

**Institutional Contingencies Impacting General Manager Human Resource Decision Making in the North American Professional Sport Context**

*Matt Juravich, University of Akron*

**Management/leadership**

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**20-minute oral presentation  
(including questions)  
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**Abstract 2013-308**

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In the sport context, vast amounts of performance data are available for scholars to examine the many drivers of organizational outcomes. In particular, the North American professional sport context offers performance data related to individuals, organizations, and leagues. The sport environment is unique in that controlled environments and motivated participants provide an ideal setting in which hypotheses can be tested examining determinants of organizational performance (Goff & Tollison, 1990; Wolfe, Weick, Usher, Terborg, Poppo, Murrell, Dukerich, Crown Core, Dickson, & Simmons Jourdan, 2005). One emerging stream of research in this vein examines performance in professional sport by focusing on how top management team (TMT) employees impact organizational performance via their strategic decision making (e.g., Juravich & Babiak, 2012). Top level executives in sport teams impact the on-field product and thus organizational outcomes, given their responsibilities to evaluate, select, and manage player talent. Previous research in this area has examined the general manager (GM) – team player talent – organizational performance relationship in the four major North American professional leagues including the National Football League (NFL); the National Hockey League (NHL); Major League Baseball (MLB); and the National Basketball Association (NBA) (Juravich & Babiak, 2012). The present study builds on this research stream by examining three potential contingencies in the GM – team player talent relationship. Specifically, I examine the extent to which team payroll, head coach tenure and ownership background impact the GM's ability to compile a roster of talented players via their unique experiences and background.

The study of senior executives and their contribution to organizational performance is an emerging area in the management literature through the application of Upper Echelons Theory (UET). UET uses the experiences and demographics of executives as proxies for reconciling how organizational outcomes are impacted through strategic choices (Hambrick & Mason, 1984). Due to the fact that the cognitions, values, and perceptions of top management team (TMT) employees are difficult to measure, UET focuses on examining demography to suggest that managerial characteristics are reasonable proxies for underlying differences in cognitions, values, and perceptions (Carpenter, Geletkanycz, & Sanders, 2004). Thus, this research serves as the foundation for the basic premise of the present study which proposes a link between GMs and organizational performance in the professional sport context. To frame the proposed contingencies as they impact this relationship, I also draw from institutional theory. Specifically, I apply the idea of institutional logics as they dictate structures, actions, and individual behaviors in a given institutional environment (Thornton & Ocasio, 1999). Here, I focus on logics of action which occur at the individual level within an organization (Thornton & Ocasio, 2008). I propose that differences in logics of action at the ownership level as determined by the background and experience of these individuals will shape the organization's approach to payroll allocation and the extent to which head coaches are granted decision making authority with respect to player personnel.

This study aims to expand on the limited existing research examining executives and performance in professional sport (Dixon, 2007; Juravich & Babiak, 2012; Wong & Deubert, 2010). As limited research exists in the sport management literature examining performance in this manner, an opportunity exists for scholars to apply UET in conjunction with institutional theory to examine executives in professional sport. Thus, this study aims to build on extant research examining the relationship between GMs and organizational performance by framing potential moderating variables as logics of action that impact a GM's ability to impact a team's roster of player talent. Data were collected covering a range of 13 years (1997-2009) for all four of the leagues identified above. The data collected include: name of GM, GM's age, tenure, league experience as a front office employee, and professional playing experience. 276 different GMs comprise the sample. Team level data were collected including payroll, percent of all stars on a team's roster, offensive and defensive output, head coach tenure, and overall organizational performance. In addition, data on each team's owner or ownership group were collected including ownership tenure and previous business experience. As the extent to which payroll, head coach tenure and ownership moderate the relationship between GM and team player talent are to be tested, team player talent is operationalized as a

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composite score of a given team's offensive and defensive proficiency during each individual season in the analyses. Due to league differences in payroll ranges across teams and leagues, payroll was normalized prior to being tested in the model.

Since the data includes four levels of dependent data (league, year, team and individual), variance of the random effects were assessed for each level. League and year were found to have a non-significant variance of random effects while team and GM were found to be significant. As a result, GM and team observations were combined into a single cluster variable and included in the SEM to test the GM – team player talent – organizational performance relationship.

The hypotheses to be tested are all founded on the basic mediation relationship that claims that GMs are responsible for compiling team player talent which in turn, determines performance on the field of play. As a first step, this causal relationship was tested for plausibility using Structural Equation Modeling (SEM). Upon establishing fit of the data to proposed relationship, the proposed moderating variables including team payroll, head coach tenure, and ownership background will be examined as they impact the GM – team player talent relationship. Here, hypotheses will be tested using path modeling in SEM. SEM will be utilized so that the proposed moderating variables can be grouped and analyzed in a more succinct manner. Using this approach will allow for conclusions to be drawn based on sub-groups within each variable to capture inter-group differences as they impact the GM – team player talent relationship.

Preliminary results indicate a close fit of the analyzed data to the proposed GM – team player talent – organizational performance relationship. Additionally, ownership background, head coach tenure and team payroll appear to demonstrate varying degrees of a moderating effect on the GM – team player talent relationship. The details of these unique relationships will be expounded during the presentation.

In terms of practical contributions, this research aims to provide insight into several key management related issues. Specifically, by examining how institutional logics of action impact a GM's ability to impact the team player talent mix for a given team, we can better understand the complex dynamics that exist amongst TMT employees in professional sport organizations as they pertain to human resource decision making. From the standpoint of the organization, this information can be utilized to improve the decision making approach utilized by the team, given the intersection of owner, GM, head coach and financial constraints for a particular organization. Additional suggestions for future research will be discussed.