Variation of Philanthropic Contributions in Professional Sport Teams: Institutional Equivalence as an Explanatory Factor

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Introduction/ Significance of the Topic
As corporate social responsibility (CSR) is playing a crucial role in sport, a growing body of research in sport management has captured various socially responsible issues in the major professional sport industry. Scholars have explored motivations of sport teams for engaging in CSR (e.g., Babiak & Wolfe, 2009, Babiak & Trendafilova, 2011), key processes and mechanisms in developing strategic CSR for professional teams (e.g., Heinze, Soderstrom, & Zdroik, 2014), how sport teams can benefit from CSR initiatives (e.g., Godfrey, 2009), as well as how CSR can impact sport consumers’ responses (e.g., Walker & Kent, 2013). Corporate philanthropy, as one element of socially responsible behavior, appears to vary in scope and intensity in professional sport (Ochs, 2017). For example, it was reported that the most generous Major League Baseball (MLB) team in 2015 was the Boston Red Sox giving back over $5,700,000 to the community while the charitable donations of Cincinnati Reds recorded only $60,000 (Littlefield, 2016). However, at the ecological level, there is negligible research on understanding why professional sport teams vary their philanthropic contributions. Therefore, we propose that the variation in sport teams’ philanthropic contributions can be explained through the lens of institutional theory—specifically, via the concept of institutional equivalents.

Purpose
The purpose of our paper is to offer a theoretical explanation for how professional sport teams respond to simultaneous institutional influences from two specific sources: the sport league in which they are affiliated and the local geographic community in which they are located.

Literature Review
Central to institutional theory is the question of isomorphic effects of institutional processes, as organizations in the same field become more alike in organizational structures and procedural features over time (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). It is noted that as a process of institutional isomorphism, organizations look to their peers for references for appropriate behavior (DiMaggio & Powell, 1983). Often times organizations receive more than one behavioral cue from multiple peers when they are embedded in multiple institutional fields (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011). For example, organizations might simultaneously receive behavioral cues from their industry peers but also from their geographic community peers. Previous research on the influences of multiple institutional fields shows that organizations in such conditions may ignore one or both peers (Oliver, 1991), compromise inconsistent influences from different peers (Rowan, 1982), or independently respond to each peer group (Davis & Greve, 1997). As a means of resolution, Marquis and Tilesik (2016) proposed that ‘institutional equivalents’ be the primary reference group for an organization in multiple institutional fields. An institutional equivalent is defined as “other organizations that exist at the same intersection (e.g., other firms embedded in both the same industry and the same geographic community)” (Marquis & Tilesik, 2016, p. 1325). Thus, the presence or absence of institutional equivalents for organizations embedded in multiple fields would be a crucial factor of isomorphic effects. Likewise, professional sport teams face a parallel analogy. A team may encounter industry (league) peers (i.e., sport teams in the same league) as well as local peers (i.e., other sport teams in the same region). For example, the league peers of the Chicago Cubs would be the other 29 teams in MLB, and the local peers would be other Chicago-based sport teams, such as the Bulls (NBA), Bears (NFL), Blackhawks (NHL). Lastly, an institutional equivalent of the Cubs would be White Sox (MLB), a local rival team.

Proposed Hypotheses: Given this institutional environment, we propose three hypotheses regarding how the presence of institutional equivalents might influence the philanthropic contributions of sport teams. With regard to
philanthropic contributions by Fortune 1000 firms, Marquis and Tilcsik (2016) explored how firms responded to cues from different peers when embedded in multiple institutional fields (industry and community) and found that firms were more influenced by institutional equivalents. This result is also supported by studies showing that social actors are more likely to interact and be influenced by other actors who are similar to themselves along multiple dimensions (Block & Grund, 2014; Moody, 2001). Following this line of reasoning, we expect that the philanthropic contributions of institutional equivalents will have a greater influence on a sport team’s philanthropic contributions than the contributions of its other league peer or local peer (Hypothesis 1). Although organizations are often embedded in multiple institutional fields, it is not always that an institutional equivalent is present. In such cases, it is more likely that sport teams receive behavioral cues from their local peers rather than league peers who are dispersed widely throughout the nation. This may be attributed to the fact that sport teams are tightly connected to their geographical communities. To initiate philanthropy within such an environment, especially referencing already existing local peers, would definitely legitimize and accentuate the salient actions. Thus, we predict that if a sport team has no institutional equivalents, the philanthropic contributions of its local peers will have a greater influence on the team’s contributions than the contributions of its league peers (Hypothesis 2). Furthermore, the strength of an institutional equivalent’s influence may depend on the overall performance status of a sport team. Prior research on the relationship between organizational performance and mimetic behavior shows that organizations with lower performance are more likely to imitate the practice of other organizations because they are more motivated to learn from others (Greve, 1998; Strang & Macy, 2001). Because institutional equivalents would be a clear and influential reference group, underperforming organizations are more inclined to imitate their practices and behavior including philanthropic contributions. Therefore, our last hypothesis is that the lower the financial and game performance of a sport team, the stronger the influence of institutional equivalents on its philanthropic contributions (Hypothesis 3).

Discussions/ Implications/ Future Directions
This theoretical explanation is novel in considering the role of ‘institutional equivalents’ as a factor influencing philanthropic behavior in professional sport. It underscores the influence of institutional equivalents, and sheds light on the inter-organizational imitation patterns of the sport teams regarding their philanthropic contributions. Future empirical work is necessary to test the proposed hypotheses. In the future, it is suggested to examine whether similar conceptualizations can be applied to other organizational practices (e.g., marketing activities) of professional sport teams.