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**Examination of the Effects of Corporate Sponsorship on Employees of the Sponsor**

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**Abstract**

This paper examines the argument that positive employee attitudes towards their employers' corporate sponsorship activities can have a positive impact on employee behaviour. The conceptual model and its sources are briefly explained, followed by the research design that uses survey responses from Australian employees and analysis employing structural equation modelling. The argument is supported leading to a discussion of implications that include the need to involve employees in determining sponsored activity, the opportunities for internal marketing using sponsorship activity and the benefits of sponsorship activity.


Keywords: Corporate sponsorship, employees, employee attitudes, organizational citizenship behaviour,

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**Background and Purpose**

There are many definitions of corporate sponsorship (Meenaghan, 1983; Gardner and Shuman, 1988; Javalgi et al., 1994; Olkkonen and Tuominen, 2006). The definition used in this study is an investment in cash or kind in an event, team or person, in order to secure sponsor's access to the commercial potential associated with that event, team or person" (Fahy, et al., 2004). The return from a sponsorship investment can be maximized not only from using sponsorship as an external marketing tool but also, by ensuring that sponsorship has an internal audience. Employees' favourable attitudes and behaviours in response to their firm's sponsorship can impact on the sponsor's return on investment.

Sponsorship purpose  has been classified in terms of external and internal objectives (Dolphin, 2003) with external focusing on publics such as customers, communities, intermediaries and governments; and internal, on marketing objectives that target employees to better manage corporate identity (Simoes, et al., 2005) or a related concept -  strengthening of the brand (Papasolomou and Vrontis, 2006). Only a handful of studies have specifically looked at employees and their employers' sponsorship strategies.  Grimes and Meenaghan (1998) concluded that sponsorship can be used to effectively communicate specific brand values. Hickman, et al. (2005) investigated employee reactions, finding that employees may be affected directly as well as indirectly by corporate sponsorship.  Employees, with an interest in the sponsored event, may directly get involved in their firm's sponsorship campaign and develop a strong sense of identification and a stronger commitment with the employer.  Employees may also be influenced indirectly by interacting with other people in their environment.  Customers and colleagues may be seen as being supporters of the event as well, which also helps in developing organizational commitment by uniting groups with similar interests (Hickman, et al., 2005).   In short, a sponsor may be viewed positively by its workforce.  Alternatively, if employees of the sponsor consider the sponsorship activity unfavourably, negative consequences for the employer could ensue.

While the prior literature discusses employees as a target audience of a business' own sponsorship activities and points to associated benefits, there has been very little study of the process by which employees may be influenced by their employer's sponsorship activity and the attitudes and behaviours of employees engendered by the sponsorship activity. This paper develops and tests a conceptual model linking a firm's sponsorship activity to its employees' attitudes and behaviours. The relationships proposed in Figure 1 (the model) , follow Khan and Stanton (2010) excepting in one important aspect: We use the behavioural construct 'Organizational citizenship behaviour' (OCB), to replace 'service quality'.  This modification has been undertaken because the measurement of service quality is well-recognised as a challenging task (Llosa, Chandon and Orsingher 1998).  To date, there is much debate about the dimensionality of the service quality concept and its measures (Andronikidis and Macedonia 2010).  On the other hand, measurement of OCBs has found  growing empirical support both in the management and the marketing literature (Bateman and Organ, 1983; Gonzalez and Garazo, 2006).

## Model Links

The argument that employees may respond attitudinally and behaviourally to a firm's sponsorship strategies has links to social identity theory (Turner 1987; Tajfel and Turner 1979), which more recently has been applied to academic research in marketing (Kuenzel and Halliday 2008). According to this theory, people identify more strongly with a group that they consider to be important and attractive. If employees find that the attributes and characteristics of their organization are similar to what they consider to be important, such employees are able to identify strongly with their employers. Considerable research has been done to link a company's identity attractiveness (IA) with its corporate social responsibility programs (Lichtenstein, et al. 2004). Similarly, a company's sponsorship of a local club, for example, may be seen as a socially responsible activity that increases the company's identity attractiveness level. Employees identify more strongly with organizations they perceive to be supporting activities which are important to them or their community.

The proposed model (Figure 1) aims to find out the effects of sponsorship on an organization's own employees. Drawing from the relevant literature to establish the expected linkages, five attitudinal constructs and one behavioural construct were studied. In summary, employees' general beliefs and attitudes towards corporate sponsorship were expected to influence specific attitudes (Prislin and Ouellette, 1996; Andrus and Paul, 1995) towards their employers' sponsorship activities [H1]. In turn, employees' attitudes towards their employers' sponsorship activities were proposed to influence their perceived external prestige (PEP) [H2], (Bartels, et al., 2007; Smidts, et al.,2001). PEP was expected to have a positive association on employees' sponsorship-related organizational identification (OI) [H3] (Cornwell and Coote 2005). OI was hypothesised to have a positive association with OCB intentions [H4] and OCB intentions with OCBs [H5] (Smithikrai, 2009; Zhang and Agarwal, 2009).

The relationship between beliefs and attitudes is established within the well-recognized Theory of Reasoned Action / the Theory of Planned Behavior (Ajzen and Fishbein 1991). Prislin and Ouellette (1996) explain that attitudes do not exist in a vacuum. In fact, most attitudes are related to other elements of the cognitive system. In particularly relevant situations, individuals take into account their general attitudes when deciding about situational specific attitudes. Deeply embedded general attitudes exert greater influence (than low-embedded attitudes) on specific evaluations of situations (Prislin and Ouellette, 1996). Therefore, employees' general attitudes towards an activity can lead to positive attitudes towards a firm's involvement with a specific activity (Andrus and Paul, 1995). Thus, the employees' general beliefs and attitude towards sponsorship and their effect on employees' attitude towards their firm's specific sponsorship requires investigation (H1).

## Figure 1
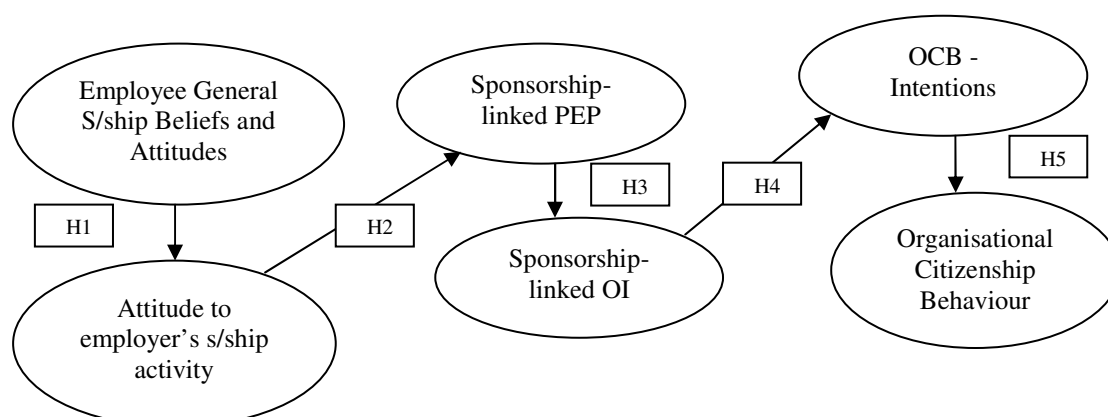
PEP has been defined as 'employees' perceptions of how the outside world views their organization' (Bartels et al 2006, p.176), while OI is reflected in the way individuals define themselves to be members of an organization (Ashforth and Mael, 1989); the degree to which a member defines their self by the same attributes that define the organization (Dutton et al., 1994; p.239). Previous studies have shown support for a relationship between PEP and OI (Bartels et al., 2007; Mignonac, et al., 2006; Fuller et al., 2006; Smidts, et al.,2001; Mael and Ashforth, 1992). Similarly, in the context of consumers, sponsorship-linked PEP is found to be positively associated with OI (Cornwell and Coote 2005).

The model above proposes (H2) that sponsorship-linked PEP can encourage employees to identify strongly with their firm: they may feel proud to be associated with an organization which sponsors a community event or that the organization is being a good corporate citizen and has socially valued characteristics (Dutton, et al., 1994). Corporate sponsorship may bring positive publicity for the firm and thus, organizational members may feel inclined to bask in the firm's reflected glory (Cialdini et al., 1976 cited in Fuller et al., 2006).

Completing the links from attitudes to behaviour, researchers have been interested in examining a range of employee behaviours. Organ (1997, p.91) has defined OCB as 'behaviours which maintain and enhance the social and psychological context and thus support task performance'. Different researchers have proposed looking at a number of different dimensions of the OCBs. However, the most acknowledged OCB dimensions are those put forward by Organ (1988): Altruism; Courtesy; Sportsmanship; Civic Virtue; Conscientiousness.

The model in Figure 1 proposes to examine the link between OI and OCB-Intentions (H4), because research findings are divided on the relationship between 'intentions' and 'behaviour'. The theory of planned behaviour/ theory of reasoned action (Ajzen and Fishbein, 1977) argue the role of intentions in predicting people's behaviour. On the other hand, Organ et al. (2006) reported that self-reported intentions to commit OCBs failed to predict actual OCBs. This is because a number of workplace features such as leadership, processes, work rules, organizational context, morale, and motivational conditions, may initiate or restrain actual enactment of intended OCBs (Organ et al. 2006). Therefore, it was decided to test two models, one with the construct OCB-intentions leading to OCB behaviours, and the other model without the intention-construct.

## Research Design

The survey instrument (copy available from the author on request) consisted of demographic questions and multiple-item scales addressing each construct. Each construct originated from established and validated multi-item scales which were further pre-tested and adjusted for this study. Employees were recruited from a large Australian online panel data base and were scrutinized to ensure key criteria for eligibility: over 18; currently employed in an organization engaged in corporate sponsorship and; respondent awareness of that activity. Quota sampling of employees based on firm size was also used to ensure respondents were from small, medium and large firms. The survey was run as an online survey in 2009 from Sydney, Australia, with a range of monitoring arrangements used to check the integrity of 405 responses. Reasonable gender balance was achieved (males 56%, females 44%);

respondents were well distributed in their working ages; 49 percent were employed by SMEs and 51 percent by large organizations; 84 percent were in full time employment (16% part time); 49 percent had been with their current employer between 1 and 5 years, and 44 per cent more than 5 years.

## Results

Using Structural Equation Modelling (SEM) and following Cunningham (2008) and Holmes-smith (2008), a number of fit indices were analysed. The CMIN/DF ratio was within the recommended range of 1 and 2. The values for GFI and AGFI and were slightly below the acceptable limit of 0.95. However, the RMSEA was estimated to be 0.049 which is just below the maximum recommended limit of 0.05. Overall, the results show that the model can be evaluated as being adequate. Model assessment was made not just by looking at the fit indices, but also by examining the standardized residuals.

As can be seen from Table 1 (below), all 5 hypotheses have been accepted with the p-value less than 0.05. The strongest positive association is between employees' sponsorship-induced perceived external prestige and organizational identification. The linkages between attitudes are also strong. On the other hand, the weakest relationship is between organizational identification and intentions to perform OCBs.

| Hyp. | Model links | Beta | p |
|:---:|:---:|:---:|:---:|
| H1 | General Beliefs & Attitudes → Specific Attitudes | 0.831 | 0.000 |
| H2 | Specific Attitudes → PEP | 0.832 | 0.000 |
| H3 | PEP → OI | 0.870 | 0.000 |
| H4 | OI → OCB-Intentions | 0.380 | 0.000 |
| H5 | OCB-Intentions → OCB | 0.799 | 0.000 |

**Table 1: Standardized estimates of the model**

The findings of this research suggest that, employees' general beliefs and attitudes toward sponsorship (as a marketing activity) will have a strong influence (0.831) on employees' more specific attitudes related to their employer's sponsorship activities. The findings support the well-recognized relationship between the two constructs and confirm the theory in a different context. This study shows another equally strong link (with a standardized regression coefficient of 0.832) between employees' specific attitudes towards corporate sponsorship and their levels of sponsorship-induced PEP (perceived external prestige).

The results of this study show the strongest association of 0.87 between PEP and OI (organizational identification). Over the past decade, a number of studies in the organizational behaviour literature have shown a strong support between the two constructs (Bartels et al., 2007; Mignonac, et al., 2006; Fuller et al., 2006; Smidts, et al., 2001; Mael and

Ashforth, 1992). The two concepts have not been widely tested in the sponsorship context, though Cornwell and Coote (2005) report a positive association between PEP and OI for consumer audiences.

Agreeing with the theory of planned behaviour, this research found a positive, though moderate link (0.38) between employees' attitudes (organizational identification) and their intentions to perform OCBs. This research study found that OCB-intentions had an impact on performing of OCBs by employees (0.799). It was decided to retain the model with the intentions-construct as it helped in explaining a higher percentage of the variance for employee behaviours, in comparison to the alternative model.

## Implications and Limitations

The results of this study support the argument that corporate sponsorship, traditionally used for external marketing purposes, also has an impact on internal audiences. There is the likelihood that the value or benefits of sponsorship to the sponsoring organisation can be improved if management consults and keep employees informed about the company's sponsorship activities. The findings support the need for businesses to devise strategies to internally market their sponsorship activities. Thus, an organization may wish to involve employees in sponsorship selection and to sponsor activities that their employees also value. An employer could also encourage their employees to become involved in the sponsorship activity, perhaps by volunteering their time. The findings are also a useful addition to the human resource and internal marketing literature, supporting the importance of analysing during recruitment, prospective employees' beliefs and attitudes because this can influence their subsequent firm-related attitudes.

The findings support the argument that if an employee evaluates their organisation's sponsorship campaign positively, then their PEP levels should improve. The corporate social responsibility (CSR) literature suggests a formal socialisation process to familiarise employees with the organization's CSR-related activities. It is also suggested that employees should be encouraged to develop a cognitive proximity with the key stakeholders of the CSR program (Davies and Crane 2010). On similar lines, it can also be proposed that employees need to be oriented towards the organization's sponsorship program.

Most of the work associated with sponsorship measurement has been undertaken with reference to consumer audiences. This project is one of the few studies to focus on the measurement of sponsorship effects on organization's employees.

This paper does not discuss all aspects of the study. The data for this research was collected using an online panel, which comes with its own associated issues (McDevitt and Small 2002; Dennis 2001). Response differences by firm size and type of sponsorship activities require investigation. The self-report nature of this study is a limitation, especially with reference to the measurement of the OCB construct. One cannot rule out the possibility of respondents answering in a socially desirable manner. The research focused only on an employee perspective. Future research should also examine employers' perceptions of employee OCB in response to their sponsorship activities.

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