Viewing Donor Behavior Through the Lens of Inductive Reasoning Theory: A “Big Data” Approach
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The deductive reasoning theory lens is utilized prominently throughout the sport management literature, whereby researchers utilize a theoretical foundation to generate hypotheses in order to test the merit of those hypotheses and draw specific conclusions. An inductive proposal involves creating inferences and conclusions from specific observations, rather than allowing a particular theory to guide hypothesis creation (e.g., grounded theory). Scholars in disciplines as diverse as human resources and nursing have discussed the re-emergence of inductive reasoning theory to frame research projects as a result of the expansion of big data approaches.

Contextualized by inductive reasoning theory, this investigation of intercollegiate athletic donor decision-making demonstrates how such an approach can contribute to and fill gaps in the creation of knowledge in sport management literature. This study marks the first application of inductive reasoning theory and the analysis of big data to better understand the behavior of donors, specifically the decision whether to continue donating to a university.

To do so, we analyzed longitudinal data from two major conference (i.e., Power Five) athletic departments, using the Cox proportional hazards model. While Wanless, Jensen, and Poliakoff (2019) analyzed data from one Football Bowl Subdivision (FBS) athletic department housed within a Group of Five conference, this study improves generalizability in its examination of data from two major athletic departments. The dataset, one of the largest ever constructed for study in the sport literature, includes data from 34,057 individuals, spanning 169,479 observations across 16 years. Covariates were inserted into the model in order to explore whether certain factors were predictive of the probability of an individual remaining a donor, including the effects of the economy, where the donor lives, and the performance of the institutions’ athletic teams, while controlling for the amount given across the donor’s lifetime.

The effects of the economy were apparent, with economic growth decreasing the probability of the donor exiting the dataset and inflation increasing the probability of exiting, with results consistent across both universities. Every 1% increase in Gross National Income (GNI) increases the probability that a donor to University 1 will stop giving by 40.6%, compared to an 88.5% increase for donors to University 2. For inflation, results indicate that every 1% increase in the Consumer Price Index (CPI) results in an increase in the probability that donors to University 1 will end their time as a donor by 34.2%, compared to more than seven times as likely for University 2. Living in the same state as the university decreased the probability of exiting, by 14.2 and 39.3%, respectively, while wins in the NCAA Men’s Basketball Tournament decreased the probability of exiting, by 9.1% and 82.6%.

These results represent a novel application of an advanced statistical methodology, while at the same time providing further evidence of the efficacy of an inductive reasoning theory approach. From a managerial standpoint, the study’s findings provide meaningful insights for intercollegiate athletic fundraisers in helping to understand the potential for various factors to impact the decision whether to continue as a donor.