



## The impact of athletic performance on alumni giving: An analysis of microdata

Jonathan Meer<sup>a</sup>, Harvey S. Rosen<sup>b,\*</sup>

<sup>a</sup> Department of Economics, Stanford University, Stanford, CA 94305, United States

<sup>b</sup> Department of Economics, Princeton University, Princeton, NJ 08544, United States

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### ABSTRACT

An ongoing controversy in the literature on the economics of higher education centers on whether the success of a school's athletic program affects alumni donations. This paper uses a unique data set to investigate this issue. The data contain detailed information about donations made by alumni of a selective research university as well as a variety of their economic and demographic characteristics. One important question is how to characterize the success of an athletic program. We focus not only on the performance of the most visible teams, football and basketball, but also on the success of the team on which he or she played as an undergraduate.

One of our key findings is that the impact of athletic success on donations differs for men and women. When a male graduate's former team wins its conference championship, his donations for general purposes increase by about 7% and his donations to the athletic program increase by about the same percentage. Football and basketball records generally have small and statistically insignificant effects; in some specifications, a winning basketball season reduces donations. For women there is no statistically discernible effect of a former team's success on current giving; as is the case for men, the impacts of football and basketball, while statistically significant in some specifications, are not important in magnitude. Another novel result is that for males, varsity athletes whose teams were successful when they were undergraduates subsequently make larger donations to the athletic program. For example, if a male alumnus's team won its conference championship during his senior year, his subsequent giving to the athletic program is about 8% a year higher, *ceteris paribus*.

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### 1. Introduction

The role of athletics on college campuses has been a matter of intense controversy for years. As the two authoritative books by Bowen and Levin (2005) and Shulman and Bowen (2002) make clear, athletics affects nearly every facet of campus life. The impact of sports on university finances has been a particularly contentious issue. The focus of this

paper is on one important aspect of this topic, namely, whether winning teams induce alumni to make more donations, and if so, whether these donations go to the support of the university as a whole or only to the athletic program.

A considerable amount of empirical work has been done on this topic. Papers typically analyze data at the institutional level and focus mainly on the impact of major sports such as football and men's basketball. While interesting and informative, such studies may leave out an important part of the picture. To see why, note that previous research has documented that participation in varsity athletics is positively correlated with subsequent giving (Clotfelter, 2003; Dugan et al., 2000; Meer & Rosen, in press). The

\* Corresponding author. Tel.: +1 609 258 4022; fax: +1 609 258 5298.  
E-mail addresses: [jmeer@stanford.edu](mailto:jmeer@stanford.edu) (J. Meer),  
[hsr@princeton.edu](mailto:hsr@princeton.edu) (H.S. Rosen).

usual assumption is that this correlation arises because participation in varsity sports increases the affinity that students feel for their college (Monks, 2003). If affection for the team on which an undergraduate played affects his or her attitude toward the institution, then the subsequent success of that team might affect giving behavior. Studies using institutional-level data cannot investigate this phenomenon. Neither can such data allow one to address the closely related question of whether the performance of an alumnus's team at the time he or she was an undergraduate affects subsequent giving.

This paper uses a unique data set to estimate how alumni contributions to a selective research university are affected by the performance of its athletic teams. The proprietary data provided by this university, henceforth referred to as Anon U, contain detailed information about donations made by alumni as well as a variety of their economic and demographic characteristics. In particular, we know on which teams, if any, each alumnus participated when he or she was an undergraduate. We then gathered data on the performance of each of these teams, allowing us to examine the relationship between performance and an individual's donations.

In Section 2 we briefly review some pertinent research in this area. Section 3 describes the data and econometric framework. The results are presented in Section 4. We find that for males, donations for both general purposes and for the athletic program increase with the success of the alumnus's former team. Further, male varsity athletes whose teams were successful when they were upperclassmen subsequently make larger donations to the athletic program. The results for females are quite different. Neither the contemporaneous performance of their former team nor its performance when they were undergraduates affects giving for either general purposes or for the athletic program. Section 5 discusses the sensitivity of the results to alternative specifications of the model. The results are robust to the exclusion of outliers and to the inclusion of fixed effects. Section 6 concludes with a summary and suggestions for future research.

## 2. Previous literature

There is an extensive literature on the relationship between athletic success and alumni giving (see Frank, 2004; Litan, Orszag, & Orszag, 2003). We provide a brief review that focuses on methodological issues.

Several studies examine time series of overall giving at an individual institution and how it varies with the success of major sports teams (Goff, 2004; Grimes & Chressanthis, 1994). The advantage of this approach is that one need not be concerned about biases that might emerge from jointly analyzing institutions that are very different with respect to the role played by athletics. A drawback is that it may be difficult to disentangle the impact of team performance in a given year from any other variable that might have been influencing the giving environment in that year. An alternative and more common approach is to pool time series data on a group of institutions (see, for example, Cunningham & Cochi-Ficano, 2002; Humphreys & Mondello, 2005; Litan et al., 2003; Turner, Meserve, & Bowen, 2001). Typically, a

measure of alumni giving is regressed on some measure of sports success, such as the football team's record, other variables that vary with time, a fixed effect for the institution, and time effects. A number of papers distinguish between general purpose giving and giving to support athletic programs. The distinction is important because an increase in total giving that goes to support athletic programs may have a different impact on the institution than an increase that increases support for general purposes.

The literature shows that few results hold in general. Turner et al. (2001), for example, find that a winning football season can either increase or decrease giving depending on whether the institution is in Division I-A (which consists of athletic scholarship granting institutions with high minimum football game attendance), whether the school is a small liberal arts college, and so on. Interestingly, their results suggest that it is not clear that a winning football season increases giving to a school's athletic program, let alone giving to support other programs in the institution (p. 822). More generally, taken as a group, the findings in the literature are inconclusive. As Kahn (2007, p. 222) notes, the estimates are sensitive to which variables are included, whether the model includes university fixed effects, how athletic success is defined, whether the sample includes public or private universities, and so on.

One could reasonably conclude from this lack of robustness that the usual assumptions needed for identification when pooling data from different institutions may not be valid in this context. However, as already noted, analyzing aggregate time series data from a single institution has its own problems. A more sensible approach is to analyze decision-making at a single institution, but at the individual level. Using microdata confers other benefits that are not available in either the time series or panel analyses of aggregate data. First, we can learn more about which team's performance is relevant. The usual assumption is that only the football team's record is important, as well as perhaps one or two other major sports such as men's basketball. But alumni may develop affinities to the teams on which they played as undergraduates—to a former rower, for instance, the performance of the crew team may be more important than that of the football team. Second, with microdata one can learn how characteristics of alumni such as gender interact with team performance in the determination of giving. Third, such data allow us to control as thoroughly as possible for other attributes that may confound the relationship between athletics and giving, such as academic performance.

## 3. Data and econometric model

### 3.1. Data

Our primary data source is the administrative archives of Anon U's Development Office, which contain information on all alumni donations, both to general funds and to athletic programs, from 1983 to 2006. The data are proprietary and sensitive, and individuals' names were stripped from the records before being made available to us. Our unit of observation is a yearly giving opportunity. For example, if an individual has been an alumna for 5 years, she accounts

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