

Corporate Support for Sport and Organisational Performance. Case Study for Companies in Romania

Sebastian Mădălin MUNTEANU¹

Abstract

This exploratory study, highly innovative at (inter-)national level, analyses the theoretical and empirical fundamentals of the relationship between corporate sport support and business performances, with an application for the 50 best financially performing companies in Romania in view of their turnover. The empirical research, conducted with the help of an original methodology, evaluated three basic issues related with corporate sport support (sport in general, sport for employees, sport for other stakeholders) for the companies investigated according to five main domains of economic activity. The initially achieved results, strongly influenced by the industrial profile of the firms, emphasize the increased focus put on supporting sport initiatives by the analysed companies in the recent period, considering the real contribution that sport could bring to the broad organisational development, through human resource management and suitable policy of corporate social responsibility.

Keywords: *sports economics, corporate support for sport, sport for employees, organisational performance, top companies in Romania*

JEL classification: L25, L83, Z2.

1. Introduction

The economic and social measures implemented in a harmonized or particular way in the post-crisis period led to a deeper awareness of the role of sport in creating economic value at national and organizational level. The acknowledgement of the bidirectional link between sport and economy consolidates the theoretical-empirical need for inventorying the potential positive contributions that sport may bring on at state and corporate level.

Nevertheless, at organisational level, there are few specialized researches (for example, Cousens et al., 2006; Kloppers, 2009) dealing strictly with the direct or indirect examination of the way in which corporate sport support contributes to the consolidation of corporate efficiency and competitiveness, while the main challenge of these studies precisely refers to the methodological issues regarding data collection and interpretation. In a broader sense, taking into account the core results in the specialized literature, the microeconomic influence of sport is

¹ **Sebastian Madalin MUNTEANU**, Faculty of Management, Bucharest University of Economic Studies, Romania, Email: sebastian.munteanu@ase.ro, Tel.: +40727822369.

asserted at least on the following levels: the impact of sport practicing on employees' satisfaction, efficiency and productivity on the job (Andreff and Szymanski, 2006; Kloppers, 2009); the application of some behavioural principles and norms "borrowed" from sport (for example, strict compliance with 'the game's rules', correctness, team-spirit, leadership, competitiveness, seizing opportunities etc.) into the organisational management (Katz, 2001; Ratten, 2011); the generation of economic results from the operation of the business model based on sport (Westerbeek, 2013) – both from social and competitive perspectives; the increase in competitiveness for companies that support sport, because of the positive involvement of all groups of stakeholders (Andreff and Szymanski, 2006; Iamandi, 2010).

Taking into account the general framework situated at the intersection of the economic and social spheres (Țarțavulea et al., 2012), the present exploratory research targets a less addressed issue in the specialized literature and business practice and even less approached for the Romanian case, specifically the preliminary analysis of the way in which the corporate support for sport projects inside and/or outside the business organization may contribute to the enhancement of its economic objectives. The corporate assistance for sport is differently investigated, by considering the main beneficiaries of organisational support: through policies of human resources – the targeted beneficiaries are the employees of the company, because their engagement in enhancing organisational culture and objectives is essential; through policies of corporate social responsibility (CSR) – the targeted beneficiaries are the external stakeholders of the company (customers, providers, distributors, community at large etc.), for attracting their positive involvement in strengthening the corporate business objectives and increasing the organisational performances (Dinu and Ciora, 2012; Dobre et al., 2012) on medium and long term.

The empirical research presented in the following sections aims at applying the above mentioned concepts to the specific case of a series of financially sound companies in Romania, in order to emphasize the impact of sport at organisational level.

2. Organisational efficiency and competitiveness through sport for companies in Romania

2.1. General framework and research premises

The specific analysis of the way in which the corporate support for sport activities leads to consolidation of business performances is a topic less studied in the specialized literature and it needs an appropriate empirical approach in order to identify and subsequently propose a set of practical measures for enhancing the organisational growth. As such, the study presented in the next lines has a high degree of innovativeness, and the personal view regarding the relationship between corporate involvement in sport support and consolidation of business objectives is

developed both through the lenses of *organisational efficiency* (when the recipients of corporate support for sport are the employees of the company), as well as *corporate competitiveness* (when the recipients of corporate support for sport are the external stakeholders of the company, with a special focus on its customers). ‘The corporate social investments’ – in this case, in the sports domain – are pragmatically reflected at organisational level into increased efficiency and/or competitiveness (e.g.: Iamandi, 2013), generated by better motivated and involved employees, as well as highly grateful community that pays off the companies for taking into consideration all its needs.

2.2. Research methodology

The present analysis – preliminary to a future statistical-mathematical study – is based on the broad analysis of a series of highly financially performing companies (top 50 companies in Romania by their turnover at the end of 2012, according to doingbusiness.ro), starting from two basic requirements: the existence of sound corporate financial resources and the availability of public information on official websites of the companies. In what concerns the different types of firms included in the sample, the top on doingbusiness.ro is made by considering the turnover of the companies, as such the banks and/or other financial institutions and insurance/reinsurance companies were not included in the analysis, because in their case the total assets value (Brad et al., 2014) and the written premiums are the relevant financial indicators, but not the turnover.

For identifying the specific issues related to sport support in the examined companies – sport in general, sport for employees and sport for external/other stakeholders – the analysed information was freely available on the official public websites, and the collected data was interpreted according to an evaluation grid that could be presented by the author on request. Adopting a similar methodology to other economic and social studies in the field (Iamandi, 2013) and for facilitating the trans-sectorial comparisons (Iamandi, 2013), the initially achieved results were aggregated for five main industrial sectors: oil, gas and energy sector (16 companies); retail of consumer goods sector (8 companies); production and sale of machinery and electronic and industrial equipment and products sector (10 companies); food, pharmaceutical and tobacco-based sector (12 companies); and telecommunication sector (4 companies).

The next results are based on the empirical link between the turnover of the companies (represented by their position in the top, in descending order of their financial performances at the end of 2012) and the trends of corporate support for sport projects, for all three above mentioned levels (sport in general, sport for employees and sport for external/other stakeholders).

The results regarding the corporate support of sport for employees are of a real interest for the present research, because the motivation of the employees – by using innovative methods better corresponding to their changing needs – is one of the potential factors contributing to the enhancement of organisational growth, through a higher involvement of employees into the achievement of the corporate

objectives (Țarțavulea, 2014). As a consequences, the employees become more motivated because of their access to sport, both when they are direct beneficiaries of corporate initiatives in the field or when they can actively participate, as volunteers, in supporting some sport-related causes that were previously identified by the companies they are working for.

2.3. Interpretation of the results

For the oil, gas and energy domain (Figure 1) – 16 out of 50 companies in the total sample – there is a positive link between the good positions in the top of the financially sound companies and their participation in sport support, especially because the financial performance is an essential prerequisite of supporting sports domain. On the other hand, the sport for employees in this sector seems to be low developed, and a possible explanation resides in the favourite orientation of these companies towards the external stakeholders, in an attempt of improving their image on the market when they are confronted with different allegations regarding their polluting operations. When considering the companies in this sector, one can easily notice that corporate support for sport initiatives is rather sustained through their CSR policies and less through their human resources policies.

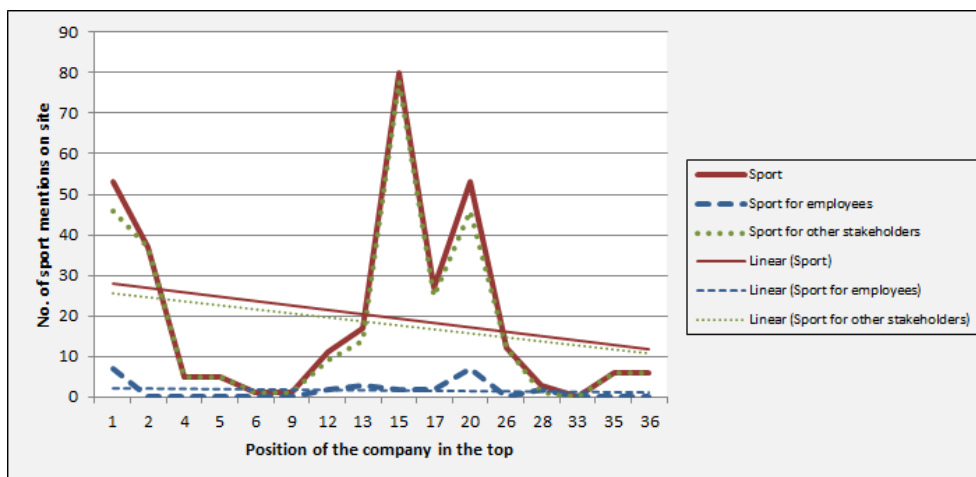


Figure 1. Support for sport in the best financially performing companies in Romania in the oil, gas and energy sector (2012)

A similar situation is also encountered in the retail of consumer goods field (Figure 2), where the financial performance of the investigated companies also determines their corporate involvement in the sports arena, and the sport support for employees is not yet a priority not even for the biggest companies in Romania.

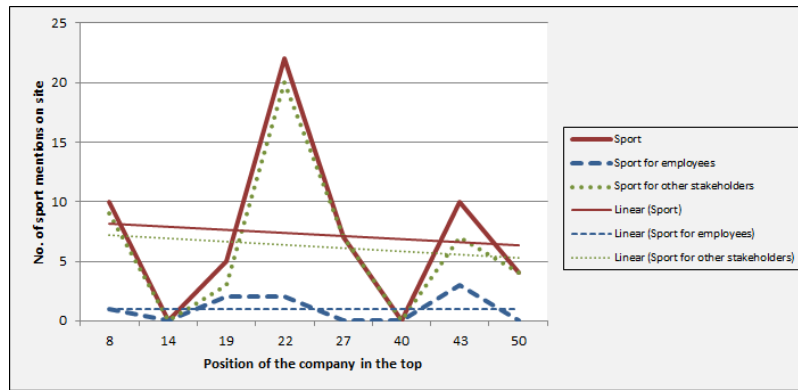


Figure 2. Support for sport in the best financially performing companies in Romania in the retail of consumer goods sector (2012)

The analysis of sport support by companies in the production and sale of machinery and electronic and industrial equipment and products sector emphasizes a stronger link than previously between the corporate involvement in sport projects and the financial factor (Figure 3). According to the research conducted, this is the industrial sector in which the employees benefit of the strongest incentives for sport. One possible explanation for this situation is the well-known dependency of this industrial domain on the employees' efficiency for consolidating an increased competitiveness on the market, especially considering the fact that the companies in the IT sector were also included in this category. As a consequence, different motivational theories in the human resource management field are confirmed, supporting the idea that the needs of the employees are constantly changing and evolving, and a continuous re-examination of the motivational factors and benefit packages is needed for their optimal satisfaction (Munteanu and Iamandi, 2015), especially in the case of multinational companies.

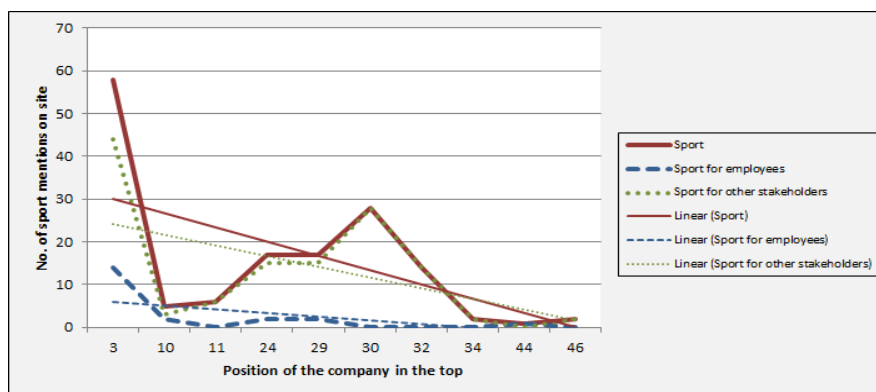


Figure 3. Support for sport in the best financially performing companies in Romania in the production and sale of machinery and electronic and industrial equipment and products sector (2012)

Figure 4 presents the dissimilar case of supporting the sport projects by the 12 most financially sound companies in the food, pharmaceutical and tobacco-based sector, that run production and commercialization operations in Romania. The situations previously presented empirically proved the existence of a positive link between corporate financial performance and support for sport projects, in a similar way with the specialized analyses conducted in the area of corporate social responsibility (for a detailed presentation on the CSR topic, see Iamandi, 2013). In contrast, the results synthesized in Figure 4 reveal an opposite situation – although not so equally pronounced – concerning the identified dependencies between the financial factor and the one of corporate support for sport. The companies included in the analysis from the food, pharmaceutical and tobacco-based sector are well-aware of the significant financial contribution that the engagement in social projects (in general) may bring on for their broad competitiveness (Robu and Ciora, 2010), and therefore their support for sport projects (in particular) is even more committed, as they are trying to mitigate a certain financial gap in comparison with their competitors. Interpreting with some prudence the achieved empirical results, it could be noticed that, at least in this sector of economic activity, the support for sport projects is used by companies in a proactive way for enhancing the corporate competitiveness. The same trend was registered in what concerns the support of sport for employees, although at a lower level as compared with the support of sport for community at large. An essential argument refers to the connection between the type of industries (e.g. carbonated beverages or tobacco products) and the corporate financial support on medium and long term, for gaining the confidence of consumers and for better positioning on the market as related to the competition (Iamandi, 2013).

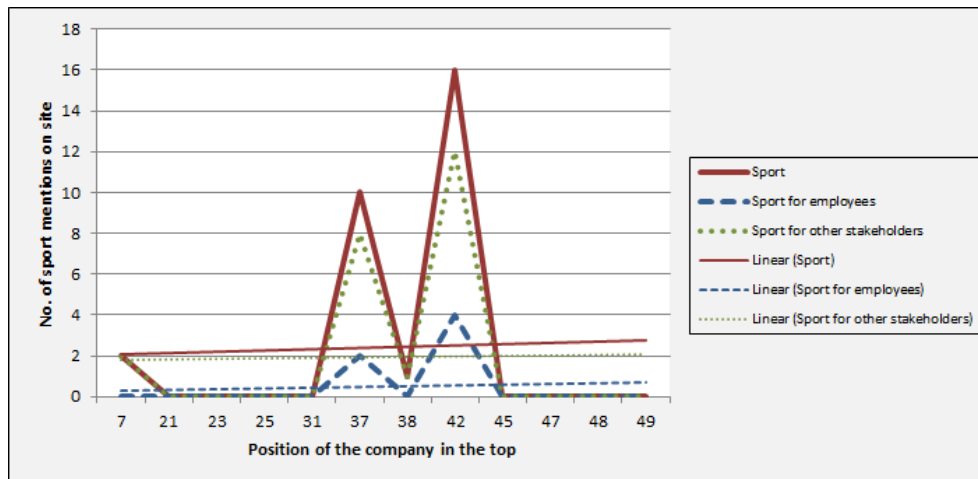


Figure 4. Support for sport in the best financially performing companies in Romania in the food, pharmaceutical and tobacco-based sector (2012)

Finally, the case of the telecommunications (Figure 5) is the most under-represented in statistical terms, because only four companies are included in the sample for this sector. Because of pragmatic reasons, the positive relationship between corporate financial position and corporate involvement in sport projects for the benefit of the community is the most evident for this highly competitive sector. No type of information about the support of sport for employees was find on the websites of the four companies, their efforts being exclusively dedicated towards the external stakeholders. The same caution in interpreting the results should prevail on the evaluation of this last case, especially taking into account the low number of investigated companies (less than 10% of the considered sample).

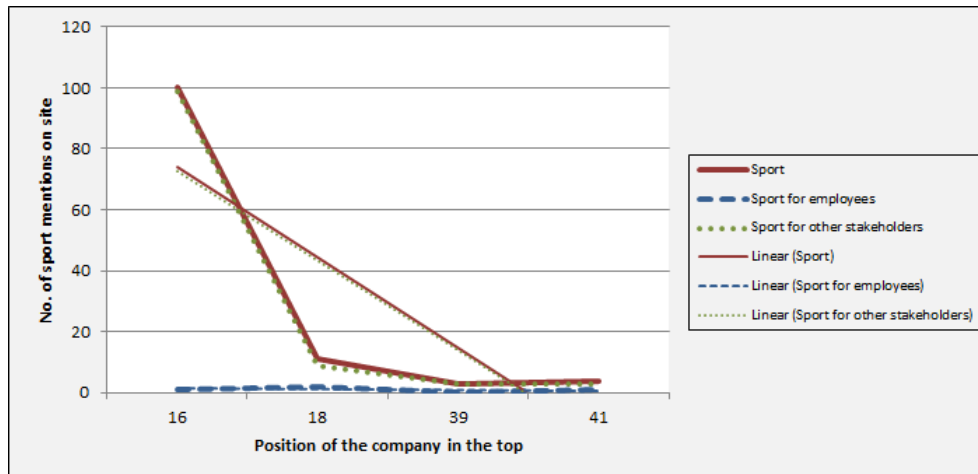


Figure 5. Support for sport in the best financially performing companies in Romania in the telecommunication sector (2012)

The results of the empirical analysis confirm both the different sectorial approaches in evaluating the corporate priorities when supporting the sport projects and the beginning of considering this social domain (the sport) as a factor of organisational growth, in accordance with the lines of actions established at European level, including for the companies that are conducting their business operations in Romania.

3. Conclusions

In theoretical terms, the present research emphasized the multiple valences of the link between the economic and sports domains at organizational level, less investigated in the dedicated literature, with a special focus on the potential connection between corporate support for sport and organisational growth. One of the main contributions in the research field is the clear differentiation between support of sport for employees (organisational efficiency through their motivation)

and support of sport for external stakeholders of the company (organisational competitiveness through an articulate policy of CSR), both forms of corporate involvement finally leading to benefits in the area of economic growth. In this sense, a further study is needed for continuing and refining the present analysis by a broader inclusion of the economic and social implications.

In practical terms, the conducted analysis is just the first empirical step in this direction and it highlights the role of the financial factor in supporting the sport projects. The initial analysis regarding the correlations should be continued with the identification of causalities between the financial and sports domains, in order to further propose specific action lines at corporate level. Moreover, for obtaining relevant results, the research should be conducted on a larger period of time and for a higher sample of companies.

In general terms, the corporate attention to sports issues has begun to be strategically appreciated and to be frequently associated with organisational performance, an incipient issue for the investigated companies in Romania.

Acknowledgement

This paper was co-financed from the European Social Fund, through the Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/138907 “Excellence in scientific interdisciplinary research, doctoral and postdoctoral, in the economic, social and medical fields – EXCELIS”, coordinator The Bucharest University of Economic Studies.

References

1. Andreff, W. & Szymanski, S. (Eds.), 2006. *Handbook on the economics of sport*. Cheltenham (UK), Northampton (USA): Edward Elgar Publishing.
2. Brad, L., Dobre, F. & Ciobanu, R., 2014. A regional approach of financial performance – evidence from Romania. *Proceedings of the 12th International Academic Conference Prague, Czech Republic*, 01 septembrie 2014, pp. 196-208. Prague, Czech Republic: International Institute of Social and Economic Sciences (IIES).
3. Cousens, L., Babiak, K. & Bradish, C.L., 2006. Beyond sponsorship: Re-framing corporate-sport relationships. *Sport Management Review*, 9(1), pp. 1-23.
4. Dinu, E.M. & Ciora, C., 2012. Best practices in incentive compensation from the perspective of value-based management. *Amfiteatru Economic*, 14(31), pp. 273-285.
5. Dobre, F., Brad, L., Ciobanu, R., Țurlea, E. & Caloian, F., 2012. Management performance audit in mergers and acquisitions. *Procedia Economics and Finance*, 3(2012), pp. 309-314.

6. Doingbusiness.ro, 2014. *Top 50 companies by their turnover (2012)* [In Romanian: *Top 50 companii după cifra de afaceri (2012)*]. [Online] Available at: doingbusiness.ro/financiar/top/cifradeafaceri/ [Accessed on 10 July 2014].
7. Iamandi, I.E., 2010. *Corporate Social Responsibility in Multinational Companies* [In Romanian: *Responsabilitatea socială corporativă în companiile multinaționale*]. Bucharest: Economic Publishing House [Editura Economică].
8. Iamandi, I.E., 2013. *Corporate Social Responsibility and Competitiveness in European Union* [In Romanian: *Responsabilitate socială corporativă și competitivitate în Uniunea Europeană*]. Bucharest: BUES Publishing House [Editura ASE].
9. Katz, N., 2001. Sports teams as a model for workplace teams: Lessons and liabilities. *Academy of Management Executive*, 15(3), pp. 56-69.
10. Kloppers, P., 2009. *The influence of sport sponsorship on employee's organisational commitment*. Research Project. University of Pretoria: Gordon Institute of Business Science.
11. Munteanu, S.M. & Iamandi, I.E., 2015. Different perspectives on sport and its role in human resource management. Paper accepted for publication in *Proceedings of the 6th International Conference on Economic Sciences*, 24 April 2015, 8 pages. Vienna, Austria: «East West» Association for Advanced Studies and Higher Education GmbH.
12. Ratten, V., 2011. Sport-based entrepreneurship: Towards a new theory of entrepreneurship and sport management. *International Entrepreneurship and Management Journal*, 7(1), pp. 57-69.
13. Robu, V. & Ciora, C., 2010. The impact of human capital on economic growth. *Bulletin of the Transilvania University of Braşov*, 3(52), pp. 311-320.
14. Țarțavulea, R.I., Belu, M.G. & Paraschiv, D.M., 2012. Using business simulation as a complementary educational method in universities. *Ovidius University Annals, Economic Sciences Series*, 12(1), pp. 138-142.
15. Țarțavulea, R.I., 2014. Implementation of corporate governance principles in Romania. *Romanian Economic Journal*, 17(54), December 2014, pp. 141-156.
16. Westerbeek, H. (Ed.), 2013. *Global sport business: Community impacts of commercial sport*. New York (USA), London (UK): Routledge Publishing – Taylor & Francis Group.
17. Alro S.A., 2014. [Online]. Available at: <http://www.alro.ro/> [Accessed July 2014]
18. ArcelorMittal Galati, 2014. [Online]. Available at: <http://www.arcelormittal.com/galati/> [Accessed July 2014]
19. Auchan Romania, 2014. [Online]. Available at: <http://www.auchan.ro/> [Accessed July 2014]
20. Autoliv, 2014. [Online]. Available at: <http://www.autoliv.com> [Accessed July 2014]
21. Azomureș, 2014. [Online]. Available at: <http://www.azomures.com/> [Accessed July 2014]

22. British American Tobacco, 2014. [Online]. Available at: <http://www.bat.com/> [Accessed July 2014]
23. Carrefour Romania, 2014. [Online]. Available at: <http://www.carrefour.ro/> [Accessed July 2014]
24. Cargill Romania, 2014. [Online]. Available at: <http://www.cargill.ro/ro/index.jsp> [Accessed July 2014]
25. Coca-Cola HBC Romania, 2014. [Online]. Available at: <http://www.coca-colahellenic.ro/> [Accessed July 2014]
26. Continental, 2014. [Online]. Available at: http://www.continental-corporation.com/www/pressportal_ro_ro/themes/contact/press_contact_romania_ro.html [Accessed July 2014]
27. Cosmote Romania, 2014. [Online]. Available at: <http://www.cosmote.ro/ro/> [Accessed July 2014]
28. Dacia Group, 2014. [Online]. Available at: <http://www.daciagroup.com/> [Accessed July 2014]
29. Dedeman, 2014. [Online]. Available at: <http://www.dedeman.ro/> [Accessed July 2014]
30. Delphi Automotive PLC, 2014. [Online]. Available at: <http://www.delphi.com/> [Accessed July 2014]
31. Electrocentrale Bucharest S.A., 2014. [Online]. Available at: <http://www.elcen.ro/> [Accessed July 2014]
32. Enel Romania, 2014. [Online]. Available at: <http://www.enel.ro/ro/> [Accessed July 2014]
33. E.ON Energie Romania, 2014. [Online]. Available at: <http://www.eon-energie-romania.ro/cps/rde/xchg/eon-energie-romania/hs.xsl/index.htm?rdeLocaleAttr=ro> [Accessed July 2014]
34. FARMEXPERT, 2014. [Online]. Available at: <http://www.farmexpert.ro/> [Accessed July 2014]
35. Ford Romania, 2014. [Online]. Available at: <http://www.ford.ro/> [Accessed July 2014]
36. GDF SUEZ Energy Romania, 2014. [Online]. Available at: <https://www.gdfsuez.ro/> [Accessed July 2014]
37. Hidroelectrica, 2014. [Online]. Available at: <http://www.hidroelectrica.ro/> [Accessed July 2014]
38. InterAgro S.A., 2014. [Online]. Available at: <http://www.interagro.ro/> [Accessed July 2014]
39. JT International SA, 2014. [Online]. Available at: <http://www.jti.com/> [Accessed July 2014]
40. Kaufland Romania, 2014. [Online]. Available at: <http://www.kaufland.ro/Home/index.jsp> [Accessed July 2014]
41. LUKOIL Romania, 2014. [Online]. Available at: <http://www.lukoil.ro/> [Accessed July 2014]
42. Mediplus, 2014. [Online]. Available at: <http://www.mediplus.ro/ro/index.aspx> [Accessed July 2014]

43. Mega Image Romania, 2014. [Online]. Available at: <http://www.mega-image.ro/> [Accessed July 2014]
44. Michelin Romania, 2014. [Online]. Available at: <http://www.michelin.ro/despre/michelin-in-romania> [Accessed July 2014]
45. MOL Romania, 2014. [Online]. Available at: <http://www.molromania.ro/ro/> [Accessed July 2014]
46. OMV PETROM Marketing SRL, 2014. [Online]. Available at: <http://www.omv.ro/portal/01/ro/private> [Accessed July 2014]
47. Orange Romania, 2014. [Online]. Available at: <http://www.orange.ro/> [Accessed July 2014]
48. Oscar Downstream, 2014. [Online]. Available at: <http://www.oscars.ro/> [Accessed July 2014]
49. OMV Petrom S.A., 2014. [Online]. Available at: <http://www.petrom.com/portal/01/petromcom> [Accessed July 2014]
50. Philip Morris Romania, 2014. [Online]. Available at: http://www.pmi.com/marketpages/pages/market_en_ro.aspx [Accessed July 2014]
51. RCS & RDS S.A. Romania, 2014. [Online]. Available at: <http://www.rcs-rds.ro/> [Accessed July 2014]
52. REAL HYPER MAGAZINE S.R.L., 2014. [Online]. Available at: <http://www.real-hyper-magazine.ro/> [Accessed July 2014]
53. Renault Technologie Roumanie, 2014. [Online]. Available at: <http://www.renault-technologie-roumanie.com/> [Accessed July 2014]
54. REWE Group, 2014. [Online]. Available at: <http://www.rewe-group.ro/> [Accessed July 2014]
55. SNGN Romgaz S.A., 2014. [Online]. Available at: <http://www.romgaz.ro/> [Accessed July 2014]
56. Rompetrol Romania, 2014. [Online]. Available at: <http://www.rompetrol.ro/> [Accessed July 2014]
57. Rompetrol Downstream Romania, 2014. [Online]. Available at: <http://www.rompetrol.com/ro/rompetrol-downstream-romania> [Accessed July 2014]
58. Rompetrol Rafinare Romania, 2014. [Online]. Available at: <http://www.rompetrol-rafinare.ro/ro/rafinare-rompetrol> [Accessed July 2014]
59. Samsung Romania, 2014. [Online]. Available at: <http://www.samsung.com/ro/> [Accessed July 2014]
60. Holzindustrie Schweighofer S.R.L., 2014. [Online]. Available at: <http://www.schweighofer.at/ro.html> [Accessed July 2014]
61. Selgros Cash & Carry Romania, 2014. [Online]. Available at: <http://www.selgros.ro/> [Accessed July 2014]
62. Vodafone Romania, 2014. [Online]. Available at: <https://www.vodafone.ro/personal/index.htm#tab-1> [Accessed July 2014].