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COMPETITIVE INTELLIGENCE IN PROFESSIONAL SPORTS

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ABSTRACT

According to the Society of Competitive Intelligence Professionals (SCIP), competitive intelligence (CI) is the "process of ethically collecting, analyzing and disseminating actionable intelligence regarding the implications of the business environment, competitors, and the organization itself." Despite its growing influence in the world of business, most research about the field of competitive intelligence has focused on either anecdotal or prescriptive approaches. A number of studies have examined CI in specific industries (e.g. electronics and pharmaceutical), however, none have looked at the use of CI in the sports environment. This oversight exists despite the fact that professional sports would seem to be an industry that would have a strong emphasis on CI activities.

This study analyzes competitive intelligence activities in professional sports. The survey instrument contained questions, generated from previous studies of CI, that explored an organization's CI activities, including the types of CI activities used, the frequency of usage, the perceived effectiveness of CI, sources of CI information, and level of experience with CI. The instrument was mailed to administrators from the NHL, NBA, MLS, NFL and major league baseball.

The results indicate that nearly two-thirds of all teams report that they maintain a competitive intelligence (CI) function. Most teams have engaged in CI activities for three years or more. The most effective CI activities provide intelligence that assists in player personnel decisions, the identification of market opportunities, the assessment of competitors' pricing strategy, and market plan development. The most popular sources of CI information are personal contacts, the company's salespeople, contacts with competitors and customers, the internet, and industry trade journals.

The study finds many CI activities are engaged in by the vast majority of teams, and they find these to be effective endeavors. These results suggest that despite the relative monopoly status of the leagues themselves, the individual teams are demonstrating actions more reminiscent of intense rivalry than cooperative existence. The study provides a starting point for the analysis of competitive intelligence activities in the professional sports environment by validating the existence of and use of various competitive intelligence activities.

ORGANIZATIONAL KNOWLEDGE AS NESTED SETS OF LOOSELY COUPLED TRUE THEORIES

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ABSTRACT

Previous research demonstrates that managers access multiple sources of meaning when making decisions in the workplace and making sense of work related events. Theories, along with colleagues, supervisors, previous experiences, specialists, professions, formal rules and procedures, families, friends, and ethical belief systems are our primary sources of meaning. Utilizing this perspective, together with the late W.V.O. Quine's treatment of science as a "web of belief", I introduce a nested model of organizational knowledge as a loosely coupled system of theories. I propose that these loosely coupled theories, coupled with other documented sources of meaning explain the bulk of organizational decision making.

To summarize and extend Quine's position, organizational members jointly compose "webs of belief" which are kept as consistent as possible with reported observations that interact with the web only "at the edges." The truth of most assertions is determined only relative to others within the web, and scientists agree that any portion of the web is subject to adjustment, if necessary, to achieve a better state of internal consistency, parsimony, clarity or explanatory power. However, we are more reluctant to alter some propositions than others. Webs of belief are utilized as sources of meaning for social actors. Scientists, as social actors, jointly construct and are constructed by these sources of meaning.

TOWARD AN INTEGRATION OF ORGANIZATION AND ECONOMIC PROSPECT THEORIES

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ABSTRACT

This paper discusses and proposes an integration of prospect theory as developed in psychology and applied to the field of economics by Daniel Kahneman and prospect theory as developed in the field of organization theory by Raymond Miles and Charles Snow. In the economics literature, prospect theory claims that the assumption of rationality in human behavior is inappropriate because the value of a good or service to an individual is determined by the individual's own position relative to a good or service plus the general market value of the good or service. In the related field of organizational theory, the literature argues that rational choice theory is inadequate as a basis for describing reality and that an historical political economy contingency perspective is a more promising alternative. Elements of each position are reviewed and shown to be very similar which suggests that an integration of the ideas would not only be possible, but also quite useful. An integration of the elements of the perspectives is presented and a call for systematic and empirically rigorous qualitative case studies and quantitative demographic and survey/observational studies is made.

INTRODUCTION

The assumption of rationality in economics has been challenged most recently by prospect theory. Prospect theory claims that an individual's personal position relative to a good or service will determine the value of that good to the person in addition to the individual's position relative to the general market for the good (Kahneman, 1999). In the related field of organizational theory the same underlying conceptual themes appear in the work of Miles and Snow (1994) who discuss the "prospecting" strategy.

The purpose of this paper is to describe these two theoretical positions and to present an argument that because of these similarities, "prospect theory" has far greater applications than envisioned by their respective proponents. The paper concludes that there is a clear convergence of these theoretical perspectives and that future empirical and macro theoretical integrative work is necessary.

ORGANIZATION AND ECONOMIC PROSPECT THEORIES

For the field of economics, Kahneman (1999) demonstrates that a major flaw of expected utility theory is that it assumes that people assign values to final outcomes and make choices on the basis of them. An example of this assumption is the use of the conventional "present value" formulation to estimate the final value of assets as a crucial element in assessing the desirability of alternative courses of action. Kahneman makes it clear, however, that people differentially evaluate gains and losses and not expected outcomes or goal states. He demonstrates, for example, that people value "probable" outcomes differently than they do "certain" outcomes; that is, when outcomes are more probable people will exhibit more risky behavior than when outcomes are less risky. That is, the domain of the utility function for expected utility theory is final states rather than gains or losses per se. Prospect theory correctly locates the utility function in gain/loss assessment. Similar ideas have been discussed by List (2003) and Thaler (1980).

For the field of organization theory, Zey (1998) has argued that rational choice theory is inadequate as a basis for describing and explaining reality; she argues for an historical political economy contingency perspective. In similar fashion, Miles and Snow (1994) present "prospect theory" as an alternative to the more common defender and analyzer theories. Defender theories are based on the maintenance of fairly easy to identify outcomes while analyzer theories are based on the assessment of the success of capturing a specific market niche. Prospecting theories, however, seem to focus on means -- executive effort is put into continuous development of new, untried products and services and internal processes to produce them.

CONCLUSIONS

There are at least three items that connect these two theories and these are (1) short term foci (2) flexibility emphasis and (3) survival goals. These items represent key links between the decision making processes of individuals and the decision making processes of organizations and taken together they contradict expected utility theory and rational contingency theory. Connections similar to these have been noted in the literature. For example, Barney (1994) points to themes underlying prospect theory and game theory at the level of the behavior of the firm and McDermott (1998) applies similar themes to the setting of American foreign policy.

Clearly, the similarities of the elements of the prospecting theories of Kahneman and Miles and Snow are striking enough to call for systematic and empirically rigorous qualitative case studies and quantitative demographic and survey/observational studies to determine under what conditions prospect theories are superior. Work such as that done by List (2003) can serve as useful a guide to the types of studies which should begin this effort.

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