Constructing the Corporate Social Responsibility Indicators of Professional Sport Organization

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Abstract

Corporate social responsibility (CSR) was used as a business strategy to enhance reputation, increase competitive advantage, and reduce risk. The purpose of this study was to construct the CSR indicators of professional sport organization. In-depth interviews and Delphi method were conducted. Professional sport team managers, secretary generals of sport organizations and experts in sport management participated in this research. Results indicated that CSR of professional sport organization contained 4 dimensions, 13 sub dimensions and 56 sub indicators. The main indicators include enhancing the performance of professional sport organization, increasing competitiveness of professional sport organization, protecting stakeholder's interests, obeying the law, complying the collective bargaining agreement, protecting environment, providing safe merchandise and stadium, assisting sport promotion, assisting employees' career development, protecting consumer rights, promoting sport, education and health programs, assisting philanthropy organizations, and enhancing community’s life quality.

Keywords: corporate social responsibility, professional sport organization, indicators

1. Introduction

In recent years, there has been a dramatic proliferation of serious social issues and environmental problems which need government, non-profit organizations, and businesses to seek solutions together. The issues of social responsibility and environmental sustainability has no longer being an underappreciated activities, it becomes a crucial business practices all over the world (Babiak & Trendafilova, 2011). Commission of the European Communities (2001) defined corporate social responsibility (CSR) as “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (as cited in Dahlsrud, 2008).

Carroll (1979, 1999) proposed four well-known dimensions of CSR as economic, legal, ethical, and philanthropic/discretionary responsibilities respectively. Most people think that economic responsibility is above all business responsibilities. To profit, the enterprises are able to maintain business operations, and then making contributions to the society. Legal responsibility is regarded as the rules and regulations were created in the interests of the majority, thus all businesses are required to comply with. Beyond economic and legal responsibility, ethical responsibility represents the expectations of society, it would be additional activities or operations to the enterprises. Finally, the philanthropic/discretionary responsibility of an enterprise is people expects business to cope with social issues voluntarily, not compelled (Carroll, 1979; Carroll & Shabana, 2010).

Since CSR practice was not forced by the government, why do companies have willing to spend money on it? Kurucz, Colbert and Wheeler (2008) suggested that companies applied CSR as useful strategies, because it can reduce a company’s cost and risk, build up legitimacy and reputation, bolster competitive advantage, and create win-win situation (as cited in Carroll & Shabana, 2010). As Peloza and Shang (2011) aptly pointed out, the best way to build up corporate identity was to provide CSR activities based on their product categories and attributes.

A growing number of research studies focused on CSR can classify into five types (Taneja, Taneja, & Gupta, 2011) as follows. Type I discussed the meaning, definition, and model of CSR (Babiak, 2010; Carroll, 1979, 1999, 2010; Dahlsrud, 2008; Godfrey, 2009; Huang, 1994; Plewa & Quester, 2011; Tu, 2009; Walker & Parent, 2010). Type II
identified determinants of CSR (Babiak & Wolfe, 2009). Type III analyzed actions and practice of CSR (Babiak & Wolfe, 2006; Babiak & Trendafilova, 2011; Bravo, Matute, & Pina, 2012; Inoue & Kent, 2012; Rosca, 2011; Sheth & Babiak, 2010; Walker, Kent, & Vincent, 2010). Type IV measured the impacts of CSR on stakeholders and financial performance (Inoue, Kent, & Lee, 2011; Walker, Heere, Parent & Drane, 2010; Walker & Kent, 2009; Walters & Tacon, 2010). Finally, type V deliberated measurement of corporate social performance (Duygu, 2009; Giannarakis, Litinas, & Theotokas, 2011; Tsai, Cheng, & Chang, 2012; Wood, 2010).

Babiak and Wolfe (2006) analyzed the CSR activities held by the Super Bowl, found that by doing “good things”, sport organizations can not only ease the negative criticism caused by unethical behavior, but enhance their image and reputation. Moreover, Babiak and Wolfe (2009) has pointed out that fans/consumers’ enthusiasm of the product (team or game), the unique economic structure of the sport industry, transparency in decision making, and management of stakeholders would impact sport organizations on choosing CSR activities. Besides, sport industry also chooses distinct CSR activities based on geographical location, influence of stakeholders, and business operations of organizations (Walker & Parent, 2010).

As an emerging industry, professional sport was expected not only pursuing profit but practicing ethics (Huang, 1994). Sheth and Babiak (2010) found that the management in the sport industry believed ethical responsibility is most important of all, and also considered CSR as a strategic requirement for enhancing team’s image or reputation. Sports have an incredible power to attract the masses, sport organizations could use it to practice CSR and influence the society positively (Smith & Westerbeek, 2007). Since sport industry operated distinctively, CSR initiatives in sport organizations had distinctive roles and features differ from other industry (Smith & Westerbeek, 2007).

Take the example of FC Barcelona. When the new board and management team assumed, they addressed four major strategic objectives: (a) restore team’s sporting competitiveness, (b) improve transparency of club governance, (c) increase income by commercial advertisement strategies, and (d) practice CSR to maintain the relationship with society (Hamil, Walters, & Watson, 2010). As Babiak and Wolfe (2006) suggested, no matter which reason (philanthropy or pragmatism) the management considered, sport organizations should no longer ignore CSR. Thus, the purpose of this study was to construct the CSR indicators of professional sport organization. More specifically, this study was undertaken in order to propose and suggest some practical implications of sport CSR.

2. Method

This study gathered materials in the field of CSR, sport and CSR, and CSR indicators, adopting research from Sheth and Babiak (2010), Tsai et al. (2012), Tu (2009), and Turker (2009). We compiled a draft of CSR indicators of professional sport organization, it contained 4 dimensions, 13 sub dimensions, and 58 sub-indicators (see Table 1). In order to discuss and modify the draft, three experts are proficient in sport management and familiar with CSR issues were invited to do an interview separately.

| Dimensions/ sub-indicators | Sub-indicators | Sources |
|----------------------------|----------------|---------|
| 1. Economic responsibility | 1.1. increase income and revenue | Tsai et al. (2012) |
|                            | 1.1.2. map out financial plan | Tsai et al. (2012) |
|                            | 1.1.3. strengthen cost-benefit | Tsai et al. (2012) |
|                            | 1.1.4. save cost | Tsai et al. (2012) |
|                            | 1.1.5. build financial auditing system | Tsai et al. (2012) |
|                            | 1.1.6. build job rotating system | Tsai et al. (2012) |
|                            | 1.1.7. practice management by objectives | Tsai et al. (2012) |
|                            | 1.1.8. map out risk management plan | Tsai et al. (2012) |
| 1.2. maintain competitiveness of professional sport organization | 1.2.1. map out organization development plan | Tsai et al. (2012) |
|                            | 1.2.2. stabilize merchandise quality | Tu (2009) |
| 1.2.3. retain employees | Tu (2009) |
|-------------------------|-----------|
| 1.2.4. build extraordinary team culture | Tu (2009) |
| 1.2.5. innovate training method | By authors |
| 1.2.6. perfect player trading system | By authors |
| 1.2.7. build interior performance evaluation | Tsai et al. (2012) |

### 1.3. protect stakeholders' benefits

| 1.3.1. disclosure financial information | Tu (2009) |
|----------------------------------------|-----------|
| 1.3.2. disclosure employees salary range | By authors |
| 1.3.3. disclosure government grant | By authors |
| 1.3.4. perfect communication channels with stakeholders | Tu (2009) |
| 1.3.5. perfect the official website | Tsai et al. (2012) |

### 2. Legal responsibility

#### 2.1. obey law, regulations, and policy

| 2.1.1. obey law and regulations | Sheth & Babiak (2010) |
|---------------------------------|-----------------------|
| 2.1.2. prevent occupational injuries | Tu (2009) |
| 2.1.3. trade player by fair negotiation | By authors |
| 2.1.4. crackdown on corruption and unethical behavior | By authors |
| 2.1.5. map out punishments on infringement of a treaty | By authors |

#### 2.2. conform international labor standards

| 2.2.1. process employees’ affairs fairly | Tu (2009) |
|----------------------------------------|-----------|
| 2.2.2. pay reasonable wage | Turker (2009) |
| 2.2.3. provide safe and health working conditions | Turker (2009) |
| 2.2.4. value labor rights | Tu (2009) |

#### 2.3. environmental protection

| 2.3.1. reduce carbon emissions | Tu (2009) |
|-------------------------------|-----------|
| 2.3.2. reduce waste | Tu (2009) |
| 2.3.3. reduce exhaustion of natural resources | Tu (2009) |

#### 2.4. provide safe merchandise and service

| 2.4.1. build standard operating procedure | By authors |
|-------------------------------------------|-------------|
| 2.4.2. control competition quality | Tu (2009) |
| 2.4.3. maintain safety equipment on time | By authors |
| 2.4.4. control merchandise quality | Tu (2009) |

### 3. Ethical responsibility

#### 3.1. assist domestic sport development

| 3.1.1. foster sport talent | By authors |
|-----------------------------|------------|
| 3.1.2. provide professional guidance | Tu (2009) |
| 3.1.3. assist sport technique development | By authors |

#### 3.2. assist employees’ career development

| 3.2.1. assist employees’ career development | Tu (2009) |
|---------------------------------------------|-----------|
| 3.2.2. encourage employees study further | Tu (2009) |
| 3.2.3. provide life assistance | Tu (2009) |
| 3.2.4. provide legal consultation | By authors |

#### 3.3. value stakeholders’ rights

| 3.3.1. honest advertise | Tu (2009) |
|-------------------------|-----------|
| 3.3.2. protect consumer privacy | Tu (2009) |
| 3.3.3. deal with stakeholders’ appeal | Tu (2009) |
| 3.3.4. avoid unethical behavior | Sheth & Babiak (2010) |

### 4. Philanthropic responsibility
4.1. promote sport, education, and health program

4.1.1. promote sport in school
4.1.2. hold sport camp or activity
4.1.3. assist education activity in school
4.1.4. promote health program

Sheth & Babiak (2010)

4.2. assist charity or social vulnerable groups

4.2.1. donation
4.2.2. engage in charitable event
4.2.3. form a charity
4.2.4. encourage employees to be a volunteer

Tu (2009)
Sheth & Babiak (2010)
Turker (2009)

4.3. enhance community’s life quality

4.3.1. concern with community development
4.3.2. hold community cultural event
4.3.3. hold cultural exhibition

Tu (2009)
Tu (2009)
Tu (2009)

After the draft was modified (see Table 2 and Table 3), we chosen Delphi technique to check the fitness of these indicators, mailed the CSR indicators of professional sport organization survey to 15 experts (included professional sport team managers, scholars, and secretary generals in sport organizations). The respondents rated the issues on a scale from one to five where 1 represented “strongly disagree” and 5 represented “strongly agree”. Descriptive statistics (mean, mode, and standard deviation) were computed, the item’s mean score under 4 was eliminated.

Table 2. Comparison table of CSR major indicators of professional sport organization

| Dimensions                     | Original major indicators                              | Revised major indicators                              |
|--------------------------------|-------------------------------------------------------|------------------------------------------------------|
| 2. Legal responsibility        | 2.1. obey law, regulations, and policy                 | 2.1. obey law and regulations                         |
|                                | 2.2. conform international labor standards            | 2.2. obey collective bargaining agreement             |
|                                | 2.4. provide safe merchandise and service             | 2.4. provide safe stadium and merchandise             |
| 3. Ethical responsibility      | 3.1. assist domestic sport development                 | 3.1. assist sport development                         |

3. Results

After we interviewed experts, two sub-indicators were eliminated. Moreover, the mean scores of all indicators are above 4, and the consistency within Delphi technique experts exceeded 70%. Thus, the CSR indicators of professional sport organization contained 4 dimensions, 13 sub dimensions, and 56 sub indicators. The results are presented in Table 3.

Table 3. Comparison table of CSR indicators of professional sport organization

| Original indicators                          | Revised indicators                                                   | Mean |
|----------------------------------------------|---------------------------------------------------------------------|------|
| 1.1.1. increase income and revenue          | increase income (e.g. tickets, merchandise) and revenue              | 4.53 |
| 1.1.4. save cost                            | ---eliminated---                                                    | 3.88 |
| 1.1.6. build job rotating system            | build human resources management system                             | 4.53 |
| 1.2.2. stabilize merchandise quality        | stabilize competition quality                                       | 4.40 |
| 2.4.2. control competition quality          | improve competition quality                                         | 4.53 |
| 3.3.1. honest advertise                     | ---eliminated---                                                    | 3.85 |
| 4.1.1. promote sport in school              | promote sport in school and community                               | 4.66 |
| 4.1.3. assist education activity in school  | assist education activity in school and community                   | 4.53 |
| 4.3.3. hold cultural exhibition             | hold sport exhibition                                               | 4.53 |
4. Discussion
This study constructed CSR indicators of professional sport organization from literature review, in-depth interview, and Delphi technique. The results of Delphi technique addressed 4 dimensions, 13 major indicators, and 56 indicators. The findings are discussed as follows.

The results revealed that Enhance performance of professional sport organization, maintain competitiveness of professional sport organization, and protect stakeholders’ benefits appears to be important factors in sport organizations’ economic responsibility. The ultimate goal of enhancing performance of professional sport organization was to increase their profitability and stabilize operation, and then make contributions to the society. These findings ties in with earlier work by Carroll and Shabana (2010) that enterprises need to have profitability then fulfill their corporate social responsibility (Carroll & Shabana, 2010) and Huang (1994) that professional sport organizations have to value players’ rights.

The results shown that obey law and regulations, conform international labor standards, environmental protection, and provide safe merchandise and service appears to be important factors in sport organizations’ legal responsibility. The rules and regulations were created for the interests of the majority, thus all people, organizations, and enterprises are required to comply with (Carroll, 1979, 1999). These findings are consistent with earlier research by Huang (1994), which the relationship between sport and environment are inseparable, it’s every sportsman’s duty and responsibility to protect environment.

The results indicated that assist domestic sport development, assist employees’ career development, and value stakeholders’ rights appear to be important factors in sport organizations’ ethical responsibility. From the sport organization managements' point of view, doping and sportsmanship issues are overlapped with hypocrisy, once players’ unethical behavior was exposed, many team managers would use CSR (doing good things) to avoid criticism strategically (Sheth & Babiak, 2010). These findings ties in with earlier work Smart and Rechner (2007), CSR is an important strategy used by organizations to manage their reputation.

The results revealed that promote sport, education, and health program, assist charity or social vulnerable groups, and enhance community’s life quality appears to be important factors in sport organizations’ philanthropic responsibility. Philanthropic events are most popular CSR practice in professional sport organizations (Sheth & Babiak, 2010). These findings are consistent with earlier research by Godfrey (2009) that sport organizations already devoted to promote community activities (e.g. stay-in-school initiatives) which have positive impacts to the society. By improving the relationship between sport organizations and local community, it may attain local fans’ support, and then willing to buy tickets and merchandise (Sheth & Babiak, 2010).

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