Exploring the Influence of Community Institutional Forces on Corporate Philanthropy in Professional Sport

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Introduction & Backgrounds: Corporate philanthropy (CP) in the United States has long been a socially responsible behavior of firms. Specifically, CP is defined as the voluntary act of business to promote the community’s welfare, generally through money, in-kind goods, or time (Gautier & Pache, 2015). Professional sport teams also have a long history of philanthropic involvement in their communities. CP, as a medium of corporate social responsibility (CSR), has received more attention in sport scholarship coinciding with the increased number of team-affiliated charitable foundations and growing interest in the strategic value of the practice (Babiak & Wolfe, 2013; Smith & Westerbeek, 2007; Trendafilova et al., 2017). Although the growing importance of CP in the field, some studies has shown that professional sport teams vary in their level of generosity and involvement in CP (e.g., the amount of giving by the team foundations) (Inoue & Kent, 2013; Sparvero & Kent, 2014). However, there is still little understanding of why some professional sport teams give more than others.

Walzel et al. (2018) called for sport scholarship on CSR to be more firmly grounded in existing theory to better understand the socially responsible behavior of professional sport teams. Institutional theory focuses on how institutions shape an organization’s actions and drive conformity to standards, rules, and norms in a given institutional environment (DiMaggio & Powell, 1983). Building on institutional theory, we highlight that geographic community, as an organizational field, is a significant institutional environment that shape an organizational actions of professional sport teams through various institutional features such as public policy, local relational systems, culture, and tradition (Lounsbury, 2007; Marquis & Battilana, 2009; Marquis et al., 2013). Thus the purpose of this study is to unpack how community institutional forces influence the CP of professional sport teams in the United States.

Methods: This study aims to explore how community institutional forces [i.e., regulative (tax-rates), socio-normative (presence of nonprofits), and cultural-cognitive (volunteerism)] affect professional sport teams in terms of their philanthropic giving. To test this idea, we used longitudinal data of philanthropic giving made by team foundations in four major professional sport leagues in the U.S. and the institutional forces of communities [i.e., metropolitan statistical area (MSA)] in which the teams embedded between 2005 and 2015. Our complete sample included 921 team-years observations from 92 distinct professional teams located in 39 MSAs.

Results: The results revealed that higher state income tax rates and a greater presence of nonprofits in the community are associated with the increase in the level of teams’ philanthropic giving, whereas the effect of community volunteer rates on teams’ philanthropic giving was not found to be significant.

Contributions & Implications: Our study contributes to sport management literature by providing a better understanding of institutional factors influencing professional sport teams’ CP. This study may be a platform to advance future research on the discourse of community fields in the context of professional sport. Furthermore, policymakers might leverage different community institutional forces to exert pressure on teams to engage in appropriate levels of CP to achieve desired collaborative social objectives.