

PROPOSITION AND EXPLORATION OF A COMPLETE
MODEL OF STRATEGIC RESOURCE UTILITY

A Dissertation

by

THEODORE HAYDUK III

Submitted to the Office of Graduate and Professional Studies of
Texas A&M University
in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

Chair of Committee,	Matthew Walker
Committee Members,	Natasha Brison
	Steven Salaga
	Gerald D. Flint
Head of Department,	Melinda Sheffield-Moore

August 2018

Major Subject: Kinesiology

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ABSTRACT

The focus of strategy research in recent years has moved beyond examining resources as the building blocks of competitive advantage and has instead proposed more complex, esoteric theories to explain firms' performance. While each of these theories is valuable independently, none offer a 'root-cause' analysis of competitive advantage. To provide this, strategy scholars should consider revisiting the importance of individual firm-level resources. The purpose of this document is to more thoroughly map out the resource space using several prominent strategy perspectives as a guide and to test the competitive potential of multiple resource typologies. This document is organized into five Chapters. In Chapter I, a conceptual argument is developed that outlines a complete model of strategic resource utility. The complete model is designed to help managers and scholars identify which resources are most likely to generate competitive advantage for a firm, and to propose several ways to move forward empirically. Chapter II is an investigation of the relationships between resource in/tangibility and firm performance. Chapters III and IV test the utility of two sub-typologies of intangible resources. Together, the results from Chapters I-IV indicate that intangible resources—especially those that are easily communicable—are indicative of competitive advantage. Last, Chapter V outlines an agenda for future research based on these results.

DEDICATION

This manuscript is dedicated to Lucille Hayduk, who taught me that the only true measure of a man is his willingness to learn.

ACKNOWLEDGEMENTS

I would like to acknowledge the contributions of several important groups of people. First, Dr. Matthew Walker for affording me guidance on a day-to-day basis and for providing me with a professional example to follow that is of the highest possible caliber.

Second, I would like to acknowledge the rest of my committee members for providing me with insightful and rigorous feedback during all stages of my doctoral journey. In no specific order, they include Dr. Steve Salaga, Dr. Natasha Brison, and Dr. David Flint.

Third, during my time in College Station I have been lucky to experience the love and friendship of several people whose names require mentioning. They provided me with a foundation of support, motivation, and encouragement – most of the time without realizing it. To Ashley, Reese, Bryce, Carter, Camryn, Dallas, Chris, Casey, Andrew, Katie, and Eric: thank you.

Fourth, my mother and father – whose patience, sacrifice, and dedication instilled in me a healthy balance of confidence and humility.

Fifth, a group of professors who, in no uncertain terms, went above and beyond their academic duty in teaching me the basics of empirical investigation: Dr. Bruce Thompson, Dr. Michael Withers, and Dr. Ramona Paetzold.

Last, but certainly not least, I am forever grateful to Texas A&M University for welcoming me into your campus, your state, and your worldwide Aggie Network.

CONTRIBUTORS AND FUNDING SOURCES

Contributors

Part 1: Faculty Committee Recognition

This work was supervised by a dissertation committee consisting of Professors Matthew Walker (chair), Natasha Brison, and Steven Salaga of the Department of Kinesiology and Professor Gerald D. Flint of the Department of Management.

Part 2: Student/Advisor Contributions

All work for the dissertation was completed by the student, under the advisement of Professor Matthew Walker of the Department of Sport Management.

Funding Sources

There are no outside funding contributions to acknowledge related to the research and compilation of this document.

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CHAPTER I
INTRODUCTION TO A COMPLETE MODEL OF STRATEGIC RESOURCE
UTILITY

Synopsis

As a discipline, strategic management has focused much of its time and effort attempting to identify the source(s) of competitive advantage. The complexity and multifaceted nature of this objective has produced several insightful perspectives as strategic management has evolved. Some of the discussion in this regard has focused on identifying categories and characteristics of resources that are indicative of competitive advantage. Despite this discussion, some of the field's most prominent scholars have called for a more thorough mapping of the resource landscape. Therefore, this manuscript is intended to offer one potential avenue by which to do just that. In this chapter, I condense and arrange the most prominent strategy literature under one conceptual umbrella. The ultimate purpose of doing so is to help managers and scholars identify which resources will be most important for a given firm. The result of these efforts is a three-dimensional array with eight elements that correspond to the eight categories of resources available to a firm. I then provide several testable propositions and outline some methodologies and analytical techniques that managers and scholars might use to begin the process of testing the model.

Introduction

Strategic management, in its quest to explain firm performance, has enjoyed the contributions of several insightful perspectives over the years. In the early days, the majority of research focused on examining an industry's effects on performance (Hoskisson, Wan, Yu, & Hitt, 1999). Despite subsequent shifts away from the industry as the level of analysis (Porter, 1981), the role of industry effects on performance is still quite obviously apparent. Wernerfelt (1984) was responsible for spurring this shift, effectively making the case that firm-level characteristics (i.e., 'resources') are more prophetic of performance than industry effects. The shift in attention to firm-level resources necessitated that managers and scholars be able to identify the resources that would most likely lead to competitive advantage. A number of scholars undertook this discussion in the years that followed (Barney, 1991; Grant, 1996a; Hall, 1992). Most recently, other scholars asserted that firms' ability to combine or reconfigure the resources in its resource bundle over time is most associated with competitive advantage (Eisenhardt & Martin, 2000; Teece & Pisano, 1994; Winter, 2003). Independently, these multiple perspectives of performance have provided fruitful opportunities for research over the years.

However, strategic management is still in need of a model of firm performance that links these perspectives more thoroughly to one another. Adopting and testing any one of the previous viewpoints in isolation can lead to a wide array of explanations for firm performance that are not mutually exclusive or comprehensively exhaustive. Even Wernerfelt (1995) himself called for a more thorough mapping of the resource space, as "[resources] remain an amorphous heap to most of us" (p. 172). Therefore, the purpose

of this paper is to propose a complete model of resource utility. The model's intention is to help managers and scholars identify which resources are most likely to generate competitive advantage for a firm.

The paper is organized as follows. First, I provide a brief literature review which covers the aforementioned strategic perspectives in greater detail. Then, I integrate the perspectives together into one model. Last, I propose several accompanying hypotheses and discuss the tools and methodologies available to help advance this research agenda.

Literature Review

The Structure-Conduct-Performance Paradigm

Porter (1980, 1981, 1985) played a large part in resurrecting Bain's (1956, 1968) and Mason's (1939) early teachings, which collectively adopted the Structure-Conduct-Performance paradigm (SCP). This perspective asserted that the Structure of an industry influenced the Conduct of firms in that industry, which in turn influenced their collective Performance. Therefore, in order to understand firm performance, one needed merely to assess the structure of the industry in which it competes. During the early and middle twentieth century, the United States' economy was sustained by the production of tangible goods from raw materials. Given the lack of market segmentation and product differentiation needed in this type of economy, it is easy to see how institutional isomorphism (DiMaggio & Powell, 1983) created industries made up of analogous firms.

Porter (1980) offers what is perhaps the most significant contribution to strategic management from this early era, outlining the five forces that shape industry attractiveness. He asserts that status quo competition, the bargaining power of buyers,

the bargaining power of suppliers, the threat of new entrants, and the threat of substitutability cooperatively influence how firms in that industry are likely to perform. Porter (1980, 1985) specifies that the purpose of outlining the five forces of industry attractiveness was to help firms cope with and shift the arrangement of these forces in their favor. These early theories of performance (Bain, 1956, Mason, 1939; Porter, 1979, 1980, 1981, 1985, 1996) were influenced heavily by Industrial Organizational (I/O) economics. I/O economics' impact on the methodologies undertaken in strategic management research was just as notable. Strategy was, from this point onward, forevermore a 'scientific' discipline. The proposing of formal hypotheses and testing of them using large-sample data analysis became the norm. Schendel and Hatten's (1972) avocations for empirical research in strategic management were being realized, as more authors adopted a positivistic, deductive approach to research that focused on formally testing relationships between variables (Hoskisson et al., 1999).

The Resource Based View (RBV) of the Firm

While undoubtedly a useful viewpoint when forecasting firm profitability, the SCP and I/O Economics paradigms lacked a certain component of specificity. Wernerfelt (1984) successfully filled this void by recruiting the input of previous authors (Ansoff, 1965; Chandler, 1965; Penrose, 1959; Selznick, 1957) who took an internal approach to explaining firm performance. Wernerfelt (1984) made the argument that firms should be viewed as collections of resources. Furthermore, he clarified that these resources are (a) heterogeneously distributed across firms in an industry and (b) not perfectly mobile between firms. Therefore, a firm in possession of larger quantities of a

resource than its competitors could be said to be enjoying a resource position barrier—the foundation of superior performance.

Several authors would subsequently extend Wernerfelt's (1984) work. Barney (1986a) suggested that some resources are inherently more tradable than others. Tradable resources, he surmised, could be easily tracked and their monetary value determined in a 'strategic factor market'. Dierickx and Cool (1989) added that resources do not merely appear out of thin air and are not instantly lost when operationalized. They used the metaphor of a bathtub to illustrate how resources must be acquired over time (like turning on a faucet), and how a firm must simultaneously monitor its resource operationalization (water exiting through the drain) with the goal of maintaining a healthy resource stock (the level of the water in the bathtub). Barney (1991) undertook the job of helping managers delineate which resources are inherently more likely to generate competitive advantage. He proposed that if a resource was Valuable, Rare, Inimitable, and Non-Substitutable (VRIS), it should be associated with competitive advantage. Despite a well-documented set of limitations (Black & Boal, 1994; Hayduk & Walker, 2017) and several subsequent modifications (Amit & Shoemaker, 1993; Black & Boal, 1994; Grant, 1991; Robins, 1992), the VRIS framework still represents the focal node around which resource 'importance' is assessed.

Further Specialization of the RBV

In the years since the RBV began to unify strategy research, some scholars have taken to delineating the individual resources or characteristics of resources that might lead to competitive advantage. Wernerfelt (1984) initially defined resources as both tangible and intangible assets that a firm possesses semi-permanently. Since that time,

many researchers have investigated how resource tangibility/intangibility affects performance (Galbreath, 2005; Godfrey & Hill, 1995; Hall, 1992, 1993; Villalonga, 2004). The general conclusion in this line of research is that intangible resources are more likely than tangible resources to be associated with competitive advantage, because their intangibility makes them abstruse and difficult to transfer between firms.

For other researchers, one specific resource commanded the majority of attention. The knowledge-based view of the firm (KBV) could best be described as an offshoot of the RBV in which knowledge is regarded as the origin of all other resources. Polanyi (1966) initially sparked this discussion, classifying knowledge into two groups: tacit and explicit. Tacit knowledge is enigmatic and therefore difficult to transfer and formalize. Explicit knowledge is teachable, easily communicated and documented, and is often developed using systematic, consistent language. Kogut and Zander (1992) position knowledge as the most essential resource by presenting a view of the firm that ran contrary to the traditional agency-based model (Jensen & Meckling, 1976). Kogut and Zander's (1992, 1996) new perspective positioned firms not as a "nexus of contracts" (Hoskisson et. al, 1999: p. 435), but as a storehouse for information, know-how, and capabilities. They specify that employees consciously and subconsciously contribute to the stock of organizational knowledge by engaging in mutually beneficial activities with the firm and with their colleagues. At its core, the KBV is a behavioral theory of firm competition and performance (Cyert & March, 1963; Simon, 1945; Nonaka, Byosiere, Borucki, & Konno, 1994).

Recently, some scholars proposed the notion that the RBV does not entirely capture firm performance because the bulk of work in this area concentrated on cross-

sectional evaluations of the determinants of performance (Eisenhardt & Martin, 2000). In other words, finding the predictors of performance at one point in time effectively thwarts our ability to think about performance over time. Teece and colleagues (1997) propose that in all markets, but especially in ones that shift and evolve rapidly, the firm's ability to combine, reconfigure, and integrate resources in its resource bundle is an important indicator of performance. The processes and routines that allowed for such a capacity have been termed 'dynamic capabilities'. In addition to its intuitive appeal, the dynamic capabilities literature offers an agreeable counterpoise to some previous work asserting that some firm resources may possess negative value by creating rigidities within the firm (Leonard-Barton, 1992) that hinder performance.

Conceptual Incorporation

Having outlined the basic perspectives guiding strategic management research, I now move to incorporate these perspectives into a complete model. To enhance the clarity of the overall model, I incorporate the preceding perspectives in stages and offer an explanation for each stage. First and most importantly, performance has been guided by a confluence of internal and external influences (Hitt, Ireland, & Hoskisson, 2008). This is represented by the complementary relationship between the RBV and the SCP paradigm (Hoskisson et al., 1999). Moreover, the very crux of contingency theory (Chandler, 1962; Kim & Lim, 1988) necessitates that any model of performance needs to delineate that performance outcomes are contingent upon both internal and external factors. This is depicted in Figure 1.1, where the internal firm environment resides inside the dotted line, and the external industry environment resides outside of the dotted line.

Second, I need to represent the relationship between two of the major perspectives outlined previously: resource tangibility/intangibility and knowledge tacitness/explicitly. Wright (1994) correctly surmised that resources are not merely tangible *or* intangible, and that knowledge is not merely tacit *or* explicit. Rather, resources and knowledge are continuous rather than dichotomous in nature. Hayduk and Walker (2018) furthers this line of thinking by proposing that certain types of resources are best operationalized using explicit knowledge, and that others require tacit knowledge. For example, teasing the best content out of a creative staff is most dependent upon tacit knowledge, while constructing a new warehouse relies mostly on explicit knowledge. In this way, the value generative ability of a resource is dependent upon both of these resource characteristics. I overlay this relationship onto Figure 1.1, resulting in Figure 1.2. Making sense of Figure 1.2 entails asking two sequential questions about a given resource. First, *how tangible is this resource?* The answer to this question conveys the location of the resource on the x-axis. Resources with a high degree of tangibility (e.g. physical infrastructure such as warehouses) fall somewhere on the far right end of the x-axis, while an intangible resource (e.g. reputation) is placed on the far left end. Second, *what type of knowledge is required for operational deployment of this resource?* Answering this question places the location of the resource on the y-axis. A resource requiring mostly tacit knowledge has a high y-value (e.g. artistic and/or creative talent), while a resource requiring explicit knowledge has a low y-value below the x-axis (e.g. machinery, assembly lines, physical infrastructure). A resource's placement on both the x and y axes should be done in as close to an interval-scaled manner as possible. This means that coordinates close to the origin are minimally

characteristic of the two criteria while coordinates further away from the origin are more distinguishingly endowed with one or both criteria.

I now incorporate the last of the aforementioned strategy perspectives by introducing a third axis. Like tangibility/intangibility and tacitness/explicitness, the ability of a resource to be combined or reconfigured with other resources falls on a spectrum. Intuitively, a resource cannot be entirely dynamic or entirely rigid. Therefore, the third question is: *With what degree of ease can this resource (i.e., given its tangibility and knowledge requirements) be altered, re-configured, or combined with other resources in the firm's resource bundle over time?* A resource with a high degree of dynamism falls closer on the third axis (e.g., a convoy of mobile production and broadcast trucks), and a resource with a low degree of dynamism (e.g., brick and mortar production and broadcast structures) falls farther away. Thus, a full model that displays the dependencies between a resource's tangibility, knowledge requirements, and dynamism is presented in Figure 1.3. The full model is a three dimensional array made up of eight elements. These eight elements represent the eight categories of resources available to a firm. Each category's ability to generate economic rents is influenced by the firm's competitive positioning and the external conditions of the market in which it competes.

Towards a Research Agenda

Testable Propositions

Proposing a complete model of resource utility is only helpful if the model can be verified or denied with empirical techniques. Otherwise, I would simply be adding to the list of strategy perspectives struggling to gain quantifiable validation (Hoskisson et

al., 1999; Schendel and Hatten 1972; Stonehouse & Snowdon, 2007). Therefore, the following section is dedicated to suggesting several propositions that aim to test parts of the complete model. Then, I discuss some of the tools and techniques researchers could use in order to test the propositions.

First, it should be noted that the list of propositions in this manuscript is by no means exhaustive. When formulating hypotheses about the eight resource types, brevity and clarity necessitate that I focus on two that are quite different from each other: intangible, tacitly-operationalized, dynamic (ITD) resources and tangible, explicitly-operationalized, rigid resources (TER). Because these two resource categories are conceptual opposites, they offer the best chance to illustrate the relationships between them. However, scholars could easily formulate hypotheses about any of the eight resource types.

When thinking about ITD resources, it becomes apparent that in some situations, an intangible resource that is also tacitly operationalized and highly dynamic commands a strong reputation as a value-generative asset to the firm. Resources that are difficult to see, touch, or otherwise account for are much more difficult to emulate or find substitutes for. Furthermore, even if a competitor acquires a comparable intangible asset, operationalizing it without the required tacit knowledge represents a sizable hurdle. Last, the fact that these resources are dynamic means that their lifespan is short and highly evolutionary, making them difficult to replicate.

Overall, it becomes easy to see why ITD resources are very desirable in some situations. Their characteristics help them to meet and exceed Peteraf's (1993) *ex ante* and *ex post* limits to competition. However, in order to fully understand the role of ITD

resources, I must consider the intra-firm characteristics and market environment in which they are deployed. In some markets and for firms that have adopted certain business-level strategies, ITD resources may be less essential for success. When a firm is pursuing a cost-leadership strategy (Porter, 1980), its focus is on lowering per-unit cost and in doing so, establishing economies of scale and/or scope (Amit, 1986). Therefore, that firm may find explicitly outlined, regimented routines and precise, reliable machinery more suitable to its needs. Likewise, in new, rapidly growing markets, ITD resources may be less essential because during these early periods, firms often need to focus more on accomplishing essential business functions than on the esoteric functions associated with developing and exploiting intangible resources. Given this foundation, I submit the following set of testable propositions:

- *ITD resources will be most associated with competitive advantage for firms in mature and specialty markets.*
- *ITD resources will be most predictive of firm success for differentiated firms.*
- *ITD resources will be least homogeneously distributed throughout firms in an industry.*
- *ITD resources will make up the smallest proportion of resources available to firms in an industry.*
- *As ITD resources become more rigid (ITR), their likelihood of generating competitive advantage will decrease for firms competing in fast-paced industries and firms competing as differentiators.*

Next, I turn the focus to TER resources. Tangible resources have long been described as having less potential to generate competitive advantage than intangible resources (Galbreath, 2005; Godfrey & Hill, 1995; Hall, 1992, 1993; Villalonga, 2004). Furthermore, the explicit nature of the knowledge required to operationalize them is seemingly another disadvantage. Knowledge that can be documented and communicated can thus be transferred between firms with ease. Last, a rigid resource is one that has difficulty being integrated with the other resources available to the firm. This prevents the attainment of synergies necessary to attain economies of scale and scope. All told, it is apparent that in many situations TER resources may not be particularly helpful towards generating competitive advantage.

However, while classifying a resource in the above manner has ostensibly negative connotations, there are in fact instances where TER resources have benefits. After all, some aspects of TER resources have conceptual parallels with the notions of stability, consistency, and replicability. The trick, of course, is guarding against these resources becoming too rigid, beyond the point of justifiable utility. In many instances, TER resources constitute an industry's entry barriers, especially in developed and commoditized markets.

Overall, while the successful acquisition and utilization of TER resources is necessary to maintain status-quo competitive levels, they may only narrowly meet Peteraf's (1993) requirements of *ex post* and *ex ante* limitations in well-developed markets and for specialty firms. Therefore, I submit the following set of propositions:

- *TER resources will be most associated with competitive advantage for firms in developing and commoditized markets.*

- *TER resources will be most predictive of firm success for cost-leaders.*
- *TER resources will make up the largest proportion of resources available to firms in a slow-moving industry and in commoditized industries.*
- *TER resources will be most homogeneously distributed throughout firms in an industry.*
- *As TER resources become more dynamic (TED), their likelihood of generating competitive advantage will increase.*

Methodologies for Testing Propositions

Some of the statistical methodologies needed to test some of the propositions in this manuscript are well-known in the management sciences, and would certainly help refine some of the arguably broad relationships proposed here. For example, scholars have routinely quantified a firm's intangible resources using a handful of approaches such as human resource accounting (HRA), economic value-added (EVA), the balanced scorecard, intellectual capital audits (Bontis, 1998; Bontis, Dragonetti, Jacobsen, & Roos, 1999), and Tobin's q Ratio (Villalonga, 2004), McDougall and Snetsinger's (1990) tangibility scale, and Kaplan and Norton's (2004) Strategic Readiness Report for Intangible Resources. Another approach entails the examination of firm financial data in order to assess the proportion of assets listed in the 'intangible assets' and 'goodwill' line item categories. Additionally, Albino, Garavelli, and Schiuma (2001) provides some direction for measuring tacit and explicit knowledge with their knowledge codification metric.

Some scholarship has provided initial insight about the nature of resource dynamism. Sanchez (1995; 1997), for example, proposes and discusses the construct of resource flexibility. Furthermore, Latane, Nowak, and Liu's (1994) mathematical representation of dynamism as a rate of change and Agarwal, Grassl, and Pahl's (2012) evaluation of dynamic environments can certainly be of help when attempting to quantify a resource's dynamic or rigid qualities. Last, stochastic frontier analysis (Kumbhakar & Lovell, 2003) might represent a way to capture a resource's efficiency of utility, which has conceptual similarities with dynamism.

As of yet, these metrics and others like them have not been used in conjunction with one another in a fashion that addresses the three questions posed in this manuscript. Furthermore, scholars have also provided additional insights regarding how I might organize and classify these resource elements. Thibault, Slack, and Hinings (1993) and Slack and Hinings (1994), for example, employ the empirical derivation of taxonomies using factor analysis in order to classify organizational design types, which is a methodology favored by other scholars as well (Haas et al., 1966; Aldrich & Mueller, 1981; Hambrick, 1984; Miller & Friesen, 1984). A similar method of systematic factor arrangement is of definitive importance to this research agenda. While proximate in nature, these measures and factor arrangements can provide a foundation for modification and verification of the included proposition statements. These tools may not be readymade for deployment in our complete model, but they certainly should incite debate as to how they can be better optimized.

Alternatively, it is important to note that for the field – one in which human behavioral idiosyncrasies are the root of both headaches and triumphs – some of the

propositions will induce difficulties as I begin the process of trying to attribute causality. Therefore, it is doubtful that this research agenda can progress very far without the recruiting of material and methodologies from neighboring and tangential disciplines such as behavioral economics, organizational behavior, psychology, marketing, and sociology. Even more pertinent is the need to recognize the benefits of aggressively harvesting the input of practitioners.

To that point, research is also needed that defines our proposed relationships at the micro-level. I may assume, for example, that psychometric interpretations of a resource's 'tangibility' or 'dynamism' may vary by a host of micro-level antecedents. A study that explores these interpretive differences between functional units would make for a promising line of inquiry, the results of which would help managers understand how and why different employees value certain aspects of a resource over its other characteristics. Likewise, it would be interesting to investigate how top management teams (TMTs) assess resources relative to their subordinates. This research would aim to assess whether or not TMTs place the same emphasis on certain resources or certain aspects of resources as the rest of the firm, the ownership, or other stakeholder groups. This will help TMTs chart and compare stakeholder groups' cognitive maps of resources. Alignment of priorities certainly seems like a fruitful endeavor for a firm, the quantification of which could be evaluated using our approach. It may also be beneficial to track resources' perceived qualities over time. Scholars may, for example, administer psychometric evaluations of resources' tangibility, knowledge requirements, and dynamism at multiple time intervals. Further delineating the mediating and moderating factors contributing to the resources' perceptual shifts would generate a sundry array of

insights. Furthermore, this would allow for researchers to apprehend the isomorphic or fragmenting nature of resource traits over time

As this line of research advances, so too is expected of the complete model itself. It is in itself a re-conceptualization of Barney's (1991) musings, and I hope that other scholars will award this perspective its due consideration. In that vein, it is understood that this model does not represent a finished product, but rather a starting line. Therefore, it is anticipated that the continual use of this model will refine its generalizability and therefore further define its practical applicability. Assuming the "... store of energy and enthusiasm" (p. 475) for new directions in strategy research referenced by Whittington, Pettigrew, and Thomas (2002) is indeed present in the academy, this paper seeks to contribute one such direction. Like a blank canvas, the proposed model awaits the artful contributions of both skeptics and advocates alike.

Acceptance of the Null

Of course, one point of contention worth mentioning is the possibility of non-findings. In the unlikely event that such a consistent trend begins to emerge in the data, the fruits of our exploration will be nonetheless realized. For starters, I will have explored an avenue that could then be deemed unwarranted of further exploration. The ability to provide such a label in any definitive way is more than I have ex ante. I must know what does not work in order to further hone in on the penultimate goal: knowing what does work. Second, if nothing else, it is our hope that this paper reignites the resource-worthiness discussion. This topic has not been given much undertaking since Peteraf (1993). As McCloskey (1985) aptly surmised, good science is good conversation. These sentiments reverberate throughout the prose of our field's most

heralded scholars, including Mintzberg (2005), who elucidates that “... I need more theories – the more the better. As researchers, scholars, and teachers, our obligation is to stimulate thinking, and a good way to do that is to offer alternate theories – multiple explanations of the same phenomena” (p. 365). What I mean to say is, perhaps resource characteristics other than the three I identify here (or newly reimagined relationships between them) will be recognized by conducting this research. The contribution to our body of knowledge will thus be positive, regardless of what our p-values suggest.

Conclusion

In this manuscript, I contend that it is time for strategic management to reinvigorate the resource worthiness discussion. Guiding our opinion is the idea that managers need to be better equipped when deciding which resources are most essential for exceeding their firm’s performance objectives. I thoroughly map out the resource space using several of the most prominent perspectives in strategy research, creating a complete model of resource utility. Then, I make several propositions about our new resource categories in regards to their potential to generate competitive advantage. Last, I provide an overview of the tools and methods currently available to authors who want to test our propositions and propositions like them.

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Figures and Tables



Figure 1.1 Contingency theory

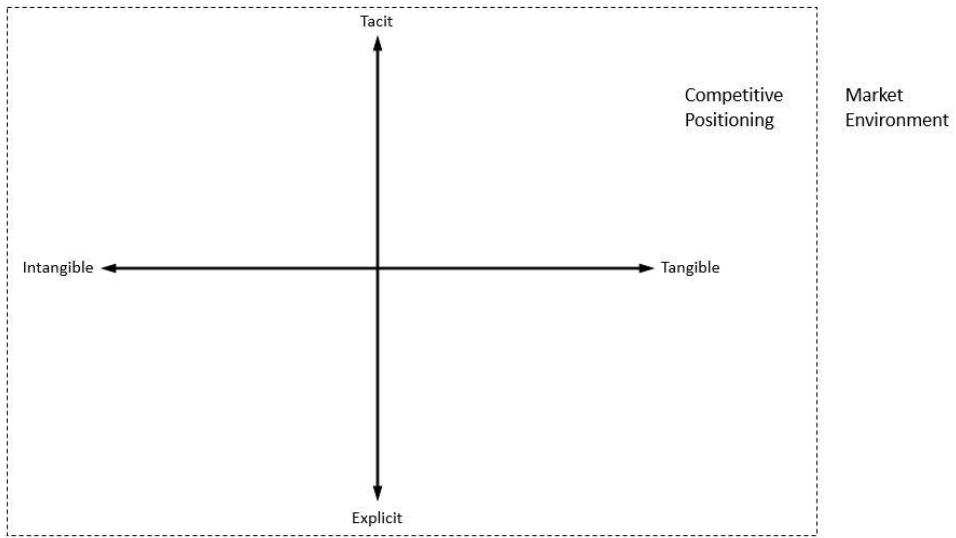


Figure 1.2 Tangibility and knowledge spectrums

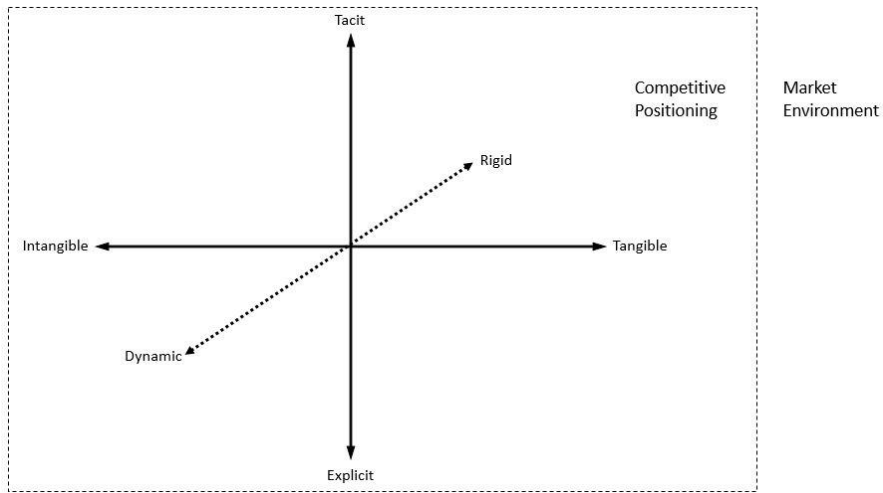


Figure 1.3 Complete model of resource utility

CHAPTER II

INTANGIBLE RESOURCES IN PARTICIPATORY SPORT AND LEISURE

Synopsis

Intangible resources have been discussed as important predictors of success for professional sport franchises and collegiate athletic programs. However, less is known about whether intangibles can sustain firms competing in ancillary sport sectors that rely on participatory as opposed to passive consumption modes. As such, this manuscript investigates the roles of intangible resources, competitive positioning, and the external environment in predicting performance for a group of understudied sport sectors. Using accounting data from 243 sport and leisure firms between 1993 and 2015, the results indicated that intangible resources had a positive and significant effect on performance, tangible resources did not. While the moderating effects of competing as a differentiator were not significant and thus did not predict performance, it was noted that when firms increased their tangible resource base during a time of sector growth, performance suffered. These results are discussed and their implications for researchers and practitioners outlined.

Introduction

Wernerfelt (1984) argued that firms should be viewed as collections of resources possessing the following two characteristics: (a) they are heterogeneously distributed across firms in an industry, and (b) they are not perfectly mobile between firms.

Subsequent work has focused on identifying characteristics of resources that generate competitive advantage (Barney, 1986a, Barney, 1991). Barney (1986a) highlighted how more tradable resources can be tracked and valued in a formal market environment.

Later on, Barney (1991) also suggested that valuable, rare, inimitable, and non-substitutable resources were especially indicative of competitive advantage. Adding to this, Hall (1992; 1993) espoused that resource tangibility or intangibility can be a decisive factor in how a competitive advantage materializes for the firm. Whereas tangible resources can be seen, intangibles can remain nascent, secretive, and difficult-to-reproduce (Hall, 1992). This line of thinking has been applied in recent years to sport management (Gerrard, 2003; 2005; Smart & Wolfe, 2000; Walker & Mercado, 2013; Won & Chelladurai, 2016), whereby scholars have collectively articulated the importance of intangible resources to professional sport teams and collegiate programs.

However, adopting a narrow view of 'sport' hinders sport management's ability to build generalizable sport theory, because sectors of the sport industry are highly diverse (Pitts, Fielding, & Miller, 1994). Passive sport consumption (i.e., professional and collegiate organizations) is only one part of the sport consumption equation, and sector-based analyses on active sport consumption are generally absent from the finance and economics literature. Sectorial lines in the sport industry have been drawn in prior research (Pitts, 1988; Pitts, Fielding, & Miller, 1991; 1994), but little direction has been

given regarding the applicability of sport management theories across these sectors. Active sport consumption sectors operate under a different set of industry standards and regulations than passive sport consumption sectors, so treating the two as one large ‘sport industry’ runs the risk of over-generalizing academic theories. Therefore, it is critical to assess whether sport brands that procure active sport consumption products can enjoy the same performance advantages attributable to intangible resources as their passive sport consumption counterparts. Another benefit of adopting this approach is the availability of public company financial data, which can help researchers gain objective and consistent insights about firms’ resource bundles across multiple sub-sectors. Most professional teams in North America are privately owned, making comparable data about passive sport consumption brands is virtually nonexistent.

Based on the foregoing assessment, the purpose of this manuscript is to investigate whether intangible resources are as strongly associated with performance advantages for firms that provide active sport consumption products as they are for passive sport consumption brands. In so doing, the manuscript deepens the discussion of intangibles in sport by assessing their effects within an understudied sport sector, which in turn stresses the importance of developing sector-specific sport theories.

The manuscript is organized as follows. First, a literature review is provided that discusses the resource-based view of the firm (RBV) and its application to sport management. Following this, six hypotheses are developed based on the extant literature. Next, the methodological aspects of the analysis are described. After this, the results are documented, discussed, and their implications for academics and practitioners are outlined. Finally, the limitations of the study are acknowledged.

Literature Review

The Resource Based View (RBV) of the Firm

Wernerfelt (1984) successfully resurrected the views of previous authors who assumed an internal approach to explaining firm performance (Ansoff, 1969; Chandler, 1962; Penrose, 1959; Selznick, 1957). He argued that firms should be viewed as collections of resources that are heterogeneously distributed between firms and imperfectly mobile – meaning that firms are incentivized to defend the resources they possess. Therefore, a firm in possession of larger quantities of a resource than its competitors could be said to be enjoying a resource position barrier. This idea constitutes the foundation for superior firm performance.

Several authors extended Wernerfelt's (1984) work. For example, Barney (1986a) suggested that some resources are inherently more tradable than others. Tradable resources, he surmised, could be easily tracked and their monetary value determined in a 'strategic factor market'. Dierickx and Cool (1989) later added that resources do not merely appear out of thin air and are not instantly lost when operationalized. The authors used the metaphor of a bathtub to illustrate how resources must be acquired over time (i.e., turning on a faucet), and how a firm must simultaneously monitor its resource deployment (i.e., water exiting through the drain) with the goal of maintaining a healthy resource stock (i.e., level of the water in the bathtub). Adding to this logic, Barney (1991) delineated which resources are inherently more likely to generate competitive advantage. He proposed that if a resource was valuable, rare, inimitable, and non-substitutable, it should be associated with the ability to generate competitive advantage. Hall (1992; 1993) supported this idea and added that

resource tangibility or intangibility contributes to the ability of the resource to generate competitive advantage. Whereas tangible resources can be seen or touched—and thus more easily replicated—intangibles are often secretive and difficult to replicate (Hall, 1992). Undergirding the resources themselves, Barney (2002) also highlights the importance of a firm's organizational structure in leveraging potentially valuable resources.

Resources in Sport, Entertainment, & Leisure

The RBV and the processes of resource classification have garnered significant attention in sport management, and their importance to the field has been well documented (Gerrard, 2003; 2005). Amis, Pant, and Slack (1997) made the first direct advocacy for the use of the RBV in sport sponsorship research and provided a theoretical framework for this process. Gerrard (2003; 2005) lobbied for the importance of resource-based thinking in sport management, with a few notable investigators heeding this advice. First, Smart and Wolfe (2000) highlighted the role of intangible resources like history, relationships, trust, and culture in the generation of competitive advantage for NCAA programs. The authors concluded that it was intangible resources that enabled the existence of tangible resources like new stadiums, state-of-the-art workout facilities, and updated athletic dormitories. Amis (2003) further accentuated the importance of intangible resources, documenting how non-sport businesses can strategically manage intangible resources like reputation and image by partnering with prominent sport organizations. Walker and Mercado (2016) investigated whether a professional sport organization's commitment to environmental responsibility (ER) could be an intangible resource generative of competitive advantage. Their analysis concluded that ER was

likely not regarded as a valuable intangible resource by stadium managers.

Andrikopolulos and Kaimenakis (2009) created an intellectual capital map of a football club's value-creating intangible resources such as talent, fan base involvement, and team performance. This approach is poignant given the multidimensional nature of intangible resources. Finally, results from Won and Chelladurai (2016) showed that collegiate athletic departments' intangible resources enable the creation of tangible resources.

While these investigations of intangible resources in sport have helped guide theoretical advancement for the field, questions naturally remain as to the generalizability of these works. While these works have demonstrated support for the idea that intangibles are important for sport organizations (i.e., either professional or collegiate), they adopted a narrow view of 'sport', which inhibits researchers' ability to build generalizable theory. It would be interesting to investigate whether the same intangible resources that are integral for passively-consumed sport products (i.e., professional and collegiate organizations) also help other sport sectors gain a performance advantage. Golf courses, ski lodges, campgrounds and RV parks, sport equipment manufacturers, athletic apparel and sneaker manufacturers, digital sport content producers, and many other subsectors of sport could benefit from a more generalized investigation of intangible resources in the sport industry. Another benefit of adopting this approach is the availability of public company financial data, which can help researchers gain objective and consistent insights about firms' resource bundles across multiple sub-sectors.

Hypothesis Development

Management scholars (Galbreath, 2005; Godfrey & Hill, 1995; Hall, 1992; Villalonga, 2004) and some sport management scholars (Andrikopolulos & Kaimenakis, 2009; Amis, 2003; Smart & Wolfe, 2000; Walker & Mercado, 2013; Won & Chelladurai, 2016) have documented a positive relationship between intangible resources and performance-related outcomes. For passive sport consumption products, many theoretical frameworks and empirical analyses (see Funk, 2017; Gladden, Irwin, & Sutton, 2001) have emphasized the importance of intangibles like brand equity and consumer relationships for modern sport organizations. However, much less is known about other sectors of sport, which can vary considerably in terms of product type and value proposition (Pitts, Fielding, & Miller, 1994).

Tong and Hawley (2009) provide some direction in their analysis of brand loyalty's effect on brand equity for athletic apparel manufacturers. In this analysis, the authors documented a significant and positive association between the two constructs. While brand equity is not in and of itself a measure of financial performance, brand equity has been shown to be an important predictor of firm financial performance (Kim & Kim, 2004). However, the goal of this analysis is to draw a more direct linkage between intangible resources and sport firm performance. Thus, the baseline hypothesis proposed in this manuscript appears below:

Hypothesis 1: *The effect of intangible resources on firm performance will be positive.*

However, there is a conceptual issue associated with investigating Hypothesis 1. Investigating such a relationship in isolation would preclude researchers' ability to make comparative judgments about a sport firms' intangible resources. In other words, there

might be a positive relationship documented, but how does that influence compare to other resources the firm has at its disposal? Perhaps there are other resource categories that contribute more strongly to performance than intangibles. If that were the case, devoting attention to the acquisition of intangibles at the expense of other types of resources would not be in the firm's best interest. To address this, there is a need to hypothesize about the nature of tangible resources *in relation to intangible resources* in order to provide academicians and practitioners a basis for comparison. Wernerfelt (1984) and other scholars (Hall, 1993) have speculated that intangible resources are likely more generative of competitive advantage than tangible resources because they are not as easily transferrable between firms. However, tangible resources are still a source of value for all firms – both financially and strategically (Galbreath, 2005; Knight & Cavusgil, 2004). Therefore, Hypothesis 2 is proposed:

Hypothesis 2: *The effect of tangible resources on firm performance will be positive, but not as strong as the effect of intangible resources.*

While the types of resources a firm possesses are important predictors of performance, the management literature has highlighted other internal and external factors that affect firm level outcomes. The things firms do internally to position themselves strategically while considering the external competitive environment is referred to as the contingency perspective of organizations (Donaldson, 2001). This 'matching' of internal and external environments has been shown to impact performance in some contexts (Donaldson, 2001; Hofer, 1975). Therefore, investigating the roles of: (a) competitive positioning and (b) market environment, as these represent

the influence of a firm's internal and external environments, is critical to a thorough investigation of resource deployment.

Internally, firms adopt one of two generic strategies: (1) cost leadership and (2) differentiation (Porter, 1980). Cost leadership entails providing a product to consumers at a reasonable price while minimizing costs, and differentiation entails passing costs associated with production of a premiere product along to the consumer (Porter, 1980). Sport consumers have high bargaining power thanks to an innumerable number of substitutes for allocation of their discretionary income and leisure time (Amis, 2003). Options for leisure activities are numerous and can include any activity a person can engage in outside of compulsory time demands. Examples include traveling, playing sports, watching television, surfing the internet, learning a new hobby, going to dinner with friends and family, and volunteering. Moreover, consumers engage in these activities with the intent of finding relaxation, eustress, excitement, and emotional fulfillment (Fink & Trail, 2002; Trail & James, 2001). The expressed intent of adopting a differentiation strategy is to creatively produce strong emotional responses like those aforementioned (Porter, 1980; Animesh & Viswanathan, 2011) – so it is natural to assume that cost leadership should not be as effective a strategy as differentiation. Firms that are differentiated in ways that are perceived as valuable should see greater success in this particular set of industries. Therefore, Hypotheses 3 and 4 are proposed:

Hypothesis 3: *Competing as a cost leader will moderate (weaken) the relationship in H1.*

Hypothesis 4: *Competing as a cost leader will moderate (weaken) the relationship in H2.*

Last, it is important to consider the role of the firm's external environment. There is a consensus in the strategic management literature regarding the co-dependence of firms' strategies, performance, and the cyclical nature of market environments (Bamiatzi & Kirchmaier, 2014). In fact, a firm's market environment has been shown to predict as much as 20% of its performance (Hitt, Ireland, & Hoskisson, 2008). Market environment is certainly a nebulous concept that can take on a multitude of meanings. In this analysis, it is operationalized using the logic of industry life cycles. For example, growth, maturation, and decline are the three main stages industries experience (Audretsch & Feldman, 1996), and these stages can influence firms' performance (Klepper, 1997). Firms competing in high-growth industries can perform well financially even when internal mechanisms are awry, and a lukewarm or declining industry can hinder firms with even the very best internal environments (Slater & Narver, 1994; McDougall, Covin, Robinson, & Herron, 1994). Using this logic, the analysis proposes:

Hypothesis 5: *A high-growth market will moderate (strengthen) the relationship in H1.*

Hypothesis 6: *A high-growth market will moderate (strengthen) the relationship in H2.*

Method

Sample

The unbalanced panel dataset was obtained by gathering publically available accounting data from the Compustat database. The search process generated a sample of N=2,708 firm-year observations tied to 243 firms in five sport subsectors between 1993 and 2015. These subsectors were identified using four-digit Standard Industry Classification (SIC) codes. All subsectors fell under the two-digit SIC code 79, which is

classified as “Amusement and Recreation Products/Services”. Examples of firms in these five subsectors include camp grounds and RV parks, sports marketing and promotions firms, event management and operations entities, athlete representation/agents, golf courses and country clubs, winter sport lodges, and athletic clubs and gyms. These specific sectors were chosen because they are all actively-consumed products and services that fit Pitts (1988) description of ‘sport’ as “any activity, experience, or enterprise for which the primary focus is fitness, recreation, athletics, and leisure related” (p. 18).

Base Function

Scores on the left hand side dependent variable are hypothesized to be a function of a vector of control variables, a firm’s intangible resources, tangible resources, internal competitive positioning, and the external environment it competes in. This relationship is depicted in Equation (2.1) below:

$$(2.1) \quad Y_{jit} = \beta_0 + [\beta_k \text{Controls}_{jit}] + \beta_1 \text{Intangibles}_{jit} + \beta_2 \text{Tangibles}_{jit} + \beta_3 \text{CP}_{jit} + \beta_4 \text{EE}_{it} + e_{jit} + u_{it}$$

Where Y_{jit} is the dependent variable, β_0 is a constant term, $\beta_k \text{Controls}_{ji}$ are the beta coefficients for a vector of control variables, e_{jit} is a panel-level disturbance term, and u_{it} is a sector-level disturbance term.

Empirical Approach

The dual influence of firm- and industry-level effects on firm performance imbedded in the hypotheses requires the use of a multilevel modeling approach. Dixon and Cunningham (2006) pointed to the benefits of this class of statistical approaches in sport management research specifically. In this instance, Allison’s (2005) ‘hybrid

approach' was utilized. Due to the nature of panel data, the variance in an outcome variable can theoretically stem from multiple sources. The first source of variance comes from changes in firms' internal environments over time. An example of this would be a Firm A implementing a corporate strategy that necessitated an increase in their intellectual property investments relative to previous years. The other source of variance in panel data is sourced from baseline heterogeneities in one firm with respect to other firms. In keeping with the prior example, perhaps Firm A's competitor, Firm B, has always invested more in intellectual property than Firm A, and likely will continue to do so for the foreseeable future. In this way, a 'high' degree of intellectual property investment for Firm A might be a relatively 'low' amount of intellectual property investment for Firm B.

Traditional methods to investigate panel data have trouble disentangling these two sources of variance. Fixed-effects models generate estimates based only on within-firm variance over time, and random-effects models generate estimates based on the combined within- and between-firm variance. Accordingly, the hybrid approach partitions the within- and between-firm variance into two independent coefficients (Certo, Withers, & Semadeni, 2017). This is especially important for the empirical investigation of theories that are multilevel by nature, such as contingency theory in strategy and sport management.

To isolate variance stemming from heterogeneities between firms, the hybrid approach entails cluster-mean centering each variable and then computing deviation scores for each observation. In this case, a 'cluster' is a group of firms with the same four-digit SIC code. In this way, the approach can compare a focal firm's score on a

given variable to the sector's mean in that year, producing a measure of how far away from the sector average a focal firm was. Then, the same process is executed at the panel level (i.e., at the firm level over time). A mean score for each firm over the entire time frame is computed, and a given variable's score in a focal year can be compared via deviation score to the firm's average over time.

In this way, individually gauging the influence of firm- and sector-level effects on the outcome variable is viable. When computing interactions, the recommendations of Schunk (2013) were followed by generating the interaction terms before cluster- and panel-mean centering the interaction variables. Last, robust standard errors are specified, which are intended to account for heteroskedasticity in longitudinal datasets (Wooldridge, 2010).

Measurement

For transparency, all variables included in the models are provided in Table 2.1. However, some of the more poignant variables require additional explanation here. The outcome variable, *performance*, was measured by calculating a firms' return on assets (ROA) in each year (i.e., $ROA = \text{Net Income} / \text{Total Assets}$). This is a commonly used performance metric in strategy, accounting, and other branches of management (Venkatraman & Ramanujam, 1986).

The first independent variable, *intangible resources*, was measured as a ratio of a firms' intangible resources to the firm's total assets in that year. To compute this measure, the line items for 'intangible resources' and 'goodwill' are first summed, and then that total is divided by the 'total current assets' line item. Intangible resources and goodwill are two line items included in firms' balance sheets that account for value that

is not directly observable or separately identifiable. To calculate goodwill, firms typically subtract the fair market value of identifiable assets and liabilities attached to a newly-purchased assets from the actual purchase price. Intangibles, similarly, can include non-observable value attributed to intellectual property, brand awareness, market share, supply chain relationships, artistic talent, and proprietary technology. Together, these two line items encompass all of a firm's intangible assets.

The second independent variable, *tangible resources*, was computed in a similar fashion by summing the firm's 'cash', 'cash equivalents', 'invested capital', 'retained earnings', 'inventories', 'receivables', and 'property/plant/land/equipment' line items, and dividing by 'total current assets'. 'Total current assets' was used as a denominator in these two measures because it best captures the sum total of resources that are available to a firm in the short term (i.e., <18 months). The focus, therefore, is on the relatively short-term availability of resources when calculating these measures.

The first moderator, *competitive positioning*, refers to a firm's intent to compete as a cost leader or a differentiator. Cost leaders attempt to reduce costs in order to produce acceptable products at a reasonable price (Porter, 1980). By contrast, differentiators aim to produce high-quality products and in turn, tend to offer products at a comparatively higher price point than their competitors. A firm's competitive positioning is measured using each firm's equity turnover in a given year. Equity turnover is computed by dividing sales by average stockholders' equity and has been regarded as an indication of what type of business a firm is engaged in (Little & Rhodes, 2010). Further, Little and Rhodes (2010) claimed that firms with high equity turnover tend to have low margins, and firms with low equity turnover tend to have high margins.

Using Porter's (1980) logic that cost leaders typically have low margins and differentiators have high margins, it was deduced that differentiators will tend to have low equity turnover, and cost leaders will have high equity turnover.

As a caveat to this measurement strategy, it is important to keep in mind that two accounting metrics in particular can influence the amount of equity turnover a firm reports. The first is the proportion of debt carried by the firm, alternatively referred to as 'leverage'. Some firms prefer to carry greater portions of debt, while others refrain from this practice. The second is the firm's ratio of current assets to current liabilities (i.e., current ratio), which also varies within and between firms for a number of reasons. Both of these ratios likely affect equity turnover because both of them impact how much equity a firm has that can be devoted to the purpose of generating revenue. Therefore, to control for these two influences, the firms' debt to equity ratio as well as the firms' current ratio are included as a control in the analysis.

The second moderator, *external environment*, was measured in accordance with prior studies investigating the same phenomena (Karniouchina, Carson, Short, & Ketchen, 2013). This approach first requires the specification of a latent-state Markov switching model that classifies each subsector (i.e., each 4-digit SIC code) into one of two industry stages: (1) growth phase or (2) non-growth phase. These measures are based on aggregate yearly sales data for that subsector. These models, first articulated by Hamilton (1989), allow for industries to experience 'bumps' and 'recycles' that are typical of real-world industry life cycles. The measure is a coefficient bounded between 0 and 1 and represents the likelihood that the subsector is in a growth phase in that year.

As for other controls not mentioned earlier, a list of variables are included in the partial model. They are designed to help increase the validity and reliability of results, whereby concerns have been raised related to: (a) the use of ratio variables in strategic management research (Wiseman, 2009) and (b) the analysis of panel data (Wooldridge, 2010) that can be addressed by including certain variables in a first-stage model. First, there are mathematical issues associated with using ratios in many statistical analyses (Kronmal, 1993). Recent contributions have suggested that the inclusion of the ratio's numerator and denominator in the model as individual terms is the best way to handle this issue (Wiseman, 2009). Therefore, the control model includes debt, stockholder's equity (SEQ), D/E ratio, net income, total assets, total current assets, the summed value of tangible resources, and the summed value of intangible resources. Last, to account for autoregression-induced endogeneity common in panel data (Wooldridge, 2010), one-year lagged values of ROA are included in the model.

Results

Bivariate correlations are presented in Table 2.2 and summary statistics for all the variables are presented in Table 2.3. Correlations between theoretically-relevant variables are all low. Subsequent examination of the variance inflation factors (VIFs) revealed that none of them exceeded a value of 10, and the mean of the complete set was 1.01, well below the recommended upper limit of 5 (Hair et al., 1998). Based on these preliminary tests, there is little reason to suspect collinearity issues with the data.

Table 2.4 depicts the results from the hybrid model. First, the results of Model 1 indicate that the control variables predict proportion of variance in the outcome variable that is statistically significant from zero ($R^2 = .338$; $F_{(18, 1586)} = .453$; $p = .000$).

Therefore, it was concluded that the control variables were able to parse out a decent proportion of variance un-attributable to the variables of interest. Thus, attention is given to Models 2 and 3. Model 2, which includes the predictors of interest, accounted for 49.6% of the variance in firm performance (R^2 Overall = .496, $F_{(30,1574)}=52.127$, $p=.0000$). Additionally, Model 3 was helpful in predicting additional variance in ROA beyond that of Model 2 ($\Delta R^2 = .003$; $F_{(34,1570)} = 46.5$; $p = .031$). Therefore, the coefficients in Model 2 are suitable for the investigation of Hypotheses 1 and 2, and the coefficients in Model 3 are suitable for the investigation of the interaction terms in Hypotheses 3-6.

In Hypothesis 1, the analysis was designed to predict a firm's performance from its intangible resource base. The coefficient for within-firm intangible resources was positive and significant ($\beta=.022$, $t=13.28$, $p=.000$). This means that, holding all else constant, when a firm increased its intangible resources proportion by 1%, it was associated with, on average, .02% greater ROA. Examination of the coefficient for between-firm intangible resources depicts a similar trend. The coefficient was also positive and significant ($\beta=.014$, $t=17.03$, $p=.000$). This implies that given two firms that differed by 1% on intangible resources ratio, the one with the greater intangible resource ratio was associated with, on average, .014% more ROA, *ceteris paribus*. Therefore, both coefficients support Hypothesis 1.

Second, Hypothesis 2 was designed to examine (a) whether tangible resources had a positive effect on firm performance, and (b) whether the effect was smaller in magnitude than that of intangibles. The coefficients for within-firm tangible resources and between-firm tangible resources were not statistically significant ($\beta=1.9$, $t=.63$,

$p=.529$ and $\beta=-.849$, $t=-.21$, $p=.837$, respectively). Moreover, their opposite signs indicate the lack of a consistent trend for intra- and inter-firm effects. Because there was not a positive relationship documented between tangible resources and performance, the first requirement of Hypothesis 2 was not supported. However, implicit in the lack of a relationship is the conclusion that intangible resources still had a documentable positive effect on performance relative to tangibles. Therefore, there is guarded support for the second stipulation in Hypothesis 2.

Hypotheses 3 was designed to examine whether competing as a cost leader would weaken the positive relationship in H1. The full model containing the interaction effects will help assess this. The coefficients for the interaction terms relating to intangible resources and competitive positioning were both examined. Recall that the competitive positioning variable was calculated such that lower values connoted differentiation, and higher values connoted cost leadership. Neither of these coefficients were significant. Therefore, Hypothesis 3 was not supported.

Hypotheses 4 was designed to examine whether competing as a cost leader would weaken the positive relationship in H2. To investigate this, the pair of coefficients for the interaction between tangible resources and competitive positioning was examined. Like the coefficients in Hypothesis 3, neither of these was statistically significant. Therefore, Hypothesis 4 was not supported. Taken together, the results of the investigation of competitive positioning appeared to show that the effect of competitive positioning on firm performance is not present at all in this sample.

Hypothesis 5 was designed to examine the influence of a firm's external environment on firm performance. Specifically, it was proposed that sector-level growth

would strengthen the relationship in H1. Both coefficients relating to the interaction effect of intangible resources and sector growth were not significant, so it was concluded that hypothesis 5 was not supported by this analysis.

Last, Hypothesis 6 was designed to examine whether sector growth would strengthen the relationship in H2. That is, it set out to examine whether increasing a firm's proportion of tangible resources would experience better performance during a growth phase than during a stagnation phase. Of the pair of interactions investigating this, only the 'within' partition was significant ($\beta = -.164$, $z = -3.04$, $p = .002$), which suggests that if a firm amassed 1% more tangible resources during a period of sector growth, performance decreased by .164% on average, *ceteris paribus*. This is the opposite of what was hypothesized in H6, so support for Hypothesis 6 was not found.

Discussion and Implications

The results generate three discussion points. First, the investigation successfully showed that the importance of intangible resources in sport can be generalized beyond the professional sport organization and collegiate sport contexts. Sport consumers in these ancillary subsectors allocate discretionary spending to leisure activities that generate feelings of relaxation, eustress, comradery, and excitement (Fink & Trail, 2002; Trail & James, 2001). In this way, the products and services offered by the leisure industry and its subsidiaries are experiential and nonessential. This discussion point has implications for the theory of sport consumer behavior. In the most recent addition to this body of literature, Funk (2017) outlined a model of sport consumer behavior that is predicated on sport managers' ability to think of the sport landscape as a series of managed experiences. Pine and Gilmore's (1999) notion of the experience economy

inspires much of this perspective, specifying how experiences are as different from services as services are from products. A consumer's experience with a brand refers to their entire brand journey, beginning with the first exposure. This timeline can be years or decades long. Moreover, consumer adoption of digital technologies means that more frequent, diverse, and subtle touch points exist, which provide additional avenues for sport consumer interactions.

Funk (2017) speaks to the importance of managing experiences in sport in a digital age. However, the theoretical focus in this piece—and in much of the sport consumer behavior literature—is on professional sport and collegiate athletic programs. This investigation, by contrast, highlighted the need to propose sector-specific theories and hypothesis-testing of resource deployment for other sport sectors. Intuitively, some of this academic work will be applicable across sectors, while other theories and analyses will only apply to specific sport sectors. In the case of Hypothesis 1, the analysis revealed that Funk's (2017) sport experience model can be applied across sport sectors. Future work in active sport consumption can investigate the specific extent to which intangibles influence consumer perceptions for this sport sector, as well as uncover the degree to which consumers actively consider intangibles when they participate in active sport consumption.

Because sport sectors that do not have much to do with the professional and collegiate sport ecosystem have been shown to be affected similarly by intangible resources, those responsible for providing active sport consumption products should begin to think more critically about managing their consumers' brand journey. In other words, engendering a strong emotional response from consumers should not be reserved

for passively-consumed sport products and brands, although it is perhaps easier in these segments. Rather, golf courses, gyms, campgrounds, hiking trails, RV parks, recreation leagues, and the like can find benefit by devoting attention to intangible resources such as intellectual property, brand enhancement efforts, supplier and buyer relationships, leadership and human resources development, and corporate culture.

The importance of intangibles for these ancillary sport sectors has implications for the world of sport entrepreneurship as well. Sport entrepreneurship is a line of scholarly research that positions sport as a catalyst for entrepreneurial activity (Ratten, 2011).

In non-sport industries, entrepreneurship is difficult and risky due to startups' relative inability to compete with incumbents due to a lack of important intangible resources like brand awareness, consumer confidence, and brand equity (Morris, Schindehutte, & LaForge, 2002). Developing these intangibles is difficult because business sectors like manufacturing, logistics and distribution, and retail have trouble integrating with social and cultural structures.

However, sport enjoys the advantage of being interwoven into the tapestry of many cultures and societies (Smith & Westerbeek, 2007). As such, sport can be a powerful vehicle for deploying entrepreneurial endeavors that seek financial success and social change simultaneously (Ratten, 2010). Porter and Kramer (2011) refer to meeting these dual objectives in a business environment as the shared value perspective. This makes sport-related startups a particularly interesting class of ventures for investors and entrepreneurs looking to achieve scalability while generating social capital. In such a case, the social component imbedded in many sport startups can be the driving force that

generates intangible resources that in turn enable the startup to disrupt the status quo in an industry.

Future research in sport entrepreneurship can benefit from investigating how sport startups generate and deploy intangibles in an effort to compete and grow. First, research could examine whether sport entrepreneurs acknowledge and attempt to interweave social components into their venture's value propositions. Second, this research could disentangle the importance of resource categories for sport startups. As important as intangibles were for this sample of established firms, perhaps other classes of resources – like office space, technology systems, and financial capital – are more indicative of success for sport startups. From this research, sport entrepreneurs can learn how to optimally cultivate and deploy these highly-valued resources. This research would also benefit venture capitalists looking to make investments in sport startups, because investing in these sectors requires unique considerations not innate to non-sport investments (Ratten, 2014).

The second discussion point relates to the fact that the results suggest that differentiation in these sport sectors is less important than for mainstream (i.e., passively consumed) sport sectors. Recall that firms saw no increases in performance when they increased their tangible or intangible resources while competing as differentiators. The lack of a significant and positive interaction with differentiation strategies is consistent with the nature of these ancillary sport sectors. In traditional sport sectors, differentiation is important because experiences must stand out in many ways in order to compete for consumers' attention spans. In order to increase fans' experiential value in traditional sport sectors, firms must provide and actively manage an experience that is truly rare

(Funk, 2016). In those sectors, committing to a differentiation strategy via a strong market orientation is an important factor in sowing performance advantages. However, in this sample, the effects of differentiation were nonexistent, both as an individual predictor in Model 2 and as an interaction component in Model 3. This suggests that sport consumers desire different brand and product attributes based on the type of sport activity being consumed. For passive consumption modes, such as watching or listening to a golf broadcast, a differentiated experience is foremost in their minds. But, for active consumption modes—such as playing a round of golf—more traditional market dynamics like price and convenience likely matter more.

The intersection of passive versus active sport consumption is an area of future research that can be informed by the results of this study. In general, consumers' coupling of passive consumption modes with active consumption modes can enhance personal ownership of a sport property and entrench feelings of brand loyalty (Wheaton, 2004). Passively-consumed and actively-consumed sport products are joined by their ability to evoke similar sets of emotions in consumers. Having similar objectives means that both sets of sectors could augment performance by introducing a set of products that are the opposite of their established product typology. This means that passive sport products could introduce a complementary set of active sport products—for example, the NBA could introduce franchise-branded recreation basketball leagues in its major metropolitan areas. These could be designed to parlay NBA fans' love for watching elite players into an exciting, competitive participatory atmosphere that also seeks to address the United States' obesity epidemic. Based on the finding that competing as a differentiator was not generative of performance advantages, sport firms looking to

expand in this fashion can likely do so without overinvesting in a differentiation strategy. Competing on cost enabled by savvy brand extensions, economies of scale, and other operational synergies is likely a viable approach.

Third, the results of the analysis will require a re-examination of the influence of sector growth on firm performance for these sectors. The results of the hybrid regression implied that amassing more tangible resources during a time of sector growth negatively impacted performance. This was the opposite of the effect outlined in H6. While the presence of a low growth sector does flatten the slope slightly, a subsequent test for the significance of the slope differential revealed that the slopes were not statistically different from one another ($t_{(3206)} = .07, p = .937$). Therefore, the analysis did not provide strong evidence for the existence of an effect of sector growth on performance in any capacity.

Notably, the general trend exhibited in this analysis between sector growth and performance is not inconsistent with some prior research. Despite the nature of contingency theories of the firm, some empirical investigations have found little support for the proposition that a firm's competitive environment has an effect on the relationship between firms' internal environment and performance. In other words, while sector-level factors should help predict firm performance theoretically, empirical studies have tempered that idea somewhat (Bahadir, Bharadwaj, & Parzen, 2009; Jaworski and Kohli, 1992; Pelham, 2000; Slater and Narver, 1994). These authors argue that firms cannot be expected to adjust operational components based on external factors that they cannot control or forecast with consistency. Even if business leaders could forecast the future of an industry with certainty, altering operations is a time consuming and costly

process (Slater & Narver, 1994). In that respect, the analysis conducted here produced results that are consistent with this prior research.

On the other hand, another potential explanation for the negative moderating impact of sector growth is consistent with contingency theory. Perhaps firms invest more aggressively in organic growth when their sector is cash flow positive. Firms engage in organic growth when they reinvest earned capital back into the business by enhancing buildings and infrastructure, acquiring new intellectual property, advancing their approach to human resources, and synergizing operational processes. Increasing the value of a firm's assets in these ways would drive down the firm's ROA, even if net income grew over the same time period. Understanding and documenting how business leaders in these sectors respond to sector-level influences may constitute a significant avenue of future research. In traditional sport sectors, performance indices are driven by television viewership—the revenues from which are distributed evenly to teams in a division or league (Miller, 2016). This creates a natural up swell in the financial health and wealth of professional sport organizations and collegiate programs that can counteract otherwise poor performance. In the sectors examined here, though, revenue sharing is not an industry practice, so other theories of sector-level influence need to be considered.

Limitations

This study contained limitations that should be kept in mind when interpreting the results. First, while there are many benefits to using accounting data to generate proxies for theoretical constructs, there are also some natural shortcomings. There are notable differences between the ways firms decide to record different types of financial

data. What qualifies as ‘intangibles and goodwill’ in one firm’s accounting methods might not qualify in a competitor’s methods. Moreover, financial statements tend to include footnotes that serve to modify the meaning and financial implications of certain line items. Given the database’s limitations, the impact of these data’s footnotes is impossible to know and thus cannot be accounted for.

Second, there are some limitations related to the proxy for competitive positioning. First, the amount of equity turnover a firm records on the balance sheet is typically the result of dozens of factors in addition to the firm’s leverage and current ratio, which are likely unique to each firm and cannot be modeled without a degree of error. While this analysis did control for debt, current ratio, and firm-level heterogeneities with the use of a hybrid model, these techniques do not likely eliminate the reservations around using equity turnover as a measure of competitive strategy.

Specifically, there are likely other ways of measuring how firms’ decide to compete that could be integrated into an econometric approach. The construct of a firm’s business strategy is in and of itself multifaceted. Thus, certain psychometric approaches could potentially capture the construct more robustly. A line of scholarship has provided avenues forward in this regard (Hillman & Kaliappen, 2014). However, gaining access to a suitable sample of executives with working knowledge of a firm’s overall business strategy remains an obstacle to this approach.

Conclusion

This manuscript investigated the role of tangible and intangible resources, competitive positioning, and the external environment in predicting performance for non-traditional sport sectors. Using the accounting data from 243 firms between 1993

and 2015, the results indicated that intangible resources have a positive and significant effect on performance. Moreover, this effect was stronger in magnitude than that of tangible resources. Second, the moderating effects of competing as a differentiator were not significant and thus did not predict performance for this sample of firms. But, it was noted that when firms increased their tangible resource base during a time of sector growth, performance suffered. These results were discussed and their implications for researchers and practitioners outlined. Last, the manuscript documents two challenges that were faced, stemming from the nature of accounting data.

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Figures and Tables

Table 2.1. Variable names, abbreviations, and descriptions

	Variable	Abbreviation	Description
1	Return on Assets	ROA	Net Income divided by total current assets
2	Debt to Equity Ratio	D/E	Total Debt divided by Stockholder's Equity
3	Current Ratio	CR	Current Assets divided by Current Liabilities (CL)
3	Net Income	NI	Revenues less costs of doing business
4	Total Assets	Total Assets	Sum of all current and noncurrent assets
5	Total Current Assets	TCA	Sum of all current assets
6	Lagged ROA	Lagged ROA	Net Income divided by total current assets in year $t-1$
7	Growth	Growth	Likelihood that a subsector is in a growth stage based on aggregate yearly sales activity
8	Competative Positioning	CP	Equity turnover; deviation score within firm
9	Intangible Resource Ratio	Intangibles	(Goodwill + Intangibles) / Total Current Assets
10	Tangible Resource Ratio	Tangibles	(Cash + Cash Equivalents + Invested Capital + Retained Earnings + Inventories + Receivables + Property/Plant/Land/Equipment) / Total Current Assets

Table 2.3. Summary Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
1 ROA	2200	-1.80	25.28	-759.33	5.75
2 Debt within	1810	0.00	1032.62	-8911.29	13287.61
3 Debt between	1810	572.94	1537.18	0.00	9835.69
4 SEQ within	1810	0.00	469.32	-6402.53	5221.37
5 SEQ between	1810	293.17	662.47	-309.72	4741.53
6 D/E within	1810	0.00	3.67	-35.12	90.92
7 D/E between	1810	0.54	2.59	0.00	35.12
8 Current Liabilities within	1810	0.00	435.33	-2031.32	16037.73
9 Current Liabilities between	1810	156.33	355.79	0.12	2242.27
10 Current Ratio within	1810	0.00	3.42	-22.33	95.90
11 Current Ratio between	1810	1.77	1.95	0.00	24.12
12 Net Income within	1810	0.00	265.00	-4912.15	6205.05
13 Net Income between	1810	7.19	92.51	-306.55	859.66
14 Total Assets within	1810	0.00	1671.11	-15761.97	15182.10
15 Total Assets between	1810	1151.63	2819.12	0.03	16902.72
16 TCA within	1810	0.00	281.89	-2958.23	2453.20
17 TCA between	1810	178.28	433.51	0.00	3170.47
18 Tangibles within	1810	0.00	1719.21	-17688.64	13790.22
19 Tangibles between	1810	1144.13	2811.41	-1452.22	19387.66
20 Intangibles within	1810	0.00	755.84	-6042.05	8983.53
21 Intangibles between	1810	323.00	927.05	0.00	17495.21
22 Lagged ROA within	1605	0.00	9.60	-209.93	108.57
23 Lagged ROA between	1789	-1.20	9.13	-109.40	0.62
24 Growth within	1810	0.00	0.12	-0.65	0.61
25 Growth between	1810	0.12	0.21	0.00	0.98
26 CP within	1810	0.00	72.80	-594.44	2242.93
27 CP between	1810	5.14	34.34	-128.91	346.81
28 IRR within	1810	0.00	7.02	-41.68	245.78
29 IRR between	1810	1.83	3.96	0.00	41.68
30 TRR within	1810	0.00	572.15	-14564.94	3337.90
31 TRR between	1810	-67.27	353.96	-3872.50	1764.04
32 IRR*CP within	1810	0.00	228.03	-1094.65	9130.02
33 IRR*CP between	1810	10.19	80.89	-184.90	950.82
34 TRR*CP within	1810	0.00	1082.50	-21022.62	30597.28
35 TRR*CP between	1810	14.87	769.54	-21022.62	3644.38
36 IRR*Growth within	1810	8E-10	0.532226	-2.251505	13.91141
37 IRR*Growth between	1810	0.1281	0.416022	0	8.375921
38 TRR*Growth within	1810	7E-08	19.84571	-431.535	159.225
39 TRR*Growth between	1810	0.1281	0.416022	0	8.375921

Table 2.4. Results of the hierarchical linear regression predicting ROA

		Model Estimates			
Variable		β	SE	t	p
Block 1	Debt within	9E-05	0.002	0.04	0.968
	Debt between	-0.002	0.004	-0.53	0.596
	SEQ within	-4E-06	0.003	0	0.999
	SEQ between	-0.002	0.005	-0.43	0.669
	D/E within	-0.145	0.13	-1.12	0.263
	D/E between	0.266	0.194	1.37	0.171
	CL within	3E-05	0.003	0.01	0.992
	CL between	-0.002	0.011	-0.24	0.813
	CR within	0.018	0.139	0.13	0.895
	CR between	-0.106	0.278	-0.38	0.702
	Net Income within	0.000	0.00	0.13	0.900
	Net Income between	0.004	0.01	0.27	0.784
	Total Assets within	0.000	0.00	-0.01	0.994
	Total Assets between	0.002	0.00	0.75	0.454
	TCA within	0.000	0.00	-0.01	0.993
	TCA between	0.001	0.00	0.24	0.809
	Tangibles within	0.000	0.00	-0.03	0.975
	Tangibles between	-0.001	0.00	-0.35	0.729
	Intangibles within	0.000	0.00	0.07	0.947
Intangibles between	-0.001	0.00	-0.97	0.333	
Lagged ROA within	1.196	0.05	23.26	0.000	
Lagged ROA between	1.216	0.07	16.58	0.000	
Block 2	Growth within	0.017	0.03	0.54	0.588
	Growth between	0.000	0.01	-0.04	0.972
	CP within	0.486	0.14	3.43	0.001
	CP between	-0.103	0.07	-1.52	0.128
	IRR within	0.022	0.00	13.28	0.000
	IRR between	0.014	0.00	17.03	0.000
	TRR within	1.907	3.03	0.63	0.529
TRR between	-0.849	4.14	-0.21	0.837	
Block 3	IRR*CP within	0.002	0.01	0.15	0.882
	IRR*CP between	-0.003	0.01	-0.51	0.612
	TRR*CP within	-0.002	0.00	-1.39	0.166
	TRR*CP between	0.001	0.00	0.64	0.521
	IRR*Growth within	-0.686	1.49	-0.46	0.645
	IRR*Growth between	0.206	0.92	0.22	0.824
	TRR*Growth within	-0.164	0.05	-3.04	0.002
	TRR*Growth between	-0.024	0.03	-0.97	0.334
Constant	-0.479	0.69	-0.69	0.49	
Block Statistics		Block 1	Block 2	Block 3	
N		1605	1605	1605	
F(18, 1586)		45.3			
F(30, 1574)			52.127		
F(34, 1570)				46.5	
Prob>F		0.000	0.000	0.000	
R2		0.338	0.496	0.5018	
Δ R2			0.159	0.003	
Δ R2 p-value			0.000	0.031	

Note: Each block entered hierarchically

CHAPTER III

EXPLICITLY-OPERATIONALIZED INTANGIBLE RESOURCES:

LEARNED CAREER EXPERIENCES

Synopsis

This manuscript expands the discussion of upper echelon theory (UET) in sport by assessing the role of ownership's functional background in generating firm level outcomes. To date, UET research in sport has focused on assessing characteristics of head coaches and general managers, and outcomes include those that are observable on the field of play. Investigating the characteristics of ownership allows for a broader discussion of TMTs' functional background as well as the examination of important firm level outcomes that occur off the field. As such, this approach generates a more complete understanding of TMTs in sport as well as the strategic outcomes they can generate. In an academic context, exploring the owner-manager dynamic in more detail has significant implications for management theories relating to agency theory. Results of the empirical investigation indicate that owners with functional backgrounds in marketing are associated with positive marketing-related outcomes, such as attendance and the consumption of team-specific digital media content. From these results, implications are outlined and future research is suggested.

Introduction

In their quest to explain firm performance, strategic management scholars have proposed many important frameworks and perspectives (Hoskisson, Wan, Yiu, & Hitt, 1999). Among these, Hambrick and Mason (1984) and Hambrick (2007) have highlighted that firms' owners and top management teams (TMT)—collectively, the 'upper echelon'—are responsible for the formulation and execution of all strategic initiatives. In this way, these authors asserted that investigating the demographic and psychometric characteristics of a firm's upper echelon can be useful in predicting firm-level outcomes. This perspective has been adopted formally and informally in the context of sport. Recent findings indicate that in some situations, demographic and personal characteristics of a professional sport franchise's (PSF) upper echelon can impact firm-level outcomes.

However, there are two limitations to the extant research in this area worth noting. First, research on PSF TMTs to date focus entirely on assessing the characteristics of general managers (GM) and head coaches. Correspondingly, the firm-level performance outcomes investigated are limited in that they are only related to on-field performance. This is conceptually accurate because GMs and head coaches do not make decisions about a broad range of other strategic initiatives unrelated to wins and losses. Expectedly, though, this approach is also practically narrow in applicability. Second, research has often discussed the prior experience of these TMT members in the context of prior job-specific roles. For example, Juravich, Salaga, and Babiak (2017) and Peeters, Salaga, and Juravich (2015) only discuss career experience as it relates to having held prior front-office roles for GMs and having professional playing experience

for head coaches. Again, this is conceptually poignant, but delimits the investigation of the many other types of career backgrounds that are represented in a PSF's boardroom, such as experience in finance, marketing, logistics, and law.

The purpose of this paper, therefore, is to highlight the nature of the relationships between PSF owners' functional career experience and pertinent firm-level outcomes. Through this investigation, the paper makes a number of contributions. First, it expands the discussion of upper echelons in sport by investigating the role and influence of ownership. Second, the operationalization of the functional background construct in a more detailed manner than before will allow for current and future research to investigate a comprehensive range of strategic outcomes beyond the field of play. The third contribution is an outgrowth of the first two: this paper opens up many avenues for the practical applicability of this line of research, as it represents an examination of the PSF TMT members with the broadest jurisdiction over strategic initiatives. Governing bodies, strategic investors, municipalities, and citizens all have a vested interest in being able to predict how an owner will manage a PSF's strategic initiatives and how those initiatives will affect the region's broader landscape.

The rest of the paper is organized as follows. First, a literature review is provided that covers the relevant contributions of upper echelon theory (UET) and how it has been applied in a sport setting to date. Then, two hypotheses are developed based on the extant literature and the gaps therein. Next, a discussion of the empirical approach used in the analysis is presented, and the results are outlined. Then, the implications of those results are discussed. Last, the project's limitations are underlined, and avenues for future research are suggested.

Literature Review

Upper Echelon Theory (UET)

In attempting to explain firm-level outcomes, management scholars have offered more than a few perspectives over the years (for an overview, see Hoskisson et al., 1999). Within this body of work, agency theorists have argued that the formation and execution of strategic moves is tied to the pending approval of ownership (Jensen & Meckling, 1976). This led to Hambrick and Mason's (1984) and Hambrick's (2007) postulation that a firm's TMT is the mechanism by which firms decide to enact all of their strategic choices. This line of research has proposed that upper echelons are responsible for strategy formulation, implementation, and financing, and can therefore be associated with firm-level outcomes. Empirical investigations have been robust, and collectively support a clear link. For example, investigations have shown that certain elements of a TMT such as demographics (Wiersema & Bantel, 1992), level of heterogeneity (Carpenter, 2002; Hambrick, Cho, & Chen, 1996), political affiliation (Christensen, Mackey, & Whetten, 2014), and previous experience (Carpenter, Sanders, & Gregerson, 2001) all influence firm performance. On an individual level, some have studied how CEO traits relate to strategy implementation and corporate performance. Chatterjee and Hambrick (2007) demonstrated how CEO narcissism may contribute to strategic dynamism and thus highly variable firm performance outcomes. Additionally, Taylor, Machado and Peterson (2008) and Nadkarni and Herrmann (2010) empirically confirmed that positive psychological CEO traits (i.e., hope, optimism, and resiliency) correlate with strategic flexibility.

UET in Sport Management

UET research has been adopted in sport directly and indirectly. Indirect examinations do not formally ground investigations in UET, but do examine head coach characteristics such as race and ethnicity (Berri & Simmons, 2009; Goff & Tollison, 2009; Jewell & Molina, 2005; Kahn, 2006; Longley, 2003; Madden, 2004; Volz, 2013), leadership behavior (Weiss & Friedrichs, 1986), as well as psychological attributes (MacNamara, Button, & Collins, 2010) on team-level outcomes. Recently, scholars in sport management have used UET in a more structured way to investigate and predict organization-level outcomes. Wong and Deubert (2010) first provide an exploratory overview of the role of general managers (GMs) in professional baseball. Building on this, Peeters, Salaga, and Juravich (2015) investigate the role of upper and middle level managers on MLB team performance. These authors found that middle managers (head coaches) and upper level managers (general managers) both have modest impacts on team performance. For middle managers, a deep working knowledge of the team members is important, while education from a top tier university was most impactful for upper level managers. These findings are consistent with the ideas that middle managers need to know more about the personnel they are directly responsible for, while upper-level managers are more concerned with forming and implementing strategic initiatives. A follow up examination by Peters, Salaga, and Juravich (2015) added that accounting for organization-person match quality is important when predicting managerial impact. Specifically, these authors' results reinforced the idea that better managers tend to work at more efficient firms. Moreover, they found that more talented managers tend to work with other high quality managers and be more cooperative. Last, they documented that

when upper level managers' are much more educated than their midlevel counterparts, firm performance suffers. Thus, communication might be especially difficult in these situations. In the most recent addition to this line of research in sport, Juravich, Salaga, and Babiak (2017) found similar trends in a sample of National Basketball Association teams and general managers. These studies have been helpful in building a bridge between sport management and the upper echelons perspective.

Despite the contributory nature of this research, there are two related considerations that require more attention in order for this line of research to continue to develop. First, these studies neglect to consider the influence of ownership, a group that ultimately edicts all resource allocation decisions – on the field of play and otherwise. PSF ownership has risen to new levels of popularity in the press, scrutiny in the eyes of the public, and general visibility (Blair, 2012). Without a doubt, the public nature and cultural prominence of professional sport has awarded a noteworthy amount of celebrity to many owners and their families, friends, business partners, and other ventures (Blair, 2012). An investigation focused on ownership's role in organization-level outcomes would help generate a broader understanding of a franchise's business-level strategy beyond what is observed on the field of play. Second, a focus on ownership would allow for an expanded discussion regarding the influence of TMTs' prior experience on firm performance. The referenced studies in this line of work collectively agree that TMT members' experience is important to organization-level outcomes. However, these studies often discuss experience in the context of prior job-specific roles. For example, Juravich et al. (2017) and Peeters et al. (2015) only discuss career experience as it relates to prior front-office roles and professional playing experience (or a lack thereof).

While front office experience and professional playing experience are certainly meaningful for GMs and coaches, ownership groups in professional sports are susceptible to a broader range of prior career experience as it relates to industries, market conditions, firms, and functional roles. A cursory investigation shows that majority owners of MLB franchises have backgrounds in a diverse range of industries including energy, software development, property development, retail grocery, and art dealing, among others. Moreover, these owners have experience working in a range of functional categories such as marketing, information technology (IT), operations and logistics, and finance (see Table 3.1). In order to form a more robust understanding of how TMTs affect performance, it is therefore beneficial to (a) examine ownership characteristics, and (b) broaden the way ‘prior experience’ is operationalized.

Hypothesis Development

As mentioned above, prior investigations of TMTs in professional sport consider only the role of GMs and head coaches. This view in turn limits the discussion surrounding the power of prior career experience to predict organization level outcomes. To rectify these two limitations, this section advances the discussion by proposing two hypotheses about the impact of ownership career experience on organization level outcomes.

In this study, career experience is defined as each owners’ functional background prior to owning the team. Functional experience pertains to the nature of positions held regardless of industry, and refers specifically to functional tracks like marketing, finance, operations/logistics, etc. TMT functional experience has been investigated thoroughly in other areas of management, and has been found to impact a number of

firm level outcomes. For example, Wang, Ma, and Wang (2015) showed that TMTs dominated by members with a ‘throughput’ related background (i.e., logistics and operations) were positively associated with short- and long-term performance, innovation, and overseas performance. Similarly, Bermiss and Murmann (2015) describe how firms’ loss of a TMT member with internal processes functional experience is more detrimental to firm survival than the loss of a TMT member with external-facing functional experience. Likewise, Kim and Rasheed (2014) describe how functional heterogeneity among TMT members is associated with positive outcomes for highly diversified firms, emphasizing the importance of fit between TMT heterogeneity and strategic orientation of the firm. To that end, it is believed that the functional background of franchise owners will contribute, at least in part, to organization level outcomes. The next task, however, concerns isolating the functional area that is of particular importance to PSFs.

The basic sport product is athletic competition (Blair, 2012). Revenue generation is accomplished through a number of processes. First, PSFs may license their trademarks, copyrights, symbols, and player-likenesses to manufacturers and merchandisers. Second, game content is licensed to television, radio, and internet distributors for mass consumption. Finally, the product itself and the accompanying brand materials are marketed to fans, which generates gate receipts and other revenues associated with game-day operations. Because revenue sharing tends to wash out PSF-level differences related to the licensing of merchandise and game content distribution (Blair, 2012; Fort, 2006), individual PSFs have an incentive to drive local revenues via attendance and other game-day consumer behaviors. Therefore, marketing, specifically

at the regional level, constitutes an essential function for PSFs. Marketers, moreover, are characterized by a focus on top-line growth, an aptitude for comprehending consumers' inclinations, and the ability to generate and digest market insights. These characteristics make them valuable members of TMTs (Whitler, Krause, & Lehmann, 2015). Based on the documented associations between TMT functional background and performance, and on the importance of regional marketing-related functions to professional sport in particular, it is first hypothesized:

Hypothesis 1: *PSFs with owners who have significant functional experience in marketing will have greater attendance.*

As mentioned above, attendance is but one driver of revenue at the local level. Another important source of revenue for PSFs depends on fans consuming content and PSF-specific media on the internet. This has been an essential business level function for PSFs ever since the introduction and mass acceptance of the internet. Technological revolution and increasing globalization are creating a new competitive landscape that requires managers to effectively use new technologies in order to generate strategic flexibility and competitive advantage (Hitt, Keats, & DeMarie, 1998). As digital marketing and 'traditional' marketing continue to become more synonymous (Abeza, O'Reilly, Seguin, & Nzindukiyimana, 2015), and as digital content becomes ever more ubiquitous, digital media represent an increasingly lucrative avenue for PSFs to communicate with and leverage their fan base.

A great example can be observed in MLB Advanced Media (MLBAM). MLBAM began in 2000 as an effort to consolidate online media rights and ticket sales for the 30 MLB PSFs. It was funded with \$120 million contributed from each of the 30

MLB PSFs (\$1 million per club per year for 4 years). Recently, MLB spun off a piece of MLBAM called BAMTech for \$1 billion. This was followed closely by MLB selling 85% of its ownership stake in MLBAM to the Walt Disney Company for \$2.58 billion (Brown, 2017). The rise in value of online digital media is still growing for MLB and its ownership. Because of the importance of digital media consumption to the revenue generating potential of MLB PSFs, the second Hypothesis is proposed:

Hypothesis 2: *PSFs with owners who have significant functional experience in marketing will have more fan digital media consumption*

Method

Sample and Data

Secondary data was collected on the N=30 PSFs that comprise MLB during the ten-season period from 2006-2015. While other leagues in North America pursue a strategy of product consistency via aggressive revenue sharing strategies, the MLB's revenue sharing practices are regarded as less stringent (Blair, 2012). That is, MLB's PSF owners have allowed for more regional and local differences between PSFs in terms of revenue generation, which results in more variable firm performance. For clarity, a complete list of variables and their descriptions appear in Table 3.2. Variables were gathered from publically-available credible sources, and were collected at four levels of analysis: the owner, the PSF, the PSF's Metropolitan Statistical Area (MSA), and the league. While Table 3.2 was produced in the interest of brevity, more detailed explanations and justifications for each variable are discussed after the base model is specified below.

Base Model Specification

Scores on the left-hand side of Equation 3.1 (i.e., the dependent variable) are modeled as a function of the set of independent variables on the right hand side of the equation.

$$(3.1) \quad Y_{jt} = \beta_0 + \beta_1 \text{marketing}_{jt} + \beta_k [\text{OWNER}_{jt}] + \beta_k [\text{PSF}_{jt}] + \beta_k [\text{MSA}_t] + \beta_k [\text{LEAGUE}_t] + \varepsilon_{jt}$$

Where Y_{jt} is the outcome of interest, β_0 is a constant term, and $\beta_1 \text{marketing}_{jt}$ is the indicator variable for a marketing-based functional background. OWNER_{jt} represents the vector of owner-level control variables for PSF j in year t , PSF_{jt} is the vector of PSF-level control variables for PSF j in year t , MSA_t is the vector of variables corresponding to each PSF's Metropolitan Statistical Area (MSA), LEAGUE_t is the vector of league-level control variables in year t , and ε_{jt} is a random disturbance term.

Functional Experience

This aspect of the project necessitated classifying owners' prior experience into one of several categories. In order to adopt a rigorous methodology for this process, a prior classification process used by Canella, Park, & Lee (2008) was adapted for this study, with several notable enhancements to ensure reliability and validity. First, anonymized career synopses for all 42 owners included in this investigation were provided to a four-member expert panel (see Appendix). Panel members were selected based on private sector and academic experience, and their skillsets covered a range of salient topics such as technology, business and corporate strategy, legal representation of athletes, sport marketing, and sport economics. Each panelist was asked to read the career synopses and then rank-order owners' functional experience into as many as four

of Canella, Park, and Lee's (2008) nine categories: production and operations, R&D and engineering, accounting and finance, management and administration, marketing and sales, legal, human resource management, real estate, and technology. Last, and in line with prior work (Canella, Park, & Lee, 2008; Carpenter & Fredrickson, 2001; Michel & Hambrick, 1992), the investigation's primary investigator also completed the functional rank-ordering exercise to provide a robustness check. Therefore, each owner's functional career experience was rated by five content experts in total.

To determine whether an owner had significant experience with marketing, the rank-order given by each of the five panelists was examined. First, an owner received a 'point' when a panelist rated that owner's marketing experience as either a 1 or 2. Only owners with at least four out of five possible points were considered as having significant functional experience in marketing (Table 3.3). Using this process, five marketing-centric owners were identified with an average inter-rater reliability of .96. This process was reviewed and approved by a second independent content expert in order to further ensure reliability and validity. Last, an indicator variable assuming the value of 1 was used in each PSF-year where the owner had significant experience in marketing.

Attendance

The dependent variable in Hypothesis 1 was measured as that season's aggregate attendance for a PSF in the observation year.

Fan Digital Media Consumption (FDMC)

This variable was computed for each PSF in each observation year using the number of internet search terms pertaining to each PSF. Given a specified search term

and including several possible parameters, Google Trends produces a chronological track of that search term's popularity. A search term containing the PSF name was first specified for the ten-year time span of our analysis (i.e. all web searches for "Texas Rangers" between 01/01/2006 and 12/31/2015). Then, a geographic parameter was applied for that PSF's MSA (i.e., all web searches for "Texas Rangers" between 01/01/2006 and 12/31/2015 within the Dallas-Ft. Worth MSA). Finally, a topic context for 'sports' was specified in order to eliminate web searches that related to other topics (i.e., "Texas Rangers" could refer to both the MLB PSF and the well-known 19th century paramilitary troops). The scores were calculated as a percentage of PSF j 's maximum search popularity during the time period examined. A score of 45 for year t would mean that year t saw only 45% as many search terms for PSF j compared to PSF j 's most popular year.

Other Variables

Based on the extant literature on TMTs in sport management, as well as aspects of the sport economics literature investigating determinants of attendance and consumer behavior, several control variables were collected at different levels of analysis that are thought to affect one of the two outcome variables.

At the owner level, tenure, age, and education are included. Tenure is measured as the number of years the majority owner has owned the PSF, and is included on the basis that – similar to a new head coach or star player – new ownership can stimulate fans' interest and lead to increased attendance (Juravich, Salaga, & Babiak, 2017). On the other hand, longer tenure can lead to the accumulation of knowledge about the PSF and MSA, which can be leveraged into more optimal marketing campaigns. Age is

calculated as the age in years of each owner in year t , and is included because some prior research has suggested that younger members of a TMT are likely to employ innovative and progressive strategies, while older TMT members could be likely to employ legacy strategies, even in the face of dynamic market environments (Juravich, Salaga, & Babiak, 2017). Last, education is an ordinal variable capturing the highest level of education attained by the owner, where 1 represents high school, 2 represents bachelor's degree, 3 represents master's degree, and 4 represents terminal degree. This variable is included in line with previous research hypothesizing an effect of TMT education on on-field outcomes, where more-educated TMT members are better-suited to optimizing PSF-related outcomes (Juravich, Salaga, & Babiak, 2017; Peeters, Salaga, & Juravich, 2015). In addition to the linear terms, quadratic terms for ownership tenure and age are included in the model to determine whether there are any curvilinear relationships present. Prior research has documented inverted-U shaped effects of age and tenure—that is, after a given inflection point, the positive effect of age and/or tenure becomes negative (Juravich, Salaga, & Babiak, 2017; Peeters, Salaga, & Juravich, 2015).

At the PSF level, team performance, fan cost index (FCI), operating margin, PSF tenure, stadium age, capacity, and stadium value were included. Team performance is operationalized as winning efficiency, computed by dividing the logarithmic value of a PSF's total regular season wins by the yearly-normalized dollar amount spent on payroll (Juravich, Salaga, & Babiak, 2017). It is included because on-field performance has been documented to be an important predictor of attendance specifically (Ahn & Lee, 2014) and fan interest in general. An advantage of this approach in particular is that it captures relative performance as opposed to outright performance. That is, fans of teams with

lower payrolls (and, as an eventuality, a lower number of total wins) can still be incentivized to attend games and consume online content when the PSF is performing comparatively well to what ‘should be expected’ based on what the team elects to spend on payroll (Juravich, Salaga, & Babiak, 2017). From a practical standpoint, the vast increase of available data and PSF-specific content makes it easier for fans to interpret and appreciate the relative performance of their teams as opposed to considering merely the raw number of wins. From this, we also derive a lagged value and include it in the model on the basis that prior PSF on-field performance can either induce or dissuade attendance. This lagged value is simply the value of a PSF’s winning efficiency in the year prior to the observation year. FCI is calculated as the total cost for a family of four to attend a MLB game in PSF j ’s venue in year t . FCI includes the total cost of two average price adult tickets, two average price child tickets, four small soft drinks, two small beers, four hot dogs, two programs, two adult size caps, and parking. It is included to capture the ancillary costs associated with attending a contest. Operating margin was collected from Forbes’ yearly MLB team valuations publication. It is calculated as operating income divided by revenues for PSF j in year t , and is included because, at least conceptually, PSFs with greater operating margins have more resources at their disposal to devote to drumming up attendance, fan interest, and other sources of local revenue. PSF tenure is computed as the number of years the franchise has resided within the current MSA. This is included to account for historical effects, as teams with longer tenure tend to have a more solidified and respected place in the community, translating to increased demand for the PSF’s product (Tainsky, 2010). The last three variables pertain to characteristics of the stadium, and are included due to the documented positive

relationship between stadium quality and demand (Ahn & Lee, 2014). Stadium age is computed as the chronological age of the PSF's stadium. Stadium capacity is the total number of seats (including box suites). Last, stadium cost is the total appraised cost to construct the stadium (plus the value of renovations and reinvestments) in 2015 USD. It was computed by summing the initial cost to construct the stadium, obtained from www.ballparksofbaseball.com, with any additional costs of renovations, which were obtained from various press releases and news reports.

At the MSA level, PSF competition is an ordinal variable that represents the number of other 'Big Four' PSFs in the focal-PSF's MSA, where 'Big Four' denotes the four largest North American sport leagues (MLB, National Football League, National Hockey League, and National Basketball Association). This variable is included in order to account for effects attributable to market competition, since fans often consider the number of available entertainment alternatives when making purchase decisions.

At the league level, total MLB revenue and the amount of MLB digital media consumption (MLBDMC) are included. League revenue and, consequently, league revenue sharing practices, generate many financial aftereffects at the PSF level (Blair, 2012). An important implication of MLB revenue is that league revenue can be used to stimulate consumer behaviors. Relating to this, overall interest in MLB consumption could have spillover effects at the PSF-level. This variable is computed in a similar fashion as FDMC, where we specify a 'sport'-related search term ("Major League Baseball") during the study's time frame (01/01/2006 – 12/31/2015) across a geographic area (North America).

Models and Specifications

For both Hypotheses, the outcome variable is surmised to be the result of the predictor of interest and a set of control variables as shown below in Equation 3.2:

$$(3.2) \quad Y_{jt} = \beta_0 + \beta_1 \text{marketing}_{jt} + \beta_k[\text{OWNER}_{jt}] + \beta_k[\text{PSF}_{jt}] + \beta_k[\text{MSA}_{jt}] + \beta_k[\text{LEAGUE}_t] + \varepsilon_{jt}$$

Where Y_{jt} is the outcome, $\beta_1 \text{marketing}_{jt}$ is the presence or absence of an owner's marketing expertise, $\beta_k[\text{OWNER}_{jt}]$ is a vector of owner-level control variables, $\beta_k[\text{PSF}_{jt}]$ is a vector of PSF-level control variables, $\beta_k[\text{MSA}_{jt}]$ is a vector of MSA level controls, $\beta_k[\text{LEAGUE}_t]$ is a vector of league-level controls, and ε_{jt} is a random disturbance term.

In order to investigate the relationships in H1, the unbalanced panel dataset will be analyzed using fixed- and random-effects models with robust standard errors. Being unbalanced, the dataset does not contain all elements for every year in the dataset—that is, some of the data is missing. Robust standard errors are included to address concerns relating to heteroskedasticity. This approach requires the inclusion of year and PSF fixed effects, modifying Equation 3.1 to create Equation 3.3 as follows:

$$(3.3) \quad Y_{jt} = \beta_0 + \beta_1 \text{marketing}_{jt} + \beta_k[\text{OWNER}_{jt}] + \beta_k[\text{PSF}_{jt}] + \beta_k[\text{MSA}_{jt}] + \beta_k[\text{LEAGUE}_t] + \tau_j + \Upsilon_t + \varepsilon_{jt}$$

Where τ_j and Υ_t are PSF and year fixed effects, respectively. First, a two-stage regression model is specified as outlined by Terza, Basu, and Rathouz (2008) and as employed by Juravich, Salaga, and Babiak (2017). These models are necessary due to the endogeneity between attendance and payroll—that is, PSFs can stimulate attendance by acquiring expensive, big-name players. Therefore, a first-stage regression model is specified for H1 as follows in Equation 3.4:

$$(3.4) \quad \text{Pay}_{jt} = \beta_0 + \beta_1 \text{MSAPop}_{jt} + \beta_2 \text{MSAInc}_{jt} + \varepsilon_{jt}$$

In Equation (3.4), payroll is surmised to be a function of the MSA's population and the per-capita income of the MSA's residents. The residual from this equation is then used as a predictor in the model which estimates attendance in Equation 3.5 (shown below). In order to estimate attendance, another unbalanced panel regression model is specified, where attendance for PSF j in year t is surmised to be a function of an owner's experience as a marketer (or lack thereof) and the specified control variables.

$$(3.5) \quad \text{Att}_{jt} = \beta_0 + \beta_1 \text{Marketing}_{jt} + \beta_2 \text{Otenure}_{jt} + \beta_3 \text{Oage}_{jt} + \beta_4 \text{Oedu}_{jt} + \beta_5 \text{WE}_{jt} + \\ \beta_6 \text{LagWE}_{jt} + \beta_7 \text{FCI}_{jt} + \beta_8 \text{OpMargin}_{jt} + \beta_9 \text{PSFtenure}_{jt} + \beta_{10} \text{StadAge}_{jt} + \\ \beta_{11} \text{StadCap}_{jt} + \beta_{12} \text{StadVal}_{jt} + \beta_{13} \text{Comp}_{jt} + \beta_{14} \text{FSResidual}_{jt} + \tau_j + \Upsilon_t + \varepsilon_{jt}$$

To investigate H2, a different approach was specified due the way FDMC was computed. Recall that FDMC was a PSF-specific variable, meaning each score represented the percentage of search traffic relative to that PSF's maximum during the study time frame. So, a score of 50 for one PSF likely relates to a different number of raw searches than another PSF with a score of 50. Therefore, scores on the variable produce variance that is only useful in a within-firm context. Additionally, current values of FDMC likely depend on past values of FDMC. So, a system Generalized Methods of Moments (system-GMM) specification was used to investigate H2. The system-GMM approach was first articulated in conjunction by Arellano and Bover (1995) and Blundell and Bond (1998). The approach dramatically improves the efficiency of prior specifications made popular by Arellano and Bond (1991). A complete review of this family of specifications is provided by Roodman (2006).

The model used to investigate H2 is presented in Equation (3.5). In Equation (3.5), fan digital media consumption (FDMC) for PSF j in year t is gathered to be a function of an owner's experience as a marketer (or lack thereof) and the specified control variables. Note that in Equation (3.5), certain variables from Equation (3.4) are excluded on the basis that they do not directly or indirectly affect the propensity for fans to consume online content. For example, aspects of the stadium like capacity, age, and the presence of upgrades have little to do with this outcome of interest. However, MSA residents' access to internet is introduced into the model on the basis that as internet access becomes more prevalent in an area, more online consumption will naturally result. Next, there is some endogeneity to be expected between FDMC and payroll, since payroll is an indication of team quality, and since blockbuster contracts tend to drive the distribution of online content related to the team. Therefore, the residual from Equation (3.3) predicting payroll from MSA population and MSA income is also included in Equation (3.5). Last, in accordance with the dynamic panel approach described above, Equation (3.6) below contains lagged values of FDMC.

$$(3.6) \quad \text{FDMC}_{jt} = \beta_0 + \beta_1 \text{Marketing}_{jt} + \beta_2 \text{Otenure}_{jt} + \beta_3 \text{Oage}_{jt} + \beta_4 \text{Oedu}_{jt} + \beta_5 \text{WE}_{jt} + \\ \beta_6 \text{LagWE}_{jt} + \beta_7 \text{Payroll}_{jt} + \beta_8 \text{OpMargin}_{jt} + \beta_9 \text{PSFtenure}_{jt} + \beta_{10} \text{Pop}_{jt} + \\ \beta_{12} \text{Comp}_{jt} + \beta_{13} \text{MLBrev}_{jt} + \beta_{14} \text{MLBDMC}_{jt} + \beta_{15} \text{FSResidual}_{jt} + \beta_{16} \text{IntAcc}_{jt} \\ + \beta_{17} \text{LagFDMC}_{jt} + \tau_j + \Upsilon_t + \varepsilon_{jt}$$

Results

First, summary statistics for all second-stage variables are provided in Table 3.4. Average yearly attendance was just over 2.5 million fans per PSF, which equates to 30,864 fans per regular season home game. FDMC averaged about 18%, meaning in any

given year for any given PSF, FDMC was about 18% of the PSF's maximum during the study's ten-year time frame. Also of note is that owners had a marketing-centric career background in 13% of the observations. Owner tenure (M=11.41, SD=8.5) ranged between 1 and 39 years, and owner age (M=64.7, SD=11.9) ranged between 39 and 93. A majority of owners had attained at least a bachelor's degree. Bivariate correlations for all variables are produced in Table 3.5.

Table 3.6 shows the results of the second-stage fixed effects model investigating H1. In this analysis, the Hausman test rejected the use of random effects models ($X^2_{(19)} = 691.49$; $p = .0000$), so the use of the FE model was specified and are reported here. Overall, the attendance model showed significant predictive power (R^2 Total = .322; Wald $X^2_{(22)} = 499.21$; $p = .0000$). Therefore, examining the individual coefficients within the model is warranted. The effect of an owner having a predominantly marketing background is positive and significant ($\beta = 616965.6$; $z = 2.429$; $p = .013$). This means that given an owner with predominately marketing experience and another without, the one with marketing experience will be associated with, on average, 616,966 additional attendees per season, *ceteris paribus*. This would equate to roughly 7617 fans per regular season home game. In a different context, this value represents a nearly 24% increase over the grand mean attendance. Thus, there is support for Hypothesis 1.

Table 3.7 shows the results of the investigation of H2. The overall model is significant ($X^2_{(28)} = 2548.12$; $p = 0.000$). The tests for an autoregressive process present in the DV revealed that FDMC was influenced by its values in $t-1$, but not in $t-2$; therefore, only lagged values of FDMC for $t-1$ were included in the model. As with the attendance model, examining the individual coefficients is justified. In the FDMC

model, the effect of owners with marketing backgrounds is also positive and significant ($\beta = 10.01$; $z = 6.24$; $p < .000$). This means that given an owner with predominately marketing experience and another without, the one with marketing experience will be associated with, on average, just over 10% more online search traffic relative to that PSF's maximum expected search term traffic. Therefore, there is support for Hypothesis 2 as well.

Discussion and Implications

As it relates to the complete model of strategic resource utility, the results of this study are consistent with the outlined propositions. These propositions first highlighted the importance of intangible resources. Learned career experience and organizational knowledge certainly fit the bill as intangible resources (Hall, 2002), and in this study they were shown to have a positive effect on firms' performance. However, Chapter I also proposes that the way in which intangibles are operationalized— tacitly or explicitly — should have an effect on performance. In this scenario, learned career experiences tied to marketing expertise is an intangible resource that is explicitly operationalized. That is, learned career experiences can be documented, standardized, and communicated, which is at least partly evidenced by the plethora of industry-specific best practices textbooks (see Czinkota, 1999; Goldblatt, 1997; Poon, 1993; Seguin, Teed, & O'Reilly, 2005). In the complete model, it was proposed that tacitly-operationalized intangible resources are more generative of competitive advantage than explicitly-operationalized intangible resources because the key to unlocking the intangible's potential is not easily communicated. As Wernerfelt (1984) suggests, resources that can be obtained and then protected are more indicative of performance advantages than resources that can move

between firms easily. Therefore, to give this current work more context, future work will need to be done that assesses the impact of tacitly-operationalized intangibles.

As it pertains to characteristics of TMT members, this manuscript highlighted multiple consistencies with previous work in sport (Juravich, Salaga, & Babiak, 2017; Peeters, Salaga, & Juravich, 2015) and in traditional management contexts (Hambrick & Fukutomi, 1991; Hambrick, 1995). First, these analyses suggest that greater tenure in an organization does not have significant effects for firm level outcomes. In both models, ownership tenure was not a significant predictor, suggesting a lack of knowledge accrual about how to attract fans to the venue and/or engage them online. Likewise, other owner characteristics such as age do not significantly predict PSF level outcomes, bolstering previous findings about general managers and head coaches (Juravich, Salaga, & Babiak, 2017). Specifically, this analysis suggests that those authors' findings could be extended to ownership as well.

Unlike previous work that has established a relationship between TMT education and PSF level outcomes (Juravich, Salaga, & Babiak, 2017; Peeters, Salaga, & Juravich, 2015), this investigation finds no such link, even when operationalized in an identical way to the prior work. The divergent findings in this analysis suggest the existence of an interesting, albeit intuitive, caveat to the education- performance relationship. One does not require a specific type or amount of education in order to *own* a PSF, but managers in the upper echelon are almost exclusively hired based on career and/or academic pedigree.

As it pertains to owner functional background, the focus of this investigation, a background in marketing was consistently positive and significant in both models. This

means that marketing backgrounds were associated with increases in attendance and FDMC. These findings extend previous work in sport (Juravich, 2012; Juravich, Salaga, & Babiak, 2017) by first investigating the impact of functional experience in a new context (i.e., owners vs. managers), and second by providing a more in-depth operationalization of functional experience. Given that prior work has not found an association between functional backgrounds of managers on PSF outcomes, this investigation provides a degree of nuance to the discussion of TMTs in sport. Specifically, the findings question the assumption that specific technical skills matter less for managerial success at higher levels of a firm's hierarchy (Peeters, Salaga, & Juravich, 2015). In this analysis, a clear linkage was observed between a set of technical skills possessed by the owner and positive outcomes related to that skillset.

Within a larger theoretical context, the above findings provide an avenue forward for the discussion of agency theory in sport. In general, agency theory is focused on examining the explicit and implicit contractual relationships between an owner (i.e., principal) and the managers hired to run the owner's firm (i.e., agents) (Eisenhardt, 1989; Mason & Slack, 2005). While owners are incentivized to recoup the firm's purchase costs as quickly as possible by adopting aggressive strategies, managers are incentivized to use more conservative strategies that shelter the firm from failure in order to secure their job (Eisenhardt, 1989). Thus, one of the key streams in agency research concerns assessing the aligning mechanisms firms can use to 'match' owners' incentive structures to those of their managers. In this paper, a clear connection is documented between an owner's expertise – naturally, the owners' preferred strategic focus – and the success of those strategic foci (i.e., greater attendance and FDMC). Implicit in this

relationship is the notion that the managers hired by the owner (a) must share the same marketing-related strategic focus, or (b) are being over-ridden by the owners when it comes to day-to-day strategic execution. Uncovering which situation is most common, and how each manifests across PSFs, will be important for the further development of agency theory in sport. Further, assessing the costs of failing to align incentives in the case of situation ‘b’ will be highly pertinent to this line of research.

Importantly, these results come with some qualifications. First, the coefficients for team performance and prior team performance in the attendance model were positive and significant, implying that fans are also motivated to attend games when the team is performing well relative to expectations, and when that success has been sustained over multiple seasons. These findings are in line with prior work (Ahn & Lee, 2014), and cannot be discounted—ultimately, efforts to market the team and incentivize consumption will be exacerbated or hindered by how the team performs on the field. In other words, the coefficient reported in the models are merely average treatment effects. Overall, the results here suggest that owners with marketing expertise can better leverage on-field success than their non-marketing counterparts—not that they are capable of generating jumps in attendance and FDMC irrespective of on-field success.

In the fan digital media consumption model, similar dynamics are also the case, with FDMC subject to other influencers. In this model, performance and payroll were both positive and significant. Payroll influences fans’ online behavior as more news outlets devote attention to the financial and strategic moves PSFs make. Every season, a crop of new blockbuster contracts and contract extensions are signed, and often the sheer magnitude of such spending directs more online traffic to the teams and players

involved. Also, the coefficient for MLB revenue was significant in the FDMC model, indicating that as the MLB generates more revenue, more online traffic can be expected—potentially due to an increase of league-wide marketing spend. Again, the implications here are that owners with functional experience in marketing can perhaps make better use of fortuitous on-field circumstances than non-marketers.

Limitations

The findings from this analysis come with some limitations worth noting. First, this study focuses only on the role of owners' marketing backgrounds (or the lack thereof). This approach was theoretically and practically important, as sport is a service industry predicated on effective marketing (Filo, Lock, & Karg, 2015; Abeza et al., 2015). However, other functional backgrounds, and corresponding PSF level outcomes, are certainly worth investigating. It could be interesting to examine, for example, if an owner's functional background in operations and logistics might generate positive outcomes related to the PSF's 'back of house' optimization efforts. Similarly, an owner with a background in human resources may have positive impacts on the PSF's front office talent pool management. Also, the results from a study by Peeters, Salaga, and Juravich (2015) suggest that younger and more educated GMs are associated with greater strategic innovation. The basis for this is that younger and more highly-educated GMs are more analytically-minded. These findings could be ripened by applying this hypothesis to ownership. Likewise, scholars could investigate not just the amount of education completed (i.e., undergraduate degree versus master's degree), but the type of degree received. For example, the results of the present analysis would suggest that TMT members with a degree in finance might run a professional franchise differently than a

TMT member who studied technology, marketing, journalism, or supply chain management.

Second, this analysis assumes implicitly that owners are in fact directly involved with the marketing efforts of their PSF. Naturally, the degree to which owners are responsible for formulating and implementing marketing strategy varies between PSFs. Thus, as prior authors have suggested, more research is needed to decipher the extent and degree with which owners become involved with functional-level strategies (Juravich, Salaga, & Babiak, 2017). Various qualitative efforts would be most appropriate for this task.

Last, this study assumes that PSF owners are the ones solely responsible for making strategic decisions at the PSF. This assumption is present in similar studies (Juravich, Salaga, and Babiak, 2017). However, other research highlights the influence of group dynamics when enacting PSF level decision making and outcomes, especially since better managers are more likely to cooperate (Peeters, Salaga, & Juravich, 2015). Conceptually, functional-level strategic decisions could be made by the owner, minority owners, GM, and other mid-level managers in conjunction with one another. While some majority owners can and probably do reserve final judgment over these decisions, others might be more likely to be persuaded by other TMT members and thus enact policies that do not align directly with their functional expertise. Therefore, future research should look to (a) uncover the extent to which collaboration is used by various PSFs TMTs and (b) investigate the impact of TMTs in aggregate as opposed to the impact of single members. Specifically as it relates to (b), Peeters et al. (2015) concludes that an educational mismatch between GM and head coach corresponds to decreased firm

performance. However, it would be interesting to explore how a TMT's education (or functional experience, etc.) in aggregate impacts firm level outcomes.

While not related to a limitation of this study, some of the findings in this analysis would seem to contradict previous scholars, who found support for the notion that technical skills matter less for managerial success at higher levels of a firm's hierarchy (Peeters, Salaga, & Juravich, 2015). In a nutshell, Peeters and colleagues (2015) suggest that managers at higher levels of a firm's hierarchy tend to have a more generalized skillset. This assumption is consistent with other investigations outside of sport (Ferreira & Sah, 2012). Inasmuch, it would be interesting to investigate whether or not that assumption holds for non-owner TMT members when the operationalization of prior career experience is done at more granular level (as was done here). In other words, would a GM with prior experience in sales generate greater ticket sales and attendance in the same way as an owner does? Moreover, would the existence of an owner-GM dyad wherein both members had marketing backgrounds enhance those effects? Such an investigation would also help further define prior researchers' suggestion that matching of personal characteristics is important for PSF level outcomes (Peeters, Salaga, & Juravich, 2015).

Finally, this line of research could be expanded altogether to include characteristics of PSF TMTs that are more subjective, but equally illuminating and salient. For example, are owners with a lack of experience in socially-responsible industries likely to manage a PSF in ways that are fiscally or environmentally deleterious? Moreover, future scholars could investigate whether certain TMT personality and career traits are associated with the likelihood of a PSF encountering

public relations skirmishes. Last, future scholars could examine how TMT personality and career traits impact the public funding of sport venues in the PSF's MSA. These kinds of outcomes are especially salient for many groups of stakeholders including governments and lobbyists, fans and citizens, parent companies and strategic partners, and owners of firms that operate in sport-adjacent industries. Finally, as it relates to sport entrepreneurship, it would be interesting to assess the influence of owners' personal networks. The positive outcomes of network effects in entrepreneurship are well documented (Aldrich & Zimmer, 1986; Johannisson, 1987), so it would be interesting to assess what positive outcomes PSFs can realize from an owner with a rich network of personal contacts in the sports industry or in sports-adjacent industries. Relatedly, the positive effects of a personal network are perhaps best operationalized by engaging in effective strategic alliances with external groups. It would also be interesting to assess whether or not owners with a track record of engaging in strategic alliances can generate measurable differences related to externally-dependent outcomes such as venue financing, broadcast agreements, and local legislation.

Conclusion

Using UET as a theoretical framework and prior work in sport as a guide, this study has theorized about the importance of ownership characteristics in generating PSF level outcomes. The results of the ensuing empirical analysis suggested that owners with marketing experience are responsible for positive marketing-related outcomes, such as attendance and FDMC. The results in part extend the findings of prior TMT research in sport to the context of ownership, outlining how owners' tenure, age, and education have little impact on PSF level outcomes. Additionally, the results extend findings in this

stream of research by using a deeper operationalization of 'functional background' to show that functional background is positively and significantly associated with function-specific PSF level outcomes. Finally, an overview of the limitations of this study is provided and suggestions for future research are made.

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Figures and Tables

Table 3.1. Majority Owner Functional Experience

Functional Experience	Freq.	Percent	Cum. %
Operations & Logistics	22	7.33	7.33
Accounting & Finance	78	26	33.33
General Management	68	22.67	56
Marketing	38	12.67	68.67
Legal	20	6.67	75.33
Real Estate Mgmt	34	11.33	86.67
Technology	40	13.33	100
Total	300	100	

Table 3.2. Variable names and descriptions.

Variable	Abbreviation	Description
1 Attendance	Att	Aggregate regular season attendance for PSF j in year t
2 Fan Digital Media Consumption	FDMC	Percentage of PSF j 's maximum search popularity during the time period examined in year t
3 Marketing	Marketing	Indicator =1 if owner's career experience was predominantly marketing-related for PSF j in year t
4 Own Tenure	Otenure	Number of years the majority owner has owned PSF j in year t
5 Own Age	Oage	Age in years of the majority owner of PSF j in year t
6 Own Education	Oedu	Ordinal variable capturing the highest level of education attained by the owner; 1=high school, 2=bachelor's degree, 3=master's degree, & 4=terminal degree
7 Payroll	Pay	Total payroll for PSF j 's opening day roster in year t
8 Win Efficiency	WE	Deviation score for the logarithmic value of PSF j 's total regular season wins divided by the normalized dollar amount spent on payroll in year t
9 Fan Cost Index	FCI	Total cost for a family of four to attend a MLB game in PSF j 's venue in year t
10 Operating Margin	OpMargin	Operating income divided by revenues for PSF j in year t
11 PSF Tenure	PSFtenure	Number of years the franchise has resided within the current MSA in year t
12 Stadium Age	StadAge	Age of PSF j 's stadium in year t
13 Stadium Capacity	StadCap	Capacity of PSF j 's stadium in year t
14 Stadium Value	StadVal	Dollar amount spent to construct PSF j 's stadium in year t
15 Competition	Comp	Ordinal variable that represents the number of other 'Big Four' PSFs in PSF j 's MSA in year t
16 MLB Revenue	MLBRev	Amount of revenue generated by the MLB in year t
17 MLB digital media consumption	MLBDMC	Percentage of MLB's maximum search popularity during the time period examined in year t
18 Internet Access	IntAcc	Percentage of households with internet access in the MSA in year t
19 Disposable Income	DisInc	Average household disposable income after taxes and other mandatory payments in the MSA in year t
20 Average Wage	Wages	Average household disposable income after taxes and other mandatory payments in the MSA in year t
21 MSA Population	MSApop	Actual or projected population of MSA in year t
22 MSA Income	MSAinc	Per-capital income in the MSA in year t

Note: all dollar values are in 2017 USD

Table 3.3. Expert Panelists' Career Functional Ratings

Owner ID	Expert Panel					IRR
	Member 1	Member 2	Member 3	Member 4	Member 5	
1						
2						
3				x		0.2
4						
5						
6						
7						
8						
9						
10						
11	x	x		x	x	0.8
12		x				0.2
13						
14		x				0.2
15						
16						
17	x	x	x	x	x	1
18						
19						
20	x	x	x	x	x	1
21						
22						
23						
24						
25						
26						
27	x	x				0.4
28						
29	x	x	x	x	x	1
30		x		x		0.4
31		x				0.2
32		x				0.2
33						
34	x	x	x	x	x	1
35						
36						
37						
38						
39						
40						
41						
42						

Mean IRR = .96

Table 3.4. Summary Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Att	300	2500843	668881.20	1165120	4298655
FDMC	300	18.30	12.01	0	56.41667
Marketing	300	0.13	0.33	0	1
Otenure	300	10.72	7.77	1	37
Oage	297	64.12	12.09	39	93
Oedu	296	2.58	0.86	1	4
Pay	300	9.85E+07	4.14E+07	1.70E+07	2.82E+08
WPP	300	99.98	31.77	43	255
FCI	300	197.37	51.15	114.24	410.88
OpMargin	300	0.08	0.09	-0.2761092	0.352459
PSFtenure	300	64.63	45.05	2	405
StadAge	300	23.06	24.92	1	103
StadCap	300	44312.66	5333.80	31042	57333
StadVal	300	4.15E+08	3.09E+08	6034678	1.81E+09
Comp	300	4.06	1.59	1	7
MLBRev	300	6.50	0.99	5.11	8.39
MLBDMC	300	38.64	12.38	28.5	64.25
IntAcc	300	76.97	7.04	68.9	88.5
DisInc	300	37576.80	2616.83	33591	42094
Wages	300	19.08	1.32	16.74	21.03
MSApop	300	5913780	4.67E+06	1523907	2.01E+07
MSAinc	300	49155.93	8684.78	34867	79206

Table 3.5. Bivariate Correlations

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1 Att	1.00																					
2 FDMC	0.01	1.00																				
3 Marketing	0.14	0.33	1.00																			
4 Otenure	0.10	0.14	-0.01	1.00																		
5 Oage	-0.05	0.16	0.02	0.42	1.00																	
6 Oedu	-0.05	-0.05	-0.16	0.26	0.15	1.00																
7 Pay	0.58	0.20	0.13	0.22	0.08	-0.04	1.00															
8 WE	-0.45	0.18	0.06	-0.18	-0.04	-0.07	-0.46	1.00														
9 FCI	0.45	0.01	-0.01	0.12	0.00	-0.08	0.69	-0.47	1.00													
10 OpMargin	-0.24	-0.01	-0.02	-0.24	-0.03	0.02	-0.38	0.53	-0.17	1.00												
11 PSFtenure	0.34	0.05	-0.03	0.22	0.07	0.10	0.42	-0.29	0.43	-0.20	1.00											
12 StadAge	0.22	-0.04	-0.03	-0.04	-0.09	-0.20	0.30	-0.25	0.43	-0.08	0.25	1.00										
13 StadCap	0.38	-0.20	-0.12	0.16	-0.19	-0.05	0.16	-0.25	-0.04	-0.19	-0.17	0.04	1.00									
14 StadVal	0.16	-0.06	0.00	0.09	-0.07	0.13	0.36	-0.17	0.26	-0.20	0.00	-0.46	0.21	1.00								
15 Comp	0.32	0.05	0.17	0.05	0.07	-0.10	0.37	-0.31	0.35	-0.09	0.01	0.26	0.29	0.05	1.00							
16 MLBRev	-0.07	0.49	0.00	0.08	0.10	-0.08	0.30	0.01	0.24	-0.08	0.07	0.02	-0.13	0.08	-0.01	1.00						
17 MLBDMC	0.08	-0.25	0.02	-0.02	-0.05	0.01	-0.21	0.01	-0.24	0.10	-0.08	0.01	0.13	-0.10	0.00	-0.64	1.00					
18 IntAcc	-0.05	0.48	0.02	0.09	0.10	-0.09	0.26	0.01	0.20	-0.08	0.06	0.03	-0.10	0.06	-0.01	0.90	-0.39	1.00				
19 DisInc	-0.07	0.49	0.00	0.07	0.09	-0.08	0.29	0.01	0.24	-0.09	0.08	0.02	-0.13	0.09	-0.01	0.98	-0.68	0.87	1.00			
20 Wages	-0.08	0.46	-0.01	0.06	0.09	-0.06	0.29	0.00	0.26	-0.10	0.08	0.01	-0.15	0.10	0.00	0.96	-0.82	0.79	0.96	1.00		
21 MSApop	0.45	-0.02	0.15	0.12	0.03	-0.10	0.50	-0.41	0.46	-0.23	0.16	0.22	0.35	0.35	0.69	0.02	-0.02	0.01	0.02	0.02	1.00	
22 MSAinc	0.14	0.10	0.03	0.00	-0.05	-0.03	0.35	-0.20	0.50	-0.01	-0.03	0.23	0.12	0.24	0.45	0.38	-0.20	0.37	0.39	0.35	0.24	1.00

Table 3.6. FE model specification for Attendance

Variable	Attendance (FE)			
	β	SE	z	p>z
Marketing	616965.6	247958	2.49	0.013
Otenure	-11521.81	28667.56	0.4	0.691
Oage	99159.84	54950.14	1.8	0.082
Oedu	182550.5	185287.8	0.99	0.333
Otenure ²	-897.5721	694.1938	1.29	0.206
Oage ²	-493.6786	382.3326	1.29	0.207
WE	3738.538	931.2393	4.01	0
Lagged WE	2631.643	902.6827	2.92	0.007
FCI	7743.614	1957.54	3.96	0
OpMargin	-523010.6	491205.9	1.06	0.296
PSFtenure	-550.6922	811.1752	0.68	0.503
StadAge	-11648.19	13550.32	0.86	0.397
StadCapacity	-3.460649	27.91537	0.12	0.902
StadValue	-0.0020857	0.0011529	1.81	0.081
Comp	<i>Omitted</i>			
Residuals	15733.43	13656.5	1.15	0.259
Year Fixed Effects	<i>Included</i>			
PSF Fixed Effects	<i>Included</i>			
Constant	-4393706	3775423	1.16	0.254
N	264			
F _(22, 29)	46.58			
Prob >	0.0000			
R ² within	0.3803			
R ² between	0.0194			
R ² Total	0.0028			

Table 3.7. System-GMM specification for FDMC

Variable	FDMC			
	β	SE	z	p>z
LagFDMC	0.11	0.06	1.97	0.05
Marketing	10.01	1.60	6.24	0.00
Otenure	-0.07	0.21	-0.4	0.72
Oage	0.68	0.42	1.61	0.11
Oedu	0.01	0.55	0.02	0.99
Otenure ²	0.01	0.01	0.83	0.40
Oage ²	0.00	0.00	-1.4	0.15
WE	0.01	0.02	0.32	0.75
Lagged WE	0.04	0.02	2.23	0.03
Pay	0.00	0.00	1.85	0.06
OpMargin	6.54	7.85	0.83	0.40
PSFTenure	-0.01	0.01	-0.7	0.48
MSApop	0.00	0.00	-2.3	0.02
Comp	0.65	0.40	1.63	0.10
MLBRev	<i>Omitted</i>			
MLBDMC	-0.28	0.07	-4.3	0.00
Residuals	-0.54	0.26	-2.1	0.04
IntAcc	0.46	0.16	2.91	0.00
Year Fixed Effects	<i>Included</i>			
PSF Fixed Effects	<i>Included</i>			
Constant	<i>Omitted</i>			
N	264			
Wald $X^2_{(28)}$	2548.12			
Prob >	0.000			
Test for AR(1)			-6.9	0.000
Test for AR(2)			-.13	0.899

CHAPTER IV

TACITLY-OPERATIONALIZED INTANGIBLE RESOURCES:

OWNERS' POLITICAL AFFILIATION

Synopsis

This manuscript builds on prior work in this dissertation by trying to uncover the relationships between PSF owners' political affiliation (PA) and the way they manage their respective professional sport franchises (PSFs). PA is a tacit form of personal and institutional knowledge, and as such offers a unique view into how owners operationalize resources using tacit knowledge. The manuscript utilizes the UET literature in sport as a foundation, and the political discourse in sport as inspiration for a series of five hypotheses. A sample of 300 PSF-year observations tied to 42 unique owners was used to investigate the proposed relationships. The results do not support the idea that an owner's political leanings impact how the PSF is managed. In one instance, the effect was significant but opposite of what was hypothesized based on the literature. Despite these initial findings, it is likely that politics will continue to be embroiled in modern sport discourse, so increased attention to this line of inquiry will be required now and in the future.

Introduction

The influence of professional sport franchises' (PSF) top management teams (TMTs) is garnering increased attention in academia and in the popular press. Applying upper echelon theory (UET), recent scholarship in sport management has begun to tap into the wealth of management knowledge that can be gleaned by examining this stakeholder group more closely (Juravich, Salaga, & Babiak, 2017; Rhode & Breuer, 2018; Peeters, Salaga, & Juravich, 2015; Wong & Deubert, 2010). This body of research has shown that TMT characteristics in sport are related to organization-level performance outcomes. Characteristics like technical knowledge (Juravich et al., 2017), amount of education (Juravich et al., 2017; Peeters et al., 2015), knowledge of human resources (Peeters et al., 2015), and the degree of similarity between a top manager and the organization (Peeters et al., 2015) were all notable predictors of an organization's performance. Rhode and Breuer (2018) document the effects of ownership structure, showing that private majority ownership and foreign majority ownership tend to temper performance. In parallel, the politics of TMTs and of the sport industry's other power brokers are the subject of increased scrutiny in academia (Allison, 1993; Barney, Wenn, & Martyn, 2002; Newman & Giardina, 2010; Sage, 2015; Tomlinson & Sugden, 2013) and the popular press alike (Badenhausen, 2017; Duffy, 2016; Grahm, 2016; Khalek, 2011; Solomon, 2016). Collectively, these groups are often criticized for donating to politicians and political action committees (PACs) on both sides of the aisle, as well as for using their positions of power to stack the sport industry's regulations in their favor. Given the intertwined and tumultuous history of sports and politics, it should not come

as a surprise that sport consumers wonder whether the management of their favorite PSF is affected by its majority owner's political orientation (Houlihan, 2007; Riordan, 2002).

Despite the recent attention being paid to PSF TMTs and the proliferation of political discourse in sport, little has been done in the way of empirically investigating these two phenomena together. The UET research in sport has focused on assessing the role of general managers and head coaches. While perhaps the most public-facing entities of a PSF's TMT, they are mainly responsible for strategic decisions that relate directly to on-field performance. Moreover, the predictors and outcomes in these analyses often focus on managerial inputs (i.e., knowledge, experience, etc.) and performance outcomes that are couched in the contexts of strategy and finance. Another group—ownership—has a much broader range of decision-making rights. Owners, after all, pay professional managers to run their firm and are ultimately responsible for all decisions at a PSF (Jensen & Meckling, 1976), including those tinged with political undertones.

Therefore, the purpose of this manuscript is to empirically assess the role that ownership's political leanings have when predicting politically relevant outcomes. In so doing, the manuscript makes multiple contributions to sport management research. First, the manuscript sheds light on the role that owners play in the management of their PSFs. Do they affect firm outcomes in a measurable way, or are they merely a figurehead with a bankroll? If the former, how do they affect the decision making process? That is, how do their personal traits and viewpoints manifest? A second contribution of this manuscript is that it investigates the role of owners' political affiliation specifically—a characteristic that is subjected to increased scrutiny by the popular press and academics.

In as much, the manuscript is intended to help inform the public debate about PSF owners, their political orientations, and any potential PSF-specific outcomes thereof.

The manuscript is organized as follows. First, a literature review is provided that covers the topics of UET broadly and in sport management, as well as the role of politics in sport. Next, several hypotheses are formulated based on prior research and relevant theoretical frameworks. Following that, the methods of this study are detailed, including an overview of the data and variables and a section about the model specifications used. Next, the manuscript states the results of the analysis, and discusses their implications. Last, the paper makes note of the limitations of the study and makes some suggestions for future research.

Literature Review

Upper Echelon Theory (UET)

In a general sense, organizations make effective use of their resource base by accruing and managing internal knowledge flows (Grant, 1996; 2002). Further, employees are the vessels in which much of a firm's knowledge resources reside (Wright, Dunford, & Snell, 2001). One of the most influential sets of employees within a firm is the upper echelon, defined as the firm's most senior management and ownership (Hambrick & Mason, 1984). The interaction of managers and owners is important because agency theorists have argued that the formation and execution of strategic moves is tied to the pending approval of ownership (Jensen & Meckling, 1976).

Because of the influential nature of upper echelons and the cognitive- and knowledge-based resources they provide, Hambrick & Mason (1984) suggested that characteristics of a firm's upper echelon can be a significant predictor of firm-level

outcomes. This proposition has been shown to hold empirical merit. TMT demographics (Wiersema & Bantel, 1992), level of heterogeneity (Carpenter, 2002; Hambrick, Cho, & Chen, 1996), and previous experience (Carpenter, Sanders, & Gregerson, 2001) have been shown to influence firm outcomes. On an individual level, some have studied how CEO traits relate to strategy implementation and corporate performance. Chatterjee and Hambrick (2007) demonstrated how CEO narcissism may contribute to strategic dynamism and volatile firm performance. Additionally, Taylor, Machado and Peterson (2008) and Nadkarni and Herrmann (2010) empirically confirmed that a CEO's positive psychological traits (i.e., hope, optimism, and resiliency) correlate with strategic flexibility.

UET is in the beginning phases of being applied to the sport industry. Wong and Deubert (2010) first provided an exploratory overview of the role of general managers (GMs) in professional baseball. Building on this, Peeters, Salaga, and Juravich (2015) investigated the role of upper and middle level managers on MLB team performance. These authors found that middle managers (head coaches) and upper level managers (general managers) both have modest impacts on team performance. For middle managers, a deep working knowledge of the team members is important, while education from a top tier university was most impactful for upper level managers. These findings are consistent with the ideas that middle managers need to know more about the personnel they are directly responsible for, while upper-level managers are more concerned with forming and implementing strategic initiatives. A follow up examination by Peters, Salaga, and Juravich (2015) added that accounting for organization-person match quality is important when predicting managerial impact. Specifically, these

authors' results reinforced the idea that better managers tend to work at more efficient firms. Moreover, they found that more talented managers tend to work with other high quality managers and be more cooperative. Last, they documented that when upper level managers are much more educated than their midlevel counterparts, firm performance suffers. Thus, communication might be especially difficult in these situations. Also, Juravich, Salaga, and Babiak (2017) found similar trends in a sample of National Basketball Association teams and general managers. Most recently, Chapter III of this manuscript delved deeper into the role of functional experience. This work found that PSF owners who have significant career experience in marketing and sales are associated with higher levels of marketing-related outcomes, such as greater attendance and more online media consumption. On the whole, these studies have been helpful in building a bridge between sport management and the upper echelons perspective.

Political Affiliation and Politics in Sport

While business-specific aspects of an upper echelon are intuitively predictive of business performance, another important (and more exogenous) class of personal characteristics concern an upper echelons' political orientation. Upper echelon members' political affiliation has been shown to be a driver of a diverse set of firm level outcomes across a varied set of industries (Briscoe, Chin, & Hambrick, 2014; Chin & Semadeni, 2017; Christensen, Dhaliwal, Boivie, and Graffin, 2015; Hutton, Jiang, & Kumar, 2014; Hutton, Jiang, & Kumar, 2015; Francis, Hasan, Sun, & Wu, 2016). Liberal CEOs have been found to be associated with more employee activism (Briscoe, Chin, and Hambrick, 2014), more egalitarian compensation structures (Chin and Semadeni, 2017), and more tax avoidance than their conservative counterparts (Christensen, Dhaliwal, Boivie, and

Graffin, 2015). Likewise, conservative TMTs have been linked to conservative financial management strategies (Hutton, Jiang, & Kumar, 2014), and a greater propensity for civil rights, labor, and environmental litigation (Hutton, Jiang, & Kumar, 2015). Highly partisan CEOs on both sides of the aisle are also more associated with corporate tax sheltering compared to their moderate counterparts (Francis, Hasan, Sun, & Wu, 2016). Similarly, favorable political ties have been shown to enable firms to peruse more challenging diversification efforts and to make more shrewd investment decisions (Wellman, 2016; Zhu & Chung, 2014).

In this context, the term ‘political affiliation’ characterizes the extent to which someone identifies with one end of the conservative-progressive ideological spectrum. Political affiliation is surely a fluid construct (McCloskey & Zaller, 1984), but political parties in the United States (US)—and in most developed nations—are erected on distinct sets of moral fundamentals that produce differences in ethical norms (Hutton, Jiang, & Kumar, 2014). Several topics represent areas where these differences are most profound: economic individualism and opportunity, civil rights, societal tolerance and inclusion, free enterprise, and environmental conservation (Rokeach, 1973; Feldman, 1988; Goren, 2005; Goren et al., 2009).

Politics and the notion of political affiliation hold a significant place in the hearts and minds of sport industry stakeholders. The industry as a whole has long operated at the nexus of culture, society, and political economy. As such, sport is interwoven with societies to a degree that is unmatched by other industry sectors (Smith & Westerbeek, 2007). For example, Jesse Owens was dissuaded from competing in the 1936 Berlin Olympic Games on the grounds that an African American should not help promote the

racist Nazi political regime. Likewise, at the 1968 Summer Olympic Games in Mexico City, Tommie Smith and John Carlos engaged in a human-rights inspired silent demonstration during their medal ceremony, which was intended to bring attention to poverty and racial inequality. Recently, professional American football players have taken to protesting the playing of the United States' national anthem at the beginning of games in an effort to show displeasure with institutional and socio-economic forces they perceive as problematic for African Americans in the US.

In between these iconic, race-driven intersections of sport and politics, more varied examples abound. Global sport properties have been chastised on the grounds that the mega-events they distribute to the world are economically unfruitful at best and debilitating at worst (Matheson, 2006). The International Olympic Committee (IOC) and the Federation Internationale de Football Association (FIFA) have been billed as predatory for hosting these contests in developing nations that have no hope of recouping the immense costs involved. Decades worth of accusations levied at FIFA concerning financial mismanagement and administrative corruption also abound. Moreover, professional sport franchises (especially in North America) have been lambasted for shouldering their respective municipalities with the costs of facility upgrades and new construction. Finally, sports wagering and daily fantasy websites are part of a multibillion dollar industry at the center of an intense national public policy debate. Undergirding all of this, social media outlets have enabled athlete activism and philanthropic activity at unprecedented levels (Ratten, 2018). Athletes can engage at the microeconomic level and in real time, enhancing their brand and solidifying their place as cultural and political influencers.

Despite the strong connection between sport and politics, little research has been done in the way of exploring how the political affiliation of sport's most influential stakeholders manifests at larger levels of analysis. If sport stakeholders can better understand sports industry influencers' political ethos, they can better understand the fiduciary, economic, and socio-cultural outcomes that are likely to result.

Hypothesis Development

Operating Margin

In general, political conservatives are more risk averse and prefer strict financial management doctrines that protect against excess business hazards (Christensen et al., 2015; Hutton, Jiang, & Kumar, 2014). In these analyses, the result of political conservatism manifesting as financial conservatism is that firms with more conservative CEOs tended to be more profitable. In line with these findings, the following hypotheses is proposed:

Hypothesis 1: *More conservative ownership will be positively related to a PSF's operating margin.*

However, operating margins can only offer a high-level snapshot of a PSF's complete financial landscape. To delve deeper, it can be helpful to consider both revenue and cost structures. Intra-league PSF revenues are held relatively constant by sets of revenue sharing tactics (Blair, 2012). However, team-level differences in revenue are often accrued at the local and regional level from attendance. On the cost side, examining a PSF's financial commitment to labor is most important to the resulting operating margin. Each of these components is discussed in more detail below.

Cost of Attendance

Attendance, merchandise, concessions, and other game-day related costs represent a significant and widely available data point concerning local-level revenue generators for PSFs. In the context of generating and preserving larger profit margins (Christensen et al., 2015; Hutton, Jiang, & Kumar, 2014), conservative managers should favor increasing revenue streams from all of these lines of business. Therefore, the hypothesis is proposed:

Hypothesis 2: *More conservative ownership will be positively related to a PSF's Fan Cost Index.*

Labor Relations

For decades, the relationship between PSF ownership and the athletes they employ has been a contentious issue. For most of professional sport's history, athletes were awarded little or no collective bargaining rights and had virtually no control over which PSFs were able to bid for their services. These institutional norms kept labor costs artificially low. This dynamic has evolved quite a lot in recent decades to the point where labor relations are much more equitable. Now, many avenues exist for athletes to leverage their talents, which likewise allows owners to adopt varying cost structures when filling out their rosters. While some owners focus on building efficient payrolls (lower-paid rosters that win more games than might be expected), other owners are comfortable spending exorbitant amounts of money to acquire the league's best and most established athletes. In line with this, Hutton, Jiang, and Kumar (2014) found that firms with a conservative TMT are more likely than their liberal counterparts to be sued for a set of reasons that included labor relations—that is, favoring financial optimality

over workers' best interests. This manuscript posits that (a) lower wages, (b) greater production efficiency, and (c) high turnover are indicative of ownership's reluctance to spend freely on labor costs. Given these findings, the following hypothesis is proposed:

Hypothesis 3: *More conservative ownership will be negatively related to total payroll.*

Hypothesis 4: *More conservative ownership will be positively related to winning efficiency.*

Hypothesis 5: *More conservative ownership will be positively related to the likelihood of a fire sale.*

Method

Sample and Data

Secondary data were collected on the 30 PSFs that comprise MLB during the ten-season period from 2006-2015. For clarity, variables and their descriptions appear in Table 4.1, and summary statistics appear in Table 4.2. Variables are available publically from a range of credible sources, and were collected at four levels of analysis: the owner, the PSF, the PSF's Metropolitan Statistical Area (MSA), and the league. While Tables 1 and 2 were produced in the interest of brevity, more detailed explanations of the most pertinent variables are discussed here.

Baseline Model

Scores on the dependent variable of interest will be estimated as a function of the political affiliation independent variable, and four vectors of control variables as delineated in Equation (4.1):

$$(4.1) \quad Y_{jt} = \beta_0 + \beta_1 PA_{jt} + \beta_k [OWNER_{jt}] + \beta_k [PSF_{jt}] + \beta_k [MSA_{jt}] + \beta_k [LEAGUE_{jt}] + \varepsilon_{jt}$$

Where Y_{jt} is the outcome of interest, β_0 is a constant term, and $\beta_1 PA_{jt}$ is the value of an owner's political affiliation for PSF j in year t . $OWNER_{jt}$ represents the vector of owner-level control variables for PSF j in year t , PSF_{jt} is the vector of PSF-level control variables for PSF j in year t , MSA_t is the vector of variables corresponding to each PSF's Metropolitan Statistical Area (MSA) in year t , $LEAGUE_t$ is the vector of league-level control variables in year t , and ϵ_{jt} is a random disturbance term.

Political Affiliation

To measure the independent variable, the manuscript follows the conventions first employed by Hong and Kostovetsky (2012), and subsequently used by others (Christensen et al., 2015, Hutton et al., 2014; 2015). First, political donations made by each primary owner in every year of the analysis were gathered from the Federal Election Commission (FEC), which publically documents donations over \$200. Following prior researchers, donations to political action committees (PACs) and other intermediary pools were excluded from the analysis, as these organizations commonly distribute funds to both parties according to issue-specific platform items. All donations made directly to local, state, and federal campaigns were included in the analysis.

Once gathered, the measure was computed by taking the dollar value of an owner's contributions to the Republican Party in a given year minus the dollar value of the owner's contributions to the Democratic Party in the same year. That value was then divided by the dollar value of the owner's total contributions to both parties. This produced a continuous measure of political orientation bounded between +1 and -1. A value of +1 indicates that all contributions were made to the Republican Party, and a value of -1 indicates that all contributions were made to the Democratic Party. To

account for opportunistic swings in donations made across multiple years, a two-year rolling average was produced by generating the mean of an owner's political affiliation score in year t and in year $t-1$.

Operating Margin

Operating margin is a measure of profitability, typically expressed as a percentage. Here, it is computed as PSF's j 's operating income divided by revenue in year t . Because most PSFs in North America are privately owned, these values were obtained from Forbes' yearly team valuations, which use proprietary data to estimate financial components of a PSF's balance sheet.

Fan Cost Index

In the spirit of assessing gross cost of attendance, FCI is calculated as the total cost for a family of four to attend a MLB game in PSF j 's venue in year t . FCI includes the cost of two average price adult tickets, two average price child tickets, four small soft drinks, two small beers, four hot dogs, two programs, two adult size caps, and parking.

Payroll

Payroll is the sum of all Opening-Day roster player's salaries for PSF j in year t .

Winning Efficiency

Winning Efficiency is computed by dividing the logarithmic value of a PSF's total regular season wins by the normalized dollar amount spent on payroll (Juravich, Salaga, & Babiak, 2017). An advantage of this approach in particular is that it captures a team's performance relative to what should be expected based on payroll, as opposed to raw performance.

Fire Sales

In sports, the term ‘fire sale’ refers to the practice of trading away a team’s veteran players (especially expensive star players) to other teams for less expensive and typically younger players. Naturally, the most obvious financial incentive for this practice is a significant reduction of payroll expenses. This paper operationalizes a fire sale as an indicator variable taking the value of 1 when a PSF’s payroll decreases by more than 20% from year $t-1$ to year t .

Fan Digital Media Consumption (FDMC)

This variable is estimated to be a significant control variable in the analysis. It was computed using Google Trends for each PSF in each observation year using the number of internet search terms pertaining to the PSF. Given a specified search term and including several possible parameters, Google Trends produces a chronological track of that search term’s popularity. A search term containing the PSF’s name was first specified for the ten-year time span of our analysis (i.e. all web searches for “Texas Rangers” between 01/01/2006 and 12/31/2015). Then, a geographic parameter was specified that bounded the results to all searched within that PSF’s MSA (i.e., all web searches for “Texas Rangers” between 01/01/2006 and 12/31/2015 within the Dallas-Ft. Worth MSA). Finally, a topic context for ‘sports’ was specified in order to eliminate web searches that related to other topics (i.e., “Texas Rangers” could refer to both the MLB PSF and the well-known 19th century paramilitary troops). The scores are presented as a percentage of PSF j ’s maximum search popularity during the specified time period. For example, a score of 45 for year t would mean that year t saw only 45% as many search terms for PSF j compared to PSF j ’s most popular year in the time frame.

Model Specifications

In order to investigate Hypotheses 1-4, the unbalanced panel dataset will be analyzed using fixed and random-effects models with robust standard errors. This approach requires the inclusion of year and PSF fixed effects, as shown in Equation (4.2):

$$(4.2) \quad Y_{jt} = \beta_0 + \beta_1 PA_{jt} + \beta_k [OWNER_{jt}] + \beta_k [PSF_{jt}] + \beta_k [MSA_{jt}] + \beta_k [LEAGUE_t] + \tau_j + \Upsilon_t + \varepsilon_{jt}$$

Where τ_j are PSF fixed effects and Υ_t are year fixed effects. The fixed-effects model, it should be noted, does not include PSF fixed effects, τ_j , as they do not vary over time.

For the equation investigating Hypothesis 1, Operating Margin (OM_{jt}) is predicted using an owner's political affiliation (PA_{jt}) and a set of controls, which are included based on prior research and basic accounting principles. Other owner characteristics are included based on prior upper echelon research in sport (Juravich, Salaga, & Babiak, 2017; Peeters, Salaga, & Juravich, 2015), such as age, age squared, tenure, tenure squared, and education. The squared terms are included to investigate the potential curvilinear effects of age and tenure.

Then, PSF-level variables that expressly determine revenue and cost structures are included. Cost-side variables in the model include payroll and the percentage of stadium financed by the team. Revenue-side variables at the team level include attendance, FCI, gate revenue, stadium capacity, and FDMC. FDMC is important because it gives an indication of fans' interactions with team-specific content outside of a stadium environment. On-field performance has also been documented as an important

predictor of patronage and fan interest in general (Ahn & Lee, 2014). Therefore, games won and winning efficiency are included in the model. These two variables are related conceptually in that the latter hinges on the value of the former. However, the specific computation of winning efficiency described earlier reduced the two measure's co-dependence and allowed for the inclusion of both variables in the model ($r = -.019$).

Next, the team's tenure in the city and the age of the stadium (measured in years since a new stadium was built or since the last major renovation project was finished) are included in the model. Following that, five MSA-level controls are included. The first is the MSA's per capita income. The second is the number of other PSFs in the MSA. It is included as a measure of competitive rivalry because entertainment consumers typically must make zero-sum tradeoffs given a set of available options. Next, the MSA's population, the MSA's income tax rate, and the MSA's unemployment rate are included. Then, because PSF values are largely determined by redistributed league-level revenue, total MLB revenue in the observation year was included in the model.

At the macroeconomic level, variables were included that are often seen as determinants of consumers' willingness and/or ability to engage in experiential leisure products and services: the consumer price index, the federal funds rate, the US dollar exchange rate, and the average US wage for hourly workers. Thus, Hypothesis 1 was investigated using Equation (4. 3):

$$(4.3) \quad OM_{jt} = \beta_0 + \beta_1 PA_{jt} + \beta_2 Oage_{jt} + \beta_3 Otenure_{jt} + \beta_4 Age2_{jt} + \beta_5 Tenure2_{jt} + \\ \beta_6 Oedu_{jt} + \beta_7 Payroll_{jt} + \beta_8 Private_{jt} + \beta_9 Att_{jt} + \beta_{10} FCI_{jt} + \beta_{11} Gate_{jt} + \beta_{12} Cap_{jt} + \\ \beta_{13} FDMC_{jt} + \beta_{14} GW_{jt} + \beta_{15} WE_{jt} + \beta_{16} Ttenure_{jt} + \beta_{17} StAge_{jt} + \beta_{18} MSAPCI_{jt} +$$

$$\beta_{17}\text{Comp}_{jt} + \beta_{18}\text{Pop}_{jt} + \beta_{19}\text{Tax}_{jt} + \beta_{20}\text{Unemp}_{jt} + \beta_{21}\text{MLBRev}_{jt} + \beta_{22}\text{CPI}_{jt} + \\ \beta_{23}\text{FFR}_{jt} + \beta_{24}\text{USD}_{jt} + \beta_{25}\text{Wages}_{jt} + \tau_j + \Upsilon_t + \varepsilon_{jt}$$

To investigate Hypothesis 2, FCI will be predicted using an owner's political affiliation and a set of pertinent owner-level control variables, as in the prior estimation. There is a comparative dearth of pricing-focused outcomes in the sport economics and sport marketing literatures (Drayer & Rascher, 2013). In this space, studies typically investigate pricing's role in predicting demand, rather than investigating it as an outcome in and of itself. Furthermore, recent studies that do examine the pricing of sport products typically do so in the context of ticket prices alone (Popp, Shapiro, Walsh, McEvoy, Simmons, & Howell, 2018; Drayer & Shapiro, 2009; Rische & Mondello, 2003; Salaga & Winfree, 2015). While ticket prices represent a piece of the FCI metric, these studies do provide some basic insight for the construction of this model. Rische and Mondello (2003) lay a foundation when they isolate five factors that affect the pricing of tickets: a new stadium, prior season's performance, fans' income levels, the MSA's population, and the ticket price rate of increase. By and large, these results have been bolstered by subsequent studies. Therefore, variables added to the model include the age of the stadium, lagged values for the team's win percentage and win efficiency, the MSA's per capita income, the MSA's population, and the change in FCI from year $t-1$ to year t . Last, Salaga and Winfree (2015) delineated that the MSA's unemployment rate was a predictor of personal seat license prices, so that variable is added to Equation (4.4) below.

$$(4.4) \quad \text{FCI}_{jt} = \beta_0 + \beta_1 \text{PA}_{jt} + \beta_2 \text{Oage}_{jt} + \beta_3 \text{Otenure}_{jt} + \beta_2 \text{Age2}_{jt} + \beta_3 \text{Tenure2}_{jt} + \\ \beta_4 \text{Oedu}_{jt} + \beta_{15} \text{StAge}_{jt} + \beta_{10} \text{LagGW}_{jt} + \beta_{11} \text{LagWE}_{jt} + \beta_{16} \text{MSAPCI}_{jt} + \beta_{18} \text{Pop}_{jt} + \\ \beta_{20} \text{Unemp}_j + \beta_{10} \Delta \text{FCI}_{jt} + \tau_j + \Upsilon_t + \varepsilon_{jt}$$

Next, attention is given to the estimation of Payroll for the purposes of testing Hypothesis 3. Like prior equations, the political affiliation independent variable and the set of other ownership characteristics are included in the model. As it pertains to wages, a large portion of this research focuses on predicting individual players' and positions' salaries rather than PSF-level payroll (Baumer & Zimbalist, 2013; Brown & Jepsen 2009; Burger & Walters, 2003; DeBrock, Hendricks, & Koenker, 2004; Hill & Jolly, 2017; Magel & Hoffman, 2015; Scully, 1974). Across this line of research, important variables such as prior performance, market size, and regional income levels have been shown to affect wages at the individual level. Therefore, lagged measures of the team's performance (winning percentage and winning efficiency), the MSA's population, and the MSA's per capita income are included in the model. Finally, it is surmised that the MSA's income tax rate will also affect payroll, as employers in MSAs with larger tax rates commonly adjust salaries to accommodate higher (or lower) after-tax income.

Therefore, Hypothesis 3 is investigated using Equation (4.5):

$$(4.5) \quad \text{Payroll}_{jt} = \beta_0 + \beta_1 \text{PA}_{jt} + \beta_2 \text{Oage}_{jt} + \beta_3 \text{Otenure}_{jt} + \beta_2 \text{Age2}_{jt} + \beta_3 \text{Tenure2}_{jt} + \\ \beta_4 \text{Oedu}_{jt} + \beta_{10} \text{LagGW}_{jt} + \beta_{11} \text{LagWE}_{jt} + \beta_{18} \text{Pop}_{jt} + \beta_{16} \text{MSAPCI}_{jt} + \beta_{19} \text{Tax}_{jt} + \tau_j \\ + \Upsilon_t + \varepsilon_{jt}$$

Following Payroll, Hypothesis 4 delineates a relationship between political affiliation and winning efficiency. This would suggest that more conservative owners are more concerned with minimizing resource deployment and thus optimizing the PSF's

operational efficiency. Therefore, the estimation method and underlying logic from Hypothesis 3 is employed here, with a significant adjustment—winning efficiency is estimated from the political affiliation independent variable and the set of controls, which now includes payroll. Because of the endogeneity between payroll and winning efficiency, the modeling approach involves two stages. This approach is outlined by Terza, Basu, and Rathouz (2008) and is utilized by other researchers in this context (Juravich, Salaga, and Babiak, 2017). The first stage of the model involves estimating payroll as a function of a MSA’s population and per-capita income. This is shown by Equation (4.6):

$$(4.6) \quad \text{Pay}_{jt} = \beta_0 + \beta_1 \text{MSAPop}_{jt} + \beta_2 \text{MSAInc}_{jt} + \varepsilon_{jt}$$

Where Pay_{jt} is a PSF’s total payroll in year t , $\beta_1 \text{MSAPop}_{jt}$ is the coefficient for the population of a PSF’s MSA in year t , $\beta_2 \text{MSAInc}_{jt}$ is the coefficient for the per capita income in a PSF’s MSA in year t , and ε_{jt} is a random disturbance term. Once estimated, the residual from Equation (6) is then included as a predictor in the model estimating win efficiency. Thus, Equation (4.7) is presented:

$$(4.7) \quad \text{WE}_{jt} = \beta_0 + \beta_1 \text{PA}_{jt} + \beta_2 \text{Oage}_{jt} + \beta_3 \text{Otenure}_{jt} + \beta_4 \text{Age2}_{jt} + \beta_5 \text{Tenure2}_{jt} + \beta_6 \text{Oedu}_{jt} \\ + \beta_7 \text{LagGW}_{jt} + \beta_8 \text{LagWE}_{jt} + \beta_9 \text{Pop}_{jt} + \beta_{10} \text{MSAPCI}_{jt} + \beta_{11} \text{Tax}_{jt} + \text{FSR}_{jt} + \tau_j \\ + \Upsilon_t + \varepsilon_{jt}$$

Where FSR_{jt} corresponds to the residual from Equation (4.6).

Last, Hypothesis 5 indicates that there will be a relationship between an owner’s political conservativeness and the likelihood that he will initiate wage reductions using a fire sale. Given the binary nature of the outcome, a logistic regression technique is used. In Equation (8) below, predictors are included according to the following logic. First, as

with all other models in this paper, the political affiliation predictor and owner-level control variables are included. Because individual personnel decisions are often based on prior performance, lagged values of wins and winning efficiency are included. Naturally, operating margin is included in the vector of predictors since this free cash flow can be used to accommodate wage surges, while a lack of operating capital can initiate a reduction in payroll expenses. Next, there is a significant role of the PSF-fan relationship that should be explored for this model. In service industries like professional sport, there is a distinct relationship between PSF's upper echelons and the fans that patronize them (Funk & James, 2006; Funk, 2017). As this research has outlined, fan loyalty (or lack thereof) is an important influencer of strategic decision making for PSF owners and upper managers (Depken II, 2000; Depken & Craig, 2001; Schmidt & Berri, 2006). As opposed to the idea of 'brand image', which is a short-term evaluation of a brand's qualities (Gray & Balmer, 1998), fans' loyalty is the result of positive perceptions of reputation—a long term assessment of a brand or organization. Therefore, the vector of controls includes measures of the team's tenure in the city, with the implication being that longer-tenured teams may benefit from a deeper connection to their fan base. To ensure robustness of this concept, lagged attendance and lagged FDMC is also included in the model. Because employees' age has been shown to play a role in the personnel management strategies of sport and non-sport firms (Krautmann & Ciecka, 2009; Sims & Addona, 2014; Virtanen et al., 2006), the average age of each team's 40-man roster in this model. Last, the vectors of controls at the MSA level, league level, and macroeconomic level are included. Thus, the estimation of the likelihood of a fire sale is expressed using Equation (4.8):

$$(4.8) \quad \text{FireSale}_{jt} = \beta_0 + \beta_1 \text{PA}_{jt} + \beta_2 \text{Oage}_{jt} + \beta_3 \text{Otenure}_{jt} + \beta_4 \text{OAge2}_{jt} + \beta_5 \text{OTenure2}_{jt} \\ + \beta_6 \text{Oedu}_{jt} + \beta_7 \text{LagGW}_{jt} + \beta_8 \text{LagWE}_{jt} + \beta_9 \text{OM}_{jt} + \beta_{10} \text{Ttenure}_{jt} + \beta_{11} \text{LagAtt}_{jt} + \\ \beta_{12} \text{LagFDMC}_{jt} + \beta_{13} \text{LagBAge}_{jt} + \beta_{14} \text{MSAPCI}_t + \beta_{15} \text{MSAPop}_{jt} + \beta_{16} \text{Taxes}_{jt} + \\ \beta_{17} \text{Unemp}_{jt} + \beta_{18} \text{MLBRev}_{jt} + \beta_{19} \text{CPI}_{jt} + \beta_{20} \text{FFR}_{jt} + \beta_{21} \text{USD}_{jt} + \beta_{22} \text{Wages}_{jt} + \varepsilon_{jt}$$

Finally, the last step in the methodological process was to address the influence of individual-level preferences for political activism amongst owners. Determinants of individuals' political activism are numerous and commonly intertwined (Sandovici & Davis, 2010). For example, Sandovici & Davis (2010) delineate how men and senior citizens are less inclined to be politically active than women and young people. Moreover, psychological traits have also been shown to affect political participation and efficacy (Vecchione & Caprara, 2009). Finally, research has also indicated that, at the firm-level, political donations can be influenced by a number of strategic imperatives. Hadani and Schuler (2012), for example, found that corporate political giving was positively associated with performance for firms that compete in highly-regulated industries.

To address these issues, two additional predictors were entered into each of the prior model specifications as a robustness check: the sum of each owner's political donations in each year (measured in 2015 USD), and a count of the number of donations made by each owner in each year. Together, these two variables were intended to provide insight about each owner's individual preferences towards political giving. However, in all models, the predictors were not statistically significant and did not materially affect other predictors of interest. Therefore, they were omitted from the final analyses.

Results

For reference, summary statistics for all the variables are provided in Table 4.2. The mean for PA was close to zero, ($M = -.067$, $SD = .56$) indicating that across the entire sample, owners' donations were relatively balanced to both parties. Next, bivariate correlations are presented in Table 4.3. A subsequent examination of the VIFs showed that none exceeded a value of 10, and the mean was well below 5, two recommended cutoffs suggested by Hair et al (2009). Results from all five specifications – the focus of this section – are presented in Table 4.4. Coefficients and their accompanying robust standard errors are presented.

Hypothesis 1 stated that more conservative owners would be associated with larger operating margins due to their fiscal conservatism. The coefficient for owners' political affiliation is negative and not statistically significant ($\beta = -.026$; $z = -1.45$; $p = .146$). Therefore, the model specification does not find support for Hypothesis 1.

Next, Hypothesis 2 stated that more conservative owners would be associated with larger FCIs. In this model specification, the coefficient for political affiliation was *negative* and significant ($\beta = -9.44$; $z = -1.73$; $p = .085$). This means that given two PSFs with owners who differ on political affiliation by one standard deviation, the PSF with a conservative owner was associated with, on average, a reduction of FCI by \$9.45, *ceteris paribus*. This finding does not support Hypothesis 2, but it does showcase the need for additional discussion and speculation as to future research in this particular area of inquiry.

Third, Hypothesis 3 stated that more conservative owners would be associated with lower payrolls. The results of this analysis showed a coefficient that was negative

but not statistically significant ($\beta = -5210080$; $z = -0.85$; $p=.397$). Therefore, there is no support for Hypothesis 3.

Hypothesis 4 predicted that there would be a positive relationship between conservative ownership and winning efficiency. Because Hypothesis 3 speculated that conservative owners would spend less on payroll, Hypothesis 4 was intended to siphon out whether there was an underlying emphasis on production efficiency as opposed to merely a blind reduction of payroll costs. The results of this analysis show a Wald X^2 that was not statistically different from zero ($X^2 = 4.82$; $p = .94$), meaning the model as a whole was not helpful in predicting winning efficiency. Beyond that, the coefficient for political affiliation was positive but not statistically significant ($\beta = 56.51$; $z = .64$; $p=.523$). Thus, the analysis finds no support for Hypothesis 4.

Last, Hypothesis 5 forecast that more conservative owners would be more likely to engage in aggressive payroll reductions, known in baseball as a ‘fire sale’. The results of a logistic regression investigating this premise returned a model that, statistically, could not be deemed to be significantly different from the null model (Wald $X^2_{(21)} = 13.75$; $p = .879$; $LL = -81.58$). Therefore, the results of this analysis did not find support for Hypothesis 5.

Discussion and Implications

As it relates to the model proposed in Chapter I, the findings in this manuscript only tangentially support the idea that intangible resources are associated with firm-level outcomes. Owners’ PA did not manifest at the PSF-level in the hypothesized ways, and the only significant relationship was opposite to what was hypothesized. While Chapter III documented significant and positive relationships between explicitly-operationalized

intangibles and performance, this follow-up analysis did not find positive relationships between a tacitly-operationalized intangible resource like PA. Indeed, more work on tacitly-operationalized resources is needed in order to make comparative judgments about the two resource typologies.

To build upon this manuscript, the focus of future work could be placed on understanding the political affiliation of PSF ownership *in relation to other important stakeholders*. As such, future work should seek to build upon the research showing that favorable political ties between TMT members and important external actors are associated with performance advantages for the firm (Wellman, 2016; Zhu & Chung, 2014). Supporting this, other research in sport has drawn attention to the importance of TMT members' characteristics 'matching' that of their peers (Peeters, Salaga, & Juravich, 2015). Specifically, it could be proposed that congruence between a PSF owner's political affiliation and the political affiliation of the MSA's congressional representative or state representative will predict PSF-level outcomes.

Taken together, the results of the five model specifications suggest that PSF owners' political affiliation has little to no effect on how they manage the organization's strategic initiatives. The results of the models investigating Hypotheses 1, 3, 4, and 5 found no clear or consistent link between political conservatism and fiscal conservatism. Additionally, the analysis investigating Hypothesis 2 documented the *opposite* effect of what was hypothesized—that is, each standard deviation increase of owners' political conservatism was associated with an FCI that was almost \$10.00 cheaper, on average (and holding all else constant). Traditional thinking about fiscal conservatism and the empirical analyses that followed have shown that politically conservative members of a

firm's upper echelon tend to be more risk-averse and, as such, focus on enhancing profit margins (Christensen et al., 2015; Hutton, Jiang, & Kumar, 2014). This does not appear to be the case in this sample of firms and owners.

These results are salient given the current political climate of the sports and entertainment industry, as social justice issues – and the political tinges they carry with them – continue to dominate news cycles and academic discourse. Their preeminence is being exacerbated as principal owners become increasingly influential pieces of the PSF's overall brand strategy. Further, the unique structures in place in the professional sport industry incentivize and enable profit maximization. Leagues and franchises engage in economic cooperation off the field by enacting labor market restraints, engaging in geographic product market limitations (Szymanski, 2003), and reducing product saturation throughout the calendar year. Economists have long highlighted the financial windfalls these structures generate (Fort & Quirk, 1995; Vrooman, 1995). Given all of this, it is not surprising that sport and entertainment consumers remain skeptical of ownership's intentions. On the heels of that skepticism, it is only natural for sport and entertainment consumers to wonder whether the political affiliation of a PSF owner might come into play when the owner makes decisions about the organization's financial and strategic initiatives. Based on this analysis, these stakeholders' natural skepticisms appear to be unfounded, as there was no documentable relationship found between owners' political leanings and the way they managed their PSFs.

The findings in this manuscript have implications for academicians and practitioners. For academics, they provide a boundary condition for the theory that top managers' political conservatism tends to influence how they manage the financial state

of the firm (Christensen et al., 2015; Hutton, Jiang, & Kumar, 2014). It could be, for instance, that certain industries are immune or exempt from this phenomena due to their dependence on co-creating value alongside consumers (Jones, 2017), hyper-focus on service (Woratschek, Horbel, & Popp, 2014), and plethora of diverse consumer touch points (Funk, 2017). Collectively, these industry conditions necessitate that PSFs' ownership and executives be more responsive to consumer input. In short, firms that compete in publically-facing, service- and relationship- dependent industries are vastly different than 'traditional' business sectors. In these industries, managers and owners likely have much less latitude to enact policies that reflect their own personal preferences when stakeholders' feedback is (a) so highly valued and (b) ubiquitous. Now and in the future, these competitive environments will continue to become the norm (Funk, 2017; Oh, Fiore, & Jeoung, 2007; Pine & Gilmore, 1998). Therefore, the seismic cultural shifts governing the way firms and consumers interact will likely require a revisited examination of the very tenants of UET (Hambrick & Mason, 1984; Hambrick, 2007).

This work also opens the door for follow-up research related to other politically-salient PSF-level outcomes. PA can manifest in a number of ways related to the financial and economic management of the PSF. One of the major policy debates in sports concerns the public financing of PSFs' facilities. The construction of new facilities and renovations to existing facilities represent a sizable expense for modern day PSFs in all leagues (Fort, 2006; Blair, 2012). This is because sport consumers' preferences have evolved rapidly over the prior two or three decades (Shank & Lyberger, 2014). Modern PSFs are tasked with providing much more than an on-field contest; they are responsible

for creating an entire sport servicescape (Wakerfield & Blodgett, 2016), complete with dozens of experiential touch points (Funk, 2017). To provide such an atmosphere and experience for sport consumers, PSFs have turned to expensive facility upgrades and redevelopment. Tax-payers and municipalities are estimated to shoulder as much as 80% of these costs on average (Long, 2005), so understanding whether PA can motivate certain owners to seek more public funding should be important for future research in this area.

For league-level practitioners in sport, the results of this analysis should reinforce the irrelevancy of owners' political affiliation. Within the context of new and growing leagues especially, there is a need to conduct thorough due diligence on new and prospective franchise owners. Being able to predict what kind of owners they are likely to be—profit maximizers or win maximizers—is important for establishing trust with consumers and building relationships with sponsors. This article has empirically shown that owners' political affiliation, despite what the popular press and some academic work implies, has virtually no bearing on a PSF's financial and strategic management. In some cases, the effect of political conservatism is opposite of what is implied by these sources. That being said, public opinion has historically been shaped by news and journalism (Protess & McCombes, 2016; Iyengar & Simon, 1993)—so while owners' political stances have little bearing on how they manage PSFs in a scientific sense, leagues should always be mindful of the public relations and agenda-setting implications of certain ownership groups. Owners are becoming an increasingly important and visible component of a PSF's brand story, therefore considering how owners' political track record may affect public sentiment should still be paramount.

Limitations

It should be noted that the findings in this manuscript come with some limitations. Due to the complexities of measuring political orientation, this manuscript used the most common and accepted operationalization. But, the measurement of political orientation is certainly a foreboding exercise given its multidimensional nature. Many other legitimate operationalizations abound. For one, it would be interesting to track owners' contributions to PACs that have a consistent liberal or conservative lean. Another operationalization would involve analyzing unstructured verbal data scraped from interview transcripts, press conferences, social media posts, and other public statements. This would likely benefit from use of latent semantic analysis (Dumais, 2004) or latent Dirichlet allocation (Blei, Ng, & Jordan, 2003) to minimize researcher bias. While perhaps more technical from a methods standpoint, this operationalization would also likely provide the most in-depth knowledge about an owners' political leanings.

In line with the former limitation, the next one relates to the fact that this manuscript assumes that PSF owners' political contributions are representative of their actual political ideologies. In practice, the determinants of political contributions are multifaceted and can stem from the industry-, region-, firm-, and individual-level (Guptra, Briscoe, & Hambrick, 2016; Harrigan, 2017; Shirodkar, Beddewela, & Richter, 2018; Sandovici & Davis, 2010). As it relates to individual public choice, research has shown evidence that specific individual-level traits can impact the form of one's political activism – whether it be campaign donation, boycotting, or boycotting. In such instances, individuals engage in a given category of political activism with the intention

of influencing politically-salient outcomes. However, at the firm-level, empirical work has generally incited skepticism for the notion that firms engage in political donations with the intent of accruing political influence in return (Aggarwal, Meschke, & Wang, 2012). In the context of owners, the conceptually important question for future research becomes: do they view their political contributions as representations of themselves as individuals, or on behalf of their PSF as a regional and national brand?

Third, the framework of this analysis assumes inadvertently that PSF owners are directly involved with contract negotiating, product pricing, and margin management. The degree to which an owner can be involved in each business function is completely unregulated by most professional leagues, so it is fair to expect a fair amount of variance in this regard. Some owners likely do involve themselves with those decisions in a direct way, while others prefer a more hands-off approach. Still others operate somewhere in the middle. In line with this, future work should aim to assess PSF owners' actual degree of involvement with various functions like marketing, contract negotiation, or technology implementation. In line with this assumption (and mirroring other research in this area, Juravich, Salaga, & Babiak, 2017), the study assumes that PSF owners are solely responsible for those decisions. Likely, differing levels of teamwork and cooperation are used to reach strategic decisions within the PSF's TMT. Because some classes of managers (i.e., 'better' managers) are more likely to cooperate (Peeters, Salaga, & Juravich, 2015), there should be a fair amount of variance expected in this regard too.

As it pertains to cooperation and group involvement in decision making, it would be interesting for future research to investigate whether a matching of political

affiliations results in certain types of PSF-level outcomes. Recent research in this area has drawn attention to the importance of matching managers with organizations and co-workers on an education and experience basis (Peeters, Salaga, & Juravich, 2015). But, a difference in political orientations between CEOs and their non-CEO TMT counterparts has been shown to affect upper echelons' perceptions of fairness, which can in turn affect organization performance (Chin, 2014). It would, therefore, be interesting to investigate these phenomena in a sport context—an environment where TMT quibbling is a public affair versus one conducted largely behind closed doors. Examples of these interactions abound, and might include the falling out between Jerry Jones and Jimmy Johnson of the Dallas Cowboys, or Jim Harbaugh and Jed York of the San Francisco 49ers.

Conclusion

This manuscript attempted to uncover the relationships between PSF owners' political affiliation and the way they manage their PSF. The manuscript utilized the UET literature in sport as a foundation, and the political discourse in sport as inspiration, to propose a series of five hypotheses. The results do not support the idea that an owner's political leanings impact how he manages his PSF, which should be reassuring to multiple stakeholder groups. Despite the findings, the intersection of politics and sport will continue to flourish, so attention to this line of inquiry will be required now and in the future.

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Figures and Tables

Table 4.1. Variables, abbreviations, and descriptions

Variable	Abbreviation	Description
Political Affiliation	PA	The dollar value of an owner's contributions to the Republican Party in year t minus the dollar value of the owner's contributions to the Democratic Party in year t , all divided by the dollar value of the owner's total contributions to both parties. A value of +1 means all contributions were to the Republican Party, and a value of -1 means that all contributions were made to the Democratic Party. Computed as a two-year rolling average.
Owners' Age	Oage	Age in years of the majority owner of PSF j in year t
Owners' Tenure	Otenure	Number of years the majority owner has owned PSF j in year t
Owner's Age squared	Oage2	Age in years of the majority owner of PSF j in year t squared
Owner's Tenure squared	Otenure2	Number of years the majority owner has owned PSF j in year t squared
Owner's Education	Oedu	Ordinal variable capturing the highest level of education attained by the owner; 1=high school, 2=bachelor's degree, 3=master's degree, & 4=terminal degree
Operating Margin	OM	Operating income divided by revenues for PSF j in year t
Payroll Expenses	Payroll	Total payroll for PSF j 's opening day roster in year t
Stadium Private Funding	Private	Percentage of a PSF's stadium (or most recent significant renovation) paid for with private funds
Attendance	Att	Aggregate regular season attendance for PSF j in year t
Lagged attendance	LagAtt	Aggregate regular season attendance for PSF j in year $t-1$
Fan Cost Index	FCI	Total cost for a family of four to attend a MLB game in PSF j 's venue in year t
Change in FCI	Δ FCI	Percentage increase or decrease in a PSF's FCI from year $t-1$ to year t
Gate Revenues	Gate	Gate revenues for PSF j in year t
Stadium Capacity	Cap	The capacity of PSF j 's stadium in year t
Fan Digital Media Consumption	FDMC	Percentage of PSF j 's maximum search popularity during the time period examined in year t
Lagged FDMC	LagFDMC	Percentage of PSF j 's maximum search popularity during the time period examined in year $t-1$
Games Won	GW	Raw number of games won by PSF j in year t
Lagged Games Won	LagGW	Raw number of games won by PSF j in year $t-1$
Winning Efficiency	WE	Deviation score for the logarithmic value of PSF j 's total regular season wins divided by the normalized dollar amount spent on payroll in year t
Lagged Winning Efficiency	LagWE	Deviation score for the logarithmic value of PSF j 's total regular season wins divided by the normalized dollar amount spent on payroll in year $t-1$
Team Tenure	Tenure	Number of years the franchise has resided within the current MSA in year t
Stadium Age	StadAge	Age of PSF j 's stadium in year t
Fire Sale	FireSale	Indicator variable assuming the value of 1 if PSF j 's payroll decreased by greater than 20% from $t-1$ to t ; 0 otherwise
Batters' Age	BAge	Weighted average age of players who made at least one plate appearance for PSF j in year t
Lagged Batter's Age	LagBAge	Weighted average age of players who made at least one plate appearance for PSF j in year $t-1$
MSA Per Capita Income	MSAPCI	Per-capita income in the MSA in year t
Competition	Comp	Ordinal variable that represents the number of other 'Big Four' PSFs in PSF j 's MSA in year t
MSA population	Pop	Actual or projected population of MSA in year t
MSA income tax rate	Tax	Income tax rate for residents in a given MSA
MSA unemployment	Unemp	Rate of unemployment in a given MSA
MLB Revenue	MLBRev	Amount of revenue generated by the MLB in year t
Consumer Price Index	CPI	A weighted average of the price of a number of consumer goods and services in year t ; average of 12 monthly values
Federal Funds Rate	FFR	Interest rate at which banks can lend funds to one another in year t ; average of 12 monthly values
US Dollar exchange rate	USD	Average hourly take-home pay for US workers in year t
Wages	Wages	Average household disposable income after taxes and other mandatory payments in the MSA in year t
Disposable Income	DisInc	Average household disposable income after taxes and other mandatory payments in the MSA in year t

Table 4.2. Summary Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
PA	300	-0.06637	0.555963	-1	1
Oage	297	65.367	11.12475	42	93
Otenure	300	11.27667	8.552814	1	39
Oedu	296	2.736486	0.908428	1	4
OM	300	0.083381	0.085238	-0.27611	0.352459
Payroll	300	9.85E+07	4.14E+07	1.70E+07	2.82E+08
Private	300	37.08667	35.04568	0	100
Att	300	2500843	668881.2	1165120	4298655
FCI	300	197.3694	51.15456	114.24	410.88
Gate	300	74.17333	49.86983	16	319
Cap	300	44312.66	5333.804	31042	57333
FDMC	300	18.3025	12.00894	0	56.41667
GW	300	80.99	10.73035	51	103
WE	300	45.66857	614.8473	-498.256	10360.28
Ttenure	300	63.63333	40.5724	2	139
StadAge	300	23.06333	24.91509	1	103
FireSale	300	0.113333	0.31753	0	1
BAge	300	28.754	1.316763	25.4	33.7
MSAPCI	300	49155.93	8684.78	34867	79206
Comp	300	4.063333	1.594091	1	7
Pop	300	5913780	4669308	1523907	2.01E+07
Tax	300	6.383133	4.316449	0	13.3
Unemp	300	6.96	1.837295	4.4	9.9
MLBRev	300	6.497	0.992706	5.11	8.39
CPI	300	221.7946	11.7466	201.558	236.987
FFR	300	1.282	1.932378	0.09	5.02
USD	300	77.78167	5.333647	70.8724	90.9737
Wages	300	19.081	1.315987	16.74	21.03
DisInc	300	37576.8	2616.825	33591	42094

Table 4.3. Bivariate Correlations

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
1 PA	1.00																												
2 Oage	-0.26	1.00																											
3 Otenure	-0.16	0.44	1.00																										
4 Oedu	-0.15	0.14	0.32	1.00																									
5 OM	-0.02	-0.09	-0.18	-0.02	1.00																								
6 Payroll	-0.13	0.08	0.20	-0.05	-0.38	1.00																							
7 Private	-0.04	-0.18	-0.17	-0.22	-0.08	0.46	1.00																						
8 Att	-0.12	-0.09	0.08	-0.08	-0.24	0.58	0.53	1.00																					
9 FCI	-0.15	0.00	0.06	-0.12	-0.17	0.69	0.50	0.45	1.00																				
10 Gate	-0.15	-0.10	0.05	-0.14	-0.20	0.77	0.50	0.72	0.82	1.00																			
11 Cap	-0.04	-0.06	0.20	0.12	-0.19	0.16	-0.04	0.38	-0.04	0.14	1.00																		
12 FDMC	0.00	0.13	0.19	-0.11	-0.01	0.20	-0.07	0.01	0.01	0.02	-0.20	1.00																	
13 GW	-0.04	0.02	0.11	-0.06	-0.13	0.27	0.16	0.45	0.13	0.34	0.22	0.41	1.00																
14 WE	0.01	0.05	-0.01	0.03	-0.06	0.03	0.00	0.02	-0.02	0.00	-0.01	0.03	-0.02	1.00															
15 ttenure	-0.01	0.00	0.13	-0.01	-0.15	0.39	0.30	0.30	0.43	0.41	-0.25	0.07	0.13	0.11	1.00														
16 Ttenure	0.06	-0.12	-0.05	-0.21	-0.08	0.30	0.45	0.22	0.43	0.32	0.04	-0.04	0.11	-0.03	0.21	1.00													
17 StadAge	0.01	-0.03	-0.10	-0.09	0.03	-0.07	-0.05	-0.08	-0.10	-0.08	0.01	-0.04	-0.02	-0.02	-0.06	-0.04	1.00												
18 FireSale	-0.16	0.14	0.10	0.08	-0.22	0.50	0.26	0.30	0.39	0.41	0.12	0.10	0.23	0.06	0.30	0.21	-0.17	1.00											
19 BAge	-0.11	0.03	-0.13	0.02	-0.01	0.35	0.15	0.14	0.50	0.36	0.12	0.10	0.04	-0.02	-0.05	0.23	-0.05	0.26	1.00										
20 Comp	-0.09	0.01	0.00	-0.22	-0.09	0.37	0.16	0.32	0.35	0.43	0.29	0.05	0.15	-0.09	-0.04	0.26	-0.03	0.11	0.45	1.00									
21 Pop	-0.11	0.03	0.10	-0.12	-0.23	0.50	0.24	0.45	0.46	0.58	0.35	-0.02	0.20	-0.05	0.10	0.22	-0.03	0.24	0.24	0.69	1.00								
22 Tax	-0.12	-0.02	-0.15	0.10	0.02	0.12	0.16	0.30	0.07	0.18	0.29	-0.08	0.16	-0.02	-0.09	0.15	0.00	0.09	0.48	0.37	0.26	1.00							
23 Unemp	-0.09	-0.03	-0.01	0.04	-0.02	-0.02	0.01	-0.03	0.06	0.08	-0.04	-0.18	0.00	-0.03	0.02	-0.03	0.18	-0.03	-0.13	0.01	0.01	0.01	1.00						
24 MLBRev	0.04	0.12	0.13	-0.06	-0.08	0.30	-0.07	-0.07	0.24	0.13	-0.13	0.49	-0.02	0.07	0.10	0.02	-0.04	0.18	0.38	-0.01	0.02	-0.03	-0.16	1.00					
25 CPI	0.02	0.10	0.12	-0.06	-0.11	0.29	-0.07	-0.08	0.26	0.14	-0.14	0.47	-0.02	0.07	0.10	0.01	0.00	0.18	0.36	-0.01	0.02	-0.03	0.03	0.95	1.00				
26 FFR	0.03	-0.07	-0.09	0.02	0.09	-0.22	0.05	0.09	-0.24	-0.16	0.14	-0.26	0.01	-0.04	-0.10	0.01	-0.10	-0.13	-0.21	0.00	-0.02	0.02	-0.60	-0.68	-0.80	1.00			
27 USD	0.09	0.06	0.05	-0.04	0.04	0.11	-0.02	-0.02	0.01	-0.02	-0.01	0.21	0.00	0.00	0.01	0.03	-0.14	0.06	0.15	-0.01	0.00	-0.01	-0.62	0.39	0.10	0.18	1.00		
28 Wages	0.02	0.11	0.13	-0.05	-0.10	0.29	-0.07	-0.08	0.26	0.15	-0.15	0.46	-0.02	0.06	0.11	0.01	0.01	0.18	0.35	0.00	0.02	-0.03	0.10	0.96	0.98	-0.84	0.16	1.00	
29 DisInc	0.03	0.11	0.12	-0.07	-0.09	0.29	-0.07	-0.07	0.24	0.13	-0.13	0.49	-0.02	0.06	0.10	0.02	-0.03	0.18	0.39	-0.01	0.02	-0.03	-0.12	0.98	0.98	-0.70	0.27	0.96	1.00

Table 4.4. The effect of owners' PA on specified PSF-level outcomes

Variable	Outcomes & Robust SEs									
	OM	SE	FCI	SE	Pay	SE	WE	SE	Fire	SE
PA	-0.026	0.02	-9.445*	5.47	-5210080	6.1E+06	56.51488	88.4483	0.593	1.01
Oage	0.000	0.00	0.034	0.27	-356543.9	3.5E+05	21.82142	17.0202	0.010	0.02
Otenure	-0.001	0.00	0.174	0.35	552897.8	3.7E+05	0.9695403	5.09567	-0.042	0.04
Age2	0.000	0.00	0.001	0.02	-21462.66	2.1E+04	-0.1262034	0.11927	-0.002	0.00
Tenure2	0.000	0.00	0.022	0.02	-9560.74	2.5E+04	-0.2410896	0.20119	-0.001	0.00
Oedu	0.011878*	0.01	6.124	4.31	-3738090	3.6E+06	45.61439	37.4594	-0.115	0.29
OM									-1.075	3.10
Payroll	-1.1E-09***	0.00								
Private	1.8E-04	0.00								
Att	-5.8E-09	0.00								
LagAtt									-3.19E-07	0.00
FCI	2.5E-04	0.00								
ΔFCI			65.358***	7.02						
Gate	0.000738**	0.00	0.609***	0.10						
Cap	7.7E-07	0.00	0.000	0.00						
FDMC	0.0011162*	0.00	-0.337	0.22						
LagFDMC									-0.004	0.03
GW	-0.0019355**	0.00	-0.196*	0.12						
LagGW					784488.7***	1.4E+05	6.018972	5.35914	0.016	0.03
WE	0.0016519**	0.00								
LagWE					81237.75	7.3E+04	-6.72E-04	6.23E-02	0.006	0.01
Ttenure	1.2E-04	0.00	0.190**	0.08					-0.001	0.01
LagBAge									-0.291	0.20
FireSale										
StAge	5.1E-05	0.00	-0.114	0.23						
MSAPCI	4.0E-07	0.00	0.002**	0.00	1734.938***	6.1E+02	-1.02E-03	1.75E-03	-1.10E-06	0.00
Comp	7.3E-03	0.00	0.063	3.30						
Pop	-2.0E-09	0.00	0.000	0.00	3.709676***	1.4E+00	-6.09E-06	6.82E-06	3.09E-08	0.00
Tax	8.6E-04	0.00	-2.022**	0.98	-1576023	1.2E+06	-6.343611	5.11856	0.015	0.06
Unemp	-4.4E-03	0.01	13.694***	4.26					4.903	19.08
MLBRev	0.1429006**	0.06	30.876***	9.13					15.097	65.95
CPI	-1.2E-02	0.01	3.659***	0.79					1.091	4.61
FFR	-8.3E-03	0.02	17.972***	5.61					5.272	21.82
USD	-0.0077565**	0.00							-0.319	1.66
Wages	-7.8E-03	0.04							-6.457	29.92
FSR							<i>Omitted</i>			
DisInc	-3.9E-06	0.00	-0.015***	0.00					-0.004	0.02
Constant	2.541054**	0.98	-501.439***	163.50	-4.44E+07	3.4E+07			-86.220	297.21
R ² Within	0.3411		0.694		0.2641		0.003			
R ² Between	0.7145		0.7887		0.463		0.1449			
R ² Total	0.4928		0.7753		0.3923		0.0197			
N	252		224		224		224		2.24E+02	
Wald X ²	1124.35		1419.4		60.29		4.82		13.75	
Prob > X ²	0.000		0.000		0.000		0.940		0.8799	
LL									-81.58	

*=p<.1; **=p<.05; ***=p<.01

CHAPTER V
SUMMARY OF RESULTS, CONTRIBUTIONS, &
DIRECTIONS FOR FUTURE RESEARCH

Synopsis

This final chapter aims to accomplish two objectives: (1) to recount the results, important takeaways, and implications of the preceding four Chapters, and (2) to outline a future research agenda for the investigation of firms' resources. The takeaways from the empirical analyses in Chapters II, III, and VI highlight that intangible resources are more generative of competitive advantage than tangible resources. They also indicate that explicitly-operationalized intangible resources can be generative of competitive advantage, while tacitly-operationalized intangible resources are not positively associated with competitive advantage. These takeaways are interesting in the context of the complete model because they provide support for some of the proposed relationships while indicating support for the *antithesis* of other proposed relationships.

Introduction

The work presented herein first illustrated a complete model of strategic resource utility. Following the proposition of this framework, it has empirically explored some key tenants of the model. In Chapter I, the theoretical model was proposed based on a comprehensive review of prior literature in strategic management. This model showed the interdependencies between resource tangibility/intangibility, the use of knowledge to operationalize resources, and the need for resources to be dynamic across time. Then, in Chapter II, I investigated the roles of tangible and intangible resources in predicting firm success. The results indicated that intangible resources are associated with better performance for firms in the sport, entertainment, and leisure industries. In Chapters III and IV, I investigated how cognition and knowledge can help operationalize resources. In Part I, this final installment recounts each Chapter's main takeaways, contributions, limitations, and future research. Then, in Part II, a course is charted for future research that relates to the complete model of strategic resource utility as a whole.

Part I: Summary of Results and Discussions

Chapter I. Proposing a Complete Model of Strategic Resource Utility

Despite the helpful contributions of many perspectives over the years, strategic management requires a more thorough examination of resources. Despite avid attention to the idea of resources and resource combination first articulated by Wernerfelt (1984), the concept of a 'resource' was still in an embryotic stage over ten years later (Wernerfelt, 1995). As such, Wernerfelt (1995) specified a need for strategy scholars to map out the resource space in greater detail—a call that has been left largely unattended to.

In a general sense, resources are commonly thought of as the building blocks of competitive advantage (Wernerfelt, 1984). The concept of a resource is wide-ranging, and can include capital, physical infrastructure, digital communications and technology networks, knowledge, and political clout. Resources are unevenly distributed to firms in an industry, and firms are incentivized to protect and optimize their resource bundles – making them imperfectly mobile between firms. Since these initial contributions, scholars have proposed increasingly complex frameworks in order to explain how resources generate competitive advantages (Amit & Shoemaker, 1993; Barney, 1991; Dierickx & Cool, 1989; Teece & Pisano, 1994; Teece, Pisano, & Shuen, 1997; Trigeorgis, 1996). While theoretically contributory to the literature base, the conceptual complexity of these frameworks pose little practical utility for the working manager; a sentiment conveyed by Wernerfelt (1995) when he asserts that resources “... remain an amorphous heap to most of us” (p. 172).

The purpose of Chapter I was, therefore, to organize and chart the resource space in a way that incorporated many of the prevailing contributions in strategic management. From a thorough investigation of prior literature, a cognitive model was proposed that separated resources into eight categories based on three important resource characteristics: (1) the resource’s tangibility (Galbreath, 2005; Godfrey & Hill, 1995; Hall, 1992, 1993; Villalonga, 2004), (2) the knowledge requirements of the resource (Kogut and Zander, 1992; 1996; Nonka, 1994), and (3) the resource’s dynamism (Teece & Pisano, 1994; Teece, Pisano, & Schuen, 1999). An implication of this model was that none of the resource characteristics alone can give significant insight about the likelihood that the resource will help generate a competitive advantage. Rather, the role

of the three resource characteristics should be interpreted in conjunction with one another and in the context of the specific industry within which the firm operates. This model should prove helpful on two salient fronts. First, the model is helpful for executives, employees, and other stakeholder groups in that it can be the foundation for a shared cognitive model of resources. Scholars have documented the importance of utilizing a common method for ingesting, interpreting, and communicating enigmatic concepts in a business setting (Mathieu, Heffner, Goodwin, Salas, & Cannon-Bowers, 2000). Second, it is helpful for academicians in that Chapter I also proposes a set of testable propositions relating to some of the model's resource typologies. These propositions can be investigated in a formal, rigorous way using qualitative and quantitative techniques.

A natural limitation of the model relates to the inherent subjectivity of the above listed resource characteristics. Due to this limitation, future work in this area should be robust as authors work to disentangle the conceptual components of resource tangibility, knowledge requirements, and dynamism. Some of this work will rely on already-available lines of empiricism, such as work relating to resource tangibility and intangibility. For example, scholars have routinely quantified a firm's intangible resources using a handful of approaches such as human resource accounting (HRA), economic value-added (EVA), the balanced scorecard, intellectual capital audits (Bontis, 1998; Bontis et al., 1999), Tobin's q Ratio (Villalonga, 2004), McDougall and Snetsinger's (1990) tangibility scale, and Kaplan and Norton's (2004) Strategic Readiness Report for Intangible Resources. Other resource characteristics (e.g., dynamism and the concepts of tacit knowledge and explicit knowledge), will require a

more delicate and long-term approach. These resource characteristics will likely lean on theoretical and methodological contributions from disciplines outside the direct purview of management.

Chapter II. Testing the Complete Model of Strategic Resource Utility: An Inception

Testing the complete model of strategic resource utility proposed in Chapter I will likely require the extended application of many viewpoints, methodologies, and theoretical sub-frameworks. As a foray into this line of research, Chapter II investigated the role of tangible and intangible resources in predicting firm performance for N=243 sport, entertainment, and leisure firms over a 24-year period. The empirical specification applied the ‘hybrid’ approach first proposed by Alison (2005), which allowed for the partitioning out of within- and between-firm effects. This analysis provided an extended degree of clarity for interpreting the results. This was the case since fixed effects models generate results using only within-firm variance and random effects models generate results from the combined within-and between-firm variance (Certo, Withers, & Semadeni, 2017). In this case, the hybrid model was particularly helpful because the study’s theoretical foundations were multilevel in nature (i.e., contingency theories of management: see Donaldson, 2001). Being able to isolate industry-level effects from firm-level effects is pertinent when proposing hypotheses speculating about both levels of analysis.

Results from the estimation procedure were supportive of two out of the six Hypotheses. First, firms with more intangible resources than the industry mean were associated with better performance. Second, while having a greater proportion of tangible resources was also associated with performance improvements, the effect size

was weaker. However, the effects of competing as a differentiator (i.e., at the firm-level) and sector growth (i.e., at the industry-level) were not significant predictors of firms' ROA. In the case of sector growth, the opposite of the hypothesized effect was found: as firms amassed more intangible resources during a time of sector growth, performance suffered.

In the aggregate, the results reinforce the importance of intangible resources like brand equity, image, reputation, fan identification, and ambiance for firms in the sport, entertainment, and recreation industries. The results also suggest that because differentiation did not help the sample of active sport consumption products experience performance increases, the door remains open to compete as a cost-leader in these sectors specifically. This suggestion is important for the theoretical development of sport entrepreneurship. Sport entrepreneurship can manifest in a variety of ways – from encouraging innovation and new product development within large sport organizations, to developing new sport technologies, to providing sport-for-development programs (Ratten, 2018). In all of these cases, success of the sport product hinges on the sport manager's ability to think creatively, re-invent business models, and accommodate risk: the cornerstones of entrepreneurship (Hayduk & Walker, 2018).

To make this link concrete, consider the proliferation of digital platform technologies that offer sport related products, services, and experiences to fans. Many of the things offered by this product category are intangible, which means they require little or no raw materials for manufacture, little equipment beyond a personal computer to build, and a minimal physical footprint. It is not uncommon for these digital platforms to garner valuations in the millions or billions of dollars with little front-end investment.

These valuations are not being driven by high product quality, finely-tuned distribution networks, or economies of scale. Rather, these businesses have been successful by providing a constantly evolving product tied to a trusted and relatable brand that consumers want. For incumbent sport organizations expanding into these new markets, savvy extensions of their current brand qualities are what drive this success (Apostolopoulou, 2002). The opportunistic leveraging of intangible brand qualities is enabled by a culture that values innovation, encourages the re-examination of old business models, and is risk-friendly (Hayduk & Walker, 2018). Similarly, successful sport startups rely almost exclusively on excellent brand building to generate consumer awareness and trust (Bresciani, & Eppler, 2010; Centeno, Hart, & Dinnie, 2013).

Because of the proliferation of ‘intrapreneurial’ large sport organizations and sport startups – and the influx of venture capital they have attracted, the importance of intangible resources will continue to grow for sport managers and sport entrepreneurs. However, knowing how to operationalize intangibles using optimal knowledge, while pre-engineering them to be dynamic and evolutionary, will represent a significant challenge for sport startups and large sport brands looking to expand their product offerings.

Chapter II detailed the trends that influence the sport, entertainment, and recreation sectors as opposed to the traditionally-examined sectors of collegiate and professional sport organizations. The results implied that intangible resources are especially important across both sets of sport sectors, that differentiation was not necessarily a precondition to compete in the sectors represented by the sample of firms, and that sector growth mattered little to these firms’ success. In the future, more meso-

and micro-level investigations will be pertinent for the development of this research stream. Namely, a wider range of methodological approaches will be needed that rely on qualitative and/or psychometric investigations. Structured and semi-structured interviews of employees and executives and sport entrepreneurs at these firms will aid researchers in understanding the mechanisms for how certain outcomes manifest. Accordingly, these efforts would focus on understanding how these stakeholders conceptualize resources, and their approach to managing tangible and intangible resources. From these data, a number of quantitative psychometric investigations could flesh these relationships out in more detail.

Chapter III. Explicitly-Operationalized Intangible Resources: Learned Career Experiences

In this Chapter, I investigated the role of knowledge in predicting firm performance. Theories of knowledge often differentiate between into two types: (1) explicit and (2) tacit (Kogut & Zander, 1992; 1996; Polanyi, 1966). Explicit knowledge is more easily communicated from person to person than tacit knowledge, which is more esoteric, qualitative, and reliant upon subjective judgments. As the primary vessels containing knowledge, employees (i.e., specifically those that are the highest up in the firm's hierarchy) represent a focal component to the investigation of a firm's knowledge management process. Upper Echelon Theory (UET) is a basic framework that accentuates this, which posits that firms as a whole tend to be a reflection of their top managers and ownership (Hambrick, 2007; Hambrick & Mason, 1984). I gathered a sample consisting of 43 owners tied to 30 professional sport franchises (PSF) over a ten year span (2006-2015), which yielded N=300 PSF-year observations.

The results from this investigation showed that owners with a career history consisting primarily of marketing functions are associated with, on average, better marketing-specific outcomes at their currently owned PSFs. First, switching from a non-marketing owner to a marketing owner was associated with an increase of roughly 7800 fans per game. Second, switching from a non-marketing owner to a marketing-centric owner was associated with an increase of fan digital media consumption (FDMC) by about 10%. An important caveat of these findings was the significant role of the team's on-field performance, which positively influenced both outcomes. This result suggests that owners with marketing expertise can perhaps better leverage on-field performance, not that they can generate greater attendance and more online consumption in the face of average or poor performance.

The results were also consistent with prior sport management literature by failing to find significant effects of owner tenure and age on PSF-level outcomes (Juravich, Salaga, & Babiak, 2017). It was surmised that as owners spent more time connected to the team and the MSA, they would accrue knowledge about local idiosyncrasies that could inform marketing strategies, thereby increasing attendance and online consumption. However, that was not the case in this sample. This research also countered prior work that has found a significant effect of education on PSF level outcomes (Juravich, et al., 2017; Peeters, Salaga, & Juravich, 2015). Despite being divergent from prior work, this is somewhat of an intuitive finding given the context. While managers are typically hired based on educational pedigree, there are no such requirements for ownership other than to be wealthy enough to afford purchasing the team. Further, this investigation also built upon the construct of 'functional experience',

in that it was operationalized in a more specific way than in prior work (Juravich, 2012; Juravich et al., 2017). Having found a significant relationship while prior work has not, there is reason to suggest that a more specific operationalization such as the one used here will be most useful moving forward. With this added specificity, this project also implied that functional skills and knowledge do matter at higher levels of a firm's hierarchy, despite what has been gleaned from prior work. In a broader sense, these findings have implications for the study of agency theory, and specifically, understanding the impact of personal and professional alignment between principal and agent. Agency theory is focused on exploring the contractual relationships between an owner (i.e., principal) and the managers hired to run the owner's firm (i.e., agents) (Eisenhardt, 1989; Mason & Slack, 2005). While owners are incentivized to recoup the firm's purchase costs as quickly as possible using more aggressive strategies, managers are incentivized to use conservative approaches that shelter the firm from failure in order to secure their job (Eisenhardt, 1989). Thus, one of the key streams in agency research concerns exploring the legal and managerial tools that can be used to align owners' incentive structures to those of their managers. Prior work in sport has already spoken to the importance of matching personal characteristics for success (Peeters, Salaga, & Juravich, 2015). By extension, this research implies that other kinds of aligning and matching tools are required between owners and their subordinates.

This study's findings also have implications for sport entrepreneurship theory and development (see Ratten, 2011; 2014; 2018). Sport entrepreneurship can manifest in a variety of ways, including the enablement of innovative and opportunistic ideation within large sport organizations (Ratten, 2018). Moreover, the term 'sport entrepreneur'

is similarly broad and can refer to those who design new sport technology, volunteers who build sport-for-development programs, athletes who advocate for social progress using innovative means, and those who encourage innovation within the structure of a large sport organization (Ratten, 2018). Because PSF owners shoulder risk and act opportunistically to purchase PSFs with the intent of increasing the value of their investment (Blair, 2012), they should be thought of as sport entrepreneurs. As such, future research in sport entrepreneurship should explore the confluence of PSF ownership and sport entrepreneurship. Future work could examine the degree to which PSF owners think of themselves as entrepreneurs and the ways they encourage (or inhibit) innovation, creativity, and risk-taking behavior within the structure of their organization.

Overall, being able to tie marketing knowledge to positive marketing outcomes is helpful for leagues, current PSF owners, municipalities, and aspiring PSF owners. However, for future research, more exogenous and tacit types of knowledge should be investigated. For example, political orientation is formed tacitly over a period of many decades, and as such, it is more exogenous to the way owners manage a particular investment. Despite this exogeneity, many studies have shown clear links between an upper echelon's political orientation and firm performance (Briscoe, Chin, & Hambrick, 2014; Chin & Semadeni, 2016; Christensen, Dhaliwal, Boivie, and Graffin, 2015; Hutton, Jiang, & Kumar, 2014; Hutton, Jiang, & Kumar, 2015; Francis, Hasan, Sun, & Wu, 2016). This phenomenon would be interesting to investigate in the context of sport, an industry that operates at the nexus of society, culture, and politics to a greater degree than any other industry (Smith & Westerbeek, 2007). Moreover, the sport industry is

predicated on an intimate relationship between firm and consumer. Service-dominant logic and relationship marketing guide much of the strategic thinking in these sectors (Woratschek, Horbel, & Popp, 2014), so it would be interesting to assess whether top managers and owners can let their political leanings shine through in the management of their sport enterprise.

Chapter IV. Tacitly-Operationalized Intangible Resources: Owners' Political Affiliation

Chapter IV examined the relationship between PSF owners' political orientation (PA) and a set of politically noteworthy outcome variables. Understanding PA's role in the management of PSFs is important due to the strong linkage between politics and sport (Houlihan, 2007). Sport and politics are historically intertwined, and typically on an international scale—as evidenced by significant cultural events taking place at the 1939 Berlin Olympic Games, the 1968 Summer Olympics in Mexico City, the 1972 Summer Olympics in Munich, and the 1996 Summer Olympics in Atlanta. The popular sport press and scholarship in academia reinforces the importance of the sport-politics discourse, as well. There are a number of political issues relevant to sport (Houlihan, 2007), but a common theme relates to understanding disparate power structures and concentrated circles of influence in sport (Tomlinson & Sugden, 2013). In general, this debate is not unlike the labor-relations issues most 'traditional' industries have faced for over a century.

In some circumstances, journalists and academics alike have suggested the existence of contrasting social values between conservative power elites and liberal players' unions, fans, and other stakeholder groups (Black, Black, & Nauright, 1998; Bort, 2017; Green & Houlihan, 2004; McGowan, 2014). Imbedded in the discussion of

power and influence in sport is often the insinuation that there are connections between wealthy professional sport franchise (PSF) owners' political affiliation (PA) and the way they manage their organizations and leagues (Badenhausen, 2017; Duffy, 2016; Grahm, 2016; Khalek, 2011; Solomon, 2016). However, despite the deep connection between sports and politics, little has been done in the way of empirically investigating whether this is the case.

Prior research in upper echelon theory (UET) and sport management was used (Juravich, Salaga, & Babiak, 2017; Rhode & Breuer, 2018; Peeters, Salaga, & Juravich, 2015; Wong & Deubert, 2010) to hypothesize about PA's influence on five outcomes, each of which has politically-salient implications: operating margin, fan cost index (FCI), payroll management, production efficiency, and involuntary turnover. In order to explore the outlined relationships, the manuscript uses a dataset of N=300 PSF-year observations tied to 43 unique owners. Each owner's PA was calculated using prior research as a guide (Hong & Kostovetsky, 2012).

The results of the five models indicate that PA has little to no effect on how PSF owners manage these politically salient outcomes. Operating margin, payroll, production efficiency, and involuntary turnover were not affected significantly by PA. The results did show a significant and *negative* association between a PSF owner's PA and FCI, suggesting that more conservative owners were associated with reductions in gross cost of attendance. This would seem to run counter to news media and academic discourse that has billed powerful PSF owners as profit maximizers at the expense of fans' enjoyment and athletic competitiveness (Quirk & Fort, 1999).

The findings provide implications for academics and practitioners. In the context of the complete model of strategic resource utility explained in Chapter I, this study would seem to disaffirm some of the propositions – specifically those that relate to tacitly- and explicitly-operationalized intangible resources. The results of Chapter III implied that explicitly-operationalized intangibles were positively associated with competitive advantage, but it was determined that the examination of tacitly-operationalized intangibles was still required in order to make comparative judgments about the two resource categories' ability to generate performance advantages. As an intangible resource that is tacitly-operationalized, PA was not shown to be a strong predictor of competitive advantage, as was proposed in Chapter I.

To investigate this further, future research should look to operationalize PA in a more interactive way. That is, it would be beneficial to examine an operationalization of PA that accounts for its relationship to other important stakeholders. An owner's PA that is drastically different from that of local political representatives, voters, and cultural influencers, may drive a wedge between the PSF and the community, effectively preventing the attainment of performance advantages. But, when an owner's PA aligns with that of other stakeholders, such congruence might enable the owner's PA to manifest and flourish at the team level. This extension is justified given that favorable political ties between TMT members and important external actors have been shown to be associated with performance advantages for the firm (Wellman, 2016; Zhu & Chung, 2014), while other research in sport has drawn attention to the importance of TMT members' characteristics 'matching' those of their peers (Peeters, Salaga, & Juravich, 2015).

Also relevant for academics, this manuscript uncovers a potential boundary condition for UET. While firms in traditional and non-consumer-facing industries can likely be managed in the image of their owners, industries that depend on co-creating value alongside consumers (Jones, 2017), hyper-focusing on service (Woratschek, Horbel, & Popp, 2014), and managing a plethora of diverse consumer touch points (Funk, 2017) are likely not able to be managed in the same way. Service- and relationship-dependent industries are vastly different than ‘traditional’ business sectors, and these industries likely do not allow managers and owners to have much latitude to enact policies that reflect their own personal preferences. Because these kinds of competitive environments are becoming the norm (Funk, 2017; Oh, Fiore, & Jeoung, 2007; Pine & Gilmore, 1998), it is likely that management scholarship will need to revisit the ideas of UET (Hambrick, 2007; Hambrick & Mason, 1984).

This work also opens the door for research related to other politically-salient PSF-level outcomes. PA can manifest in a number of ways related to the financial and economic management of the PSF. One of the major policy debates in sports concerns the public financing of PSFs’ facilities. The construction of new facilities and renovations to existing facilities represents a banner expense for modern day PSFs (Fort, 2006; Blair, 2012). Modern PSFs are tasked with providing much more than an on-field contest. To provide such an atmosphere and experience for sport consumers, PSFs have turned to extravagant facility upgrades and redevelopment. Tax-payers and municipalities are estimated to shoulder as much as 80% of these costs on average (Long, 2005), so understanding whether PA can motivate certain owners to seek more public funding should be paramount for future research.

This study also generates implications related to the practice of PFS management. Multiple stakeholder groups are affected when a new owner buys a PSF, including fans, local residents, small business owners, local and regional politicians, and league management. Given the number of stakeholders affected, there is a need to conduct thorough due diligence on new and prospective franchise owners. Being able to predict what kind of owners they are likely to be—profit maximizers, win maximizers, or some combination of the two—is important for establishing trust with consumers and building relationships with sponsors. This article has empirically shown that owners’ PA, despite what the popular press and some academic work implies, has virtually no bearing on a PSF’s financial and strategic management. However, because public opinion is so heavily and consistently shaped by local news and sport journalism (Protess & McCombes, 2016; Iyengar & Simon, 1993), the aforementioned stakeholder groups should always be mindful of the public relations and agenda-setting implications attached to certain owners and ownership groups. Owners are increasingly a pillar of PSFs’ brand building process, so it is imperative to consider how owners’ political track record may affect public sentiment.

Part II: Aggregate Future Research Agenda

Taken collectively, the results of Chapters II, III, and IV provide initial empirical support for the complete model of strategic resource utility proposed in Chapter I – specifically those relating to intangible resources. But, the model proposes sets of relationships between resource characteristics that will take more time to develop, evolve, and sharpen. Future work exploring the complete model can focus on three core areas: (1) using currently-available methodologies and tools to quantify the relationships

between resource tangibility and knowledge requirements, (2) establishing a discourse and research agenda specifically for resource dynamism (RD), and (3) testing the ability of different resource typologies to generate performance advantages.

As it relates to the first objective, work relating to the quantification of resource tangibility and intangibility will provide a foundation. For example, scholars have already quantified a firm's intangible resources using a handful of approaches such as human resource accounting (HRA), economic value-added (EVA), the balanced scorecard, intellectual capital audits (Bontis, 1998; Bontis et al., 1999), Tobin's q Ratio (Villalonga, 2004), McDougall and Snetsinger's (1990) tangibility scale, and Kaplan and Norton's (2004) Strategic Readiness Report for Intangible Resources. Other work has shed light on the nature of tacit and explicit knowledge. Kogut and Zander (1993) proposed three psychometric scales measuring knowledge codifiability, teachability, and complexity. Dhanaraj, Lyles, Steensma, and Tihanyi (2004) also propose and utilize scales measuring tacit and explicit knowledge in the context of foreign expansion teams. Last, Inch, McIntyre, and Dawley (2008) purport to update a scale for tacit knowledge transfer in an academic setting. Given the multidimensionality of these two constructs, all of these scales should be awarded a degree of attention by sport researchers looking to operationalize and concretize these constructs.

In the future, work will need to be conducted that examines the nature of 'resource dynamism' as it relates to the second objective outlined above. In a general sense, management scholarship has recognized the demanding nature of modern industries, where technological revolution and globalization have prioritized firms' abilities to leverage uncertainty and unpredictability to their advantage (Hitt, Keats, &

DeMarie, 1998). In this new competitive landscape, innovation, agility, and dynamism have become paramount to success. Thus, resource dynamism (RD) is a model-specific term and was included to acknowledge the notion that individual resources can be favorable or unfavorable to rapidly-evolving market conditions. It is a term that is intended to help managers think about the resource acquisition, accumulation, and deployment process. Prior management scholars have alluded to similar constructs like resource flexibility (Sanchez, 1995; 1997). And, in a process-oriented view, dynamic *capabilities* have been proposed as a theoretically poignant and empirically authenticated driver of competitive advantage (Eisenhardt & Martin, 2000; Winter, 2003). Future work incorporating RD should first look to define the term in an appropriate way, differentiating it from similar constructs in management by focusing on the resource as the unit of analysis (Eisenhardt & Martin, 2000; Sanchez, 1993, 1995; Winter, 2003).

Many theoretical frameworks native to other disciplines such as entrepreneurship can be useful for this process. Entrepreneurship, and especially entrepreneurship in sport contexts, is characterized by rapid successions of ideas, the prioritization of innovation and creativity, and feedback-enabled iteration (Ratten, 2018). Lean thinking (Ries, 2011; Womack & Jones, 2010) is a perspective within entrepreneurship that can provide some insight into the nature of RD, as lean thinking is a general concept that teaches entrepreneurs how to create the most benefit in the shortest amount of time, while reducing as much resource waste as possible. Implicit in the notion of reducing resources' waste is the desire to *increase* resources' efficiency. When a resource can retain efficiency of output in the face of exogenous market shocks and demand

fluctuations, the resource can be thought of as ‘dynamic’. One way to quantify efficiency in the context of production economics utilizes stochastic frontier analysis (Kumbhakar & Lovell, 2003). A related approach called data envelopment analysis (DEA) is rooted in the desire to incorporate the use of multiple inputs (i.e., resources) into an overall measure of production efficiency (Cooper, Seiford, & Zhu, 2004). Both of these approaches have been used in sport management research (Barros & Leach, 2006; 2007; Dawson, Dobson, & Gerrard, 2000; Hofler & Payne, 2006; Kahana, 2005), typically in the context of evaluating teams’ performance efficiency on the field of play. However, applying either of these empirical approaches to the context of a single resource could prove an interesting avenue for future work investigating RD.

Last, the third objective described above will require the incorporation of what was learned while pursuing the first and second objectives. Once a general consensus has been built around the concepts of resource tangibility, tacit knowledge, explicit knowledge, and RD in a sport setting, researchers can begin to classify resources into each of the eight typologies. Several empirical classification techniques can be used to accomplish this task such as multinomial logistic regression (Ballinger, 2004), linear discriminant analysis, and canonical discriminant analysis (Izenman, 2013). Moreover, the advancement of computing technology and statistical programs has given rise to increasingly complex and dynamic classification methods. Aggarwal (2015) provides a general overview of these methods, while Harrison and Bukstein (2017) and Miller (2016) are two sport-specific resources. Once categorized, resource typologies can subsequently be tested against one another to determine which categories are most associated with competitive advantage for a particular firm or industry.

Conclusion

Overall, the intention of this dissertation was to first outline why a complete model of strategic resource utility is needed in the sport context; and second, to empirically test pieces of the model in hopes of highlighting its utility to academics and practitioners. Chapter I first proposed a model of strategic resource utility that characterizes resources into eight typologies based on the resource's tangibility, knowledge requirements, and dynamism. Chapter II tests the nature of intangible resources in sport, entertainment, and leisure firms, finding that intangibles for these sectors are similar in importance to 'traditional' sport sectors like collegiate and professional sport programs (with some noted caveats). Chapters III and IV examine the nature of knowledge in sport organizations using a sample drawn from PSFs and their owners' personal characteristics. Results indicate that knowledge – perhaps especially explicit knowledge such as learned career experiences – can impact the operations of a PSF, while tacit knowledge – such as one's political orientation – has less of an effect on management practices. Last, Chapter V offers a summation of these findings and implications, and outlines a cumulative research agenda pertaining to the complete model of strategic resource utility.

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APPENDIX

Appendix A. Information Sheet/Example Career Vignette

INFORMATION SHEET

This packet contains a series of short vignettes detailing the careers of 43 businessmen in North America. All identifying information including names, company names, and dates have been removed to ensure that each vignette is as anonymous as possible. First, identify **up to** four functional categories that best capture the business experience described in each vignette. Then, order them from (1) most applicable to (3) least applicable.

For example, consider the following vignette:

“He joined Firm A in 1960, working as a chemical engineer. He was eventually made VP and head of Firm A’s Plastics Division, where he oversaw production and marketing. He moved up to the head of Metallurgical and Chemical divisions, and was named head of strategic planning. He was then asked to become the head of Firm A’s Consumer Products and Services division. Last, he was made the Chairman and CEO of Firm A where he served in that capacity for 20 years.”

First, this person was educated as an engineer. Second, the person accrued significant experience with production (a) and (b) marketing in the Plastics Division. Third, he gained resource allocation experience as a strategic planner and spent the latter phase of his career in C-level management. So, this person’s functional experience could be identified as follows:

The primary functional experience described is:

- **Production, logistics & operations (2)**
- **R&D/Engineering (3)**
- **Accounting & Finance**
- **Management (1)**
- **Marketing and Sales (4)**
- **Legal**
- **Human Resources**
- **Real Estate**
- **Information Technology**