The Effect of Off-Field Behavior on NFL Player Wages

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One type of phenomenon commonly examined in sport is wage determinants due to the fact that wages, personal characteristics, and performance data are made publicly available (Kahn, 2000). The previous literature not only has analyzed the overall effect that on-field performance has on wages (e.g., Scully, 1974), but also focused on issues such as discrimination (e.g., Yang & Lin, 2012) and specialization (e.g., Simmons & Berri, 2009). One area that received little attention from the literature is the role that a person’s conduct outside of the workplace has on the wage that one earns. One reason for why examining conduct outside the workplace is overlooked in the literature is due to data limitations regarding personal transgressions, how organizations punish that behavior, and the wage earned.

Greve, Palmer, and Pozner (2010) stated the individuals that have the ability and legitimacy to take governing actions are social-control agents who “[…] make reasonable claims to represent the interests of broad communities of actors, and have capacity to monitor and enforce organizational behavior” (p. 78). While Greve et al. (2010) conceptualized many issues with regards to the relationship between individual misconduct and organizational outcomes, one of the empirical challenges with furthering this line of research is obtaining actual data on misconduct, the response from the social-control agents, and how the act of deviation affects decisions and responses of stakeholders. Professional sport can provide the empirical setting to study these issues. Within professional sport, the commissioner acts as the social change agent and plays an important role in setting the line between unacceptable and acceptable player behavior, and punishing players for personal conduct detrimental to the league’s interests. For the proposed research, we will examine National Football League player’s off-field behavior and its effect on wages from the 2000-2001 season until the 2012-2013 season. Throughout the league’s history, the NFL and its member clubs dealt with issues of player deviance off-the-field as well as on-field violence, where some internal and external stakeholders expressed concerns regarding the sport being too violent and aggressive.

The proposed research asks three specific research questions. First, how does a player’s off-field conduct affect his wage? Second, how is a player’s wage impacted depending on the type of punishment received for his offense? Third, does the impact of a player’s off-field behavior on his wage differ with the change in commissioner and personal conduct policy? During the sample period, there were two commissioners. Paul Tagliabue was commissioner of the NFL from the 1989-1990 season until the 2005-2006 season. He adopted a personal conduct policy in 2000 in an attempt to curb the reputation that the league was not tough on player deviance off-the-field (Marks, 2008). However, the policy was written so that “punishments were not imposed until after a player had received either a conviction or its equivalent, such as a plea of no contest or a plea to a lesser charge. This policy precluded swift action and was thus apparently viewed as insufficient in quelling the rise in incidences of player misconduct and protecting the public image of the NFL” (Mahone Jr., 2008, p. 185-186). Since current commissioner Roger Goodell was appointed in 2006, he emphasized players conducting themselves properly off-the-field and suspended players based upon their conduct if the conduct was deemed to harm the brand of the league in the eyes of the fans and stakeholders. Suspension and fines can occur even if a player is not formally charged with a crime because the conduct is determined to be detrimental to the league and might hurt public confidence in the legitimacy of the league’s product (Ambrose, 2007).

In order to answer the proposed research questions, an Ordinary Least Squares Regression will be estimated with the dependent variable being the natural log of the player’s wage. The wage data is gathered from USA Today and other secondary sources. Control variables will include variables consistent with previous research examining wage determinants in sports. These will include position, age, experience, and on-field performance measures. The key independent variable is a player’s off-field behavior, which was collected from the San Diego Union Tribune. The newspaper documented all player incidents with law enforcement officers since the year 2000 specifying the incident...
and any criminal and league punishments that may have occurred. The incidents will be examined and coded into broad categories such as incidents involving weapons. The final independent variable is a control variable for commissioner regimes, which will be subsequently interacted with the incident variables to look at how wages are affected for different incidents under different commissioners.

The proposed research has many potential implications for both scholars and practitioners. First, the proposed research will address a limitation in the labor economics literature by focusing specifically on the impact that conduct away from the workplace affect an individual’s wage. Previous research in this field has examined the impact that employee theft and other behaviors within the workplace affects an individual’s wage (e.g., Bose & Lang, 2011; Chen & Sandino, 2012; Dickens, Katz, Lang, & Summers, 1989). The results in the proposed research looking at actions outside the workplace and its impact on wage, we believe, can be generalized to other industries. Furthermore, this research can also provide additional information for companies that use a celebrity to endorse their product. Studies have shown the impact that a celebrity endorser’s actions have on a firm’s overall value (Knittel & Stango, 2012). Finally, the proposed research will also examine the impact that a change in policy by the social control agent can have on the actions of two key stakeholders. In this case, the two stakeholders are the two main parties engaged in contract negotiations, the player and the team. For practitioners, particularly those in professional sports leagues, the research provides results related to the effectiveness of the policies in deterring behavior by players and other employees that are detrimental to the league and its image to external stakeholders.