



ExxonMobil's sponsorship of the Qatar Open:

Major Sporting Events and Corporate Social Responsibility

This case study is for the purposes of education only and does not suggest any good or bad practice on the part of anyone mentioned in the case study.

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ABSTRACT

The Men's Tennis Tournament, known as the Qatar ExxonMobil Open (part of the ATP World Tour 250 Series of the ATP World Tour) is not only a good model of sponsorship, but also a good example of how corporations are taking their responsibilities seriously to provide a benefit to society. This idea that corporations should create social benefits in addition to turning profits has come to be an expectation and aspiration of most highly successful companies. This consumer movement turned business imperative is called "Corporate Social Responsibility" or CSR. This case study explores the sporting event known as the Qatar ExxonMobil Open, and the sponsorship relationship that ExxonMobil has created with this ATP World Tour event and the nation of Qatar to illustrate the value of CSR. This will help us to understand the fundamental reasons why corporations ought to embrace certain opportunities to do good and not others, and why CSR is good business as well as being good for society.

INTRODUCTION

The Tennis Tournament, known as the Qatar ExxonMobil Open, is a part of the ATP World Tour 250 Series of the ATP World Tour. A professional tennis tournament played on outdoor hard courts, the Qatar ExxonMobil Open occurs each January in Doha, Qatar.

Founded in 1993, the first ATP Qatar Open included men's tennis only, but since 2001, a combined women's tournament has been added. Played at Khalifa International Tennis and Squash Complex, the tournament attracts the very best tennis players in the world.

Sponsorship of sporting events has become commonplace. There are many costs associated with a major sporting event, including significant prize money, and sponsorship arrangements help. In addition, sponsorship can help the company with brand awareness and

positioning. We'll see, in what follows, the ways in which sponsoring of this tournament goes further, by reflecting ExxonMobil's specific and disciplined commitments to corporate social responsibility. Indeed, ExxonMobil explicitly ties their support of this event to the bigger picture context of Qatar's Vision 2030. The Qatar Tennis Federation's work to bring international tennis to Qatar is but one part of a larger push on the part of the nation of Qatar to improve the lives of its people by promoting health and wellbeing. And, ExxonMobil's commitment to that larger vision makes this sponsorship about more than just sporting and entertainment, it is about doing well.



(Source: CLO)

What is Corporate Social Responsibility or CSR?

Why should corporations care about the local environments in which they do business? Why should companies be socially responsible? Why would they accept constraints or take on additional commitments that are not immediately good for the bottom line? What is CSR?

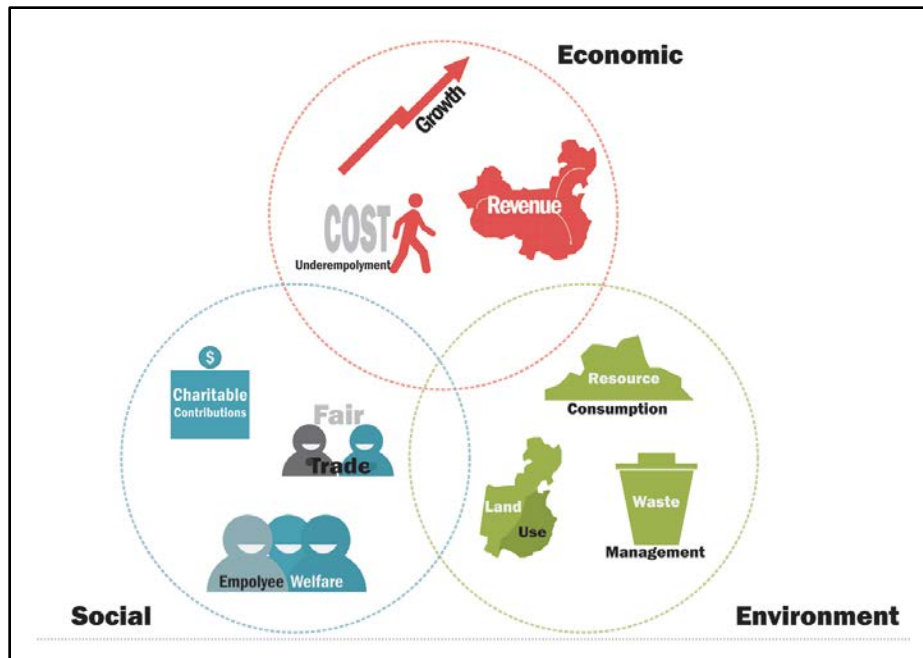
Corporate social responsibility is, at bottom, a commitment to do business ethically. To put this another way, CSR is a business approach that encourages companies to concern themselves with the wellbeing of society and the social impacts of their business on people and the environment. The European Union Commission has defined CSR as ‘the responsibility of enterprises for their impact on society’.¹ The overall impact of CSR should be more sustainable and conscientious growth and development that creates value for all stakeholders, not just corporate shareholders.

A 2009 McKinsey report on CSR explains that “Corporate social responsibility encompasses dual objectives – pursuing benefits for the business and for society.”² So, from the corporate side, it is not just doing well instead of making a profit, but doing both.

As early as the 1990s, business writer John Elkington had begun focusing on the “triple bottom line”, based on the insight that business impacts concerned not just economic growth, but also social and environmental impacts.

1. “Corporate Social Responsibility & Responsible Business Conduct,” European Commission (website), https://ec.europa.eu/growth/industry/corporate-social-responsibility_en.

2. Tracey Keys, Thomas W. Malnight, and Kees van der Graaf, “Making the most of corporate social responsibility,” *McKinsey Quarterly*, December 2009: https://www.mckinsey.com/featured-insights/leadership/making-the-most-of-corporate-social-responsibility_



(Source: Wikimedia Commons)

As such, “triple bottom line” grew into a consumer movement that was largely environmental, and has now become a broader corporate social movement. This shift from being pushed to engaging eagerly reflects industry’s growing recognition of the (business) value of socially responsible choices. While some may remain cynical about the real commitment that companies have to doing good, evidence is mounting that public companies in particular benefit from making commitments to ethical behavior.

Evidence abounds of the business value of a strategic, long-term and consistent commitment to CSR. A 2011 Forbes report shows that stock price is negatively impacted by news of negative environmental impacts, and positively impacted by positive news of environmental impact.³ A 2017 review of measures of CSR and their findings made the point that disagreement on the value of CSR is likely due to the fact that its operationalization varies

3. Caroline Flammer, “CSR Pays for Itself: Here’s the Evidence,” Forbes Leadership Forum, 2011, <https://www.forbes.com/sites/forbesleadershipforum/2011/08/30/csr-pays-for-itself-heres-the-evidence/#55df94867922>.

so widely.⁴ While stakeholders may punish companies that make claims to being ethical, but then behave inconsistently, evidence is mounting that a comprehensive long term CSR strategy is good for business.⁵

Indiscriminate good deeds such a philanthropic donations or pet charities are not examples of CSR, but simple charitable giving. CSR reflects a more strategic and focused approach to ethical behavior. Often a commitment to acting in a socially responsible way begins with these types of small efforts and then evolves into a commitment to certain ethical ways of doing business and partnering to improve the world. One company can't do everything, but it can carve out a space in which they commit to doing something.

In today's competitive environment, for a corporation to commit to being socially responsible in a way that will have a positive impact on the world as well as the bottom line, leaders must be strategic in selecting what they will do. In general, long-term opportunities that will improve society in some way must also fit well with the company's business goals. Leadership must be clear about how specific opportunities to do good not only meet, but maximize these dual objectives. It helps to have an explicit strategy to guide commitments, which are often financial.

From the shareholder perspective, companies that do good while pursuing profit will be more profitable in the long run. One reason is that, all other things being equal, people choose to align with brands they like and trust. And clear and long-term commitments to caring about the world and doing good create this affection and trust. The move toward social responsibility, then, reflects people's basic concern about their world. Moreover, there are identity issues at stake.

4. Adriana Galant & Simon Cadez, "Corporate social responsibility and financial performance relationship: a review of measurement approaches," *Economic Research-Ekonomska Istraživanja* 30, No: 1 (2017), 676-693, DOI: [10.1080/133167](https://doi.org/10.1080/133167).

5. Global Human Capitol Trends Report from Deloitte, Report, 2019, https://www2.deloitte.com/content/dam/insights/us/articles/5136_HC-Trends-2019/DI_HC-Trends-2019.pdf

People like to think of themselves as good, and they want to identify with companies that they also think of as good.⁶ When companies are seen to be making a positive impact on the world beyond the profits they generate, it is easier for people to identify with those companies.

People's emotional connections to brands can impact their consumer choices.⁷ So, a smart CSR strategy creates lasting social impact that connects consumers to a brand they might otherwise not connect with. By being associated with more than just their primary product, companies can create a more emotional and meaningful connection with consumers.

The McKensey report identifies the following "Guiding Principles" for choices that will maximize the benefits of CSR.⁸ McKensey cites concentrated efforts, an understanding of the benefits, and finding the right partners as crucial for a successful CSR strategy. A good partnership is crucial so that both can benefit from the association. In this way, the value for the business and the society is magnified. Moreover, commitment to shared values will allow both sides messages to be amplified. Activities should reflect long-term commitments that are not likely to change or shift. And communications should be clear on this long-term alignment, creating the possibility of real connections with stakeholders.

6. "15 Ways to Increase Brand Loyalty and Retain Your Customer Base," Forbes.com (website), 12 March 2018, <https://www.forbes.com/sites/forbesagencycouncil/2018/03/12/15-ways-to-increase-brand-loyalty-and-retain-your-customer-base/#74551e687733>.

7. Carolina Rogoll, *Star Brands: A Brand Manager's Guide to Build, Manage & Market Brands*, New York (Allworth Press: 2015).

8. Keys et al., "Making the most of corporate social responsibility."

ExxonMobil's Commitment to CSR

ExxonMobil is one of many corporations that has made a commitment to being a force for good beyond making a profit for shareholders, the overriding goal of any public company. As one of the world's largest publically traded oil and gas companies operating in a time of escalating concern for the environmental impacts of hydrocarbons, the company has rebranded to position themselves as a leader in a more long-term and sustainable approach to energy. A CSR strategy is important for this positioning. The connection to human motivation, ingenuity and innovation in finding new and more sustainable sources of energy in the future is a part of this positioning.

“ExxonMobil – Energy Lives Here”⁹

In the case of Exxon-Mobil, there are specific ways in which the commitment to social corporate responsibility plays out. ExxonMobil's statement on “giving back” connects the company with the local communities in which it works in very specific ways, reinforcing this concern for the world and connection to human wellbeing.

9. ExxonMobil's tagline, See also ExxonMobil downloadable reports on The Outlook for Energy: A View to 2040 and 2018 Energy and Carbon Summary, <https://corporate.exxonmobil.com/en/energy/energy-outlook/download-outlook-for-energy-reports>.

ExxonMobil Statement on Giving Back

<https://corporate.exxonmobil.com/en/community/worldwide-giving/giving-guidelines/overview>

ExxonMobil's success in the energy and petrochemical industries makes it possible for us to contribute to the well-being of the local areas where we make significant investments, provide products and pay taxes.

We believe that well-designed contributions programs contribute to society by raising the standard of living and the stability of the communities in which we live and do business. They also align with our pledge of good corporate citizenship and contribute to ExxonMobil being the partner, neighbor, employer and supplier of choice around the world.

Therefore, the purpose of ExxonMobil's contributions program, whether conducted through the U.S. based ExxonMobil Foundation, or through the corporation or international affiliated companies' operations, is to meet important community needs in ways that are compatible with our business interests.

Typically, ExxonMobil chooses to work with community organizations with which we have established or proactively developed relationships. ExxonMobil does not seek and rarely funds unsolicited grant applications and project proposals.

Worldwide, ExxonMobil's community investment focus areas include:

- Education – As a science and knowledge-based company, we contribute to educational programs worldwide. Particular focus areas are science and math and the education of women and girls;
- Health – We have a long tradition of working to improve public health and reduce health-related barriers to development in the communities where we operate;
- Environment (biodiversity & conservation) – We recognize the importance of conserving biodiversity – the variety of life on earth;
- Employee involvement – We encourage and support our employees and retirees who choose to make their own contributions of time, skills and money to community activities.

The ExxonMobil Public and Government Affairs Department is responsible for maintaining policies, programs and procedures to administer our contributions program.

Contributions are voluntary donations of cash or goods and services made to organizations (not individuals) for which the donor receives nothing significant or tangible in return. The contributions program and budget are not used to promote product sales or brand recognition.

Recipient organizations may include registered charities, non-governmental organizations and nonprofit educational, health-related and cultural organizations.

While we generally prefer to invest in local communities where we have a strong presence, we also fund some organizations that operate across a nation or around the globe.

ExxonMobil's statement on giving back reflects a long-term strategic vision for how to engage for the social good. First, ExxonMobil works with community organizations in local communities where it does business. This keeps benefits visible to those most impacted by the business operations. Second, it creates relationships and partnerships proactively, generally with non-profits and other non-governmental or cultural organizations. This reflects a long-term commitment to helping. Finally, ExxonMobil prioritizes funding local communities where it has a strong presence. In addition, they have identified priority investment areas to guide and focus their commitments; these are education, health, environment, and employee Involvement. Notice that these specific ethical interests reflect ExxonMobil's brand identity and target its most important constituents for conveying that brand.¹⁰

ExxonMobil's statement makes clear why the Qatar Open is a good fit for doing good. ExxonMobil has a long-standing business presence in the Kingdom of Qatar through ExxonMobil Qatar. And Qatar has made a long-term commitment to a plan that ExxonMobil Supports, Qatar's National Vision 2030, the basis for the Qatar Tennis Foundation's commitment to bringing world class tennis to the country.

ExxonMobil is explicit about the basis of its support for the Qatar Open makes very explicit the connection between its support of this tournament and the bigger picture social vision rolled out in 2008. The Qatar National Vision 2030 is a groundbreaking commitment Qatar has made to improve the lives of its citizens and the region.

10. "Our guiding principles," ExxonMobil (website), <https://www.exxonmobil.com.qa/en-qa/company/about-us/guiding-principles/our-guiding-principles>.

ExxonMobil's website statement regarding its sponsorship of the Qatar ExxonMobil Open¹¹

ExxonMobil Qatar has been the title sponsor of the Qatar ExxonMobil Open for more than 22 years. Under the leadership of His Excellency Nasser Al Khelaifi and his dedicated team, the Qatar Tennis Federation has successfully put Qatar on the international sporting agenda as a venue for one of the most anticipated professional tennis events of the year. The tournament consistently attracts renowned tennis players from around the world.

At the core of ExxonMobil Qatar's partnership with the Qatar Tennis Federation is an unwavering commitment to supporting Qatar on its journey toward accomplishing the goals of the Qatar National Vision 2030. The Qatar Tennis Federation inspires high performance and an appreciation for active lifestyles in the Qatari community, helping to build a healthy and productive workforce that will support the country's knowledge-based economy.



Doha, Qatar (Source: Wikimedia Commons)

11. "The Qatar ExxonMobil Open," ExxonMobil (website), <https://www.exxonmobil.com.qa/en-qa/community/energy-for-a-thriving-society/the-qatar-exxonmobil-open/the-qatar-exxonmobil-open>.

CSR and the Importance of Meaningful Partnerships: Major Sporting, ExxonMobil CSR and Qatar's National Vision

The Qatar Tennis Foundation's commitment to the ATP Tennis Open reflects Qatar's vision to improve the lives and health of people. Documented in Qatar's National Vision 2030, a groundbreaking vision for growth, advancement, and prosperity for its people, there is deep alignment between ExxonMobil and the Foundation's support for bringing world class tennis to Qatar. Consider the commitments to people and the environment embodied in this vision of Qatar's future, and the resonance this has with ExxonMobil's commitment to CSR.

Excerpts from Qatar's National Vision 2030

Defining Characteristics of Qatar's Future: Opportunities and Challenges

Qatar's sound management of its bountiful hydrocarbon resources will continue to secure improvements in standards of living. However, an improved standard of living cannot be the only goal of a society.

To remain true to its values, Qatar must balance five major challenges:

Modernization and preservation of traditions

The needs of this generation and the needs of future generations

Managed growth and uncontrolled expansion

The size and the quality of the expatriate labor force and the selected path of development

Economic growth, social development and environmental management

Qatar's National Vision Rests on Four Pillars:

Human Development: Development of all its people to enable them to sustain a prosperous society.

Economic Development: Development of a competitive and diversified economy capable of meeting the needs of, and securing a high standard of living for, all its

people for the present and for the future.

Environmental Development: Management of the environment such that there is harmony between economic growth, social development and environmental protection.

Social Development: Development of a just and caring society based on high moral standards, and capable of playing a significant role in the global partnership for development.¹²

The commitments of the Kingdom of Qatar resonate deeply with ExxonMobil's CSR commitments. ExxonMobil has a strong local presence in Qatar, and this is an event dedicated to the creation of a culture of health and wellbeing, so there is a fit there with ExxonMobil's CSR strategy.

This is but one example of how the right partnership can extend a company's CSR strategy while maximizing the benefits of investment.

12. Qatar National Vision 2030, https://www.mdps.gov.qa/en/qnv/Documents/QNV2030_English_v2.pdf.

Additional Teaching Resources:



CSR Graphic of Organizational Benefits of CSR (Source: Wikimedia Commons)

Questions for Discussion

- 1) What is CSR? Why should for profit companies engage in activities that are not just aimed at the core business purpose of making a profit?
- 2) What is the difference between giving money away to a good cause and having a strategic approach to CSR?
- 3) Why is Qatar's Vision 2030 an important element of this sponsorship that allows us to see it as part of a commitment to CSR?
- 4) What is needed for major sporting events to connect to companies at the level of CSR? Consider some ways this might happen beyond just tournament sponsorships.
- 5) Consider another company well known for its CSR strategy, e.g., Unilever. Review their statement of commitment to CSR. What would it take to create a partnership related to major or mega sports events for this company?
- 6) Why do you think that ExxonMobil has adopted the particular CSR commitments that it has? Explain the likely strategy behind their commitment to the content areas they have chosen.

Exercises and Group Engagement

- 1) Partnership/Stakeholder Mapping
Divide into groups of four or five. Now ask each group to identify a sponsorship or other partnership that they would like to explore between one company and one major or mega sporting event. (You can assign these as well.) Now have the group research both the company and the event, mission, purpose, and CSR strategy if any. Now assign each member of the group a "stakeholder identity" e.g., company CEO, Sporting Fan, Company Stockholder, Sporting League Head, etc. What are the reasons for and against a CRM partnership based on your discussion? What would make this a better fit?
- 2) Design a CSR strategy
Divide into groups of four or five. One of the reasons that CSR has value is that it connects consumers more closely with brands. Identify one company or sporting organization. Design a CSR strategy for that organization. What are the pillars of the strategy? Who will most benefit? What are the areas of philanthropic activity? How will you explain this strategy to your stakeholders?

Additional Materials

ExxonMobil Guiding Principles

<https://www.exxonmobil.com.qa/en-qa/company/about-us/guiding-principles/our-guiding-principles> (See below)

Our guiding principles

Exxon Mobil Corporation is committed to being the world's premier petroleum and petrochemical company. To that end, we must continuously achieve superior financial and operating results while simultaneously adhering to high ethical standards.

The following principles guide our relationships with our shareholders, customers, employees, and communities:

Shareholders

We are committed to enhancing the long-term value of the investment dollars entrusted to us by our shareholders. By running the business profitably and responsibly, we expect our shareholders to be rewarded with superior returns. This commitment drives the management of our Corporation.

Customers

Success depends on our ability to consistently satisfy ever changing customer preferences. We commit to be innovative and responsive, while offering high quality products and services at competitive prices.

Employees

The exceptional quality of our workforce provides a valuable competitive edge. To build on this advantage, we will strive to hire and retain the most qualified people available and to maximize their opportunities for success through training and development. We are committed to maintaining a safe work environment enriched by diversity and characterized by open communication, trust, and fair treatment.

Communities

We commit to be a good corporate citizen in all the places we operate worldwide. We will maintain high ethical standards, obey all applicable laws, rules, and regulations, and respect local and national cultures. Above all other objectives, we are dedicated to running safe and environmentally responsible operations.

Exxon Mobil Corporation aspires to be at the leading edge of competition in every aspect of our business. That requires the Corporation's resources — financial, operational, technological, and human — to be employed wisely and evaluated regularly.

While we maintain flexibility to adapt to changing conditions, the nature of our business requires a focused, long-term approach. We will consistently strive to improve efficiency and productivity through learning, sharing, and implementing best practices. We will be disciplined and selective in evaluating the range of capital investment opportunities available to us. We will seek to develop proprietary technologies that provide a competitive edge.

We aspire to achieve our goals by flawlessly executing our business plans and by adhering to these guiding principles and the foundation policies that follow.

Qatar National Vision

Please download the full statement of the Qatar National Vision here:

https://www.mdps.gov.qa/en/qnv/Documents/QNV2030_English_v2.pdf.

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