Sports Economics Uncut


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Sports Economics Uncut is one of eight books in the “New Horizons in the Economics of Sport” series that presents in-depth empirical research in various areas of the sports industry. The book, authored by Brian Goff, addresses many interesting topics and social issues in the sport industry and refers to an extensive data set. Readers are led through nine “uncut” stories from the industry, each told from an economist’s viewpoint.

The introductory chapter, “Why Consumers Wear Sports Gear,” begins by exemplifying the power that sport has. For example, it describes the huge audiences and estimated economic values of sporting megaevents such as the Olympics and the FIFA World Cup and how such major sporting events influence and are entwined with our everyday lives (referring, e.g., to water usage in Berlin during the 2014 World Cup Final). The power incorporated in intangible values among sport fans (in psychological attachment, e.g.) is illustrated, and the author presents a brief introduction to the history of sport economics research, which is particularly informative. The second chapter, “How MLB Figured Out Its Fans,” presents a highly perceptive and insightful analysis of various sport leagues including Major League Baseball (MLB), the National Football League (NFL), the National Collegiate Athletic Association (NCAA), and women’s sports. This chapter would be a valuable reading supplement for sport management courses, enabling students to learn not only about the past and present of the sports industry but also about its future and the challenging issues that remain to be resolved in the industry.

Chapters 3–5 analyze the social issues of racial bias, inequality, and discrimination present in the American sport industry. Chapter 3 reviews the ongoing progress in racial issues that have been affecting the sport industry since the 1940s, citing, for example, cases concerning compensation and executive leadership positions, and analyzes the feelings of frustration relating to this subject. Chapter 4 presents the racial-integration process by showing the S-shaped dispersion plot in professional sport teams and popular college programs for both players and managerial positions. For instance, the author draws attention to the changes in the number of African American MLB players after Jackie Robinson’s historical debut with the league in 1947. Further cases described in this chapter include the number of African American college basketball players after the City College of New York’s championship season in 1950 and how the Kentucky Wildcats’ persistently White roster transformed from 1948 to 1980. Chapter 4 ends by pointing out the diminishing competitiveness of football programs at historically Black colleges and universities (HBCU) due to racial-integration endeavors.
Chapter 5, co-authored with Dennis Wilson, employs the concept of comparative advantage to analyze segregation in sport that occurs among quarterbacks, pitchers, and catchers, for example. Specifically, the authors use the Herfindahl Index to explain disparities using demographic classifications. These findings, based on a comparative-advantage analysis, provide a better understanding regarding our perception of physical endowments and skills in certain demographic groups (among East Asians, South Americans, and West Africans, e.g.) and in certain sports (long-distance running and weightlifting, e.g.).

The remaining chapters cover other, non-racially-related topics. Chapter 6, “Throwing Bottles in Cleveland,” provides insightful analysis on antagonism in sports, especially that occurring toward officials. This topic has in common the animosities that exist in our society between community members and law enforcement officials such as police officers. Specifically, in sport competitions, incorrect calls at crucial moments have led to adversarial situations between fans and referees and have subsequently guided several minor and major rule changes (such as assigning more officials and implementing video reviews). However, we have to consider how to protect the rights of “whistleblowers,” as the authors note that “one of the difficulties in incentivizing enforcement officials is the desire of leagues to avoid undercutting the authority of officials” (p. 99). This should be a critical subject for any course in sport sociology and ethics. Chapter 7, “Bill Belichick as Economist,” analyzes the decision-making dilemmas faced by those in leadership positions in sport (coaches and managers, e.g.). Those leaders’ primary goal is to win games, and to win they need to maximize team performance, while the choices they have to make can be conventional (low risk, low probability) or unconventional (high risk, high probability). The chapter also employs the concepts of agency cost and moral hazard to explain the power and authority that coaches have in the team that enables them to act without constraint, which tends to result in bad decisions. The chapter would be instructive reading for courses in sport analytics. Chapter 8 illustrates the challenges involved in defining accurate equality indicators in a sport league. Various factors such as financial status, geographical location, fan base, individual skills, and league structures make up a few predominant teams, and these factors could be criteria used to indicate the competitive balance of a league. The English Premier League (EPL) is cited as a good example of how competitive balance can be created. Chapter 8, “Upside Down in the Premier League,” describes how a top-down ripple effect can explain how EPL clubs have expanded their revenues to the extent that 17 clubs are among the top 30 soccer clubs in the world in terms of revenue generation. In addition, Chapter 8 states that policies such as financial fair play would be beneficial to build a league’s competitive equality.

The final two chapters focus on organizational structure, power, and politics. Chapter 9, “Big Revenues and Low Profits in College Sports,” is a phenomenal “uncut” story explaining intercollegiate sport structures, their financial outcomes from the predominant football and basketball programs, and institutional allocations. After reading this chapter, readers will fully comprehend structures of college athletic departments as not-for-profit higher educational organizations. Specifically, students will also be able to engage in informed discussions regarding the author’s proposal for reforming college athletics structures. Chapter 10 illustrates the realignment of conferences and the formation of the NCAA “Power