

## The influence of athletic team salience on NCAA division I operating budgets

*E. Kevin Renshler, University of Illinois at Urbana-Champaign*

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Abstract 494**

In our "winner-take-all" society, athletic directors often find themselves in a state of decisional conflict as they attempt to produce championships, generate revenues, and provide satisfactory opportunities for all. Although this phenomenon is relatively new to sport, the dilemma of maximizing performance while addressing constituent requests has been central to managers and researchers since the inception of organizational studies. For example, through allocation decisions, managers give perennially scarce resources to their various units to fulfill the expectations of the firm. At the same time, stakeholders attempt to persuade managers for these same valuable assets via their capacity to influence activities and outcomes. Thus, managers must make trade-offs in their efforts to achieve instrumental goals (a fiduciary responsibility) and address stakeholder claims (a socio-consequential responsibility). The tension between the two is known as the stakeholder paradox (Goodpaster, 1991).

To obtain a better understanding of this phenomenon in sport, our study turns to Mitchell, Agle, and Wood's (1997) model of stakeholder salience. According to Mitchell et al., stakeholder salience is defined as "the degree to which managers give priority to competing stakeholder claims." In gaining management's attention, stakeholders are believed to have one or more of the following attributes: legitimacy, power, and urgency. In addition, their overall salience is based on the perceived levels of these three attributes. By using this framework, practitioners and scholars have been able to predict whom administrators will most likely focus their time, energy, and resources towards. Therefore, the purpose of this investigation is to use this model to ascertain athletic team salience levels at NCAA Division I institutions and to determine whether these values can influence an athletic director's resource allocation decisions.

Using a balanced incomplete block design (Dunn-Rankin & King, 1969), a web-based survey was developed to obtain salience levels for each team within a Division I athletic department. A score matrix was generated for that particular institution and allowed researchers to rank team salience levels from highest to lowest. After salience levels were determined, standardized scores (based on average) were calculated for each of the 32 sports that have NCAA National Championships and regressed against their respective operating budgets using linear and nonlinear techniques. Since an exponential model was deemed statistically superior in explaining the variance between salience and operating budgets, the inflection point was determined using piecewise regression.

Preliminary findings demonstrate that an exponential growth pattern exists between these variables. The coefficient of determination ( $r^2$ ) for both models was significantly different from zero. For the linear model, the overall significance was established at  $F(1, 2811) = 5,277.80$ ,  $p < 0.01$ , and indicated that 65.25% of the variance in operating budgets could be predicted by athletic team salience levels. Using nonlinear techniques, the overall significance was established at  $F(1, 2811) = 14,070.50$ ,  $p < 0.01$ , and 83.35% of the variance in operating budgets could be explained using this model.

Using piecewise regression, the results showed that two splines exist with a break point (the salience threshold) equaling a value of 0.658. The overall significance was established at  $F(1, 30) = 187.98$ ,  $p < 0.01$ , and indicated that 86.20 percent of operating budget variance could be explained by changes in team salience. The adjusted  $r^2$  for the model was determined at 0.858. For team salience values ranging from 0.000 to 0.658, predicted operating budgets remained constant at 3.5 percent of the athletic department's total budget. For team salience values exceeding 0.658, the predicted operating budgets could be determined utilizing the following equation:  $y = 0.035 + 0.625(x - 0.658)$ .

Because the initial phase of the study does not definitely explain the cause for the observed relationship between team salience and operating budgets, an instrument that focuses on the contributions of each attribute--legitimacy, power, and urgency--towards an overall salience value was created. Mitchell et al.'s (1997) model assumes that each dimension is binary in nature and that stakeholders either have or do not have a particular characteristic. The instrument attempts to measure the magnitude of each dimension so that one can determine the number of attributes needed to surpass the salience threshold. We may find that the allocation of resources in intercollegiate athletic departments is not dependent on an overall salience threshold, but one that is influenced by a single salience attribute (e.g., power).