

Sport-based CSR activities of Polish companies: ideas and examples

PAWEŁ CEGLIŃSKI

Faculty of Economic Sciences and Management, Nicolaus Copernicus University in Toruń, POLAND

Published online: April 30, 2020

(Accepted for publication: April 15, 2020)

DOI:10.7752/jpes.2020.s2166

Abstract:

The aim of this article is to indicate the developing issues of using sport-based corporate social responsibility. Today the role of sport in corporate activities is rising as an outcome of common belief that it has a positive impact on long-term financial results. Undoubtedly the sport engagement, in a broad sense, brings a range of advantages, among them improvement of the image, meeting customers' needs and raising financial capital. However, these effects are difficult to estimate and many sport-based CSR actions are taken intuitively. The analysis of CSR reports of Polish listed companies allows to conclude that few entities present them properly. This is surprising, as both sport and corporate social responsibility are extremely popular research areas. Moreover, Polish society, i.e. consumers, are increasingly interested in them. The paper starts with the discussion about theoretical foundations of corporate social responsibility concept. Then there is presented the relationship between socially responsible activities and sport - in general two major possible combinations are possible - sport-based CSR undertaken by non-sport organizations and CSR realized by sport organizations. The main factors and limitations determining specific socially responsible actions were pointed out. In the next step there are presented examples of good sport-based CSR practices realized by Polish organizations. Data presented by leading Polish companies listed on the Warsaw Stock Exchange were used - PKN Orlen, PGE Capital Group and PZU Group. This is followed by a brief reflection on the current state of knowledge, a comment on the need for further research and the research methods used in the literature.

Keywords: Corporate Social Responsibility; sport; sport-based CSR; CSR activities of Polish companies

Introduction

Along with the rising awareness of the Polish society about a healthy lifestyle, its interest in sport is also growing. This in turn creates a specific pressure on businesses which are forced to include sports initiatives in their corporate social responsibility strategies. The relations between CSR and sport and the resulting consequences have not yet been sufficiently studied. As a result, we do not have sufficient knowledge of the effects of specific actions. It is therefore difficult to describe reliably how to plan and implement them properly. This is surprising because Corporate Social Responsibility is an extremely popular topic in the literature, and implementation of its assumptions by many companies is even obvious, if only to improve their image on the market. The specificity of the category undertaken in this article makes it, in my opinion, the most difficult type of CSR to implement. The following part of the article presents the idea of using socially responsible activities based on sport, assessment of the existing knowledge and practical examples.

Material & methods

This article has been prepared mainly on the basis of the literature on corporate social responsibility and the relations of this concept with sport in its broadest sense. In order to select valuable literature on the subject, Scopus database was used in particular. The obtained material has been supplemented with examples of practical use of CSR activities related to sport by Polish companies listed on the Warsaw Stock Exchange, including sponsorship activities and support for local communities. The cases have been selected in such a way as to allow for the broadest possible presentation of the complexity of the relationship between sport and socially responsible activities. Transparency of these entities allowed for a reliable presentation of good practices, which apart from a positive social impact, have the potential to improve the situation of the enterprises themselves. The article concludes with a short assessment of the current state of presentation of socially responsible activities related to sport by enterprises.

Results

Over the last five decades the pressure on companies to engage in corporate social responsibility has increased and many of them have responded to these pressures (McWilliams and Siegel, 2000, p. 607). To understand the scale of phenomena it's sufficient to analyze the websites and reports of companies listed on Warsaw Stock Exchange, especially belonging to WIG30 and RESPECT indices. Notwithstanding the above a lot

of CSR issues have to be explained in the field of management. Too often there is a huge difference between declared and actually implemented activities.

It's established that corporate social responsibility is a broad ideological stream which includes many conceptions about the adoption of certain obligations which a company should take on towards society, apart from its major objective (Roszkowska, 2011, p. 23)- profit maximization (Sudoł, 2006, p. 71; Sierpińska, 1997, p. 35) - or in other view - creating shareholder value. The latter, in my opinion, is paradoxically the most obvious indirect reason to undertake any activity proper to social responsibility. It also constitutes a decisive criterion of evaluation of various strategies of an enterprise (Ceglińska and Cegliński, 2014). The term "indirect" means that there are other direct effects of CSR activities, such as increased employee involvement and brand trust (Du et al., 2011). It should be stressed that the results of empirical studies of the relationship between CSR and profitability are inconclusive, reporting both positive and negative, and even neutral results (McWilliams and Siegel, 2000, p. 608).

There is no one generally accepted definition of corporate social responsibility. The majority of them stress the environmental, social and economic dimensions of the concept. As Höllerer proves, definitions of CSR diverge over several dimensions which are motive, voluntariness and institutional context (Höllerer, 2012). According to Athanasopoulou, Douvis and Kyriakis, the general consensus academically would be that CSR represents a set of actions that appear to further some social good, extend beyond the explicit pecuniary interests of the firm, and are not required by law (Athanasopoulou et al., 2011, p. 160). According to the definition proposed by the World Business Council for Sustainable Development, CSR is the continuing commitment of business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society in general (WBCSD, 1999). The prevailing justifications for CSR are: moral obligation, sustainability, license to operate and reputation. None of them offers sufficient guidance for choices managers have to take (Porter and Kramer, 2006).

The concept of corporate social responsibility should be considered in view of the advantages that can be brought not only to the society, but also to the enterprise (Ceglińska and Cegliński, 2014). According to Porter and Kramer, corporate social responsibility can be much more than a cost, a constraint, or a charitable deed - it can be a source of opportunity, innovation, and competitive advantage (Porter and Kramer, 2006, p. 79). Of course, corporate social responsibility can be a source of competitive advantage only if activities in this area are rightly undertaken (Cegliński and Wiśniewska, 2016, p. 14). The benefits of implementation of the concept of CSR can be divided in three groups (Ceglińska and Cegliński, 2014): economic advantages, managerial advantages and social advantages. The first group includes inter alia: building a positive image of an organization in the market; attracting new customers; increasing confidence of the present customers; increasing effectiveness of conducted economic activities; increasing the investor interest and possibility of deduction of donations for social purposes from the tax basis. The second group one can indicate the benefits such as: perception of a company as an attractive employer; good information flow and communication within an organization; greater motivation and commitment of employees; better organizational culture. The last group of advantages includes among others: publicising of the issue of corporate social responsibility; stimulation of economic development in a city and contribution to the growth of prosperity of its inhabitants; education of society; influence upon improvement of natural environment and creation of charitable attitudes in the society.

Nowadays, there is an increase in importance of sport-based CSR activities undertaken not only by sport organizations such as professional clubs, but also by companies functioning in all other business sectors, including non-sports-related. One can note rapidly growing number of firms undertaking these actions. Despite foregoing, sport-based CSR research is still in its infancy. Thereupon there is a need to explore motives and effects of such activities in this field.

Sport is an industry in which variety of stakeholders in the environment are shaping sport organizations' behavior (Trendafilova et al., 2013, p. 300). They don't function in isolation from stakeholders they have to be attentive to (Freeman, 1984), especially communities that surround them (Porter and Kramer, 2006), clients and public authority. One of the key issues is that social consciousness is progressively changing and this phenomena leads to the evolution of people's perception of business activity as a whole including firms impact on environment and broadly understood quality of life. In general it can be said that enterprises are more or less formally controlled by their stakeholders. It has to be noticed there is always a team of people behind the success of an organization (Varmus et al., 2018). Reputation and image are nowadays crucial for organizations in a competitive market (Parent and Foreman, 2007; Blumrodt et al., 2013). Hiring athletes to promote brands is extremely popular, but always associated with risk. What is an asset to the involvement of sportsmen and sportswomen by companies, in particular the identification of the public with them and the associated high level of confidence, can also worsen the image of the company. For example players participating in illegal activities may reflect negatively upon the whole organization with which they are associated (Sheth and Babiak, 2009, p. 436). It forces implementing professional reputation management strategies by companies, what of course embraces including corporate social responsibility aspects in it. Major activity taken especially by big companies is sport sponsoring (Plewa and Quester, 2011). In practice it includes many different forms of supporting individuals, teams or sport events.

It's important to stress that sport organizations, such as professional sports clubs, are no different from other companies in their intent to earn a profit and positively impact the economy in the cities in which they operate (Sheth and Babiak, 2009, p. 436). In their study, Athanasopoulou, Douvis and Kyriakis, note that a variety of factors have led to the growing importance of CSR for sport organizations (2011, p. 436). As most important they argue the omnipresence of sport and consuming public increasingly aware of the social aspect of organizations policies (Athanasopoulou et al., 2011, p. 436). This dependence also applies to non-sport organizations.

Figure 1 presents the simple conceptual model of undertaking sport-based CSR activities by organizations, both operating in and out of sport sector, developed on the basis of literature review and empirical research. Undertaking sport-based activities is determined by internal and external pressure. In the first group the key role play employees, or in other words – human resources, for sure the most important resources in most of firms regardless of business sectors. Their needs and consciousness set the boundaries of effectively implemented CSR actions. External pressure includes primarily stakeholders demands and legal requirements. On the other hand we have to consider also internal and external constraints. Internal constraints are linked with some kind lack of resources. It could be a cost of potential socially responsible project or deficit of expert knowledge within the company. The external constraints are connected always somehow with business environment conditions, for example with competitors, technology or even politics. Correctly undertaken sport-based activities lead up with direct non-financial effects, such as increase of market share, brand confidence and workers engagement. These influence the main firm objective – firm value maximization.

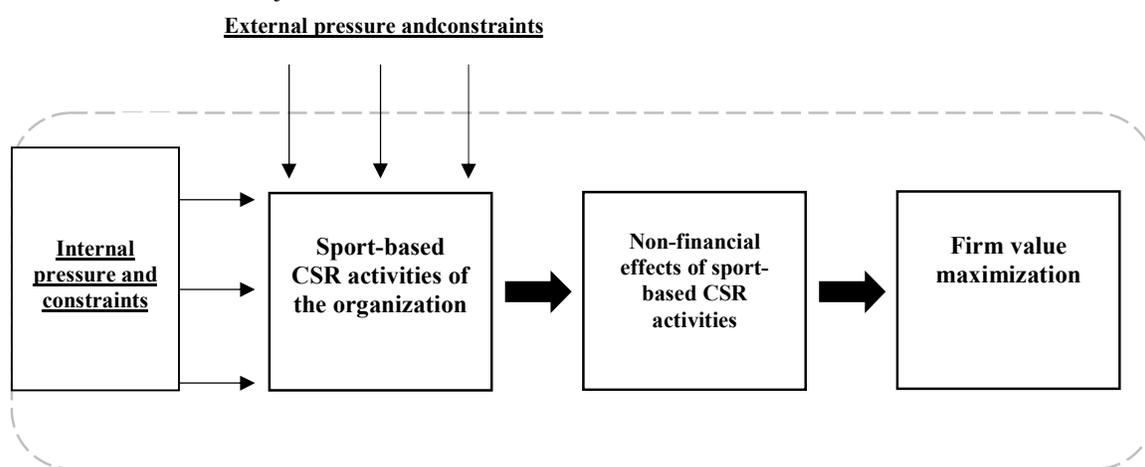


Fig. 1. Model of undertaking sport-based CSR activities by organizations

Further are given the chosen examples of good sport-based CSR practices pursued by non-sport companies operating in Poland. It is currently impossible to identify a common model for the implementation of such activities. The implemented CSR programmes in the part concerning sport have a strongly individualised character, going beyond theoretical schemes and adjusted to the specificity of given enterprises. Selected enterprises are included in the RESPECT index listed on the Warsaw Stock Exchange.

The first example of a Polish company implementing social responsibility activities based on sport is PKN Orlen S.A. (PKN Orlen, 2019; 2020). It's the largest firm in Poland according to the income criterion and the leader in terms of professionalism in the implementation of corporate social responsibility strategy. So far, PKN Orlen as the only Polish company has been included in The World's Most Ethical Company (WMEC) ranking five times. The CSR strategy implemented by Orlen is aimed at improving the company's image. It should be noted that the petrochemical industry is naturally exposed to various types of doubts on the part of the public opinion, in particular with regard to environmental pollution and the impact of production processes on the quality of life of local communities. PKN Orlen undertakes a number of initiatives in the area of sport, including support for sports activities of its employees through co-financing of sports, recreation and rehabilitation activities. However, sports sponsorship and organization of sports events play a key role. According to the declaration, as the largest Polish company, it feels responsible for supporting Polish national teams. Of course, these have a positive impact on millions of Poles - potential customers of the company. Orlen sponsors sports and ventures that are consistent with its purposefully created image. These are in particular athletics and volleyball, as well as motor sports. Among others, Orlen is the title sponsor of Alfa Romeo Racing's Formula 1 team in 2020, and since 1999 it has been supporting Orlen Team, the best rally raid team in Poland participating in the Dakar Rally. PKN Orlen also organizes the Orlen Warsaw Marathon combined with a charity march, from which all fees are transferred to the charity. Moreover, the company cooperates with the Eagles of Sport Foundation, whose aim is, as they themselves stress, to develop sport for all.

The next company whose sporting CSR activities will be briefly outlined is the PGE Capital Group (PGE, 2019). It is the largest company in the power sector in Poland in terms of generated revenues and profit,

supplying power to over 5 million households and businesses. The company focuses on developing the competence of its employees and taking advantage of business opportunities and partner relations with its contractors. For years, the company has been supporting sports undertakings, including sports for children, youth and the disabled. PGE Group cooperates with professional teams of various sports disciplines, which arouse the greatest emotions among fans. These include football, handball and basketball. The key sponsorship undertaken by the company is the titular sponsorship of the most modern multifunctional arena in Poland - PGE Narodowy, where the matches of the Polish national football team are held. PGE is also the titular sponsor of the best speedway league in the world - PGE Ekstraliga. PGE is also actively involved in amateur sport. It supports local initiatives all over the country, especially those promoting sport among children and young people.

Another entity whose socially responsible activities based on sport are a model for others is PZU Group (PZU, 2019). It is the largest financial institution in Poland and Central and Eastern Europe. Its traditions date back to 1803. PZU S.A., leader of the capital group, is one of the most liquid companies listed on the Warsaw Stock Exchange. The PZU Group manages about PLN 300 billion of assets and provides services to 22 million customers in five countries. Importantly, PZU is the most recognizable brand in Poland. The PZU Group pursues a CSR strategy in which sport, both recreational and professional, has played a key role for years. The entity supports its employees in their recreational and sports activities by offering them, among other things, sports subscription cards and individual entries to sports facilities and clubs. In practice, each employee may join one of the specialist sections of PZU Sport Team. Currently, there are 14 sports sections available with approximately 1000 employees. These sections are: cross-country skiing, strength, basketball, squash, skiing, dancing, Nordic walking, table tennis, football, triathlon, cycling, sailing, volleyball, badminton. There are also gyms available in Warsaw and Szczecin. PZU Group is one of the main sponsors of the Onko-Olympics International Sports Games. It is the only sporting event in the world for young players struggling with cancer. Its realization is supposed to help them to return to normal life after finishing their treatment. Among the disciplines in which young sportsmen compete one can mention athletics, swimming, archery, football, badminton and table tennis. The PZU Group is also strongly involved in large running events. Since 2015, it has been supporting three running events in Kraków - PZU Cracovia Marathon, PZU Cracovia Half Marathon and PZU Bieg Trzech Kopców. The aim of the events, apart from sports competition, is also to show participants the beauty of the city of Kraków. Moreover, the PZU Group is the title sponsor of the largest marathon run in Poland - PZU Warsaw Marathon - and PZU Warsaw Half Marathon.

Discussion

Despite the fact that sport is commonly included in the corporate social responsibility strategy and implementation of these activities, Polish entrepreneurs almost never report their effects. Integrated reports of Polish companies, even the best ones (cf. Lotos, n.d.) only mention specific actions related to sport. The residual data made available by the most transparent companies in Poland seem to confirm the thesis that they do not have sufficient understanding of this issue. The question should therefore be asked on what basis decisions are taken to implement specific socially responsible activities, in particular those related to sport. This fact is surprising because the importance and awareness of healthy lifestyle is fast-growing in Polish society (Bejma, 2013; J. Kłos, 2014). Already in the 2012 study, the Polish society considered physical activity as one of the main activities contributing to the improvement of its health condition (CBOS, 2012). Furthermore, sport has been recognised by the United Nations as an important factor in achieving sustainable development objectives in a global context (United Nations, n.d.; Masdeu Yelamos et al., 2019), and their inclusion in the strategy of Polish enterprises is becoming increasingly popular (Lotos, n.d.; KGHM, n.d.; CCC, n.d.).

However, measurable effects of using sport in socially responsible activities are not properly presented. It seems that the methodologically justified research approach is the use of a case study within which a detailed financial analysis will be made. So far, the literature presents several noteworthy research approaches to the undertaken issues. In their paper, Walker and Parent, used a qualitative content analysis approach (Walker and Parent, 2010). They used a cross-section of organizations from all six major sport leagues in United States and other sport organizations selected on the basis of their revenue, innovation and international prominence. As a result, the researchers used 97 organizational websites for the coding. The undoubted value of the survey is that it covers not only corporate social responsibility, but also corporate social responsiveness and corporate citizenship. Eleven codes were used corresponding to types of social involvement, which are: community involvement, community development, fair business practice, conduct codes, worker safety, cultural diversity, the environment, philanthropy, youth education, youth health and volunteerism. The methodology proposed by the researchers is also suitable for use in relation to organizations operating in other countries, including Poland. Alternative research approaches practiced by authors of valuable publications for the issue are the questionnaire method (cf. Sheth and Babiak, 2009) and interviews, both structured and unstructured (cf. Anagnostopoulos and Shilbury, 2013; Ibrahim and Almarshed, 2014; Trendafilova et al., 2013). The multitude of methods used, although it does not facilitate comparisons of research results, serves the development of the research area. In particular, it allows to show its multidimensionality and complexity. However, this does not change the fact that a comprehensive analysis of the issues requires a large amount of data which are rarely collected by companies.

Conclusions

There is no doubt that the involvement of businesses in socially responsible activities based on sport is increasing today. Despite this, the relationship between CSR and sport, and in particular its effects, has not yet been sufficiently studied. Practices in this area are taken up by enterprises as a result of external and internal pressures on them. They should be part of a well-thought-out strategy, rather than being implemented on an ad hoc basis in response to changes in the business environment. Establishing a clear causal link between the social responsibility activities undertaken and the performance of the company seems unlikely. The multitude of approaches to the use of socially responsible activities based on sport and the great difficulty of measuring the empirical phenomenon is not conducive to its explanation.

References

- Anagnostopoulos, C., Shilbury, D. (2013). Implementing corporate social responsibility in English football. Towards multi-theoretical integration. *Sport, Business and Management: An International Journal*, 3(4), 268-284.
- Athanasopoulou, P., Douvis, J., Kyriakis, V. (2011). Corporate social responsibility (CSR) in sports: antecedents and consequences. *4th Annual EuroMed Conference of the EuroMed Academy of Business*, Business Research Challenges in a Turbulent Era, 158-170.
- Bejma, U. (2013). Prozdrowotne style życia w świadomości współczesnego społeczeństwa polskiego [Pro-healthlifestyles in the consciousness of the contemporary Polish society]. *Studia nad Rodziną*, 17(2), 65-80.
- Blumrodt, J., Desbordes, M., Bodin, D. (2013). Professional football clubs and corporate social responsibility. *Sport, Business and Management: An International Journal*, 3(3), 205-225.
- Ceglińska, M., Cegliński, P. (2014). Motives for consideration of CSR concept assumptions for building a business strategy. *Journal of Corporate Responsibility and Leadership*, 1(1), 9-20.
- Cegliński, P. (2016). Wartości organizacyjne jako czynnik sukcesu przedsiębiorstwa [Organizational values as the firm's success factor]. *Acta Universitatis Nicolai Copernici. Management*, 43(1), 127-138.
- Cegliński, P., Wiśniewska, A. (2016). CSR as a source of competitive advantage: The case study of Polpharma Group. *Journal of Corporate Responsibility and Leadership*, 3(4), 9-25.
- Centrum Badania Opinii Społecznej (CBOS) (2012). *Polacy o swoim zdrowiu oraz prozdrowotnych zachowaniach i aktywnościach [Poles about their health and pro-healthy behaviours and activities]*, Warszawa.
- Du, S., Bhattacharya, C.B., Sen, S. (2011). Corporate social responsibility and competitive advantage: Overcoming the trust barrier. *Management Science*, 57(9), 1528-1545.
- Freeman, R.E. (1984). *Strategic management. A stakeholder approach*, Pitman Publishing, Boston.
- Höllerer M.A. (2012). *Between Creed, Rhetoric Façade, and Disregard. Dissemination and Theorization of Corporate Social Responsibility in Austria*, Peter Lang AG.
- Ibrahim, H., Almarshed, S.O. (2014). Sporting event as a Corporate Social Responsibility Strategy. *Procedia Economics and Finance*, 11, 3-14.
- KGHM website (n.d.). Cele Zrównoważonego Rozwoju [Sustainable Development Goals] (<https://kgm.com/pl/zrownowazony-rozwoj/zrownowazony-rozwoj-w-strategii/cele-zrownowazonego-rozwoju>), accessed: 04.03.2020.
- Kłos, J. (2014). *Zjawisko zdrowego stylu życia we współczesnym społeczeństwie polskim [Phenomenon of a healthy lifestyle in contemporary Polish society]*. Doctoral dissertation, Uniwersytet Medyczny im. K. Marcinkowskiego w Poznaniu.
- LOTOS website (n.d.). Cele Zrównoważonego Rozwoju [Sustainable Development Goals] (http://odpowiedzialny.lotos.pl/2348/nasza_odpowiedzialnosc/w_biznesie/deklaracje/cele_zrownowazonego_rozwoju_sdgs), accessed 04.03.2020.
- Masdeu Yelamos, G., Carty, C., Clardy, A. (2019). Sport: a driver of sustainable development, promoter of human rights, and vehicle for health and wellbeing for all. *Sport, Business and Management*, 9(4), 315-327.
- McWilliams, A., Siegel, D. (2000). Corporate social responsibility and financial performance: correlation or misspecification?. *Strategic Management Journal*, 21(5), 603-609.
- Parent, M.M., Foreman, P.O. (2007). Organizational image and identity management in large scale sporting events. *Journal of Sport Management*, 21(1), 15-40.
- PGE Group (2019). *PGE Group Code of Ethics*.
- PKN Orlen S.A. (2019). *Orlen Group 2018 Integrated Report*, <https://raportzintegrowany2018.orklen.pl/en#start>.
- PKN Orlen S.A., *Web site of PKN Orlen S.A.*, <https://www.orklen.pl/EN/CSR/Pages/default.aspx>, accessed 24.02.2020.
- Plewa, C., Quester, P. (2011). Sponsorship and CSR: Is there a link? A conceptual framework. *International Journal of Sports Marketing and Sponsorship*, 12(4), 22-38.
- Porter M.E., Kramer M. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, December, 78-92.
- PZU S.A. (2019). *Management Board's report on the activity of the PZU Group and PZU SA*.

- Roszkowska, P. (2011). *Rewolucja w raportowaniu biznesowym: Interesariusze, konkurencyjność, społeczna odpowiedzialność* [The revolution in business reporting. Stakeholders, competitiveness, social responsibility], Difin, Warszawa.
- Sheth, H., Babiak, K.M. (2009). Beyond the game: Perceptions and practices of corporate social responsibility in the professional sport industry. *Journal of Business Ethics*, 91(3), pp. 433-450.
- Sierpińska, M. (1997). Dynamiczny i statyczny pomiar płynności finansowej w przedsiębiorstwie, in: Sierpińska, M., Wędzki, D. (Eds.). *Zarządzanie płynnością finansową w przedsiębiorstwie* [Liquidity management in the enterprise], Wydawnictwo Naukowe PWN, Warszawa, pp. 35-72.
- Sudoł, S. (2006). *Przedsiębiorstwo: Podstawy nauki o przedsiębiorstwie. Zarządzanie przedsiębiorstwem* [Enterprise: The basics of enterprise science. Enterprise management], Polskie Wydawnictwo Ekonomiczne, Warszawa.
- Trendafilova, S., Babiak, K., Heinze, K. (2013). Corporate social responsibility and environmental sustainability: Why professional sport is greening the playing field. *Sport Management Review*, 16, 298-313.
- United Nations (n.d.). *Sport and the sustainable development goals. An overview outlining the contribution of sport to the SDGs*.
- Varmus, M., Kubina, M., Koman, G., Ferenc, P. (2018). Ensuring the long-term sustainability cooperation with stakeholders of sport organizations in Slovakia. *Sustainability*, 10(6), 1-19.
- Walker, M., Parent, M.M. (2010). Toward an integrated framework of corporate social responsibility, responsiveness, and citizenship in sport. *Sport Management Review*, 13(3), 198-213.
- World Business Council for Sustainable Development (WBCSD) (1999). *Corporate Social Responsibility: meeting changing expectations*, Geneva.