

**Observations on Institutional Change of the National
Collegiate Athletic Association (NCAA):
An Impact of Increased Commercialization**

Naoki Toyota • Hiromasa Okumura

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Summary

The NCAA has been developed and transformed its structure over few decades. As institutional theory explained, the threat of the NAIA and external environment forced the NCAA to change by themselves to maintain its competitive advantages. During its development, the NCAA experienced several phases from the Foundation to the Commercialization, and involved different stakeholders. As an interest of the public and media grow, the NCAA strengthened its popularity and status, which enable them to have a strongly influential authority over college athletics. Although the NCAA was initially established for the purpose of regulating collegiate athletics, promoting educational programs, protecting student-athletes from commercial exploitation, they have become more business-oriented organization today.

Schools also started to focus on the winning in collegiate sports to generate their popularity and revenues. Today, the NCAA and member institutions consider collegiate athletics as a business tool, and their focus also completely shifted to the business purpose. Under commercialized environment of collegiate athletics, the NCAA conduct unethical

practices, and which caused a number of issues such as ignorance of academic values, ruining the amateurism or exploitation from student-athletes, or college athletes' employment status.

While we start implementing the system of the NCAA in Japan, these several issues under commercialized environment of collegiate sports need to be discussed to maintain original purpose, amateurism and integrity of collegiate sports in Japan.

Background

September 2017, the Japan Sports Agency, the external bureau of Ministry of Education, Culture, Sports, Science and Technology, announced 8 universities in Japan with a view to forming the nation's college sports governing body, which is considered as "Japanese version of National Collegiate Athletic Association (NCAA)" to supervise collegiate sports, and create a better environment. Unlike the United States, collegiate sports in Japan are still regarded as more private entities, thus each sports club receive only limited support from respective universities, and their governing system is highly relied on coaches and players. Those selected

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universities will establish an Athletic Department (AD), which is supposed to oversee all the sports clubs inside the college in order to generate more revenues and implement effective governing system. Although it is highly expected that establishing AD, and implementing the system of the NCAA will bring many positive impacts on collegiate sports in Japan (Business Insider 2017), it also has to be considered that the system of the NCAA is not perfect as Mark Emmert, the NCAA president mentioned in 2017 (The Japan Times 2017).

The NCAA (2015) declares that collegiate athletics as an integral part of the educational program and the educational experience, therefore there is a distinct boundary between the NCAA athletics and professional athletics (NCAA 2015). However, a number of issues have occurred in the NCAA because of its increased commercialization, and some unfair practices of the NCAA have become concerned. As a result, meaning of amateurism and the balance between being a college student and athlete became more controversial.

This paper will try to analyze how the NCAA has transformed its structure and practice from its original figure to current business-oriented organization, and how increased commercialization has influenced the system of governing. Moreover, issues caused by increased commercialization of the NCAA will be discussed.

Emergence and development of the NCAA

Before the emergence of the NCAA, an urgency of collegiate athletics' regulation in the US has already existed (Smith 2000). Although institutions decided to put their athletic teams under the faculty's control to supervise and regulate, collegiate athletics were still needed an order, and to make it worse, there were a

number of deaths and injuries during football games in 1905. As a response to this incident, President Roosevelt took an action, and the NCAA was established for the purpose of formulating rules and set a national standard to the various collegiate sports (Smith 1986). The primary goals of the NCAA were "regulating collegiate athletics, protecting student-athletes, promoting education, and maintaining its amateurism" (Rosenthal 2003).

Due to a development of an entertaining program in collegiate sports, the interest of the public was also increased, and collegiate athletics became an imperative part of higher education in the US by the 1930s. This increased interest, and diffusion of TV contributed to greater commercialization of collegiate sports (Fleischer 1992). During 1970s, TV contract became more lucrative, and the escalation of commercialization and increased popularity of the NCAA enhanced its enforcement capacity even more (Smith 1986). Although unfair practices of the NCAA started to be concerned, because of the potential revenue from collegiate athletic programs, and the importance of the collegiate athletics to gain their popularity and reputation, schools had no choice but follow the NCAA (Smith 2000).

In the 1980s, schools were under the pressure between high demand of a winning in collegiate sports and criticisms regarding academic values (Smith 2000). Meanwhile, many corporate sponsors started to offer enormous amount of money for the purpose of exposure (Rosenthal 2003), and broadcasting revenues of collegiate athletic programs was also growing up significantly. Unfortunately, this considerable amount of money caused an uneven playing field in football or any other collegiate

athletics (Smith 2000), and collegiate sports become more money game (Johnston 2003). The focus of universities shifted to a winning the game in collegiate sports to gain its popularity, and generate more revenues.

From these observations, it can be summarized that the development of the NCAA from the original figure to an influential authority has been coupled with an increase of the commercialization of collegiate athletics. The increased popularity of collegiate athletics has made the NCAA to gain its authority, and they have changed themselves from its original figure to business-oriented organization. Under the increased commercialization, schools also began to use collegiate athletics as business tools to gain its popularity, and generate revenues. As a result, schools became more eager to win the game, and started to spend more money for the collegiate athletics. Games became more competitive, and the interest from the public and media also became intense, which led to an increase of commercial power, and greater contract of broadcasting. Although this increased commercialization of collegiate athletics contributed gaining popularity, and generating enormous amount of money, it is also ruining the original purpose of the NCAA, and causing unethical practices.

Institutional change of the NCAA

Washington (2004) explained that the transformation and development of the NCAA was also caused by the threat of a rival institution, the National Association of Intercollegiate Athletics (NAIA). In order to maintain its competitive advantage, the NCAA captured members from the NAIA, and as Selznick (1949) explains, institutional change can be

occurred by co-opting of contending institutions.

There were two key periods of time for the NCAA: before 1952 and after 1952, the time the NCAA introduced a college division to compete the rival institution the NAIA (Stern 1979 1981). In 1937 and 1938, when the National Invitation Tournament (NIT) was held, and the NCAA organized its post-season basketball tournaments, the NAIA also established its own post-season basketball tournaments. The NAIA successfully provided an opportunity to join for less prestigious colleges, which were not invited by the NIT's or the NCAA's tournament, also allowed black student athletes, which was the first time for Historically Black Colleges to participate in its tournament (Hoover 1958). The number of the NAIA's member increased up to 435, which was almost the same as the number of NCAA's member, 439 in 1955 (Figure 1). The progress of the NAIA generated more attention from the public and media, and the NAIA also increased its reputation and status. This development of the NAIA threatened the NCAA, and made them to create its college division to increase colleges' participation (Land 1977: 32).

When the NCAA created a college division in 1952, they also provided membership category for smaller colleges such as allied and affiliated member. Smaller colleges had no choice but join the membership to compete with the NCAA's members (Falla 1981) and by the 1960s, the NCAA also allowed the Historically Black Colleges to participate in the NCAA tournament (Land 1977). By expanding its membership, the NCAA also increased the revenues from broadcasting rights. Finally, in 1955, the NCAA started to schedule its college division post-season events during the NAIA's post-season tournament

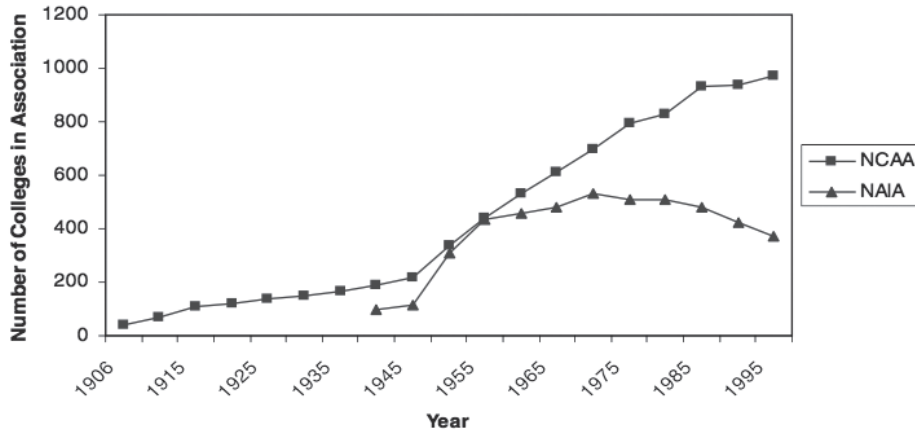


Figure 1. Number of membership / NCAA and NAIA (Washington 2004)

(Hoover 1958). Consequently, the NAIA struggled gathering the best team for their tournament, and many members of the NAIA switched their membership to the NCAA. In between 1973 to 1996, the NAIA lost 196 members, while the NCAA increased 239 members (Figure 1).

As Selznick (1949) and Washington (2004) explain, the NCAA underwent its institutional change by co-opting of rival institution, the NAIA. Since the NAIA developed its popularity and status, the NCAA was threatened by them, and began to take actions to maintain its competitive advantages. The more NCAA increased its membership, the more they became a dominant agent over collegiate athletics. Through this institutional change, the NCAA developed not only its authority over collegiate athletics, but also its commercial power, and became more business-oriented organization.

Institutional theory

Slack, Parent (2006), and Peters (1990) explain that since sport organizations are under the pressure of institutional environment to gain its competitive advantages, they have to be able to conduct changes

in its strategy. In case of the NCAA, these changes can be explained by “institutional theory” .

According to DiMaggio and Powell (1983), institutional theory explains that organizations change their structure appropriate organizational model to adjust to the expectations of their institutional environment.

Initially the NCAA was founded as a role of regulating collegiate athletics, promoting education, and protecting student-athletes and amateurism. However, institutional environment has changed over few decades, for instance, the increased threat of the NAIA, or the increased commercialization of collegiate athletics, which forced the NCAA to change and adjust to such environment to maintain its competitive advantages. The NCAA has changed its structure by co-opting members of the NAIA, and strengthened its authority and commercial power. Consequently, the NCAA gained its popularity and status, which led to maintain strong competitive advantages, and became more business orientated organization.

Development of the NCAA as a business

Beech and Chadwick (2004) explain that sports

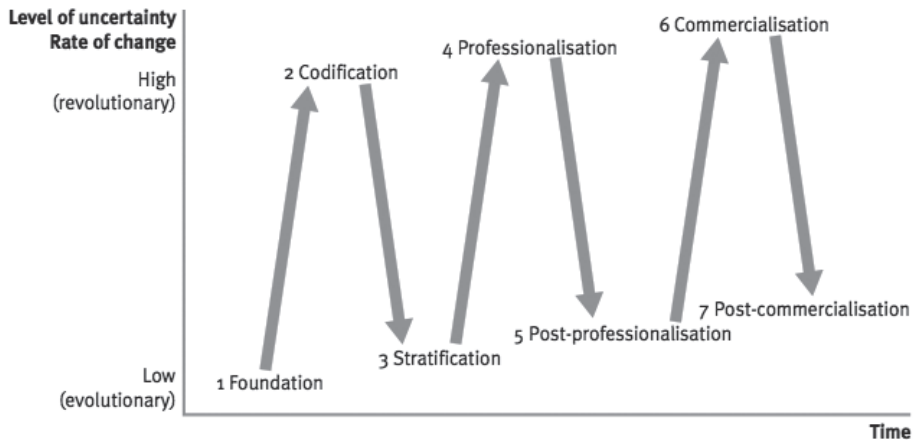


Figure 2. Development of sports as a business (Beech and Chadwick 2004)

become a business by going through several sequences (Figure 2), and amateur sports also can be explained by this theory since amateur sports still need to generate revenues to manage its organizations. Following part examines the case of NCAA by applying this theory.

1-2 Foundation - Codification

- After a number of death and injuries during football games, and lack of adequate regulation system of the collegiate athletics, the NCAA was established in 1910 to regulate and standardized the rules for collegiate sports to protect student-athletes.

3 Stratification

- Under the threat of the NAIA, the NCAA increases its membership by providing different division for different level of schools.

4 Professionalization

- As the public and media interest grew, schools started to focus on winning the game, and started spending more money for the collegiate athletics, which made the game intense.

5 Post-professionalization

- The popularity of collegiate athletics and revenues from the program kept increasing, and the NCAA gained its status, powerful authority even more.
- During codification to post-professionalization phases, main stakeholders were members, players, fans, broadcasters, and the NCAA.

6 Commercialization

- The NCAA started to generate significant amount of money from broadcasting rights. Also, external businesses that based on licensing agreement with the NCAA such as merchandize, trading cards, or TV games became popular.
- Many cooperate sponsors emerged, such as NIKE or Coca-Cola.
- In this phase, external businesses, sponsors, and consumers were included as stakeholders.

As this framework explained, the NCAA experienced these phases, and shifted its interest to more business aspects. Through each step they also involved different stakeholders, and become a business entity.

Issues under the commercialization

Now collegiate athletics in the United States became huge industry and have strong commercial power, and this commercialized environment has generated the argument of amateurism or college athletes' employment status, and caused unfair practice of the NCAA. The irony is that products generates enormous amount of money are amateur sports, that is, student-athletes, and to maintain amateurism, the NCAA prevents the student-athletes from being paid (Wheeler 2004). In fact, the NCAA (2015) asserts that their mission is to protect student-athletes from commercial exploitation, and thus any student-athletes will be disqualified their amateur status by using their skills for pay in the sport, and also universities are not allowed to use student-athletes' name or picture for commercial purpose. However, the NCAA is taking full advantage of this commercialized situation to maximize their revenues, and many complain that this could be considered as exploit of student-athletes (Zimbalist 1999). Followings are a few examples that caused under current commercialized environment in the NCAA.

Case of Trading Cards

In the 1990s, along with an increased popularity of collegiate athletics, universities started selling trading cards of student-athletes to increase their exposure and revenues, (Hidley 2009). In a response, student-athletes rightfully complained that that was unfair because the universities exploited athletes' likeness, and athletes receive no profit. However, the court dismissed this appeal explaining that the NCAA regulated this to promote amateurism, and prevent student-athletes from commercial exploitation. The NCAA unethically took fully advantage of this situation to monopolize trading cards market by

banning schools or any commercial entities from selling trading cards (Mueller 2004).

Case of Apparel

Popular collegiate athletic programs generate approximately seven million dollars a year, which is contributed by sales of apparels or merchandize, and these apparels were produced based on student-athletes' likenesses (Chambers 2004). In this case, the NCAA also exploit student-athletes' likeness, and sells these products to maximize their revenues (Hidley 2009).

Case of Video games

The NCAA allowed schools to make exclusive licensing agreement with Electronic Art (EA) to create collegiate sport video games. Schools permitted EA to use their features such as name, logo, uniform, and attribute of stadium. Although the license agreement does not specifically include student-athletes' name and likeness, the video game company found the loophole in the contract, and this video game became more realistic and recognizable. In a response to this, the NCAA had no action against EA (Matzkin 2000) because they understand the more the game become realistic, the more the game are sold. Here again, the NCAA unethically exploited athletes' likeness to maximize their revenues (Hidley 2009).

Academic Value

Zimbalist (1999) argues that although the NCAA implies the importance of academics in its mission, their focus of the commercialization demonstrates completely against to the original goal of the NCAA. Maintaining the balance of these two interests of the NCAA such as the academic value and the

commercialized collegiate sports have been controversial. For example, promising student-athletes are likely to stay eligible without attending classes, or some university cancelled three days of classes to attend the collegiate games (Clotfelter 2011). Study shows that student-athletes who are in commercialized sports tend to leave schools with different experiences such as less committed classes or less involvement of activities than normal students (Potuto and O'Hanlon 2007). Consequently, these student-athletes would leave schools even though they are not fully prepared for a post athletics future (Steeg, Upton, Bohn, and Berkowitz 2008).

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