

Study links pay to performance of college football coaches

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A new study by researchers at the University of Colorado Denver Business School, found that colleges and universities typically get what they pay for when it comes to hiring top tier football coaches.

The study, published in the May edition of the Journal of Sports Economics, found a positive relationship between the amount a coach is paid and the football team's <u>performance</u>. Study results also show that when schools change coaches, higher pay is associated with improved performance.



The study is one of the few that examines the link between coach pay and <u>team performance</u>. CU Denver researchers Gary Colbert, PhD, and Woody Eckard, PhD, analyzed the performance and coach salaries of Football Bowl Subdivision (formerly Division-IA) football teams.

Using publicly-available salary data from USA Today, Colbert and Eckard looked at 110 FBS <u>football</u> teams. Sixty-three of the teams are in one of the six conferences that automatically qualify (AQ) to participate in one of the five premier Bowl Championship Series (BCS) bowl games; the rest of the teams only become BCS bowl eligible under special circumstances. Researchers used Sagarin computer rankings – a common method for evaluation sports teams – to rate team performance.

The study assumes that university administrators hire head coaches expecting higher pay to yield more wins. Through their research, Colbert and Eckard confirm that assumption by establishing a direct correlation between higher pay and improved team ratings. It also appears that topranked universities are willing to pay large sums for small performance improvements to gain entry to the lucrative BCS bowls.

Researchers also found a "stunningly large" increase in pay over time for head coaches at schools that automatically qualify for bowl games; average coach pay at these schools now exceeds \$2 million. They also report a considerable difference in pay between schools, such that the average coach pay for non-AQ schools is less than one-fourth that of average AQ school coaches.

"Overall, the study demonstrated that administrators perceive great value in a top-ranked <u>football team</u> and therefore will <u>pay</u> coaches high salaries to produce results," said Colbert and Eckard. "Nonetheless, it remains an open question whether the actual benefits of team performance exceed the costs of these expensive undertakings."



More information: "Do Colleges Get What They Pay For? Evidence on Football Coach Pay and Team Performance." *Journal of Sports Economics*, May 2015 16: 335-352, first published on August 30, 2013 DOI: 10.1177/1527002513501679

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