1 world championship that, through Formula One Group, brokered a deal with Russia to host a Formula 1 Grand Prix in 2014, raises the question of whether the Oil Fund should enhance its due diligence processes. Although no evidence of corruption related to the race is introduced, the complex relation between financial logic and

the world of sports still raises questions about the ethical solidity of the Oil Fund's investment. Drawing upon reports of the relationship between political economy and sporting events, this paper therefore analyses, in light of the Oil Fund's ethical guidelines, the complexities of its investment in Delta Topco. As a result, it is argued that a new set of examination methods by the Council of Ethics may be warranted.

 This is a preview of subscription content, [log in via an institution](#)  to check access.

Access this article

[Log in via an institution](#) 

Subscribe and save

 Springer+

from €37.37 /Month

- Starting from 10 chapters or articles per month
- Access and download chapters and articles from more than 300k books and 2,500 journals
- Cancel anytime

[View plans](#) 

Buy Now

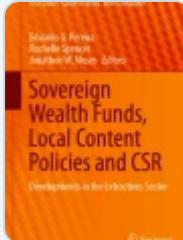
[Buy article PDF 39,95 €](#)

Price includes VAT (Poland)

Instant access to the full article PDF.

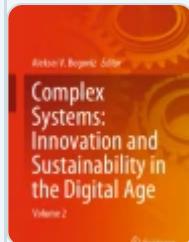
[Institutional subscriptions](#) 

Similar content being viewed by others



Norway's Sovereign Wealth Fund

Chapter | © 2021



Efficient Management of the Sovereign Wealth Fund in the Era of Change

Chapter | © 2021



A Less Than Sovereign Wealth Fund: Norway's Government Pension Fund, Global

Chapter | © 2021

Explore related subjects

Discover the latest articles, books and news in related subjects, suggested using machine learning.

[Business Ethics](#)

[Energy Ethics](#)

[Islamic Finance](#)

[Political Ethics](#)

[Sports Economics](#)

[Sports Ethics](#)

Notes

1. This paper does not suggest that the Oil Fund has contributed to corruption in Russia, nor does it imply that any of the actors mentioned are corrupt. It merely draws upon both publically available official reports critical of the political economy related to the 2014 Sochi Olympics, of which the Russian Grand Prix also became part, to explore the ethical complexities of the Oil Fund's investment in Delta Topco and to illuminate the unclear third party responsibilities in the global economy of sports.
2. An interactive infographic about the size of the Oil Fund can be accessed from: <https://www.nbim.no>.
3. Ibid.

4. Guidelines for observation and exclusion from the Government Pension Fund Global. Available from: <http://etikkradet.no/en/guidelines/> (accessed 1 October 2016).
5. Ibid.
6. For the Council of Ethics' review of these issues, please consult the information available from: <http://etikkradet.no/files/2016/01/Tilrådning-Petrobras-21.-desember-2015.pdf> (accessed 1 October 2016). My translation.
7. For the Council of Ethics' review of these issues, please consult the information available from: <http://etikkradet.no/en/tilradninger-og-dokumenter/recommendations/gross-corruption/>. See also <https://www.regjeringen.no/globalassets/upload/fin/statens-pensjonsfond/siemens.pdf> (accessed 1 October 2016). My translation.
8. For the Council of Ethics' review of these issues, please consult the information available from:
<https://www.regjeringen.no/globalassets/upload/fin/statens-pensjonsfond/siemens.pdf> (accessed 10 October 2016). My translation.
9. 'Russia Opposition Leader Banned from Going to Sochi', *The Interpreter*, 17 February, 2014. Available from: <http://www.interpretermag.com/russia-opposition-leader-alexei-navalny-banned-from-going-to-sochi/> (accessed 24 October 2016).
10. 'Sochi to host Russian GP from 2014-2020', *reuters.com*, 14 October. Available from: <http://uk.reuters.com/article/uk-motor-racing-russia-idUKTRE69D1X020101014> (accessed 18 October 2016).
11. 'Sergey Vorobyov is now responsible for the Formula 1 race in Sochi',

12. “FORMULA SOCHI plc” is in the center of corruption scandal and close to going bankrupt’, *change.org*, 9 April, 2015. Available from:
<https://www.change.org/p/fia-cancel-formula-one-russian-grand-prix/u/10408366> (accessed 17 October 2016).
13. ‘Organizer of Russian Formula One Grand Prix at Sochi declared bankrupt’, *Russian Legal Information Agency*, 1 June, 2015. Available from:
http://rapsinews.com/judicial_news/20150601/273836329.html (accessed 17 October 2016).
14. ‘Russian Grand Prix Bosses Deny Claims Sochi Race Organisers have Gone Bankrupt’, *Inside the Games*, 3 June, 2015. Available from:
<http://www.insidethegames.biz/index.php/articles/1027713/russian-grand-prix-bosses-denied-claims-sochi-race-organisers-have-gone-bankrupt> (accessed 17 October 2016).
15. ‘Sochi GP promoter says the F1 race is on for “years to come”’, *News18/Associated Press*, 5 December 2015. Available from:
<http://www.news18.com/news/formula-one/sochi-gp-promoter-says-the-f1-race-is-on-for-years-to-come-1172828.html> (accessed 18 October 2016).
16. ‘Formula One Chief Bernie Ecclestone Settles Bribery Case for \$100 Million’, *New York Times*, 5 August, 2014. Available from:
<https://www.nytimes.com/2014/08/06/world/europe/formula-one-chief-settles-bribery-case-for-100-million.html?mcubz=3&mcubz=3> (accessed 20 August 2017).
17. All rankings are available from:
https://www.transparency.org/news/feature/corruption_perceptions_index_20

18. 'Russia 2012: Increased Repression, Rampant Corruption, Assisting Rogue Regimes', *freedomhouse.org*, 21 March, 2012. Available from: <https://freedomhouse.org/blog/russia-2012-increased-repression-rampant-corruption-assisting-rogue-regimes> (accessed 25 October 2016).
19. 'Transparency International on oil companies and corruption: who is the most open?' *Guardian*, 1 March 2011. Available from: <https://www.theguardian.com/news/datablog/2011/mar/01/transparency-international-oil-corruption#data>.
20. 'Norway's oil fund launches attack on F1's Bernie Ecclestone', *Financial Times*, 11 March 2014. Available from: <https://www.ft.com/content/09c3911c-a942-11e3-b87c-00144feab7de> (accessed 19 August 2017).
21. A series of articles with emphasis on the secrecy from NBIM were published in the Norwegian business daily *Dagens Næringsliv* in November–December 2014. A report on the process is available from: <http://www.skup.no/metoderapporter/2014/30%20-%20OLjefondet%20og%20Formel%201-aksjene.pdf> (in Norwegian only, accessed 1 October 2016).

Abbreviations

FIA: Fédération Internationale de l'Automobile

FOG: Formula One Group

ISA: International Sport Associations

SRI: Socially responsible investments

SWF: Sovereign wealth fund

References

AFP/Yahoo! Sports. (2014). Russian Grand Prix will go ahead says Ecclestone. 22 August. <http://sports.yahoo.com/news/russian-grand-prix-ahead-says-ecclestone-153020553-spt.html>. Accessed September 23, 2016.

Allison, L., & Tomlinson, A. (2017). *Understanding international sport organisations: Principles, power and possibilities*. London: Routledge.

[Book](#) [Google Scholar](#)

Amis, J., & Cornwell, T. B. (2005). Sport sponsorship in a global age. In J. Amis & T. B. Cornwell (Eds.), *Global sport sponsorship* (pp. 1-19). London: Routledge.

[Google Scholar](#)

Andreff, W. (2000). Financing modern sport in the face of a sporting ethic. *European Journal of Sport Management*, 7(1), 5-30.

[Google Scholar](#)

Burns, J. (2014). As formula one visits Sochi, Putin embraces platform it creates. *New York Times*, 12 October.

http://www.nytimes.com/2014/10/13/sports/autoracing/as-formula-one-visits-sochi-putin-embraces-platform-it-creates.html?_r=0. Accessed September 22, 2016.

Castree, N., & Christophers, B. (2015). Banking spatially on the future: Capital switching, infrastructure, and the ecological fix. *Annals of the Association of American Geographers*, 105(2), 378-386.

[Article](#) [Google Scholar](#)

Cha, V. D. (2009). A theory of sport and politics. *The International Journal of the History of Sport*, 26(11), 1581-1610.

[Article](#) [Google Scholar](#)

Cheloukhine, S., & Haberfeld, M. R. (2011). *Russian organized corruption networks and their international trajectories*. New York, NY: Springer.

[Book](#) [Google Scholar](#)

Clark, G. L., & Ashby, H. B. (2010). The legitimacy and governance of Norway's sovereign wealth fund: The ethics of global investment. *Environment and Planning A*, 42(7), 1723-1738.

[Article](#) [Google Scholar](#)

Clark, G. L., Dixon, A., & Monk, A. (2013). *Sovereign wealth funds: Legitimacy, governance, and global power*. Princeton, NJ: Princeton University Press.

[Book](#) [Google Scholar](#)

Collignon, H., & Sultan, N. (2014). Winning in the business of sports. An AT Kearney report, Paris and Doha.

<https://www.atkearney.com/documents/10192/5258876/Winning+in+the+Business+of+Sports.pdf/ed85b644-7633-469d-8f7a-99e4a50aadc8>. Accessed October 11, 2016.

Council of Ethics. (2007). *Til Finansdepartementet. Tilråding 15 November 2007* (To the Ministry of Finance. Recommendation 15 November 2007).

<https://www.regjeringen.no/globalassets/upload/fin/statens-pensjonsfond/siemens.pdf>. Accessed October 11, 2016.

Council of Ethics. (2015). *Etikkrådet for Statens Pensjonsfond Utland. Årsmelding 2015* (Council of Ethics' Annual Report 2015).

http://etikkraadet.no/files/2016/03/Etikkraadet_arasmelding_2015_web.pdf.

Accessed October 11, 2016.

Das, J., & DiRienzo, C. (2009). The nonlinear impact of globalization on corruption. *International Journal of Business and Finance Research*, 3(2), 33-46.

[Google Scholar](#)

Day, B. (2014). Singapore grand prix and soft power. New Mandala, 19 September. <http://www.newmandala.org/singapore-grand-prix-and-soft-power/>. Accessed October 15, 2016.

Economist. (2014). On the edge of recession. 4 October.

<http://www.economist.com/news/europe/21621877-wests-sanctions-are-hitting-contracting-economy-edge-recession>. Accessed October 20, 2016.

European Commission. (2001). Notice published pursuant to Article 19(3) of Council Regulation No 17 concerning Cases COMP/35.163—Notification of FIA Regulations, COMP/36.638—Notification by FIA/FOA of agreements relating to the FIA Formula One World Championship, COMP/36.776—GTR/FIA & others. 13 June 2001. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2001:169:0005:0011:EN:PDF>. Accessed October 24, 2016.

European Union Newsroom. (2016). EU Sanctions against Russia over Ukraine Crisis. 11 October. https://europa.eu/newsroom/highlights/special-coverage/eu_sanctions_en. Accessed October 11, 2016.

Fairley, S., Tyler, B. D., Kellett, P., & D'Elia, K. (2011). The formula one Australian grand prix: Exploring the triple bottom line. *Sport Management Review*, 14(2), 141-152.

[Article](#) [Google Scholar](#)

Føllesdal, A. (2007). Ethical investment and human rights: A Norwegian cAse. *Nordic Journal of Human Rights*, 25(4), 420-433.

[Google Scholar](#)

Foxall, A. (2014). *Russia's Olympic shame. Corruption, human rights and security at 'Sochi 2014'*. London: The Henry Jackson Society.

<http://henryjacksonsociety.org/wp-content/uploads/2014/02/Russias-Olympic-Shame.pdf>. Accessed October 7, 2016.

Gaddy, C. G., & Ickes, B. (2002). *Russia's virtual economy*. Washington, DC: Brookings Institution Press.

[Google Scholar](#)

Gilinskiy, Y. (2005). Corruption: Theory and Russian reality. In R. Sarre, D. K. Das, & H. J. Albrecht (Eds.), *Policing corruption: International perspectives* (pp. 157-169). Lanham, MD: Lexington Books.

[Google Scholar](#)

Golubchikov, O. (2016). The 2014 Sochi Winter Olympics: Who stands to gain? In G. Sweeney (Ed.), *Global corruption report: Sport* (pp. 183-191). London: Routledge/Transparency International.

[Google Scholar](#)

Grix, J., & Carmichael, F. (2012). Why do governments invest in elite sport? A polemic. *International Journal of Sport Policy and Politics*, 4(1), 73-90.

Grix, J., & Kramareva, N. (2015). The Sochi Winter Olympics and Russia's unique soft power strategy. *Sport in Society*.

<https://doi.org/10.1080/17430437.2015.1100890>.

Grix, J., & Lee, D. (2013). Soft power, sports mega-events and emerging states: The lure of the politics of attraction. *Global Society*, 27(4), 521-536.

Guriev, S. (2014). Corruption has laid waste to the Russian economy. *Financial Times*, 2 April. <https://www.ft.com/content/939659ae-b67d-11e3-b230-00144feabdc0>. Accessed October 20, 2016.

Hartmann, D., & Kwauck, C. (2011). Sport and development. An overview, critique, and reconstruction. *Journal of Sport and Social Issues*, 35(3), 284-305.

Harvey, D. (1978). The urban process under capitalism: A framework for analysis. *International Journal of Urban and Regional Research*, 2, 101-131.

Hayhurst, L. M. C., & Kidd, B. (2012). Corporate social responsibility, sport, and development. In L. Ming, E. MacIntosh, & G. A. Bravo (Eds.), *International sport management* (pp. 345-358). Champaign, IL: Human Kinetics.

Hebb, T. J. (2006). The economic inefficiency of secrecy: Pension fund investors'

Henderson, J. C., Foo, K., Lim, H., & Yip, S. (2010). Sports events and tourism: The Singapore Formula one Grand Prix. *International Journal of Event and Festival Management*, 1(1), 60-73.

Heng, H. K. (2014). The marketing of the F1 SingTel Singapore Grand Prix. In M. A. Dos Santos (Ed.), *Strategies in sports marketing: technologies and emerging trends* (pp. 29-40). Hershey, PA: IGI Global.

Hoepner, A. G. F., & Schopol, L. J. (2016). On the price of morals in markets: An empirical study of the Swedish AP-Funds and the Norwegian Government pension fund. *Journal of Business Ethics*. <https://doi.org/10.1007/s10551-016-3261-0>.

Ihlen, Ø., & Weltzien Hoivik, H. (2015). Ye Olde CSR: The historic roots of corporate social responsibility in Norway. *Journal of Business Ethics*, 127(1), 109-120.

Jenkins, M., Pasternak, K., & West, R. (2016). *Performance at the limit: Business lessons from Formula 1 motor racing* (3rd ed.). Cambridge: Cambridge University Press.

Johnson, D. (2014a). Russian Grand Prix: Leading politicians pile pressure on F1

to cancel October's Race'. *The Telegraph*, 3 July.

<http://www.telegraph.co.uk/sport/motorsport/formulaone/10984317/Russian-Grand-Prix-Leading-politicians-pile-pressure-on-F1-to-cancel-Octobers-race.html>

Accessed October 1, 2016.

Johnson, D. (2014b). Jean Todt Ally Ari Vatanen Calls for Russian Grand Prix to be Cancelled over Ukraine Incursion. *The Telegraph*, 3 September.

<http://www.telegraph.co.uk/sport/motorsport/formulaone/11073590/Jean-Todt-ally-Ari-Vatanen-calls-for-Russian-Grand-Prix-to-be-cancelled-over-Ukraine-incursion.html>. Accessed October 1, 2016.

Krawczyk, Z. (2004). Sport in a changing Europe. *European Journal for Sport and Society*, 1(2), 89-101.

[Article](#) [Google Scholar](#)

Kumar, R. S. (2005). Corruption in transitional Russia. In R. Sarre, D. K. Das, & H. J. Albrecht (Eds.), *Policing corruption: International perspectives* (pp. 169-189). Lanham, MD: Lexington Books.

[Google Scholar](#)

Ledeneva, A. (1998). *Russia's economy of favours: Blat, networking and informal exchange*. Cambridge: Cambridge University Press.

[Google Scholar](#)

Ledeneva, A. (2012). *Sistema*—Russia's informal system of power. In K. Barysch (Ed.), *Three views on modernisation and the rule of law in Russia* (pp. 17-29). London: Centre for European Reform.

[Google Scholar](#)

Ledeneva, A. (2013). *Can Russia modernize? Sistema, power networks, and*

Ledeneva, A. (2014). The ambivalence of blurred boundaries: Where informality stops and corruption begins? French Network of Institutes for Advanced Study, 12 January 2014. <http://rfiea.fr/en/articles/ambivalence-blurred-boundaries-where-informality-stops-and-corruption-begins>. Accessed October 10, 2016.

Liberty Media Corporation. (2016). Introducing Formula one group. Liberty Media Group Acquisition of Formula One.

http://files.shareholder.com/downloads/ABEA-4CW8ZW/0x0x907365/08DCDA43-206A-499F-B5BD-1F462F37B0D7/F1_Investor_Deck.pdf. Accessed March 4, 2017.

Lovell, T. (2010). *Bernie Ecclestone: King of sport*. London: John Blake.

Meier, H. E., & García, B. (2015). Protecting private transnational authority against public intervention: FIFA's power over national governments. *Public Administration*, 93(4), 890-906.

Mosley, M. (2015). *Beyond Formula one. The autobiography*. London: Simon and Schuster.

Motyl, A. J. (2016). Lights out for the Putin regime. *Foreign Affairs*, 27 January. <https://www.foreignaffairs.com/articles/russian-federation/2016-01-27/lights-out-putin-regime>. Accessed October 10, 2016.

Müller, M. (2014). After Sochi 2014: Costs and Impacts of Russia's Olympic Games. *Eurasian Geography and Economics*, 55(6), 628–655.

[Article](#) [Google Scholar](#)

Navalny, A. (2014). Sochi 2014: Encyclopedia of spending. The cost of Olympics report by the anti-corruption foundation.

http://sochi.fbk.info/md/file/sochi_fbk_report_en_1.pdf. Accessed October 16, 2016.

NBIM. (2016). About the fund. <https://www.nbim.no/en/the-fund/about-the-fund/>. Accessed October 16, 2016.

Nemtsov, B., & Martynyuk, L. (2013). Winter Olympics in the sub-tropics: Corruption and abuse in Sochi. http://www.putin-itogi.ru/cp/wp-content/uploads/2013/05/Report_ENG_SOCHI-2014_preview.pdf. Accessed October 16, 2016.

Numerato, D., & Baglioni, S. (2012). The darker side of social capital. An ethnography of sport governance. *International Review for the Sociology of Sport*, 47(5), 594–611.

[Article](#) [Google Scholar](#)

O'Boyle, I., & Broadbury, T. (Eds.). (2013). *Sport governance: International case studies*. London: Routledge.

[Google Scholar](#)

OECD. (2010). *Good practice guidance on internal controls, ethics, and compliance*. OECD: Paris. <https://www.oecd.org/daf/anti-bribery/44884389.pdf>. Accessed October 4, 2016.

OECD. (2016). *Organising sporting events: Preventing corruption and promoting responsible business conduct*. Paris: OECD. Retrieved from February 12, 2017: <http://www.oecd.org/corruption/Corruption-Responsible-Business-Conduct-Large-Sporting-Events.pdf>.

Rose, C. (2015). *International anti-corruption norms. Their creation and influence on domestic legal systems*. Oxford: Oxford University Press.

[Book](#) [Google Scholar](#)

Rossi, G., Semens, A., & Brocard, J. F. (2016). *Sports agents and labour markets: Evidence from world football*. London and New York: Routledge.

[Book](#) [Google Scholar](#)

Rowe, D. (1999). *Sport, culture and the media: The unholy trinity*. Buckingham: Open University Press.

[Google Scholar](#)

Rowe, D. (2015). Assessing the sociology of sport: On media and power. *International Review for the Sociology of Sport*, 50(4-5), 575-579.

[Article](#) [Google Scholar](#)

Saward, J. (1996). Yes Prime Minister: Mahathir Mohamad'. grandprix.com, 1 September. <http://www.grandprix.com/ft/ft00236.html>. Accessed October 19, 2016.

Sievänen, R., Rita, H., & Scholtens, B. (2013). The drivers of responsible investment: The case of European pension funds. *Journal of Business Ethics*, 117(1), 137-151.

[Article](#) [Google Scholar](#)

Sochi Annual Report. (2011).

http://doc.rero.ch/record/205505/files/Sochi_2014_annual_report_2011.pdf.

Accessed October 19, 2016.

Spurgeon, B. (2013). Formula one takes the slow track to Russia. *New York Times*, 23 August. http://www.nytimes.com/2013/08/24/sports/autoracing/formula-one-takes-the-slow-track-to-russia.html?_r=0. Accessed October 20, 2016.

Sylt, C. (2014). How CVC has made \$8.2 billion from Formula one auto racing. Forbes, 15 April. <http://www.forbes.com/sites/csylt/2014/04/15/how-cvc-has-made-8-2-billion-from-formula-one-auto-racing/#7a4136a161d7>. Accessed October 30, 2016.

Sylt, C. (2016a). How much does it cost to stage a Grand Prix?' *Raconteur*, 20 March. <http://raconteur.net/business/how-much-does-it-cost-to-stage-a-grand-prix>. Accessed June 2, 2016.

Sylt, C. (2016b). Russian Grand Prix circuit on track to change hands. *bbc.com*, 5 May. <http://www.bbc.com/news/business-36203268>. Accessed October 19, 2016.

Sylt, C. (2016c). Driving tourism: How Formula one is fuelling Russia's new image. *Forbes*, 19 September.

<http://www.forbes.com/sites/csylt/2016/09/19/driving-tourism-how-formula-one-is-fuelling-russias-new-image/#729be605c545>. Accessed October 19, 2016.

Szymanski, S. (2016). Compromise or compromised? The bidding process for the award of the Olympic Games and the FIFA World Cup. In G. Sweeney (Ed.), *Global corruption report: Sport* (pp. 157-163). London: Routledge/Transparency International.

Wain, B. (2010). *Malaysian Maverick: Mahathir Mohamad in turbulent times*. Basingstoke: Palgrave Macmillan.

[Google Scholar](#)

Walker, K. (2014). The birth of a new race. espnf1.com, 8 October.
<http://en.espnf1.com/blogs/motorsport/story/178561.html>. Accessed October 14, 2016.

Author information

Authors and Affiliations

Faculty of Management, Westerdals Oslo School of Arts, Communication and Technology, Chr. Krohgs gate 32, 0186, Oslo, Norway

Hans Erik Næss

Corresponding author

Correspondence to [Hans Erik Næss](#).

Ethics declarations

Conflict of interest

The author declares that he/she has no conflict of interest.

Ethical Approval

This article does not contain any studies with human participants performed by any of the authors.

Rights and permissions

[Reprints and permissions](#)

About this article

Cite this article

Næss, H.E. Investment Ethics and the Global Economy of Sports: The Norwegian Oil Fund, Formula 1 and the 2014 Russian Grand Prix. *J Bus Ethics* **158**, 535–546 (2019). <https://doi.org/10.1007/s10551-017-3751-8>

Received

13 March 2017

Accepted

24 November 2017

Published

02 December 2017

Issue date

30 August 2019

DOI

<https://doi.org/10.1007/s10551-017-3751-8>

Keywords

[Norwegian Government Pension Fund](#) [Sport](#) [Politics](#) [Socially responsible investments](#)

[Formula 1](#)

Search

Search by keyword or author



Navigation

[Find a journal](#)

[Publish with us](#)

[Track your research](#)

