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## **Responsible business through sport: a balance between pursuing esteem and avoiding disesteem**

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**Abstract:** Sport elicits contradictory responses. On the one hand it is associated with many virtues such as positive health impacts, social interaction, cultural understanding and integration. Sport has been rather popular and widely used for various business purposes. Particular interest has been focused on the potentiality of sports to provide a platform for acts of corporate social responsibility (CSR). The argument is that through sport, companies can do good business by doing well. Sport holds significant media interest and coverage, offering global brands opportunities to address their stakeholders. At grass-roots level and within local communities, companies can do well for example by promoting sporting facilities for children and young people. However, on the other hand, recent years have witnessed that bad behaviour has gained a foothold within sport. Corruption and bribery, money laundering, match-fixing and doping have been regrettably common both in the cabinets and playing fields. Systematic and planned violations of law and/or codes of sport conduct have cast dark shadows on sport. Unsurprisingly, many businesses are nowadays reconsidering their investments in sport.

The paper holds the view that sport is still an appropriate and respectful way for companies to indicate their good citizenship. However, in order to bridge the gap between potentiality and actuality, the paper calls for new approaches to using sport as a vehicle for CSR. In doing that, the paper discusses business and sport relationship in the context of CSR through the lenses of esteem. The paper perceives esteem as parallel to, albeit imperfectly, the ordinary economy of material goods and services. It is expected that esteem is in the broad sense a commodity that is in limited supply and significant demand. When applied in the field of sport-related CSR, the pursuit of esteem forces both business and sport to reconsider their behaviour. Seen from the esteem perspective, improving an athlete's performance by doping is not just a violation of the codes of sport conduct, but an act which creates disesteem. From the company's perspective, the problem is that disesteem emerged from the behaviour of its ally can contaminate the company. Therefore, in the economy of esteem, the pursuit of good is not adequate. It must be reconciled with the avoidance of disesteem. The conceptual paper contributes particularly to the sport-related CSR literature by introducing and discussing the concepts of esteem and disesteem. The paper proposes managerial implications both for businesses and sport.

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**Keywords:** *corporate social responsibility, sport management, economy of esteem.*

## **Introduction**

Corporate social responsibility (CSR) has evolved from philanthropy to the core of doing business. Companies are nowadays expected to take into consideration the social consequences of their activities. The argument goes that business cannot be separated from society. Climate change and labour conditions, for example, are issues that affect businesses whether they like it or not. Ignorance of these issues is not an option. It is worth noting, however, that not all challenges are global. Companies are also compelled to take actions that are acceptable within the local community they operate. Doing good for the community, for example, in the form of fighting against social exclusion can be an activity which also benefits companies.

Studies suggest that investing in CSR is good for business. Weber (2008), for example, has identified several areas in which CSR can provide business benefits including positive effects on company image and reputation, positive effects on employee motivation, retention, and recruitment, cost savings, revenue increases from higher sales and market share and CSR-related risk reduction or management. Although the empirical evidence between CSR and companies' financial performance is not unambiguous (Margolis and Walsh 2003, Salzmann et al. 2005), the conclusion these studies make is that companies cannot afford to behave irresponsibly. Quite the contrary, they make a rather strong case in favour of investing in CSR.

Due to the ambiguity of the evidence of benefits of CSR, there is well-grounded criticism of companies' current CSR policies. This criticism arises mainly from the fact that many CSR activities are not incorporated into companies' strategies. Porter and Kramer (2006), for example, have pointed out that CSR will not achieve its potentiality if companies address CSR in generic ways instead of the way most appropriate for each company's strategy. The more separate from the company's core business, the more probable CSR is seen as cost, not as a source for competitive advantage (ibid.). Because of difficulties to integrate CSR into the strategy, many companies use CSR as "public relations exercises more focused on corporate image than corporate behaviour" (Marques and Mintzberg 2015). A bit paradoxically, while.

## **Pros and Cons of Deploying CSR through Sport**

For a long time sport has offered companies an environment for conducting the acts of CSR which have been targeted either at promoting the companies' reputation or their involvement in developing communities they operate in. The use of sport as a vehicle for deploying CSR has been justified for several reasons. It is argued that sport has special features which make it rather unique in the context of CSR. The following list of sports' unique characteristics is based on the work of Smith and Westerbeek (2007). Firstly, as sport has large media coverage, it offers a tempting and great scope for participation and inclusion, thereby enhancing companies' CSR initiatives. Secondly, sport has an inherent appeal to young adults and children, from both a participative and spectator viewpoint.

Top athletes and players can provide role models for emulation and stimulate young people to participate in CSR activities. Thirdly, through sport, companies can launch CSR initiatives which aim to encourage activity and health awareness, and thereby target the common social problem of deteriorating health standards. Fourthly, sport provides a context for encouraging social interaction in a functional way. At best, playing fields are concrete places in which people can interact with others from different backgrounds. Fifthly, sport can increase cultural understanding and offer opportunities to take the idea of diversity into action. Sport events, for example, are known for embracing cultural diversity. Sixthly, sport offers immediate gratification benefits for its participants and organizers. The list compiled by Smith and Westerbeek (2007) helps to explain why sport has been such a popular and widely used platform for companies' CSR initiatives.

Nevertheless, the above-mentioned does not mean that sport is free from wrongdoings. The more money has been poured into sport, the more there also are temptations to indulge in bad behaviour. The side-effects of commercialization have been criticized for various business practices such as poor governance, financial problems, corruption and controversial players' behaviour (Anagnospoulos and Shilbury 2013). In 2015, the sporting world has been shocked by two large scandals. Firstly, several high-level Fédération Internationale de Football Association (FIFA) officials were arrested for FBI accusations of racketeering, corruption and money laundering. The case is still pending; however, it has already become clear that global businesses which sponsor football cannot accept the sharing of money and other benefits within the old boy network. Secondly, the World Anti-Doping Agency (WADA) published a report with serious doping accusations against Russian athletes. The report says that the doping has been systematic and supported by high-level officials.

Although it is likely that the two violations represent just tips of the iceberg, the two cases are enough to show the dark side of sport. From the companies' perspective, a sport entity (individual athlete or player, team, league etc.) can be transformed from an asset into a liability. It is quite clear that sport entities who indulge in misbehaving – whether against the law (e.g. corruption and money laundering) or rules set by sport governance bodies (e.g. doping) – are not fitted as CSR partners with companies. Since CSR is fundamentally about doing good and showing it to companies' stakeholders, acts against the law and rules ruin companies' efforts. Instead of esteem what has emerged is disesteem.

### **Esteem, No Esteem and Disesteem**

Esteem is the regard in which one is held. For example, an athlete can be held in great esteem by his/her fans. An athlete's esteem is derived from his/her behaviour within and outside the sports field. An athlete's esteem is a complex configuration, among others, of his/her success in competition, his/her media behaviour and stories that are told about what he/she has done. Although esteem is dependent on one's behaviour, esteem cannot be understood purely on the basis of what the person has done. Brennan and Pettit (2000) have made a useful difference between esteem and reputation. According to them, reputation refers to achieving certain results such as meeting deadlines, whereas esteem means being a certain sort of person. Being a person who meets the deadlines can have a

good reputation in the minds of his/her colleagues; however, the same person can behave rudely and insult his/her colleagues, for example, at the company's Christmas party. From the Brennan's and Pettit's (ibid.) perspective that kind of person does not have esteem.

We can imagine a range of factors and characteristics that could be seen as creating esteem towards a particular person. Keeping promises, appreciating others' opinions and helping others when needed, for example, are factors related to esteem. Similarly, there are no shortage of factors that represent a person in the light of disesteem. Breaking one's promises, belittling others and leaving others to their own devices bring disesteem to a person. One can also behave in a way that creates neither esteem nor disesteem. Disesteem is built up with negative attitudes towards a particular person, whereas a person with no esteem may behave correctly in a given situation, but nonetheless in a way which does not create esteem towards him/her. Doing things by the book is an example of behaviour which creates neither esteem nor disesteem.

Brennan and Pettit (2000) see esteem as a characteristic of an individual. This paper argues that esteem and disesteem can also be characteristics of an organization (Bergh et al. 2010). Therefore, in the following, the paper will focus on how sport-related CSR can be perceived as behaviour which influences the esteem of the company.

### **The Relationship between Sport-Related CSR and a Company's Esteem/Disesteem**

As described earlier, using sport as a vehicle for CSR is a double-edged sword: on the one hand, sponsoring, for example, a successful football club offers companies good visibility and connections between the brand and football fans. However, on the other hand, corruption scandals around FIFA may violate the image of football in the eyes of the public and turn sponsorship from an asset to liability. This begs to question if the concepts of esteem and disesteem give new insight to sport-related CSR? Obviously, esteem is not a commodity that can be bought, sold or passed forward. How, then, to balance between pursuing esteem and avoiding disesteem in the context of sport-related CSR?

This paper argues that there are at least four approaches which should be considered when agents try to balance the pursuit of esteem with the avoidance of disesteem. Firstly, an agent probably does not achieve esteem if its actions are targeted too obviously towards attaining esteem. Instead of esteem, the agent's behaviour can be interpreted as being opportunistic. Opportunistic behaviour raises suspicions about the sincerity of the agent, which in turn may lead to disesteem. Brennan and Pettit (2000) have pointed that sincerity is "always in question where there is a straightforward exchange under offer". Secondly, it is possible that esteem is 'hidden' in the agent's everyday behaviour in a way which makes it difficult to notice. This means that sometimes esteem becomes uncovered only when the agent changes its behaviour. A bit paradoxically, agents can behave respectfully and earn esteem unintentionally. Thirdly, in certain conditions, agents are

able to create esteem services. Although esteem cannot be exchanged straightforwardly, it can, however, be exchanged “in various esteem-services in the provision of favourable attention, favourable testimony and favourable association”. Agents can pursue esteem indirectly by associating themselves with partners who possess esteem. According to Brennan and Pettit (2000) “one’s own stocks will go up as the stock of the associated agent goes up”. Fourthly and consistently with the previous, esteem implies reciprocity between associated agents. Reciprocity can manifest itself in several forms (e.g. direct, indirect, two-way, network) but all forms involve certain kinds of mutual benefits that agents cannot achieve by themselves (Bhattacharya et al. 2008). Brennan and Pettit (2000) argue that “the reciprocation is controlled by the interest of each party in enjoying esteem but the control is wholly virtual in character”. Only with genuine reciprocity each agent earns some reflected glory, while none of them loses. It is worth noting that esteem, as well as disesteem, come from others.

The above-mentioned approaches offer two implications for tailoring companies’ CSR through sport. Firstly, in order to avoid the criticism of being opportunistic, companies are encouraged to collaborate with partners who have a strong social cause to promote. Companies can survive in the economy of esteem, if they succeed to establish a partnership with organizations who have good reputation in working with social causes. Sporting clubs, who provide physical training for children and young people, are potential CSR partners as they give companies opportunities to represent their behaviour in a positive light. By financially supporting sporting clubs, companies are actually tackling the social cause. If the behaviour of the sporting club is appreciated within society, a piece of its esteem can spill over to the company. In doing so, companies are competing for the sort of publicity that will maximize the esteem their performance earns (Brennan and Pettit 2000). Through the publicity of social causes, companies can share a common awareness that their merits are recognized and vaccinate themselves against cynical arguments.

Secondly, the principle of reciprocity demands that the goal of sport-related CSR is mutual benefit, not the company’s nor the sport organization’s individual benefit. The paper reckons Elster’s (1963) axiom “nothing is so unimpressive as behaviour designed to impress” (Brennan and Pettit 2000). However, this does not mean that nothing can be done. One conceivable way is to “pursue esteem indirectly, by pursuing esteem for another, associated agent” (ibid.). It is possible that powerful athletes and successful teams win esteem in high measure for how they perform on the sporting fields. They win esteem without actually panning any means to the achievement of that good. That is to say that esteem is hidden in their behaviour. However, although athletes and teams are not actually seeking esteem, they cannot neglect the virtue of good behaviour. The meaning of esteem appears to them counterfactually – i.e. when they fail to win esteem (cf. Brennan and Pettit 2000). If they get caught, for example, for doping or match fixing, they immediately become aware of the virtue of esteem and the consequences of disesteem. As has been the case many times, sportsmen and sport organizations are involved in various unethical and illegal practices. Instead of esteem, their behaviour has attained disesteem. From companies’ perspective, badly behaving sportsmen and organizations do not offer favourable associations. Quite the contrary, the danger is that

the disesteem attained to sport spill overs to company. Esteem is impossible to achieve with a sportsman or organization who lacks respect. In order to avoid problems, companies and sport organizations should aim to identify mutual benefits and act accordingly. For creating joint esteem services, companies are encouraged to audit their sport partners. Instead of seeking esteem directly through sport, companies are advised to identify and manage risks related to the behaviour of sport organizations. If athletes and teams can be “forced” to respect the behaviour that wins esteem, companies do not need any calculations as to how far it actually does win esteem (cf. Brennan and Pettit 2000).

## **Conclusions**

This paper argues that while the sporting world has witnessed many wrongdoings in the recent years, sport is still a good partner for companies to indicate their responsibility. Particularly this is the case when responsibility is addressed through the lenses of esteem. The value of the concept of esteem is that it helps to develop partnerships which are based on reciprocity and focused on mutual benefits. The emphasis on reciprocity and mutuality of benefits have two explicit managerial implications. Firstly, reciprocity and mutual benefit give a motivation to companies to audit and “scan” the behaviour of potential CSR partner organizations. Secondly, reciprocity and mutual benefit direct sport organizations to take seriously the obligations they make. Probably the best result is achieved when companies and sport organizations build long-lasting collaboration in which both parties are committed to pursue mutual benefit – i.e. esteem. Although esteem itself is always a voluntary choice (Brennan and Pettit 2000), the dignified behaviour can be underpinned by setting boundaries which are not allowed to cross. To reach this aim, there are several management tools that can be deployed. Especially useful are tools (such as the BIBGIS assessment tool) that help sport organizations to improve their management and governance practices (Chappelet and Mrkonjic 2013).

This paper holds the view that esteem is difficult to achieve but easy to lose. A too straightforward endeavour to draw esteem is probably doomed to fail. However, these difficulties should not be used as reasons to neglect esteem-seeking. Quite the contrary, the paper claims that the company who has modest concern for the esteem of others is better off than the company who has no interest at all.

The paper suggests one particular avenue for further research. For realizing the full potential of sport-related CSR, more focus should be put on the strategies for competing for esteem. Therefore, empirical research is needed to understand what kind of performance and publicity maximize the esteem earned by both the companies and sport organizations.

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