Organizational Value of Social Responsibility in Sport: Creating a Conceptual Framework

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ORGANIZATIONAL VALUE OF SOCIAL RESPONSIBILITY IN SPORT: CREATING A CONCEPTUAL FRAMEWORK

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# Table of Contents

Abstract 3

Introduction 4

Review of Literature 6

Methods 13

Data Analysis 15

Discussion 28

References 36
Abstract

Corporate social responsibility (CSR) is a growing phenomenon in the corporate world, and with its growth comes related research. One of the biggest questions surrounding CSR as a part of business plans is whether it has verifiable benefits to the firm. Businesses typically make decisions based on what is best for the firm, so to inquire about the benefits of CSR is natural. Existing literature supports the monetary benefits of CSR as well as identifies non-monetary outcomes that are beneficial to the firm. Amongst the corporate markets that CSR has inhabited, the sport market is unique in its inherent marketing capability due to the enormous viewership and celebrated public status.

Literature examining the benefits of CSR in the sport market is sparse in comparison to general business or other specified markets. This project aimed to review and analyze existing literature on the benefits of CSR in both the sport market and general business, and in turn build a conceptual framework of the benefits of CSR to a sport organization. Through the review of ten articles, both empirical and theoretical in design, concepts were found that outlined the beneficial nature of CSR to a business. These findings and concepts were then theoretically related to business concepts typically unique to sport organizations, and a new framework of benefits unique to sport was built.
Introduction

Corporate social responsibility (CSR) is an encompassing term created to explain the role of organizations in regards to social issues, environmental responsibility, and political agendas. CSR can be defined as “a company’s commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society” through the “integration of social and environmental concerns in their business operations… on a voluntary basis… with a commitment to behave ethically and contribute to economic development while improving the quality of life of… the local community and society at large,” (European Commission, 2001; Mohr, Webb, & Harris, 2001, p. 47; World Business Council for Sustainable Development, 1998, p. 3). According to Babiak, Mills, Tainsky, and Juravich, (2012) CSR is said to have further evolved into a second theory, strategic philanthropy, which can be defined as “the synergistic use of a firm’s resources to achieve both organizational and social benefits,” (Babiak, Mills, Tainsky, & Juravich, 2012, p. 161; Porter & Kramer, 2006; Saiia, Carroll, & Buchholtz, 2003; Waddock & Post, 1995). CSR is discussed in scholarly research as early as 1953 by Howard R. Bowen in Social Responsibilities of the Businessman (Carroll, 1999). With such a lengthy timeline to examine the theory of corporate social responsibility, research focused on CSR in sport has only recently begun to be published (Walker & Kent, 2009).

One aspect of CSR in sport that has received little attention is the value and benefits created for a professional sport organization by actively participating in CSR (Walker & Kent, 2009). Strategic philanthropy, in essence, can be directly related to the derived value and benefits of corporate social responsibility; this relationship further
identifies the need for additional research of such value identification. In looking at CSR from the view of strategic philanthropy, it becomes necessary to also see the theory through what Breitbarth and Harris (2008) describe as the instrumental approach. The instrumental approach focuses on accomplishing budgetary goals through the strategic inclusion of social activities (Breitbarth & Harris, 2008). The advancement of economic goals for the organization is one benefit of corporate social responsibility, and one that could easily identify the value in social activities. Economic success is arguably the foundation of all business decisions, even when philanthropy is being discussed. However, monetary value may not be the only value created by social activities in sport; improved corporate reputation, consumer attitudes toward the organization, and increased team identification have been proposed as non-monetary benefits created by social activities and CSR (Walker & Kent, 2009).

This study aims to analyze the existing body of literature in order to compile a comprehensive list of categorized organizational benefits, monetary and non-monetary, resulting from social activities in professional sport. Positively related benefits will be recorded and charted, while benefits determined to be unrelated in prior research will not be recorded. A systematic review of literature will be utilized in order to complete the analysis. Systematic review is a process used to summarize existing data that answers a specific question related to the research topic. The review will contain a thorough search of relevant literature using explicit criteria to find and analyze articles and data (Bigby, 2014). Within this process, I aim to identify benefits that have been found most often in research to be results of corporate social responsibility or strategic philanthropy. Key terms, or themes, will be identified based on initial research in order to establish a base
set of benefits that will be monitored. The comprehensive list of themes will then be categorized as either influential towards corporate reputation or patronage intentions based on the research completed by Walker and Kent (2009). Corporate reputation and patronage intentions were each identified as encompassing categories of beneficial outcomes of CSR, and will aid in understanding value creation in social activities; patronage intentions represent monetary benefits, and corporate reputation represents non-monetary benefits.

Review of Literature

*Corporate Social Responsibility*

Corporate social responsibility is not a new trend in business, but is one aspect of business that has grown and changed over time. Archie B. Carroll (1999) made the claim that Howard R. Bowen ought to be recognized as the Father of Corporate Social Responsibility due to his early publication, *Social Responsibilities of the Businessman*. Bowen, in 1953, created one of the earliest attempts at defining what would eventually become known as corporate social responsibility; “it refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society,” (Bowen, 1953, p. 6). Bowen represents some of the earliest dedicated literature on CSR, and provides a starting point for the expansion of the theory. Keith Davis (1960) provided further context on the subject of CSR, including his own definition; “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economical or technical interest” (p. 70).
In his literature, Davis begins to develop theories that would tie social responsibility to the economic growth of an organization. He theorizes that socially responsible actions of an organization can, over time, bring economic growth and business power to a corporation (Davis, 1960). Davis’ work can be recognized as an early development of the concept of strategic philanthropy, an important concept to consider in terms of the organizational value of corporate social responsibility. Davis and Robert Blomstrom (1966) identified the necessity to consider stakeholders’ values when making business decisions, another important aspect of the development of CSR. Stakeholders, being all those individuals affected by an organization’s operation, can be expected to include employees, customers, the surrounding community, investors, and contextual society.

Harold Johnson (1971) further expanded on the role of stakeholder in his publication, *Business in Contemporary Society: Framework and Issues*. Responsible businesses must take into consideration the various stakeholders, and be able to balance those interests with their own economic strategies (Johnson, 1971). Corporate social responsibility has been categorized by some into categories based on factors like level of obligation. One such categorization was from S. Prakash Sethi (1975) who claimed that CSR could be divided into three categories including social obligations, social responsibility, and social responsiveness. Social obligations are those that are legally required; social responsibility is behavior that is socially accepted by current expectations and cultural norms; social responsiveness is simply proactive operations that adapt to changing societal needs (Sethi, 1975).
Another important aspect to consider is the way a company can be “socially responsible” in terms of types of contributions. Abbott and Monsen (1979) put together a six-category set of areas that socially responsible organizations can be evaluated upon: “environment, equal opportunity, personnel, community involvement, products, and other” (Cited in Carroll, 1999, p. 282). One aspect that is not included that should be noted and added to this set of categories is charitable cash donations, directly through the corporation or indirectly through a corporate foundation (Maas & Liket, 2010).

Research based on corporate social responsibility seemed to change from conceptual to empirical research in the 1980s and 1990s (Carroll, 1999). Peter Drucker explained that businesses should “turn a social problem into economic opportunity and economic benefit” (p. 62). Researchers began to explore the possibility that corporations could not fully separate socially responsible actions from business operations, and thus must incorporate economic benefits into the decision-making behind corporate social responsibility.

*Strategic Philanthropy and Cause-Related Marketing*

Earlier research in corporate social responsibility considered the notion of business strategies involved in socially responsible business decisions. Although not directly defined, strategic philanthropy is theoretically mentioned in the view that “social responsibility states that businesses carry out social programs to add profits to their organization” (Johnson, 1971, p. 54). Strategic philanthropy is what was borne of this type of rationale; it can be conceptually defined as “synergistic use of a firm’s resources to achieve both organizational and social benefits” (Babiak et al., 2012, p. 161).
Breitbarth and Harris (2008) identified a framework of CSR based on Garriga and Mele’s (2004) conceptualization. The model includes four models of CSR directives, one of which is grounded in similar thoughts of strategic philanthropy; the instrumental approach “focuses on achieving economic objectives through social activities” (Breitbarth & Harris, 2008, p. 181). Carroll (1991) added that CSR can be looked at in a four-tiered approach, with no tier being of greater importance than another; he succinctly outlined this by stating an organization “should strive to make a profit, obey the law, be ethical, and be a good corporate citizen” (p. 43).

Walker and Kent (2009) identify the existence of two areas of research in CSR that had been neglected at the time of their study; organizational motives that are in play with social responsibility, and the benefits that may be gained by an organization through such activities. Further, the researchers explain, “CSR is good financially for the organization and can lead to greater profits or greater public support which may in turn bolster profits” (Walker & Kent, 2009, p. 744). Through their research, Walker and Kent (2009) were able to confirm that existing research “suggested a positive link between social initiatives and increased financial performance” (p. 745).

Walker and Kent have identified justification that corporate social responsibility does, in fact, have the ability to promote financial benefit and economic growth. In turn, their research supports the legitimacy of strategic philanthropy. CSR can have a powerful impact on consumer evaluation of an organization, and influences patronage intentions (Klein & Dawar, 2004). Consumer evaluation of an organization is an important benefit to be considered, as overall corporate reputation can be a strong indicator of future success and stability (Kent & Walker, 2009).
Corporate reputation, identified as one of the most valuable and powerful factors of corporate success by Walker and Kent (2009), is a factor that can be influenced by social responsibility. One specific way organizations look to positively impact their reputation is through the use of cause-related marketing (CRM), a business concept that is relevant in discussing strategic philanthropy. CRM has been conceptually defined as “a strategic positioning and marketing tool which links a company or brand to a relevant social cause or issue, for mutual benefit” (Pringle & Thompson, 1999, p. 3). The expected outcomes of CRM are mostly unrelated to direct monetary returns, but instead are outcomes involving corporate reputation and customer evaluations of the company (Pharr & Lough, 2012).

The primary function of CRM, as identified by Pharr and Lough (2012), is to create a mutually beneficial situation for both the charity or cause and the corporation. Although CRM is discussed in a different light than CSR, it is undeniable that the concepts are sewn from the same cloth. Corporate social responsibility has overlapping aspects that tie directly to strategic philanthropy and cause-related marketing, and should be discussed together; specifically, CRM relates to benefits arising from socially responsible activities.

**Sport as a Vehicle of Communication**

It can be argued that because of the high profile of sport leagues and franchises, sport organizations can be utilized in a more efficient way than most typical businesses in terms of promoting CSR (Babiak, et al., 2012; Breitbarth & Harris, 2008; Extejt, 2004; Walker & Kent, 2009). According to Pharr and Lough (2012), an article by Smith and
Westerbeek (2007) describes professional sport as a “vehicle to achieve CSR” because of the communication and media power the leagues and franchises hold (p. 95). Due to the community impact that CSR typically is expected to have, sport organizations are in an advantageous position to use the community’s affection to leverage CSR initiatives and promote them in a more effective way (Walker & Kent, 2009). Sport sponsorship is becoming a common channel of marketing for corporations, highlighting the potential reach of sports as a marketing tool to non-sport companies. Corporations use sport sponsorship because sports have “high-visibility”, and the “cost-effective” nature of such a sponsorship (Mescon & Tilson, 1987, p. 53).

*Corporate Social Responsibility in Sport*

Professional sports have become one of the largest, most influential business sectors in the United States, and in the world. Because of the popularity of sport leagues around the world, they assume a unique position in the public eye. Communities build personal connections to their respective sport organizations through their attendance at events, local media, and the organization’s community involvement. This type of connection is known as team identification (Walker & Kent, 2009). Team identification is similar to the business concept of corporate reputation, in a sense that it can be a bond between consumers and the business that predicts consumer behavior. Gladden, Irwin, and Sutton (2001) examine team identification in a unique way, viewing it as brand equity similar to what is seen in traditional business organizations. Their article details the changes in how sport organizations are operated now in comparison to earlier stages of sport entertainment. They constructed a belief that sport organizations would move
beyond the traditional sport mantra that “winning is the only means to generate equity” and focus more on building equity through more traditional marketing methods (Gladden et al., 2001, p. 301). Their prediction has become a reality, as sport organizations have grown to major brands in their own right. CSR has been introduced in sport as a marketing method, and has been studied as such in recent literature. In their research Walker and Kent (2009) found that CSR in sport can “provide a secondary value” in the form of predictable patronage intentions and improved reputation (p. 744).

Social activities in sport vary slightly from typical business CSR incorporation, and include activities such as: “athlete volunteerism, educational initiatives, philanthropic/charitable donations, community development, fan appreciation, health related initiatives, and community-based environmental programs” (Walker & Kent, 2009, p. 747). As part of the unique opportunity present within sport organizations in regards to CSR, athlete volunteerism is one aspect that can be considered influential. Professional athletes hold a certain level of celebrity status unseen in other industries, and can be utilized to create attention to an organization’s initiatives (Babiak, et al., 2012). Although athlete volunteerism can be argued as one of many potentially influential tools that professional sport organizations can use to promote CSR, it can also be argued that there exists a certain level of necessity for athletes to volunteer.

Professional athletes are paid exorbitant salaries to perform on the field, and sport consumers that support the organization through various levels of consumption pay those salaries. Communities are aware of those high salaries, and could reasonably expect some return on their contributions to the team and the players. Athletes may see many benefits of charitable giving, not limited to improved public image, fan support, and intrinsic
value. Their activities in such an avenue might come with the expectation of good
behavior, meaning that they may be held to an even higher standard by their team, league,
and fans because of their charitable support (Babiak, et al., 2012).

Sporting events have also been suggested to have similar expectancies associated
with their operation, as such events have been criticized for their lack of care for existing
communities, infrastructure, and financial support in return for hosting large events.
Babiak and Wolfe (2006) offered the NFL’s Super Bowl as an example of such an event
that travels to a different host site each year and has begun offering CSR initiatives in
relation to the event to help balance the operation with societal views. The Super Bowl is
a nationally televised media sensation, reaching millions of viewers over several hours in
early February, and can be credited as one of the largest marketing broadcasts in the
United States.

The impact that such an event could have on a community, region, or for specific
organizations is remarkable. On a more local scale, a professional sports franchise can
have similar impacts on its own specific locale. A recent study outlined the CSR
approach of the Detroit Lions, coined “Living for the City” by the team. Heinze,
Soderstrom, and Zdroik (2014) explained how an effectively planned and managed CSR
approach can help to create awareness for local causes, and generate support for
foundations directed at remedying social and environmental issues. Not only does
existing research support the view that professional sport organizations represent a
unique opportunity to promote social and environmental awareness, it reveals that the
public expects such behavior.
Methods

In an attempt to better recognize and understand the value of corporate social responsibility for professional sport organizations, this project will conduct a systematic review of existing literature. The review and analysis will result in a compilation of strongly connected positive outcomes of CSR in professional sports. Given the limited number of accessible studies on point, this project will include general CSR studies in addition to sport specific articles. A systematic review must contain several necessary features including: “clear objectives, explicit criteria for study selection, an assessment of the quality of included studies, criteria for which studies can be combined, appropriate analysis and presentation of results, and practical conclusions that are based on the evidence evaluated” (Bigby, 2014, p. 134). Meta-analysis, a more quantitative natured analysis of existing research, will also be utilized for this study. From Durlak (1998), meta-analysis generally must follow six steps: “determination of research questions, a literature review, the coding of studies, the production of an effect size index, a statistical analysis of the distribution of the effect sizes, and results and conclusions” (Cited in Capar & Tarim, 2015, p. 554). Given the limited scope of this project, the researcher will conduct: (1) determine research questions; (2) literature review; and (3) descriptive analysis for each chosen study.

Data Collection

In order to find a substantial number of preexisting research studies and articles, the following research databases were used: EBSCO, Academic Search Complete, SPORTDiscus, and Google Scholar. Each database was searched extensively using a
predetermined set of key words in order to ensure exhaustive and equal coverage of each database, and a publication range of 1960–2016 was used in order to ensure relevance of existing research. Search terms included: corporate social responsibility, corporate social responsibility value, corporate social responsibility in sport, cause-related marketing, evaluating corporate social responsibility, strategic philanthropy, sport philanthropy, and athlete social responsibility. The search terms used were identified in order to locate articles covering corporate social responsibility not limited to general business, the three largest professional sport leagues in the United States, the value of CSR, cause-related marketing, and to cover alternative terms used to describe CSR. The search databases were chosen because each presents a large number of published studies, with powerful search tools capable of narrowing searches to the specified content and topic. The findings will be explored in the context of sports in the subsequent discussion section.

Acceptance Criteria

Existing research was chosen based on relevance to the study at-hand. Articles and publications must have met the following criteria in order to be included in the study:

I. Published work in books, journals, or other reputable and trustworthy sources.

II. Examined the benefits created by active participation in corporate social responsibility.
Data Analysis


The researchers of this study posed the issue that relevant research had not focused on the reporting of corporate social responsibility by corporations. In order to address the lack of research, the aim of the study was “to evaluate the benefits of CSR reports as one of the marketing tools” (Juscius, Sneideriene & Giauslyte, 2015, p. 89). The research was an analysis and conceptualization of existing research, including the growth of CSR reporting as a marketing tool. The research focused primarily on general business applications of CSR reporting, and marketing concepts applied to CSR.

Starting with a historical review of CSR reporting, the authors described the reasoning why CSR reporting has become more prominent. External pressures from media, government, and communities paired with the realization of potential business benefits (i.e. communication opportunities, reduction of risk, improved reputation, etc.) create a situation for businesses that suggest CSR reporting would be beneficial on multiple fronts (2015, Figure 2). The authors continue to review existing research, explaining benefits of CSR communications as having four potential areas of importance including “CSR marketing, internal marketing, relationships marketing, and integrated marketing” (Juscius, et al. 2015, p. 93).

Relationships marketing is a major point of emphasis for Juscius, et al. (2015) as they explain that CSR reporting can reduce the risk of reputation loss from potential unfavorable corporate actions, or improve reputation directly. Internal marketing is addressed as a tool to improve productivity and morale among employees. The authors
identify research from Birth, Illia, Laurati, and Zamparani (2008) as a key identifier of this concept, including the four objectives of internal marketing as: improved employee opinions of the corporation, improved employee satisfaction and loyalty, to garner interest from new employees, and to reduce turnover.

Integrated marketing is explained as a process of using CSR as a marketing tool for the corporation, and suggests that participating in CSR can be used to market the corporation. Much of the review is guided to suggest that CSR reporting is a useful marketing tool, and Juscius, et al. go further by assessing that it is “reasonable to argue that CSR reporting is one of the marketing tools” (Juscius et al., 2015, p. 94). The researchers also note a key finding that CSR can, in fact, influence purchasing behavior of consumers. The findings, from O’Rourke (2004), are from a survey that showed that “one-third of (U.S) consumers avoid the use of products produced in poor conditions” and that “86% of those consumers would be willing to pay more for a product produced in quality conditions,” (2015, p. 93). Juscius, et al. further imply that CSR reporting can help to communicate the values of a company, including quality of working conditions. Juscius et al. conclude that CSR reporting can be beneficial to an organization by: being used as a marketing tool, creating value, develop and maintain community relationships, and attracting and retaining employees.

Doing Well by Doing Good: The Benevolent Halo of Corporate Social Responsibility

– Alexander Chernev & Sean Blair (2015)

The aim of this research article was to “examine the impact of corporate social responsibility consumer perceptions of product performance” using a set of four
experiments (Chernev & Blair, 2015, p. 1415). The research is completed in the context of general business application, and identifies the key element of the research as the benevolent halo effect. Beckwith and Lehmann, as well as Boatwright, Kalra, and Zhang, (as cited in Chernev & Blair, 2015) define the halo effect, in regards to consumer behavior, as when “in the absence of attribute-specific information, consumers’ evaluation of a product’s performance on a particular attribute is likely to be influenced by their overall impression of the product” (p. 1414). The halo effect is identified as one of the bases of the research. The experiments were a series of product-testing sessions held by the researcher, each with a specified variable to test in relation to assessments of product performance. The variables tested were: product expertise, company motive (benevolence or self-interest) using two different priming methods, and company motive as a function of consumer values. Through their experiments, the researchers are able to argue that corporate social responsibility holds the ability to change the way a consumer’s perceptions of a company’s product performs. However, their findings are documented to show that the less product knowledge a consumer has, the more likely they are to be swayed by this effect. The data also suggests that a company perceived to act in self-interest would not garner the same benefits as one perceived to act in benevolence.

**Corporate Social Reponsibility and Shareholder Wealth: The Role of Marketing Capability** – Saurabh Mishra & Sachin B. Modi (2016)

In this recent study, Mishra and Modi examine the relationship of marketing capability and corporate social responsibility in regards to shareholder wealth. The
authors first identify that in order for their model to be correctly interpreted, the research needed to be done under the stakeholder theory of CSR research. This line of thought in CSR research poses that CSR can positively impact stakeholders’ perceptions of the company, and in relation creates more revenue (Mishra & Modi, 2016). By utilizing the marketing capability, CSR, risk, and stock prices of 1,075 firms, the researchers created a set of equations to analyze the impact of marketing capability on CSR, and of CSR on stock prices, amongst other analysis. The findings of the analysis allowed the researchers to argue that when marketing capability of a firm is present, CSR is capable of impacting stock prices and reducing idiosyncratic risk of the firm. The findings were varied based on specific types of CSR that were analyzed, where CSR that was shown to have “verifiable benefits to key firm stakeholders” were capable of providing significant returns (Mishra & Modi, 2016, pp. 42-3). This is echoed by the statistical finding that a “one-standard deviation improvement in CSR and marketing capability” can improve stock returns by 3.54% and reduce risk by 4.45% on average (2016, p. 39).


The researchers first introduce the concept of corporate social marketing, a term used to identify marketing initiatives that are meant to encourage consumers to take part in a desired pro-social behavior (Inoue & Kent, 2014). CSM stems from the same train of thought as CSR, although the desired result is altered slightly from the typical philanthropic notions of CSR. The main query of this research is to examine the effects of CSM on consumer behavior, essentially finding how and why CSM can be effective or
ineffective. However, the findings of the paper also examine how CSM affects customer loyalty to a firm. The research completed by Inoue and Kent first identifies CSM credibility as a measurement of the “attributes of the company, attributes of the CSM campaign, and attributes of the cause” (2014 p. 623). Inoue and Kent (2014) continue to identify micro-relationships between CSM credibility, consumers’ values, and the desired pro-social behavior, and then examine the relationship between CSM credibility and consumer loyalty. The researchers offer three propositions based on their examination of these relationships:

- “CSM credibility positively affects customer loyalty to the company” (2014, p. 628).
- “CSM credibility increases perceived value congruence with the company” (2014, p. 629).
- “Value congruence enhanced by CSM credibility increases customer loyalty to the company” (2014, p. 629).

These propositions are just three of a set of fifteen inferences made of CSM relationships, but they highlight the relevant findings in regard to customer loyalty produced by CSM credibility.


Walker and Kent aimed to identify the impact of corporate social responsibility on fans’ perception of corporate reputation and patronage intentions, and examine the role of team identification as an influencing factor to each. Their research used a survey of fans
from two NFL franchises, totaling 297 participants, to measure responses pertaining to CSR, patronage intentions, corporate reputation, and team identification. The survey identified those categories as the main sections of questions, and was used to analyze the relationship existing between each. Team identification was further labeled as a moderating factor on corporate reputation, and was a factor that was shown to effect the relationships between CSR and reputation.

The results of their surveys were able to identify a “strong and positive impact on the organization’s reputation” from CSR activities (Walker & Kent, 2009, p. 758). CSR activity was also found to be a “significant predictor of word-of-mouth and merchandise consumption” (p. 758). Team identification, earlier identified as a moderating factor, was evident in the data. Respondents with high team identification scores were, in general, less impacted by CSR in their evaluation of corporate reputation when compared to respondents with low team identification scores. Even with this significant information, CSR was shown to have a positive relation to corporate reputation and patronage intentions. Walker and Kent were able to identify strong indicators that CSR activity can positively impact patronage intentions, as well as organizational reputation, in their research.


The research presented by Kang, Germann, and Grewal tests four mechanisms believed to be primary relationships between firm performance and corporate social
responsibility. The four mechanisms identified are the Slack Resources mechanism, Good Management mechanism, Penance mechanism, and Insurance mechanism. Each identifies a specific relationship of corporate social responsibility to a particular corporate motive. Slack resources are explained as financial slack allowed to a firm based on their current financial success, and can be used to finance CSR initiatives. This mechanism suggests that the availability of slack resources to a firm creates the ability to participate in socially responsible actions, and also allows the firm to exhibit financial stability to stakeholders (Kang et al., 2016). The good management mechanism examines the possibility that socially responsible actions lead to financial gains through various benefits as a result of CSR. This mechanism operates under the explanation that CSR creates a competitive advantage for the firm by fostering improved employee relations, stakeholder relations, and as a marketing tool. This competitive advantage, created by socially responsible actions, helps to create financial benefits for the firm (Kang et al., 2016). The penance mechanism examines the use of CSR as a way to make up or pay for past public failures. A company can receive significant negative attention for mistreating employees, causing damage to the environment, or other negative actions seen by the public. CSR can be viewed as a way of paying for these types of mistakes, and in turn may repair some of the damaged corporate reputation (Kang, et al., 2016). Finally, the insurance mechanism examines CSR as a method of protecting corporate reputation from potential public failures. This mechanism is preventative in nature (i.e., insurance) in comparison to the remedial nature of the penance mechanism. The value of insuring the firm against future reputation loss is the creation of a “reservoir of goodwill” that can
help protect against general market crises or the missteps of the firm (Kang et al., 2016, p. 63).

Kang, et al. aim to examine the relationships between each of these mechanisms, and their impact on firm performance, by analyzing a set of 4,500 firms with financial data, CSR information, employment numbers, and other data. Through an extensive, detailed empirical analysis of each mechanism based on data available to the researchers, the researchers identified the relationship and impact of each mechanism. The researchers were able to find a positive relationship for the insurance mechanism, with CSR proving impactful as a way to prevent reputation damage caused by corporate social irresponsibility. However, CSR used as penance for past wrongdoing was ineffective in achieving the desired result. Kang et al., (2016) also explained “few firms invest in CSR just because they are doing well financially” but rather the firms acted most frequently as a response to CSI, or because CSR is an integrated part of the firm’s business plan (p. 73). Additionally, the researchers pose that firms that invest in CSR as a part of their business plan can “expect to see significant financial returns for their CSR investments” (Kang et al., 2016, p. 73).


Lu, Wang, and Lee take a specified look at corporate social responsibility’s relationship with corporate performance by analyzing data drawn from United States semiconductor manufacturing corporations. Their research included 89 firms with
financial and CSR data from 2004-2008. The research in this article used several inputs and outputs to measure corporate performance: number of employees, owner’s equity, and liabilities were used as inputs while revenue, market value, and cost of acquired assets were used as outputs. Using these inputs and outputs the researchers developed data to measure corporate performance of the sample corporations. In order to develop scores for CSR participation the researchers used a set of seven types of CSR: environment, community, diversity, employee relations, human rights, product values, and corporate governance. The sample corporations were measured on their social responsibility with average scores of all social responsibility, and an individual score for each of the seven aspects of CSR. Companies that were identified as non-CSR participants were also analyzed, and their scores were used in comparison to CSR participating corporations.

The analysis completed by Lu, Wang, and Lee provided insight on how CSR impacted corporate performance over a long period of operation. The results showed that companies that were CSR participants over the time period examined in the study had more stable growth compared to non-CSR firms, but also incurred greater expenses due to their CSR involvement. The researcher point out that the time period examined was during the notable U.S. financial crisis, and non-CSR firms were shown to be significantly effected by the economy while CSR firms were not only stable, but experienced minor growth during the same time frame (Lu, Wang & Lee, 2013). Their analysis further detailed the specific effects of each type of CSR in their research, with mixed results. Employee relations, human rights, and environmental CSR all were found to have positive effects on the performance of U.S. semiconductor firms.
Event Social Responsibility: A Note to Improve Outcomes for Sponsors and Events
– Angeline Close Scheinbaum and Russell Lacey (2015)

Scheinbaum and Lacey examine a unique aspect of social responsibility, specifically looking at social responsibility’s impact on professional sport event outcomes in regards to influencing fan attraction, event word-of-mouth, and consumers’ patronage intentions towards sponsors. Using data collected from a survey of 879 consumers over six days of collection in six different sites, the researchers analyzed the impact of event social responsibility (ESR) on each of the intended outcomes. Their research was designed to specifically identify the relationships between ESR and the intended outcomes, and to then provide a framework of how sport event managers can use the information.

The relationship between ESR and all three intended outcomes was determined to be significant and positive. These findings highlight the significance ESR can have in the successful planning and operation of sport events. Sponsor patronage is the essential outcome that sponsors of sport events expect as a result of their sponsorship of such events, and ESR is shown in this study to have a positive impact on consumers’ intentions towards sponsor patronage. Success in creating sponsor patronage can then result in better sponsor relationships going forward. Fan attraction is a significant goal of all sport organizations, as they aim to attract and retain new fans in order to increase revenues. Event word-of-mouth is a significant source of event marketing, and event managers can use ESR to their advantage in improving word-of-mouth marketing. This
research identifies three specific ways that ESR can have a significant impact on the success of all sport events for both the sport organization and the participating sponsors.


Chen et al. presented research examining the relationship between public CSR disclosure and financial performance in the manufacturing industry. Their research included Global Reporting Initiative (GRI) data from 75 manufacturing companies. This data includes detailed information about an organization’s CSR activities. The researchers also found each company’s financial records in order to create a financial measurement to be used in the research. The financial measurement was created using sales growth, return on investment, and cash flows/sales ratio. The GRI reports included information on CSR based on scope of impact including: labor practice, human rights, society, and product responsibility. These sets of data were used to determine the relationship between different types of reported CSR and financial performance.

The results of this research were able to identify a positive relationship between all four CSR impacts and return on investment. This relationship shows that investing in CSR, of any type, can be financially beneficial to an organization. However, the research in this article also provided results that identified positive relationships with sales growth and the cash flows/sales ratio in just one of the CSR constructs: labor practice. This is important to recognize, as providing employees with a safe and equitable work place can be verifiably beneficial to an organization in terms of return on investment, sales growth,
and the cash flows/sales ratio. The results of this article underline significant results showing the potential financial benefits of CSR activities and the reporting of such activities.

The Relationships Between Corporate Social Responsibility, Environmental Supplier Development, and Firm Performance – Agan, Kuzey, Acar, and Ackgoz (2014)

The authors of this article examined the relationships between CSR, environmental supplier development, and financial performance of the firm. Using survey data from 314 goods manufacturing firms, the authors identified and analyzed three hypotheses:

- “Corporate social responsibility is positively related to environmental supplier development” (Agan, Kuzey, Acar, & Ackgoz, 2014, p. 1875).
- “Environmental supplier development is positively related to a buying firm’s financial performance” (Agan, et al., 2014, p. 1875)
- “Environmental supplier development is positively related to a buying firm’s competitive advantage” (p. 1875).

The development of environmental suppliers is an important aspect in this study as the researchers pose that environmental suppliers provide unique benefits in terms of CSR and competitive advantage. The study uses a comprehensive survey to collect data on CSR, financial performance, and supplier information. Financial performance was constructed through the survey using the following information: total product cost, product quality, return on investment, and long-term profit. Competitive advantage was
constructed using the following information: market share, value of the firm, image of the firm, and competitive advantage of the firm (Agan et al., 2014, p. 1877). CSR was viewed in terms of types of CSR visibility such as CSR to the media, employees, and community. The survey data was then analyzed in order to interpret the relationships between CSR, environmental supplier development, and financial performance.

The data in this study supported a positive relationship between each of the aspects being analyzed. The research supported the notion that CSR improved a firm’s financial performance, but in a limited set of CSR types such as environmental responsibility, community support, and employee relations. Further, environmental supplier development was shown to have a positive relationship with both financial performance and competitive advantages of the firm. The results show that working towards CSR can help to develop environmental supplier relationships, which in turn, can create unique competitive advantages and positively influence financial performance.

Discussion

In an examination of the included research articles, it becomes apparent that existing data and conceptualized theories support a positive relationship between corporate social responsibility and corporate performance. The existing samples from the research included in this analysis identify many positive outcomes of incorporating CSR in business operations including but not limited to:

- Positive influence on organizational reputation and patronage intentions (Walker & Kent, 2009)
- Improves consumer perception of product performance (Chernev & Blair, 2015)
- Corporate social marketing improves customer loyalty, and can influence consumers to pursue pro-social behaviors (Inoue & Kent, 2014)
- Protects corporations during times of economic crisis, and creates a general competitive advantage (Lu et al., 2013)
- Can be shown to result in significant financial returns when included in normal business operations rather than as a penance or insurance mechanism (Kang et al., 2016)

The existing research has clearly shown the realistic possibility that CSR can provide organizations with many significant beneficial outcomes, including the ever important goal of financial growth and stability. With this analysis of existing research it becomes clear that organizations can capitalize on investing in corporate social responsibility as normal business venture, and see benefits on multiple fronts.

**Sport Implications**

Aside from Walker and Kent (2009), much of the included research existed in general business implications. However, that does not preclude the data examined from being applied to the sport market. Corporate social responsibility in sport has seen increasing inclusion in sport business operations, and it is important to rationalize how sport organizations may see some of the same benefits identified by existing general business CSR research. Walker and Kent (2009) identified the influences of CSR on sport organizations, concluding that CSR can positively influence organizational reputation and patronage intentions. Organizational reputation can be considered one of the most important influences on organizational performance, while patronage intentions can
include purchasing intentions, consumer word-of-mouth marketing, and repeat purchasing. In their research Kent and Walker found that consumers with low levels of team identification were influenced more significantly by CSR in sports, which can be translated to consumers without a strong tie to one team being influenced by CSR to positively perceive an organization and develop a stronger identification. This consideration is important in sport because attracting new fans, or consumers, is one source of financial growth for sport organizations.

Chernev and Blair (2015) confirmed that CSR positively influences consumers’ perception of product performance. Performance of a product in relation to sport could be viewed as either organizational performance, or team performance. Consumers in sport are concerned with team performance, their experiences watching games, and their interactions with the organization. Winning has been viewed as the only way a sport organization can truly improve its brand, but building overall brand equity of an organization has become the new goal of sport organizations (Gladden et al., 2001). By posing that the “product” of sport can include both team performance and organizational performance we can infer that CSR could help to influence consumers’ perceptions of sport organizations’ performance off the playing field, resulting in a beneficial outcome of improved brand equity.

Juscius et al. (2015) examined CSR reporting systems, and the corporate benefits of such systems. Through their research they identified several corporate benefits including but not limited to: improved employee morale, improvement and protection of corporate reputation, and creation of additional marketing channels. Each of the identified benefits can be applied to sport directly, and can build upon the benefits of
CSR in the sport market. Employee morale is an important factor in organizational efficiency, and can influence recruiting and hiring of future employees. As previously discussed, organizational reputation is an essential influence on organizational performance; protecting and improving reputation can be nothing but a benefit to a sport organization. Finally, creating additional marketing channels is a way sport organizations can grow their brand equity and potentially generate new consumers.

Although the vast majority of sport organizations are not publicly traded business entities, Mishra and Modi (2016) identify an important finding that, when taken in a sport specific context, can apply to the sport market. Mishra and Modi found that in the presence of marketing capabilities, something that sport organizations typically have a wealth of, CSR can improve corporate stock prices. Stock prices may not apply to sport organizations, but stock prices are typically a reflection of the perceived and predicted success or growth of an organization. In this context, sport organizations could use CSR to influence the public perception of their organizational success by using their vast marketing capabilities to promote their CSR investments.

Corporate social marketing is a similar concept to corporate social responsibility, although with different intended outcomes. Inoue and Kent (2014) examined the potential of CSM to impact customer loyalty and consumer behavior, and were able to show that CSM positively impacts both. Customer loyalty in general business is similar to team identification in sports, although it may not hold the same emotional context. CSM could be most beneficial, based on what Inoue and Kent found, by its marketing-centric focus and its influence on consumer behavior. By influencing consumer behavior, CSM can help to increase repeat purchases and word-of-mouth marketing for a sport organization.
Kang et al. were able to identify the most monetarily related outcome of CSR by showing a positive relationship between CSR and corporate performance. Their research supports the conclusion that CSR in normal business practice, rather than using CSR as penance or insurance against irresponsibility, can result in significant financial returns for the organization. This finding relates directly to sport organizations as they continue to increase CSR inclusion in their operations, although it is not easy to identify motives for all sport organizations for their inclusion of CSR. It can be assumed that if a sport organization includes CSR in business plans, and not as penance or insurance, the organization can expect to see a similar outcome to what is supported by Kang et al., significant financial returns.

Sport is not immune to changes in the overall economy, and that makes the findings in Lu et al. significant in the sport market. The research in Lu et al. supported the finding that CSR helps to stabilize the financial growth of an organization, even during financial crises of the overall economy. Sport organizations can use these findings to protect themselves against economic issues caused by the economy, an important aspect to consider for any organization. Financial growth and sustained success are goals of sport organizations, and CSR was found to help stabilize growth over time.

Agan et al.’s (2014) study examined the relationships between corporate social responsibility, environmental supplier development, and financial performance of goods manufacturers. Although sport is often regarded as a service provider, sport organizations have a large amount of merchandise that is sold at games and by retailers. Taken in this context, the research in this article can be related to merchandise sales in the sport market. Partnering with environmentally conscious suppliers, according to the study, has
shown to produce a competitive advantage for the organization that can result in financial gains. Further, a sport organization that has chosen to partner with such a supplier can use that environmental responsibility as a form of corporate social marketing, making it known that the organization is moving towards environmental goals.

Chen et al. (2015) identify strong relationships between four CSR constructs and financial benefits to an organization. Return on investment is influenced positively by the reporting of CSR activities in all four examined constructs: labor practice, human rights, society, and product responsibility. Labor practice, as an individual construct, was shown to positively influence not only return on investment, but also sales growth and the cash flows/sales ratio. Labor practice responsibility alone can be identified as a construct of CSR that sport organizations can consciously work towards improvement on and reasonably expect to see financial benefits as a result of the improved working conditions and employee morale. As for the other constructs of CSR examined by Chen et al., each can also be applied to the sport market. Engaging in partnerships with organizations that aim to aid in improving local and national human rights, investing in the local community and reducing negative impacts on stakeholders, and the delivery of the sport product and secondary products at high level of quality and safety are all potential examples of how a sport organization could benefit from each of the examined CSR constructs.

Although much of the research analyzed does not relate directly to the sport market, it can be conceptualized to fit the profile of sport organizations rather than general business. Sport organizations operate under different conditions than those of a typical corporation, but still may see many of the same benefits of CSR seen by such corporations. The existing research examined here identifies financial benefits for an
organization created by engaging in corporate social responsibility, and it also identifies non-monetary benefits. One of the most significant benefits identified in this analysis is the improvement of employee morale and ability to recruit quality employees. Corporate reputation, earlier identified as a significant predictor of corporate success, has also been shown to be a benefactor of social responsibility. This study examined a small sample of existing research on the benefits of corporate social responsibility, and was able to find significant support for the inclusion of CSR in business plans based on the existence of multiple benefits caused by CSR.
### Table 1. Research Used for Analysis Including Brief Findings

<table>
<thead>
<tr>
<th>Research Article</th>
<th>Methodology &amp; Focus</th>
<th>Context</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Juscius et al. (2015)</td>
<td>Conceptual, Identifying organizational benefits of reporting CSR, Examining CSR as a marketing tool</td>
<td>General Business (CSR Reporting)</td>
<td>CSR reporting provides benefits not limited to: improved employee morale; improves and protects corporate reputation; additional marketing channels</td>
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<tr>
<td>4. Inoue &amp; Kent (2014)</td>
<td>Conceptual, Examine CSM initiatives impact on consumer loyalty and consumer behavior</td>
<td>General Business (Intended Pro-Social Behavior) (Consumer Loyalty)</td>
<td>CSM credibility increases customer loyalty to the firm and increases consumer participation of intended pro-social behaviors</td>
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<tr>
<td></td>
<td>Authors (Year)</td>
<td>Method</td>
<td>Research Focus</td>
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<td>6.</td>
<td>Kang et al. (2016)</td>
<td>Empirical</td>
<td>Examine CSR-financial performance relationship based on four motives</td>
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<tr>
<td>7.</td>
<td>Lu et al. (2013)</td>
<td>Empirical</td>
<td>Examine CSR impact on corporate performance</td>
</tr>
<tr>
<td>8.</td>
<td>Agan et al. (2014)</td>
<td>Empirical</td>
<td>Examine relationship between CSR, ESD, and financial performance</td>
</tr>
<tr>
<td>10.</td>
<td>Scheinbaum &amp; Lacey (2015)</td>
<td>Empirical</td>
<td>Predict the impact of ESR on fan attachment, word-of-mouth, and sponsor patronage</td>
</tr>
</tbody>
</table>
References


HMSL Master's Project Reflection – May 2016

Throughout my time as a graduate student I tried to consider my options of what to make the main focus of my master's project. I wanted to focus on something that would possibly make a difference in the way a sport organization operated, so my options included facility operations, environmental sustainability programs, employee relations, fan attraction and retention, amongst other ideas. I finally came to the conclusion that I wanted to focus on corporate social responsibility in sport mainly due to my interest in working in a community outreach role. The idea of working in a role that allows me to work towards goals that benefit the community, schools, and charities tied to a sport organization is one of the biggest reasons I want to work in professional sports so this topic meshed perfectly with one of my career goals.

After determining that I wanted to focus on corporate social responsibility in sport, I needed to figure out how to make a new contribution to the topic. Through the exploration of the research topic in a few classes prior to starting my project I found that not much had been written on the benefits of CSR to sport organizations, although the topic had been explored in other industries. I decided this could be a good area to explore, and with the help of my advisor I came up with the concept of analyzing existing research and creating a set of conceptual benefits of social responsibility in professional sports. This topic made sense for me because finding
the value and benefits of pursuing social responsibility in sport creates support for these investments, something that I value going forward in my career. My project was officially in progress as I worked towards finding articles to include in the main body of work.

My first focus was to search for and identify articles to use in a review of literature in order to define corporate social responsibility, its role in professional sport, and the unique aspects of professional sport organizations. Describing these concepts was important in order to set a foundation of why my chosen topic was worth investigating and analyzing. Professional sport is a unique business, and social responsibility is a growing part of the business operations of professional sport franchises. It becomes evident through my literature review that scholars imply that CSR is either an important aspect of business, or one to be avoided entirely. I wanted to show that CSR is an important investment for professional sport organizations both financially and otherwise.

I followed this path, finding research articles showing the different benefits of CSR until I had gotten enough information to truly show that CSR can be a positive and beneficial investment for organizations. I then took the findings of the existing research and found ways that the findings could be linked to the unique operations of sport organizations, and developed a theoretical framework of benefits. Each of the benefits were posed in the professional sport context. I believe that my project shows that CSR should be included in professional sport organizations’ business plans, and can be a truly beneficial investment.
Looking back on the work I did to complete my project, I was surprised at how hard it was to narrow down a topic that I felt passionately enough about to want to investigate and write such a large project on. I am glad I found a topic that I enjoyed, and one that I feel will be important to look back on during my career. The project is eye-opening in a sense that you can see how much input goes into research, and how much research exists on any particular topic. Even working in a relatively “new” research focus produced such a wide array of research in different professions and with different focuses. Further looking in hindsight I would say that even though I felt “prepared” throughout the whole process, I can confidently say that I would have been wise to check-in with my advisor more often and to seek advice from any viable source. The more input you have, the more you can put through your own filter and find the best way to complete your project. I was lucky to have an advisor that was prompt, professional, and willing to help whenever necessary in order to ensure my project was done right and on time. After the entire process I feel like I have learned a lot about my research topic, and can walk away feeling accomplished and proud of my work.