The Role of Strategic CSR for Creating a Competitive Advantage: The Case of Professional Sport Teams

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Management - Strategic Management (Professional Sport)  Saturday, June 9, 2018
20-minute oral presentation (including questions) 8:55 AM
Abstract 2018-266 Room: Acadia C

Relevance/Significance of the Topic to Sport Management
Researchers have shown that Corporate Social Responsibility (CSR) initiatives have significant benefits for both internal and external stakeholders (Janssen & Vanhamme, 2015; Korschun & Du, 2013; Sen & Bhattacharya, 2001). Just as many organizations employ CSR initiatives in order to stimulate support for their product or services, so too should major professional sport organizations. That is, they need to capitalize on the strategic CSR approach to enhance their activity and brand image in stakeholders’ minds. Recent publications reveal the rapid growth of CSR in sports organization (Babiak et al., 2015; Chelladurai, 2016; Heinze, Soderstrom, & Zdroik, 2014; Lin, Chalip, & Green, 2017; Plewa et al., 2016). For example, in their seminal work, Babiak and Wolfe (2009) identified four distinct factors that distinguish major professional sport from other business: passion, economics, transparency, and stakeholder management. While sport executives and scholars suggest strategic CSR use of organizational resources to advance their business interests and societal benefits (Babiak, Heinze, & Wolfe, 2015; Sheth & Babiak, 2010), there is a need to advance our understanding on how we integrate these unique approaches and build human, organizational, and physical capital of professional sport teams. Despite the fact that many professional sport organizations embrace CSR activities as a driver to create values (Athanasopoulou, Douvis, & Kyriakis, 2011; Babiak & Wolfe, 2009), we know little about how this approach generates competitive advantage. To that end, the aim of this study is to better understand how strategic CSR initiatives create competitive advantages within the major professional sport organization context.

Review of Relevant Literature
A larger set of empirical evidence suggests that strategic CSR approaches positively impact the development of society, while fulfilling its financial responsibility (Flammer, 2015; Margolis & Elfenbein, 2008). Strategic implementation of CSR initiative captures value for the organization and society (Baron, 2001). Scholars and senior managers have devoted focus to the proliferation of CSR activities as a tool that generates value for organizations (Margolis & Walsh, 2001; McWilliams & Siegel, 2001). Strategic CSR activities consist of business activities, which seek social benefit, parallel to the specific financial interest and legal expectation (McWilliams & Siegel, 2001). Barney, Ketchen, and Wright (2011) defined strategic CSR as “any responsible activity that allows a firm to achieve a sustainable competitive advantage, regardless of motive” (p.1481). Extant researchers provide a comprehensive and detailed overview of RBV (Barney, 1991; Hitt et al., 2016). In consideration of the multi-dimensional nature of the sport industry to influence society and economy or both, many scholars have discussed the importance of CSR application in a sport context (Smith & Westerbeek, 2007).

Conceptual Framework
Through this proposed framework, we seek to conceptualize strategic CSR through the lens of an RBV approach and generate competitive advantages that contribute to enhance performance. Scholars have acknowledged connections between CSR engagement and value for the organization and the customer (Du, Bhattacharya, & Sen, 2007; McWilliams & Siegel, 2011). Porter and Kramer (2007) contended companies achieve competitive advantage through developing existing or new ideas. Therefore, we extend this, arguing that strategic CSR can be an effective means for professional sport organization to improve their relationship with the community and customers. This could be accomplished through utilizing value creation approach that embraces a particular mix of human, physical, and organizational resources for an extended time. Wernerfelt (1984) assert organization resources as anything ranging from an existing resource to the development of a new one.

Becker (1964) human capital theory posited that individuals invest in human capital, such as training, skill,
Expenditure on education, motivation, talent, and work experience, in an effort to improve effectiveness. Sodhi (2015) asserted that enhancing the employee talents and skills indicate the company’s duties being a good citizen of society, therefore employees may obtain higher utility from the organization. Within a professional sport organization, there could be a possible mix of human capital—employees, players, coaches, staff, chief executive officer (CEO), and owner(s). Robinson and Dechant (1997) claim employee diversity would result in positive outcomes since it could provide for a greater marketplace understanding, innovative decisions, and decision comprehensiveness. Cunningham and Sagas (2004) asserted greater investment in employees’ skills and training result in greater career outcome. In this sense, professional sport organizations’ effort to build human capital through providing different resources to address societal issues may be perceived as an effort to create a value for the organization. Therefore, through effective utilization of human skills and knowledge along with diversity compositions, professional sport teams can potentially maximize their value.

Organizational capital is embedded within organizational relationships, specifically internal stakeholders, the organization’s repositories of information, or some combination of the above (Tomer, 1987). Intangible assets such as, organization culture, history, relationships, reporting structure, management system, and compensation policies are conceptualized as organization capital (Lev, Radhakrishnan, & Zhang, 2009). Taking this into consideration, the systematic implementations of sport organization CSR initiatives, which involve the organization guidelines of process, execution plans, organizational design and strategies, and procedures, are a significant source to create a competitive advantage.

The growing trend of sport organizations’ engagement in the construction and renovation of facilities is an effort to create a variety of economic, urban development and cultural opportunities (Harvey, 2006; Seifried & Clopton, 2013). Many professional sport teams in the United States have obtained Leadership in Energy and Environmental Design (LEED) certification (Trendafilova & Nguyen, 2015). Sport organizations CSR initiatives that address stakeholders’ interest through building assets for community, recreational facilities, parklands, or related infrastructures will create a competitive advantage.

Discussion/Implications/Future Directions
Professional sport organizations’ resources can add value through attracting consumers, improve recruitment process, enhancing the sport organization to exploit opportunities, and, thus contribute to the overall organization effectiveness. The theoretical contribution of this paper is that CSR, a process that is usually seen as helping the needy, is in fact capable of creating value for the sport organization and the external stakeholders, particularly when the organization employed the unique characteristics of professional sport organizations. More specifically, this study may serve as an important premise for improving professional sport organizations’ view of traditional CSR approach (e.g., philanthropy or community programs) to pursue multiple strategic CSR initiatives based on the organization’s resources. Sport organizations continually need to update their CSR expectation based on a call from internal and external stakeholders. An intriguing question for future research is whether strategic CSR is beneficiary in other sport organizations such as collegiate sport and amateur sport.