Introduction & Theoretical Framework

College football has become big business in the United States. College football teams that compete at the highest level, the Football Bowl Subdivision (FBS) bring in tens of millions of dollars in revenue to athletic department coffers and can reach intrinsic valuations that exceed hundreds of millions of dollars (Brewer, Pedersen, Lim, & Clerkin, 2011). However, looking more closely at data provided by the NCAA, the vast majority of football programs outside of the Power 5 (autonomous) conferences, lose money on their football programs (NCAA Research, 2016). This begs the question, if schools lose millions of dollars by having an FBS football program, why do schools continue to pursue a move-up strategy from the lower tiers of college football to the FBS?

Our research explores this question from a strategic management perspective. This perspective is suitable for answering questions like why organizations allocate resources towards specific initiatives, and pursue certain strategies (Nag, Hambrick, & Chen, 2007). Utilizing institutional theory and literature on diversification, we look at two general motivations that drive schools to pursue a move-up strategy. First, we suggest that conditions which make isomorphism (e.g., Dimaggio & Powell, 1983) more likely, will drive schools to pursue a move-up strategy. We look specifically at geographic region of the school and state economic uncertainty as predictors. Second, we suggest schools which have resources that can be exploited across multiple product markets or have complementary resources, will be more likely to pursue a move-up strategy. We specifically look at student population and university research intensity as predictors.

Method & Results

To test our predictions we collected a sample of all schools that moved from FCS to FBS between 1992 and 2018. We paired these schools with a control group of schools in the FCS that did not move up over that time period (total n = 64). Using both univariate and multivariate statistical analyses we find strong evidence that schools which: are located in the South (p = 0.016), are located in states with lower per capita GDP (p = 0.017), have larger student populations (p = 0.005), or are classified as research intensive (p = 0.035) – are more likely to pursue a move-up strategy.

Discussion & Conclusion

Our study offers a number of insights as to why schools might consider a move-up strategy in college football – beyond a purely economic rationale. We find strong support for our assertions that both isomorphic behavior and diversification desires may push schools to pursue a move-up strategy. The implications of our research are twofold. First, we find evidence that a move-up strategy may not necessarily be the function of rational decision-making from a purely profit driven perspective. It appears that when making a move-up decision, school administrators take into account the impact of such a decision on multiple stakeholder groups (i.e., community, state, students, and alumni, to name just a few). Second, our research showcases the utility of traditional strategic management frameworks in explaining the behavior and strategies of sports-related organizations.