Are They Doing Good and Right? Assessing the Nonprofit Effectiveness and Community Impact of Professional Sport Team Nonprofit Organizations

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Management - Corporate Social Responsibility (Professional Sport) Poster
Session: Poster Session 1
Thursday June 3, 2021, 2:30 PM - 3:30 PM

Historically, professional sport teams (PSTs) have been actively engaged with local communities to “provide social benefits and give back to the community” (Babiak & Wolfe, 2009, p. 722), particularly by establishing affiliated, yet independent, nonprofit organizations (NPOs). These NPOs are used as an effective tool to enhance the strategic positions of PSTs (Sheth & Babiak, 2010). To date, extensive research has examined why PSTs have established NPOs (Babiak & Wolfe, 2009) and how PSTs use charity programs to enhance consumer attitudes (Walker & Kent, 2009) and stakeholder relationships (Schyvinck & Willem, 2017), predominantly focusing on the benefits through the lens of corporate social responsibility (CSR; Rowe et al., 2019). However, various stakeholders question the underlying motives behind such programs and tend to have negative perceptions of the CSR programs (Shim & Yang, 2016); yet, showing how effectively such programs operate tends to reduce such negative reactions (She & Michelon, 2019). Although some researchers have attempted to evaluate the performance of CSR initiatives (Kihl et al., 2014), measuring the effectiveness of NPOs in professional sport is still limited, and opportunities exist to develop a better evaluation process.

Measuring nonprofit effectiveness has received considerable attention in the nonprofit literature, and the goal attainment model (GAM; Andrews & Boyne, 2010) and the system resource model of effectiveness (SRME; Yuchtman & Seashore, 1967) have been widely applied. While the GAM focuses on organizational outputs and outcomes, the SRME highlights organizational inputs and the ability to acquire resources. Based on the two models, nonprofit effectiveness can be measured by assessing how well NPOs acquire financial resources and how well they sustain resource streams over time (inputs) and by analyzing outcomes or outputs of NPOs’ financial resources.

Stated differently, tracking how much and where financial resources are spent within and outside the community and comparing such expenditures with the mission of NPOs can be used to evaluate another aspect of nonprofit effectiveness (i.e., outputs). Accordingly, the main purpose of this research is to assess the nonprofit effectiveness of PST NPOs by focusing on both inputs and outputs.

To evaluate the internal (inputs) and external (outputs) effectiveness of PST NPOs, financial document analysis will be performed using Form 990s. Two public PST NPOs in the Dallas-Fort Worth metroplex (Texas Rangers Foundation and Dallas Stars Foundation) will be examined. Key nonprofit financial performance indicators (e.g., total contributions, expenses, financial ratios, percentage measures; Charity Navigator, n.d.; Tschirhart & Bielefeld, 2012) will be obtained and calculated to measure internal nonprofit effectiveness. For external effectiveness, we will track the annual total expenses and categorize them based on the National Taxonomy of Exempt Entities (NTEE) code; we will then compare the results with the mission of the two NPOs.

While stakeholders tend to assess an NPO’s effectiveness differently (Connolly et al., 1980), analyzing the multiple measures of effectiveness will allow PST NPOs to acquire organizational legitimacy within the nonprofit sector and to enhance organizational image and reputation. The results also can assist PST NPOs in managing their nonprofit programs effectively.