

Objectives Of Educational Sponsorship as a Marketing Communication Tool and Its Application at the Sate Oil Company of Azerbaijan Republic/ SOCAR

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Abstract – The aim of this article is to provide a better understanding of educational sponsorship and its application as a marketing communication tool in SOCAR. So as to reach the aim, research question focuses on the objective of educational sponsorship. Author used a qualitative research with a case study. The interviews and documentations were used as primary and secondary data. The common outcome of the study is that several objectives of educational sponsorship are generally used. The most frequently used objectives of educational sponsorship are corporate related objectives, such as corporate image, increasing community involvement, employee relations and public perceptions.

Key words – Sponsorship. corporate image, marketing objective, educational objectives, marketing communications, media, community involvement,

I. Introduction

The concept of sponsorship originates in the Greek and Roman era and the word was derived from the Greek *horigia* [2]. In contemporary world, it is almost impossible to find any event that is not sponsored in any way [6].

Sponsorship is one of the elements of marketing communications' tools within broader context of the marketing mix [6]. Sponsorship is an area of activity sometimes virtually ignored by the PR and marketing literature [1]. Managers from different industries now appear to view sponsorship as one of the important part of the marketing mix [2]. That is why, recent growth in the popularity of sponsorship, commenting that it is now one of the logical and indispensable elements of a company's promotions mix (along with the advertising tools, public relations, sales promotions) [9].

Sponsorship is similar to the advertisement tool in regards of the expense which is invested for commercial purposes [7]. Furthermore, the author mentions that sponsorship must not be confused with corporate giving, such as endorsement and patronage, charity activities,

where the aims are philanthropic with the expected returns to be to society and not to the company itself (ibid.). Sponsorship can deliver supplementary benefits through the goodwill which is created in the minds of consumers [2]. However, no matter how strong the links in the consumers' mind, that link is perishable by the time (ibid.).

1.1 Problem Discussion

Sponsorship is becoming more significant marketing tool and nowadays attracts more investments. Organizations today are viewing sponsorship as an important and major marketing communication tool, seeking their way from other marketing communication tools.

Sponsorship is an indispensable tool of marketing communication and therefore sponsorship is used by companies for different objectives. Three broad categories of sponsorship objectives have been identified and agreed in sponsorship literature: media objectives, marketing objectives, and corporate objectives [9]. As it is known, image and reputation are resources that could make it possible for a company to secure competitive advantage and sponsorship has to be regarded as an important source that can help companies to protect their positions for a competitive advantage [5].

Nowadays sponsorship is an increasingly famous tool of the marketing promotion mix among corporations worldwide. Although sponsorship is popular enough, but researchers agree that sponsorship topic is rarely examined [2]. Therefore, the topic has not been subject to comprehensive studies in Azerbaijan. Because sponsorship is known as a way of wasting money in Azerbaijan, therefore most of the companies do not try to be a sponsor for the events, activities, sport clubs, education and etc. Sponsorship has been chosen by author because of mentioned reasons to describe how the sponsorship important is. This study is going to answer following questions of what the company hope to achieve (objective), how they measure what they have achieved and how they choose right people to sponsor.

1.2 Research Aim & Research Question

1.2.1 Overall Aim

Based on the problem discussion mentioned above, the aim of this study is to *provide a better understanding of educational sponsorship and its application as a marketing communication tool in Azerbaijan based company named The State Oil Company of Azerbaijan Republic, shortly SOCAR.*

1.2.2 Research Questions

One research question has been formulated and will serve in order to accomplish the aim.

➤ **RQ1.** What are the objectives of sponsorship?

Formulated one research question is described theoretically in literature review and the question is

answered in the section of data analysis in the basis of empirical data gathered.

II. Literature Review

2.1 Educational Sponsorship

There are different varieties of sponsorship, such as sports, programme or broadcast, the arts and others that surround activities such as education, wildlife/conservation. This study is about educational sponsorship, thus only educational sponsorship is shortly described.

Educational sponsorship is one of the wide used types of sponsorship. This may take different forms, from the sponsoring of individuals student at college or university through to the provision of tuition fees, cost of living, books, computers, travel expenses (Amoako et al., 2012). In the other words, educational sponsorship involves to provide funding to support students pay for their education or to provide any assistant to students with respect to their education (ibid.). There are many companies sponsoring education. The State Oil Company of Azerbaijan Republic, shortly SOCAR is one of them. It will be broadly explained in chapter four.

2.2 Objectives of Sponsorship

Formulating sponsorship objectives is the first stage of designing a sponsorship program [2-6]. Sponsorship objectives have to be linked to the broader promotional planning [9]. All these objectives serve companies to achieve the higher marketing goals (ibid.).

2.2.1 Overall Company Objectives

The most important objective of sponsorship is to create awareness, to allow consumers be aware about company's products and services, product lines and corporate name [2]. Sponsorship lets the sponsored company to live in the reflection of the sponsored activities. Another important reason to use sponsorship is to build corporate image. Community involvement is a significant corporate objective, since sponsor gets involved in developing the community's life in a local and national level, by showing manner of good citizenship [7].

Furthermore, another significant company objective of sponsorship is the guest hospitality that creates entertainment. Guest hospitality generates opportunities both for the consumers and the trade, whereby sponsored activities can be effective [6]. Guest includes decision makers, opinion formers, government organizations, trade acquaintances, retailers, dealers and wholesalers [7].

All in all, overall company objectives of sponsorship are shortly described below:

- To create awareness, to allow consumers be aware about company's products and services, product lines and corporate name.
- To generate goodwill among decision makers and opinion formers.
- Generate goodwill towards the company.
- Building relationships with the wider community.

2.2.2 Marketing Objectives

Reaching new targeted markets or audiences is a marketing objective of sponsorship. Sponsorship therefore represents a natural vehicle for psychological segmentation of consumers and to reach targeted consumers with similar tastes activities, opinions and interest [9]

Sponsorship is used so as to attain product and brand objectives, since many objectives are the same as under corporate related objectives, such as identifying the product or brand with a particular market segment, increasing awareness of product or brand, strengthen or altered market perception of the product or brand [7]. Therefore all companies try to link brand name with a particular sponsorship so as to reach product-related objectives [6]. Furthermore, sponsorship is used so as to create public awareness and position of brand .

2.2.3 Media Objectives

The achievement of media coverage is another significant objective of using sponsorship. Sponsorship may increase the communication message by cutting through the noise usually affecting traditional mass media advertising [7]. The author further mentions that most of governments have restrictions on advertising of alcohol and tobacco products, in this case the achievement of media coverage is particularly significant for companies in the tobacco and alcohol industry. Main media objectives of sponsorship are to generate publicity and generate visibility (ibid.).

2.2.4 Personal Objectives

During the long period, companies have been engaging in sponsorship activities for personal interest of their top management [3]. Sponsorship provides an opportunity to deliver personal satisfaction which is significant for the organization. Personal objective reflects the interests, personal views and hobbies of the company's management. Whereby making decision to sponsor an activity and selection of an activity are frequently impressed by the decision-maker's personal views [5].

III. Methodology

3.1 Research Purpose

There are three purposes to use when carrying out a scholarly research. The different types of purposes are: exploratory, descriptive and explanatory purposes [4].

This study is principally descriptive as author reviews literature, develops a framework and collects data on companies' objectives with educational sponsorship.

Descriptive studies became eligible in when the purpose is not to find any causes to the research problem, but rather than to describe the situation [11]. Description means "making complicated things understandable by reducing them to their component parts" [11].

3.2 Research Approach

There are two significant methodological approaches that are broadly used; quantitative and qualitative research. Choosing approach depends on the on what kind of information that is studied [12].

3.2.1 Qualitative Research

With a qualitative research authors want to transform what have been observed, reported or registered into written words. The words can be assembled, sub clustered and broken into semiotic segments [10]. The authors further state that the words can be organized to let the researcher contrast, compare, analyse and bestow patterns upon them (ibid.).

Since a purpose of this research study is to assure a deeper understanding of how the State Oil Company of Azerbaijan Republic uses educational sponsorship as a marketing communication tool and as the research questions are stated in a way where the answers would be rather contribute to an understanding of social phenomena, this research study can be regarded as a qualitative research.

3.3 Data Collection Method

There are two kinds of data, secondary and primary data [4]. In addition, the authors further state that, while secondary data is data that already has been gathered by other investigators with a several purpose in mind, primary data is data collected by a person on his/her own with a particular purpose in mind. Describes that, there are six sources of evidence when performing a case study: documentation, archival records, interviews, direct observation, participant-observation and physical artefacts. The data collected so as to answer the research questions of this thesis, and by that reach the investigation purpose is gathered from both secondary and primary sources. The sources of evidence used in this thesis are interviews and documentations [12].

IV. EMPIRICAL DATA

The empirical data gathered through the case study and interviews will be presented in this chapter. The data gathered is going to be mentioned in the same order as the research question. Firstly, background information and data gathered from the State Oil Company of Azerbaijan Republic will be offered. Then, author will present the data collected for each research questions separately.

4.1 Case: The State Oil Company of Azerbaijan Republic/SOCAR

4.1.1 Background of SOCAR

According to the Decree of the President of Azerbaijan Republic (December 3, 1991), Azerineft State Concern was established in 1991 [17]. After one year, according to a Decree of the President of the Republic of Azerbaijan, SOCAR (the State Oil Company of the Azerbaijan Republic) was established on basis of the Azerineft State Concern and Azerneftkimya Production Association. The

main objectives of SOCAR are to use oil resources, develop oil industry's structure and improve the energy industry.

SOCAR is specialized on exploring oil and gas resources, producing, processing and transporting oil, gas and gas condensate, marketing petroleum and petrochemical products in local and global markets and supplying natural gas to the public in Azerbaijan. SOCAR has three production divisions, two oil refineries, one gas processing plant and an oil tanker fleet, a deep water platform fabrication yard, two trusts, one institution and 22 subdivisions. All these organisations are operating as corporate entities under SOCAR. SOCAR employs about 75,000 employees in Azerbaijan [17].

Respondents provided the author with SOCAR's objectives, selection and techniques of evaluation of educational sponsorship [19-20-21-22].

4.1.2 Sponsorship programs of SOCAR

SOCAR has two types of sponsorship. First one is Sport Sponsorship, what about second one is Education Sponsorship [19-20-21-22]. SOCAR is sponsoring football club in Azerbaijan named Neftchi Baku and SOCAR is an official sponsor of this club. Second type of sponsorship is about Education. SOCAR is sponsoring education in Azerbaijan. SOCAR has two types of Education Sponsorship. These are: Internal Scholarship and External Scholarship. Both Internal and External Scholarship programs are broadly explained below [19-20].

4.1.2.1 Study Abroad Program (External Scholarship) of SOCAR

Respondents claim that, since 2006, studies of young and talented youths have being financed by SOCAR at leading universities of America and Europe[17]. SOCAR is cooperating with different top universities of the world to arrange for students to study abroad within the Scholarship Program. Currently, number of graduates and students of SOCAR's Study Abroad Scholarship Program is 172. Most of them are studying or have completed their educations in UK, Germany, France, US, Turkey, Norway, Holland, Canada, Austria, Sweden, Russia and Malta[17].

External scholarship program has been of great importance in terms of developing the education system and creation of a well-educated and strong potential of professionals serving the enlightenment of young generation. So as to ensure that students receive high quality higher education and are trained to become skilful professionals, SOCAR shows individual approach to each student and provides them material and moral support, either during the term of education or thereafter. One more peculiarity of the program is that students being studying abroad organize "The Day of Azerbaijan" at universities they study and deliver to foreigners the national values, customs, history, literature and rich music of Azerbaijan[17].

4.1.2.2 Internal Scholarship of SOCAR

Since 2004-2005, SOCAR has been providing scholarship in the amount of 40 manats (approximately €38) to 20 students from each course of the bachelor level based on a competition. Main aim of internal scholarship is to teach young talented oil specialists at the State Oil Academy of Azerbaijan on selected specialties, and encourage students to gain up-to-date scientific and practical knowledge in the oil and gas fields[19-20].

The framework of this competition was extended in 2008 and the number of grant aided students for each course has been increased up to 30 and scholarship's amount became to 70 manats (approximately €67). In November 2010, monthly scholarship was increased from 70 manats to 100 manats (approximately €96) and according to the resolution of SOCAR's president, the number of students on each course was increased from 20 to 40. This competition is announced twice per year, after final examinations are over and more than 1,000 students apply[20-22].

4.1.3 Objectives of Sponsorship

Sponsorship has always been an important tool as SOCAR started to sponsor education since 2005. As explained above, SOCAR is active in two different kinds of sponsorship; sport sponsorship and educational sponsorship. The company has three major objectives with educational sponsorship; objectives related to the management's personal interest, objectives regarding business relationships and objectives concerned generating visibility of the company[[19].

Regarding the corporate objectives of educational sponsorship, SOCAR generally focuses on the corporate image, increasing community involvement, employee relations and public perception. SOCAR's managers claim that, company finds it important to create and sustain the image of the company that is fulfilling company's social responsibility and societal obligation in a respectful manner by supporting education in Azerbaijan. In order to increase community involvement and change public perception of the company in the local and regional communities they operate in, company shows the public that it supports education. The sponsorship is also used as a motivator for the employees as they can see the sponsored unit that the company supports their interests [20-21].

The respondents mention that marketing objectives of educational sponsorship are almost the same as the corporate objectives. Positioning of brand is one of the significant objectives of sponsorship in order to create good consideration. Generally, the management thinks the company has already established a good consideration in the customer mind in the area of Azerbaijan and Caucasus region, but in order to protect sustainability, brand positioning is still one of the major objectives. In addition, sponsorship is also used to increase public awareness about the SOCAR in their local and regional communities. On the other hand, SOCAR has no expectations that educational

sponsorship would contributing to increased sales, because the company does not sell any customer products and the management does not think that the company would achieve more contracts and increase the turnover by educational sponsorship.

On the other hand, the company uses media objectives of educational sponsorship so as to generate visibility and publicity. The company just wants to use media objectives of sponsorship to persuade the community, financiers, shareholders, workers, and other stakeholders to maintain a certain point of view about the company, its leadership, goods and services, or of political decisions. Moreover, company does not consider enhancing ad campaign or avoid clutter as media related objectives of educational sponsorship [20].

Personal objective of educational sponsorship is just used to formulate well educated staff for the company. SOCAR is an international state based company operating international projects and it makes company to be internationalised, but lack of higher educated employee within the company sometimes makes problem. In order to solve this problem, SOCAR aimed to create well educated staff, because higher educated employee allows company to work on international projects effectively. Personal satisfaction and management interests are not considered as the personal objectives of educational sponsorship by the company [19-20].

V. Data analysis

Chapter five is going to present an analysis of the empirical data given in chapter four. A within-case analysis is going to be conducted so as to compare the gathered data to the theories. Author will look for similarities and differences between theory and collected data.

5.1 Objectives with Educational Sponsorship

Corporate, marketing, media and personal objectives are main objectives of sponsorship [2-6-9]. SOCAR's main objectives are to support education, to increase community involvement, employee relations, to position of brand, to generate visibility, publicity and to formulate well educated staff.

Concerning the importance of the corporate objectives, according to the collected empirical data, SOCAR generally focused on the corporate image, increasing community involvement, employee relations and public perception. All these four belong to corporate objectives and corporate objectives are part of a company's strategy of sponsorship which means that the theory and case findings are consistent [9]. Furthermore, employee relation is created by sponsorship program [7] and case findings prove that SOCAR's educational sponsorship has an objective to create employee relationship. The objectives of public perception [6] and community involvement are considered by the company and case findings show that SOCAR's objectives and the theory are consistent [2].

According to the case findings, the main marketing objectives of SOCAR are to position of brand and to increase public awareness. Positioning brand is a part of marketing objectives [1-2-7], hence the case finding is in line with the theory. Furthermore, public awareness is also considered as a marketing objective by the company and this is in line with the theory[6].

What about the relative importance of the media objectives, SOCAR is in line with the theories of Abratt [1], Meenaghan [7], as the company use educational sponsorship so as to generate visibility and generate publicity. Generating visibility and publicity are significant for a company to build a good perception in the communities' mind [1-7].

On the other hand, case findings show that formulating well educated staff is the only personal objective of using educational sponsorship. Thereby this empirical data is in line with no theories discussed in literature review.

VI. Findings and conclusions

In order to provide conclusions of the research question mentioned in chapter one will be served in this section. The author will answer the research question based on the data analysis and the theories reviewed in chapter five and two respectively.

6.1 RQ1: What are the objectives of Educational Sponsorship?

The company tries to enhance its corporate image in the community by increasing their community involvement and tries to change how the public percept the company. In addition, the objective of enhancing employee relations, company emphasizes the importance of how employees feel about the company they work for, because having happy employee means productive employee. Moreover, the company also considers the public awareness as a marketing objective in order to make public aware about educational sponsorship programs. Brand positioning is another marketing objective of the company so as to create a good consideration.

This research further states that the company may consider media objectives of generate visibility and publicity. The company just uses these media objectives to persuade the community, shareholders, and workers to maintain certain point of view about company, its leadership, and products or of political decisions.

The major findings of the research imply that the company uses personal objectives differently. The personal objective of educational sponsorship is just used to formulate well educated staff for the company.

To sum up, the objectives of educational sponsorship of the company are briefly described below:

- Corporate objectives such as corporate image, increasing community involvement, employee relations and public perceptions.
- Marketing objectives such as positioning of brand and increasing public awareness.

- Media objectives such as generate visibility and generate publicity.
- Personal objective such as formulating high educated staff.

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