

**The New Orleans Hornets and corporate social responsibility: A case study**

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Abstract 295**

There is growing momentum worldwide to encourage and expect businesses to become more public and socially responsible. Basically, a business or organization "needs to change in response to a changing world, while simultaneously preserving its core value and purpose" (Birch, 2003, p. 3). There must be a continual movement of "forward progress, experimentation, and entrepreneurship, or self-improvement. . . . Above all the business and organizations need resilience and an ability to bounce back from adversity" (Birch, p. 3). In essence, business is beginning to be seen as a social enterprise. This view is demonstrated through corporate social responsibility (CSR) and includes the area of sports. The concept of corporate social responsibility or sport philanthropy is currently one of the areas being widely discussed. Typically, CSR has been "defined in the United States in terms of a philanthropic model" (Arshad, 2006, p. 1). The term, corporate social responsibility, is a brilliant term to use because it initially suggests that CSR is the "panacea which will solve the global poverty gap, social exclusions, and environmental degradation" (Marrewijk, p. 96).

The concept of CSR is as "old as trade and business itself" (Center for Business, Relationships, Accountability, Sustainability and Society, 2007, p. 1). Commercial operations, laws, and environmental concerns can be traced back thousands of years. For instance, in approximately 1700 BC, King Hammurabi of Mesopotamia created a code called the Code of Hammurabi, which set forth laws to protect local citizens from the negligence of innkeepers, farmers, and builders. In ancient Rome, "senators grumbled about the failure of businesses to contribute sufficient taxes to fund their military campaigns, while in 1692, disgruntled shareholders in the Dutch East India Company started issuing pamphlets complaining about management secrecy and self-enrichment" (p. 1). By the 1920s, discussions concerning the social responsibilities of businesses began to evolve into what we now call corporate social responsibility. Generally speaking, CSR has been defined as, "the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations" (McGuire, p. 144).

The challenge faced by businesses and organizations, including sports, in today's environment is to "use their capabilities and capacities to contribute in a traditional business sense while accepting a social role" (Jonker, 2005, p. 20). Sport organizations, like others in the business world, are attempting to integrate corporate and community activities with business operations and interests (Dean, 2003). All share the commonality of "cause-related marketing, whereby firms link the promotion of their product [and services] to a social cause and contribute share of the revenue to the cause" (Babiak, Bradish, Wolfe, Kent, & Johnson, 2007). Thus CSR is becoming an important approach to focusing the contributions sporting organizations and athletes make to the community.

Since the field of sports is comprised of various segments of society, it is important that as many of these major segments of society are incorporated into the planning of CSR of the sport organization and business practices. It should be obvious that there is a wide range of players contributing to the development, implementation, and assessment of sport organization initiatives. Sports organizations need to assume a holistic approach to CSR through integration of their responsibilities and relationships. Each segment of the whole plays a decisive role in prompting and implementation of quality and effective CSR initiatives.

Each of initiatives is derived from the desire to add value to the sporting event by fostering and nurturing the various relationships responsible for successful CSR. In keeping with the idea that sports organizations need to continuously changing and responding to current situations, it is necessary for them to address specific aspects of their operation. The first aspect is the quality of management both in terms of people and processes. The second aspect of sports organizations is to address the nature and quality of their impact on society. This impact can be and usually is, not only short term, but also long term and broad in scope. The impact is realized in revenue flowing to the local area as a result of fans and customers, the power of convening sporting events, associated media, sponsors, ticket holders, luxury suite holders, vendors, professional staff, ownership, facilities, employment opportunities, economic development opportunities are just a few of both short term and long term impact. Diller (1999) indicated that "the need to preserve or legitimize a reputable public image, including the reputation of brand names, has prompted such initiatives in all stages from production to retain sectors active in outsourcing consumer goods [and services]" (p. 101).

Sport organizations "have been sensitized to the importance of making a positive contribution to society, and many act

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accordingly" (Babiak, K., & Wolfe, R., p. 214). The organization's CSR initiatives communicate a message about the behavior of the organization. This message may target various recipients, including investors, sponsors, employees, managers, consumers, business partners, local community members, governmental entities (Diller, 1999). In a report broadcast on National Public Radio, it is indicated that sport organizations have advantages that other industries do not. These advantages include access to celebrity athletes, media exposure of the events, leagues, teams, and athletes, and the rapid growth of the sport industry as a whole. Resulting from the impact and influence of sports means that sport organizations have more influence than other businesses in providing inspiration in areas, "such as education and health care for children; health and exercise [in general], concern for the environment [encouraging recreational sporting], and social/cultural enrichment" (Headless, 2006).

After Hurricane Katrina forced the New Orleans Hornets to play the majority of their "home" games in Oklahoma City, owner George Shinn had a very difficult decision to make. If the team chose to remain in Oklahoma City on a permanent basis it was predicted that they would generate more revenue and the organization would become more valuable. Mr. Shinn ultimately decided to bring the team back to New Orleans because "that is where they belonged" and the organization wanted to do their part in helping to rebuild the city. This presentation will analyze the concept of corporate social responsibility as it relates to sport organizations and provide an in depth case study of the Hornets' decision to remain in New Orleans.