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**COURSE SYLLABUS**

**SPORTMGT 392A – ECONOMICS OF SPORT  
SPRING 2007**

**Isenberg School of Management, Department of Sport Management  
University of Massachusetts**

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**INSTRUCTOR:** Dr. Neil Longley  
**OFFICE:** ISOM 236L  
**PHONE:** 545-5059  
**OFFICE HOURS:** Tuesday and Thursday: 3:45 PM to 5:00 PM (or by appointment)

**REQUIRED READING MATERIALS**

**Textbook:** Leeds and von Allmen, *The Economics of Sports* (2<sup>nd</sup> edition), Pearson Addison Wesley, 2005  
(available at UMass Textbook Annex)

**Readings:** Various supplemental readings will be assigned throughout the semester. These will generally be accessible on-line, and will be announced in-class.

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**COURSE DESCRIPTION**

Students use economic analysis to study a wide variety of issues affecting the sport industry. Topics examined include: optimal ticket pricing strategies; the effects of free agency and collective bargaining processes on player salaries; the effects of league-wide policies such as revenue-sharing, salary caps, and luxury taxes on team financial performance and on league competitive balance, and; the impacts and rationales for government subsidization of stadiums. Both professional and college sports are examined.

**COURSE OBJECTIVES**

The course is designed to provide the student with:

- an awareness of both the overall economic *structure* of the sport industry, and of the key economic *issues* facing the industry
- an understanding of the basic *concepts* that underlie economic analyses, and an ability to apply these concepts to the analysis of issues within the sport industry.
- an understanding of how economic analyses may better inform *managerial decision making* within the sport industry

**TEACHING METHODS**

Course material will be presented in a lecture/discussion format. The lectures will concentrate on developing the key concepts and providing real-world applications. *Class participation is strongly encouraged.* Feel free to ask questions and/or raise discussion points during the lectures.

Always read the relevant readings before you come to class. This will help you to better understand the lectures, and to be better prepared to answer questions, should I direct one your way.

## **EVALUATION**

2 Term Exams (60/40 weighting for highest/lowest score)	35%
2 Projects	20%
Group Research Paper	25%
Presentation of Group Research Paper	10%
Participation	10 %

### **Term Exams:**

The term exams will be written during class-time on:

- Tuesday March 13, 2007
- Tuesday May 8, 2007

The exams will consist of a combination of multiple choice, short answer, and/or essay questions. They will be based on lectures, in-class discussions, and assigned readings

### **Projects**

The two projects will give students an opportunity to apply ideas discussed in class to real-world economic issues in the sport industry. The projects may require students to submit a short report (five pages or less), and/or may involve an in-class component. More information about each project will be provided at the appropriate time.

### **Group Research Paper**

The research paper will require students to apply course concepts to analyzing a real-world issue. The paper will take the form of a “management report”. Students will assume they work in a league office, and have been asked by senior management to write a background report on a particular issue. In the report, students will first survey the current state of economic knowledge on the issue, and then will examine how such knowledge can be applied so that it better informs managerial decision making.

More detailed information on the research paper will be provided in the near future. At that time, students will also be provided with a list of possible topics. Students are free to choose a topic not on the list, but should get prior approval from me before proceeding.

The paper must be typewritten (12 font or larger), with at least 1-inch margins on all sides, and

with line spacing of 1.5 or more. You must use 8-1/2 x 11 white paper. The paper must not exceed 20 pages. Doing so, may have serious negative impacts on the grade awarded.

Papers will be graded on the following criteria.

- Analytical ability – the ability to make logical arguments and critically and rigorously analyze the issues
- Use of course concepts
- Thoroughness of literature review
- Organization – the analysis should have a logical flow and be well-organized
- Writing style – the analysis should be clearly and concisely written without grammatical and spelling errors
- Physical appearance – the analysis should have a neat appearance and not contain typing errors

The completed paper is due *Thursday, May 3, 2007* at the beginning of class.

### **Presentation of Research Paper**

Each group will present to the class a summary of the important findings of their paper. The presentations should be approximately twenty minutes in length (fifteen minutes for the presentation and five minutes for questions\discussion from the class).

Classroom presentations will be graded on the following criteria.

- Depth of preparation
- Thoroughness of treatment of topic
- Ability to clearly articulate the important points of your paper, and to convince the audience of the logic and viability of your analysis
- Ability to hold the attention of the audience
- Ease in handling audience questions

### **Classroom Participation**

Participative interaction with other students is essential to effective learning. The participation grade will be based on both the *quantity* and *quality* of your participation, and the interest and initiative that you show.

Numerous readings will be assigned throughout the semester. Many of the classroom discussions will be directly based on these assigned readings. Your ability to effectively participate in discussions will obviously be much greater if you have read, and thought critically about, these readings before coming to class.

*Regular attendance* is also essential. It is impossible for you to participate if you are absent from class.

## **GRADE SCALE**

A	93 – 100 %
A-	90 – 92.99 %
B+	87 – 89.99 %
B	83 – 86.99 %
B-	80 – 82.99 %
C+	76 – 79.99 %
C	70 – 75.99 %
F	less than 70 %

## **COURSE POLICIES**

### 1. *Attendance:*

Attendance is expected of all students at EVERY class session. Students are also expected to arrive to class on time.

Every effort should be made by you to ensure you write the *term exams during their scheduled time*. If a situation arises that makes it absolutely impossible for you to do this, you must let me know in advance (preferably as far in advance as possible). If you miss a midterm, it can only be for an *excused* absence – excused absences are limited to i) illness, ii) family compassionate reasons, and iii) UMass-sanctioned intercollegiate athletics. In the case of illness, you must provide me with a physician's certificate clearly stating that the illness prevented you from being able to write the exam.

### 2 *Extra Credit:*

Often after a student earns a poor grade, he/she is interesting in doing some type of extra credit project to improve their grade. **NO** extra credit projects or assignments will be permitted in this class. All students have an opportunity to do very well on all assigned work. Please use this opportunity and work hard on all assigned work.

### 3 *Due Dates*

The projects and research papers are expected to be submitted on the assigned due date. Work is due at the *beginning* of class on the assigned day. Anything handed in after the beginning of class will be considered late. **Late work will face a deduction of 10% per day, until completed.**

### 4. *Plagiarism and Cheating*

It is expected that ideas taken from articles, books, etc. will be properly noted in all papers submitted. It is important to remember that to copy or to paraphrase someone else's work without proper reference is plagiarism. Please read and become familiar with the proper guidelines for referencing any material used in your work. Failure to follow these guidelines, or any other type of academic dishonesty, will result in an "F" for the paper and/or dismissal from the course.

## COURSE POLICIES (cont'd)

### 5. *E-mails*

Communicating with me regarding any course-related matters (questions concerning the material, coverage of exams, etc) should generally be done *verbally*. This means either:

- seeing me in-person (i.e. during my scheduled office hours, or by making an appointment), or
- by telephone (you can also leave a voice-mail message)

Communicating with me via e-mail should be restricted to brief, administrative, issues (informing me of an absence from class, making an appointment to see me in my office, etc). While there are many situations where e-mail can be a valuable tool, communicating about course material by e-mail is not compatible with my approach to teaching – I need to be able to verbally interact with you to do my job to my satisfaction. Furthermore, developing effective verbal communication skills is crucial to your future success – communicating by e-mail does not allow you to continue developing these skills.

E-mail (and/or voice mail) messages received after-hours (i.e. on weekends, and after 5:00 PM on weekdays) will be not be returned until the next *working* (i.e. Monday – Friday) day.

## **SCHEDULE OF TOPICS**

Text Chapter

### **PART I: INTRODUCTION AND BACKGROUND**

1, 2

- General Overview of the Course: Topics and Approaches
- Importance of Economics to Effective Sport Management
- Current Issues in Sports Economics
- The Economist's General Approach to Issues
- Basics Tools: Supply and Demand
- Applying Supply and Demand: Optimal Ticket Pricing Strategies
- Market Structures: Measuring the Competitiveness of an Industry

### **PART II: INDUSTRIAL ORGANIZATION OF SPORTS**

3, 4, 5

- Identifying Revenues, Expenses, & Profits
- Effects of Revenue Sharing on Team Behavior
- Importance of Leagues
- Monopolistic Practices of Leagues
- Competitive Balance Issues

### **PART III: LABOR ECONOMICS OF SPORTS**

8, 9, 10

- What Determines Players' Salaries?
- Attempts to Restrict the Competition for Players: Monopsony
- Labor Unions and Labor Relations
- Discrimination: Causes, Forms, and Effects

### **PART IV: PUBLIC FINANCE AND SPORTS**

6, 7

- Competition for Teams Across Cities
- The Economic Role Of Stadiums
- Government Subsidization of Stadiums: Economic and Political Issues
- Measuring the Economic Impact of Stadiums

### **PART V: COLLEGE SPORTS**

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- The Economic Structure of the NCAA
- Impacts on Student-Athletes of the NCAA Cartel