Intercollegiate Athletic Operations in Times of Financial Constraint: Examining Perceptions of Critical Stakeholders

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The impact of the current economic recession has made most organizations across industries to operate with reduced financial resources, and higher education institutions have not been exceptions to this trend (Kelderman, 2009). In 2010, state budgets showed a shortfall of 425 billion dollars, which led state officials to cut public expenditures that resulted in significant reduction of a wide array of programs and benefits (Johnson, Oliff & Williams, 2011). Forty three states implemented budget cuts and tuition increments in public colleges and universities to balance the budget (Johnson et al., 2011). Despite most colleges' and universities' struggle to operate with a reduced budget, many Division I Football Bowl Subdivision athletic departments live a completely different reality, as spending increased four to eleven times more than academic spending between 2005 and 2008 (Carey, 2010). Although the controversy of whether athletics programs drain or support university budgets has existed for years (Zimbalist, 2001), recent studies show that only a handful of athletic programs operate in the black while the majority of athletic programs are highly subsidized through institutional funds and student fees (Berkowitz et al, 2010; Gillum, Upton & Berkowitz, 2010).

This study examined factors that influence stakeholders’ perception of financial support for athletic programs. The stakeholder theory (Clarkson, 1995; Freeman, 1984; Wolfe & Putler, 2002) and the theory of planned behavior (Ajzen, 1991) were used to explore stakeholders' beliefs, attitudes and behaviors toward the financial operations of intercollegiate athletic programs. Specifically, this study examined how different stakeholders' perception of a) the importance of collegiate sports and b) winning, c) attitude toward athletic departments' financial operation, and d) willingness to support financial operation of athletic department.

A snowball method of data collection was used for this study. At first, students in sport management classes at a Division I university located in the mid-Atlantic region of the United States were invited to participate in the online survey on a voluntary-basis. Further, students were also asked to send out the survey link to their friends, professors, and staff members at any school asking them to participate in the survey.

After deleting 27 incomplete surveys, a total of 415 usable surveys were left for analyses. Of the 415 participants, 55.7% (n = 231) were male, 43.1% (n = 179) were female. The average age of participants was 28.36 years old (SD = 14.49) and the majority of the participants (88.9%; n = 369) were Caucasian. The respondents were from 120 different institutions across all three NCAA divisions (Division I=304, Division II=27, and Division III = 47).

Data were analyzed using a MANOVA with three independent variables (i.e., identification with athletic teams, experience as a student-athlete, and status at school) and four dependent variables (perceived importance of athletic teams, perceived importance of winning, attitude toward the athletic department’s financial operation, and willingness to support for financial operation of athletics). With regard to team identification, respondents were divided into either a low to moderate (M= 4.16, SD = 1.27, n=218) or high (M= 6.68, SD =.41, n=197) groups using median value (5.67) for the averaged three items with seven-point Likert scale. A total of 111 respondents indicated themselves as either formal or current student-athletes while 304 indicated otherwise. In regard to the status at schools, respondents were composed of students (n=260), faculty (n= 126), and other administrative positions (n =29).

The results indicated that there are main effects for identification with intercollegiate teams (Wilk's λ =.73, F(4,404) = 36.9, p<.001; ηp2=.27) and stakeholders’ status at school (Wilk’s λ =.96, F(4,404) = 3.8, p<.05; ηp2=.036). No main effect was found for respondent's experience as a student-athlete (Wilk’s λ =.984, F(4,404) = 1.67, p>.05). Only the interaction between stakeholders’ status at school and experience as a student-athlete was marginally significant (Wilk’s λ =.98, F(4,404) =2.04, p=.09; ηp2=.02).
Follow-up univariate analyses of variance indicated that a main effect of team identification was found on all four variables of perceived importance of athletic teams (F(1, 407) = 82.70, p < .001; η² = .169), perceived value of winning (F(1, 407) = 81.5, p < .001; η² = .167), attitude toward financial operation (F(1, 407) = 33.8, p < .001; η² = .077), and willingness to support (F(1, 407) = 81.4, p < .001; η² = .167). The stakeholders who have high identification with their respective intercollegiate teams perceived higher importance of athletic teams (M = 19.47, SD = .237) than the stakeholders with lower identification (M = 16.54, SD = .219), and regarded the importance of winning higher (M = 29.22, SD = .44) compared to the low identification group (M = 23.87, SD = .40). A group with higher identification also showed more favorable attitude toward the financial operation of athletic department (M = 13.58, SD = .31) than low identified groups (M = 11.11, SD = .28) and indicated more willingness to support athletic teams (M = 5.92, SD = .12) than lowly identified group (M = 4.48, SD = .11). The result of univariate analysis also indicated that stakeholders’ status at school has a significant effect on attitudes to financial operation (F(1, 407) = 4.84, p < .05; η² = .012). Students showed more favorable attitude toward the athletic department’s financial operation (M = 12.82, SD = .26) compared to faculty (M = 11.88, SD = .338).

As shown in many studies (e.g., Branscomb & Wann, 1993; Capella, 2002; Wann, Tucker & Schrader, 1996), respondents’ identification with respective intercollegiate teams turned out to be an important factor in explaining individuals’ perceptions, attitudes and behavior. Respondents’ status either as a student or faculty/administrative staffs was also found as an influencing factor. Student body showed more favorable attitude toward the financial operation of athletic department than faculty/administrative staff (F(1, 407) = 4.84, p < .05). Unlike our expectation, individuals’ experience as a student-athlete did not make any difference in any of the dependent variables.

Using stakeholder theory, this study provides managers with information as to which groups have an interest (or stake) in their organization. By knowing a stakeholder’s interest and the motivations that lie behind that interest, managers become better suited to face the challenges and opportunities which an organization encounter. As institutional funding and student fees become common practices for financing collegiate sports, results from this study not only help to advance stakeholder theory as applied to collegiate sports, but also expand our understanding in regards to explain what motivates stakeholders to support intercollegiate athletic programs in times of financial constraints.