

## The influence of organizational isomorphism on NCAA Division I operating budgets

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Over the last century, intercollegiate athletics has evolved from an intramural-like activity that was intended to complement higher education to a "highly commercial and professional enterprise whose control, audience, and venues are divorced from campus life" (American Association of University Professors, 2003 [AAUP], p. 64). Due to this transformation, athletic departments now operate in an ultra-competitive environment that requires administrators to develop and implement creative strategies in the procurement and management of human, physical, financial, and organizational resources (Brown, 2004; Duderstadt, 2000; Humphrey, Yow, & Bowden, 2000). This is of particular importance due to the fact that intercollegiate costs are increasing at twice the rate as those for higher education (American Association of University Professors [AAUP], 2003). Therefore, the purpose of this study is to provide a better understanding of the strategies that are utilized by NCAA Division I institutions to manage financial resources and to determine if similarities do exist among the members of this population.

To establish the strategies that are used and the degree of isomorphism that exists among NCAA Division I members, the interdependence technique of cluster analysis has been utilized to confirm the presence of homogeneous groups (Gore Jr., 2000; Ketchen & Shook, 1996). More specifically, the absolute operating budgets for each sport that has an NCAA National Championship [based on a mathematical average from 2003 to 2007] served as the cluster variate in creating allocation profiles for each of the 327 athletic departments in Division I. Once homogeneous groups were identified, the results served as the dependent variable in a multiple discriminant analysis (MDA) to determine group characteristics *a priori* (Brown & Wicker, 2000; Hair et al., 2006). The discriminator (independent) variables for this phase of the investigation included the athletic department's classification level (e.g., Division I-FBS [Formerly Division I-A]), the school's funding source (e.g., public versus private), undergraduate enrollment, the athletic department's total revenue generated (TRG), the number of sports sponsored, and conference affiliation. Lastly, a profile analysis was conducted to ascertain differences in budgetary strategies by performing a multivariate analysis of variance (MANOVA) to determine the parallelism and flatness of these allocation profiles and the overall difference among groups.

Preliminary findings from the cluster analysis reveal that nine homogeneous groups do exist. Eight discriminant functions were calculated after conducting the MDA with a combined  $x^2(64) = 965.78, p < 0.01$ . After the removal of the first discriminant function [one that represented 83.00 percent of the between-group variance], there was still significant association between groups and the descriptor variables for the next five functions. Overall, these six functions accounted for 99.65 percent of the variability between groups. When examining the standardized discriminant coefficients, total revenue generated (TRG) had the largest contribution in determining discriminant scores on the first discriminant function. In regards to the second function, classification level provided the most contribution. Affiliation with the Big East Conference, the Big Ten Conference, the Big 12 Conference, and the Pacific 10 Conference had the greatest impact on discriminant functions three through six, respectively. It should be noted that one's affiliation with the Atlantic Coast Conference and the number of sports sponsored also made contributions in all MDA calculations. Finally, it should also be noted that 204 of the 327 athletic departments were clustered within a single group. In contrast, 16 programs were placed into five unique cohorts with group sizes of one, two, three, four, and six members, respectively. Therefore, the data alone suggests that this is not a random event and that factor(s) exist in driving the observed phenomenon.

Based on the resource-based view of the firm, each organization within an industry possesses a set of resources and capabilities that are heterogeneous (Penrose, 1959; Wernerfelt, 1984; Barney, 1991). If firms wish to gain and sustain a competitive advantage, then duplication of a competitor's strategies and practices would be non-advantageous. However, studies demonstrate that organizations have the propensity to imitate each other for various reasons. Scholars have used the principles of population ecology, institutionalism, and strategic choice to explain these trends. Hannan and Freeman (1977) would suggest that environmental constraints are the driving force behind the observed homogeneity. DiMaggio and Powell (1983) state that cohesion and interaction between the population's members is the underlying cause of similarities. In contrast, Oliver (1988) reports that this phenomenon is due purely to one's individual choice. No matter what the cause, the literature suggests that organizations develop similar strategies in order to survive, gain acceptance (legitimacy), or improve its competitive position. Therefore, the findings of the investigation may also provide additional insights to the antecedents that influence an athletics directors decisions as they manage the financial resources of their respective athletic departments.