

**GLOBAL BANNING OF A DIFFUSED CONTROVERSIAL PRACTICE:
DEINSTITUTIONALIZATION IN THE SOCCER INDUSTRY**

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ABSTRACT

We study the deinstitutionalization of a controversial practice that had previously reached a level of international diffusion. We draw on international diffusion and deinstitutionalization theory to study the emergence and diffusion of the third-party ownership practice in the soccer industry. We use an inductive case study combining archival and interview data to study the determinants of the international diffusion of a controversial practice at a global scale, the contestation, and finally the deinstitutionalization process that resulted from the ban of the practice. We find that the opacity of the practice can be a diffusion driver, locally and at the international level, nevertheless the opacity also may lead to different meaning creation attempts and potential discursive battles between actors, and eventually to deinstitutionalization of the practice. This article advances our understanding of how controversial practices fare in different institutional environments.

INTRODUCTION

The striker Radamel Falcao of Atletico Madrid, was transferred in 2011 to AS Monaco for a whopping fee of \$70 million. Atletico Madrid, despite being in financial trouble, had acquired Falcao from Oporto FC (Portuguese club) for \$45 million only a year ago, in 2010. How could a financially troubled club like Atletico have acquired the star player that helped them to generate an additional income of \$25 million? As the financial crisis hit Portuguese and Spanish soccer clubs, limiting their options to raise debt to bring in new talent, investment groups stepped in to help the clubs to participate in the lucrative European transfer market. The investment groups used an innovative practice common in Brazil and Argentina. The investor would alleviate the financial strain of the club in exchange of a share of the player's economic rights. The practice, known as Third Party Ownership (TPO) describes the arrangement that allows for a third-party ownership on a professional soccer player. As the practice diffused, it started to raise concerns in some of the soccer institutions in Europe (UEFA) on the possible manipulation by external investors in the fairness of the competitions and the transparency of the transfer market. As a result of a lengthy contestation process,

FIFA (top international institution in soccer) instructed a global ban of the practice to take effect in 2015 (FIFA, 2015a). Prior research has explored the fate of institutionally contested new practices such as the one described above (Jung and Mun, 2016; Reinmoeller and Ansari 2016; Sanders and Tuschke, 2007; Briscoe and Murphy, 2012; Davis & Greve, 1997; Fiss, Kennedy, & Davis, 2012). However, much of this work conflate diffusion of these practices and their institutionalization (for exceptions, see Jung and Mun, 2016; Reinmoeller and Ansari 2016) although, recently few authors argued that these processes are analytically separate (Colyvas and Johnson, 2011). In addition, most of these studies shed light on how these practices evolved in a single institutional environment, providing little information on how they may fare in multiple institutional environments. Furthermore, we know very little about how key international constituents interpret and respond to the diffusion of institutionally contested practices due to differences of norms and values in their corresponding international context.

In order to follow the full life cycle of an institutionally contested practice in different institutional environments, we conducted an inductive study (Eisenhardt, 1989) documenting the advent of the third party ownership practice (TPO) in Latin America starting from the 2000s and its subsequent diffusion and deinstitutionalization in Europe in 2015 due to the contestation by key international constituents. To answer our multi-faceted research question, we combined archival documents and 17 interviews with key informants in the soccer industry. Our findings show that institutionally contested innovative practices may diffuse and get institutionalized within their local markets due to the effort of the diffusing actors, however, they may face contestation by other actors and international institutions when they are diffused to international markets, leading to their eventual deinstitutionalization. We uncover the mechanisms of diffusion and deinstitutionalization, and while doing that, we also provide a multi-faceted account of different institutional actors, some supporting, some opposing this practice. Furthermore, we depict that the opaqueness of the practice helped the diffusion process as predicted by the previous literature (Briscoe and Murphy, 2012, Reinmoeller and Ansari, 2016) but the opaqueness also allowed the opposing parties to construct negative interpretations of the practice within the field. The power imbalances between actors generates a hierarchical contestation process, which can lead to the deinstitutionalization of the practice.

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