Structuring and Delivering Strategic Philanthropy: The Case of a National Hockey League Franchise

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Introduction

Philanthropy has become a growing activity for corporations over the past two decades. Charitable business practices have traditionally been considered a ‘discretionary’ element of corporate social responsibility (CSR) (Carroll, 1991; Saia, Carroll, & Buchholtz, 2003), although more recently, these efforts are increasingly being integrated into the strategic packaging of a number of business practices (Henderson & Malani, 2009; Porter & Kramer, 2006). Brown, Helland and Smith (2006), for instance, found that firms increasingly find philanthropic opportunities that complement their business competencies with the ultimate goal of enhancing the bottom line. Much of this research focuses primarily on issues related to ‘fit’ between the organization and the cause – which some have found to be critical for CSR / philanthropic success (Lafferty, Goldsmith, & Hult, 2004; Nan & Heo, 2007). However, the literature in this area has offered little in the way of insights into the way decisions around corporate charity are made, how (and which) resources should be allocated to philanthropic initiatives, or how the philanthropic efforts are structured and delivered in organizations – key management processes which impact the ultimate effectiveness and impact of these endeavors and of the businesses themselves (Henderson & Malani, 2009; Kiholm Smith, 2012).

In the professional sport context, CSR engagement is a burgeoning practice that is a key component to creating and reinforcing team identity, engaging in the local community, and building strong relationships with key stakeholders (Babiak & Wolfe, 2009; Walker & Kent, 2009; Walters, 2009). Babiak and Wolfe (2009) also chronicled the trend for professional sport teams to establish independent charitable foundations as a central vehicle to deliver CSR efforts and found a systematic adoption of this form of structuring a sport team’s charitable initiatives. Today, charitable team foundations are ubiquitous across all four major North American professional sport leagues – and around the world. While these practices have emerged as accepted elements of the sport business, there are gaps in our understanding of how these efforts are designed, implemented, and delivered. In particular the intersection between the foundation, the team, and the community is a dynamic that is not well understood. This study examines the case of a professional sport franchise that has adopted a series of unique philanthropic engagement initiatives as a central component to its integration with community and local stakeholders. In particular we were interested in understanding the key factors influencing how organizations make strategic decisions around deploying their competencies to address relevant causes, how they allocate resources earmarked for community enhancement, how specific initiatives were created, how philanthropy was integrated across the functional business units of the organization, and what benefit that provides to executives in these units.

Methods

We selected one National Hockey League (NHL) franchise which changed ownership in 2011, and whose owner articulated a strong commitment to philanthropy as part of the team’s operations. This team has a separate philanthropic foundation (501(c)(3) public charity designation) bearing the team’s name. We collected and analyzed over 50 organizational documents (team and foundation) to establish the scope and scale of the team’s philanthropic efforts, and how those have evolved over the period of new ownership. We then conducted 8 interviews (to date) with senior team executives from the functional departments of the organization (i.e., Executive VP Finance and Strategic Planning, VP of Philanthropy and Community Relations, Executive VP of Sales) (We are scheduled to conduct 6-8 additional interviews with other team employees as well as with the team owner). The interviews are designed to elicit information regarding how the organization has (re)structured its philanthropy in light of new ownership, which resources are used, how it strategically deploys resources to help build community and benefit
local stakeholders. Questions also explore the way philanthropy was viewed and incorporated into relevant business processes like human resource management, ticket sales, sponsorship, in game presentation, marketing, partnerships, and community relations. Interviews and relevant documents will be transcribed and analyzed using Atlas.ti, a qualitative data analysis program. From the literature on corporate philanthropy we will create first order themes (our preliminary analysis has begun to identify these including market orientation, competency/resource orientation, organizing philanthropic engagement, ‘fit’ strategies, decision making rubrics, and stakeholder relations). Members of the research team will separately code the transcripts and documents and then compare codes for consistency and consensus validation. Our analysis will use an iterative process of analytic induction (Straus & Corbin, 1990) whereby we will confirm or modify any emerging themes until a list is refined and finalized. Through this process we will be able to uncover and better understand the strategic processes underpinning corporate philanthropy in professional sport.

Preliminary Findings

While this study is currently ongoing, our preliminary findings suggest sport teams are not merely channeling funds to nonprofit organizations via their foundations, but also engaging in varied activities including convening partners from different sectors, recognizing and promoting the causes and partners supported, and using philanthropy as a tool to enhance team and foundation image. We see both a market orientation and a competency / resource orientation in the philanthropic activities this sport team is engaging in, suggesting a strategic focus. In this organization in particular, there was the strongly ingrained philanthropic philosophy of the team owner and top executives that created a stronger sense of connection with the local community and among all employees throughout this organization. This influenced decisions that were made about event presentation, marketing, sales, and functions in the community. The organization has professionalized the function of philanthropy (i.e., the formation of a 501(c)(3) organization, hiring an executive director with philanthropic expertise, grant making, communication and cross-organizational integration, and fundraising).

Conclusions/Recommendations

This study offers insights into the philanthropic process for executives to assist in formulating and delivering the most appropriate philanthropic mix of activities based on its mission, structure, and specific context. As a discrete element of CSR, philanthropy is not as deeply explored in the sport context, and an area that has tremendous potential for enhancing a sport organization’s business as well as benefiting society. This study extends the questions of ‘why’ organizations engage in philanthropy – to ‘how’ they are actually doing it by providing a descriptive overview of the scope of corporate philanthropy activities and their integration into the business of professional sport. We conclude the presentation by offering several directions for future research in this area.