Employee diversity has the potential to provide meaningful organizational benefits. For instance, many authors have argued that diversity improves performance through the elaboration of information and perspectives (Phillips et al., 2004; van Knippenberg et al., 2004). From a different perspective, Robinson and Dechant (1997) suggested that diversity aids performance in large part through improved marketplace understanding. Specifically, as people identify with and relate to others who are similar to the self (Byrne, 1971; Tajfel & Turner, 1979; Turner et al., 1987), a workforce with a mix of people from varied races, genders, ages, personalities, and attitudes might be able to reach a broader customer base than would a homogeneous workforce, and in doing so, generate greater performance gains. As one example of this, when NASCAR sought to attract a more racially diverse fan base, they called on Earvin "Magic" Johnson to help their efforts. George Pyne, NASCAR's chief operating officer, noted "Magic will help NASCAR achieve its goals to better educate new audiences and facilitate greater participation among the industry and communities of color" (as cited in "Magic," 2004).

In the sports setting, improved marketplace understanding would translate into a greater and more diverse fan base. Interestingly, however, this linkage has received little empirical attention. While various researchers have examined the attraction of diverse fans (Armstrong & Peretto Stratta, 2005; Fink et al., 2001, 2003), the link between department diversity and the attraction of a diverse fan base has gone unexplored. For that matter, it is unclear if the different diversity forms might have a varied impact on such efforts. The purpose of this study is to address these gaps by examining the relationships among diversity, the attraction of a diverse fan base, and revenues generated in the context of NCAA athletic departments.

Specifically, in drawing from the resource-based view of the firm (Barney, 1991, 2001; Wernerfelt, 1984), we argue that organizational diversity represents a unique competitive advantage that allows for greater attraction of diverse fans, and that racial diversity, in particular, is likely to yield the greatest effects. This prediction is based on the notion that diversity is valuable, difficult to imitate, and rare, and thus seemingly provides athletic departments with a unique competitive advantage (see also Richard, 2000). Given its rarity in sport (Lapchick, 2007), the effects of racial diversity were thought to be particularly pronounced. Finally, because the attraction of a diverse fan base equates to new fans (i.e., those different than the "typical fan"), we submit that the attraction of a diverse fan base is likely to positively relate to the total revenues generated.

Data were gathered from 911 athletic administrators (i.e., athletic directors, associate athletic directors, and assistant athletic directors) employed at NCAA Division I athletic departments. The sample consisted of 588 men and 310 women, while 13 people did not list their sex category. Most of the participants were White (n = 727, 79.8%), followed by African American (n = 120, 13.2%), Hispanic (n = 18, 2.0%), persons who listed “other” (n = 12, 1.3%), Asian Americans (n = 9, 1.0%), and Native Americans (n = 5, 0.5%). Participants were asked to complete a questionnaire that measured the racial, gender, and deep-level diversity of their department (Cunningham, 2009; Harrison et al., 2002) and the department's ability to attract a diverse set of fans (Fink et al., 2001, 2003). Total revenues generated were gathered from the Office of Postsecondary Education Equity in Athletics Data Analysis Cutting Tool Website (http://ope.ed.gov/athletics/).

The data were first aggregated from the individual to the group level. Means, standard deviations, and bivariate correlations were calculated for all data. Structural equation modeling, using AMOS 7.0 (Arbuckle, 2006), was then used to test the study hypotheses. The confirmatory fit index (CFI) and root mean square error of approximation (RMSEA) were used to assess model fit.

The structural equation model was a close fit to the data: chi-square (N = 258, df = 11) = 4.70, p = .95; CFI = 1.00, RMSEA (90% CI = .00, .01) = .00, p (close) = .99; thus, we used this model to test the study predictions. Results indicate that racial diversity (b = .33, p < .001) and gender diversity (b = .15, p < .05) were both positively associated
with the variable of interest, while deep-level diversity was not ($b = -.09, p = .31$). Thus, Hypotheses 1a and 1b received support, while Hypothesis 1c did not. In testing Hypothesis 2a, the path from gender diversity to the attraction of a diverse fan base was constrained to be equal to the path from racial diversity to the attraction of a diverse fan base. Results indicate that the model fit was significantly reduced by adding the constraint: change in chi-square ($N = 258, df = 1) = 13.28, p < .01$. Thus, Hypothesis 2a was supported. Hypothesis 2b, which predicted that the influence of racial diversity on the attraction of a diverse fan base would be stronger than the corresponding path from deep-level diversity, was also supported. Specifically, the model with the constrained paths was a significantly poorer fit than was the hypothesized model: Results indicate that the model fit was significantly reduced by adding the constraint: change in chi-square ($N = 258, df = 1) = 10.37, p < .01$. Finally, we predicted that the attraction of a diverse fan base would be positively associated with total revenues (Hypothesis 3). This hypothesis received support ($b = .15, p < .05$).

This study contributes to the literature in a number of ways. First, Cunningham and Fink (2006), in their assessment of the diversity literature in sport management, argued that “additional attention is needed in the theoretical development and theory building in diversity research” (p. 460). Our research addresses such a need, as we grounded our predictions in the resource-based view (Barney, 1991, 2001; Wernerfelt, 1984). Doing so allowed us to empirically test previously taken-for-granted assumptions concerning the relationship between departmental diversity and marketplace understanding. Second, and in a related way, our theoretical grounding also enabled us to generate hypotheses (Hypotheses 2a-2b) completely unique to the diversity literature—that is, we were able to test for the distinctive effects of different diversity forms on the attraction of a diverse fan base. Finally, our findings have implications for practice and making the “case for diversity” to athletic administrators. Our study contributes to a growing body of literature in the athletics setting pointing to the positive influence of diversity on organizational effectiveness (see also Cunningham & Sagas, 2004). Fink and Pastore have argued that “for diversity initiatives to be truly embedded within the organization, those in power must be convinced of diversity’s relationship to organizational effectiveness” (p. 314). Our study, and others like it, provides evidence of this linkage.