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BUILDING THEORETICAL FOUNDATIONS FOR STRATEGIC CSR IN SPORT

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Overview

The term Corporate Social Responsibility (CSR) has become an important feature of the management lexicon. CSR and related terms (e.g., strategic philanthropy, corporate citizenship, sustainability, social entrepreneurship, corporate governance) are underpinned by the belief that modern business has a responsibility to society that extends beyond the shareholders of a firm and, more specifically, focuses on minimising or eliminating harmful effects on society and maximising long-term beneficial impact (Mohr, Webb and Harris, 2001). Serious discussion concerning CSR gained momentum in the early 1970s when Milton Friedman suggested, ‘there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud’ (Friedman, 1970, p. 33), and scholars began debating the role of business in society (Friedman, 1962, 1970). From that time, the interest in, and significance of, CSR has grown and has gained broad acceptance as a legitimate aspect of business practice. Today, organisations across industries engage in CSR practices. In the sport setting, CSR has become a central and strategic feature encompassing an array of activities and objectives for sport organisations.

From a scholarly perspective, the theoretical conceptualisation of CSR has developed over time. Early management research focused on delineating and defining the concept of CSR, understanding its components and articulating its purpose (c.f., Carroll, 1979; Davis, 1973; Drucker, 1984; Sethi, 1975). Academic activity in this area shifted in the mid-1980s to examine and understand the linkage between CSR and financial performance (e.g., the business case for CSR; Aupperle, Carroll and Hattfield, 1985; McGuire, Sundgren and Schneeweis, 1988). It was also during this time that Freeman (1984) further embedded the notion of the responsibility of corporations to attend not only to shareholders, but also other relevant stakeholders who are affected by, and can affect, business activities. More recent literature on CSR emphasises a fit between a company’s core strategy and its CSR efforts (Bruch and Walter, 2005; Porter and Kramer, 2006, 2011). Scholars in this area contend that it is appropriate – and indeed advantageous – for organisations to engage in CSR activities. These efforts not only contribute
to societal beneficiaries, and enhance business performance, but are more sustainable. These latter perspectives augmented the theoretical conceptualisation of CSR.

While the concept of CSR has been present in the management literature for forty to fifty years (Carroll, 1979; Margolis and Walsh, 2003; McWilliams and Siegel, 2000), the focus on CSR in the sport management domain is much more recent. Early work on CSR in sport described different types and forms of sport organisations’ CSR programmes (Babiak and Wolfe, 2006; Robinson, 2005), and examined the perceptions and intentions of customers concerning CSR, including cause-related marketing efforts (Irwin, Lachowetz, Cornwell and Clark, 2003). The development of our framework (Babiak and Wolfe, 2009) emerged from this milieu in an effort to contribute to the broader theoretical and practical development of CSR in sport. In our article (Babiak and Wolfe, 2009), we sought to ground CSR in sport within the broad and deep extant understandings of CSR in business (Margolis and Walsh, 2003), but with sensitivity to the unique elements of sport. Our aim was to uncover the contextual forces – both internal and external to the firm – that lead sport organisations to be socially responsible. In essence, we wanted to shift the scholarly conversation and understand why sport organisations were becoming increasingly focused on CSR as a strategic management practice (as opposed to descriptions of what they were doing). We also suspected that different motives and resources of sport organisations would lead to different forms or types of CSR engagement. Thus, we designed our framing to consider such linkages.

Based on the findings from our study, our prior research and themes in the broader management literature (c.f., Bruch and Walter, 2005; Porter and Kramer, 2006), we developed a conceptual framework that integrates the external pressures and internal motives of organisations to engage in CSR. We suggested that the nature of a professional sport organisation’s CSR efforts depends upon the organisation’s focus on external pressures (e.g., societal issues, stakeholder concerns) and/or internal resources (Babiak and Wolfe, 2009). The four types of CSR initiatives we identified in the framework include: stakeholder-centric CSR, corporate-centric CSR, ad hoc CSR and strategic CSR. We argued:

When external pressures are the essential determinants of a sport organization adopting CSR, it is classified as practicing stakeholder-centric CSR. Such initiatives are certainly ethically appropriate as the organization meets societal needs. However, such initiatives usually cannot be sustained in the long run as they are not based on the organization’s core competencies.

(p. 734)

Corporate-centric CSR is defined as activities based on high internal resource orientation. Here we claimed:

Teams adopting such an orientation emphasize synergies between their core business activities and CSR. This approach, however, largely neglects societal needs. Since this type of CSR does not address a company’s key stakeholders, it lacks a strategic orientation and its impact on a team’s competitive position tends to be limited.

(p. 735)

Ad hoc CSR has neither a strong resource orientation nor a strong external motivation. Finally, we contended that strategic CSR represents both a high internal and external orientation and is evident in teams that ‘align their CSR efforts with their core competencies using the organisation’s unique abilities to benefit society, thus enabling the team to fully realise the potential
of CSR both for its beneficiaries and for the team’ (p. 735). From these four CSR orientations, we developed several propositions, including the notion that given corporate-centric CSR’s emphasis on corporate competencies, it may lead to a neglect of societal needs, and therefore have a more limited effect on society in general. We also proposed that stakeholder-centric CSR ‘will not serve external constituents as well as initiatives of organizations that have capabilities more directly related to the societal issue being addressed’ (p. 736), given that it does not leverage important organisational resources and competencies. Our final proposition stated that as strategic CSR activities leverage competencies and resources as well as take into account key stakeholder (societal) needs and expectations, these CSR initiatives will have the optimum impact for both society and the corporation.

Our CSR framework was developed through studying the specific context of professional sport. As we argue in the paper, compared with other industries, sport has more visibility and distinctive resources to bring attention to social issues. We differentiate sport-focused CSR based on: the passion of fans or customers for the product and organisations; transparency of management practices, decisions and outcomes; economics (unique perceived and actual protections and support from public coffers); and its unique stakeholder management needs (i.e., its complex set of stakeholder relationships, and a team’s reliance on the co-operation of many organisations). These factors are particularly salient in professional sport, where there is an increased emphasis on CSR by teams and leagues. Thus, the unique nature of organisations in this area of the sport industry both indicates the significance of our work and forms a boundary condition. An organisational lens also bound our framework, as we do not consider consumer reactions and views of team and league CSR and cause-related marketing efforts (c.f., Irwin, Lachowetz, Cornwell and Clark, 2003; Walker and Kent, 2009).

The notions we originally developed concerning strategic CSR in sport have been discussed, applied and advanced in subsequent research. For instance, in research examining CSR efforts around environmental sustainability, Babiak and Trendafilova (2011) and Trendafilova, Babiak and Heinz (2013) examined institutional pressures leading organisations to adopt environmental practices. In these studies, the authors found that sport organisations adapted to both outside forces and internal interests, with the outcome of an increasing focus on environmentally responsible management practices. Trendafilova et al. (2013), for example, found institutional theory helpful in determining the external forces, as well as internal social controls and interests, related to the adoption of environmentally focused business practices. This study drew on the concepts outlined in Babiak and Wolfe (2009) to examine more broad internal interests, values and controls. The findings suggested that ‘scrutiny and regulation, and normative and associative pressures are playing a role in adopting environmentally friendly behaviors’ (Trendafilova et al., 2013, p. 310). Our work continues to demonstrate that strategic considerations regarding the design and implementation of CSR are underlying drivers of these activities in the professional sport setting.

Other extensions and applications of our framing are evident in the work of Hamil and Morrow (2011), who examined the context and motivation of CSR in the Scottish Premier League (SPL). Using a stakeholder approach, they described some of the key CSR efforts of these organisations. The authors considered external pressures, internal organisational attributes, and the management motivations and orientation to adopt a CSR focus. Their findings suggest that CSR in SPL organisations maps to CSR categories found in the Babiak and Wolfe (2009) framework. More specifically, Hamil and Morrow find CSR initiatives that fit our stakeholder-oriented CSR drivers, our corporate-centric approach, as well as strategic CSR motives.

In more recent work, Heinze, Soderstrom and Zdroik (2014) sought to uncover the processes and mechanisms of strategic CSR – extending the context elements described in Babiak
and Wolfe (2009). In particular, their research examined a unique positive outlier sport organisation (a professional team) to gain a deeper understanding of the evolution to strategic CSR. The authors looked to our framework to define strategic CSR in sport, and how it applied to the subject of their case study. They determined the existence of strategic CSR by identifying a match between internal resources and external needs (citing our framework) and examined the implementation process from the decision phase to the development of strategic community partnerships. Further, to motivate this study, Heinze and colleagues drew on our rationale around the platform of sport for CSR and benefits of CSR for both sport organisations and society. The authors concluded by noting that their work takes inspiration from, and builds on, our conceptualisation of strategic CSR by uncovering the mechanisms that enable sports teams to implement strategic CSR.

Finally, concepts from our framing have been discussed, applied and extended in a number of related research efforts examining CSR in various settings with different foci. For example, Anagnostopoulos and Shilbury (2013) integrated and extended strategic CSR perspectives by considering different levels of analysis (e.g., individual and organisational) in the examination of how CSR was implemented in professional football organisations via charitable foundations. Their results suggested that external pressures (what they termed environmental determinism) as well as internal resources (key board trustees, relevant expertise and intangible resources) were key factors in the implementation and execution of charitable efforts in European professional football.

Process of developing our framework

Our curiosity of CSR in professional sport began with extended conversations related to developing our research programmes and our common interests. As colleagues working together in the same department (Sport Management at the University of Michigan), we were keen to collaborate on research that would be personally and professionally interesting and rewarding. We found that we had overlapping scholarly interests in the areas of collaborations and partnerships, strategy and general ethical and moral business practices, and that these merged around the concept of social responsibility. This background served as the foundation to inform and develop our thinking concerning CSR. Once we had established our common motivation and our common ground, we then engaged in further conversations and reading on the topic of CSR and began thinking about its application to professional sport. Together, in 2005, we attended a lecture from a colleague in the business school at the University of Michigan (Jim Walsh), who spoke about the need for scholars to dig deeper into corporate social initiatives (c.f., Margolis and Walsh, 2003). He identified key gaps that the management literature had overlooked in this area, including the context, process and outcomes of CSR efforts. Following this presentation we had an ‘ah ha’ moment. We decided to extend the extant theoretical knowledge concerning CSR to professional sport. As discussed earlier, we believed that this was a worthy endeavour given the unique elements of sport. We thus set about to better understand CSR in the sport industry with a focus on key gaps in the CSR literature that Jim Walsh had identified: the context and processes of CSR. We then began to seriously pursue questions concerning the phenomenon of CSR in sport, including: in what types of CSR activities are sport organisations engaging; why are they interested in CSR; what is motivating particular types of CSR activities; what are the processes by which teams and leagues engage in CSR; and what perceptions decision-makers had concerning the benefits of CSR to the sport organisations and to society more broadly.
We thought that it was important to leverage extant knowledge concerning CSR – from scholars as well as practitioners. From a scholarly perspective, we organised symposia at both the Academy of Management Annual Meeting, as well as NASSM, to share and develop our ideas around CSR and the unique setting of professional sport. Given our location, we reached out, and were able to develop relationships with executives of teams in each of the major professional sport leagues in the Midwest. We also had extensive discussions with executives from the Sports Philanthropy Project and the Robert Wood Johnson Foundation (who around the same time had begun efforts to building the field of CSR and philanthropy in sport), which helped crystallise our thinking of the internal resources that sport teams and leagues might leverage to engage in impactful CSR. Our relationships with practitioners, as well as other academics, were instrumental in informing our efforts to develop concepts and processes related to CSR in professional sport.

At the time we were doing the research resulting in our framework, literature in management was advancing beyond simple descriptions of CSR initiatives, to one of understanding the rationale for, and the benefit of, these activities (c.f., Bruch and Walter, 2005; Campbell, 2007; Porter and Kramer, 2006). This more strategic CSR focus seemed to be in line with our findings. Given that, we revisited whether there is something unique about sport organisations as it relates to CSR. If not – what would our contribution be? This question about whether there is something unique about sport organisations, is, of course, not unique to our efforts (Chalip, 2006; Doherty, 2013; Slack, 1998). We had our own perspective concerning how sport is different from a CSR perspective that we presented in detail in Babiak and Wolfe (2009) and briefly above. That is, the key dimensions of transparency, passion, economics and stakeholder management are somewhat unique in sport and each has an effect on CSR. Thus, the momentum and growth of CSR efforts in sport organisations, along with the increasing focus in the scholarly management literature, and our common research interests, led us to begin our research programme in this area.

Our first step in building a framework that would have broad practical and scholarly impact was to scan and review CSR theories and approaches in the academic literature and consider the variety of perspectives to set the bounds for our research question – why are sport organisations engaging in CSR? We believed that not only were there external pressures driving organisations to behave socially responsibly, but also internal values, competencies and resources that would determine in what types of CSR organisations engaged.

Carroll’s (1979, 1999) writing on CSR was instrumental in helping us conceptualise the key areas of obligation of CSR. He argued that there are four areas of CSR. These are: economic responsibility, legal responsibility, ethical responsibility and discretionary/philanthropic responsibility. In our framing, we focused primarily on facets of CSR related to ethical and discretionary forms of responsibility. We also sought out and considered various other theoretical perspectives evident in the literature to explain and extend knowledge generated about CSR. We were particularly interested in certain theoretical perspectives, including instrumental theories, where the corporation is viewed as an instrument for wealth creation and CSR is viewed as a tool to create financial and strategic benefits for the organisation; political theories, that emphasise the social power of corporations and their political responsibility to society; and theories in which businesses integrate their social demands and expectations given the dependence, growth and continuity of business on society (Garriga and Melé, 2004). These theoretical perspectives helped us narrow our framing to answer our questions of interest. While our research was primarily inductive and grounded, this theoretical background served as the foundation from which to initiate our study.
In developing our framework, we first conducted a qualitative study to explore what forces sport practitioners deem central to the adoption and integration of CSR efforts in their organisations (Babiak and Wolfe, 2009). The empirical findings provided the foundation for our conceptual framework and we connected these with existing theoretical perspectives. In particular, to situate and describe the external pressures faced by professional sports teams that emerged from our findings, we drew on Oliver’s (1991) framing with the concepts: cause, constituents, control, context and content. Oliver’s work integrates institutional, stakeholder and resource dependence theories; we found this work helpful in explaining the reasons outside of the organisation that CSR practices were adopted by sport organisations. However, in our study, we found that the external pressures only told part of the story. An internal perspective was missing, as we found that organisations leverage key resources that are rare, valuable or inimitable to bring about CSR benefits to both the organisation and society. Thus, we drew theoretically on the resource based view of the firm (c.f., Barney, 1991; Barney, Wright and Ketchen, 2001) to consider whether relevant resources of professional sport teams provided them with advantages in implementing CSR. We were particularly interested in ‘whether or not, and the extent to which, our respondents framed the rationale for adopting CSR as being related to internal resources’ (Babiak and Wolfe, 2009, p. 731).

Extensions and applications of our framework

The central tenets of our framework have remained relatively consistent since we developed them. However, we have further refined our conceptualisation of CSR. The early literature on CSR in sport tended to focus primarily on community relations efforts. However, as we have further immersed ourselves in the area, we realised that CSR in sport is more nuanced and complex. A recent book chapter we wrote (Babiak and Wolfe, 2013) highlights the industry-specific indicators (or what we termed pillars) of CSR in sport; these are: labour relations, community relations, philanthropy, diversity, environmental sustainability and corporate governance. We believe that this fine-tuning of CSR in sport is very much related to our determinants of the adoption of CSR in professional sport framework, as each CSR pillar would have different and unique rationales and the engagement in each of these would be driven by different motives. We discuss the relationship of the pillars to our framework in the Future Directions section.

From a practical perspective, our research has helped to define and direct the work of practitioners and the evaluation of CSR and philanthropy practices in professional sport. For instance, with our involvement, the Steve Patterson Sport Philanthropy Award (co-ordinated through the Robert Wood Johnson Foundation) has integrated into its criteria for assessing team and league philanthropy, how internal resources are leveraged to deliver philanthropy, as well as the key links and relationships built with stakeholders in the environment.

Future directions

The framing we developed in Babiak and Wolfe (2009) offered a foundation from which to launch further exploration of the phenomenon of CSR in sport. While we believe that our thinking around strategic CSR in sport is robust, there are some gaps and clarifications that might advance deeper theoretical and empirical understanding of CSR in this context. Below, we highlight some of these areas.

As previously indicated, in Babiak and Wolfe (2013) we outline six pillars of CSR in sport. An interesting research direction would be to determine where each pillar (labour relations,
community relations, philanthropy, diversity, environmental sustainability and corporate governance) tends to be situated within the cells of our framework – i.e., stakeholder-centric, corporate-centric, ad hoc, strategic, cells – and how such situating is related to outcomes.

The framework we developed considers the context in which CSR is emerging in sport. We know less about the processes and outcomes of these efforts in sport management. In particular, the relationship between institutional environments and organisational variation in the scope and scale of CSR efforts needs further attention. Organisations are exposed to multiple, sometimes conflicting, institutional pressures across nested fields (c.f., Dacin, Goodstein and Scott, 2002; Kraatz and Block, 2008; Greenwood, et al., 2011). Corresponding uncertainty may decelerate or halt the process of adoption or implementation of CSR. Thus, we suggest that future research explore how sport organisations make sense of, and respond to, institutional pressures from different levels (e.g., team, league, community; Babiak and Wolfe, 2013). This line of questioning may illuminate what leads to variation in the degree to which sport organisations engage in CSR behaviours – an area not explained fully by our framing. Further, by examining heterogeneity in CSR activities across organisations, we can also gain a better understanding of the internal and external impacts. So far, researchers have mostly struggled to evaluate the impact of different types of CSR to organisations and society broadly. Developing better metrics to assess both financial and non-financial outcomes will improve scholars’ ability to make causal claims about CSR, and its particular forms.

Our framework can also be extended to other contexts. Applying our framing to other settings will provide a deeper understanding of social responsibility in the sport domain and what makes sport organisations similar to, and different from, each other. Furthermore, as Gardberg and Fombrun (2006) suggest, it is important to examine CSR in the global context. For globalising companies, CSR serves as a strategic investment similar to advertising or traditional marketing. CSR can also be an important tool to quickly gain legitimacy. Engaging in the communities they come into allows businesses to overcome cultural barriers and build a local advantage in these communities. This has not been an area of focus for the sport CSR literature – but one which is gaining traction in practice with the global expansion of professional sport leagues. We expect that the external pressures for engaging in CSR in a global setting are different with a broader set of stakeholders. Additionally, internal resources may shift in value and utility from one country context to another. Understanding how resources are employed and the rationales for sport teams and leagues to engage in CSR globally will add important nuance to our framework.

Notes
1 This chapter is a reflection on Babiak and Wolfe (2009) and the work related to it.
2 This chapter was written by the three authors Kathy Babiak, Kate Heinze and Richard Wolfe. While Dr Heinze arrived at the University of Michigan after this framework was developed, she has collaborated on projects linked to CSR with us and has extensively employed and extended the framing described herein.

References


**Foundations for strategic CSR in sport**

As a doctoral student, I paid close attention to Kathy Babiak’s research because her foundational work in 2006 (Babiak and Wolfe, 2006) on sport and corporate social responsibility (CSR) played a critical role in my decision to pursue a doctoral degree. I further drew from Babiak and Wolfe (2009) in my literature review on CSR for my dissertation. Introduced to the concept of CSR through these works, I was inspired by the idea that academic research can advance the development of socially responsible practices among professional sport organisations.

The main contribution of Babiak and Wolfe (2009) to my academic development is to clarify the uniqueness of CSR in professional sport. Early in the paper, Babiak and Wolfe identified four factors that make CSR in professional sport distinctive: passion, economics, transparency and stakeholder management. Their framework regarding the adoption of CSR also built on unique elements that determine the decisions of professional sport organisations. Through theoretical discussions and empirical findings, they successfully challenged the contention that ‘there is no need for research to examine the determinants of CSR in professional sport, as they would not differ from those in other industries’ (Babiak and Wolfe, 2009, p. 722).

In identifying the uniqueness of CSR in professional sport, Babiak and Wolfe (2009) revealed that ‘given the passion and interest that sport generates . . . athletes promoting, for example, healthful living, may generate a larger, more attentive audience than would employees in other fields’ (p. 722). I took this revelation seriously. I designed my dissertation project to understand whether and how professional sport organisations promote socially responsible behaviours through their corporate social marketing effort, which is one type of CSR initiative (Inoue, 2011). I also conducted related research projects to address this research agenda (Inoue and Kent, 2012; Inoue, Mahan and Kent, 2013). Babiak and Wolfe’s framework has been helpful for my teaching as well. For my courses on CSR, I have used their framework to explain why professional sport organisations have increased CSR efforts since the late 1990s.

Babiak and Wolfe (2009) concluded their paper by suggesting that ‘a further, future, direction in which to embark would be to address intended CSR outcomes; i.e., to what extent do programs have the intended influence?’ (p. 737). My future research aligns with these sentiments.

**Applying strategic CSR in sport**

*Yuhei Inoue*

As a doctoral student, I paid close attention to Kathy Babiak’s research because her foundational work in 2006 (Babiak and Wolfe, 2006) on sport and corporate social responsibility (CSR) played a critical role in my decision to pursue a doctoral degree. I further drew from Babiak and Wolfe (2009) in my literature review on CSR for my dissertation. Introduced to the concept of CSR through these works, I was inspired by the idea that academic research can advance the development of socially responsible practices among professional sport organisations.

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Babiak and Wolfe (2009) concluded their paper by suggesting that ‘a further, future, direction in which to embark would be to address intended CSR outcomes; i.e., to what extent do programs have the intended influence?’ (p. 737). My future research aligns with these sentiments.
Through empirical evidence, I hope to demonstrate that professional sport organisations’ CSR programmes are impactful for improving given social issues. I further aim to identify the factors that affect the social impact of such programmes as Babiak and Wolfe’s framework has shown that any CSR activity is constrained by both internal resources and external pressures.

In conclusion, Babiak and Wolfe have made a clear case for why the specific examination of CSR in professional sport is worthy of academic investigation. Their work has contributed to the development of a unique body of knowledge in sport management and has inspired a number of researchers, including myself, to conduct research on this topic.

Note
1 Yuhei Inoue is an Assistant Professor of Sport Management in the School of Kinesiology at the University of Minnesota.

References