

# CORPORATE SOCIAL RESPONSIBILITY IN SPORTS ORGANIZATIONS

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*Abstract—* This research critically evaluates the concept of Corporate Social Responsibility (CSR) in the context of sports companies. It is fundamentally done through a critical literature review with a number of case analyses from American sporting companies. The study reviews the concept of CSR in detail and identifies that there are two main views of it (1) satisfying all stakeholder needs in the operation of a company and (2) going beyond required legal and financial obligation to give to people who have done nothing for a company.

Three aspects of each of the two classes of CSR are discussed in the sports context of America. The study indicates that responsible marketing, environmentalism and complementing healthy lifestyle are the main corporate citizenship pointers in sporting companies' CSR. Also, citizen sponsorship, community-based projects as well as joint projects are the main philanthropic approaches used by American sports firms in discharging CSR.

**Keywords:** CSR, Responsibility, stakeholder, social, sports professionals.

## I. INTRODUCTION

The concept of Corporate Social Responsibility (CSR) has gained prominence over the past three decades (Horriagan, 2010). Corporate social responsibility is viewed from many angles and many processes and this includes amongst other things – corporate sustainability, corporate citizenship, corporate responsibility, business responsibility, business social responsibility, business reputation, the ethical corporation and sustainable business (Zu, 2011; Mullerat, 2010; Mullerat & Brennan, 2014).

There are five main dimensions of corporate social responsibility which includes (1) The environmental dimension (2) The social dimension (3) The economic dimension (4) The stakeholder dimension and (5) The volunteerism dimension (Dahlsrud, 2006). In the environmental dimension, authorities discuss the concept of CSR in relation to sustainability and the control or management of a company's environmental footprints in order to preserve the natural environment for the current and future generations. Socially, a firm is viewed as an entity that is committed to providing some kind of social compensation to the wider community by way of helping people in the community within which it operates to achieve its

social goals. The economic dimension is about presenting a positive image of the firm to the society in order to gain credibility and hence capitalize on its market value. In terms of stakeholder dimension, CSR is about being sensitive to and respect the needs of all persons affected by the company. Finally, volunteerism is about a system through which a firm provides services and benefits to the society from its own accord.

“Corporate social responsibility relates primarily to achieving outcomes from organizational decisions concerning specific issues or problems which (by some normative standard) have beneficial rather than adverse effects upon corporate stakeholders. The normative correctness of the products of corporate action have been the main focus of corporate social responsibility” (Sims, 2012, p. 43). This implies that corporate social responsibility is about making decisions and choices that affects the best interests of all the people connected to the organization. This includes those who affect and are affected by the organization and the firm being sensitive to their genuine needs and requirements.

## II. RESEARCH PROBLEM

The media is known to peddle rumors and information about the high earnings of top athletes, sportsmen and sportswomen to members of the public. This shows how lucrative these successful sports professionals are. The broad framework within which sports activities are carried out include the sporting companies and other related sporting corporate entities that provide various means of combining factors of product to deliver sports services to the members of the public.

Sports companies make a lot of money. This is fundamentally because most people are willing to pay for fun and entertainment from contexts that these sports entities carry out. This leads to various earning channels for these sports entities.

However, there seem to be a general moral obligation on sporting entities to share their high earnings. This is because these sporting entities earn many times more than normal corporate entities. Therefore, there is an unwritten requirement for these super-rich sporting entities and organizations to give back to society. In most cases, successful athletes in their own volition set up foundations and charitable organizations that allow them to distribute wealth to members of the public.

The case of corporate social responsibility is different. It requires complex authorization processes and distinct practices and

approaches. Therefore, there is the need to conduct a thorough and critical review of corporate social responsibility in the context of sporting entities and sporting companies around the world. This will give an insight into the most popular methods that exist in helping sporting entities to meet their CSR obligations and desires.

### III. RESEARCH AIMS AND OBJECTIVES

The aim of this research is to “provide an exegesis into the dynamics and approaches to the incorporation of CSR practices in sports organizations and the changes that come up as a result of this”. In order to attain this end, the following objectives will be reviewed:

1. A critical review of the approaches to corporate social responsibilities are integrated into corporate entities;
2. An evaluation of how sports organizations integrate CSR into their activities;
3. An evaluation of the changes that occur in sporting companies and this will cover marketing practices, sponsorship and relations with the wider society.

### IV. RESEARCH METHODOLOGY

The research will be done through a literature review and case analysis. This will include the review of books, texts, reports, journals, documents and websites. The core theories, concepts and ideas that define the different issues and matters will be discussed and critiqued.

For practical purposes, the research will review and analyze the activities that are presented by major sports brands. This will provide an explanation and review of information that are necessary in drawing conclusions in this study.

The research will be conducted in two parts. In the first part, the study will critique the idea of CSR and how it operates in the real world. This will include an inquest into corporate social responsibility and how it is integrated into firms. This will review the different approaches and circumstances through which a firm carries out its CSR responsibilities and processes. The process will place an emphasis on how sporting entities carry out CSR in a general context.

The second part of the research will review and analyze CSR practices and processes within the context of sports companies and sports management. This will include the critical review and assessment of different methods and approaches through which sports companies integrate CSR and how it is actually implemented within traditional US sporting brands.

#### A. PART 1: CORPORATE SOCIAL RESPONSIBILITY AND INTEGRATION INTO FIRMS

There are many views, opinions and ideas about how firms integrate CSR into their activities. One of the most popular views is that voluntary CSR actions are implemented in such a way that it helps to enhance a firm's competitiveness and reputation (Orlitzky, Siegel, & Waldman, 2011).

In terms of practical application, it is identified that corporate social responsibility is a function of the top level management and the persons tasked with corporate governance and directorship, hence, they institute CSR as a part of the firm's

fundamental activities and processes (Kaatamba, 2011). This is often instituted as a part of the rules and regulations instituted by the top management and it is adopted and becomes part of the organizational culture of the firm (Kaatamba, 2011).

Therefore, social and environment considerations are integrated into a firm's activities and actions either as a standalone policy or as part of an existing policy, meant to enhance the operations of the firm (Barth & Wolff, 2012). This is often put into the existing corporate strategy in order to make a company competitive and build on its existing policies and systems as a means of achieving greater successes and better results.

On the other hand, some authors identify three dimensions within which CSR is integrated into a firm's operations and strategy and this includes:

1. Generic social issues that come up in an ad hoc context;
2. Value chain social impact matters and
3. Social dimensions of the competition context (Chandler & Werther, 2013)

Thus, CSR can be implemented on a standalone context in which it is carried out in response to a specific matter or situation like donation to a group of disaster victims. Alternatively, CSR can be integrated into the operations of the firm and this will be done as a part of the practices of the firm and presented as part of the value chain. Finally, CSR can be presented as a means of achieving competitive advantage over other firm in the same industry.

Other indirect measures of integrating corporate social responsibility is through the presentation of constructive and positive acts and processes that are linked to the products or services of the firm (Gonzalez-Perez & Leonard, 2009). These are transposed into various features and processes of the products that promote the advancement of the society and help to improve results and operations.

The CSR of a company must also be transposed to the local context of the firm and this includes the people, place, price and profile of the firm and how it works with the organization to achieve its end results (Aguinis & Galvas, 2012). Therefore, the individuals and teams of the firm will have to carry out the CSR activities and plans according to the very realities on the ground in order to achieve optimal and the highest levels of results based on the managers of the different units of the firm.

#### B. Sports Companies and Corporate Social Responsibility

Corporate social responsibility in most sporting entities comes to the fore when firms go beyond the letter of their legal and financial obligations (Fortunado, 2013). This is mainly about acting in an ethical and/or philanthropic manner. This includes various services that are meant to help the society directly as well as other processes and activities that include sensitivity to stakeholders.

Therefore, the idea of CSR in sporting industry can be classified in terms of internal activities and external activities. Internal activities include stakeholder oriented processes which revolves around the ethical behavior of firm and consideration in all the processes and activities a firm is involved in. Externally, CSR in sporting entities are done for the wider society and parties that are not directly involved in the firm's operations. This includes the poor and vulnerable members of

the society and actions that are meant to improve the lives of people who can do almost nothing for the sporting entity directly in any way or form.

There are numerous ways and manner in which sports brands and sporting entity involves itself in CSR. There are various arguments and approaches that are used to get the brands to deal with their needs and also assist in helping parties in the community. "Effective leveraging of the sport brand for social welfare involves partnering with relevant partners to address social problems affecting the community and creating opportunities for interaction and community building amongst fans." (Pritchard & Stinson, 2011, p. 228).

This shows that CSR leads firms to undertake social welfare activities and processes that are meant to help a sports brand or company to deal with the problems and issues of the community directly. This includes examples like the Chicago White Sox which leverages its team brand by mobilizing its players and office staff members to come together to volunteer in the community to help to improve the lots of the members of the community. Other teams and sporting brands engage in similar activities as a means of bringing some form of improvement or the other, to the society.

Another angle from which some authorities view CSR in sport is that it is a direct result of criticism and condemnation for the acts of the businesses in making excessive profits without giving anything back to society. For instance, in the 1980s, Nike was criticized for making billions of dollars on the back of ordinary members of poor third world countries who are exploited as cheap labor in countries in Asia and Latin America. This included amongst other things, wage and salary concerns, unsafe and unhealthy work environments, excessive working hours and forced overtime, harsh and abusive disciplinary tactics, use of child labor and active opposition to unionized working groups (The Sage Publications Team, 2014).

Therefore, the logic of the integration of corporate social responsibility in such firms was to demonstrate and prove that they were responsible entities and they were carrying out their activities in a manner that was not inhumane. In this context, CSR can be seen as an emergent system and process through which the circumstances and situation around a firm causes the firm to initiate and carry out change in a way and manner that adds up to the society. This is a process through which the firm has to act to show the world that it is committed to the values of the society. In other contexts, the firm acts to make sure that there are principles of ethical practice and this involves the institution of sensitive processes and objectives that are used as a basis to help the firm to achieve its goals by symbiotically making positive contributions to the society at large. This allows the firm to achieve optimal results and maintain a positive and good reputation in the broader context of the country and community within which it operates.

Therefore, it can be said that most CSR initiatives in sporting companies are mainly of the nature of corporate citizenship (Li, MacIntosh, & Bravo, 2010). Corporate citizenship is by showing commitment to the world that a sports firm seeks to operate ethically without harming no one in its operations. This is the first step towards integrating CSR in sporting organizations. This involves the stakeholder dimension where a

firm carries out its activities in a way and manner that all those who affect and are affected by its operations are treated cautiously and fairly.

Then the next step revolves around volunteerism. This is a situation where a sporting company, out of its own accord decides to provide services and support for poorer members of the society and the community. This culminates in different practices and processes that allow the firm to give back to society and help the poor and vulnerable members of the society with the view of helping without profiting from them.

Therefore, it can be said that the two approaches, corporate citizenship (ethics) and volunteerism (philanthropy) provides the framework through which sporting entities honor their corporate social responsibility obligations.

### C. PART 2: CSR PRACTICES IN SPORTING COMPANIES

There are numerous approaches and methods through which sporting companies carry out their CSR obligations. As identified above, this is often presented as a strategic objective that the management of a firm are to carry out either as a standalone project or as an ongoing process with a responsible person delegated to the achievement. This section will review the most popular approaches and methods and how they are applied in real-life cases and situations.

#### D. Corporate Citizenship and Stakeholder Sensitivity in Sporting Companies

This section will review the approaches that involve carrying out activities in an ethical manner and fashion to ensure that all stakeholders that are legally connected to a sporting company achieve the best and optimal results. This includes novel approaches and methods that sporting companies apply in meeting their legal obligations with a view of achieving a win-win result.

#### E. Responsible Marketing Practice

Sports-marketing is an important area of the revenue of most stakeholders in sports because it primarily generates a significant percentage of the income of firms in the sporting industry. Secondly, most non-sporting companies gain competitive advantage and a share of the market they operate within by marketing and promoting their products through sporting events.

Due to the nature of marketing in sports, it is an area of contention because a lot of interest is involved in sports marketing. This makes it a major area of litigation with possible issues for criminal charges in the context of violating consumer protection laws. Therefore, it is a red-area that most sporting entities ought to regulate and control as high-risk area that could potentially lead to problems and issues.

Most firms therefore, have a sports marketing ethics auditor who has to ensure that ethics are integrated into the marketing of firms (Johnson & Summers, 2013). In the United States today, Nike, Under Armour (UA) and Adidas are leading sports brands that compete for market share throughout the country. They try to outdo each other through lucrative offers to sporting celebrities and other channels. This leads to a lot of competition and the use of various techniques, some of which are close to being considered illegal.

Corporate Social Responsibility requires that all of these firms set up an in-house monitoring system that evaluates the action of their marketers that seek the best and most lucrative deals. This team will have to report to the board of directors of the brands on how well they met ethical standards. The board of directors will in turn define the extent of risks they are willing to take, this will determine the ethics that govern marketing practices. Through this, CSR is discharged and a firm carries out its activities without harming its reputation or causing any real damage in society.

#### V. ENVIRONMENTALISM

Environmentalism is based on the fact that firms around the world recognize the fact that human beings are not the only species of living things on the planet. Hence, we ought to ensure that we utilize natural resources without jeopardizing other life-forms. Additionally and more significantly, environmental responsibility has to do with the fact that we recognize that our generation is not the only generation of humans to populate the world. Thus, there is the need for temperate and fair use of natural resources without depleting the world's resources to leave subsequent generations deprived. In the United States, the Environmental Protection Agency (EPA) has a policy of encouraging all firms and all organizations to use natural resources judiciously in two main ways. First of all, they encourage the recording and documentation of the level of consumption of natural resources that any organization undertakes in a year. This involves documenting what is now known as the footprints of each and every organization. This gives a fair account of how much resources a firm uses in every situation and in every period. Secondly, the EPA encourages all American firms and entities to systematically cut down on their consumption and use of resources.

American sporting entities and organizations have the obligation to document and review their environmental information. This is an obligation that directors are required to ensure are met. This therefore leads to the recording of consumption and emissions of sporting entities. Sporting entities are also encouraged to cut down on the level of consumption of the earth's resources that occurs in their operations.

CSR and environmentalism has influenced the way and manner within which sporting events are controlled. This is because sporting brands and entities in each industry are expected to create facilities that minimize waste and pollution into the society. Major events also require that host cities and venues are positioned to cut down on emissions. This requires city authorities to document and present their statistics of consumption and how their sporting activities are impacting on the society.

In the area of corporate social responsibility, sporting firms are required to get their top management to put in place measures for documenting the levels and extent of consumption of natural resources. This includes methods of documenting energy use, emissions and other wastes in a practical manner and framework. This will enable the firm to get all the necessary information about the average consumption and from there, the footprint of the firm can be assessed. Once this is done, there could be plans that will be presented to

shareholders about how to cut down on emissions and make the company a more responsible corporate citizen of the local and global community.

Over the past decade, Nike has adopted environmental policies as a means of reducing its footprints. However, researchers identify that this is mainly meant to be a part of reputational management (Beder, 2002). This includes the fact that Nike conducted environmental reforms with the hope of positioning itself positively in the eyes of the wider and broader society (Beder, 2002).

Sports companies and environmentalism are linked and connected through a CSR framework that promotes and enhances responsible consumption and judicious use of the resources of the society. This presents the firm with a positive view and positive information to the wider society. The firm is seen as an entity that is doing all it can to prevent damaging the environment. This aspect of CSR is hinged on reputational risk because any firm that does not have an environmental policy is seen as one that is irresponsible and not committed to the society. Therefore, sports firms are moving towards a position of taking environmental matters more seriously by the day.

#### VI. HEALTHY LIFESTYLE

An important aspect of the CSR of sporting companies is to provide services and products that support consumers in exercising and improving their health. Many companies have explored opportunities to provide products that directly enable them to boost exercising habits and traditions in the country. This includes various processes and actions that are meant to enhance and promote better routine and exercises. Some sporting entities team up with insurance companies to promote exercising and healthy lifestyles and habits that allow the sporting companies to go beyond their financial and legal expectations to do something significant for consumers and intervene in their personal lives.

#### VII. VOLUNTEERISM/PHILANTHROPY & SPORTING COMPANIES

Aside merely providing services in a manner that does not cause any destructive end results, sporting companies sometimes go beyond the required legal and financial obligations they have to help people who really need them. This includes various forms of sponsorship and community-based projects that is a form of giving back to the society. This section studies how volunteerism and philanthropy causes sporting businesses in America to give back to the society.

#### VIII. CITIZEN SPONSORSHIP

Citizen sponsorship involves events and activities that lead to the sponsorship of a certain class of individuals in the society and community. This is often a program that is authorized by the top level management of a sporting entity with the hope of helping some deprived members of the society.

These are often carried out as a project led by a strategic business unit of the company with the hope of detecting the needy people in the community and provide direct assistance to them. These projects are often done by finding people with exceptional cases in order to help and provide benefits for them in ways that will improve their lot in society.

Due to the fact that sporting companies in the United States are profit-oriented, there is the need for some kind of justification to be given for any money spent on projects of this nature. Thus, there is a tendency towards a symbiotic relationship between the beneficiary and the sports brand. This is because those projects almost inevitably lead to some kind of marketing and reputational activity that leads to the enhancement of the brand image of a company or organization.

#### IX. COMMUNITY-BASED PROJECTS

Sporting entities almost always have schemes and projects through which they give back actively to the community within which they play. For instance, the Golden State Warriors have the Warriors Community Foundation which is “dedicated to making a significant and lasting impact on the lives of undeserved youth in the San Francisco Bay Area” (NBA, 2014). The foundation is involved in mobilizing funds from members of the society as well as playing some charitable games to raise funds for the foundation and its projects. The projects include amongst others, community grants for needy children as well as other projects to promote sports in the community and society.

Community-based projects are often presented in the form of positive events and processes that allow the team to become a tool for the attainment of the greater good of the society. This includes proactive measures and projects that are meant to help the team to achieve the best kind of donations and assistance to people who are in a position of need and also build on important projects and processes to get to the heart of the community’s major problems and issues.

#### X. SPORTS SPONSORSHIP/PARTNERSHIP PROGRAMS

This is a process whereby a firm in the sporting industry or a sports brand partners with a corporate entity to provide various services to the members of the society who need it the most. A case in point is the MLS team, Philadelphia Phillies and the Citizens Bank. The two entities had a sponsorship deal which came with symbiotic events and processes that was to enable them to achieve their mutual goals.

Philadelphia Phillies games were used as an avenue for advertising and promoting the Citizens Bank at the team’s game. According to reports, Citizens Bank’s recognition in the Pennsylvania area was “near zero” however, there were some proactive events that enabled the sponsorship deal to break down banking to the consumers of the area through these events (Slayson, 2015).

The mutual benefits the two gain include the provision of specialized services for small startup businesses by advertising such exclusive offers to small business owners who come to watch Phillies’ games. Through this, the two entities gain a win-win end because they both get to help small businesses that need these services better. There are also other partnership events that include providing food and other benefits to members of the Pennsylvania area who live below the poverty line and also helping the needy to achieve their fundamental goals and objectives in life.

#### XI. CONCLUSION

Corporate social responsibility is a quest for companies towards being responsible and discharging some kind of good to the world beyond just gaining profits. This research has shown that CSR can be viewed in two main dimensions – corporate citizenship and volunteerism. Corporate citizenship is about a firm attempting to desist from harming anyone in the world with its operations. Thus, corporate citizenship involves carrying out activities in a way and manner that prevents all stakeholders from harm and seek their best interests and goals. Volunteerism implies going beyond the legal and financial obligation of a firm to the broader society within which it operates and this includes philanthropic activities for members of the wider community.

Concerning sports, CSR occurs in various forms under the two headings. Corporate citizenship or stakeholder sensitivity leads to a situation whereby a sports firm takes some things like environmentalism, responsible marketing and customer health important. This implies setting up a strategic-level policy towards attaining these ends. Environmentalism involves monitoring and reporting on the environmental footprint of the firm in order to cut down on emissions. Responsible marketing is about setting up ethics for marketing whilst responsible customer health is about a situation where a sports company provides products and services that helps to boost the health of its consumers.

In terms of philanthropy, there are individual sponsorship packages that are presented by many sporting entities as CSR. Additionally there are community-based projects as well as joint projects that sports entities and brands carry out alongside their business partners. These work towards the betterment of the lives of members of the society and the community at large.

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