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The twin edges of corporate social responsibility and irresponsibility: A synthesis and application to sport

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Corporate social responsibility (CSR) has become one of the more popular topics for research as well as consultancy. However, the calls for CSR have been blunted because of differing conceptions of CSR and the rationale thereof. I review the various definitions and descriptions of CSR, and identify and bring together the most common and salient elements with a view to provide a clearer picture of the concept. While this exercise brings clarity to the concept as articulated by the proponents of CSR, I also address the opposing view expressed by such stalwarts as Adam Smith (1778), the father of modern economics and capitalism, and Milton Friedman (1970), Nobel Laureate in economics. Friedman asserted that the only responsibility of a firm was to make profits for its owners. Subsequently, other authors (e.g., Carroll, 1979) have acknowledged that profit making is a primary responsibility of the firm.

Friedman also said that it must be “within the rules of the game” under “open and free competition without deception or fraud.” The rules of the game include all government regulations regarding the operation of the enterprise, the customs of society, and the principles and practices of a free market economy. If a firm would violate this cardinal principle, it would be causing harm to the community and corporation as well. This notion of “causing harm” is the bedrock in much of the discussions of CSR. The “harm” can be financial, physical, mental, or moral impairment of a person(s) or entity. Thus, the second and equally important responsibility of the firm is to ensure that nobody is harmed in the process of making profit. Note that a firm’s single action can be a twin-edged sword of being socially responsible because it makes profit and, at the same time, being socially irresponsible because it harms some entity in the process of making profit.

Noting that the apparently opposing views on CSR are based not so much on substance but on the semantics, I make the distinction between a *responsibility* (i.e., something that the firm ought to do and/or ought not to do) and an *initiative* (i.e., a voluntary action by the enterprise toward some specific end). The primary responsibilities (i.e., making profit and not harming others) were highlighted above. As for the initiatives, we can distinguish among (a) *strategic initiatives* where the firm engages in an activity mainly for the purpose of enhancing its own worth, (b) *defensive initiatives* where the organization acts in defense of its image and prestige, and (c) *altruistic initiatives* where the organization engages in some activity for the benefit a group or entity at some cost to the organization (Carroll, 1979).

Regarding the applicability of the above paradigm to sports organizations, I argue that the concept of CSR is equally relevant to both profit and nonprofit organizations. The fundamental responsibility of a sport organization (both profit and non-profit) is to sincerely and vigorously

attempt to achieve its stated goals. But such goal attainment needs to be circumscribed by the responsibility of doing no harm (i.e., not being irresponsible).

I review the CSR literature in sport (e.g., Babiak & Wolf, 2010), reconcile it with the proposed paradigm, and classify the CSR activities engaged in by sport organizations into (a) responsibility of goal attainment, (b) responsibility of doing no harm, and (c) strategic initiatives, (d) defensive initiatives, and (e) altruistic initiatives.

Finally, I juxtapose these CSR responsibilities and initiatives with two streams of managerial concerns—(a) the legal issues of *misfeasance* and *nonfeasance*, and *malfeasance* which relate, in general, to the duties of public organizations including sport organizations, and (b) the concept of *organizational justice* (and its components of *distributive*, *procedural*, and *interactional* justice). An organization would be socially irresponsible if it violates any of the justice principles in its interactions with its stakeholders. Based on the above, I highlight and classify the ways in which sport organizations can be socially responsible and irresponsible.

References

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