The Importance of Investment and Sponsorship in Sport and its Impact on Organizational Success

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Abstract

Sponsorship in sport has become a prominent promotional tool for many companies across the world. Although many studies have suggested elements necessary for successful sponsorships, the lack of emphasis on measurement has the potential for employees to view their firm’s sponsorship initiatives as executive ego enhancers. This study highlights the relationship between sport sponsorship, organizational culture, and employee behavioral benefits. By reviewing literature on member identity and people focused components of organizational culture; we propose that when employees are highly identified with their organization, via sport sponsorship, a people focused decision-making culture may result in numerous employee benefits.

Keywords: investment; sponsorship; organizational culture

Introduction

Sport sponsorship has been explained as the attempt to form a strategic link between a company and a sporting property as a means of communicating brand messages to the vast audience of a particular team, player or event (Javalgi et al., 1994). Along with extensive reach offered by sport to various audiences, the platform has also been known to significantly differentiate a company from its competitors (Hickman, Lawrence & Ward, 2005). Fan’s excitement and emotional attachment to various sport teams has made this an attractive option for a company looking to utilize the symbols associated with sport properties as their own (Copeland et al., 1996). In fact, sponsors’ objectives have commonly focused on exploiting sport properties’ positive images in order to define, improve, or reestablish a company’s own image (Farrelly, Quester & Burton, 2006).
Purpose of Current Study

Since the sport sponsorship market has become more competitive and cluttered over the previous four decades, more attention to the strategic use of sponsorships has been given to the field (Fahy, Farrelly & Quester, 2002). Specifically, literature has displayed a growing concern about how sponsorships have affected the sponsoring company’s employees (e.g., Hickman et al., 2005; Rogan, 2008; Farrelly & Greyser, 2007; Grimes & Meenaghan, 1998; Coote & Cornwell, 2004). Increased cost of sponsorships has amplified the need for reasoning and accountability in these investments (Javalgi et al., 1994), along with better communication of sponsorships’ business practicality to the organization’s internal stakeholders (Grimes & Meenaghan, 1998). The purpose of this conceptual piece is to propose a framework – presented in Figure A – that suggests how sport sponsorship can be used to enhance organizational culture, and thus create many positive benefits for an organization and its employees.

Sponsorship and Member-Organizational Identity

One of the most common sponsorship objectives for companies has been enhancing, redefining, or establishing a certain brand image (Burton, Quester & Farrelly, 1998). In sport, companies have tried to achieve this objective by choosing events, teams, and properties possessing a desirable fan and consumer association. Sponsors of a property have often attempted to achieve goodwill, or the positive brand perceptions capable of creating a form of equity through associations held by consumers and audiences of a company’s messages (Meenaghan, 1991). The following section seeks to explain how sponsorship may build internal employee goodwill and symbolically enhance employee identification with a company’s marketing strategies based on the sponsorship programs the company undertakes; essentially enhancing how members identify with an organization, and strengthening company culture.
**Embedding Identity In A Sponsorship Policy**

One way organizations have expressed their identity to stakeholders is through their mission statement. Ran and Duimering (2007) indicated mission statements have been thought to represent the essence of organizational identity. Although a company’s mission statement has little relevance to involvement in sport, a company’s sponsorship policy does. A company’s sponsorship policy has been said to be related to a company’s mission, and is established to provide guidelines for what a firm will and will not sponsor in sport, music, festivals, and other events (Cunningham et al., 2009). Furthermore, sponsorship policies have served to detail a company’s specific vision and values, and have communicated those ideals to employees and stakeholders to display a clear organizational identity (Meenaghan, 2001).

**Discussion and Conclusions**

**Theoretical Implications**

The previous literature review has sought to form a link between sport sponsorship and the cultural components or member identity, and people focused decision making. This section will aim to describe the conceptual framework from the model provided in Figure A. The framework’s components include (a) member identity, (b) people focused decision making, and (c) the individual employee behavior components of organizational commitment and engagement. Due to the findings from the literature review, we propose sport sponsorships, in which employees identify with, may lead to a more people focused decision making culture, and thus may also increase affective commitment, normative commitment and employee engagement.

**Managerial Implications**

Although sponsorships objectives have commonly been focused on nurturing business relationships and achieving external awareness objectives (Grimes & Meenaghan, 1998), there have been recent studies recommending that companies build relationships, and attempt to identify with the company’s employees as well. Hickman and his associates (2005) have claimed sponsorship has the capability of communicating internally and altering a company’s culture.
The current study has utilized Haley’s (1991) claim, which explained employees form their perceptions based on the way managers utilize their monetary resources. Therefore, this study has aimed to illustrate to managers how sponsorship investments can play a role in how employees perceive their company’s organizational culture, and affect individual employees’ organizational behaviors. Based on the competitiveness and costliness of the sponsorship industry, employee participation and communication in the way sponsorship decisions are made has become increasingly important (Kelemen & Papasolomou, 2007). By using member identity as a SHRM tool, managers may enhance their ability to evaluate the impact sponsorship decisions have on their employees. This people focused decision-making has been suggested to heighten managers’ ability to achieve organizational and employee engagement and reap the aforementioned benefits. The increase in sponsorship cost and calls for greater accountability have made it essential for managers to legitimize and gain support of their actions with all organizational stakeholders (Burton et al., 1998). The previous sections have offered the idea of sponsorship’s symbolism and the role it has been suggested to play in individual employees, organizational processes, and ultimately organizational culture. The ideas International Journal of Sport Management, Recreation & Tourism outlined have emphasized the importance of using sport sponsorship to enhance brand perceptions of not only in the intended external audience, but also by the company’s staff. Organizational culture was briefly described as what the organization values and believes to be important to achieving company goals (Taylor et al., 2008). Research has shown companies have been (a) using sponsorship policies to embed organizational identity (Cunningham et al., 2009), (b) reflecting a desirable identity to employees who have common interests or similar goals (Hickman et al., 2005), and (c) utilizing values held by a sponsored property and expressing these values to their own staff (Rogan, 2008). Employing a people focused culture, through sponsoring events of similar interests and identity with employees, has many benefits in strengthening an organization’s culture. If the organization has placed focus on how employees are affected by sponsorship decisions, it has been suggested to increase an employee’s commitment (Hickman et al., 2005), and engagement (Rogan, 2008). This study has proposed a conceptual framework, while including managerial suggestions. Though limited, research on the topic of sponsorship’s impact specific to organizational culture has displayed an opportunity to attain many benefits through the use of employees as a strategic tool in achieving organizational objectives. Nonetheless, the propositions posited by this study would need to be tested in order to substantiate the claims made by this conceptual piece. However, due to the aforementioned benefits included in the literature review, sponsorship’s impact on a sponsor’s staff and organizational culture is a topic sport managers can expect to see more research on in the coming years.

References


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