Recruiting: An Undervalued Asset?

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Recruiting: An Undervalued Asset?

Abstract
NCAA Division I basketball has grown to be an enourmously lucrative business venture in recent years. However, in order to capitalize on the revenues that can be generated by NCAA Division I basketball schools need to be successful. Therefore, it is important to address what can lead to success. Previously, it was thought that coaching status and skill were the key factors leading to success. However, research has been done to discover the relationship between recruiting and success in Division I Football, but very little research has been done on Division I Basketball. The purpose of this study is to investigate the relationship between recruiting classes and the success of Division I men's basketball teams. For the purpose of my study I defined success as having a conference winning percentage above .500. In order to measure this relationship I collected data from the major six conferences (ACC, SEC, Big Ten, Big 12, Big East, and Pac-12) basketball teams along with conferences with teams who have experienced recent success (Mountain West, WCC, and C-USA). I will be using Pearson's coefficient correlation in order to measure the relationship between recruiting and success. I will be looking for at least a moderate to strong correlation (r=.5-.8) with a significance between .001 and .05.
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Introduction

Intercollegiate athletics is currently in a state of instability that is bringing controversy and change to a once simple aspect of college life (Clotfelter, 2011). From one boat race between Yale and Harvard in 1852 to the Bowl Championship Series and March Madness intercollegiate athletics have certainly seen an astonishing amount of financial alteration (Sperber, 2004). It is speculated that the first boat race between Harvard and Yale made very little money for James Elkins (a railroad owner that paid for the expenses of the race) because if it were successful it would not have lost James Elkins as an investor (Smith, 1988). Over the next 130 years the NCAA saw little financial growth, however in 1982, NCAA football signed a deal with ABC, CBS, and Turner Broadcasting worth $64.8 million annually (Montez de Oca, 2008). In 2011 the NCAA completed a deal for $10.8 billion over 14 years with Turner Broadcasting and CBS giving them the rights to broadcast March Madness (NCAA.org, 2012). It is obvious that financial maximization is still a relatively new idea to the NCAA overall, but the NCAA is a multi-billion dollar industry that is currently undergoing change to grow into a commercialized powerhouse.

University administrators understand that intercollegiate athletics have seen financial growth, from originally being an outright university expense to enhance the experience of the student, to a business endeavor to generate revenue and other benefits to the university such as entertainment, athletic growth, and prestige (Zimbalist, 1999). Athletic departments need to either: increase their profit or decrease their expenses in order to discontinue additions to the university deficit.
Recently, schools have increased the university expenses in order to increase their ability to recruit student-athletes on a perennial basis. According to Caro (2012) who completed a study investigating the correlation between recruiting and success in NCAA Division I football:

Over the last decade, schools have engaged in an arms race to upgrade practice facilities, build larger football stadiums, and provide better academic support in an effort to gain a competitive advantage in recruiting. While coaching and player development cannot be ignored, signing top recruiting classes provides an important head start in fielding top football programs (p. 139-140).

Caro is showing that recruiting is viewed as an investment that is taken on by Division I schools. Though the study is related to NCAA Division I football, for the purpose of this study I will assume that a similar philosophy applies to basketball recruiting. By improving facilities for basketball, schools are hoping to improve their recruiting abilities. Therefore, it is important to explore the relationship between recruiting and success, which can turn into possible future success.

My research question attempts to explore a motion to address the issue of the common athletic deficit and increase the profits generated by an athletic department (namely NCAA Division I basketball team) and decrease the expense, or at least suggest a more advantageous way to utilize athletic funding. The area I wish to explore is how investing in recruiting can reduce the amount of money spent on head coaches' salaries. This curiosity is due to 34.6 percent of all athletic department expenses being put into
coaches’ salaries and only 1.5 percent for recruiting at the Division I level (Knight Commission, 2010). With this in mind, my research question is:

What is the relationship between recruiting classes and the success of Division I men’s basketball teams?

For the purpose of my study I defined success as having a conference winning percentage above .500. The purpose to study conference-winning percentage is to remove variability among out-of-conference scheduling.

Literature Review

Athletic Departments: The Good, the Bad, and the Ugly

Benefits of Success for an Intercollegiate Athletic Department. Success at the college level can be vital to the overall program’s existence. It can bring donations, recruits, increase in tuition, more student applications, higher student quality, and even an increase in state appropriations (Alexander & Kern, 2010; Baade, Baumann, & Matheson, 2009; Baade & Sundberg, 1996; Fisher, 2009; Frank, 2004; Humphreys & Mondello, 2007; McEvoy, 2005; Mixon & Ressler, 1995; Parkinson, Vandeveer, Menefee, 2007; Pope & Pope, 2009; Smith, 2012; Smith, 2008;). According to Stinson, Marquandt, and Chandley (2012) for every dollar spent on athletics, there is $0.24 donated to the university. Universities receive donations for various reasons, from academic research to facility construction; universities are truly built on the shoulders of philanthropic individuals. According to a study by Gladden, Mahony, and Apostolopoulou (2005) motivations to donate to an athletic department include:
supporting and improving the athletic program, helping student-athletes, supporting and improving the overall university, receiving membership benefits, and psychological commitment. The focus of these responses is to, “support and improve the athletic program,” (p. 20) because this means the philanthropist wants to see the program succeed, and they invest money to see the program prosper.

In turn, many studies have found that success in NCAA men’s basketball leads to further donations (Baade & Sundberg, 1996; Frank, 2004; Humphreys & Mondello, 2007; Smith, 2012). One reason that success can lead to donations is the free advertising athletic programs receive while their basketball teams are performing well during the regular season, but the coverage must have enough depth in order to coerce individuals to donate. Therefore, the coverage can’t simply be a highlight on SportsCenter, but it must include a great deal of coverage (Smith, 2012). A great example of this was present at Virginia Common Wealth University (VCU). During the years from 2007-2010 there was a decrease in restricted giving to the university (2007-2008 = -19%, 2008-2009 = -14%, 2009-2010 = -1%). Restricted giving can be defined as a gift or donation to a specific department of a college or university. During the 2010-2011 season VCU’s men’s basketball team was able to reach the NCAA Final Four, a feat never completed in school history. During that year the restricted giving for the university increased by 22% an increase on $7,386,821 (VCU, 2011). There is a possibility that the success of the VCU basketball team coerced donors to increase their philanthropic undertakings following a successful year.

In some cases researchers believe that success in NCAA men’s basketball can only be defined as reaching the NCAA tournament, namely Baade and Sundberg (1996)
who stated that there is a correlation between attendance to the NCAA tournament and alumni giving. Frank (2004) demonstrated that when basketball programs reach the NCAA tournament there is an “increase of $5.60 in donations per alumnus” (p. 23). Furthermore, Humphreys and Mondello (2007) supported Baade and Sundberg and defined success as reaching the NCAA men’s basketball tournament. However, they went further into the research and wanted to know what type of giving increased: restricted or unrestricted giving. At this point, the study found that restricted giving to the athletic department increased.

Athletic recruits make the selection of their university based on many factors. These factors are: level of athletic competition, academic reputation of faculty, if the recruit’s major is offered, the reputation of the department of the recruit’s major, relationship with the coach before the decision, quality of the facilities, academic support, relationship with team members before the decision, opportunity to play, history of the sport’s success at the university, distance from the recruit’s permanent home, and if the recruit has a friend or family member that attends or is an alumnus of the university (Judson, James, & Aurond, 2004). The point that I would like to focus on is the success and history of success because this proves the point that recruits make their college based on the historical success of the athletic program and most notably their sport. The same factor is a major contribution to student-athlete college selection process according to Latewsky, Schneider, Pedersen, and Palmer (2003). During their study they found that there were five major reasons student athletes made a choice to attend a certain college. The factors they found most important were: degree options, the head coach, academic support services available to student athletes, the type of community the campus was in,
and the school’s sports tradition. Once again, the school’s sports tradition is a major factor involved in the college selection process for a student-athlete. Consequently, this circumstance proves that success can create an ever-perpetuating cycle of further success.

Another benefit that universities can receive from athletic success is an increase in tuition rates. Alexander and Kern (2009) defined success in their study by the won-loss record of a NCAA Division I basketball team. In their analysis they found that both in-state and out-of-state tuition increased when basketball teams are successful. On the other hand, Randall Smith (2012) of Rutgers University found that tuition is not affected by the success of basketball teams, but the student fees increase. During this study though, Smith did not include student fees in the same category as tuition, while many universities do practice this, consequently their tuition would increase on the basis of an increase in student fees as part of the tuition. The increase of student fees to subsidize athletic programs can be seen most notably in Division-I programs that are trying to close the gap with the “power conferences.” On average the Western Athletic Conference and the Mountain West Conference use 17.3% and 15.5% respectively of student fees to subsidize their athletics programs (Weaver, 2011).

Athletic can bring about an increase in undergraduate applications for the overall university. Following championship seasons in NCAA men’s basketball, universities saw an increase in undergraduate applications (Toma & Cross, 1998). Pope and Pope (2008) saw an increase of 2%-8% in undergraduate applications when a basketball team finished in the top 16 national polls at the end of the year. However, McEvoy (2005) found no correlation between team performance and an increase in undergraduate applications.
Not only when basketball teams are successful can universities see and increase in the amount of applications, but they can increase the quality of their student body. When basketball programs ended the season in the top 16 of the national poll they saw an increase in both lower SAT score and higher SAT score applicants (Pope & Pope, 2008). Therefore, universities now have the choice to pick the students they want because there is a larger pool with a larger variety to choose from. Furthermore, to increase the quality of the student body they can choose those that can benefit the school in the ways they feel need to be addressed.

Lastly, an increase in an athletic department’s men’s basketball performance can lead to an increase in state appropriations. For every marginal win in NCAA men’s Division I basketball $797,000 is gained by a school from the state (Alexander & Kern, 2010). On the other hand, Garry (2007) reported that after winning two national championships in basketball and having various alumni in legislative positions, they saw no increase in state appropriations. This can be explained because it is proven that NCAA basketball has no affect on the surrounding community (Baade, Baumann, & Matheson, 2009). It is possible that if the program had a larger impact on the surrounding community that state legislatures might think to increase the state appropriations because this is part of the job of a state legislature.

**Current Issues in Intercollegiate Athletics.** Issues that are currently in contemporary college athletics include financial instability, the conflict between academics and athletics, the relation of athletics to the overall mission statement of universities, academic corruption, and a decrease in male Olympic sports (Clotfelter, 2011; Humphreys & Mondello, 2007; Ridpath, Yiamouyiannis, Lawrence, & Galles,
Conflicts between academics and athletics are seen through a competition for resources available at a university (Buer, 2009). Buer (2009) stated:

The athletics-academics debate often masks the complexity of characterizing athletics programs as either educationally valuable initiatives or belonging in business and the entertainment industry. The purpose is to move beyond the either-or conceptualization and offer a more nuanced and inclusive both-and attitude toward athletics programs as both business and academic organizations. (p.109)

What can be gathered from this is that individuals traditionally believe that athletic programs cannot be both educationally valuable and part of the business industry, but rather only educationally valuable or part of the business industry. It is truly up to the university to address the how they want to utilize intercollegiate athletic departments: as an educational ancillary, or a business venture. This is where athletic programs and universities need to revert to their mission statement and understand what is truly important.

Representative Bill Thomas, a chairman of the U.S. House of Representatives, wrote a letter to Myles Brand (the former NCAA President) questioning, “How does playing major college football or men’s basketball in a highly commercialized, profit-seeking, entertainment environment further the educational purpose of your member institutions” (Thomas, 2006, p. 2). Thomas is showing his concern that many athletic departments in the nation are focusing too much on the monetary gains of their programs
rather than the academic experience gained by the students. This has even lead to academic corruption to increase the profits gained, and it ignores the mission statement of many athletic programs. Ohio State, known for their athletic success, has the following mission statement: “We foster a culture that provides the opportunity to develop our student-athletes through success in academics and competition to achieve excellence in life” (Ohio State Official Athletic Site, 2012). However, during the 2011-2012 academic year the athletic program generated a total of $25,642,113 ($142,043,056 revenues minus $116,400,943 expenses) more revenues than expenses (Office of Postsecondary Education, 2012). There is an absence of stating that the athletic department aims to turn a profit during their operations, but Ohio State has done so. This is where Buer’s (2009) quote finds merit, as he claims that athletic departments should be considered, “both business and academic organizations” (p. 109). If they can be seen as this type of organization, the organizational mission statement should reflect this attitude.

Academic corruption has been an issue in intercollegiate athletics for many years, and many people have sat helplessly on the sideline without attempting to eliminate the corruption (Ridpath, 2008). In 1999, Jan Gangelhoff, an office manager and team tutor came forward and admitted to writing 400 papers for over 18 players in a five year span at the University of Minnesota. The basketball team however was hardly punished as it self-imposed limitations on recruiting and erased all postseason records between the years of 1993-1998 (NCAA Infractions Report, 2000). In 2006, at the University of Auburn many athletes took one-on-one classes with professors that were deemed “directed-reading courses” that demanded minimal work from athletes. Professors Thomas Petee and James Witte were both fired for “poor judgment,” but athletics were
never reprimanded for their actions. Even the interim president of Auburn at the time, Ed Richardson, claimed that athletes were not receiving any more assistance in passing courses than other students on campus. However, a significant amount of athletes took classes with Petee and Witte and their grades in those classes were much higher than their grades in other courses (Glier & Thamel, 2006).

While sports such as football and basketball (revenue sports) continue to grow as a commercialized business venture or athletic programs, nonrevenue sports (i.e. wrestling, swimming, soccer, field hockey, baseball, etc.) are being eliminated or forced to find other ways to fund their programs (Cooper & Weight, 2011). According to Haglund (2005), the arms race of intercollegiate athletics is another reason for cutting non-revenue sports. Administrators cut the programs that are not as popular in order to reallocate the money toward revenue generating sports, namely football and basketball. Yet, when administrators cut non-revenue sports and hail it as an “economic decision” they are hiding behind the truth that football has the highest expense of all sports as well (Shelton, 2001). Theoretically this would reduce the expenses of an organization, but the effect on the revenues would most likely be paramount.

Financial Issues in Intercollegiate Athletics. It is important to understand the effective use of funding in intercollegiate athletics bearing in mind during the 2008-2009 year only 14 of the 119 Football Bowl Subdivision (FBS) schools had an operating budget where revenue exceeded expenses. That is twelve percent of the FBS programs operating with revenues exceeding expenses. Even when the schools were generating revenue, on average it was only a surplus of $4.36 million. However, those schools that didn’t generate a positive bottom line and their revenues were on average $11.27 million
below their expenses (Fulks, 2010). This proves that more schools are working with a deficit, and on average that deficit is much higher than the surplus received by those schools working in the black. However, according to Karen Weaver (2011), the director of athletics at Penn State Abington, athletic programs aren’t looking to decrease the expenses they have, but rather increase the revenue they generate through a multifaceted approach. This is evident through the creation of conference television networks (BTN, Pac-12 Network, etc.); increase use of student fees, and increasingly lucrative broadcasting deals with national networks such as ESPN and CBS (Weaver, 2011).

However, there is possibility that athletic programs are to eliminate unnecessary expenditures while increasing revenue. This is where this study finds significant importance. In order to decrease expenses one must look at one of the largest expenditures of a majority of athletic programs: NCAA head coach salaries, which account for 34.6 percent of total athletic department spending in Division I athletics, while recruiting accounts for 1.5 percent (Knight Commission, 2010). Though head coach salaries in basketball are not as significant as football head coach salaries, basketball head coach salaries are growing rapidly in recent years. Prior to the 2007 Final Four, the highest paid coach was Tubby Smith receiving $2.2 million (Tsitsos & Nixon II, 2012). In 2012, John Calipari received a total compensation of $5.6 million (3.8 in base salary). This includes all incentives such as winning the South Eastern Conference, making it to the regional semi-finals and finals, making it to the Final Four, winning the NCAA National Championship, staying with the school for another year, and meeting the standards of administrative officials in regards of academic progress rate (Associated Press, 2012).
With coaches’ salaries as one of the largest expenditures in the athletic department, it is safe to assume that it is perceived to be important to pay for a high-profile coach. The highest paid head basketball coach receives $5.6 million when the top 25 highest paid university presidents make only $1,693,447.90 on average (Executive Compensation, 2012). This means John Calipari of the University of Kentucky made $3,906,552.10 more than the average top paid university president in the 2011-2012 year. Though Calipari had a very successful year in 2011-2012, Tsitsos and Nixon II (2012) refuse to believe hiring a high-profile coach will ensure a team to be ranked highly, which is commonly the main goal of all NCAA Division I basketball teams. However, according to Litan, Orzag, and Orzag (2003) there is no correlation between coaches’ salaries and winning percentages. It is truly puzzling why intercollegiate athletic departments pay millions of dollars annually to these coaches. By exploring the possibility that recruiting has a stronger relationship with success this study finds practical strength.

However, coaches can impact the success of the team is through increasing the success of recruiting. As stated earlier Latewsky et al. (2003) claimed that one of the most important factors in the college selection process of student athletes is the head coach. Once again John Calipari can be seen as a prime example for this observation. Calipari has been known over the years as a recruiting genius (barring possible violations sanctioned against schools he has coached) and he continues to find success with teams wherever he goes (Price, 2011). Calipari is making living on a very thin line in college basketball. He recruits players that are NBA ready and only stay within his program for one year and continue on to NBA draft a year later. However, even with these players
leaving he continually finds success as his winning percentage as a head coach is .769 (505-152) (Official Web Site of the Kentucky Wildcats, 2012), which is fifth among active coaches (NCAA.org, 2012). Price (2011) also claimed that this is why he also receives these recruits each year. The student-athletes know he will do anything to help them get to the NBA as soon as possible. In 2002 Calipari reportedly tore up Memphis player, Dajuan Wagner’s, scholarship forcing him to enter the draft (Price, 2011). This drastic move is proof that Calipari is a relentlessly unethical individual, or student-athletes can look at this as an opportunity to work with a man that will get them to the “promised land” of millions of dollars through the NBA.

Goff (2000) stated that athletic success can generate benefits both directly and indirectly. Direct benefits include: higher attendance; ticket, parking, and concessions revenues; broadcast revenues generated from regular season television appearances and postseason appearances. Indirect benefits include: increased applications and enrollment, higher quality student body, increased exposure for the university, donations, and increased state appropriations. According to MacDonald and Borland (2003) and supporting Goff’s (2000) claim, home-team performance had a significant relationship with the attendance of games. Therefore, if a team is performing well they are more likely to have a larger crowd than a team that is struggling through their season. However, research has been done that concluded that only 25% of fans attend games based only on that team’s winning percentage (Branvold, McGaugh, Pan, & Gabert, 1997). With conflicting outcomes it is difficult to say whether winning percentage (success) truly has a significant effect on game attendance. However, if the claim that attendance would increase due to favorable team performance is valid we can assume that
ticket sales, parking revenues, and concessions will increase because there will be more
game attendees, therefore increasing demand for these ancillary products.

Broadcast revenue is a key component to the success of men’s basketball as it
contributes to 81% of the revenue generated by the NCAA from the broadcasting revenue
generated by the $10.8 billion deal with Turner Broadcasting and CBS Sports. In turn
60% of the total revenue generated by the NCAA is redistributed among Division I
schools (NCAA.org, 2012). Division I sports, namely men’s basketball, is able to
generate revenue from deals such as the one with Turner/CBS Sports because there is a
large demand for these sports. According to an NCAA report (2012) over 129 million
viewers watched the NCAA men’s basketball championship tournament. With 129
million viewers the demand to broadcast the event is high, due to the ability to receiving
advertising revenue from selling the advertising space, giving the NCAA leverage to sign
a deal that would be in their favor financially. With more money being generated by the
NCAA there is more money to be distributed to the teams, increasing revenues of athletic
departments.

Methods

The theory that I used is: that both the talent in the production of winning and its
marginal revenue depend on the talent supply (Fort & Winfree, 2009). Essentially
meaning that winning and marginal revenue depend on the talent available for any given
team. With this theory in mind I explored the correlation between the average recruiting
star rating for each team and their conference winning percentage.

The participants of this study are the schools from the six power conferences
(ACC, SEC, Big Ten, Big 12, Big East, and Pac-12) along with conferences with teams
that have seen success over the course of the last 5 years (Mountain West, WCC, and C-USA). These participants were chosen because the power conferences are the major point of interest in NCAA Division I men’s basketball and the supplementary three conferences have recently excelled, therefore they are useful in testing the effect recruiting has on team success.

In order to explore the relationship between recruiting classes and the success of Division I men’s basketball teams, various terms needs to be operationally defined. Average recruiting stars earned by a team annually is the independent variable because it is a measure of the talent received by the schools during the recruiting process. Recruits were rated from 1 to 5 stars (5 being the highest) based on height, weight, speed, quickness, and agility, and their play on the court based on offensive and defensive skills (Rivals.com, 2012). These stars are given to these recruits by scouts who assess recruits in person or through film study. Though the number of stars given is a quantified value, it is subjective data.

Therefore, I have taken on a post-positivist tradition using subjective and objective data. Though height, weight, speed, and quickness of the recruiting star rating can be measured objectively through standardized tests such as player measurements and shuttle runs, the subjectivity of the star rating comes about due to the last two dimensions of offensive and defensive skill. Since there is no way to objectively measure offensive and defensive skill (awareness, shooting ability, form, etc.) This raises a problem with recruiting stars, however since each recruit is rated on the same scale subjectivity will be minimized, but not totally removed as recruiting stars are secondary data. This data is
still quantitative, but it is subjective. The original observation is qualitative, but it is then translated into a quantitative data point.

The post-positivist approach can be supported by Henderson (2011) who claimed that the post-positivist tradition is a pragmatic approach meaning that there is an attempt to link practice and theory. In the case of this study I have taken the practice of recruiting highly skilled players and applied the hypothesis that when teams sign more highly skilled recruits they are more likely to find success. This hypothesis can then gain what Henderson (2011) calls “intelligent practice” within the field of study in the future, meaning the decision to follow a practice is more informed by research.

During the recruiting process schools earn points based on the amount of stars the recruits they sign have been assessed by scouts (1 star=1 point, 2 stars=2 points, and so on). Furthermore, in order to complete my conceptual framework I must address all moderating and intervening variables. First, I assessed the average recruiting star points earned by a school rather than their total recruiting star points earned in order to eliminate factors such as a lower amount of recruits signed because the purpose of the study is to evaluate quality of the talent signed rather than total amount of recruits signed. In some cases schools may only have an allotted amount of scholarships or simply no need to sign many recruits. All recruiting data was taken from 2006-2011 while the conference records were taken from 2007-2012 because the study is to measure the effect of recruiting on winning after the recruit is signed.

The dependent variable is conference-winning percentage collected from the NCAA website (NCAA, 2012). The reason I chose conference winning percentage is to eliminate any unpredictability in team out-of-conference scheduling from year to year.
that can lead to large differences in strength of schedule. Success in this case will be
defined as a team having a conference-winning percentage above .500. However, one
variable that cannot be accounted for is coaching ability. Some coaches can make an
enormous difference during a game, in practice, and or during recruiting. Coaches have
their niche, and this can translate into success over the course of time.

Following secondary qualitative and quantitative data I used SPSS analytic
software to assess Pearson’s coefficient correlation in order to measure the relationship
between recruiting and success. The recruiting stars earned by each team were entered
into the software and the mean for the five years was determined. The same was done for
conference winning percentage for each team. At this point I assessed Pearson’s
coefficient correlation. I viewed the data for a moderate to strong correlation (r=.5-.8) or
a very strong correlation (.8-1.0) with a significance between .001 and .05..

**Results**

The independent variable is average recruiting stars; therefore this variable was
determined first (Table 1). The SEC (X=3.428) and the ACC (X=3.400) had the highest
mean conference average star ratings while the Mountain West (X=2.589) and WCC
(X=2.369) had the lowest reported conference average recruiting star ratings. In the SEC,
the highest average recruiting star rating was Florida (3.882) while Ole Miss (3.002) had
the lowest. In the ACC, Duke (4.228) had the highest average recruiting star rating and
Boston College (2.285) had the lowest. In the Big-12, the team with the highest average
recruiting star rating was Texas (4.017) and Colorado (2.900) had the lowest. The
University of Connecticut (3.858) had the highest average recruiting star rating in the Big
East while South Florida (2.790) had the lowest average recruiting star rating. In the Big Ten, Ohio State (3.848) was the upper bound in average recruiting star rating and Northwestern (2.883) was the lower bound. In the Pac-12, UCLA (3.908) had the highest average recruiting star rating while Washington State (2.635) had the lowest average recruiting star rating. In the Conference-USA, Memphis (3.923) had the highest average recruiting star rating and Rice (2.195) had the lowest average recruiting star rating. In the West Coast Conference, Gonzaga (3.297) had the highest average recruiting star rating while Portland (2.200) had the lower average recruiting star rating. Lastly, in the Mountain West, New Mexico (2.812) had the highest average recruiting star rating and Air Force (2.000) had the lowest average recruiting star rating.

Table 1. Average Recruiting Star Rating Statistics

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<th>Conference</th>
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<th>Maximum</th>
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</tbody>
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Figure 1. Southeastern Conference Average Recruiting Star Ratings

Figure 2. Atlantic Coast Conference Average Recruiting Star Ratings

Figure 3. Big 12 Average Recruiting Star Ratings
Figure 4. Big East Average Recruiting Star Ratings

Figure 5. Big Ten Average Recruiting Star Ratings

Figure 6. Pac-12 Average Recruiting Star Ratings
RECRUITING: AN UNDervalued Asset?

Figure 7. Conference USA Average Recruiting Star Ratings

Figure 8. Mountain West Average Recruiting Star Ratings

Figure 9. West Coast Conference Average Recruiting Star Rating
The dependent variable in this study was average conference winning percentage (Table 2). The teams with the highest winning percentages in their respective conferences were Louisville (Big East), Duke (ACC), Kentucky (SEC), Kansas (Big 12), Purdue and Wisconsin (Big Ten), UCLA (Pac-12), Memphis (C-USA), BYU (Mountain West), and Gonzaga (WCC). The teams with the lowest conference winning percentage were DePaul (Big East), Georgia Tech (ACC), Georgia (SEC), Texas Tech (Big 12), Iowa (Big Ten), Oregon State (Pac-12), Rice (C-USA), Air Force (Mountain West), and Pepperdine (WCC).

Table 2. Average Conference Winning Percentage

<table>
<thead>
<tr>
<th>Team</th>
<th>Win %</th>
<th>Team</th>
<th>Win %</th>
<th>Team</th>
<th>Win %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big East</td>
<td></td>
<td>ACC</td>
<td></td>
<td>SEC</td>
<td></td>
</tr>
<tr>
<td>Cincinnati</td>
<td>0.511</td>
<td>Clemson</td>
<td>0.563</td>
<td>Alabama</td>
<td>0.488</td>
</tr>
<tr>
<td>Connecticut</td>
<td>0.578</td>
<td>Duke</td>
<td>0.788</td>
<td>Arkansas</td>
<td>0.388</td>
</tr>
<tr>
<td>DePaul</td>
<td>0.122</td>
<td>Florida State</td>
<td>0.625</td>
<td>Auburn</td>
<td>0.363</td>
</tr>
<tr>
<td>Georgetown</td>
<td>0.600</td>
<td>Georgia Tech</td>
<td>0.313</td>
<td>Florida</td>
<td>0.613</td>
</tr>
<tr>
<td>Louisville</td>
<td>0.700</td>
<td>Maryland</td>
<td>0.513</td>
<td>Georgia</td>
<td>0.325</td>
</tr>
<tr>
<td>Marquette</td>
<td>0.633</td>
<td>Miami (FL)</td>
<td>0.425</td>
<td>Kentucky</td>
<td>0.750</td>
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<tr>
<td>Notre Dame</td>
<td>0.656</td>
<td>UNC</td>
<td>0.750</td>
<td>LSU</td>
<td>0.388</td>
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<tr>
<td>Pittsburgh</td>
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<td>Providence</td>
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<td>Virginia</td>
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<tr>
<td>Rutgers</td>
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<td>Virginia Tech</td>
<td>0.488</td>
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<tr>
<td>Seton Hall</td>
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<td>Wake Forest</td>
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<td>Tennessee</td>
<td>0.663</td>
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<tr>
<td>South Florida</td>
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<td>Boston College</td>
<td>0.396</td>
<td>Vanderbilt</td>
<td>0.613</td>
</tr>
<tr>
<td>St. John's</td>
<td>0.389</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Syracuse</td>
<td>0.711</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Villanova</td>
<td>0.544</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Virginia</td>
<td>0.600</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Big 12</td>
<td></td>
<td>C-USA</td>
<td></td>
<td>Big Ten</td>
<td></td>
</tr>
<tr>
<td>Baylor</td>
<td>0.533</td>
<td>East Carolina</td>
<td>0.338</td>
<td>Illinois</td>
<td>0.456</td>
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<tr>
<td>Iowa State</td>
<td>0.321</td>
<td>Houston</td>
<td>0.488</td>
<td>Indiana</td>
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<tr>
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<td>Marshall</td>
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<td>Iowa</td>
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<tr>
<td>Kansas State</td>
<td>0.611</td>
<td>Memphis</td>
<td>0.850</td>
<td>Michigan</td>
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</table>
Following a Pearson Correlation Coefficient (Table 3) analysis I found that schools in the Big 12 ($r=.793$, $p=.002$), Big East ($r=.501$, $p=.048$), Big Ten ($r=.710$, $p=.018$), C-USA ($r=.637$, $p=.026$), Pac-12 ($r=.636$, $p=.035$), and SEC ($r=.784$, $p=.003$) all have strong correlations while only the ACC ($r=.462$, $p=.131$) and WCC ($r=.489$, $p=.218$) have moderate correlation between average recruiting stars and conference winning percentage. The Mountain West Conference ($r=.854$, $p=.002$) was the only conference where the Pearson Correlation Coefficient found a very strong correlation.

<table>
<thead>
<tr>
<th>Missouri</th>
<th>0.606</th>
<th>Rice</th>
<th>0.225</th>
<th>Michigan State</th>
<th>0.700</th>
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<tbody>
<tr>
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<td>0.443</td>
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<td>Southern Miss</td>
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<td>Northwestern</td>
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<tr>
<td>Texas</td>
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<td>Tulane</td>
<td>0.275</td>
<td>Ohio State</td>
<td>0.700</td>
</tr>
<tr>
<td>Texas A &amp; M</td>
<td>0.519</td>
<td>Tulsa</td>
<td>0.638</td>
<td>Penn State</td>
<td>0.367</td>
</tr>
<tr>
<td>Texas Tech</td>
<td>0.249</td>
<td>UAB</td>
<td>0.688</td>
<td>Purdue</td>
<td>0.711</td>
</tr>
<tr>
<td>Colorado</td>
<td>0.281</td>
<td>UCF</td>
<td>0.475</td>
<td>Wisconsin</td>
<td>0.711</td>
</tr>
<tr>
<td>Nebraska</td>
<td>0.375</td>
<td>UTEP</td>
<td>0.638</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pac-12</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Arizona</td>
<td>0.589</td>
<td>Air Force</td>
<td>0.364</td>
<td>Pepperdine</td>
<td>0.293</td>
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<td>Arizona State</td>
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<td>BYU</td>
<td>0.475</td>
<td>Loy. Marymount</td>
<td>0.452</td>
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<tr>
<td>California</td>
<td>0.589</td>
<td>Colorado State</td>
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<td>Pepperdine</td>
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<tr>
<td>Colorado</td>
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<tr>
<td>Oregon</td>
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<tr>
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<td>Santa Clara</td>
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<td>USC</td>
<td>0.433</td>
<td>Wyoming</td>
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<td>Washington</td>
<td>0.633</td>
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<tr>
<td>Washington State</td>
<td>0.455</td>
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</table>
Table 3. Pearson Correlation Coefficient

<table>
<thead>
<tr>
<th>Conference</th>
<th>Pearson Correlation Coefficient (r)</th>
<th>Significance (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACC</td>
<td>0.462</td>
<td>0.131</td>
</tr>
<tr>
<td>Big 12</td>
<td>0.793</td>
<td>0.002</td>
</tr>
<tr>
<td>Big East</td>
<td>0.501</td>
<td>0.048</td>
</tr>
<tr>
<td>Big Ten</td>
<td>0.710</td>
<td>0.018</td>
</tr>
<tr>
<td>C-USA</td>
<td>0.637</td>
<td>0.026</td>
</tr>
<tr>
<td>Mountain West</td>
<td>0.854</td>
<td>0.002</td>
</tr>
<tr>
<td>Pac-12</td>
<td>0.636</td>
<td>0.035</td>
</tr>
<tr>
<td>SEC</td>
<td>0.784</td>
<td>0.003</td>
</tr>
<tr>
<td>WCC</td>
<td>0.489</td>
<td>0.218</td>
</tr>
</tbody>
</table>

The regression analysis in Table 4 shows with what confidence the outcome of average recruiting stars can predict average conference winning percentage. In this case the Mountain West has the highest predictability of 72.9%. Other highly significant conference winning percentage variances are the Big East (62.7%) and SEC (61.5%). Conferences with no significant variance explanations are the ACC (21.3%) and WCC (23.9%).

Table 4. Regression Analysis

<table>
<thead>
<tr>
<th>Conference</th>
<th>r Squared</th>
<th>Significance</th>
<th>Regression Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACC</td>
<td>0.213</td>
<td>0.131</td>
<td>N/A</td>
</tr>
<tr>
<td>Big 12</td>
<td>0.627</td>
<td>0.002</td>
<td>y = 0.3656x - 0.7230</td>
</tr>
<tr>
<td>Big East</td>
<td>0.251</td>
<td>0.048</td>
<td>y = 0.2627x - 0.3644</td>
</tr>
<tr>
<td>Big Ten</td>
<td>0.480</td>
<td>0.018</td>
<td>y = 0.3046x - 0.4829</td>
</tr>
<tr>
<td>C-USA</td>
<td>0.405</td>
<td>0.026</td>
<td>y = 0.2734x - 0.2256</td>
</tr>
<tr>
<td>Mountain West</td>
<td>0.729</td>
<td>0.002</td>
<td>y = 0.6169x - 0.9943</td>
</tr>
<tr>
<td>Pac-12</td>
<td>0.405</td>
<td>0.035</td>
<td>y = 0.2631x - 0.3543</td>
</tr>
<tr>
<td>SEC</td>
<td>0.615</td>
<td>0.003</td>
<td>y = 0.3428x - 0.6728</td>
</tr>
<tr>
<td>WCC</td>
<td>0.239</td>
<td>0.218</td>
<td>N/A</td>
</tr>
</tbody>
</table>
In relation to the rest of the population, the sample used in this study can be considered an outlier. As stated before, the teams are considered the top conferences in NCAA Division I men’s basketball, including the “Power Conferences” and the top mid-majors in the nation. These conferences stand out because they contain every school in the nation that has made a profit in recent years. However, this does not mean every school makes a profit in the sample, it simply means this sample differs significantly from the rest of the schools in Division I, II, and III in respect to profitability.

**Discussion and Conclusions**

Over the course of recent years there has always been a debate about which teams have the most talent in respect to players. This debate is important because it has been found throughout this study teams with higher average recruiting stars are more likely to find success and obtain a higher average conference winning percentage. With average recruiting stars ranging from 4.22 to 2.07 it is obvious that schools have been supplied with different levels of skilled players. This can be mostly attributed to teams in the ACC, Big East, Big 12, SEC, Big Ten, and Pac-12 having what Caro (2012) calls “traditional power.” This “traditional power” gives teams and conferences the notoriety and prestige to attract higher quality players and in turn this can turn into success. These teams gain “traditional power” through winning championships and successes over the course of multiple years. According to Caro (2012), notoriety is created through recent success. The last time a non-power conference team won the Division I men’s basketball National Championship was UNLV in 1990 (NCAA.org). This proves that teams within
the power conferences are generally more successful in Division I men’s basketball. Only using teams that have been successful and profitable in recent years created a delimiter to control for differences between schools within the study and schools not included in the power conference of seen as a successful mid-major conference. This delimitation creates continuity among the teams in the study.

Along with this study Carey Caro (2012), found a similar relationship between the average recruiting star rating and conference winning percentage in NCAA Division I football. According to the study, teams in the Big 12, Big Ten, and SEC were able to predict within 63%-80% certainty the impact the average recruiting star rating would have on conference winning percentage. Teams in the ACC, Big East, and Pac-10 (now the Pac-12) had no relationship between average recruiting star rating and conference winning percentage. Caro believed this occurred because these conferences had high parity, the style of play that is present in these conferences, and the way these conferences recruit. Parity is an enormous factor in the ability to predict the average conference winning percentage because conferences with high parity rarely see teams constantly winning the conference year after year. The style of player matters because teams often don’t recruit players that are highly skilled, but rather find players that fit their “system.” Caro uses the example of Georgia Tech, who runs an option-based offense; therefore they need a certain type of player rather than simply highly rated recruits. Lastly, there are conferences that recruit players that may not be at the top of the recruiting boards, but rather sign lower rated players and focus on player development.

The regression analyses used provide information that shows the relationship between average recruiting stars and average conference winning percentage. Seven out
of the nine conferences show significance. The top conferences are the Mountain West, Big 12, and SEC. In these conferences 72.9% to 61.5% of conference winning percentage can be explained by the average recruiting stars that a team has compiled. Within respective conferences the relationship can also be seen as the teams with the highest average recruiting stars (New Mexico, UNLV, BYU, Utah, and San Diego State) have won the conference championship in the years between 2004-2012 (NCAA.org, 2013). However, different conferences call for a different demand of talent. After using the regression analysis equation for the Mountain West, in order to receive a conference winning percentage of .500 a team must have a recruiting class of at least 2.11 average recruiting stars. This is a case where a team focuses on player development. For a mid-major conference like the Mountain West, it is difficult to compete with the power conferences in recruiting; therefore player development is their only choice.

Much like the Mountain West, the Big 12 has been dominated by Kansas, who has won the conference tournament five out seven years between 2006-2012 (NCAA, 2013). With 62.7% accuracy, average recruiting stars can predict the conference winning percentage of a team in the Big 12. A team like Kansas has produced notoriety for itself and has created a perennial power for years to come by using that notoriety to sway high quality recruits to come to their school. It can be seen that the Big 12 demands a higher average recruiting star rating in order to reach a .500 conference winning percentage through the regression analysis. According to this calculation, a team must have a recruiting class with at least 3.44 average recruiting star rating in order to be at least .500 in the conference. This is due to higher competition and the talent of the teams within the conference.
The SEC is another conference that has seen domination by certain teams in recent years, most notably Kentucky and Florida. Kentucky is a team that fits well into the “traditional power” and notoriety categories since it is a storied school, but still is known for their immaculate basketball program. Florida is known today for their basketball skill, but hasn’t been a powerhouse throughout history; therefore they can be categorized into the notoriety group due to their recent success. The SEC is very similar in competition compared to the Big 12 as it takes an average recruiting rating of 3.42 in order to receive a conference winning percentage of .500. Therefore, it can be concluded that talent in the Big 12 and SEC is very similar according to the regression analysis.

In the Big Ten there is a higher amount of parity among the teams, and therefore the ability to predict the relationship between average recruiting star rating and conference winning percentage is more difficult. In the years between 2004-2012 six different teams won the conference championship. The Big Ten hasn’t generally been considered a “basketball conference” until recent years when they have been able to win higher stake games (NCAA.org, 2013). In the Big Ten a team would need to have recruiting class with the average recruiting star rating of 3.23 in order to have a .500 record in the conference according to the regression analysis equation.

The next conference is the Conference USA, where it is possible to see successful teams, but they still are considered mid-major teams that are generally considered inferior to power conference teams. In the last seven years the C-USA has been dominated by Memphis, which has won the conference tournament six out of seven years. According to the regression analysis equation in order to get a .500 record a team must have an average recruiting star rating of 2.65 for their incoming recruiting class. Memphis’
average recruiting star rating since 2007 is 3.92, well above the 2.65 mark to reach .500. The next closest average recruiting star rating is the University of Central Florida with 2.83. This proves just how superior the talent at Memphis is compared to other schools in the C-USA and explains why they are the conference champions year after year.

In the Pac-12 40.5% of conference winning percentages can be explained by the average recruiting star ratings received by a team. The Pac-12 is very similar to the Big Ten as it is a conference that promotes high parity among teams. In the years between 2004-2012 there have been six different conference tournament champions. In order to have a .500 conference winning percentage in the Pac-12 according to the regression analysis equation a team must have the average recruiting star rating of 3.25, only .03 higher than that of the Big Ten. Therefore, it can be assumed that teams in the Big Ten and Pac-12 recruit very similar levels of talent according to this study.

In the Big East conference only 25.1% of conference winning percentage can be explained through average recruiting star ratings with a significance of .048. This could be due once again to the high parity in the conference. In recent years the Big East has been a conference that been known for its “rough and tumble pick-up style games” (Pennington, 2013). From 2004-2012 there have been six different teams that have won the conference tournament championship, proving the strong parity in the conference. In order to obtain a .500 record in the Big East a team would be expected to have an average recruiting star rating of 3.29 for their incoming recruiting class. Once again this is close to the talent needed in the Big Ten and Pac-12, meaning all of these conferences generally compete for a very similar amount of talent in their recruits.
The Atlantic Coastal Conference and the West Coast Conference had regression analyses with the significance of .131 and .218 respectively. This could be due to the level of parity throughout the whole conferences and the similarity in the recruits that these teams bring in. In the ACC the range of average recruiting star ratings is 4.23-2.29. However, both of these ratings seem to be outliers with all other teams fitting in the range from 3.70-3.16. With only .54 separating ten teams in the ACC the amount of separation and difference in talent is extremely low, creating high parity and decreasing the predictability of the effect that average recruiting star rating has on conference winning percentage. A very similar situation occurs in the WCC as the outlier of Gonzaga is removed from the range. All other teams fit in the range from 2.72-2.20 with only .52 separating the teams. With so little separation in talent from team to team there is likely to be higher parity, once again decreasing the ability to predict the effect that average recruiting star rating has on conference winning percentage in the WCC.

The regression analyses in this study aid to answer many of the recruiting questions in the men’s Division I basketball. It has been stated that in the Big 12, Big East, Big Ten, C-USA, Mountain West, Pac-12, and SEC recruiting has a significant impact on the conference winning percentage of a team. The analyses accounted for a variance of 25.1%-72.9% in conference winning percentage through average recruiting star ratings. This is vital for an athletic program to understand because monetary resources are currently a major issue in intercollegiate athletics. With only 14 FBS schools reporting a profit in 2009 (Fulks, 2009), it is imperative to maximize the utility of every dollar spent in the athletic department.
Coaches’ salaries continue to grow, but this study proves that there may be more to the basketball winning method. Colleges and universities sign coaches to multi-million dollar deals annually with no evidence that having a high profile coach will increase the winning percentage of a team (Litan, Orzag, & Orzag, 2003). However, following this study, schools can predict with confidence the winning percentage they are likely to have based on their average recruiting star rating of any given recruiting class. Therefore, at this time it is more reliable to invest money into recruiting than it is into coaches’ salaries.

However, I am not claiming that hiring a high profile coach is useless. Coaches are a very vital part of the recruiting process. In a study completed by Latewsky et al. (2003) along with Judson et al. (2004), one of the most important factors in the college selection process of student-athlete is the head coach. Therefore, the coach’s ability to recruit players should be a basis on which to pay coaches, not solely for their ability to win games. Once again, I would like to point out that winning is a key basis to determine coaches’ salaries as well. These two variables are difficult to isolate because they are so deeply intertwined. However, I don’t believe winning should be the only data analyzed in order to make a multi-million dollar decision for an athletic department that already struggles to make a profit because there is no certain procedure a coach can follow to guarantee success based on their style of play and preparation. These claims address the belief that further studies could attempt to control the skills of coaching abilities to truly gauge the level of impact average recruiting stars have on the average conference winning percentage of a team. This issue has been a major limitation in this study. At
this time, there is no model that can be used to isolate the variability of coaching skill and its effect on the success of a team.

According to a study completed by Treme, Burrus, and Sherrick (2011), there is still more to the puzzle when it comes to increasing success of a team. In this study they found young incoming guards could increase a team's success during the regular season. However, it was the experience of older players that created success in the NCAA tournament. Therefore, by using the information from both studies, a team can increase their conference winning percentage and their success in the NCAA tournament. This can be done through recruiting and utilizing highly skilled young guards during the regular season, while still finding experienced players to improve your success in the NCAA tournament. This proves once again there is not one single way to guarantee for success, but some can tactics can be more supported than others by research.

The use of research is paramount because as success increases for a team they can receive various benefits such as higher donation amounts, an increase in tuition dollars received, more student applications and in turn higher quality students, and even an increase in state appropriations (Alexander & Kern, 2010; Baade, Baumann, & Matheson, 2009; Baade & Sundberg, 1996; Fisher, 2009; Frank, 2004; Humphreys & Mondello, 2007; McEvoy, 2005; Mixon & Ressler, 1995; Parkinson, Vandeveer, Menefee, 2007; Pope & Pope, 2009; Smith, 2012; Smith, 2008;). Therefore, teams in the Mountain West, Big 12, SEC, Big Ten, C-USA, Pac-12 and Big East can expect to see these benefits following years of successful recruiting and in turn average conference winning percentage. Many don’t realize the profitability of a men’s Division I basketball team for a college or university, but focus on the amount an athletic program takes away
from other parts of the school. However, in many cases an athletic program, most notably football and men’s basketball teams, can increase a college or university’s income.

Examples of athletics increasing the income of a college or university can be seen through the “Flutie Effect” and the success of Florida Gulf Coast in the men’s Division I basketball championship tournament. Though the “Flutie Effect” pertains to football, it is a great example of sports generating income for a school. In 1984 Doug Flutie threw a last second touchdown pass to propel Boston College to a win over the University of Miami. This catch has been affectionately been named the “Flutie Miracle.” The following fall the amount of applications for Boston College increased by 25% (Fisher, 2009). With such a great increase in application, the amount of tuition dollars incoming for Boston College could increase significantly along with an increase in student quality as the school can be more selective of students with higher application rates.

In the case of Florida Gulf Coast the story is still unwinding, but prior to the FGCU men’s basketball team run in the men’s NCAA Division I basketball tournament the university and athletics page received 49,138 and 3,856 unique visitors daily respectively. Following the NCAA March Madness run and most notably the defeat of Georgetown University, those numbers are up to 230,985 unique visitor daily views for the FGCU school homepage and 117,113 unique visitor daily views for the athletics home page (Staples, 2013). At this time that does not necessarily mean this will turn into an increase in revenue for the school, but it certainly does prove an increase in awareness for the school, which could turn into income over time. Both cases can be equated to the situation at Virginia Commonwealth University, where restricted giving to athletic
department increased 22% following a trip to the Final Four for the Division I men’s basketball team (VCU, 2011).

Both are examples of the intense impact success of an intercollegiate athletics team can have on an overall university. By exploring direct correlations with success, athletic programs can maximize the utility of their expenses. However, a limitation that arises throughout this study is the relationship between the amount of money spent on recruiting and the ability of the school to recruit highly talented athletes. Since there are various factors that go into the college decision-making process of an athlete, it is difficult to measure the correlation between recruiting expenses and the signing of a five-star recruit.

Furthermore, this study could be further explored throughout all levels of the intercollegiate athletics and even further throughout Division I men’s basketball. Obviously, the ability of a team to win will significantly differ from level to level, but it would be interesting to understand how much of a difference there is from level to level. Additionally, I anticipate a low significance due to high parity and a decrease in the range of average recruiting stars. However, understanding the impact of average recruiting star rating on average conference winning percentage at the Division I men’s basketball level is most important to understand because this is where the most money is at stake. Therefore, further research should explore further to other mid-major conferences to measure the impact.

In conclusion, this study proves there is further information to aid athletic programs in their decision-making processes. Since financial resources are significantly low in abundance in intercollegiate athletics, colleges and universities need to ensure
every dollar is utilized intelligently. Therefore, by investing those resources into a scientifically supported category, schools can be sure to see a more guaranteed return on their investment, and that is truly the goal of investing money, even for a not-for-profit organization such as a college or university. It is obvious intercollegiate athletics have come a long way since the boat race between Harvard and Yale in 1852 (Sperber, 2004), therefore, it is time for recruiting tactics to adapt along with the remainder of intercollegiate athletics.
References


