Corporate social responsibility (CSR) in sports: antecedents and consequences.

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Abstract

(a) Purpose
The purpose of this research is to identify the types of CSR initiatives employed by sports organisations; their antecedents, and their consequences for the company and society.

(b) Design/methodology/approach:
This study is exploratory in nature. Two detailed case studies were conducted involving the football team and the basketball team of one professional, premier league club in Greece and their CSR initiatives. Both teams have the same name, they belong to one of the most popular teams in Greece with a large fan population; have both competed in International Competitions (UEFA's Champion League; Final Four of the European Tournament) and have realised many CSR initiatives in the past. The case studies involved in depth, personal interviews of managers responsible for CSR in each team. Case study data was triangulated with documentation and search of published material concerning CSR actions. Data was analysed with content analysis.

(c) Findings
Both teams investigated have undertaken various CSR activities the last 5 years, the football team significantly more than the basketball team. Major factors that affect CSR activity include pressure from leagues; sponsors; local community, and global organisations; orientation towards fulfilling their duty to society, and team CSR strategy. Major benefits from CSR include relief of vulnerable groups and philanthropy as well as a better reputation for the firm; increase in fan base; and finding sponsors more easily due to the social profile of the team. However, those benefits are not measured in any way although both teams observe increase in tickets sold; web site traffic and TV viewing statistics after CSR activities. Finally, promotion of CSR is mainly done through web sites; press releases; newspapers, and word-of-mouth communications.

(d) Research limitations/implications
This study involves only two case studies and has limited generalisability. Future research can extend the sample and validate concepts with quantitative methods.

(e) Practical implications.
Results indicate that for successful CSR activities team management should deal effectively with the pressure from various entities (community; sponsors; leagues; global organisations); balance the social and corporate benefits of CSR; integrate CSR in their strategy; measure the effects of CSR on major performance indicators such as brand equity; reputation; attendance figures; and fan loyalty, and create an effective promotional plan for their CSR activities.

Keywords: Corporate social responsibility, sports, football, basketball, case

1. Introduction

Corporate social responsibility (CSR) has become an area of increasing importance for many companies and thus, has received considerable attention in the academic literature. Guthey et al., (2006) argue that despite the possibility that CSR might be a management fashion, the CSR concept is of value, because it has real consequences in the business world. The growing influence of CSR policies (Bowd et al., 2003) and the rise of a respective consultancy industry (Fernandez Young, Moon & Young, 2003) provide strong support for this argument.
While the study of CSR has become increasingly prevalent in the management and organizational behavior literature, the concept has only recently entered the sport management area (cf. Babiak & Wolfe, 2006; Bradish, 2006; Brietbarth & Harriss, 2008; Smith & Westerbeek, 2007; Walker, Kent, & Rudd, 2007). On the other hand, virtually all organizations within the industry, broadly defined, have adopted CSR programs from Nike and Reebok to the NBA and NASCAR (Wallace, 2004). Also, professional sport teams, are increasingly engaging in socially responsible activities (Irwin, Lachowetz, Cornwell, & Clark, 2003; Kern, 2000; Robinson, 2005). It seems that, from a research perspective, professional sport is a rich context in which to study CSR because all organizations in the industry are involved in such efforts.

However, for many years the focus of academic research has been on identifying the link between financial and social performance (Margolis & Walsh, 2003). While the evidence of this relationship remains unclear, it does point to a positive association. Rather than continuing to focus on the financial-social performance relationship, Margolis and Walsh (2003) argued that researchers should shift their lenses and focus on the context, processes, and outcomes of CSR. A few recent studies have looked at these issues but there is still a paucity of studies on this subject and more specifically in the area of sports. This paper follows the suggestion of Margolis & Walsh (2003) and aims to explore the antecedents and consequences of CSR practices in sports. This paper is organized as follows: first a review of the relevant aspects of the CSR literature is presented; second the design of the study is analysed; third, findings are presented, and fourth managerial implications and suggestions for further research are noted.

2. Literature Review

2.1 Corporate social responsibility

The origins of CSR lie in philanthropy, the oldest social initiative among American private enterprises (Godfrey, 2009). Preston and Post (1975) articulated the “principle of public responsibility,” which argues that a business should deal with the social issues that are impacted by the normal operating activities of the company. Sethi (1975) suggested that corporate social responsibility contained three logically distinct elements: social obligation (responsibility to obey the law), social responsibility (congruence with prevailing societal norms, values, and expectations), and social responsiveness (development of policies, programs, and capabilities that would minimize adverse consequences of societal demands). Theoretically, Carroll (1999) reviewed and discussed over 25 different ways that CSR can be defined in the academic literature. The general consensus academically would be that CSR represents a set of actions that appear to further some social good, extend beyond the explicit pecuniary interests of the firm, and are not required by law (McWilliams and Siegel, 2000). Definitions among practitioners proliferate as well, with groups such as the World Business Council offering their own definition (World Business Council, 1999, p. 3), which is that “corporate social responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.”

Organizational scholars have been theorizing about, and investigating, CSR for over three decades (Carroll, 1979; Margolis & Walsh, 2003; McWilliams & Siegel, 2000). The essential components of the phenomenon, as described in the literature, have remained quite constant over time. Ullmann (1985) described CSR as “the extent to which an organization meets the needs, expectations, and demands of certain external constituencies beyond those directly linked to the company’s products/markets” (p. 543). In a similar manner, other CSR definitions address “societal relationships” (Wood, 1991, p. 693) and the “expectations that society has of organizations” (Carroll, 1979, p. 500). CSR thus, “tends to focus on the effects of organizations on external constituencies (e.g., consumers, local communities, charitable organizations)” (Sethi & Steidlemeier, 1995, p. 20). Others describe CSR as a set of actions aimed to further some social good, beyond the explicit pecuniary interests of the firm, that are not required by law (McWilliams & Siegel, 2000) and as “practices that improve the workplace and benefit society in ways that go above and beyond what companies are legally required to do” (Vogel, 2005, p. 2).

Finally, Carroll argued that CSR is composed of four elements: economic (the basic responsibility to make a profit and, thus, be viable), legal (the duty to obey the law), ethical...
responsibility to act in a manner consistent with societal expectations), and discretionary (activities that go beyond societal expectations).

Despite efforts to formalize and regulate CSR-related evaluations, measurements and reporting (e.g., ISO 14000, AA 1000, GRI), the concept and its application largely remains dynamic, diverse and context specific. It has also been criticized as a modern age branding tool, a “greenwash” of corporate behaviour, boardroom talk, and a public relations invention (Frankental, 2001). However, CSR is no longer a “fad” or an “extra option” but describes a deeper change in looking at organizations and their relationships to their stakeholders (Lewis, 2001). However, most of the related research is related to the conceptual understanding of the construct (Carroll, 1999), perhaps due to the relative infancy of CSR scholarship and the general ambiguity of the term.

2.2 Antecedents of CSR

A stream of CSR literature has sought to reveal which factors influence organisations in their decision to use CSR initiatives. Paine (2003) found that risk management; institutional relevance; organizational functioning; market positioning, and ethical assumptions are said to be core reasons why businesses get involved in CSR management. Many articles focused on the motives (e.g., managerial and corporate) of corporations to engage in CSR activities (cf. Bucholtz, Amason, & Rutherford, 1999; Fitzpatrick, 2000; Quazi, 2003; Thomas & Simonly, 1994). Brown, et al. (2006) developed a list of motivations for English football clubs to get involved with their communities (ethical/ideological, business, political/legal motivations).

Also, others explored whether CSR initiatives have been adopted as a strategic response to external pressures (Hess, Rogovsky, & Dunfee, 2002; Hess & Warren, 2004; Marquis, Glyn, & Davis, 2007). Belliveau, Cottrill, and O’Neill (1994) proposed a model that predicts an organization’s social responsiveness based on external factors such as institutional variables (e.g., CSR behavior in the industry), economic variables (e.g., level of concentration, market share), and managerial variables (e.g., innovation). Furthermore, research has sought to study the effect of external forces such as customers (Lewis, 2003; Vogel, 2005; Yan, 2003), activist groups (Den Hond & De Bakker, 2007), legislation (Dawkins & Lewis, 2003), and members of local communities (Boehm, 2005) on the type and focus of CSR activity in which an organization engages. Far fewer studies, have explored the effect of internal resources and competencies of an organization on their CSR-related activities (Bruch & Walter, 2005; Porter & Kramer, 2006). Also, researchers such as Joyner & Payne (2002) have explored internal forces such as values and ethics as drivers of CSR behavior and highlighted the positive link between these areas and financial performance.

2.3 Consequences of CSR

Wood (1991) introduces the concept of Corporate Social Performance as an outcome of two types of CSR, Corporate Social Responsibility (companies’intentions, philosophies, and commitments to social engagement) and Corporate Social Responsiveness (effectiveness of dealing with stakeholder concerns in both calm and stormy times). Furthermore, CSR is being shown to have dual—organizational and social—benefits and is linked to corporate financial performance (Aguilera, Rupp, Williams, & Gnanapathi, 2007; Barnett, 2007; Waddock & Post, 1995). Many researchers agree that CSR is good financially for the organization and can lead to greater profits or greater public support which may in turn bolster profits (cf. Burt, 1983; Margolis & Walsh, 2001; Pava & Krausz, 1996; Roman, Hayibor, & Agle, 1999; Stanwick & Stanwick, 1998; Ullman, 1985).

Also, apart from financial benefits there are also intangible strategic assets such as reputational capital (Fombrun, Gardberg, & Barnett, 2000; Lewis, 2003), and employee commitment (Turban & Gellering, 1996; Vogel, 2005) as well as acquiescence among key regulatory institutions or legislative bodies (Campbell, 2007; Jenson, 2002; Vogel, 2005); the development of the firm’s business and institutional environments (Porter & Kramer, 2002), and/or help mitigate negative media scrutiny (Alsop, 2002).

Furthermore, it has been suggested that CSR actions can influence purchase intentions (cf. Murray & Vogel, 1997; Sen & Bhattachary, 2001), and that these may be related to whether the company’s ethical record exceeded consumer expectations (Creyer & Ross, 1997). Brown and Dacin (1997) found that corporate associations, which included corporate ability (CA) and CSR, affected consumers’ product and overall corporate
evaluations. Klein and Dawar (2004) demonstrated that CSR associations had a strong and direct impact on consumers’ attributions, which in turn influenced brand evaluations and purchase intentions. Mohr and Webb (2005) maintained that within the domains of philanthropy and the environment, CSR had a positive impact on company evaluation and purchase intentions. Furthermore, several authors have demonstrated a link between social initiatives and affective, cognitive, and behavioral responses by consumers such as perceived quality, price, and consumer attributions about company motives (e.g., Becker-Olsen, Cudmore, & Hill, 2006; Brown & Dacin, 1997; Creyer & Ross, 1997; Ellen, Mohr, & Webb, 2000; Folkes & Kamins, 1999; Murray & Vogel, 1997).

2.4 CSR in the Sport Context

The issue of CSR in sport is a good one. As sport becomes an increasingly prominent economic and social institution across the globe, the question of what social responsibilities athletes, coaches, team owners, league officials, and global sport organizations’ personnel have, should constantly be asked (Godfrey, 2009). While as recently as 15 years ago, CSR did not play a significant role in sport (Kott, 2005; Robinson, 2005), professional sport organizations are now entering into socially responsible initiatives at a rapid pace. A variety of factors have led to the growing importance of CSR for sport organizations (Lau, Makhanya, & Trengrouse, 2004).

Firstly, the omnipresence of sport has led to the elevation of sport organizations as influential members of the global community, especially as they have become big businesses themselves. Secondly, sport organizations are facing a consuming public that is increasingly aware of the social aspects of corporate policy, due to the notoriety given to recent corporate misdeeds. As a result virtually all organizations within the sport industry, broadly defined, have adopted CSR programs. From Nike and Reebok to the NBA and NASCAR, examples abound of activities undertaken to bring messages and resources to underprivileged and other members of society who may not otherwise be the targets of socially responsible initiatives.

While the study of CSR has become increasingly prevalent in the management and organizational behavior literature, the concept has only recently entered the sport management area (cf. Babiak & Wolfe, 2006; Bradish, 2006; Brietbarth & Harriss, 2008; Smith & Westerbeek, 2007; Walker, Kent, & Rudd, 2007). From a research perspective, professional sport is a rich context in which to study CSR because all organizations in the industry are involved in such efforts. Some organizations believe that doing good is the right thing to do (Mintzberg, 1984), and are involved in these initiatives for noble reasons. Some organizations, on the other hand, believe that doing good is good business (Mintzberg, 1984), and are motivated by pragmatic matters such as projecting a positive image; generating goodwill among various stakeholders; (e.g., employees, extant and potential customers, the local community (Porter & Kramer, 2002)), countering negative media scrutiny, and/or receiving tax breaks and subsidies from government bodies.

For example, (FIFA) has created a CSR unit and spends more than 40% of its income to support the grassroots of the game; development work, and partnerships with relief organizations” (FIFA, 2004, p. 66). Adidas Group has launched two new corporate responsibility publications which cover working conditions, the environment, community affairs, and employee programs (adidas Group, 2008). Nike’s Fair Labor Standards Act promotes sound worldwide labor practices. The NFL and NBA’s partnerships with the United Way and Read to Achieve, respectively, are just two of the many humanitarian and educational initiatives that sport leagues are involved with. “We have just two missions at the NBA,” says Commissioner David Stern, “... the most immediate is to be a successful league. But the other is to use our strength for social responsibility” (Genzale, 2006, p. 34). In football, consulting firm Deloitte and Touche (2005, quoted in Holt, Michie, Oughton, Tacon & Walters, 2005) has recommended that football clubs integrate CSR management to insure healthy relationships with their communities.

Overall, team CSR activities include, but are not limited to: athlete volunteerism, educational initiatives, philanthropic/charitable donations, community development, community initiatives, fan appreciation, health-related initiatives, and community-based environmental programs. Walker & Kent (2009) propose that CSR activities for professional sport teams include four categories: philanthropy; community involvement; youth educational initiatives, and youth health initiatives.
Despite the increase in CSR activities in sports, there has been little empirical work examining the factors that motivate professional sport organizations to become involved in socially responsible activities and on the outcomes of such activities. This paper addresses this gap in the literature and aims to determine the antecedents and consequences of CSR activities in professional sports.

3. Methodology

This study is exploratory in nature. Two detailed case studies were conducted involving one professional, premier league football club and one first division basketball club in Greece and their CSR practices. Both teams were selected because they are very popular teams in Greece with large fan population, and have competed in UEFA’s Champion League and the Euroleague many times in the past. Also, they are frequent practicers of CSR initiatives. The case study approach was selected because it is argued that CSR agendas and policies are influenced by context-specific factors (Roome, 2005). Or putting it in Votaw’s (1972) words: CSR “means something, but not always the same to everybody” (p. 25). Therefore, it is a difficult phenomenon to research, with case studies being a suitable approach to attach meaning to the concept in its respective context of appearance. Also, by using case studies, we follow researcher calls for “concrete studies of real case studies” in the industry (Freeman & McVea, 2001, p. 204).

Furthermore, the sport industry is very interesting for the study of CSR due to its distinct attributes such as the “star power” of the athletes; the connections sport teams have to the local communities, and the level of affect displayed by its many consumers (Walker & Kent, 2009).

Data collection involved in-depth, personal interviews of managers responsible for CSR as well as collection of documentation and search of published material concerning the teams’ CSR actions. Documents reviewed included press releases; newsletters; web page descriptions; CSR mission/vision statements; and annual reports. Documents were used to provide background information, to substantiate and illustrate findings, and to supplement information obtained from the interviews. The questions used in interviews served the purpose of the study and included the following: 1) Which CSR activities have you undertaken during the last 5 years? 2) Which factors affected you in deciding to enter into those CSR activities? (internal – external pressures), 3) What are the benefits of these CSR activities for your organization and for society?, 4) Do you measure the effectiveness of CSR activities and if yes how?, and 5) How do you promote CSR activities?

The questions we used are consistent with the suggestion of Margolis and Walsh (2003), that the CSR research agenda move away from the much studied relationship between CSR and financial outcomes to addressing (a) the external pressures to engage in CSR that organizations face; (b) how the internal resources of organizations are used in CSR initiatives, and C) the impacts of CSR on recipients and society at large.

4. Findings

Results showed that both the football and the basketball teams analysed have undertaken many CSR initiatives in the past 5 years. The football team focused on social character actions related to global days such as that of poverty, peace etc. plus other activities that were more local or donated money to various causes. Specifically, the following activities were realised:

- 8th Global game against poverty with the participation of famous athletes such as Zidan and Ronaldo (December 2010). There was great participation from spectators and big promotion abroad. Money collected was donated to flood victims from Pakistan and Haiti and to a foundation in Piraeus «Argo». All media had positive comments and the event was a success.
- Award to the Paraolympic team on the Global day of disabled people (7-11-2008).
- On old-people day (1-10-2008) players visited an old-people’s home in Piraeus and gave out presents and clothes.
- On global peace day (21-9-2008) there were a number of events in the arena, posters shown, and players played with a wrist band that had the peace symbol.
- Every year at Christmas players visit the children’s hospital «Agia Sofia» and give presents, money, and balls and sign autographs and jerseys.
- Donation of €100.000 to tsunami victims in Japan.
- Donation of €80.000 to «Hope» foundation in 4 Christmas events.
• Donation of clothes to various foundations such as «Onisimos».
• Donations of balls, money, food and clothes to «Children’s smile» in an event done in December 2009.

In the basketball team, there was a restructuring effort and as a result from 2008 onwards there was an autonomous CSR programme based on 5 pillars important for the team: education, sports, health, environment and smoking. Specifically, the following activities were realised jointly with sponsors:

• Organised events for protecting the environment by recycling ink cartridges together with sponsor, Cartridge World.
• Joined activity with major sponsor Wind in European Final Four. For every time the team scored in the final four, an amount was donated to the «World’s Arc» a foundation for abandoned children, adding up to around €80,000 total.
• Joined activity with PEPSI (sponsor) to place recycling bins with PEPSI’s logo at various spots.
• Joined activity with Novo Nordisk, event for informing people about diabetes in Piraeus.

Furthermore, table 1 below summarises the results for both teams regarding the antecedents and consequences of CSR; measurement of CSR success, and the promotional mix used to promote CSR activities. Antecedents are split into external and internal pressures, and consequences are split into social and corporate benefits.

| Table 1: CSR antecedents, consequences, measurement and promotion |
|---------------|-----------------|-----------------|
|               | Football team                                           | Basketball team                          |
| External      | Link to the City of Piraeus – all requests from         | Smoking problem in the arena            |
| pressures     | Piraeus’s foundations, schools etc are satisfied        | Expectations of society                  |
|               | (players visiting, money, etc.)                         | Sponsors that request joined activities  |
|               | Pressure from major sponsor to upload all CSR           |                                              |
|               | activities on www.goodchannel.gr.                       |                                              |
|               | Calls for help from philanthropic organisations all     |                                              |
|               | over Greece (hospitals or schools etc.)                 |                                              |
|               | Global organisations such as U.N (asked if team        |                                              |
|               | could organise the game on global poverty day)          |                                              |
| Internal      | To do our duty to society                               | The 5 pillars strategy in CSR             |
| pressures     | Philanthropy                                             | Giving to society is one of our          |
|               | To be loved by people                                    | primary organisational goals             |
| Social        | Reputation building                                      | Relief for society’s vulnerable          |
| benefits      | Expand fan base                                          | groups                                  |
|               | Poser a problem that needs attention                     |                                              |
|               | Easier to find sponsors                                  | Philanthropy                            |
| Corporate     | Web Site of the team – press releases that are          | Positive team image                      |
| benefits      | presented by journalists in sport-related or general    | Fans applaud our actions                  |
|               | type newspapers & sites                                  |                                              |
|               | Other Web Sites that support the team                    |                                              |
|               | Fun clubs’ sites                                         |                                              |
|               | TV channel that supports the team                         |                                              |
|               | The CSR web site of Super League managed by a major     |                                              |
|               | sponsor (goodchannel.gr)                                 |                                              |
|               | Fast word of mouth communication. Every CSR activity    |                                              |
|               | is promoted immediately by sites friendly to the team    |                                              |
|               | before a press release is even available.                 |                                              |
| CSR success   | No standard measurement used.                            | No standard measurement used             |
| measurement   | A record is kept of any promotional action linked to    | Observation of interest in CSR activity  |
|               | CSR activities (web sites, newspapers, TV etc.).         | and web site traffic but not in a        |
|               | Observation of increase in tickets sold; web site visits| measurable way                          |
|               | and TV viewing after CSR activities but not in a        |                                              |
|               | measurable way                                          |                                              |
| Promotional   | Web Site in team’s Web Site                              | Press releases                          |
| mix           | Plan to design a more comprehensive promotional plan for |
|               | CSR activities                                           |                                              |
|               | CSR page in team’s Web Site                              |                                              |
|               | Plan to design a more comprehensive promotional plan for |
|               | CSR activities                                           |                                              |


5. Managerial implications

The result of this study pose challenges for CSR managers of sport organisations. Specifically we observe the following:

1. This study identifies the most important factors that seem to affect CSR activities. These include the power of various groups that the team belongs to (leagues etc.) and of international organisations; the power of society and of social problems that need to be addressed; the importance of the local community, and the demands of sponsors.

2. CSR is shown to have both social and corporate benefits although in the athletic market, social benefits are considered more important and that is why the effect of CSR actions is not measured with any measurement tools. The only corporate benefits acknowledged are related to the team’s image and reputation that attracts more fans and sponsors. So, if teams want to increase their brand equity; enhance their reputation, and attract sponsors, CSR activities are essential.

3. However, since there is no standard measurement tool for CSR success, team management should look deeper into the effects of CSR; incorporate them into the team’s strategic plan and measure them. Results indicate that CSR success can be measured by attendance figures; fan loyalty, exposure to messages, and team attractiveness for sponsors.

4. Finally, the promotional mix for CSR activities seems to be ad hoc and there is no specific promotional plan designed from teams. This is probably because there is widespread public interest for the team even without any organised promotion. However, a more organised approach towards the promotion of CSR activities can increase their effectiveness significantly.

6. Limitations and suggestions for further research

This study involves only one case study and has limited generalisability. Future research can extend the number of cases; focus on different segments of the sport industry such as sport federations, sporting goods companies, sport betting companies, professional leagues etc.; do multi-industry studies; do longitudinal research, as has been also proposed by Godfrey and Hatch (2007), in order to see how CSR practices change over time, and test CSR related concepts with quantitative methods.

REFERENCES


