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Power, performance, and expectations in the dismissal of NBA coaches: A survival analysis study

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ABSTRACT

Researchers focusing on coach dismissal often examine organizational performance as an antecedent; however, there has been minimal attention to the ways in which counter-vailing dimensions of power associated with coaches and ownership influence dismissal decisions, while still considering performance as well as expectations. To understand how power, performance and expectations affect coach dismissals, the authors examine the tenures of coaches in the North American-based National Basketball Association and use survival analysis to test a model of coach dismissals using 31 years of observations. The authors find that coach dismissal is a process influenced not only by team performance, but also expectations and a coach's power that accrues from both structure and prestige. Additional findings suggest that expert power influences the likelihood of coach dismissal, but only after the coach has been in the job for several years. Finally, the authors found a non-linear relationship between performance and the probability of coach dismissal, suggesting that single events (i.e., wins or losses) have less influence on the probability of dismissal when performance is very poor or above average.

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1. Introduction

Researchers have attempted to better comprehend the conditions of coach and executive dismissal (e.g., Allen & Chadwick, 2012; Fredrickson, Hambrick, & Baumrin, 1988), since dismissals have important theoretical and practical relevance. Increasing the understanding of dismissal can enhance how relationships between organizational leaders and ownership are viewed and the relative importance of performance.¹ Consistent with conventional wisdom, authors of early studies on dismissal illustrated that coaches and other types of executives were more likely to turn over when performance is poor (e.g., Grusky, 1963; James & Soref, 1981). Dismissal associated with poor performance was expected to stimulate organizational change and subsequently improve performance. Sport management scholars have extended this understanding by suggesting that organizations may perform worse after dismissal, potentially leading to a vicious cycle

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¹ For clarity, the term “ownership” is used throughout this paper to refer to either (1) an individual or small group of individuals holding all equity in the organization or (2) a board of directors of an organization that represent shareholders. In either case, the organizational leader ultimately reports to one of these two forms of ownership.

of hiring and dismissal (see [Grusky, 1963](#)), or that there may be no relationship between dismissal and subsequent performance (i.e., ritual scapegoating; [Soebbing, Wicker, & Weimar, 2015](#)). Indeed, performance, along with expectations, explains only twenty percent of variance in turnover ([Finkelstein, Hambrick, & Cannella, 2009](#)).

Examining other factors that drive the likelihood of coach dismissal, as well as re-examining how expectations and poor performance serve as catalysts for ownership to dismiss coaches, offers potentially valuable new insights to coaches, ownership, and other key stakeholders. For example, assessing whether incremental improvement has the same effect on the likelihood of dismissal across the entire range of performance may shed light on whether coaches' risk-taking or other behaviors vary at different levels of performance. Investigating the types of power that may insulate coaches or make them more vulnerable to dismissal can offer new understandings of how coaches may influence dismissal decisions and whether they can overcome the power held by ownership. Furthermore, beyond the practical value of addressing these questions, such research informs sport management scholars, as well as scholars in other fields, of the complex nature and various antecedents of executive dismissal.

We contribute to the literature on coach dismissal by first re-examining the relationship of performance and expectations with dismissal, a prerequisite for a more comprehensive examination of power's relationship to dismissal. We develop a new measure of expectations that captures the effects of recent performance, investments in human capital and outside opinions, and enables a richer examination of the relationship of expectations with dismissal. Then, by examining [Finkelstein's \(1992\)](#) four dimensions of power (i.e., structural, ownership, expert, and prestige) and integrating [Fredrickson et al.' \(1988\)](#) four sociopolitical constructs into our model, we extend previous sport management research by delving deeply into factors and dynamics that affect the relationship of power with coach dismissal.

We first review theory and literature associated with the determinants of dismissal and then use this review to frame our arguments of how performance, expectations, and power influence dismissal. Next, we detail the methods used in this study. The National Basketball Association (NBA) offers objective measures of performance, leader ability, and expectations that are less contaminated by external factors ([Giambatista, 2004](#)). We examine NBA coach dismissals over 31 years, overcoming the limitation of shorter window events studies that may not accurately capture the impact of outcomes from complex strategic actions. From the methods used in this study, we make methodological contributions to sport management literature by developing a new measure for expectations and using a Cox Proportional Hazards event-history model to model the probability of dismissal. Finally, we discuss the results and implications of the findings from our study.

We make several contributions to sport management literature regarding coach dismissals. The results suggest that a coach having greater structural, expert, or prestige power is negatively associated with the probability of dismissal, but our results do not suggest that ownership power is related to the probability of dismissal. Beyond our analysis of the dimensions of power and their relationship with dismissal, we find a non-linear relationship between performance and the likelihood of dismissal, in which single contest accomplishments or failures have varying effects. We further find a positive relationship between expectations and the probability of dismissal.

2. Literature review

2.1. Coach dismissal

Dismissal is job turnover for a specific reason: a more powerful individual or group decides that the organizational leader should no longer be in his or her position. This distinction is important since it implies that: (a) the turnover is involuntary; (b) individual or group authority or power is central to the ability to make the dismissal decision; and (c) the individuals or groups holding power believe that succession will lead to improved performance. Indeed, scholars have shown positive relationships between forced turnover and higher post-succession organizational performance in American college football teams (e.g., [Soebbing & Washington, 2011](#)) and NBA basketball teams (e.g., [Pfeffer & Davis-Blake, 1986](#)). Pfeffer and Davis-Blake examined the antecedents of improved team performance following succession in the NBA and found that successors with a winning record, prior league experience, and a history of improving other teams' performance were more likely to improve performance, lending credibility to coaching dismissal decisions being made by more powerful individuals or groups who believe that they can hire a better coach who will subsequently improve performance.

Researchers examining the causes of coach dismissals in sports teams have considered a variety of antecedents. [Scully \(1994\)](#) examined managerial efficiency (i.e., a greater winning percentage to player resource ratio) in three U.S. professional sports leagues and found a positive association with survival. [Kahn \(2006\)](#) estimated hazard functions for NBA coaches and did not find significant hiring and retention differences between Black and White coaches. In two studies examining expectations as a determinant of coach dismissal, [Humphreys, Paul, and Weinbach \(2016\)](#) showed that American college football coaches keep their jobs longer when their teams perform better against point spreads, while [Allen and Chadwick \(2012\)](#) associated the adoption of a salary cap by the National Football League (NFL) in the early 1990s with increased expectations of head coaches, resulting in a greater probability of dismissal. Additionally, in two studies examining allegiance and values, the likelihood of coach dismissal was shown to be less for college football coaches who were alumni and had better performance against rivals ([Holmes, 2011](#)) and for longer tenured NFL coaches ([Foreman & Soebbing, 2015](#)). However, while performance, expectations, allegiances, and values serve as primary determinants, scholars have not integrated multiple and relevant dimensions of power with performance and expectations in models predicting dismissal. [Senaux and Gammelsæter \(2013\)](#), among others, have called for research that examines succession and the influence that

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