Green Sport: A Game Everyone Wins

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Abstract:

Environmental responsibility, increasingly recognized as a central aspect of corporate social responsibility, is important not only for recreational sport firms, but for all sport organizations. Three primary motivations for sport firms to embrace environmental responsibility as a management competency are advanced. First, sound environmental stewardship is necessary to halt environmental degradation, maintain livable environments, and ensure the long-term economic health of the sport industry as a whole. Second, due to their unique relationships to their customers, sport organizations are positioned to become leaders in creating environmental awareness. Third, taking informed steps toward environmental responsibility can result in substantial economic benefits to sport organizations through more efficient resource usage and an enhanced image.

Introduction:

In recent years, the view that corporate social responsibility is an appropriate competency for business organizations has strengthened (e.g., Hopkins, 2003; Maignan & Ralston, 2002; Medhurst & Richards, 2003; Whitehouse, 2006). Despite the increasing concern with corporate social responsibility among both businesses and academicians, relatively little literature has focused specifically on it within the area of sport management. Notable exceptions include Bradish (2006), Chernushenko (2001), and Hums, Barr, and Guillion (1999).

Certainly, business organizations in the sport industry cannot be excepted from conversation about corporate social responsibility. Like all types of enterprise, those with sport as a main focus are open systems. As such, they have relations with numerous stakeholder groups inside and outside the organization, operate within particular localities, and make use of a variety of resources. Hums et al. (1999) recognized this relevance by identifying issues related to social responsibility that confront managers in each of five major areas of the sport industry-professional sport, intercollegiate sport, health and fitness, recreational sport, and facility management.

One of the most important aspects of corporate social responsibility is the idea that business organizations have responsibilities to the natural environment (Werhane and Freeman, 1999; Wood, 1991). Such environmental responsibilities are often discussed under the heading of corporate sustainability. However, as evidenced by presentations at the 2002 Corporate Sustainability Conference in Rotterdam, corporate sustainability is evolving into a broader concept which, like corporate social responsibility, embraces social issues (van Marrewijk, 2003a). For the sake of clarity, in this paper the notion of environmental responsibility will be termed simply that.

The fact that environmental responsibility has become an important consideration for businesses is reflected in findings by Maignan and Ralston (2002), who examined the websites of large companies in four countries: the Netherlands, France, the United Kingdom, and the United States. The researchers found that 78.8% of the UK firms, 70.8% of the Dutch firms, 62.1% of the French firms, and 47.1% of the U.S. firms mentioned the environment as a concern of the firm. Though the researchers did not investigate how adequately the companies' actions matched their communications, the findings showed that many large companies, especially in Europe, claim to take environmental responsibility seriously.

Like the broader notion of corporate social responsibility, environmental responsibility is an important issue for organizations in the sport industry. Hums et al. (1999) recognized this by pointing out that environmental issues are proper concerns for managers in the area of recreational sports management. This is especially obvious for organizations in which business revolves around one or another outdoor sport which makes use of the natural environment. Whether the recreational sport enterprise is relatively large, such as a ski resort or a golf course, or small, such as a scuba diving operation, it is in the organizations' interest to be good stewards of that environment. Recognition of the importance of sound environmental stewardship in recreational sport is reflected in initiatives such as *Course Management Best Practices Guidelines* (R&A, 2006), the result of a collaboration between the Royal & Ancient Golf Club of the U.K. and the European Golf Association, and *Sustainable Slopes* (NSAA, 2006) produced by the National Ski Areas Association headquartered in the U.S.

But the importance of environmental issues for the sport industry goes beyond recreational sport. Every organization in every sector of the industry is necessarily embedded within a natural *and* a human-made environment from which the organization derives inputs and creates outputs. The nature and volume of these inputs, and perhaps especially the outputs, cannot help but have an effect on the natural environment. Moreover, if the organization does not embrace its environmental responsibilities, this effect may be unacceptably detrimental. Thus, environmental responsibility can be seen as a fundamental aspect of social responsibility, relevant not only in recreational sport organizations but throughout the sport industry.

This relevance raises a number of critical questions for owners and managers of sport industry firms. They are the same questions asked by countless other business organizations. 'What exactly are our environmental responsibilities? Just what measures to lighten our environmental footprint should the organization take? Why? Why should our organization do more in the way of supporting environmental sustainability than is legally mandated? How is fulfilling our environmental responsibilities, whatever they may be, supposed to relate to our primary purpose of creating value for our owners?'

These are questions which can be fully answered only through the leadership of owners and managers who have intimate knowledge of their businesses and are informed by detailed knowledge of the environmental options available to them. However, several considerations can be offered to lay a partial groundwork for developing those answers. In particular, three fundamental replies to the question of why a sport industry firm should take significant measures toward environmental sustainability can be offered:

- First, as is becoming increasingly evident, it is in everyone's interest for all businesses, in every industry, to make environmental sustainability a management competency and an aspect of organizational excellence.
- Second, by taking environmental responsibilities seriously, organizations in the sport industry are uniquely positioned to communicate the value of environmental sustainability to large numbers of people.
- Third, fulfilling environmental responsibilities can help the firm gain a competitive edge and create greater value for its owners.

The following three sections of the paper will elaborate on these basic answers to the question of why sport industry firms should embrace environmental responsibility as a management competency.

Reason 1: The Ethical Reason

The ethical argument for the claim that sport management firms should become environmental champions stands on two legs. The first leg is this: the mental model which views profit and growth as the only legitimate objectives of business has, as its logical conclusion, environmental disaster. If every business organization were to continue to act according to that model, the disturbingly rapid deterioration of the physical environment that has occurred over the past several decades would continue at a rapid rate. Forest degradation, the near elimination of a number of fisheries, air pollution, ocean and beach pollution, mercury poisoning, and global warming are only among the most well known of a long litany of environmental problems. The result of failing to become good stewards of the environment would be an increasingly polluted, unhealthy, dangerous, and unpredictable environment-for us, our neighbors, our children, and their children. And this, it is widely agreed, is unacceptable. Moreover, the mental model is self-contradictory. If profit and growth at all costs were truly the only legitimate objectives of business, then the mental model would eventually defeat itself. As a number of writers have pointed out recently (e.g., Adolphson, 2004; Hawken, Lovins, & Lovins, 1999; Odum, 1996; Prugh, 1999), to not take nature into account in our business plans and processes is economically disastrous. As these and other writers have clearly recognized, the natural world is the foundation of all economic wealth. Those who do not take care of that foundation will eventually find it unable to support them.

The second leg of the ethical argument is the following. Given that we know that if no business firm takes environmental responsibility seriously, then humankind-now and in the future-will pay a terrible price, for an individual firm not to do its part in the effort is unconscionable. A firm's directors might surmise that by letting other businesses do all the work of maintaining proper environmental accounts, the firm would gain a competitive advantage. But even if this were true-and an argument will be given later in the paper that it is not-opting out of what other businesses embrace as their environmental responsibility is generally considered to be unjust. Fortunately, the majority of business owners and managers are able to reflect carefully on the manifold justifications for taking environmental responsibility seriously, and they have the foresight and imagination to see what must be done by all together. Not to do what needs to be done is not a failure of ethical reasoning or moral imagination according Al Gini (2006), co-founder of the *Journal of Business Ethics*, but a failure of will.

Reason 2: Sport Organizations Have a Unique Opportunity to Be Leaders in Environmental Responsibility

The argument just presented for taking environmental responsibility seriously was not formulated especially for organizations in the sport industry. The ethical reasons are sound for any business, large or small, in any industry. But the second reason why sport-centered organizations should embrace environmental responsibility is targeted specifically to them, and it rests on their unique nature.

That unique nature is a common thread that runs through the many varieties of business in the sport industry-the fact that sport firms are distinguished from other business entities by the kind of services they provide and their relationships to their customers. Many businesses, perhaps especially manufacturing firms, have a large customer base but little direct contact with customers. Other businesses may have direct contact, but their customer base is relatively small and unchanging. However, sport enterprises generally have both-direct contact with their customers, and a continuous, often sizeable inflow of customers that purchase the firm's services. Whether the organization's business consists of a professional sport team, a health and fitness club, a recreational sport business such as a skating rink or a mountain biking venue, or a large sports facility, in most cases the firm deals directly with a more or less steady stream-and often quite a large one-of customers.

This provides sport organizations with an opportunity that is unavailable to many other kinds of business. By making environmental responsibility a management competency and committing to environmental sustainability, the organization has the opportunity to multiply its environmental efforts by transmitting environmental responsibility as a value to its customers. The firm need not do this in a heavy-handed way. Simply by letting customers know that it is committed to the goal of environmental sustainability and that it is undertaking substantial efforts to attain that objective, the organization will tend to strengthen the ideal of caring for the environment in customers' minds. This is important because environmental responsibility is not just an issue for organizations; it is also a job for individuals and families. Whatever makes it more likely for those fundamental social units to increase their environmentally responsible behavior is a valuable addition to the ideal of environmental sustainability. By modeling responsible environmental behavior, the organization helps to make that behavior more likely.

It is important to note that a sport organization's modeling of sound environmental stewardship may not foster a significant difference in most of its customers' environmental behavior. Indeed, the extent of its effect would be a useful project for future research. However, if even a few customers were impressed by the organization's commitment to environmental sustainability and thus embraced the ideal more strongly than before, then the organization's efforts would be multiplied by some factor. Most sport organizations are, by their nature, uniquely positioned to have such a positive effect.

Reason 3: Environmental Sense Makes Economic Sense

The third reason for sport management firms to embrace environmental responsibility as a management competency is that it can increase profitability. This claim is based on two main considerations. First, many of the actions which a firm can take to better fulfill its environmental responsibilities can make resource use more efficient, thereby reducing waste and leading to increased savings. Second, by strongly embracing the notion of environmental responsibility and clearly communicating its stance to actual and potential customers, the firm can increase the value of its image and its brand, while making its services more attractive. Together, the two considerations can provide a distinct competitive advantage for the sport management firm. These advantages will be discussed in order.

Environmental Initiatives Can Be Savings Opportunities

A growing literature promotes and elucidates the view that what makes sense environmentally for companies can also make good economic sense (e.g., Adolphson, 2004; Hawken, Lovins, & Lovins, 1999). A major way in which environmentally friendly measures can add to the company's bottom line is through decreasing waste. Lovins, Lovins, & Hawken (1999) furnish a number of relevant examples. For instance, over a six-week period, Dow Chemical Europe reduced paper usage by 30% in its Swiss headquarters by discouraging the proliferation of unnecessary information. At the same time, labor productivity increased because employees were reading less unnecessary information. Other cost- and resource-saving examples reported by Lovins et al. include copying only on both sides of a paper, using wood fiber more efficiently, and recycling. Indeed, measures as simple as improving insulation and managing thermostat settings can save significant energy-and thus money.

In the short term, each specific measure may lead only to relatively small savings for the environment and the company; however, a comprehensive program that addresses a variety of environmental issues can, over time, result in substantial savings for the company while significantly lessening the cost to the environment of doing business. Lovins et al. (1999) reported that Johnson & Johnson Company saved $2.8 million during a 30-month campaign of reducing paper and packaging waste, while saving the equivalent of 330 annual acres of trees.

A first step a sport organization can take to determine where energy and other resources can be used more efficiently and waste reduced is to determine inputs and outputs of all business processes. Green & Gold (1999), in an environmental management and monitoring report for large sporting events and facilities which was prepared for Sport Canada, lists areas of environmental concern that are relevant to many kinds of sport organization. Questions that sport managers can ask about these areas include the following. 'Are there improvements that can be made in the company's practices insofar as they reduce any adverse effects on nearby air, water, and land? How can current energy and waste management strategies be improved? Are facilities and transportation being managed in the most environmentally responsible ways?' Each of these areas can be evaluated with an eye toward environmental sustainability to more efficiently use resources and decrease waste.

Not every environmental initiative will lead to immediate savings. Furthermore, economic payoff should not be the sole factor in deciding whether to implement environmental initiatives. However, many environmentally friendly endeavors can also be justified on the basis of economic value to the business in the short or the long term. To determine such win-win initiatives, knowledge is needed. There is a growing wealth of information about the intersection of business and environmental sustainability in books, on the Internet, and in journals such as *Organization and Environment*, the *Journal of Environment and Development*, and the *Journal of Environmental Planning and Management*. In light of this information, the traditional notion that it is always too costly to embrace environmental responsibility beyond government mandates is losing ground. In relation to major sport events, Green & Gold (1999) maintained that the managerial view that environmental initiatives for large sporting events are always expensive is false. "Scores of organizations are proving that good environmental management is either revenue neutral or ultimately a source of savings or new opportunities" (p. 15). Much the same can be said for the sport industry overall.

Practicing ER Can Enhance Reputation

A second economic benefit that can accrue to sport organizations by making environmental responsibility a management competency is an improved reputation in the eyes of customers. According to Maignan and Ralston (2002), recent research suggests that embracing corporate social responsibility may be an effective way for firms to enhance their image among stakeholders. Argenti, Druckenmiller, & Novelli (2003) agree, holding that corporate social responsibility can enhance corporate brand image. Since environmental responsibility is one main aspect of social responsibility, it follows that much the same can be said for firms that embrace environmental responsibility. By acting in an environmentally responsible way, the organization can be seen as being, in a sense, a sponsor of the natural environment. Given that practicing corporate social responsibility-and thus environmental responsibility-is a form of cause-related marketing (Irwin, Lachowetz, Cornwell, & Clark, 2003), making environmental responsibility an organizational cause can be a useful marketing tool for sport organizations.

In particular, several of the benefits cited by Brown (2000) as sought by Olympic sponsors can be seen as benefits that can accrue to firms that "sponsor" environmental sustainability. These include:

- Image enhancement through association with an important cause
- Enhanced awareness of the firm and its services
- Differentiation from competitors
- Connecting to a market niche (presumably quite large) concerned with environmental issues
- Enhancement of the firm's reputation for being socially responsible

A condition for this tool to be effective is for management to communicate its environmental efforts to customers. It is important that such promotion not be perceived as self-aggrandizing, because there is evidence that information communicated by organizations about their environmental performance and other corporate social responsibility initiatives is sometimes discounted by the public (Dando & Swift, 2002, as reported by van Marrewijk, 2003b). While noting the value of a media strategy for communicating environmental efforts, Green & Gold (1999) emphasized the importance of being open and honest about those efforts. Communicating to the media and customers the specific actions that an organization is taking to fulfill environmental responsibilities, without exaggerating, might be the most effective strategy.

Trust is the key. Siltaoja (2006) found that the most significant factor affecting company reputation is trust. One aspect of this is goodwill trust, which occurs when the company does more than is formally required. By going beyond what is legally mandated, the sport organization can build significant goodwill by publicizing, in a clear and straightforward manner, its efforts and the reasons behind them.

Conclusion:

In sum, environmental responsibility is as important for sport-industry enterprises as it is for all organizations. This paper has highlighted three reasons for sport firms to embrace environmental responsibility. First, and perhaps foremost, protecting a natural environment that faces severe human-caused problems is every individual's and every organization's job. In addition, sport firms are in a position to be leaders in promulgating environmental responsibility by modeling the ideal of environmental sustainability for their customers. Finally, by fulfilling their environmental responsibilities, sport organizations can, in many instances, create opportunities for savings while enhancing their image and their brand.

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