

Creciendo el Juego: An Institutional Perspective on Changes in the Structure of the Dominican Baseball Academies

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Organizational theory/culture **Saturday, June 1, 2013** **20-minute oral presentation**
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Over twenty-five percent of players in Major League Baseball (MLB) hail from Latin America, the majority of whom come from the Dominican Republic. At the center of this interconnection between the Dominican Republic and MLB is the baseball academy system. All thirty MLB teams currently operate some form of an academy in the country. Some scholarly attention has focused on the introduction of the academy system into the Dominican Republic and the effects of that system on professional baseball within the country and in the United States (Burgos, 2007; Klein, 1991, 2006; Ruck, 1991, 2011). What has been understudied, however, is the evolution of the academy system itself, in both chronology and form. In this study, we attempt to explain the historical changes in the organizational structure governing MLB academies in the Dominican Republic and whether the level of investment by each individual MLB team into this academy system has yielded organizational success.

Review of Relevant Literature

Three of the most renowned scholars on baseball in Latin America, Alan Klein, Rob Ruck, and Adrian Burgos Jr., have contributed to our knowledge of the sport's development in the Dominican Republic. Klein and Ruck have taken a holistic approach to the development of baseball in that country, covering everything from the history of the sport to how the game has influenced the culture and commerce in the Dominican Republic, and vice versa. Ruck's more recent work, and that of Burgos Jr., have focused more on Latinos and the racial color line in MLB, specifically addressing Dominican players' roles in integrating and influencing the game. In Klein's most recent book, *Growing the Game*, he observed two types of baseball academies employed by MLB teams in the Dominican Republic: full-service facilities and halfway houses. This construct capably details improvements in the physical conditions made to the academies, but sheds little light on the evolution of their organizational form. In their respective research, all have discussed the beginnings of the baseball academies and the effect of their presence on professional baseball leagues in the Dominican Republic and in the United States. However, no scholarship exists regarding changes in the academies from their inception to their present day form from a managerial perspective.

Traditional oligopolistic theory suggests that firms "follow-the-leader" into foreign markets under conditions of economic growth, matching their investments (Knickerbocker, 1973). Because there are few competitors, it follows that each of the oligopolists is aware of its rivals' actions. Thus, theory on multinational enterprises and organizational institutionalism implicitly calls for the historical periodization undertaken by our study.

Data and Methods

In an attempt to generate a grounded, theoretically informed hypothesis regarding the evolution of the academy system (Glaser & Strauss, 1967), our first stage of data collection sought to document the history of each MLB team's academy, from establishment to present day. Unfortunately, very few sources have chronicled this history. As such, we primarily employed Google search terms to find newspaper, magazine, or website sources to determine the operation dates of the academies. We also reviewed a cache of articles published in *Listin Diario* and *El Caribe*, two major newspapers in the Dominican Republic. We triangulated the data between sources whenever possible. Our results are inferred from this existing data.

The second stage of our analysis, which is in progress, seeks to understand the historical trends in the data from an organizational perspective. Anecdotally, preliminary analysis indicates that homogeneity in organizational form has existed in each of three phases we found, and that each change in form has been initiated by the more successful MLB teams. We analyze this data further to determine whether concepts of institutional isomorphism (DiMaggio and Powell, 1983), institutional entrepreneurship (Greenwood and Suddaby, 2006), and competitive advantage

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(Barney, 1991) explain our findings.

Objective

Beginning with Klein's heuristic of academy types, we studied the historical academy data of all thirty MLB teams to better understand the evolution of the academy system in the Dominican Republic. Specifically, we sought to gain greater insight into the different organizational forms the academies displayed, as well as teams' motivations for employing such forms.

Results and Discussion

We find that the evolution of the academy system in the Dominican Republic has taken shape in phases, representing three organizational types: (1) Informal; (2) Rented; and (3) Team-Owned. The majority of teams installed their first academies after the inaugural season of MLB's Dominican Summer League in 1989. By 1995, 26 teams were actively operating academies, and 23 were Informal academies, which almost entirely resemble Klein's description of the "halfway house." The other two categories of academies fall under Klein's definition of a "full-service" academy, but differ in terms of the ownership structure. In the second phase of academy evolution, Dominican real estate investors and developers began building full-service baseball complexes and leasing them to MLB teams, thereby creating the era of the Rented academies. From 1996 to 2005, 9 teams began operating Rented academies, and today a total of 19 teams still run Rented academies. However, the remaining 11 teams invested even more heavily into their academy operations. Those teams now operate the most modern type - Team-Owned academies - in which teams fund the construction and have input into the design of every component of the academy. This includes playing facilities, dormitories, cafeterias, administrative offices, and leisure spaces. Today, no teams operate Informal academies.

Although this is a work in progress, oligopoly theory correctly predicts that distinct patterns emerge in the levels and type of investment in developing Dominican players. In adopting Klein's heuristic in conjunction with a characterization of the type of investments into the Dominican baseball academy system made by MLB teams, history shows other teams "follow the leaders" once several of them adopt a distinct type of organizational form. This seems in keeping with the concept of institutional isomorphism, but this alone is not a sufficient explanation due to that fact that (a) the organizational form has, in fact, changed over time; and (b) that the change seemed initiated by the most successful MLB franchises. This aspect can likely be explained through the concept of institutional entrepreneurship, where the dominant organizations in a field have access to greater information and insight, which drives the organizational change (Greenwood and Suddaby, 2006). More specifically, we hypothesize that these most successful MLB franchises have changed their baseball academy forms due to the realization that the previous form would not allow for a sustained competitive advantage in the field.