Paper Code : M11 – 106

Impact Of Enterprise Size On Selected Factors Motivating To Establish A Sponsorship Relationship

Ferdinand Daňo
University of Economics in Bratislava, Slovakia
ferdinand.dano@euba.sk
Juraj Šupák
University of Economics in Bratislava, Slovakia
juraj.supak1@gmail.com
Peter Drábik
University of Economics in Bratislava, Slovakia
peter.drabik@euba.sk

Abstract

The main objective of this paper is to analyze the impact of the enterprise size on selected factors that motivate enterprises to establish a sponsorship relationship. The object of our research is the highest Slovak football contest Fortuna league 2016/2017. We focus on the implementation of sponsorship as a marketing communication tool for individual enterprises that sponsor football clubs. In order to reach the main objective, we conducted quantitative research in January and February 2017. Presumption of the hypothesis evaluation was appropriate creation of respondent database. In our case, the respondents were the enterprises sponsoring football clubs operating in the Fortuna League in the season 2016/2017. The conducted research is the original incentive for a wide range of sponsorship considerations. We consider obtained results which are dedicated to the impact of the enterprise size on motivation factors to establish sponsorship cooperation with the clubs operating in the Fortuna League to be the most important benefit of the paper.

Keywords: attendance, Fortuna league, infrastructure of the stadium, soccer, sponsorship

Introduction

Increasing leisure time in society and rising awareness of the importance of sport has a major impact on the development of sports marketing. Marketing as one of the basic ideas of management came into being at the end of the 19th century, with the greatest development at the end of the 1930s in the USA. Widespread awareness came about in the mid-1950s as a market research for production and trade needs and quickly spread to all developed countries. At the beginning of the seventies of the 20th century, marketing in the sphere of sports through sponsoring gained a significant place.

A form of sponsorship has also undergone an independent development. Authors

dealing with the sponsorship issues have placed greater emphasis in the definition of sponsorship on the word partnership. The sponsorship relationship has been accepted more as a partnership that should produce positive results for both stakeholders. Sponsorship ceases not to be understood only as a source of funding for sports or other subjects, but becomes to be understood as a mutually beneficial relationship, ergo partnership.

Sponsoring is, for companies that provide funding, a marketing communication tool, and for sports entities it represents a source of funding. With the development of information technology, a great space for presentation of sponsorship was created. At present, the social media is the most widely used tool for sponsorship presentations. Up to 95% of companies activate a sponsorship relationship using different social networking platforms (Andrews, 2016), from which the world's most widely used in sports marketing have been currently Facebook, Twitter, YouTube and Instagram. Communicating with these social networks gives the fan the opportunity to interact with the club itself, and therefore the marketing communication right through these platforms is very important.

The fundamental meaning of sponsorship is that one entity supports or take on responsibility in some ways for the other subject. This responsibility and support is understood most often in financial form. Cornvell and Maignan (1998) defined sponsorship as a sponsor-sponsee exchange, while the latter receives a fee or value, and the sponsor has the right to be associated with the activities of a sponsee.

According to the general definition of Foret (1997), sponsorship is defined as investing money or other deposits in activities that open up access to the commercially available potential associated with the given activity. It is a thematic communication tool where a sponsor helps a sponsored subject to carry out their project and the sponsee helps the sponsor to fulfil his communication goals.

Similarly, Klincewicz (1998) defines sponsorship as follows: sponsorship is considered an agreement in which the sponsor conducts actions of an economic nature in the interest of a sponsored matter. The sponsorship presumption is the equivalent of interdependent services: the sponsor draws either direct or indirect benefits from the agreement and the sponsored organization receives financial support.

According to Smith (2000), sponsorship is more than patronage, altruism, or charity. It can certainly help others, while at the same time achieving specifically defined communication intentions. Some sponsors view sponsorship as a form of enlightened interest in themselves, when valuable activity is financially supported, and for the reward, specific marketing or company goals are met.

Not all the definitions, stated in earlier times, were able to uncover the full potential of sponsorship as a partnership. This is partly understandable because in most

sponsorship relationships there is asymmetry that results from the fact that sponsees are in many cases financially dependent on sponsors and determine their financial viability. This asymmetric force influences the behaviour of sponsors.

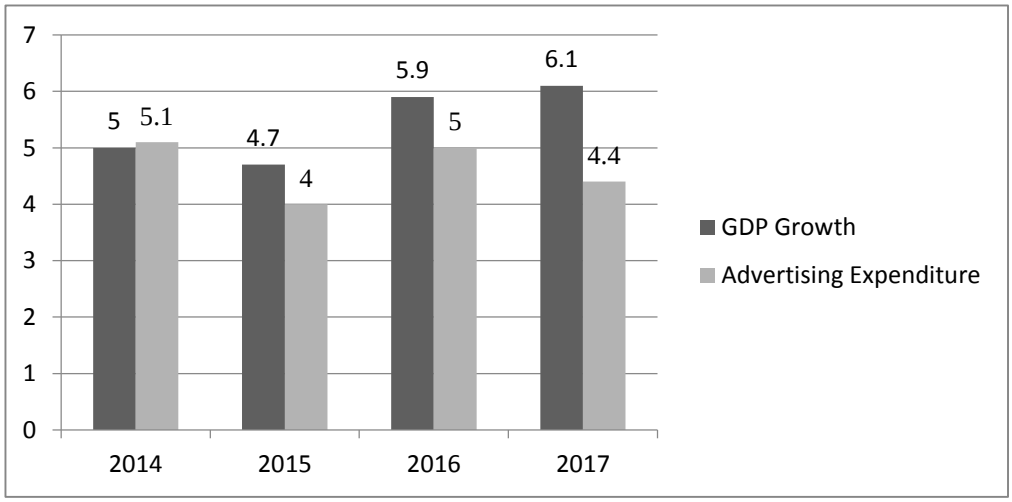
According to Cornwell (1997), sponsorship involves tow main activities: an exchange between a sponsor and a sponsee whereby the sponsor provides a fee to the sponsee and in return obtains the right to associate itself with the sponsee´s activity and the marketing of this association by the sponsor.

Dolphin (2003) suggest several objectives that companies might have for deciding to enter into a sponsorship. Following objectives are: enhancing corporate image, increase brand awareness, stimulate sales, corporate reputation, alter public perceptions, build relationships, create goodwill and enhance employee motivation.

Bennett (1999) came to a conclusion, that sponsorship is increasing brand awareness and is creating a feeling extended use of products mentioned brand.

The annual increase in sponsorship revenues has been stable and has been affected only by slight declines, mainly due to the development of the economy. According to Zenith Optimedia agency (2015), global advertising spending grew by 4% to $ 554 billion in 2015. According to graph 1, we can see that a continuous increase is expected in the coming years.

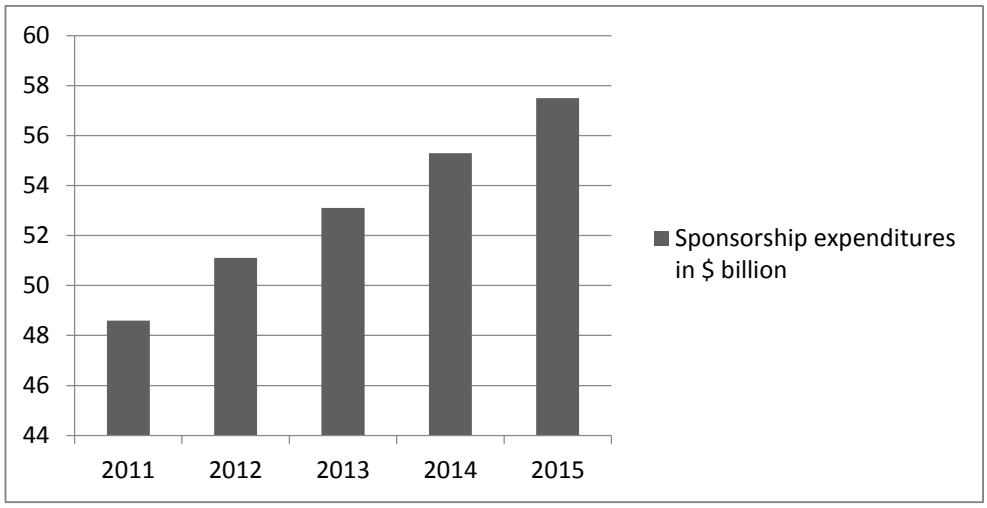
Fig. 1: Comparison of world GDP growth with growth in advertising expenditures in % for the years 2014-2017



Source: Zenithoptimedia, 2015

The rise in advertising spending is also linked to the rise in sponsorship spending. This increase in sponsorship spending amounted to $ 57.5 billion, according to IEG agency, in 2015, as shown in the following fig. 2 (IEG Sponsorship briefing, 2015)

Fig. 2: Development of sponsorship expenditures in billion dollars for the years 2011 - 2015



Source: IEG Sponsorship Briefing, 2015

Methods

The aim of this paper is to analyze the impact of the enterprise size on selected factors motivating companies to establish a sponsorship relationship. The object of our survey was the highest Slovak football contest Fortuna league 2016/2017. We have explored the application of sponsorship as a marketing communication tool for individual enterprises sponsoring football clubs.

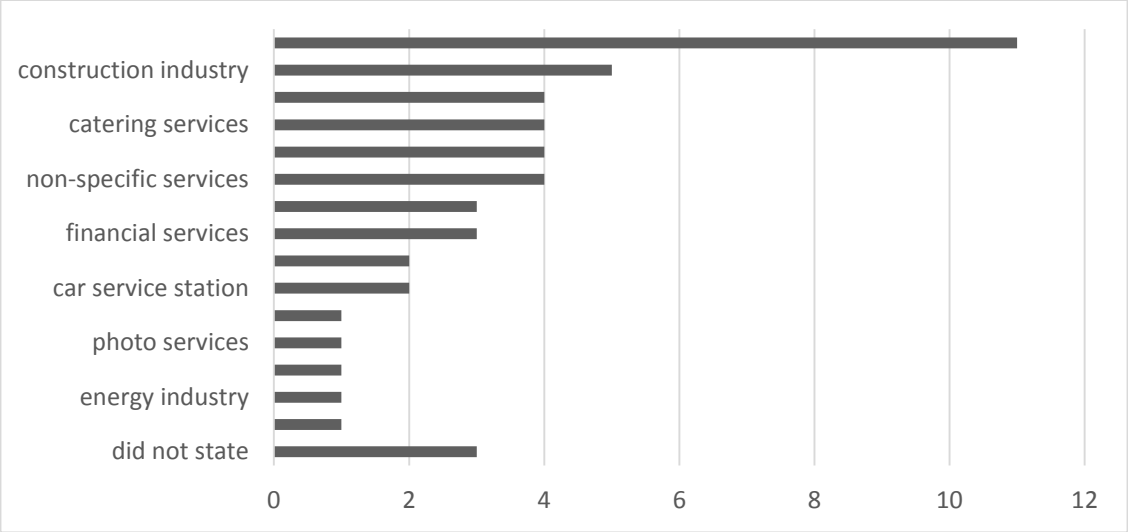
Following the set aim of the paper, we carried out a quantitative survey. Presumption of evaluation of the hypothesis stated below was appropriate formation of a database of respondents. In our case, the respondents were the enterprises sponsoring football clubs operating in the Fortuna League in the 2016/2017 season.

There were 12 football clubs in the contest. Individual football clubs have listed sponsoring companies on their website in the partner / sponsor sections. The database of respondents was made up of 319 companies. In the questionnaire survey, we received responses from 51 companies. After reviewing the questionnaires, we excluded one company and further worked with a sample of 50 companies. The rate of return on all the sent questionnaires thus was 15.67%. The obtained data were incorporated into the IBM SPSS statistical program for further statistical processing.

Due to the large number of economic areas reported by the respondents, we created 16 groups (including the possibility that the respondent did not enter the business) for further processing and evaluation.

The largest group of companies was in the field of mechanical engineering (11 companies, 22% of the total number of respondents) and construction (5; 10%). The companies operating in the areas of logistics, catering, manufacturing and non-specific services were represented significantly as well (4; 8%) (see fig. 3).

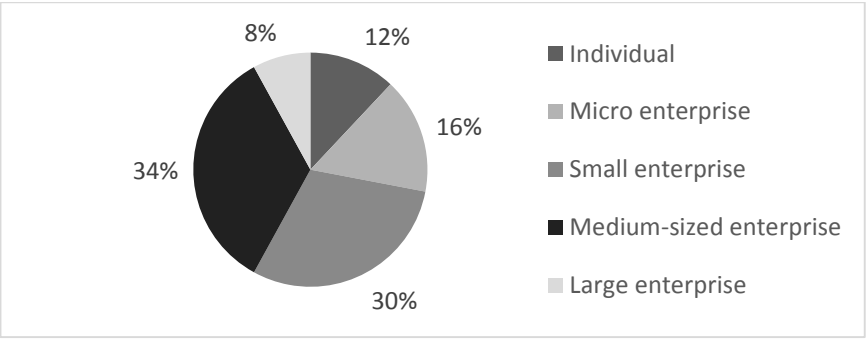
Fig. 3: Structure of respondents by business area



Source: own results

The largest groups of respondents were small enterprises with a staff of 10-49 (17 respondents, 34% of the total number of respondents) and medium-sized enterprises with a staff of 50-249 (15-30%). 8 respondents fall into the category of micro enterprises with 1 to 9 employees. 12% of the respondents are entrepreneurs. Only 4 companies that participated in the survey have more than 250 employees.

Fig. 4: Structure of the surveyed companies by number of employees



Source: own results

In order to meet the main goal, we have set the following hypothesis:
H0: Enterprise size does not affect the assessment of the importance of factors motivating an enterprise to establish a sponsorship relationship.
H1: Enterprise size has a significant impact in assessing the importance of factors motivating a company to establish a sponsorship relationship.

To evaluate the hypothesis, we used the method of analysis of variance, which allows us to compare the mean values of more than two basic variables. By using it, the

question, whether at the chosen level of significance (α) we can assume the validity of the null hypothesis, could be answered:

H0: the mean values of the examined characteristic of the basic variables are the same or we reject it, and an alternative hypothesis applies,

H1: at least two mean values are not equal.

Those basic variables, we compare their mean values, are often the result of the division of one basic variable according to the k levels of certain factor, with k> 2. In the calculation of the F-test we use table of analysis of variance (Pacakova, 2009) expressed by:

$$F = \frac{\frac{\sum_{i=1}^{k}(\bar{y}_i - \bar{y})^2 n_i}{k-1}}{\frac{\sum_{i=1}^{k}\sum_{j=1}^{n_i}(y_{ij} - \bar{y}_i)^2}{n-k}}$$

where

k denotes the number of categories of factor,

i denotes the order of a category of factor

$\bar{y}_i$ denotes the sample mean in the ith category of factor,

$\bar{y}$ denotes the overall mean of the data,

y_{ij} denotes the jth observation in the ith out of k categories of factor,

n_i denotes the number of observations in the ith category of factor

j denotes the order of a sample size in the data

n denotes the overall sample size

F-test has Fisher´s F-distribution with number of degrees of freedom v_1= (k-1) a v_2=(n-k), with *n* as sample size and *k* as number of levels of A factorial.

We do not reject the null hypothesis at the level of significance α for F values close to zero and we reject it if the F criterion value exceeds the critical value, which is the F1-α of the Fisher´s division with the number of degrees of freedom v_1= (k-1) a v_2=(N-k).

In the next step, we can ask the question which two pairs of mean values for which the mean value of the i-th category is not equal to the mean value in the j-th category $\mu_i \neq \mu_j$ for i ≠ j where i, j = 1, 2,. .. k. We can find out only if the methods to test the consistency of mean values e.g. LSD (Williams and Abdi, 2010) are used, we verify zero hypothesis for all pairs

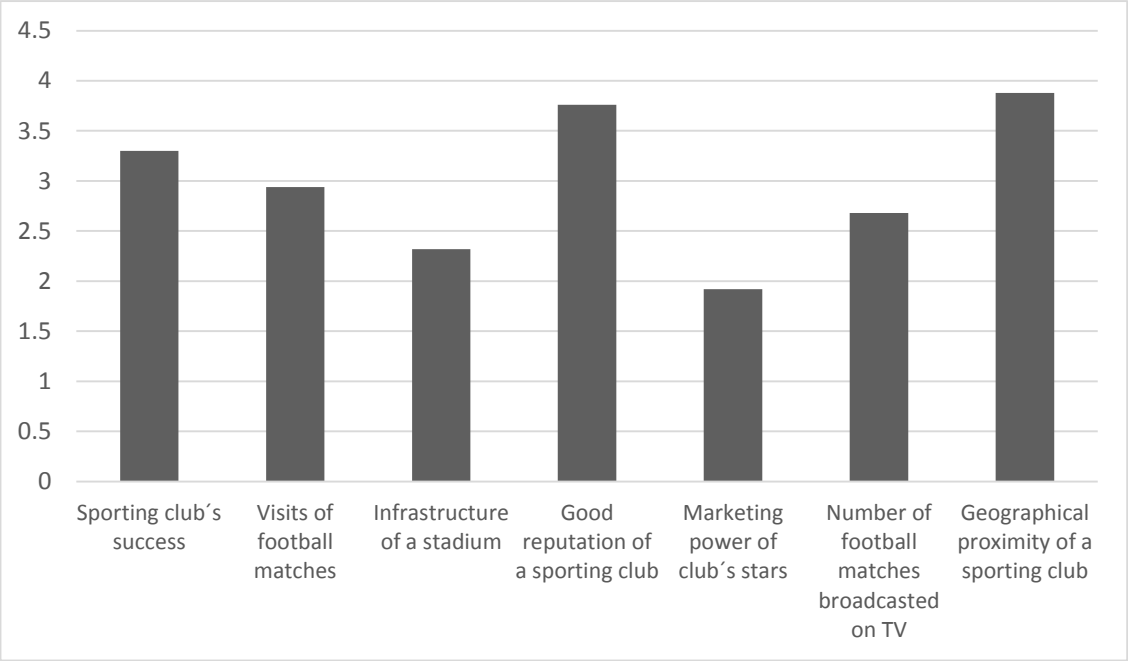
H₀: $\mu i = \mu j$ against the alternative ***H₁***: $\mu i \neq \mu j$

With a large number of *k* levels of factor, this is a time-consuming process, so it is convenient to use available statistical software to accelerate the verification of these hypotheses as well as to accelerate the whole process of analysis of variance.

Results

In the analysis, we focused on the selection of factors that led the companies to sponsorship, and we then examined, within the individual factors, whether there was a difference in the perception of a given factor within each type of companies - by its size. In the above analysis, we used, in the first part, the descriptive analysis and in the second one, analysis of variance (from ANOVA - Analysis of Variance).

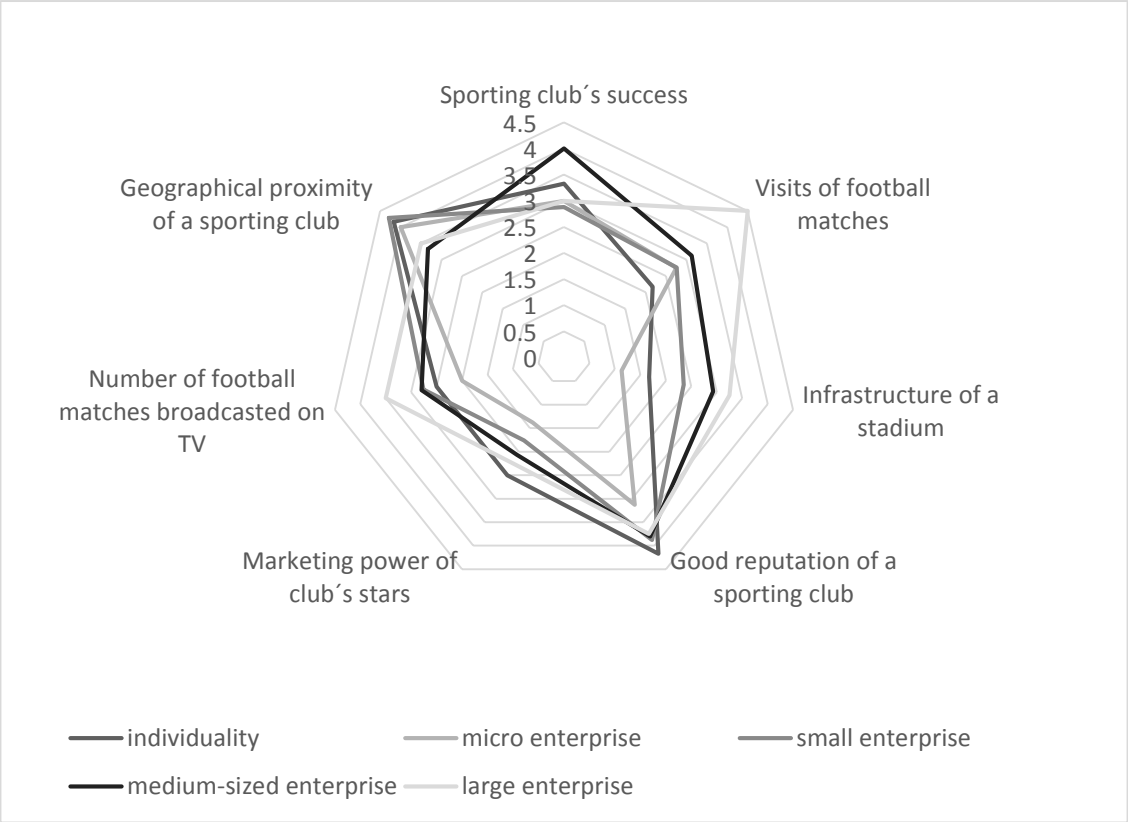
Fig. 5: Importance of factors that led an enterprise to sponsorship



Source: own results

As we can see in the fig. 5, on average, the most important factor influencing the sponsorship decision was the geographical proximity of a club. On a scale of 0 to 5 (0 – not affected at all, 5 - most affected), the companies rated 3.88 points on average. The next factors were followed in order of importance: good reputation of a sporting club; sporting club´s success; visits of football matches; the number of football matches broadcasted on TV; infrastructure of a stadium and the least significant factor that influenced the companies in the interest of sponsorship was the marketing power of the club's star.

Fig. 6: Importance of the factors that motivated companies to establish sponsorship cooperation depending on the size of the company



Source: own results

If we take a closer look at the importance of the different factors according to the size of the enterprise (see fig. 6) - according to the number of employees, we can see that different types of motivation are important for different types of enterprises:

- Visits of football matches; the number of football matches broadcasted on TV and the infrastructure of a stadium are the most important factors for sponsorship for large enterprises.
- For medium-sized enterprises, a sporting club's success is the most important criterion.
- For small and micro-enterprises, the most important criterion for sponsorship is the geographical proximity of a club.
- A good reputation of a sporting club is the most important factor for natural persons of sponsors.

Using the ANOVA test and the LSD method, we examined whether the difference between individual categories of size of an enterprise was statistically significant (at a significance level of 0.05) at the mean values of the evaluation of significance of the sponsorship factors.

The dependent variable (Y) was for us the number of points that companies gave in order of importance to the motivation factor that influences them when deciding on sponsorship (0 - not affected at all, 5 - most affected). An independent variable, the factor we examined was the size of an enterprise.

Through the ANOVA table, based on the F-test, we have identified only by one criterion the statistical significance of the influence of the factor of an enterprise size to measure the importance of the criteria that influence sponsorship decisions (at a 0.05 level of significance), and that is the criterion-infrastructure of a stadium.

We have verified the hypothesis:

H0: Enterprise size does not affect the assessment of the importance of factors motivating an enterprise to establish a sponsorship relationship.

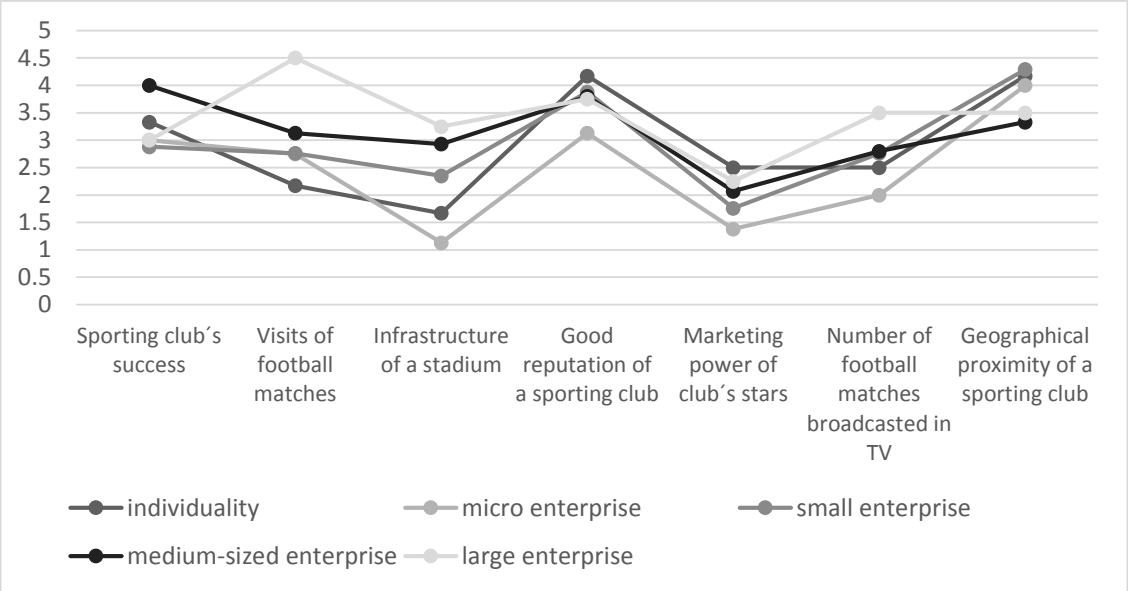
H1: Enterprise size has a significant impact in assessing the importance of factors motivating a company to establish a sponsorship relationship.

Table 1: Analysis of variance of dependence of decision-making factors and an enterprise size

	F-score		F-critical $F_{0,95}(4;45)$	**P-value**		$\alpha = 0,05$	**Decision**
Sporting club´s success	1,708	<	2,579	0,165	>	0,05	H_0
Visits of football matches	1,794	<	2,579	0,147	>	0,05	H_0
Infrastructure of a stadium	**4,208**	**>**	**2,579**	**0,006**	**<**	**0,05**	**H_1**
Good reputation of football club	0,808	<	2,579	0,527	>	0,05	H_0
Marketing power of club´s stars	0,919	<	2,579	0,461	>	0,05	H_0
Number of football matches broadcasted in TV	1,025	<	2,579	0,405	>	0,05	H_0
Geographical proximity of football club	0,999	<	2,579	0,418	>	0,05	H_0

Source: own results

Fig. 7: Mean values of assessment of individual criteria according to an enterprise size



Source: own results

Based on individual relations, we got the decision on individual criteria at a significance level of 0.05. As a single assessment of sponsorship decision criteria, the infrastructure of a stadium was influenced by the size of an enterprise. As we can see in fig. 7, the most recognizable differences between the categories of an enterprise-size factor are for the stadium's infrastructure criterion, which is confirmed by the previous finding.

In Table 2, we can see a detailed analysis of the differences in the mean values of the assessment of individual criteria across all pairs of enterprise size combinations. The [(I-J) Mean Difference] column shows the absolute difference between the mean values of the assessment of the relevant criterion between a selected pair of enterprise size categories. We verify the following hypothesis for each pair of enterprise size categories for each criterion:

H0: mean value of criterion for category of enterprise (i) = mean value of criterion for category of enterprise (j).

Compared to the alternative

H1: mean value of criterion for category of enterprise (i) $\neq$ mean value of criterion for category of enterprise (j).

In other words, whether there is a significant difference between the pairs of mean values of the assessment of the types of sizes (i) and (j).

In the [P-value] column, the lowest possible limit of non-disapproving of the null hypothesis is given, meaning if the value in this column is lower than the chosen

significance level (in our case α = 0.05), the difference between the mean values of the respective pair of factor categories, the enterprise size is significant (we do not object to the alternative hypothesis H1). In this case, we used the LSD (Least Significance Difference) test.

Table 2: Analysis of the differences in the mean values of the criteria assessment of pairs of enterprise size types

Multiple Comparisons

Dependent Variable: Indicate the importance of the factors that motivated you to establish sponsorship cooperation

(I)	(J)	(I-J) Mean Difference	P-value	(I-J) Mean Difference	P-value	(I-J) Mean Difference	P-value	(I-J) Mean Difference	P-value	(I-J) Mean Difference	P-value	(I-J) Mean Difference	P-value	(I-J) Mean Difference	P-value
Individuality	micro enterprise	0,333	0,635	-0,583	0,454	0,542	0,397	1,042	0,109	1,125	0,097	0,5	0,48	0,167	0,834
	small enterprise	0,451	0,466	-0,598	0,383	-0,686	0,224	0,284	0,614	0,735	0,215	-0,265	0,67	-0,127	0,856
	medium-sized enterprise	-0,667	0,291	-0,967	0,169	**-1,267***	**0,03**	0,367	0,523	0,433	0,47	-0,3	0,635	0,833	0,245
	large enterprise	0,333	0,691	**-2,333***	**0,015**	**-1,583***	**0,042**	0,417	0,587	0,25	0,754	-1	0,239	0,667	0,485
micro enterprise	individuality	-0,333	0,635	0,583	0,454	-0,542	0,397	-1,042	0,109	-1,125	0,097	-0,5	0,48	-0,167	0,834
	small enterprise	0,118	0,833	-0,015	0,981	**-1,228***	**0,018**	-0,757	0,141	-0,39	0,464	-0,765	0,177	-0,294	0,642
	medium-sized enterprise	-1	0,084	-0,383	0,544	**-1,808***	**0,001**	-0,675	0,198	-0,692	0,206	-0,8	0,166	0,667	0,304
	large enterprise	0	1	-1,75	0,052	**-2,125***	**0,005**	-0,625	0,392	-0,875	0,252	-1,5	0,066	0,5	0,58
small enterprise	individuality	-0,451	0,466	0,598	0,383	0,686	0,224	-0,284	0,614	-0,735	0,215	0,265	0,67	0,127	0,856
	micro enterprise	-0,118	0,833	0,015	0,981	**1,228***	**0,018**	0,757	0,141	0,39	0,464	0,765	0,177	0,294	0,642
	medium-sized enterprise	**-1,118***	**0,019**	-0,369	0,471	-0,58	0,169	0,082	0,845	-0,302	0,492	-0,035	0,939	0,961	0,071
	large enterprise	-0,118	0,871	**-1,735***	**0,034**	-0,897	0,175	0,132	0,841	-0,485	0,481	-0,735	0,314	0,794	0,335
medium-sized enterprise	individuality	0,667	0,291	0,967	0,169	**1,267***	**0,03**	-0,367	0,523	-0,433	0,47	0,3	0,635	-0,833	0,245
	micro enterprise	1	0,084	0,383	0,544	**1,808***	**0,001**	0,675	0,198	0,692	0,206	0,8	0,166	-0,667	0,304
	small enterprise	**1,118***	**0,019**	0,369	0,471	0,58	0,169	-0,082	0,845	0,302	0,492	0,035	0,939	-0,961	0,071
	large enterprise	1	0,176	-1,367	0,097	-0,317	0,633	0,05	0,94	-0,183	0,792	-0,7	0,343	-0,167	0,841
large enterprise	individuality	-0,333	0,691	**2,333***	**0,015**	**1,583***	**0,042**	-0,417	0,587	-0,25	0,754	1	0,239	-0,667	0,485
	micro enterprise	0	1	1,75	0,052	**2,125***	**0,005**	0,625	0,392	0,875	0,252	1,5	0,066	-0,5	0,58
	small enterprise	0,118	0,871	**1,735***	**0,034**	0,897	0,175	-0,132	0,841	0,485	0,481	0,735	0,314	-0,794	0,335
	medium-sized enterprise	-1	0,176	1,367	0,097	0,317	0,633	-0,05	0,94	0,183	0,792	0,7	0,343	0,167	0,841

* The mean difference is significant at the 0.05 level

Source: own results

As we can see (in Table 1 and in Fig. 7), we noted the following significant differences (at α = 0.05):

- in the criterion of sporting club's success among the small and medium-sized enterprise categories,
- in the criterion of visits of football matches among pairs of categories: natural person and large enterprise; small and large enterprise,
- the most significant differences were found in the criterion of stadium infrastructure among the pairs of categories: a natural person and medium-sized enterprise; natural person and large enterprise; micro-enterprise and small enterprise; micro-enterprise and medium-sized enterprise; micro enterprise and large enterprise

Discussion

Based on the conducted survey, we can confirm that the size of an enterprise does not have, in most cases, a statistically significant impact on assessing the importance of factors motivating an enterprise to establish a sponsorship relationship. We have found that only the motivation factor of the stadium infrastructure is dependent on the size of the sponsoring enterprise. This means that this factor is significantly different for different types of enterprises depending on their size. For enterprises with more than 250 employees, this importance was 3.25 and for micro-enterprises only at 1.13. For smaller enterprises, mostly operating in the geographical proximity of the football club, different factors are important like for example mentioned geographical proximity and good reputation of a club.

We also found a statistically significant difference in the sporting club's success criterion, being significantly more important to medium-sized enterprises than to small enterprises. We also found a statistically significant difference in the visits of football matches between pairs of natural person and large enterprise and a small and large enterprises pair.

Conclusion

In our survey, we have concluded that motivating factor to establish sponsorship relationship, stadium infrastructure is very important for the companies with more than 250 employees. Large enterprises with individual departments dealing with sponsorship have an elaborated sponsorship system and are led by the established principles. The establishment of sponsorship is not willing to endanger the lack of infrastructure of the stadium. Large multinationals therefore clearly favour co-operation with football clubs with a high level of infrastructure in the stadium. The good infrastructure of the stadium signifies a certain degree of quality that the football club has achieved in the longer term, and therefore there is a prerequisite for its continuous achievement, which results in a positive association with the sponsoring enterprise.

According to Henseller (2011) it is possible to define two types of potential spectator. Spectators which are watching matches right on stadium and spectators, which are watching matches on TV. In both groups are wide scale of stakeholders. In Slovak football, visits of football matches have been one of the long-term problems. This problem is also caused by the underdeveloped infrastructure of the stadiums, resulting in reduced viewers´ comfort. In 2013, the Slovak Government approved an investment of € 45 million for the reconstruction and construction of football stadiums, the aim of which is to offer the audience more cultural environment and thus attract them to the stadiums. (Slovenský futbalový zväz, 2016) This step should also create a better position for football clubs in the process of acquiring sponsors from enterprises with more than 250

employees. These enterprises stated that the factor of visits of football matches is important for them on a scale of 0 to 5 points (0 at all, 5 most) at 4.5 points. However, it is important to keep in mind that the actual reconstruction of football stadiums is not a guarantee of increased viewers' attendance of football matches. For this purpose, it is necessary for the football club to set the individual marketing mix tools correctly, which should be supplemented by the sports performance of the football team.

References

Andrews, J. (2016). *What sponsors want and where dollars will go in 2016*. Retrieved from http://www.sponsorship.com/IEG/files/71/711f2f01-b6fa-46d3-9692-0cc1d563d9b7.pdf.

Bennett, R. (1999). Sports sponsorship, Spectator recall and false consensus. European *Journal of Marketing*, 33, 291-313.

Cornwell, T. B. (1997). The Use of Sponsorship-Linked Marketing by Tobacco Firms. *The Journal of Consumer Affairs*, 31, 238-254.

Cornvell, T. B. & Maignan. I. (1998). Research on Sponsorship: International Review and Appraisal. *Journal of Advertising*, 27, 1-21.

Dolphin, R. (2003). Perspectives on its strategic role. *Corporate Communications: International Journal*, 8, 173-186.

Foret, M. (1997). *Marketingova komunikace*. Brno: Masarykova univerzita Brno.

Henseller, J., Wilson, B. & Westberg, K. (2011). Managers Perception of the Impact of Sport Sponsorship on Brand Equity: Which Aspects of the Sponsorship Matter Most. *Sport Marketing Quarterly*, 20, 7-21.

IEG Sponsorship Briefing. (2015). *New Year To Be One Of Growth And Challenges For Sponsorship Industry*. Retrieved from: http://www.sponsorship.com /iegsr/2015/01/06/New-Year-To-Be-One-Of-Growth-And-Challenges-for-Sp.aspx.

Klincewicz, K., 1998. Ethical aspects of sponsorship, *Journal of Business Ethics*, volume. 17, page 1103–1110. ISSN 0167-4544.

Slovenský futbalový zväz. (2016). *Rekonštrukcia a modernizácia futbalových štadiónov na Slovensku.* Retrieved from http://www.futbalsfz.sk/rekonstrukcia-a -modernizacia-futbalovych-stadionov-na-slovensku

Smith, P. (2000). *Moderní marketing*. Praha : Computer Press.

Williams, J. L. & Abdi, H. (2010). *Fisher´s Least Significant Difference (LSD) Test LSD*. Retrieved from: https://www.utd.edu/~herve/abdi-LSD2010-pretty.pdf

Zenithoptimedia. (2015). *Executive Summary: Advertising Expenditure Forecasts June 2015.* Retrieved from http://www.zenithoptimedia.com/ wp-content/uploads/2015/06/Adspend-forecasts-June-2015-executive-summary. pdf