

Fall 12-12-2022

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Recommended Citation

Schroeder, Austin, "Foundational Support through Professional Sport: A Case Study on the Chicago Bulls Charities" (2022). *Student Capstone Projects*. 7.
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Foundational Support through Professional Sport: A Case Study on the Chicago Bulls Charities

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A capstone research project, degree requirement for Bachelor of

Science in Nonprofit & NGO Studies at

Northern Illinois University

Fall Semester

2022

Abstract

This case study on the Chicago Bulls Charities (CBC) offers praise as well as criticism into the professional sport organization (PSO) as a whole along with their corresponding foundation.

Corporate social responsibility (CSR) activities are developed and provided by the Chicago Bulls PSO and is not an element of the CBCs mission, justifying a deep dive into the PSO and their CSR activities along with the foundation, the original focus of this study. With limited literature on the topic of corporate philanthropy in professional sports, and with more research in CSR in this field, CSR was added to the research question to add more substance. Due to the case studies' findings, praise is offered in terms of the teams CSR activities and criticism is given to the transparency and lack of information available in the Chicago Bulls Charities foundation.

Keywords: Corporate Philanthropy. Corporate Social Responsibility. Professional Sports. Chicago.

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The increasing importance of corporate social responsibility (CSR) throughout the country has been evident. Corporations have been trending towards a “hybrid” model of business, including not only a way of business that brings profit to the company, but also a way of business that includes societal benefit as well. Among other ways to provide this societal benefit, corporate foundations have been a large aspect of this conversation as it allows companies to have a philanthropic arm associated with them. Corporate foundations support this aspect of CSR by allowing them to fund certain organizations that align with their mission and chosen areas of impact. The business and management of sport is no different, and while there tends to be more literature about corporate foundations outside of sports, there is adequate research in professional sport philanthropy that allows for this topic to exist.

Professional sport philanthropy, while there isn't too much research on the topic, has a role to play in the nonprofit sector. Professional Sports Organizations (PSO) and their trend toward increasing CSR activities has brought with it corresponding charitable foundations to PSOs as well as the leagues which they belong to. Each foundation being subject to a geographical impact on which nonprofit organizations it funds as well as which issue areas they fund. Many PSOs have an associated philanthropic foundation, while others partake in corporate philanthropy through the PSO directly. The impact that these PSO and league foundations have are felt from major US cities to the countries of origin of the players within the league, worldwide. This case study on the Chicago Bulls Charities (CBC) foundation, however, seeks to understand: *To what extent do PSOs support their associated philanthropic foundation and surrounding community?*

Literature Review

While there is extensive research on corporate social responsibility and corporate foundations, this research within professional sports has a heavy focus on CSR rather than corporate philanthropy. With this emphasis on CSR in PSOs among current literature, this literature review offers that same emphasis, with more of the review focused on CSR rather than corporate philanthropy in professional sports. While this research study is about corporate philanthropy in sport, corporate social responsibility is a large part of this research as that is where corporate philanthropy has its roots. Since much of the literature reviewed in this study happened around the same time (2007-2013) with only a few articles written outside of that range, there is reason to believe many of these CSR activities and the amount of corporate philanthropy in professional sport has increased as PSOs have become more aware of this growing trend.

Corporate Social Responsibility in Sport

Corporate social responsibility has long been a part of the United States' economic landscape. Beginning in the early 2000s, this way of operating a business extended itself to the professional sports landscape. While the level and importance that professional sports organizations value CSR varies, it still remains a prevalent part of operations in most businesses and organizations surrounding professional sports (Yang & Babiak, 2021, p. 395). Regarding how each PSO is influenced, Yang & Babiak (2021) found that philanthropic giving by PSOs were more likely influenced by their league peers, while CSR activities were influenced more by geographic location and other local PSOs (p. 401). With the unique ways in which PSOs operate

and the increased visibility of these organizations, the impact that activities relating to CSR can have a much higher impact.

Sports fans typically have a significant passion about their respective teams and can pay attention to many aspects of their teams including its players, games, management of the team, as well as management of the organization. This makes sports organizations a special topic when it comes to CSR and the impact that a PSO can have on the beneficiaries of an activity or event they coordinate. This also makes PSOs unique in their ability to reach a large audience, making them especially impactful. Smith and Westerbeek write about these special factors that makes PSOs this way, including mass media distribution and communication power, youth appeal, positive health impacts, social interaction, cultural understanding and integration, as well as a few others (2007, p. 7-9). While these factors cause PSOs to have a special impact on its products' consumers, they also bring about challenging aspects as well.

While these factors allow PSOs to reach a large audience, they also bring increased allowance to criticism and scrutiny. Written in 2009, McGowan and Mahon mention recent challenges in public perception in the three major sports leagues in the United States. The three leagues being the National Football League (NFL), National Basketball Association (NBA), and Major League Baseball (MLB). Many factors caused these negative public perceptions, and they argue that this is one of the reasons why these leagues started to participate in CSR activities (2009, p.7-9). Furthering the thinking of some scholars about the reasoning behind CSR activities; that being either altruistic or strategic (Sheth & Babiak, 2010, p. 433). In this case, McMahon and Mahon believing it to be strategic. Their findings suggest a large difference in their amount of giving between these 3 major US sports leagues, however the number of teams

in each league that participate in CSR activities was fairly consistent, with only a few teams in each league that do not (McGowan & Mahon, 2009, p. 13).

Having already mentioned the unique role that sport plays in society, their impact because of that role they play and influence they have can be tenfold when carrying out CSR activities. Geoff Walters' perspective on this subject is through a sports management lens and has a strong emphasis on building community partners through sports trusts and commercial organizations (Walters, 2009, p. 91). That Sports trusts with the ability to develop and provide "community-oriented sports programs" (2009, p. 91) should seek out partnerships with commercial organizations and vice versa in order to increase the effectiveness of their CSR activities. Calling on these partnerships to increase the funding that sports trusts receive in order to provide exceptional and increased level of programming, which would in turn improve the effectiveness of CSR activities of the commercial organization as well as helping provide funding that supports the sports trusts mission. While Walters' article does not address professional sports and CSR activities outright, the focus on sports and commercial management is helpful when looking at the impact those activities can have on a community.

Regarding CSR activities in professional sport, a survey sent to PSO team owners, team presidents, and community-relations directors about corporate social responsibility revealed that philanthropic activities such as donating to nonprofit organizations and supporting social causes was at the top of the list (Sheth & Babiak, 2010, p. 438). With this philanthropic aspect of CSR activities being so high on this list in the minds of PSOs top positions, corporate philanthropy is clearly showing up as a priority when it comes to CSR.

More research would be beneficial in understanding why philanthropy is a top priority, rather than other CSR categories. This would also help in understanding how PSOs donate,

whether that be through a partnership with an outside foundation, through their associated philanthropic foundation, or given directly to nonprofit organization from the PSO. Even then, more information would be useful to interpret a PSOs giving model and reasonings behind giving.

Corporate Philanthropy in Sport

Being a middle ground between research in CSR in sport and corporate philanthropy in sport, Sheth and Babiak provides evidence when discussing the support that PSOs give to nonprofit organizations and other philanthropic activities. Their findings and data trends suggest that PSOs are more likely to give within certain areas of interest, most often being educational and youth based programs rather than interest areas they are unfamiliar with. These areas being “disaster relief, human rights, the environment, and the arts” (Sheth & Babiak, 2010, p. 440) having the least amount of PSO donation priorities. They also uphold the idea that these CSR activities have an emphasis on local communities. This happens partially because most of a PSOs consumer base are fans of their team, which typically have strong geographical ties and influence on consumers. With this emphasis on the local communities, PSOs and their philanthropic giving generate support from fans of the team, potentially enhancing their loyalty to the PSO (Sheth & Babiak, 2010, p. 442).

While this research study is focused on PSO philanthropy, it is important to note the increasing number of athlete foundations as well. Babiak, Mills, Tainsky, and Juravich (2012) sought to understand the reasonings behind why athletes started foundations, however, for the sake of this argument, the amount of athlete foundations will be focused on. They found that in 2008 there were 509 athlete foundations, 198 of them having the IRS 501©3 designation. To no surprise, the longer an athlete played in a professional sport as well as the amount of money they

made during that time had a strong correlation to creating a foundation (Babiak et al, 2012, p. 165). The reasonings behind starting a foundation that many of the athletes possessed are complex, but hold altruistic as well as self-interested/strategic motives (p. 172).

Researching the benefits of sport philanthropy and how a PSO gives has led to an understanding of how consumers/fans perceive a PSO when learning about its philanthropic tendencies. Showing that when consumers/fans of a PSO see a donation or any sort of giving from the PSO to a nonprofit partner (associated with the PSO or not), the consumers are more likely to donate as well. The influence of the PSO driving consumer and community behavior (Inoue et al, 2013, p. 322). The respondents of this study were majority male, white, and between the ages 35-64, with nearly half of them with an average income over \$100,000 (p. 320). Many of these respondents having the expendable income available to be able to think in the way this study suggests.

In a dissertation on corporate philanthropy in professional sports, Daniel Yang seeks to answer the question “Why do some teams give more than others despite being in the same industry?” (Yang, 2021, p.7) with each chapter of the dissertation exploring different influences that PSOs are subject to regarding corporate philanthropy. He found that PSOs with “institutional equivalents” were slightly bigger financially through their foundations than teams that gave outright through the PSO (p. 31). Through Sheth and Babiak’s findings as well as Yang’s, the conclusion can be made that amount of giving is more influenced by league peers, while the areas of giving are more influenced by local factors (Sheth & Babiak, 2010, p. 442) (Yang, 2021, p. 31).

Methodology

This research consisted of a case study into the Chicago Bulls Charities (CBC) foundation. Many aspects of the organization were reviewed through existing data, much of that was found via their webpages. While Chicago Bulls Charities does not have its own specific website, much of their information was found through the official Chicago Bulls website under a “Chicago Bulls Charities” section. An information page labelled “Chicago Bulls Community” is another webpage through the Bulls’ website that I used, this webpage included all the work they are doing in the community as well as its mission and focus areas. Most of the research that have done will consist of secondary data, but I also attempted to contact the organization in order to collect some primary data on their giving history, funding model, and fundraising methods.

The purpose, and research question, of this research is to understand how much PSOs support their associated philanthropic foundation and surrounding community. Doing this through financial support for the foundations and through CSR activities for the communities. Analyzing the organization as a whole was important to this research, which included gathering an understanding of the Chicago Bulls Charities and their philanthropic giving, who their beneficiaries are, their giving history, fundraising methods, and any other information that was relevant as research continued. The reasoning why the Bulls organization as a whole was evaluated is due to their continued CSR activities. These activities do not fall under the “Chicago Bulls Charities” programming and is simply an aspect of the Chicago Bulls’ outreach and CSR efforts. The research is split into 2 categories, one being The Chicago Bulls PSO and their activities relating to CSR, and the other being Chicago Bulls Charities and their foundational priorities.

A 2017 interview with Nancy Reinsdorf, the president of Chicago Bulls Charities and daughter-in-law to Chicago Bulls owner Jerry Reinsdorf, was also used to understand CBCs priorities and interconnectedness between the Chicago Bulls PSO and Chicago Bulls Charities. The interview was conducted by Leaders Magazine, with no author attached.

Another aspect of the Chicago Bulls Charities organization that I assessed were their 990-tax form, the legally required tax form all 501c3 nonprofit organizations must fill out yearly in order to keep their tax-exempt status. I will be reviewing the form 990s from the years 2020, 2019, 2018, and 2017 as those are the most current 990 forms available. I will be obtaining this form through GuideStar by Candid, a website that gathers, stores, and presents nonprofit information. The information it gathers comes directly from the nonprofit to GuideStar and shows the organization's budget, payroll, revenue reports, expense reports, as well as any other legally required financial records.

During my research, I contacted the organization for some general information about CBC. This was done through the community webpage that I mentioned before, where there is a "contact us" section with a community relations email linked. When contacting them, I asked for giving history since they only have the 2022-2023 grant recipients posted and not past years' recipients. Some other information that I had asked for is their giving model and how they go about choosing which organizations to fund, as well as fundraising methods other than the ones that are posted on said webpage.

Results

Despite efforts of contacting the PSOs community relations team via an email link on their website, there was no response and therefore this case study will not have any primary data collected or used. The case study will rely completely on secondary data compiled from the

webpages mentioned, the Nancy Reinsdorf interview, as well as the form 990s from the years previously stated. Overall, the organizations' lack of transparency regarding the Chicago Bulls Charities' giving, including their giving history, giving model, method of selection, and more garners concern. Their CSR activities, however, are thoughtful and uphold their mission, although the transparency and consistency is lacking since they only participate in programming when there is a corporate sponsor.

Chicago Bulls CSR

The Chicago Bulls PSO and their activities regarding corporate social responsibility span a wide variety of areas. The mission of the Chicago Bulls, stated on their "Bulls Community" webpage is as follows:

At the Bulls, we are committed to community violence prevention through four focus areas – education, community investment, health and wellness and access to opportunities. We believe that making investments in these four areas through donations, grants, sponsored programs, staff resources, and player engagement will create a reverberation of change in our communities ("Community").

Their means to making an impact are a mixture of their CSR efforts as well as their philanthropic efforts through CBC. The sponsored programs and player engagement will be explored in this section while the donations and grants mentioned in their mission statement will be discussed in the Chicago Bulls Charities piece of this results section.

There are many ways in which the Chicago Bulls PSO carries out their mission through sponsored programs and player (current or past) engagement. Examples of the sponsored programs they partake in include their BMO black owned business spotlight and programs in partnership with corporate sponsors to carry out events at local schools. The Black owned

business spotlight changes every month as they highlight different businesses around the Chicagoland area, they do this during games inside the arena, on the broadcast for everyone watching the game to see, as well as on their social media. Some other sponsored events that they have done for local schools include the development of an arts program at Infinity high school in partnership with AltSpace, a Chicago nonprofit, a fire safety event at Beasley Academic Center in partnership with First Alert, as well as a black history through the arts event in partnership with Sprite and After School Matters, another Chicago nonprofit. These events and programs have been the only few that are expressed on their website, one of them being 2 years old (“Community”).

The player engagement piece of the Chicago Bulls CSR activities is what we see a lot of the time when researching PSOs and what their focus areas during CSR activities. The players themselves could have a possible influence on what they do as well, given that they are the ones showing up for the event on behalf of the team. For instance, Zach Lavine, an all-star and max contract player for the Chicago Bulls, has done multiple events for children that are deaf or hard of hearing. One of them being giving them new laptops while another time having taken them to a White Sox game. Other players have participated in CSR activities by visiting local high schools’ basketball programs to surprise the team (“Community”).

Overall, the Chicago Bulls CSR activities uphold their broad mission, however only participating in events that have corporate sponsorships or ones that give good PR to the players or team shows us all we need to know in terms of CSR and their thoughts on it.

Chicago Bulls Charities

This section of my research was partially dependent on the 990-tax forms and the lack of primary data caused difficulties in understanding their giving model, fundraising methods,

method of selection, and total impact of their corporate philanthropy through CBC. From the information obtained on their webpages, I was able to gather some understanding about those areas. Their mission, which slightly explains their giving model as it is in a similar vain as the Chicago Bulls PSOs mission. CBCs mission mentions education, community investment, health and wellness, and youth opportunity for violence prevention. They also offer first responder and military support through grants and donations (“Chicago Bulls Charities”). Their website shows the grant recipients from this last year, however there is nowhere that I could find any past grant recipients. Their past 990s were helpful in understanding the amount they gave; however I still was not able to find who they were giving grants and donations to. From 2017 to 2020 their giving amount through grants to local organizations is as follows: \$1,616,943; \$398,500; \$652,000; \$940,000. As shown, there was a massive dip in grants given from 2017 to 2018, with a slow increase getting back up to what it previously was. Unfortunately, the 990 from 2020 is the latest accessible informational available, so I cannot see if this upward trend continued. 2020 was also the only year where they reported a deficit, with every other year reporting a surplus in their budget.

Their 990 forms show 7 employees of the Chicago Bulls Charities while the staff directory on their website only mentions Nancy Reinsdorf, the president of CBC, as the only active staff member of CBC. All other staff members listed on the 990s are staff members of the Chicago Bulls, however they are listed under different departments in the Chicago Bulls organization. This shows the interconnectedness between the 2 organizations, however it also explains the lack of CSR activities and transparency, as only 1 employee will always come with challenges. This might also explain that their giving model and method of choosing may be Nancy’s sole decision.

Chicago Bulls PSO & CBC

The 2017 interview with Nancy Reinsdorf offers insight on the culture and connectedness of the Bulls PSO to the CBC foundation. Hired in 2012 by the Chicago Bulls to run CBC, Nancy Reinsdorf immediately sought to set clear focus areas that the foundation would offer grants towards nonprofits impacting that field. She made clear the want to collect data and measure outcomes to fund organizations that are making a difference (“An organizational priority...”), however the lack of transparency that the CBC has makes this difficult to measure and understand if this is getting done. To highlight the connectedness between CBC and the Bulls PSO, Nancy mentioned that she meets with each player at the beginning of every season in order to understand their want from the CBC and the organizations that they want to see partnerships with (“An organizational priority...”). Allowing players and coaches to express their wants and funding/programming focus areas shows an inclusive and strong culture of giving that Reinsdorf has created. However with what seems to be a lack of support from the PSO, this has proven difficult to express.

Research Implications and Future Research Recommendations

Much of the research currently present seeks to understand the reasons behind why PSOs give as well as the major influences behind how they give. None of the research that I was able to find was about my specific research topic that sought to understand how much PSOs support their philanthropic foundation and surrounding communities. There was more about CSR and the surrounding communities part of the research question, however the financial support given from the PSO to the associated foundations had not been researched at all. My research on this topic was not as fruitful either since there was not much time, resources, or connections available to me in order to fully understand and dive into this topic. Given said time and/or connections, I

believe I would have been able to find this information and offer more conclusions from this research.

The next couple of years could be fruitful for research on this topic of sport CSR and philanthropy. Much of the current literature available had been about big picture topics and questions about the field rather than micro-studies about individual PSOs and their foundations. More case studies into specific PSO/foundation combinations would be helpful in understanding what my research study has been about and to understand/discover how much PSOs support their associated philanthropic foundations.

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