

Financial resource allocation in U.S.
Olympic sport: National governing body
administrators' fairness perceptions

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Introduction

- The Amateur Sports Act of 1978 granted several responsibilities to the U.S. Olympic Committee, including:
 - assisting "organizations and persons concerned with sports in the development of amateur athletic programs for amateur athletes" (Ted Stevens Olympic & Amateur Sports Act, 1998, § 220503[7])
- Among the responsibilities given to the USOC is the support of amateur sport programs in the U.S. (Nafziger, 1983)

Introduction

- Current USOC mission statement:
 - "To support United States Olympic and Paralympic athletes in achieving sustained competitive excellence and preserve the Olympic ideals, and thereby inspire all Americans" (Bylaws of the United States Olympic Committee, n.d., p. 4)

Problem

- It appears the USOC is not fulfilling its responsibilities as spelled out in the Amateur Sports Act
- In fact, recent practice has been to reward medal production
 - In 2005, the USOC announced it would eliminate \$250,000 in guaranteed funding to each NGB beginning in 2006 (Borzilleri, 2005a)

Problem

- Some smaller National Governing Bodies, which get up to 70% of their budget from the USOC, are concerned the loss of guaranteed funding sends the wrong message
 - "If you're going to stop funding the sports more and more and more, the big sports are just going to get stronger and the little sports will just keep getting smaller and smaller and maybe even drop off," said Kathy Zimmerman, former USA Badminton vice president and a retired elite player (Borzilleri, 2005b)

Theoretical Grounding

- Organizational justice literature attempts to explain the role of fairness as a consideration in the workplace (Greenberg, 1987; 1990)
 - Distributive
 - Were the outcomes or end results fair? (Greenberg, 1990)
 - Procedural
 - Were the policies used to make a decision fair? (Greenberg, 1990)

Theoretical Grounding

- Distributive Justice
 - Adams' (1963; 1965)
 - Believed distribution may be perceived as fair based on equity principles
 - Deutsch (1975)
 - Perceived fairness of distribution based on equality or need principles
- Procedural Justice
 - Blau (1964)
 - Theory of social exchange
 - Thibault and Walker (1975)
 - Process control and decision control

Purpose of the Study

- The purpose of the study was to measure NGB administrators' perceptions of fairness of financial resource allocation within the U.S. Olympic Movement
 - The study examines seven Distribution Principles:
 - (a) *Equality of Treatment*
 - (b) *Equality of Results*
 - (c) *Equity Based on Medals Won*
 - (d) *Equity Based on Membership Size*
 - (e) *Need Due to Lack of Resources*
 - (f) *Need Due to High Operating Costs*
 - (g) *Need to be Competitively Successful*.
 - The study also measured which Distribution Principle NGB administrators believe is the most fair and the one most likely to be used to make resource allocation decisions.

Independent Variables

- Budget
 - Defined as approximate annual budget for NGB (Olberding, 2005)
- Membership
 - Defined as the number of individual members in the organization (Berrett & Slack, 2001; Olberding, 2005)
- Position
 - Defined as executive director or president (Chelladurai & Haggerty, 1991; Papadimitriou & Taylor, 2002; Vail, 1986)
- Olympic Medal Won
 - Defined as one or more medals won during the most recent Olympic Games or no medals won (Frisby, 1986; Olberding, 2005)

Dependent Variables

- Equality of treatment: defined as everyone receives the same allocation (Hums & Chelladurai, 1994a)
- Equality of results: defined as everyone receives the same allocation over a period of time (Hums & Chelladurai, 1994a)
- Equity based on productivity: defined as Olympic medals won in the most recent Olympic Games (Athens or Torino)
- Equity based on participation: defined as membership size
- Need due to lack of resources: defined as allocation to a claimant with historical under-funding (Mahony et al., 2002)
- Need due to high operating costs: defined as allocation to a claimant with the highest costs (Mahony et al., 2002)
- Need to be competitively successful: defined as allocation to a claimant when additional resources are needed to be competitively successful (Mahony et al., 2002)

Instrument

- Demographic information included: position (executive director or president), gender, NGB sport affiliation, NGB membership size, and annual NGB budget
- Distributive justice scenarios were formed based on the literature review (Hums & Chelladurai, 1994a; 1994b; Mahony, Hums, & Riemer, 2002; Mahony, Riemer, Breeding, & Hums, 2006; and Patrick, Mahony, & Petrosko, in press), in which the researchers utilized scenarios
 - Subjects read the scenario and rated the perceived fairness of eight distribution methods based on a 7-point Likert-type scale with 1 signifying "very unfair" and 7 signifying "very fair"

Instrument

- Participants were asked to identify which single distribution method they considered the most fair and which method they felt was most likely to be used. This method of inquiry has been used successfully in other athletic studies (e.g. Hums & Chelladurai, 1994b; Patrick et al., 2006)
- Welbourne, Balkin, and Gomez-Mejia's (1995) Procedural and Distributive Fairness of Gainsharing scale was modified and utilized to control for the perceived fairness of the process of financial resource allocation from the U.S. Olympic Committee to NGBs.
 - Items in this scale were scored on a 5-point Likert-type agreement scale with 1 signifying "strongly disagree" and 5 signifying "strongly agree."

Scenarios

- Private Donation
 - "The U.S. Olympic Committee has received a multi-million dollar donation from a private source stipulating that the money be allocated to improving our Olympic teams. Please rate the fairness of the following distribution methods."
- Value-in-Kind
 - "The U.S. Olympic Committee has a large amount of travel VIK to distribute to National Governing Bodies. Please rate the fairness of the following distribution methods."
- Television Program
 - "The U.S. Olympic Committee is producing a prime-time television show highlighting Olympic sports. Please rate the fairness of the following methods for determining which National Governing Bodies are featured on the program and, thus, receive promotional time on television."

Results for Demographics

- Final population ($N=72$)
 - Response rate of 51.4% ($n=37$)
 - Small Budget ($n=19$); Large Budget ($n=15$)
 - Small Membership ($n=18$); Large Membership ($n=16$)
 - Paid ($n=27$); Volunteer ($n=10$)
 - Olympic Medal Won ($n=28$); No Olympic Medal Won ($n=9$)

Overall Results

- Five of 12 MANCOVAs were statistically significant
 - Private Donation x Budget
 - (Wilks' $\Lambda = .490$, exact $F(7, 21) = 1.68$, $p = .020$)
 - Private Donation x Membership
 - (Wilks' $\Lambda = .541$, exact $F(7, 21) = 2.55$, $p = .046$)
 - Value-in-Kind x Budget
 - (Wilks' $\Lambda = .438$, exact $F(7, 21) = 3.86$, $p = .008$)
 - Value-in-Kind x Membership
 - (Wilks' $\Lambda = .500$, exact $F(7, 21) = 3.01$, $p = .024$)
 - Television Program x Olympic Medal Won
 - (Wilks' $\Lambda = .438$, exact $F(7, 21) = 2.98$, $p = .023$)

Discussion of Scenarios 1 and 2

- *Need to be Competitively Successful* had the highest mean score in both scenarios
 - NGB administrators believe they need additional financial assistance to maintain competitive success in their respective sports
- *Equity Based on Membership Size* had the lowest mean score in both scenarios
 - Indicated that NGB administrators do not believe resource allocation decisions which can enhance an NGB's budget should be based on membership size

Discussion of Scenario 3

- *Need to be Competitively Successful* had the highest mean score in this scenario as well
- *Need Due to High Operating Costs* had the lowest mean score
 - Suggests NGB administrators recognize the importance of membership size in respect to television ratings
 - Scenario did not involve any operating costs on the part of the NGB

Discussion by Group

- NGBs with small budgets and small memberships tend to prefer *Need*-based distribution more than larger NGBs
 - Not necessarily surprising
 - As Mahony, Hums, and Riemer (2005) first noted, *Need*-based distribution in athletics is highly subjective
 - *Need* was not a significant result in the group Olympic Medal Won

Discussion by Group

- NGBs which were competitively successful at the Olympic Games had roughly the same perceptions as those which were not successful
 - Somewhat surprising
 - Only scenario with a significant difference was Television Program
 - Unsuccessful NGBs favored *Equality of Treatment*
 - Successful NGBs favored *Equity Based on Membership Size*

Discussion by Group

- No significant differences existed between paid and volunteer NGB administrators
 - Not surprising
 - Parallels findings of Mahony, Hums, and Riemer (2002) in study of paid athletic directors and voluntary athletic board chairs

Implications

- It is possible that the practice employed by the USOC reflects what the organization's stakeholders want, which is medal winning athletes
- Understanding the perceptions of fairness toward financial resource allocation within the Olympic movement might help the USOC create an environment in which all organizations strive to produce the best possible Olympic athletes

Implications

- Results of the present study may be used to link NGB administrators with organizational behavior outcomes such as job satisfaction, organizational commitment, and trust
 - The USOC should strive for employee longevity and satisfaction. Research has shown a strong relationship between distributive justice and procedural justice and these elements of organizational behavior (Colquitt et al., 2001; Folger & Konovsky, 1992; Konovsky & Pugh, 1994; Sweeney & McFarlin, 1992, 1993)

Implications

- Nafziger (1983) noted "The USOC and NGBs must understand that encouragement of top competitors is not necessarily synonymous with the encouragement of public participation, as mandated by the Act" (p. 81)
 - It is possible the USOC is operating in a framework similar to that of social exchange in which a resource is traded for a reward such as an Olympic medal. While that may not have been the initial objective for the USOC when it was formed, it may reflect a reality which exists in Olympic sport today

Future Research

- Compare the system employed in the United States to those utilized in other countries
- Measure the relationship of organizational justice in the present study to organizational behavior variables such as commitment, trust, and job satisfaction
- Investigate resource allocation decisions within NGBs to their various programs, not just from the USOC to the NGB
- Qualitatively identify if any distribution subprinciples specific to the Olympic movement exist

Questions
