

# EDITORIAL

## The role of social responsibility, philanthropy and entrepreneurship in the sport industry

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### ABSTRACT

*This introduction to the special issue of the Journal of Management & Organization on social responsibility, philanthropy and entrepreneurship in the sport industry frames the key issues sport businesses, corporate partners, and related nonprofit organizations grapple with to ensure that both the organizations and the social causes which are being addressed benefit in some way. The importance of social responsibility is first examined in the context of corporations and sports. The increasing importance of social issues to sport-related industries and the role of strategic philanthropy is discussed. Next, the connection between social responsibility and philanthropic endeavors is addressed in terms of social entrepreneurship. Finally, the article concludes by highlighting the increased significance of sport in society and how the articles in this special issue contribute to a better understanding of the role of social responsibility, philanthropy and entrepreneurship in sport.*

**Keywords:** sport business, corporate social responsibility, philanthropy, social entrepreneurship

### CORPORATE SOCIAL RESPONSIBILITY, PHILANTHROPY AND ENTREPRENEURSHIP IN SPORT

Corporate social responsibility (CSR) is playing an increasingly important role in business today, and economic, political and social factors are shaping CSR activities in businesses around the world (Baughn, Bodie, & McIntosh, 2007). The core principle of CSR is that the corporation incurs responsibilities to society beyond profit maximization, as ‘corporations possess the

power to control and influence the quality of life of employees, customers, shareholders and residents of local communities in which they operate’ (Pava & Krausz, 1997, p. 357). Companies, it is thus argued, have a fundamental responsibility to act in a manner that positively contributes to their stakeholders and the communities in which they exist (Sagawa & Segal, 2000). Increasingly, important social and economic issues such as rapid technological change, the health of children and youth, environmental concerns, a diverse

and aging population, and mounting concerns regarding the growing social divide have resulted in a refocusing on the responsibility of firms to the communities in which they operate (Margolis & Walsh, 2003; Sagawa & Segal, 2000; Walsh, 2003). The articles in the special issue of this journal detail the changing role and perception of CSR in business today as it is reflected in sport organizations.

The intersection between business and society is coming under closer scrutiny given the increasingly sophisticated understanding of ethical issues and changing values and norms of customers and other stakeholders. This has led to greater expectations of businesses to demonstrate higher ethical standards and make significant contributions to a sustainable future. Companies however, must engage in a delicate balancing act with respect to CSR. To the extent that businesses are perceived to engage in CSR for self-interested motives, customer and stakeholder perceptions of CSR as a public relations exercise or 'green-washing' can lead to a damaged brand image and corporate reputation. On the other hand, if businesses do not engage or promote their CSR activities, they may fall out of favor with the public and lose important customer loyalty and support.

To that end, many businesses are engaging in strategic philanthropy. This type of philanthropic engagement is part of a broader CSR framework that encompasses ethical business conduct, diversity and protection of the environment, and following legal regulations (Bruch & Walter, 2005; Carroll, 1999). Strategic philanthropy is an area that has received little academic attention, although recently some authors have made inroads in attempting to understand the evolution and structure of organization's strategic socially responsible efforts (c.f., Brammer & Millington, 2005; Bruch & Walter, 2005; Gan, 2006; Godfrey, 2005; Ricks & Williams, 2005; Saiia, Carroll, & Buchholtz, 2003). Many of these authors argue that 'companies can and should strategically use their charitable activities to create win-win opportunities for themselves

and for the beneficiaries of their philanthropy' (Bruch & Walter, 2005, p. 49). Vidaver-Cohen and Simcic Brønn (2008) predicted that there would be changes in motives for businesses engaging in CSR worldwide, some associated with moral/normative legitimacy concerns, others with more pragmatic objectives. Similarly, Fombrun, Gardberg, and Barnett (2000) believed that companies are increasingly coming to the realization that a strategically-integrated CSR portfolio 'helps a company build reputational capital... By doing good, managers generate reputational gains that improve a company's ability to attract resources, enhance its performance and build competitive advantage' (p. 105).

The connection between CSR, philanthropy and entrepreneurship has tremendous potential for exploration. Increasingly social entrepreneurs (enterprising individuals who apply business practices to solving societal problems) are using their entrepreneurial principles to organize, create, and manage a venture to make social change. The primary objective of social entrepreneurship is to make beneficial social and environmental impacts. Social responsibility, philanthropy and entrepreneurship offer direction to business leaders who want to increase their companies' social and economic performance (Wolcott & Lippitz, 2007). Sport has an entrepreneurial nature as it is constantly adapting to suit changing societal needs. Sport has been studied from a variety of disciplines but it is only recently that it has been examined from an entrepreneurial perspective (Ratten, 2010). Most definitions of entrepreneurship include the need for innovation, opportunity and vision. Within a sports context entrepreneurship exists at a number of different levels such as the individual, organization and team. Individuals are entrepreneurs when they demonstrate initiative and innovate (Hisrich, 1990). In the sports context entrepreneurs include sports players, sports agents and sport team owners. One of the earliest scholarly definitions of entrepreneurship is by Schumpeter (1965) who conceptualized entrepreneurship as the development of enterprise and

economic development. In this special issue, we define entrepreneurship as when an individual or organization tries to be proactive, innovative and risk taking, particularly as they relate to a sport organization's social responsibility or philanthropic endeavors.

To date, social responsibility, philanthropy, and entrepreneurship in sports remain relatively unexplored research areas. CSR, entrepreneurship and philanthropy have emerged as a topic of importance to the sport sector, thus this special issue is timely and will draw attention to the emerging issues facing newly formed and existing sport organizations and those conducting research investigating these important organizational practices. Although sport organizations have been involved in their local communities for decades, we know little about the relevance, importance, and impact of socially responsible practices to the organizations themselves, to the individuals they intend to benefit, and to their governing bodies. Considering the fact that the sport industry is growing rapidly and this trend is likely to continue in the future (Humphreys & Ruseski, 2008), the sport sector presents a rich context in which to study CSR given this growth and the increasing focus on CSR by organizations in the industry (Babiak & Wolfe, 2009).

The landscape of sport has changed dramatically over the past 25 years. While little empirical research has been conducted on the intersection of CSR and sport, one look at any sport related business or professional sport team's webpage and other communication vehicles indicates that CSR has become an important part of these organizations' business operations. Major sports institutions such as the National Football League (NFL) have a longstanding relationship with United Way, and the National Basketball Association (NBA) has developed the 'NBA Cares' campaign to highlight their commitment to social issues. Sport has a direct connection to the environment as it is often practiced outside

or with a large amount of infrastructure as is the case with sport stadiums. As there is increasing concern worldwide over social and environmental issues, many organizations in the sport industry wish to reinforce their commitment to socially responsible endeavors. Through philanthropic activities sports teams may have an opportunity to increase their social standing in their community.

While some leaders of sport organizations believe that 'doing good is the right thing to do', others believe that 'doing good is good business' (Mintzberg, 1984), being motivated by pragmatic, traditional business, outcomes (e.g., to counter negative media scrutiny, and to be good corporate citizens worthy of desired tax breaks and subsidies from government [to build or refurbish stadia, build access roads]). Academic attention has only recently been given to the unique context in which sport operates and some argue that the nature and role CSR plays in sport may be different than in other industries (Babiak & Wolfe, 2006, 2009; Breitbarth & Harris, 2008; Sheth & Babiak, 2010; Smith & Westerbeek, 2007). Smith and Westerbeek (2007) for instance, claimed that sport, broadly defined, has a number of unique factors that may positively affect the nature and scope of partner corporations' CSR efforts including: mass media distribution and communication power, youth appeal, positive health impacts/association, social interaction, and sustainability awareness. This gap in the academic literature on sport and CSR offers an opportunity for theoretical and practical contributions.

## INTRODUCTION TO THE SPECIAL ISSUE

The aim of this special issue is to improve the understanding of social responsibility, philanthropy and entrepreneurship within a sport context. Consistent with the objectives of the *Journal of Management & Organization*, both conceptual and empirical papers on how social responsibility, philanthropy and entrepreneurship affect the sport industry are discussed. Papers included in

this special issue are from international authors and highlight the worldwide significance and importance of social responsibility, philanthropy, and entrepreneurship in the sports context. Sport is an important vehicle for venturing beyond profit goals into social responsibility, philanthropy and entrepreneurship. We view the matter of CSR in sport in three ways which contributes to the unique opportunities and differences in CSR in sport: a) CSR being enacted by sport organizations (i.e., sport businesses such as professional sport teams/leagues who carry out socially responsible initiatives in communities in which they operate, or charitable foundations and efforts initiated by these sport businesses); b) the second perspective on CSR is sport organizations being the ‘recipient’ and vehicle of corporate CSR (e.g., corporations partnering with sport organizations as part of their CSR – e.g., corporate donations to worthy sport causes, sponsorship, or cause related marketing; cf., Smith & Westerbeek, 2007); c) and finally sport organizations whose focal mission is social impact or development (e.g., community, national or international sport organizations such as Right to Play, Athletes for Hope, the Sports Philanthropy Project). The articles in this special issue encompass each of these three dimensions of social responsibility.

This special journal issue contains nine articles on themes relating to social responsibility, philanthropy and entrepreneurship in the sports industry. The introduction by Ratten and Babiak (2010) presents the special issue; Ratten (2010a) then discusses the importance of and intersection between social responsibility, philanthropy and entrepreneurship in sport. The articles are then organized thematically based on our typology of involvement and interaction. Several papers discuss the CSR related activities of sport organizations. First, Kim, Kwak and Kim (2010) consider the motives for cause-related marketing (CRM) in sports – an area that has received scant examination in the sport marketing context. The authors found justification for

sport teams’ investment into CRM. These findings provide a clearer understanding of sport customers’ attitudes towards the team and how those attitudes might influence consumption. Then Babiak’s article (2010) presents top level executives’ perceptions of CSR in professional sports teams and leagues in North America. As leaders of organizations are often the champions of a business’s CSR efforts, these views on the current state and future directions of CSR in sport are particularly relevant. Irwin, Lachowetz and Clark (2010) examine sports events and how they are increasingly being promoted and marketed through social responsibility and philanthropy programs. Walters and Tacon (2010) examine the way stakeholders are managed in the United Kingdom football industry. In particular, they discuss key issues such as the way stakeholders are identified with respect to a sport team’s CSR initiatives, and how stakeholders affect these organization’s CSR activities. The paper by Dolles and Soderman (2010) is on the role of sustainability and ecology in mega-sporting events. Finally, the paper by Ferkins, McDonald and Shilbury (2010) develops a model for improving board performance based on the case of a national sport organization.

One paper in this special issue touches on the theme of sport organizations being the ‘recipient’ or vehicle of corporate CSR. Misener and Mason’s article (2010) examines the ways that corporations can make a greater contribution to civic and community development through strategic ties to a city’s development agenda of hosting sporting events. This perspective brings together issues related to both social responsibility and entrepreneurship in a community setting. Ratten’s second paper (2010b) is a conceptual paper about developing a theory of sport-based entrepreneurship. The paper discussed the importance of sport organizations whose mission is social impact or development.

With this brief introduction to the special issue on sport, CSR, philanthropy and

entrepreneurship in the *Journal of Management & Organization*, it is our pleasure to bring our readers these insightful and interesting articles. These articles add to our knowledge about CSR, philanthropy, and entrepreneurship in sport, stimulate our thinking, and offer potential future areas of investigation.

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