MANAGERIAL COMPETITOR IDENTIFICATION:

INTEGRATING THE CATEGORIZATION, ECONOMIC

AND ORGANIZATIONAL IDENTITY PERSPECTIVES

This dissertation was presented

by

William Timothy Few

B.S., Colby College, 1989
M.B.A., Katz Graduate School of Business, 1999

Submitted to the Graduate Faculty of the
Katz Graduate School of Business
in partial fulfillment of the requirements for the degree of
Doctor of Philosophy

University of Pittsburgh
2007

UNIVERSITY OF PITTSBURGH

KATZ GRADUATE SCHOOL OF BUSINESS

This dissertation was presented
by
William Timothy Few

It was defended on
May 16, 2007
and approved by

Dr. Jacob G. Birnberg, Katz Graduate School of Business, University of Pittsburgh

Dr. Susan K. Cohen, Katz Graduate School of Business, University of Pittsburgh

Dr. Richard L. Moreland, Department of Psychology, University of Pittsburgh

Dr. John E. Prescott, Katz Graduate School of Business, University of Pittsburgh

Dr. John C. Camillus (Chair), Katz Graduate School of Business, University of Pittsburgh

MANAGERIAL COMPETITOR IDENTIFICATION:

INTEGRATING THE CATEGORIZATION, ECONOMIC

AND IDENTITY PERSPECTIVES

William Timothy Few, PhD

University of Pittsburgh, 2007

This dissertation integrates three perspectives capable of explaining how top managers identify their organization's competitors: categorization, economic and organizational identity. In order to explore these perspectives a qualitative theory elaboration methodology is employed. Accordingly, a model of managerial competitor identification is developed. In addition, the three perspectives are integrated into this model to produce a robust theoretical framework.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

PREFACE

I would like to acknowledge the contributions of several individuals for the roles that they have played in supporting me throughout the dissertation process. I would first like to thank John Camillus for the time and effort he invested as my dissertation Chair. From the beginning of my graduate studies, John provided valuable support for my desire and passion to pursue research on organizational identity. I fondly look back on our discussions of identity and strategy as ones that have given me a foundation which will help me succeed as a scholar. John also proved to be an extremely valuable guide and mentor that helped me manage the dissertation process. Throughout the process, John asked me the right questions at the right time, challenged me when I needed it most and offered key insights that helped me produce a better dissertation.

I also want to express my gratitude to the other members of my committee. John Prescott played a particularly unique role in my dissertation as it was in his doctoral class that I generated the idea of studying managerial competitor identification. In addition, I valued his persistent questioning of how organizational identity fits into strategy research. His insistence that I convince him of organizational identity's significance made me a better researcher and scholar. Sue Cohen amazed me with her ability to ask me questions and generate issues that I had not considered. In addition, I also want to express my appreciation for her encouragement of my ideas. I would like to thank Jake Birnberg for his support throughout the process and for his unique perspective. Jake's vast knowledge of various theories and areas of business scholarship

enriched my dissertation. I would like to thank my outside committee member, Dick Moreland, for his valuable comments and, in particular, for taking the time to identify a set of papers in his area of expertise that related to the focus of my dissertation. These papers not only helped to improve my dissertation, but also gave me new insights into organizational identity.

I am also very appreciative of others colleagues who contributed to the development of my dissertation. I would like to thank Jane Dutton for taking time early in my dissertation to give me feedback regarding my proposed study and to answer questions concerning qualitative research. Tom Zagenczyk made a particularly valuable contribution through the numerous hours he spent as my second coder. In addition, I would like to thank the following colleagues who helped me complete my dissertation by either taking the time to talk about my study, to answer a question or to provide emotional support: Gaurab Bharwaj, Turney Caner, Tom Tau, Kathy Tully, Natasha Munshi, and Talha Harcar.

I would also like to thank Carrie Woods, Kay Koch, Gina Cecchetti and the rest of the doctoral office staff for the assistance they provided.

For their encouragement, patience and support throughout my doctoral experience, I also thank the following individuals: my mother, Anna Belle Few, my brother, Tom Few, my father-in-law and mother-in-law, Dick and Peggy Puhlman, my sister-in-law and brother-in-law, Polly and Bill Reid, and their family, Andy, Shelby, Haley and Colby, my sister-in-law, Patty, my sister-in-law and brother-in-law, Pam and Bob Vennare and my brother-in-law and sister-in-law, Eric and Tracy Puhlman. I would also like to acknowledge the special role that my father, Bill Few, played in the early formation of my dissertation topic. In particular, my interest in organizational identity was sown during the many discussions we had about our firm and our strategy during my tenure as President of Bill Few Associates.

Finally, my ability to complete this dissertation would not have been possible without my wife, Molly. She was my consummate and unwavering cheerleader. She provided loving and caring encouragement during the times that I was struggling. She motivated me when I needed it the most. She took on many administrative tasks without complaint. She was always willing to talk about my dissertation, act as a sounding board and provide helpful suggestions. Overall, I cannot express how much I love her or thank her enough for all she did. Accordingly, I dedicate this dissertation to her and the life that we are building together.

1.0 INTRODUCTION

All firms face competition. This presents a challenge for managers as competitors' actions and activities can directly impact an organization's profitability and ability to attain a competitive advantage (Chen, 1996). Moreover, managers are motivated to understand their competition in order to construct a strategy that creates a defensible competitive position (Porter, 1980). Given the significant role that competition plays in strategy, studying the process of how managers come to understand and identify their organization's competitors is an important research endeavor (Porac & Thomas, 1990; Rumelt, Schendel & Teece, 1994).

Despite its importance, however, little is known about managerial competitor identification (Clark & Montgomery, 1999). Additionally, a review of the literature reveals that this area of study suffers from the lack of a cohesive theoretical model and discrepancies among the various theoretical perspectives that have been used to investigate competitor identification.

With respect to the lack of a theoretical model, the literature does offer a normative model, which suggests that competitor identification may occur during the managerial activity of competitor analysis (Porter, 1980; Peteraf & Bergen, 2003; Chen, 1996). Accordingly, competitor analysis is often modeled as a two-step, linear process where competitor identification leads to competitor analysis (Peteraf & Bergen, 2003; Bergen & Peteraf, 2002; Porac & Thomas, 1990). In the first step, competitor identification presents managers with the task of determining the appropriate set of organizations to be analyzed (Bergen & Peteraf, 2002).

This step is necessary because of limited managerial resources (e.g., time and attention) and bounded rationality, which together dictate that a manager cannot analyze and keep track of all organizations in the external environment (Ocasio, 1997; Bergen & Peteraf, 2002). Specifically, these realities force managers to reduce the population of all organizations to a subset of firms that can be adequately analyzed. In order to produce this subset, researchers hypothesize that managers engage in a cognitive sorting process (Peteraf & Bergen, 2003; Bergen & Peteraf, 2002). During this process managers compare their organization to other firms in their environment and categorize them as direct competitors, indirect competitors and potential competitors. Overall, the competitor identification step is important since the quality of the analysis depends on managers analyzing the appropriate organizations (Peteraf & Bergen, 2003; Zajac & Bazerman, 1991).

Once competitors are identified, managers proceed to the second step of competitor analysis. During this stage, managers seek to form an accurate impression of each organization's competitive capability or competitive position (Bergen & Peteraf, 2002; Porter, 1980). Ideally, an accurate understanding of each competitor not only provides managers with the ability to predict future competitor moves and understand potential competitive threats, but also builds an awareness of the competitive environment and the opportunities available to position the organization to attain a competitive advantage (Porter, 1980; Chen, 1996).

While the two-step model appears logical on the surface, it possesses certain flaws and limitations as a theoretical framework designed to explain how managers actually identify and analyze competitors in practice. It also does not provide a practical basis for empirical investigation. To begin with, the framework draws a sharp distinction between identification and analysis without explaining the relationship between these concepts. Recall that the sorting process requires managers to compare their organization to other firms (Chen, 1996; Peteraf & Bergen, 2003). When making such comparisons, firms similar to a manager's organization in terms of markets served, resources and capabilities are more likely to be categorized as competitors (Chen, 1996; Peteraf & Bergen, 2003). However, does not the detection of similarity require analysis and investigation? Could competitor identification actually require a thorough analysis? If not, how does the analysis performed during the identification stage affect the analysis stage?

Additionally, the two-step model does not account for how the understanding and labeling of competitors are actually modified by managers over time. In other words, what happens after analysis? Does the process start over? If so, what triggers the reactivation of the process? How does a manager's understanding of his or her existing competitors affect the new round of competitor analysis?

Finally, the two-step model fails to provide grounded evidence to suggest that managers actively engage in a sorting process as described in the competitor identification step. While the description of the process may be more normative than theoretical, researchers have not actively investigated how managers identify competitors in practice (Porac & Thomas, 1990; Clark & Montgomery, 1999).

In addition to the lack of a coherent theoretical framework, this area of research is plagued by the existence of three perspectives which offer conflicting explanations of competitor identification. First, the categorization perspective suggests that managers possess industry taxonomies, which serve as mental models that capture how managers have categorized organizations within an industry (Porac & Thomas, 1990). The main propositions of this theory are that competitor identification is primarily a categorization activity (Porac & Thomas, 1990;

Bergen & Peteraf, 2002) and that a manager is likely to identify a firm as a competitor if this firm resides in the same category as the manager's organization (Porac & Thomas, 1990).

Second, the economic perspective suggests that competitor identification primarily depends on how similar a firm is to the manager's organization (Chen, 1996; Bergen & Peteraf, 2002). Generally speaking, competitor identification is a managerial process of determining the degree to which the firm in question operates in similar markets and possesses similar resources. Accordingly, firms which are highly similar to the manager's organization in terms of markets served and resources possessed will be identified as direct or primary competitors; firms who operate in common markets, but possess different resources will be identified as indirect competitors; and firms that possess high resource similarity, but low market commonality will be identified as potential competitors.

Third, the organizational identity perspective suggests that a manager (who is likely to be highly identified with their organization) will be sensitive to firms which threaten those aspects important to the identity of the manager's organization (Albert & Whetten, 1985). This perspective is supported by the sensemaking framework (Weick, 1995) and the current research on identity (Dutton & Dukerich, 1991; Dutton & Penner, 1993, Fiol & Huff, 1992) which together suggest that organizational identity is a cognitive framework that has a primary impact on how managers come to understand and respond to their organization's external environment. However, this framework has never been formally connected to the strategic endeavor of identifying competitors.

Despite all three of the existing theoretical explanations, none of them fully capture and explain the process used by managers to identify competitors. In addition, each perspective offers a conflicting explanation of the process. Thus, further investigation is necessary to clarify the role, if any, of each of the three perspectives in the competitor identification process.

Of the three perspectives, the categorization and economic theories dominate current views of competitor identification. However, it is the opinion of this researcher that the organizational identity perspective, which has never been formally applied to competitor identification, provides a compelling theoretical framework that is also capable of explaining the process by which managers identify competitors in practice. Accordingly, this dissertation is focused on addressing the conflict among these three perspectives and answering the following questions:

1. *Does organizational identity influence which firms a manager identifies as the organization's competitors?*
2. *If OI does influence managerial competitor identification, how does each of the three sub-models – categorization, economic and organizational identity – influence which firms are identified by a manager as the organization's competitors?*

In order to address these questions, a conceptual model is developed for the purposes of describing the general process by which managers come to identify and understand their competitors in practice. This competitor identification model presented in Chapter 2.0 departs from the two-step process by reframing competitor identification and analysis as a problem of sensemaking (Weick, 1995). In addition, it provides a necessary context to understand how the three perspectives fit within an expanded process of competitor identification. In Chapter 3.0, a literature review of the three competitor identification perspectives is provided and related to the research questions addressed by this dissertation. It is suggested that the organizational identity perspective plays a significant, if not dominant, role in the competitor identification process. Chapter 4.0 of this dissertation describes the methods utilized to gather and analyze the data. The analyses and results of the study are presented in Chapter 5.0. The final chapter, Chapter 6.0, provides a discussion of the study's findings and a summary of the contributions of the completed research.

2.0 MANAGERIAL COMPETITOR IDENTIFICATION

A problem confronting researchers with respect to managerial competitor identification (CI) is the lack of a coherent theoretical model that explains how managers identify their organizations' competitors in practice. In response to this claim, one might argue that a model of CI can be constructed from research done on competitor analysis and organizational categorization (Chen, 1996; Peteraf & Bergen, 2003; Bergen & Peteraf, 2002; Clark & Montgomery, 1999). Simply stated, this body of literature suggests that CI is a process in which a manager: (1) scans the environment to form an impression of each firm within the organization's competitive space; (2) labels as competitors those firms who possess enough similarity to the manager's organization (i.e., meet the definition of a competitor); and (3) categorizes this collection of labeled firms as either direct, indirect or potential competitors.

While this model can offer key insights into CI, it is an incomplete description of the process. To begin with, competitor identification has been described as being part of an expanded model of competitor analysis (Bergen & Peteraf, 2002). Accordingly, it is construed as merely a step in a larger process of competitor analysis where it is suggested that managers do just enough scanning to label firms as either direct, indirect or potential competitors. However, does not the detection of similarity and the subsequent labeling involved in the process require analysis and investigation? Could competitor identification actually require a thorough organizational analysis?

The existing model also does not account for how the scanning performed during the competitor identification step affects the more thorough stage of competitor analysis. In addition, the possibility that changes in an organization's competitive landscape or environment may affect which firms are labeled competitors is not acknowledged. In other words, how managers identify new competitors, remove the competitive label from existing competitors or re-label a competitor as either direct, indirect or potential is not discussed. Moreover, the model is relatively silent on the particulars of how managers scan their competitive environment. Research suggests that CI is a subjective phenomenon (Chen, 1996; Reddy & Rao, 1990; Brooks, 1995). However, the existing model does not account for such subjectivity in the processes of scanning and labeling. Finally, as the current model is a composite of theories drawn from marketing, economics and cognition, it is weakly grounded to the phenomenon of CI (Picken, 1995).

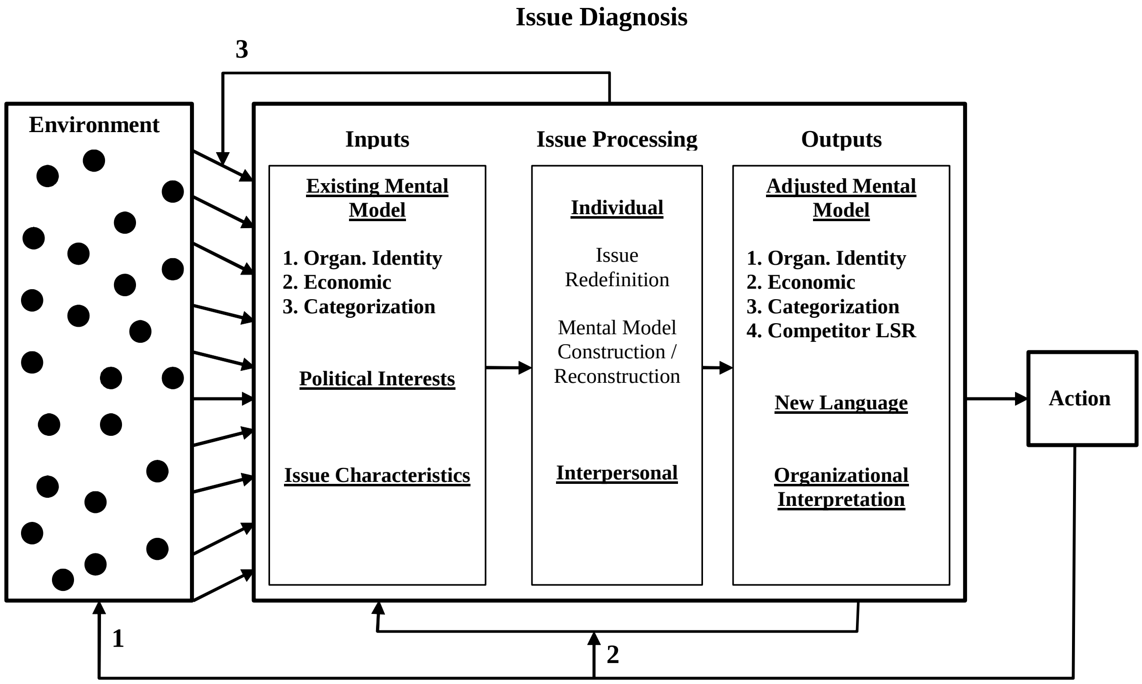
Accordingly, the purpose of the next section of this chapter is to develop a more robust conceptual model that describes how managers come to identify and understand their competitors in practice. The proposed model departs from the existing model described above by reframing competitor identification as a process of sensemaking (Weick, 1995). Furthermore, the model will provide a context within which each one of the theoretical perspectives used to explain competitor identification – categorization, economic and identity – will be discussed.

2.1 OVERVIEW OF COMPETITOR SENSEMAKING MODEL

The phenomenon of managerial competitor identification is of interest because when asked to name the organization's competitors, a manager will likely produce a subset of all the firms that exist within his or her organization's industry or competitive environment (Porac & Thomas, 1990; Clark & Montgomery, 1999). In addition, research suggests a manager will incorporate a hierarchical structure into this subset by rank ordering these firms from most (i.e., direct competitors) to least (i.e., potential and indirect competitors) competitive (Chen, 1996; Peteraf & Bergen, 2003). These two outcomes imply that a manager, and hence the organization, is cognitively linked to and directs the organization's attention to a limited set of firms of the manager's choosing (Dacin et al., 1999; Ocasio, 1997; Miner & Anderson, 1999). More importantly, it suggests that an organization's strategic behavior and its ability to detect and respond to competitive threats depends in part on the firms that a manager identifies as his or her organization's competitors (Peteraf & Bergen, 2003; Bergen & Peteraf, 2002; Porter, 1980; Chen, 1996).

This dissertation proposes that the manner in which a manager constructs this subset can be modeled as a process of sensemaking (see Figure 1). As described by Weick (1995), sensemaking can be defined as a process where a manager desires to make sense of something that is perceived to be unintelligible. With respect to CI, sensemaking suggests that managers will reduce environmental ambiguity and make sense of the firms within the competitive environment by discriminately attaching the competitor label to specific firms. In addition, research suggests that a manager's feelings of comprehension and understanding are increased by making sense of each firm's competitive position (i.e., most to least competitive) relative to the manager's organization (Chen, 1996; Peteraf & Bergen, 2003). In short, competitor identification involves three sensemaking activities: (1) defining what it means for a firm to be a competitor of the manager's organization (or competitor label); (2) attaching the competitor label to certain organizations (or forming the competitor set); and (3) detecting a competitor's relative position in the competitor set (or competitor rank).[1] For convenience purposes, these three components – competitor label, competitor set, and competitor rank – will sometimes be referred to herein collectively as the competitor LSR.

Figure 1: Proposed Model of Competitor Sensemaking



The proposed model in Figure 1 illustrates the process of competitor identification using a sensemaking framework. Before discussing the sensemaking model in detail, however, it is important to surface key assumptions upon which it is built. First, this model assumes that managers are motivated through their goals, preferences or aspirations to understand their

[1] Weick (1995) proposes that sensemaking does not suggest accuracy, but instead plausibility (see pg. 55 for discussion). Thus, for the purpose of competitor sensemaking, resolution of these three issues will more than likely reflect coherence, plausibility and logic.

competition and competitive environment (Weick, 1995; Kiesler & Sproull, 1982; Winter, 2000). Second, this model describes sensemaking from a top manager's perspective. This assumption is consistent with views that consider top managers to be a coalition that dominates an organization's sensemaking and interpretation processes (Hambrick & Mason, 1984; Ocasio, 1997). Third, this model does not explicitly account for organizations that have constructed sophisticated competitor analysis systems, nor does it account for the role of competitor intelligence (Subramanian et al., 1998; Picken, 1995). Lastly, the model does not make specific theoretical claims as to whether competitor identification involves automatic versus effortful information processing (Kiesler & Sproull, 1982; Dutton, 1993).

2.2 EXPLANATION OF COMPETITOR SENSEMAKING MODEL

This discussion of sensemaking and the process of competitor identification will begin with a manager who has made sense of the competitive environment through the construction of a competitor set. Accordingly, a manager's conceptualization of the existing competitor LSR (or label, set and rank) is captured in Figure 1 as a mental model. A mental model is an organized mental template that captures a manager's beliefs, current knowledge and understanding of his or her environment (Walsh, 1995; Fiol & Huff, 1992). Certain researchers define sensemaking as a process of mental model construction (or reconstruction) in which managers organize stimuli and information into a meaningful structure or framework (Starbuck & Milliken, 1988; Weick, 1995). With respect to CI, the competitor LSR can be construed as a type of mental model that depicts a manager's beliefs regarding the identity, rank and meaning of each named competitor (Porac et al., 1989).

As shown in Figure 1, a manager's overall competitor mental model is also composed of the following three competitor identification perspectives (or sub-models): (1) *organizational identity* (which is a manager's conceptualization of his or her firm's central, enduring and distinctive characteristics (Albert & Whetten, 1985)); (2) *economic* (which reflects a manager's current beliefs and knowledge regarding the degree to which firms within the external environment possess similar resources and compete in similar markets as the manager's organization (Chen, 1996; Peteraf & Bergen, 2003)); and (3) *categorization* (which captures the definition of labels that a manager uses to classify events, situations, issues, and other stimuli; but also contains cognitive schemes that represent current patterns of categorization (Fiol & Huff, 1992; Dutton & Jackson, 1987). A more in-depth explanation of these sub-models is provided in Chapter 3.0. However, it is important to note that these three sub-models will influence the determination of the competitor LSR sub-model.

2.2.1 Role of a Manager's Mental Model in Competitor Sensemaking

At any particular point in time, the ability to generate a list of competitors indicates that a manager has engaged in the sensemaking activities of defining the competitor label, attaching the label to certain firms, and determining relative competitiveness (Weick, 1995). However, it also implies that a manager, at some point, faced conditions that prompted him to engage in sensemaking and produce the competitor LSR. Weick (1995) states that sensemaking is activated when a manager is faced with interruptions or disruptions (e.g., failed expectations, situations in which routines and automatic information processing does not work, phenomena that defy logic, and events that challenge the validity of taken-for-granted assumptions). The model in Figure 1 captures the activation of competitor identification by characterizing the external environment as a population of firms which generate cues or stimuli that trigger sensemaking (Weick, Sutcliffe & Obstfeld, 2003; Bluedorn et al., 1994; Ocasio, 1997). In order to simplify the discussion, the cues and stimuli generated by competitors and other firms are defined as strategic issues. A strategic issue is a development, trend, situation or event that can impact an organization's profitability or ability to survive, now and in the future (Ansoff, 1980; Dutton & Penner, 1993).

Top managers are constantly faced with a stream of issues (Weick, Sutcliffe & Obstfeld, 2005; Dutton et al., 1983), meaning that sensemaking is essentially an ongoing process (Weick, 1995). Moreover, with respect to competitor identification, managers are motivated to allocate time and attention to issues generated by organizations (competitors and non-competitors) in the external environment (Daft & Weick, 1984; Peteraf & Bergen, 2003; Chen, 1996). Despite this incentive, however, the sheer volume of undifferentiated issues facing top managers (Weick, Sutcliffe & Obstfeld, 2005) coupled with cognitive limits on the number of issues that a manager can attend to at a particular time (Ocasio, 1997; Hambrick & Mason, 1984) mean that not all issues make it to the strategic agenda (Dutton & Penner, 1983). In order to select which issues receive attention, a manager uses his or her mental model as a reference point to determine an issue's relevance (Weick, Sutcliffe & Obstfeld, 2005; Dutton & Penner, 1983).

This role of the manager's mental model suggests that in the emerging stages of competitor identification, the three sub-models in Figure 1 act as a filter or screen, which means that some issues will be undetected or, if noticed, dismissed or deemed unimportant (Kiesler & Sproull, 1982; Hambrick & Mason, 1984; Dutton & Penner, 1993). In order to activate sensemaking, the issues that make it through the screen must be deemed important enough to receive a manager's time and attention. Furthermore, the issue must also create uncertainty, ambiguity or a disruption relative to the competitor LSR. More specifically, the issue needs to challenge the definition of the competitor label, the membership of the competitor set and/or how the firms within the set are ranked from most to least competitive. In those instances where these conditions are met, managers will proceed to the next step - issue diagnosis.

2.2.2 Overview of Issue Diagnosis in Competitor Sensemaking

When an issue is noticed and receives a manager's time and attention, the process of issue diagnosis is activated. Diagnosis is a managerial activity of issue interpretation and translation (Dutton et al., 1983; Daft & Weick, 1984). Throughout this part of the process, a manager acts as both an author and analyzer (Weick, 1995). As an author, he seeks to create clarity by organizing and structuring the various pieces of information and perceptions surrounding the issue (Weick, Sutcliffe & Obstfeld, 2005; Dutton et al., 1983). This aspect of diagnosis is often construed as a subjective process of enactment where a manager actively infuses the issue with meaning (Smircich & Stubbart, 1985). As a manager gains clarity regarding an issue, he or she will focus attention on issue analysis. During this phase, the manager determines the issue's implications for the organization and generates a series of possible responses for consideration (Dutton et al., 1983).

In order to provide a more robust description of issue diagnosis and competitor identification, a version of the strategic issue diagnosis model developed by Dutton, Fahey & Narayanan (1983) is adopted. The model in Figure 1 recognizes three important components of diagnosis: (1) inputs (or initial conditions), (2) issue processing, and (3) outputs.

2.2.2.1 Inputs to the Competitor Sensemaking Process

Initial conditions are comprised of mental models, political interests and issue characteristics, which are key inputs into issue processing. First, existing mental models are frameworks that managers use to initially interpret and analyze an issue. More specifically, once an issue has been noticed, managers will use their mental models to label the issue for the purpose of communication (Weick, Sutcliffe & Obstfeld, 2005). In this capacity, mental models act as lenses through which managers begin to define the issue. They determine what aspects of the issue are important, what aspects should be ignored, and how the issue is linked to certain outcomes. Mental models are important during this initial stage because they direct a manager to focus his or her attention and define an issue in a particular manner. Since the competitor LSR are part of a manager's existing mental model, they are considered inputs into issue processing.

Second, organizations often embody a certain political structure comprised of managers with various degrees of power (Ocasio, 1997). This political structure will serve as an additional input into issue processing. During the preliminary stages of issue diagnosis, political activities among an organization's managers are set in motion as they anticipate resource allocation decisions and the creation of new policies. Given the potential impact of these events, a manager will attempt to steer the issue diagnosis process in a manner that is most beneficial to him.

Lastly, an issue will have various characteristics that can significantly impact how an issue is diagnosed. For example, issues can vary as to information availability, information consistency, and familiarity. These attributes, in turn, influence the degree to which an issue creates ambiguity and uncertainty. In short, the variety of issues that managers face will create a variety of contexts that impact issue processing.

2.2.2.2 Issue Processing in Competitor Sensemaking

These three initial conditions – mental models, political interests, and issue characteristics – are considered inputs into what Dutton et al. (1983) describe as issue processing. Again, issue processing is generally activated when an issue creates a disruption. Such a disruption can take the form of an issue that challenges the logic of a manager's existing mental model. In the case of competitor identification, the issue has the effect of challenging the manager's perceived veracity of the competitor set. When processing is activated, a manager will engage in individual and interpersonal interpretation activities (Weick, 1995). Within both of these modes, however, issue interpretation is a retrospective activity marked by occurrences of plausibility and presumption that lead to further action (Weick, Sutcliffe & Obstfeld, 2005).

Defining competitor identification as partly a retrospective process means that managers will interpret an issue, and hence the identity of their organization's competitors, in light of events that have taken place in the past. In other words, competitor identification follows the sensemaking recipe: *How can I know who I am (or who they are) until I see what they do?* (Weick, 1995; Weick, Sutcliffe & Obstfeld, 2005). Moreover, issue processing is also characterized by presumption since a manager's interpretation is a conceptualization of the situation based on plausibility instead of accuracy. The manager reaches a plausible interpretation of the issue through the application of his or her mental model. This facet of issue processing, on the one hand, connects abstract aspects of the issue interpretation (and manager's mental model) to concrete characteristics of the situation. In turn, this connection provides an important platform for the manager and other organizational members to coordinate their efforts and take action. On the other hand, plausibility means that issue processing leads to interpretations and actions based on hunches or theories that managers presume to be true.

Accordingly, initial interpretations may not last as the action taken tests the plausibility and accuracy of the manager's hunches. The failure to accurately interpret the issue will cause managers to reactivate issue processing leading to a re-interpretation or re-definition of the issue. When this happens, issue processing can take place at the individual and/or interpersonal levels.

At the individual level, a manager will experience a recurring process of issue redefinition. A revised issue definition may result from the acquisition of new information, re-interpretation of old information, or new perspectives on previous interpretations. These new views and the redefined issue can, in turn, elicit new questions and reactivate the search for information. As these questions are answered, a manager may gain new insights, which may lead to a further redefinition of the issue and another cycle of information search.

In addition to the process of issue redefinition, a manager will engage in processes of theory building or mental model construction. First, a manager's existing mental model may be incapable of providing an adequate basis for issue diagnosis. In addition, gathering the information necessary to construct a complete and accurate understanding of the issue is not often possible. Given the inadequacy of the mental model and/or incomplete information, managers will engage in the process of induction. When induction is activated, a manager will construct new theory in order to improve his or her mental model and to fill in the issue's information gaps. Second, a manager will also engage in deduction by drawing conclusions, making predictions or rendering judgments about an issue based on his or her mental model. Dutton et al. (1983) make an important observation in their paper that issue processing is not solely determined by the existing mental model. Instead, issue processing is partly a function of how a mental model evolves over time as a manager engages in a cycle of induction and deduction.

Issue processing is not solely an individual activity. As stated by Weick (1995: 6), "Sense may be in the eye of the beholder, but beholders vote and majority rules." To begin with, issue processing will more than likely be influenced by social factors because individuals within the organization may have access to different pieces of information and various interpretations of the issue. Therefore, a complete understanding of an issue requires interaction among managers in order to organize these various perspectives. Additionally, an issue may affect multiple, interdependent units within the organization. In this scenario, issue resolution requires interaction in order to solve coordination problems. Finally, the activation of political interests will motivate a manager to interact with other managers as he or she attempts to influence how the issue is defined and resolved.

Dutton et al. (1983) describe the interpersonal dimension of issue processing as a collision among individual mental models. These collisions can take the form of advocacy as individuals argue and defend their perspectives. In addition, collisions can raise questions in a manager's mind and activate the individual processes of issue redefinition and mental model reconstruction. In sum, interactions among managers are likely to play an important role in determining how a manager will process and eventually resolve an issue.

Dutton et al. (1983) claim that issue processing can cease due to time constraints or the influence of a powerful manager who steers processing in a preferred manner and brings deliberation to a close. Once terminated, issue processing produces certain outcomes. One possible result is a new or altered managerial mental model, which can include an adjustment to the competitor LSR. In order to demonstrate how issue processing can lead to an altered competitor LSR, four scenarios are developed in Table 1 by contrasting the degree of issue familiarity with the source of the issue (i.e., whether the issue originated from an organization inside or outside of the existing competitor set).

Table 1: Four Scenarios of Competitor Sensemaking

	Within Competitor Set	Outside Competitor Set
High Issue Familiarity	**Status Quo** • *Automatic* sensemaking is activated: ➢ Automatic issue response ➢ Activate existing routines • No change to competitor LSR **Q1**	**Incremental Addition** • If only *automatic* sensemaking is activated: ➢ Automatic issue response ➢ Activate existing routines ➢ No change to competitor LSR • If *active* sensemaking is triggered: ➢ Possible change to competitor LSR **Q2**
Low Issue Familiarity	**Q3** **Incremental Adjustment** • If only *automatic* sensemaking is activated: ➢ Automatic issue response ➢ Activate existing routines ➢ No change to competitor LSR • If *active* sensemaking is triggered: ➢ Possible change to competitor LSR	**Q4** **Revolutionary Adjustment** • *Active* sensemaking is triggered • Overhaul of competitor LSR

In the first quadrant of Table 1 (Q1: Status Quo), the issue presented for processing is familiar and is generated by an organization that is currently considered a competitor. The more familiar an issue is to a manager, the more likely that he or she will engage in automatic issue response (Kiesler & Sproull, 1982) and activate existing routines to deal with the issue (Ocasio, 1997; Nelson & Winter, 1982; Dutton, 1993). Moreover, a familiar issue generated by a firm identified as a competitor should not challenge the validity of the existing competitor LSR.

Instead, the issue should strengthen the manager's belief that such firm is appropriately labeled as a competitor, that the competitor set is properly structured or ranked, and that the competitor label is adequately defined. Thus, in this scenario, automatic sensemaking is activated and no disruption of the existing managerial mental model is expected to occur.

Quadrant two (Q2: Incremental Addition) illustrates a situation where the issue presented for processing is familiar, but is generated by a firm that is not currently included in the competitor set (a non-competitor). Initially, automatic sensemaking occurs - the likely result of which is no change to the competitor LSR. However, if during the issue diagnosis stage of automatic sensemaking, the new information concerning the non-competitor causes enough of a disruption, more active sensemaking will occur.[2]

If active sensemaking is triggered, the scenario described for this quadrant may result in one of three outcomes. First, the firm causing the disruption may be so inconsistent with the definition of the competitor label that it remains outside the competitor set (Kiesler & Sproull, 1982). Thus, no changes will be made to the competitor LSR. Second, managers may find that they originally overlooked this firm, as active sensemaking reveals that its characteristics are consistent with the competitor label. In such an event, the competitor label will then be attached to the firm in question, resulting in the firm being added to the competitor set and then ranked. Third, active sensemaking may reveal a flaw in the definition of the competitor label. In this event, a revised definition of the competitor label may be developed as characteristics of the firm triggering the disruption provide novel insights as to the criteria used to identify competitors. Ultimately, this firm may be added to the competitor set. In addition, the possibility of a newly

[2] Commencement of active competitor sensemaking may also be influenced by the degree to which the issue is interpreted as a competitive threat (Dutton & Jackson, 1987).

defined label may result in changes to the structure and content of the existing competitor set, as organizations in the external environment are re-evaluated according to the new label.

In the third scenario (Q3: Incremental Adjustment), the manager is faced with an unfamiliar issue generated by a firm currently within the competitor set. In this instance, automatic sensemaking is activated, which is likely to result in no change to the competitor LSR. However, if the issue cannot be adequately comprehended through the manager's existing mental model, more active sensemaking will be triggered. For example, such an issue may take the form of a technological disruption that represents an advancement which builds on the organization's existing knowledge base (Tushman & Anderson, 1986)[3]. Accordingly, issues of this sort are often generated by firms within the industry, as they are best positioned, through their resources and knowledge, to create incremental technological advances (Tushman & Anderson, 1986).

If active sensemaking is triggered, this third scenario may result in one of three outcomes. First, sensemaking may reveal that the issue detected is relatively consistent with this competitor's past behavior. In this situation, the competitor label and set will remain unaffected as the manager's beliefs are reconfirmed. Second, the altered mental model may leave the competitor label unaffected, but change how a manager views the rank or position of the organizations within the competitor set. For example, if the issue is interpreted as an extreme

---

[3] While the framework developed by Tushman & Anderson (1986) is used to demonstrate competitor sensemaking, changes in a manager's mental model, and hence changes to the competitor LSR, may result from factors other than technological discontinuities. A change in the organization's CEO and/or top management team may lead to a dramatic reconfiguration of the organization's economic and/or identity sub-models. An internal issue may lead to an incremental adjustment to the existing mental model (Miner & Anderson, 1999). The government may pass legislation that affects an industry's competitive structure and hence lead to a change in a manager's economic sub-model (Porter, 1980). These are just a few issues that can lead to changes in a manager's mental model, which in turn can affect the competitor LSR.

competitive threat, the competitor that generated it may be repositioned and considered the firm's closest competitor. Third, issue sensemaking may change a manager's mental model to an extent that it redefines the competitor label. In turn, the new label could affect the content (add or remove organizations) and rank/structure (relative competitive position) of the competitor set, depending on the degree to which the definition changes. Returning to the example above, a technological advancement can change the competitor label, and hence the competitor set, if it alters a manager's perception of the industry's competitive structure and the basis for competition (Porter, 1980).[4]

The last scenario (Q4: Revolutionary Adjustment) involves a situation where a manager attends to an unfamiliar issue generated by a firm outside the competitor set. Such an issue may take the form of a technological disruption that is highly inconsistent with the organization's existing knowledge base (Tushman & Anderson, 1986). Issues of this sort are often generated by firms outside of the industry, and hence outside the competitor set. In other words, firms outside of the industry are likely candidates to create such a disruption because firms within the industry often do not possess the capability or motivation to create such a revolutionary advancement (Tushman & Anderson, 1986). Consequently, the issue renders existing routines and mental models obsolete, possibly throwing the organization into a crisis (Winter, 2000). Active sensemaking occurs. Under these circumstances, issue processing should produce a drastically new mental model and a dramatic shift in the understanding of competition. In turn, this situation should create the conditions for a complete overhaul of the competitor LSR.

---

[4] It should be noted, however, that changes to the competitor set may be rare as technological advances that build on an organization's existing knowledge base are considered to be incremental changes that preserve the status quo (Tushman & Anderson, 1986). On the other hand, the new mental model that results from diagnosis does provide for the possibility that the competitor set will change.

2.2.2.3 Outputs of the Competitor Sensemaking Process

Recall that the preceding four scenarios are designed to provide examples of how issue processing can orchestrate changes in the competitor LSR. However, as demonstrated by the model in Figure 1, issue processing will eventually come to a close. The transition from issue processing to outputs is facilitated by the processes of selection and retention (Weick, Sutcliffe & Obstfeld, 2005). Selection involves reducing the various possible interpretations into a plausible story that is generally accepted by organizational members. Furthermore, this new interpretation can become solidified in a manager's mental model when it is connected to past experience and conceptions of identity.

As the interpretation is retained and new mental models are formed, Dutton et al. (1983) suggest that new language will be produced as managers communicate their diagnoses to each other and the rest of their organization. As suggested in the proposed model, these outputs[5] will then serve as inputs in subsequent rounds of issue processing. In addition, the revised mental model (including any adjustments to the competitor LSR), new language and retention of a plausible organizational interpretation that result from issue processing are important for mobilizing employees and facilitating action (Dutton et al., 1983; Weick, Sutcliffe & Obstfeld, 2005). Such action could take the form of a more general change to the firm's existing strategy or a more direct action such as a competitive counter-attack (Chen, 1996).

In addition, the proposed model illustrated in Figure 1 suggests that action is linked to certain parts of the model through three feedback loops. First, organizational actions become the

---

[5] While not a part of the original Dutton et al. (1983) model, an organization's political structure may or may not change as a result of issue processing. However, this aspect is not discussed further given the paper's scope and focus on mental models. This issue could be a subject for future research endeavors.

objective behavior to be interpreted and acted upon by competitors or other firms in the environment (Porac et al., 1989). In turn, this causes the cycle to repeat as the actions of competitors and other firms create new issues for a manager to diagnose and interpret.[6] Second, the experience or outcome from a particular action may create issues that activate sensemaking processes (Daft & Weick, 1984; Winter, 2000). As discussed earlier, the activation of sensemaking can lead to changes in the competitor LSR. Lastly, attaching the competitor label to certain firms provides an additional dimension along which an issue's characteristics can vary (Dutton et al., 1983). For example, managers may characterize issues generated by competitors as more threatening than those generated by non-competitors. In addition, the internal structure or ranking of the competitor set may bias managers to consider issues from their closest competitors to be most important.

2.3 CONCLUSION

The proposed competitor sensemaking model is developed to provide a context for the focus of this dissertation – the role that organizational identity, categorization and the economic sub-models play in competitor identification - and to address perceived limitations of existing models. Accordingly, the CI sensemaking model proposed improves upon traditional models in

---

[6] The model and four scenarios discussed in this chapter suggest that competitor sensemaking is an indirect consequence of an issue that receives managerial time and attention for the purpose of diagnosis. However, competitor sensemaking could be directly activated by a manager who triggers a formal competitor analysis (Porter, 1980; Peteraf & Bergen, 2003). For example, a manager may detect and advocate that the organization does not possess an adequate understanding of its competitive environment and needs to conduct a thorough competitor analysis (Bergen & Peteraf, 2002). Such a scenario can be characterized as a strategic issue that will be diagnosed and acted upon by a manager according to the proposed model in Figure 1.

several important respects. First, the proposed model addresses how the competitor set can change over time. Second, the model suggests that the competitor LSR, as part of a manager's mental map, are inputs into the issue processing step of diagnosis. In contrast, traditional models fail to account for how CI and analysis are affected by previous rounds of such activities. Lastly, the proposed model eliminates the distinction between competitor identification and analysis by redefining CI as a composite of three managerial sensemaking activities: (1) definition of the competitor label, (2) attachment of the competitor label to certain organizations, and (3) detection of each competitor's relative position within the set.[7] The model suggests that these activities take place within a larger process of sensemaking as illustrated in Figure 1.

In short, reframing competitor identification and analysis (Peteraf & Bergen, 2003) as a process of sensemaking (Weick, 1995; Weick, Sutcliffe & Obstfeld, 2005) implies that these two activities are mutually dependent and are part of loosely coupled process in which each is partly determined by the other (Porac et al., 1989). In terms of the proposed model, the competitor label is partly determined by the issues that are generated by the firms in the external environment, the issues that receive a manager's attention, and the manner in which such issues are diagnosed. In turn, assignment of the competitor label to a firm is influenced by the interpretation that is selected and retained, the resulting definition of the competitor label, and the degree to which a firm in the external environment meets the label's definition. Overall, the proposed competitor sensemaking model suggests that a symbiotic relationship exists between

---

[7] It is logical to assume that these three issues compete with other issues for managerial time and attention (Ocasio, 1997), implying that a manager will only engage in competitor sensemaking when necessary (Winter, 2000). This underlying aspect of the model may explain why researchers have observed a lack of adequate competitor analysis in organizations (Porter, 1980; Rothschild, 1979).

competitor identification and analysis which is more complex than what is described by traditional models (e.g., Bergen & Peteraf, 2002).

In sum, the proposed competitor identification model illustrates that a manager's mental model not only plays a crucial role in issue detection and diagnosis but also has a powerful effect on the composition of the competitor LSR. However, in order to further understand the role that a manager's mental model plays in competitor identification, it is necessary to examine the three component sub-models - organizational identity, economic, and categorization - and the possibility that one of these models may dominate the process. Accordingly, the next chapter of this dissertation explores this topic.

3.0 LITERATURE REIVEW: THE ROLE OF THE SUB-MODELS IN CI

3.1 INTRODUCTION

The proposed sensemaking competitor identification model suggests that a manager's mental model plays a significant role during issue detection and diagnosis. As previously mentioned, a manager's competitor mental model is a composite of the three perspectives or sub-models: categorization, economic and organizational identity (Fiol & Huff, 1992). Of these sub-models, current viewpoints suggest that the categorization and economic perspectives explain how managers identify their organization's competitors (Porac & Thomas, 1990; Thomas & Pollock, 1999; Chen, 1996). However, as will be discussed, the role that each of the sub-models plays during CI is actually unclear.

Accordingly, the main purpose of this dissertation is to propose that competitor identification is, either in whole or in part, a function of managers' conceptualizations of their organization's identity. This proposition is discussed within the context of Weick's (1995) observation that identity construction and maintenance are key preoccupations of sensemaking. With respect to the sensemaking CI model in Figure 1, organizational identity is presented as a powerful cognitive lens through which managers identify and construe their organization's competitors (Fiol & Huff, 1992; Dutton & Penner, 1983).

Accordingly, the remainder of this chapter is organized into three parts. The first two sections review literature pertaining to the categorization and economic perspectives, respectively. In the third part, an argument is developed to suggest why organizational identity plays a significant (and possibly dominant) role in competitor identification. In short, while the categorization and economic perspectives are limited in their ability to solely offer adequate explanations of CI, they cannot be summarily dismissed. Instead, it is proposed that when these two perspectives are combined with the organizational identity perspective, a more robust explanation of competitor identification may be offered.

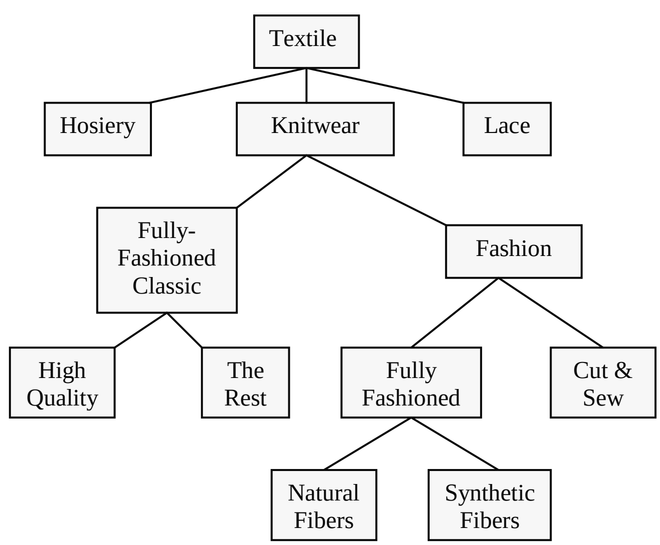
3.2 CATEGORIZATION PERSPECTIVE

With respect to existing competitor identification research, it is generally recognized that a manager's mental model is partly comprised of two categorization schemes. First, managers construct industry taxonomies by assigning firms within their industry to various categories based upon perceived similarities (Porac & Thomas, 1990). Second, managers categorize and sort organizations into competitors (potential, indirect, close) and non-competitors (Clark & Montgomery, 1999). For the sake of simplicity, literature pertaining to these two categorization schemes are discussed separately.

3.2.1 Industry Taxonomies

Research on managerial taxonomies makes more of an indirect than direct contribution to the process of managerial competitor identification (Porac & Thomas, 1990). The papers comprising this body of literature generally challenge the assumption that scholars and managers group organizations and delineate competitive space in the same manner (e.g., Porac et al., 1989). Accordingly, categorization researchers developed theoretical models that describe the process used by managers within an industry to socially construct a consensual mental model which groups firms within the industry into various categories (Porac & Rosa, 1996; Porac et al., 1989). Figure 2 provides an example of a socially constructed taxonomy of the Scottish knitwear industry reproduced from a study by Porac, Thomas & Baden-Fuller (1989). Moreover, these social constructionist processes and the resulting categorization scheme may produce a shared sense of understanding among the firms comprising the industry (or comprising a category within the industry), thus delineating the bounds of competition (Porac & Rosa, 1996; Porac et al., 1989). Given that most of this research is conducted at an inter-organizational level of analysis and is focused on developing theories to explain how managers determine the boundaries of their organization's competitive space, such research does not necessarily describe the process of managerial competitor identification. Therefore, the body of literature concerning industry taxonomies makes a somewhat tangential or indirect contribution to this specific endeavor.

Figure 2: Reproduction of Taxonomic Mental Model for Scottish Knitwear Industry



Although, the categorization perspective does not adequately explain the process of CI, it does offer some valuable insights with respect to CI, generally. Categorization researchers have observed that managers deal with a complex and ambiguous environment when striving to make sense of their firms' competitors (Porac & Rosa, 1996; Porac & Thomas, 1990; Porac et al., 1989). Categorization researchers suggest that managers deal with their environment by detecting similarities and differences among firms within their industry and grouping them accordingly (Porac & Thomas, 1994; Porac et al., 1995).

From a theoretical perspective, competitor categorization provides the manager with several benefits. First, once developed, an industry taxonomy helps a manager achieve simplification (Porac & Thomas, 1990; Porac & Rosa, 1996; de Chernatony et al., 1993; Porac et al., 1989). Simplification is necessary due to limits on a manager's cognitive ability to adequately comprehend and attend to all firms and competitors in the external environment (Porac & Thomas, 1990). According to categorization and classification theory (Rosch & Mervis, 1975), simplification is achieved by sorting firms into distinct and meaningful groups in which group members are perceived to possess common attributes along certain key dimensions. Second, not only does an industry taxonomy simplify a complex environment, but it also communicates, through the assigned group labels, significant and sometimes detailed information about the firms within a particular group (Walton, 1986). In this capacity, a categorization scheme acts as an organizational sensemaking device which imbues firms with meaning. Lastly, a categorization scheme helps managers make sense of the greater competitive landscape (Porac & Rosa, 1996; Porac & Thomas, 1990; Porac et al., 1995). In turn, this mental model provides managers with the ability to locate their organization within their industry, to comprehend the various strategic alternatives available and to construct a strategy that is designed to attain a competitive advantage (Porac & Rosa, 1996; Porac & Thomas, 1990).

In addition to the above insights, this perspective suggests that a manager's competitor categorization scheme can influence the process of managerial competitor identification (Porac & Rosa, 1996; Porac et al., 1995; Reger & Huff, 1993; Porac & Thomas, 1990). According to Porac & Thomas (1990), managers employ their taxonomy to define the organization's business (Abell, 1980) and determine its competitive boundaries. Specifically, the authors claim that managers define their business by assigning their respective organizations to a category within the taxonomy. Identification of the appropriate taxonomic category is accomplished by matching the organization's characteristics to the defining characteristics of the individual categories (Porac & Thomas, 1994). Once assigned, the category not only defines the organization's business, but also identifies a set of highly similar firms. In turn, the firms assigned to the same category as the manager's organization (the self-assigned category) will more than likely be viewed as competitors and the category boundary will mark the competitive boundary.

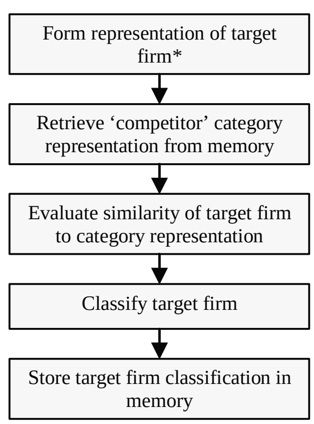
In further support of this theory, empirical evidence strongly suggests that managers focus on a restricted set of competitors (Clark & Montgomery, 1999; Picken, 1995; Porac et al., 1995; Porac & Thomas, 1994; de Chernatony et al., 1993; Porac et al., 1989; Gripsrud & Gronhaug, 1985). Although exactly how this restricted set of competitors is identified is not made clear. With respect to the relationship among the self-assigned category and the identification of competitors, researchers have found evidence to suggest that the firms identified as competitors by managers are those that are consistently located in the subset of firms in the self-assigned category (Porac et al., 1995; Porac & Thomas, 1994; Porac et al., 1989).

However, not all such studies have yielded such supportive findings. In fact, a grounded theoretic study by Picken (1995) suggests evidence to the contrary. While previous studies focused on relatively stable industries (Porac et al., 1995; Porac & Thomas, 1994; Porac et al., 1989), Picken studied firms operating in a dynamic and complex industry setting. Using methods similar to past studies (Porac & Thomas, 1994; Porac et al., 1989), industry taxonomies were elicited from twenty-four manager participants drawn across eight organizations. In addition, these managers were also asked to identify their competitors and locate them within their elicited taxonomies. Consequently, fourteen of the managers interviewed indicated that they competed with firms in three or more categories of the taxonomy; five managers indicated that they competed in two categories; and the remaining five managers reported that they competed in only their self-assigned category. As discussed by Picken (1995), these results suggest that the relationship between a manager's taxonomy and the identification of competitors may be contingent on the dynamics of the industry setting. However, Picken's results may also provide evidence to suggest that such relationship, while theoretically appealing, is spurious. In conclusion, Picken's findings cast a shadow of doubt on the proposed theoretical relationship between a manager's taxonomic mental model and the identification of competitors.

3.2.2 Competitor and Non-competitor Categorization

The existing body of work on competitor/non-competitor categorization mental models is comprised of two papers that mainly focuses on the criteria managers use to classify a firm as a competitor. To begin with, Clark & Montgomery (1999) developed a model of competitor classification (see Figure 3) based on categorization theory (Rosch & Mervis, 1975). The process begins when a manager recognizes a firm to be classified (the 'target' firm). In the next step, the manager retrieves the competitor category representation from memory. Such a representation or prototype contains a set of features that capture the meaning of the competitor category (Cantor, Mischel & Schwartz, 1982). More importantly, the competitor prototype functions as a reference point since it contains the criteria that managers use to determine if a firm should be identified as a competitor. Once retrieved, the manager evaluates the degree to which the target firm matches the competitor prototype. Based on the comparison, the manager classifies the firm as either a competitor or non-competitor. Upon completion of the process, the classification is stored in the manager's memory, which can be recalled without going through the entire process again.

Figure 3: Reproduction of Competitor Classification Model
Clark & Montgomery (1999)



* The target firm is the firm that a manager is evaluating to decide whether or not it is a competitor.

Clark & Montgomery developed this model in order to provide a theoretical context to explore the characteristics that managers use to classify competitors. The authors developed propositions suggesting that: (1) the competitor prototype will contain more supply-side rather than demand-side characteristics, and (2) competitor identification is significantly affected by the size, success and threatening behavior of the target organization. The authors hypothesized that supply-side attributes would dominate since public information on organizational attributes is more accessible than information on markets served. Size was considered an important criterion as larger organizations are perceived to possess greater resources and are more likely to be noticed. Success was proposed to be a significant predictor of competitor identification since successful firms are likely to be viewed as highly capable and potent competitors. Lastly, a hypothesis was developed to suggest that a firm will be classified as a competitor to the extent that it exhibits threatening behavior.

The results of the study supported the proposition that supply-side attributes dominate demand-side attributes. However, as for the other three propositions - size, success and threatening behavior – the authors found conflicting results. First, results showed that while these three attributes were frequently mentioned as ones used to identify competitors, they were not among the top five attributes mentioned by participants (see Table 2 for a reproduction of the top ten attributes mentioned by participants to identify competitors). Second, while the study found that success is used as a criterion to identify competition, the study produced mixed results for size and threatening behavior.

Table 2: Top Ten Attributes Mentioned in Identifying Competitors

Attribute	% of Respondents
Products offered	60%
Intended product positioning	51%
Geographic scope of markets	46%
Resources used	39%
Customer perception of firm	39%
Price	33%
Competitor size (relative & absolute)	28%
Distribution	25%
Financial strength	25%
Competitor behavior	23%

(Table reproduced from Clark & Montgomery (1999))

In the second paper, Picken (1995) conducted a grounded theoretic study to determine the attributes managers use to distinguish between competitors and non-competitors and to examine how managers characterize their competitors. In other words, Picken sought to discover a generalized set of attributes that managers use to classify organizations as competitors and non-competitors. However, when he compared the criteria used by the study's twenty-four participants to classify competitors (i.e., compared the competitor prototype across the twenty-four participants), he did not discover a statistically consistent set of attributes. Stated differently, the prototypes used to classify organizations as competitors and non-competitors varied unsystematically across participants. While Picken offered a number of plausible explanations for this phenomenon - complexity of the environment, small number of cases examined and certain mistakes made during coding and interview analysis (i.e., under-representation of the product-market dimension) - he did not offer a theoretical explanation for these results.

With respect to examining how managers characterize their competitors, Picken found evidence to suggest that competitor identification may not be a function of a manager's categorization scheme. At the category-group level of the taxonomies, managers predominantly used a narrow set of product-market descriptors when asked to identify the common-thread that linked their organization with its competitors and differentiated their organization from the non-competitor group. At the organizational level, however, managers used attributes beyond the product-market dimension to distinguish competitors from non-competitors. Picken concludes that the differences in these results indicate that the process of competitor identification is more complex than what is suggested by Porac & Thomas (1990).

Instead, Picken suggests that competitor identification is a special kind of problem that involves the cognitive process of noticing and interpretation (Kiesler & Sproull, 1982). On the one hand, noticing is a function of the degree to which a manager believes that an organization is a capable competitor and a potential threat to the organization. This proposition is supported by Porac & Thomas (1994) who found that managers distinguish between strong and weak competitors within the manager's self-assigned category. On the other hand, a firm will only be recognized as a competitor if its competitive capabilities are relevant to the manager's organization. Given this observation, Picken's results suggest that competitor identification is not solely determined by a manager's categorization sub-model. Instead, it may be a function of: (1) the manager's perception of the economic factors that govern competition, and (2) specific aspects of the manager's organization which provide a reference point to determine if a firm is a competitor.

3.2.3 Conclusion

While managers construct categorization mental models, their use during competitor identification is tenuous for various reasons. First, evidence that managers identify organizations outside of their self-assigned category as competitors suggests that the theoretical relationship between the taxonomic and competitor/non-competitor mental models may be spurious or misconstrued. Second, the proposition that managers define their organization, and hence their competitor set, by matching characteristics of the organization to a preconceived industry taxonomy appears to be weakly grounded. Third, while empirical evidence suggests that the competitor set possesses a hierarchical structure (Porac & Thomas, 1994), the existing theory is relatively silent on this issue. Thus, while categorization sub-models exist, the current literature does not offer adequate theoretical and empirical evidence to firmly establish if, and how, such sub-models are used in the process of CI.

Finally, Picken's notion that competitor identification is a cognitive process of noticing and interpretation suggests that a manager needs a point of self-reference in order to adequately evaluate the degree to which a firm is a relevant competitor. However, the categorization literature does not account for the construction of an organizational self-reference point. This is not to suggest that the categorization sub-model does not influence competitor identification. In fact, as discussed earlier, the competitor LSR are inputs into the issue processing step of diagnosis. The important point, however, is that the categorization sub-model may play a different role in competitor identification than the one suggested by Porac & Thomas (1990).

Researchers offer two alternative sub-models which may play a significant role in the CI process. As previously mentioned, competitor identification may be a function of the economic perspective (Chen, 1996). Alternatively, organizational identity may significantly influence competitor identification since it is considered by researchers to be a critical self-reference mental model that facilitates the use of the categorization and economic sub-models (Fiol & Huff, 1992). The next sections discuss these concepts further.

3.3 THE ECONOMIC PERSPECTIVE

The economic perspective offers a conflicting premise to that offered by categorization theory. While this theoretical perspective has never been applied to understand the process by which managers identify their organization's competitors, it does offer some insight into this process. Specifically, this viewpoint suggests that two firms are competitors to the extent that they compete with each other for a common set of customers (Brooks, 1995). Moreover, the degree to which two firms compete with each other depends on the cross-elasticity of demand between their products. Higher cross-elasticity of demand means that consumers consider products from these competitors to be adequate substitutes for each other (Weitz, 1985; Brooks, 1996). Therefore, according to this perspective, two firms are competitors to the extent that they compete in similar markets and the degree to which consumers in this marketplace view the products offered by these organizations as adequate substitutes for each other.

For the purposes of this dissertation, this economic definition of competition suggests that competitor identification is a managerial process of determining how similar a firm is to the manager's organization. In order to determine similarity, scholars recognize that managerial mental models capture the definition of the business in which a firm participates (Abel, 1980; Day, 1981; Prahalad & Bettis, 1986). More specifically, managers develop this definition as they come to understand that their business essentially involves the application of a particular technology to produce a product with a particular function which is designed to satisfy the needs of a certain customer segment (Abel, 1980; Day, 1981). From a theoretical perspective, this business definition serves as the self-reference point (i.e., the prototype) that managers use to determine if a firm is a competitor.

Suggesting that a manager's business definition involves a conceptualization of the technology employed implicates the resource-based view (RBV) in competitor identification (Barney, 1991). Scholars who have embraced RBV in order to develop theoretical frameworks of competitor identification (Chen, 1996) and to construct normative models of competitive analysis (Peteraf & Bergen, 2003; Bergen & Peteraf, 2002) suggest that CI is a function of the degree to which a firm not only competes in similar markets, but also employs similar technologies. Accordingly, firms within an organization's competitive environment which are highly similar to the manager's organization in terms of both customer segments served and resources or technologies employed (Chen, 1996) are more likely to be identified as competitors by such manager. Moreover, the framework suggests that high similarity among these two dimensions should lead managers to consider these firms as close or direct competitors (Peteraf & Bergen, 2003; Bergen & Peteraf, 2002). As firms within the environment exhibit less similarity along one or both dimensions, the likelihood that they will be identified as competitors should decrease and the likelihood that they will be considered more distant or indirect competitors should increase. In sum, this aspect of the economic perspective suggests that CI involves managers understanding firms within the competitive environment through the use of mental models which capture their organization's business definition. From a process perspective, managers use this mental model as a point of reference to detect the degree to which a firm is similar to their organization in terms of resources possessed and markets served. This matching process will result in some firms being labeled competitors and some not, thus forming the competitor set (Bergen & Peteraf, 2002). Moreover, those firms that are labeled competitors will be arranged hierarchically from closest (direct) to more distant (potential and indirect) competitors according to the manager's perceptions of similarity.

In addition to the criterion of similarity, the economic perspective also suggests that a manager will evaluate firms in their competitive environment in terms of the degree to which they are capable competitors (Thomas & Pollock, 1999). The RBV not only suggests that a firm needs to be unique in order to obtain a competitive advantage, but also that firms employ their resources and capabilities in a manner that creates value (Barney, 1991). From a managerial perspective, the value creation dimension of the RBV suggests that managers may be sensitive to the capability of their competitors. This aspect of the RBV suggests that a firm will be noticed and labeled a competitor to the extent that it generates issues that lead managers to conclude that this firm is a capable competitor. Moreover, a highly capable firm is likely to be labeled a competitor due to managers concluding that this firm is a competitive threat (Kiesler & Sproull, 1982; Weick, 1995; Chattopadhyay et al., 2001; Dutton & Jackson, 1987).

In support of this proposition, Picken (1995) found evidence that a firm may be highly similar to a manager's organization in terms of markets served and resources possessed, but not be considered a competitor (or close competitor) due to perceptions of such firm's capability. This evidence suggests that similarity and capability may be necessary conditions of managerial competitor identification. On the one hand, a manager may perceive a firm to be highly capable, but not a competitor due to a lack of sufficient market or resource similarity. On the other hand, a manager may agree that a firm is highly similar to his or her organization, but is not considered a competitor due to perceptions that this firm is not capable and therefore not a competitive threat. Accordingly, the economic perspective appears to suggest that the more similar a firm is to the manager's organization and the more that this firm is perceived to be a capable competitor (i.e., a competitive threat), the more likely that the firm will be seen as a close or direct competitor.

In support of the economic perspective, researchers have found that managers will use basic economic characteristics to detect similarities among firms. As stated earlier, Clark and Montgomery (1999) found that managers will use supply-side attributes to identify competitors, in addition to the attributes of success and size. Picken (1995) concluded that a majority of the criteria used to characterize competitors were either product or market descriptors. Porac et al. (1995) determined that managers within the Scottish knitwear industry used eleven operational attributes in addition to size and location to describe firms within their industry. Additionally, it was discovered that only some of these attributes – size, knitting methods, assembly methods, location, and product styles – were central to defining category prototypes of the consensual industry taxonomy.

Despite this evidence, however, Picken's (1995) grounded theoretic study suggests that a generalizable definition of the competitor label does not exist among managers or across organizations. In other words, defining the competitor label is a subjective managerial phenomenon that is not adequately explained by the economic perspective. In addition, while the economic perspective is theoretically compelling, an underlying and unstated premise of this perspective is the need for managers to have an understanding or conceptualization of their organization in order to possess a reference point from which to evaluate a firm's similarity and capability. Again, this perspective does not adequately address how a manager arrives at such an understanding. Instead, this researcher believes that this missing link can be adequately addressed by the concept of organizational identity. Consequently, the following section focuses on the relationship between organizational identity and competitor identification.

3.4 THE ORGANIZATIONAL IDENTITY PERSPECTIVE

The following discussion concerning organizational identity (OI) is organized into two parts. The first part provides an overview of organizational identity and develops a working definition of this concept. The second part examines the proposition that identity plays a significant role during competitor identification.

3.4.1 Definition of Organizational Identity

At its most basic level, organizational identity is the answer that a manager gives to the question: *Who are we as an organization?* (Albert & Whetten, 1985). Characterizing identity in this manner reveals three aspects that are important in developing a working definition of this construct: (1) OI can be defined in practice by discerning the nature of the organizational characteristics that comprise the answer to the posited identity question (Albert & Whetten, 1985); (2) OI is a mental model that exists at both a collective and individual level of analysis (Reger et al., 1998; Dutton & Penner, 1993); and (3) OI can be described as a process by which a manager is attempting to make sense of his or her organization (Weick, Sutcliffe & Obstfeld, 2005; Weick, 1995; Ashforth & Mael, 1996).

First, the answer to the identity question will unearth the organization’s central, enduring and distinctive attributes (Albert & Whetten, 1985). Central features are those defining characteristics that are deemed most important to, and highly valued by, the organization’s members. Moreover, these central attributes distinguish the organization from other firms and tend to endure or persist over time. Consequently, central, enduring and distinctive are three necessary and sufficient conditions that an organizational characteristic must meet in order for it to be considered descriptive of the organization's identity (Albert & Whetten, 1985).

Second, the question indicates two possible levels of analysis. On the one hand, organizational identity can be construed as a collective or organizational level cognitive construct that refers to characteristics of the organization as a whole (Albert & Whetten, 1985; Dutton & Penner, 1993). Accordingly, at the collective level, an answer to the identity question should capture essential organizational characteristics (i.e., those that are that are believed to be central, enduring and distinctive) that are thought to be shared by and transcend all organizational members (Dutton & Penner, 1993). Collective notions of organizational identity are supported by research which recognizes the existence of group or team mental models (e.g., Klimonski & Mohammed, 1994; Mohammed & Dumville, 2001).

On the other hand, identity can be characterized as an individual mental model in which each member of an organization possesses a separate and unique conception of the organization's identity (Dutton & Penner, 1983). Individual and collective manifestations of organizational identity often create some ambiguity. Specifically, the collective level suggests that organizational identity is a phenomenon defined by mental convergence (Klimonski & Mohammed, 1994), while the individual level suggests divergence. Researchers often reconcile this problem by recognizing that: (1) cognitive manifestations of identity simultaneously exist at both levels, and (2) the collective mental model is represented by the overlap of the individual mental models. (Reger et al., 1994).

Third, the identity question requires a manager to make sense of an organization (Ashforth & Mael, 1996; Weick, 1995). In this capacity, organizational identity captures a manager's beliefs regarding the meaning of the organization and the reason for its existence as an entity among similar firms (Weick, 1995). This feature of identity has lead researchers to consider identity a relational and comparative concept in which managers see their organization as being similar to certain firms, but distinct from them along certain dimensions (Gioia, 1998; Albert & Whetten, 1985).

In combination, the dimensions above suggest the following definition of organizational identity: *The concept that an organization's members have, individually and collectively, regarding the organization as an object, which reflects its central, distinctive and enduring characteristics*.

3.4.2 The Role of Organizational Identity in CI

The existence of a managerial OI sub-model is congruent with the observation that top managers actively construct, promote and communicate what is central, enduring and distinctive about an organization to employees and outsiders (Ashforth & Mael, 1996; Hatch & Schultz, 1997; Dutton & Penner, 1983). More importantly, however, an organization's identity exists because it is considered a necessary and core organizational knowledge structure (Lyles & Schwenk, 1992; Fiol & Huff, 1992) that instills meaning into organizational activities, actions, structures, products, practices, routines and resources (Ashforth & Mael, 1996; Gioia, 1998; Fiol & Huff, 1992). In this regard, identity is a fundamental and foundational mental model (Fiol & Huff, 1992; Lyles & Schwenk, 1992) which provides the stability, coherence and continuity critical to the functioning of the organization (Ashforth & Mael, 1996). In short, organizational identities are essential sub-models that researchers believe "exist because they must" (Ashforth & Mael, 1996: 21).

As a fundamental sub-model, researchers view organizational identity as an important input into the economic and categorization sub-models (Fiol & Huff, 1992; Lyles & Schwenk, 1992). With respect to the economic perspective, an organization's strategic agenda - which is developed from an organization's business definition (Abel, 1980) and from perceptions of the competitive landscape (Porter, 1980) - is viewed by researchers as a vehicle to enact and express the organization's identity (Ashforth & Mael, 1996). Additionally, the organization's identity provides the enacted strategy with meaning and coherence (Ashforth & Mael, 1996; Fiol & Huff, 1992). With respect to the categorization perspective, a manager cannot determine the location of his or her organization within the environment until he or she knows who the organization is (Fiol & Huff, 1992). In short, identity is a sub-model that not only grounds the categorization and economic sub-models, but also provides a critical self-reference point from which these models are produced (Fiol & Huff, 1992).

Weick considers organizational identity to be a foundational mental model when he proposes that sensemaking is grounded in identity construction:

> Identities are constituted out of the process of interaction. To shift among interactions is to shift among definitions of the self. Thus, the sensemaker is himself or herself an ongoing puzzle undergoing continual redefinition, coincident with presenting some self to others and trying to decide which self is appropriate. Depending on who I am, my definition of what is "out there" will also change. Whenever I define self, I define "it," but to define it is also to define self. Once I know who I am then I know what is out there. But the direction of causality flows just as often from the situation to a definition of self as it does the other way. And this is why the establishment and maintenance of identity is a core preoccupation in sensemaking . . . . (1995: 20)

Weick (1995) states that a manager learns about his or her organization's identity through experiences gained from actions and interactions with the external environment. On one hand, these interactions provide the basis for expressing and affirming the organization's identity. On the other, when a manager experiences an unintended or unexpected result, sensemaking is triggered as reality conflicts with the manager's sense of the organization's identity. Consequently, an organization's ongoing interactions with its competitive environment provide experiences for the affirmation and construction of the organization's identity. This notion is consistent to what was stated previously – managers construct their organization's identity by recognizing that their organization is similar to a certain set of competitors and by understanding the manner in which their firm is distinct from these similar competitors along relevant dimensions (Gioia, 1998; Elsbach & Kramer, 1996; Albert & Whetten, 1985).

Linking sensemaking to identity construction calls into question organizational identity's endurance (Weick, Sutcliffe & Obstfeld, 2005; Gioia & Thomas, 1996). Taking this a step further, Weick (1995) observes that managers do not seek to understand their external environment, but instead focus their sensemaking efforts to solve the real mystery: *Who am I?* Or, *who are we?* Considering that managers face an endless stream of issues (Weick, 1995) managers are constantly constructing and re-constructing their organization's identity due to disruptions that trigger sensemaking. More importantly, however, defining identity as a fundamental mental model and framing sensemaking in terms of identity construction means that an organization's identity is a powerful cognitive lens (Weick, 1995; Fiol & Huff, 1992; Weick, Sutcliffe & Obstfeld, 2005). As a cognitive lens, identity affects what issues are noticed and how they are diagnosed (Dutton & Dukerich, 1991; Dutton & Penner, 1983). Moreover, identity provides managers with a point of self-reference to define an issue's importance and legitimacy (Dutton & Penner, 1993; Fiol & Huff, 1992). Issues that are highly consistent with the firm's identity are added to the strategic agenda and receive a manager's time and attention, while those that are inconsistent are ignored (Dutton & Penner, 1993; Dutton & Dukerich, 1991).

Thus, the identity perspective suggests that a firm will be labeled a competitor depending upon the degree to which managers perceive this firm to be similar to their organization on significant identity dimensions. In other words, managers are going to be sensitive to firms that generate issues which are perceived to threaten the organization's existence or efficacy as defined by its central, distinctive and enduring characteristics (Branscombe et al., 1999; Elsbach & Kramer, 1996). In addition, this perspective also suggests that the degree to which a firm is defined as a direct or indirect competitor is a function of how similar this firm is to the manager's organization on the relevant identity dimensions. In short, of the three sub-models, identity not only provides a point of self-reference to define what it means for a firm to be a competitor but also offers, through the process of sensemaking, an explanation of how this point of self-reference is constructed.

3.4.3 The Role of Identification in CI

A subtle theme underlying the discussion in the previous section is Weick's description of sensemaking as a self-referential process driven by a desire for self-discovery. This raises an issue regarding the proper level of analysis to be used in determining identity. Specifically, is a manager attempting to make sense of the organization's identity or his/her personal identity? Weick resolves this issue by suggesting that sensemaking involves both levels of analysis. As revealed earlier, organizational and individual level manifestations of identity were introduced as separate concepts. However, they can instead be bridged and connected through the concept of organizational identification (Gioia, 1998; Ashforth & Mael, 1996).

Dutton et al. define identification as a phenomenon in which:

> [A] person's self-concept contains the same attributes as those in the perceived organizational identity. . . . Organizational identification is the degree to which a member defines him- or herself by the same attributes that he or she believes defines the organization. (1994: 239)

Identification leads to a shift in levels as a manager comes to see him/herself not as a separate individual, but as a member of his/her organization (Hogg & Terry, 2000; Turner & Oakes, 1989). When this shift occurs, a manager will become emotionally and cognitively enmeshed with and attached to his/her organization (Dutton, Dukerich & Harquail, 1994; Ashforth & Mael, 1989).

A top manager is more than likely to be highly identified with his or her organization, if not among the most identified of the employees, for two main reasons.[8] First, Dutton et al. (1994) state that the degree to which a manager identifies with the organization is a function of the attractiveness of the organization's identity. The firm's identity will more than likely be attractive to top managers because of their unique and central role in identity construction (Ashforth & Mael, 1996; Hatch & Schultz, 1997). More specifically, top managers are viewed by researchers as being situated between the rest of the organization's members and the organization's external stakeholders (Ashforth & Mael, 1996; Hatch & Schultz, 1997). In this

[8] A thorough explanation of managerial organizational identification is beyond the scope of this dissertation. However, it is recognized that the extent to which a manager identifies with her organization can be affected by: a manager's desire to reduce uncertainty (Hogg & Terry, 2000); the salience of the organization's identity as compared to other competing identities or loyalties (e.g., functional department, work group) (Ashforth & Mael, 1989); the top manager's role as leader and, possibly, prototypical organizational member (Hogg 2001; Turner & Haslam, 2001); the attractiveness of the construed external image (Dutton et al., 1994); the modifying role that variations in the level of contact with the organization – tenure and intensity of exposure - can have on the likelihood of identification (Dutton et al., 1994); and how a manager is socialized into the top management team and the organization (Moreland & Levine, 2001; Dutton & Penner, 1993). Thus, the relationship between identification (Dutton et al., 1994) and top management teams (Hambrick & Mason, 1984) is a topic for future research.

position, top managers construct identity through a process of negotiation with these two groups (Ashforth & Mael, 1996).

Given this role in identity construction, a top manager is often afforded a degree of latitude to develop an organizational identity which reflects his/her personal values (Hatch & Schultz, 1997; Hambrick & Mason, 1984); is consistent with what is important to him/her personally; and which allows the manager to express who he/she is rather than hide him/herself. Thus, the top manager's need for self-continuity is fulfilled, increasing the identity's attractiveness (Dutton et al., 1994). In addition, individuals seek distinctiveness as it is a necessary condition for establishing a person's meaning and reason for existence (Hogg, 2003). As a result, an organizational identity can be attractive to a manager as it provides him/her with a social label that distinguishes him/her from others in a significant and meaningful way (Dutton et al., 1994). Lastly, managers are in a unique position to create an identity that is characterized by a sense of importance, competence, effectiveness, and high merit. Accordingly, building an identity that reflects such positive attributes can lead to an increased sense of self-esteem for the manager (Dutton et al., 1994; Hogg, 2003).

Second, the role that the top manager plays in an organization offers another insight into why a manager is likely to be highly identified with his or her firm. As outlined in Hogg (2003), a group is structured according to the various roles that exist within it. More importantly, research has demonstrated that employees are more than likely to identify with their role or work group than with the organization (e.g., Pratt, 1998). A top manager, however, is in a unique position where his/her role and work group are directly connected to the organization as a whole. Thus, for a top manager, role or work group identification equates with organizational identification.

Consequently, the impact of organizational identification is significant. For a highly identified top manager, the organization's successes and failures become the manager's successes and failures as he/she becomes cognitively and emotionally enmeshed with the organization (Dutton et al., 1994). This condition forms part of the basis for why Weick considers sensemaking in organizations to be grounded in organizational identity construction: (1) Organizational identification implies that in order to make sense of oneself, a manager needs to make sense of the organization; and (2) A manager is motivated to engage in organizational sensemaking since the organization is the primary vehicle through which the manager satisfies his/her individual needs of self-enhancement, self-efficacy, self-continuity and self-distinctiveness (Weick, 1995; Dutton et al., 1994).

Moreover, the shift in the manager's self-concept from the individual to the organizational level means that a manager will interact with and relate to others as a member of his/her organization (Hogg & Terry, 2000). People from other firms are not seen as individuals, but viewed as stereotypical members of their respective firms (Hogg, 2003; Weick, 1995). In fact, Weick (1995) suggests that managers make sense of other firms by interpreting the actions, intentions, aspirations and personalities of the firm's members. In turn, firms are entities that can potentially threaten the distinctiveness and existence of the manager's organization, and hence his/her self-concept (Hogg, 2003; Branscombe et al., 1999). Overall, identification has important behavioral consequences for organizations (Dutton et al., 1994) and, as suggested by research, creates conditions that can lead to inter-organizational conflict (Hogg, 2003).

To summarize, identification can play an important role in competitor identification. In addition, identification is positioned as a concept that modifies the relationship between organizational identity and competitor sensemaking. For a highly identified manager, the organizational identity sub-model becomes even more important as it is the central focus of the manager's sensemaking process. In other words, organizational identification should magnify the degree to which the identity sub-model influences competitor sensemaking.

3.5 CONCLUSION

Arguments have been presented in this chapter to suggest that the role of the categorization sub-model in competitor identification is different and more limited than what is proposed by traditional perspectives (Porac & Thomas, 1990). As alternatives, the economic and organizational identity perspectives are presented as mental models that have a more significant influence on the process of managerial competitor identification. However, a common theme underlying both the categorization and economic perspectives is the need for a manager to possess a point of self-reference in order to make sense of the firms in the external environment. While the economic perspective suggests this is accomplished through the manager's business definition, it falls short of offering an explanation of how a manager constructs such a business definition. It is proposed that the concept of organizational identity adequately addresses this issue and that the identity sub-model plays a significant role in competitor identification. Support for this proposition is developed within the context of Weick's (1995) claim that sensemaking is grounded in identity construction. In addition, it is contended that the identity sub-model also serves as a critical and fundamental mental model that is an important input into the economic and categorization sub-models.

Consistent with the above discussion, this dissertation seeks to answer two separate, but related, research questions. First, *does organizational identity influence which firms a manager* *identifies as the organization's competitors?* While the organizational identity may affect managerial competitor identification, the OI perspective has never been used as a theoretical framework to explain this phenomenon. Second, *if OI does influence managerial competitor identification, how does each of the three sub-models – categorization, economic and organizational identity – influence which firms are identified by a manager as the organization's competitors?* While the above discussion makes a case that the organizational identity perspective plays a significant role in CI, it does not offer enough evidence to conclude that the other perspectives can be summarily dismissed. Instead, organizational identity offers an alternate explanation of managerial competitor identification and addresses some of the limitations of the other perspectives. Accordingly, this researcher expects that the economic and categorization perspectives also play a role in explaining competitor identification. Therefore, an important aspect of this dissertation is to sort out each perspective's contribution.

Given the nature of the research questions presented, a theory elaboration study is appropriate (Lee et al., 1999; Maitlis, 2005). Theory elaboration recognizes the need to employ an inductive, theory-building methodology since existing perspectives do not adequately explain competitor identification (Eisenhardt, 1989; Lee et al. 1999). On the other hand, a theory elaboration study also recognizes that existing perspectives do provide a theoretical foundation, meaning that the study is not an exercise designed to develop new theory (Lee et al., 1999). Accordingly, this dissertation employs a qualitative, case study methodology that is designed to address the need to build theory within existing theoretical perspectives. The details of the chosen methodology are discussed in the next chapter.

4.0 METHODS

The research methodology employed herein is consistent with those methodologies used in a theory elaboration study. This type of study recognizes that while theoretical frameworks exist to explain managerial competitor identification, these frameworks possess certain limitations (Lee et al., 1999). Moreover, these limitations support the need to use an inductive, qualitative, grounded-theoretic methodology in order to build a revised theory and address the theoretical problems (Lee et al., 1999). Despite the presence of existing theoretical frameworks, employing a qualitative, grounded-theory methodology is suitable when such frameworks appear to be inadequate, a new perspective conflicts with traditional views, or a fresh new perspective is needed (Eisenhardt, 1989). Furthermore, prior empirical work suggests that employing a case study methodology is an appropriate design for a theory elaboration study (Lee et al., 1999; Maitlis, 2005).

Accordingly, this researcher believes that the issues presented herein with respect to the various theoretical perspectives of competitor identification trigger the need for a theory elaboration study. First, the economic, categorization, and organizational identity perspectives are theoretical frameworks that each provide an explanation of competitor identification. Second, theoretical limitations are present in the form of conflicting explanations among the perspectives and inconsistent study results. Moreover, the categorization and economic perspectives fail to adequately explain key aspects of managerial competitor identification.

Finally, in the case of the identity perspective, it has never been applied to the study of competitor identification, and thus, is a framework that conflicts with the other more traditional views. Consequently, this researcher proposes the following methodologies identified in this chapter.

4.1 OVERVIEW OF METHODS

The methodology employed by this researcher for both the pilot and main studies is consistent with those methodologies used in theory elaboration studies. The decision to conduct a pilot study prior to the main study was made for several reasons. To begin with, a pilot study offered an occasion to gain experience with qualitative methods. In addition, a pilot study afforded a chance to become more familiar with the subject matter and gain insights which helped to improve the methodology used for the main study.

Two local financial advisors were chosen as the pilot study's sample and were selected out of convenience (Yin, 2003). With respect to data collection procedures, each participant was subjected to a two meeting interview process. During these interviews, data was primarily gathered through the repertory grid technique (Fransella et al., 2004), the surfacing of each participant's industry taxonomy and semi-structured interview questions. The repertory grid technique (RGT) is as a cognitive mapping technique that surfaces each participant's framework or mental model of his/her organization's competitors. The goals of the interview process were to: (1) develop a comprehensive understanding of the participant's taxonomy; (2) understand the relationship between the participants' repertory grids and the competitors named by the participants (named competitors); and (3) surface the relationship between the three mental sub-models and the role they play in competitor identification. As for analysis, the interview transcripts were coded and analyzed using microanalytic techniques (Strauss & Corbin, 1998).

The results of the pilot study provide important evidence that identity does play a role in CI. Furthermore, the results further indicate that the categorization and economic sub-models are also factors in CI. Thus, the pilot study indicated that a more in-depth study of the research issues proposed herein was, in fact, warranted.

As for the design of the main study, which was conducted shortly after the conclusion of the pilot study, most of the pilot study methodology was retained. However, the methodology incorporated new features designed to improve upon the initial methods adopted for the pilot study. To begin with, top managers of firms within the financial services industry were chosen as the sample for the main study. The final sample was selected in order to be consistent with a multiple-case, replication strategy (Yin, 2003). With respect to the data gathering process, the two-meeting design used for the pilot study was retained. The goal of the first meeting was to surface each participant's industry taxonomy, complete the repertory grid technique, have the participant rank-order the named competitors from closest to most distant, and have the participants complete a questionnaire measuring identification. The goal of the second meeting was to surface each participant's organizational identity mental model, determine if the identity is connected to the participant's repertory grid and ask additional interview questions about the data surfaced in the first interview.

Each interview was digitally recorded and transcribed in preparation for coding and analysis. Data analysis proceeded in two distinct stages. In the first stage, the interviews were analyzed using grounded-theory building coding procedures. The codes developed during the pilot study provided a foundation upon which to code the interviews conducted in the main study. The codes or concepts that surfaced during this stage laid the foundation for conducting within-case analysis and eventually cross-case analysis. In order to transition from the first (or coding) stage to this second stage, a series of tables and matrices were constructed that would enable within-case and cross-case analysis. These tables, which are considered to be meta-matrices, were used in the task of comparing and contrasting the fifteen cases. Initially, the meta-matrices provided a means to conduct within-case analysis and produce a more thorough understanding of each case. In the final step of this stage, the analysis transitioned from within-case to cross-case analysis using a replication strategy. In the end, the goal of the analysis was to establish a theoretical framework that was grounded in the data.

The remaining sections of this chapter will explore in more detail the methodology adopted for the pilot and main studies, as well as explore the results of the pilot study.

4.2 PILOT STUDY

Building on these observations, as recommended by Eisenhardt (1989), this researcher employed a case methodology consistent with Yin (2003). Accordingly, prior to commencing the main study, a pilot study was conducted for several reasons (Yin, 2003). First, the design of the final study needs to be carefully planned in order to ensure success (Miles & Huberman, 1994; Yin, 2003). Specifically, a case study methodology requires one to clearly define the study's research questions, determine the unit(s) of analysis, properly address issues of validity, construct a case selection strategy, establish information gathering procedures, explore the possible use of quantitative instruments, develop coding procedures, and plan for data analysis (including the selection of appropriate data management software). A pilot study can provide an opportunity to properly address these issues, while offering an occasion for this researcher to gain experience with qualitative methods. In addition, a pilot study affords a chance to become more familiar with the subject matter and, hopefully, gain insights which will help improve the methods used for the final case study (Yin, 2003).

In designing the pilot study, this researcher used an organizing framework consistent with the following procedures outlined by Eisenhardt (1989): definition of research questions, case or sample selection, design of data collection procedures, and data analysis. As stated earlier, the following research questions guided the pilot study: (1) *Does organizational identity influence which firms a manager identifies as the organization's competitors?* (2) *If OI does influence managerial competitor identification, how does each of the three sub-models – categorization, economic and organizational identity – influence which firms are identified by a manager as the organization's competitors?*

4.2.1 Pilot Study Sample

Unlike the requirements for the final study, case selection for a pilot study does not necessarily need to meet a rigorous test of logic (Yin, 2003). Instead, pilot cases can be selected out of convenience (Yin, 2003). Accordingly, two local financial advisors were chosen as pilot cases for several reasons. First, this researcher has convenient access to a pool of financial advisors for the purposes of sampling. Second, experienced financial advisors often are partial owners of the organizations at which they work. However, even if a financial advisor does not actually own a portion of the firm at which he/she works, the advisor is often compensated on a commission basis, with little or no base salary. Such a compensation scheme often induces a financial advisor to behave as an owner or top manager of a business. Thus, this researcher hypothesized that financial advisors would serve as an appropriate pilot sample given that the advisors are in positions similar to those of the individuals anticipated to be part of the final sample – business owners and top managers. Last, this researcher also wanted to test whether top managers from the financial services industry would yield an appropriate sample frame from which to select study participants (Miles & Huberman, 1994).

4.2.2 Pilot Study Data Collection and Analysis Procedures

With respect to data collection procedures, the repertory grid technique (Fransella et al., 2004) and semi-structured interviews were the main vehicles used. Appendix A contains a sample interview guide utilized for these interviews, which is consistent with one used by Dutton & Dukerich (1991). Some of the questions are original and were developed in light of the research issues and the model of competitor sensemaking. Certain other questions were taken from Dutton & Dukerich (1991), Picken (1995), Dukerich et al. (2002) and Elsbach & Kramer (1996). As can be seen, the interview guide is designed to explore key aspects of competitor identification, particularly the role of the mental sub-models. According to Eisenhardt (1989), identification of key constructs and the construction of a model prior to an inductive study are not problematic as long as the researcher keeps in mind that the study's main goal is theory building. Therefore, this researcher recognizes that the constructs, and the nascent relationships among them, are tentative and may or may not be included in the final model.

The repertory grid technique (RGT) is a cognitive mapping technique based on the work of George Kelly and his personal construct theory (Fransella et al., 2004). Kelly's theory posits that individuals possess a subjective theoretical framework which facilitates the ability to make judgments or evaluations of specific situations and to predict or control events (Daniels et. al, 1995). Part of an individual's theoretical framework of any given domain can be surfaced through the elicitation of constructs. A construct is a concept or quality that an individual uses to evaluate and understand an event, object, or situation. A key characteristic of a construct is that it is bipolar. This quality implies that individuals determine the meaning of objects by understanding how they are similar to and different from each other. For example, if a certain individual is considered to be dishonest or a thief, it is also understood that this individual is not completely honest. In this case, the person is understood by positioning him along the *dishonest/honest* construct, somewhere between being completely dishonest and being completely honest. In short, a person's theoretical framework or mental model of a specific situation is comprised of a series of these bipolar constructs. These constructs can be elicited through the repertory grid technique.

RGT has been used in prior studies to explore issues of competitor identification (e.g. Daniels et al., 1995; Reger, 1990; Reger & Palmer, 1996; de Chernatony, 1993; Picken, 1995). Specifically, these studies have explored: how managerial perceptions of competition vary within and between organizations; how collective managerial conceptions of competition within an industry change over time; and the nature of the dimensions or constructs that managers collectively use within an industry to define and delineate competitive space. This pilot study, however, utilizes RGT differently in two respects. To begin with, RGT is used to explore competitor identification at the individual level by surfacing the economic and organizational identity mental sub-models of each participant. Second, RGT results are disclosed to each participant at the beginning of the second interview and provide a foundation for conducting the second semi-structured interview. According to Fransella et al. (2004), using the results of RGT to conduct in-depth interviews with participants is a powerful way to gain a rich and comprehensive understanding of the participant's mental model. Thus, RGT is incorporated into the pilot study methodology given its use in prior studies concerning CI, its ability to surface managers' mental models, and its capacity to be used as the basis for the semi-structured interviews.

Data was gathered over the course of two semi-structured interviews. The goal of the first interview was to surface the participant's industry taxonomy and repertory grid. The procedures for surfacing the participant's taxonomy were adopted from Porac & Thomas (1994). Starting with the root category 'financial services,' participants were asked, *What are all the different types of financial services organizations?* For each participant, this question produced a set of categories at a level directly below the root category of financial services. Once all categories at this level were elicited, each participant was then asked to identify categories below this initial level. This procedure was followed for each subsequent level until a taxonomy was produced which adequately captured each participant's conception of the industry. Figures 4 and 5 report the industry taxonomy of each pilot participant, respectively.

Figure 4: Industry Taxonomy of Pilot Study Participant 1 (PSP1)

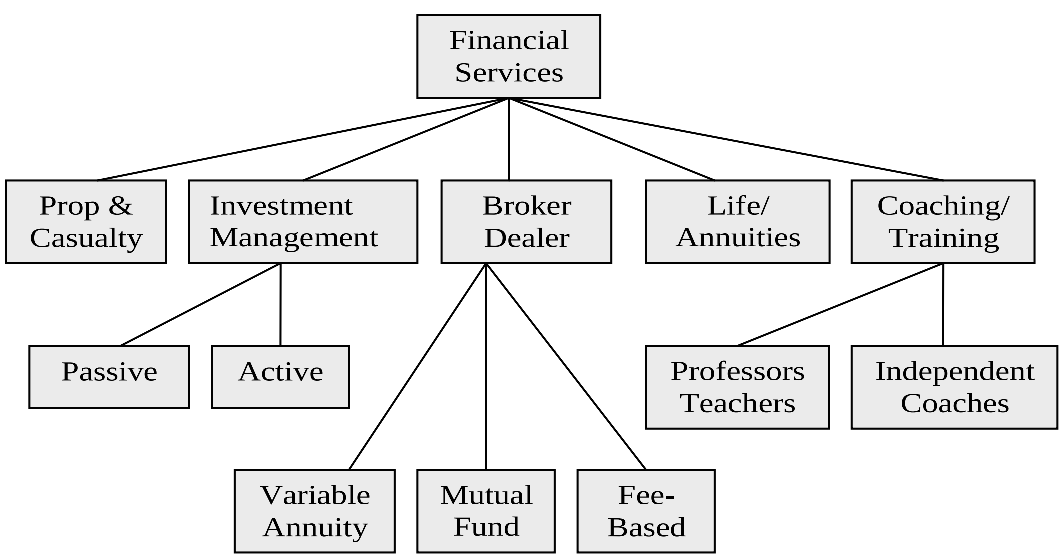
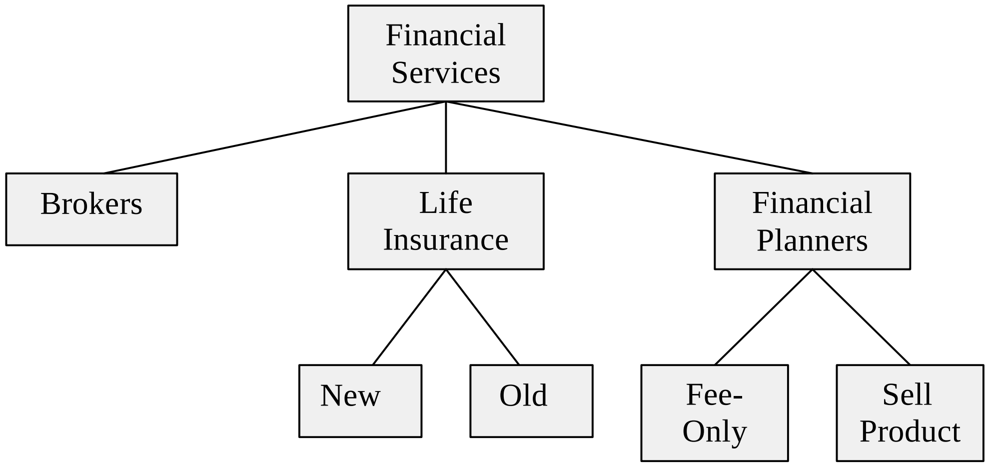


Figure 5: Industry Taxonomy of Pilot Study Participant 2 (PSP2)



In the second part of the first interview, the participant was subjected to RGT. The procedures for surfacing the participant's repertory grid were drawn from Fransella et al. (2004). First, each participant was asked to identify his or her organization's competitors. Once identified, a version of the minimum context form of the RGT was used to surface the constructs. When utilizing this procedure, the names of each competitor were recorded on an index card. Then two of these index cards were selected at random and presented to the participant along with another card that contained the name of the participant's organization. The participant was then asked in reference to these three index cards, *How are two alike in some way, but different from the third?* In responding to this question, a bipolar construct representing part of the participant's personal construct system (or mental model) was elicited. This procedure was repeated to the point where similar card sorts and questioning resulted in no new constructs.

Respectively, Tables 3 and 4 report the repertory grid results for each participant, pilot study participant one (PSP1) and pilot study participant two (PSP2). Please note that the participant's firm and its competitors are identified across the first row of the table. However, the names of the participant's organization and competitors are not disclosed due to the need to maintain the confidentiality of each participant. With respect to the competitors of each participant, firm names were substituted with an identifier capturing how each participant ranked his or her competitors. For example, C1 is considered by PSP1 to be his organization's closest competitor, C2 the second closest, while C10 is the most distant competitor. With respect to PSP2, C1 is his organization's closest competitor and C6 is the most distant. This competitor re-naming process was used for both the pilot and main studies.

Table 3: Repertory Grid Results for Pilot Study Participant 1 (PSP1)

Ratings Assigned by PSP1

Constructs	**PSP1's Firm**	**C1**	**C2**	**C3**	**C4**	**C5**	**C6**	**C7**	**C8**	**C9**	**C10**	**Constructs**
Biblical Wisdom/Education	1	1	1	1	2	3	3	4	4	4	5	World System
Passive Invest Style	1	2	4	2	2	3	3	4	5	5	7	High Transaction
High Touch	2	6	5	6	3	1	2	2	2	2	3	Low Customer Interaction
Distributes Information	1	1	1	1	3	4	5	4	5	6	7	Does Not Distribute Info.
Comprehensive Service	2	2	3	4	3	6	3	4	1	1	3	Not Comprehensive Service
National	1	1	1	1	7	6	7	1	7	7	1	Regional
Spreads Truth	1	1	1	3	2	2	3	7	3	4	7	Spread Lies
High Chance of Client Success	2	2	3	4	3	2	3	4	4	4	5	Low Chance of Client Success
Client Retention	2	6	6	6	2	1	2	3	1	1	5	Low Retention
Efficient/Free-from-legal	1	1	1	1	6	5	5	6	6	6	7	Not-Efficient/Costly
Stewardship - Fair	1	2	2	1	3	2	2	3	2	3	4	Non-Stewardship
Market Bible Theme	1	1	1	3	1	5	3	7	7	7	7	Not Market Bible Theme
Market Passive Style	1	3	3	3	1	5	4	3	5	5	6	Not Market Passive Style
Client Says High Touch	2	6	6	6	3	1	2	2	2	2	3	Client Not Say High Touch
Procure Buyer for Product	3	1	1	1	6	7	6	6	7	7	6	Client Retention Focus

Table 4: Repertory Grid Results for Pilot Study Participant 2 (PSP2)

Ratings Assgined by PSP2

Constructs	PSP2's Firm	C1	C2	C3	C4	C5	C6	Constructs
Ethical	1	4	4	7	1	1	3	Unethical
Quality (how sold)	1	1	6	7	1	1	4	Lack of quality
Life Ins (mutual)	1	1	1	1	1	7	7	Manage money
Professional	1	1	5	7	1	1	4	Unprofessional
Experience	1	1	1	1	1	1	4	Inexperience
Low commission	1	1	7	7	1	5	6	High commission

Additionally, the procedures used in the first meeting with PSP1 differed slightly from those used with PSP2, as additional constructs were elicited from PSP1 using the techniques of laddering and pyramiding. Laddering is a procedure for surfacing constructs of a higher level of abstraction than the ones elicited from the sorting procedure described in the previous paragraph. In order to elicit these additional constructs, PSP1 was asked to identify which side of the bi-polar spectrum he preferred his company to operate upon and why. These laddering questions were asked with respect to each construct PSP1 originally surfaced during exposure to RGT. The use of the laddering technique produced five additional constructs from PSP1.

Pyramiding is a process which surfaces subordinate or more concrete concepts. In this case, PSP1 was asked for each of the RGT constructs surfaced: *How would you know if a company exhibited the quality of <u>(fill in the name of the construct)</u>?* This procedure produced four additional constructs from PSP1.

Once the constructs were surfaced, both participants were then asked to rate their organization and each of their named competitors on all of the elicited constructs. For example, the RGT surfaced the construct *biblical view/world view* for PSP1. Thus, PSP1 was asked to rate his organization and each of the firms he named as competitors by the degree to which he would characterize them as a biblical or world view organization, using a 7-point Likert scale. He was instructed that a rating of ‘1’ meant that he considered the firm to be completely *biblical* and a rating of ‘7’ meant that he characterized it as a completely *world view* type of an organization (see Tables 3 and 4).

In preparation for the second meeting, each participant’s repertory grid was analyzed according to procedures outlined by Fransella et al. (2004). The grid ratings were used to determine how similar each competitor was to the participant’s organization. Similarity scores were derived by computing a distance score based on the construct ratings for each competitor (Fransella et al., 2004; Bell, 1997). A distance score measures how similar or dissimilar a competitor is from the participant’s organization. Distance scores for each competitor were determined by first calculating the absolute value of the difference between the score assigned to the competitor on a specific dimension and the score of the participant on the same dimension. The final statistic was then produced by calculating the average of these differences.

Tables 5 and 6, respectively, report the distance scores for each competitor named by a pilot study participant. In reviewing these tables, it is important to note that: (1) the higher the distance score, the more dissimilar a competitor is to the participant’s organization, and (2) the tables include both the participant’s ranking of their competitors and a competitor ranking according to the distance scores. The latter point is important because, in each case, the participant’s ranking of their competitors is not the same as the ranking derived from the distance scores.

Table 5: Competitor Degree of Similarity – PSP1

Competitor Ranking According to PSP1	Distance Score	Competitor Ranking According to Distance Score	Distance Score
C1	1.20	C1	1.20
C2	1.40	C2	1.40
C3	1.67	C3	1.67
C4	1.67	C4	1.67
C5	2.47	C6	2.07
C6	2.07	C5	2.47
C7	2.53	C7	2.53
C8	2.87	C8	2.87
C9	3.07	C9	3.07
C10	3.60	C10	3.60

Table 6: Competitor Degree of Similarity – PSP2

Competitor Ranking According to PSP2	Distance Score	Competitor Ranking According to Distance Score	Distance Score
C1	0.50	C4	0.00
C2	3.00	C1	0.50
C3	4.00	C5	1.67
C4	0.00	C2	3.00
C5	1.67	C6	3.67
C6	3.67	C3	4.00

Each participant's grid and accompanying statistical results were used as the basis for the second interview. Using the interview guide form, the goals of the second interview were to: (1) develop a comprehensive understanding of the participant's taxonomy; (2) understand the relationship between the elicited RGT constructs and the named competitors; and (3) surface the relationship between the three mental sub-models and the role they play in competitor identification.

Each interview was digitally recorded and transcribed in preparation for coding and analysis. Since the goal of the main study is to build an integrated theoretical framework to explain competitor identification, a decision was made to use the grounded-theory building techniques outlined by Strauss & Corbin (1998). For the pilot study, the interviews were coded and analyzed using microanalytic techniques. According to Strauss & Corbin (1998), microanalysis is a coding technique where the researcher performs a detailed, line-by-line analysis of the transcripts. The analysis requires the researcher to consider the specific words and phrases used by the participant and analyze them to uncover the possible range of meaning being expressed by the participant. Strauss & Corbin consider this an important step for reducing bias and challenging the researcher's frame of reference. In addition, it forces the researcher to focus on the meaning being conveyed by the participant and to focus on the participant's interpretive schemes. For the purpose of this pilot study, the coded transcripts were analyzed to identify emerging themes and trends.

4.2.3 Pilot Study Results

The purpose of this sub-section is to report the results of the pilot study.[9] While the pilot study results are preliminary and possibly spurious, reporting them is important for several reasons. First, a latent aspect of the pilot study involved testing the legitimacy of the relationship

---

[9] Since the results of the pilot study have influenced the methodology ultimately employed in the main study, this researcher has chosen to report the results of the pilot study prior to a discussion of the main study methodology.

between organizational identity and competitor identification. Prior to commencing the pilot study, it was anticipated that the results could lead to the conclusion that identity does not matter with respect to CI. However, the pilot study results provide important evidence that identity does play a role in CI. The results further indicate that the categorization and economic sub-models are also factors in CI. Thus, the results of the pilot study indicate that a more in-depth study of the research issues proposed herein is, in fact, warranted.

Additionally, another reason to report the results of the pilot study is because they influenced certain aspects of the main study. More specifically, the pilot study had a strong influence on the main study's coding. Strauss & Corbin (1998) indicate that microanalysis often helps researchers to quickly develop a set of categories for coding. The microanalysis performed as part of the pilot study not only surfaced categories, but also lead to the development of the initial coding scheme used for the main study (Miles & Huberman, 1994).

Given the above reasons, it was deemed appropriate and important to report the results of the pilot study. The following discussion of these results is organized around the various competitor sub-models. To begin with, one of the first lessons learned with respect to the categorization sub-model is that the category prototypes of each participant's industry classification schemes (see Figures 4 and 5, respectively) capture only a crude description of the business models of typical category members. For example, when asked to describe a typical stock brokerage firm, PSP2 responded:

> They want to trade retail stocks, which that business is declining, so they want to manage money and they want to sell life insurance and associated products. And they bring in a variety of in house experts to do those other things because most of them are not trained. They don't know anything about life insurance, anything about long-term care, so they have in house guys that do that for them.

Descriptions of typical members for the remaining categories that comprise each participant's taxonomy followed a similar pattern, as both participants identified aspects of general business models which roughly describe how firms within the categories operate.

Considering that category prototypes capture the essence of the category members' business models, it appears that the process of competitor identification partly involves recognizing general business models and identifying groups of firms within the industry that compete with the participant's organization. For example, in the quote above describing a typical stock brokerage firm, PSP2 indicates that brokerage firms sell life insurance in addition to selling stocks. Even though the primary business of PSP2 is insurance, PSP2 considers stock brokers in general to be competitors because they also sell life insurance. However, PSP2 continues to distinguish between stock brokerage firms and life insurance firms mainly because stock brokerage firms are focused foremost on trading stocks and managing money, while selling other products like life insurance is, at best, a secondary focus.

The continued analysis of each participant's taxonomy surfaced two other important observations. First, competitor identification may partly take place at a macro level as the participants appear to be sensitive to competition from various business models that exist within their industry. This is supported by the fact that each participant named competitors in more than one category of their respective taxonomies. In other words, the identification of competitors does not appear to be restricted to firms within the same category as the participant's organization. These results suggest that managers may detect strategic groups (Caves & Porter, 1977) that reside within their industry, and identify a certain number of these groups as competitors.

Second, a majority of the categories identified in each participant's taxonomy contained at least one competitor named by the participant. This may suggest that managers possess a fairly narrow understanding of the competitive landscape. In other words, it appears that the identification of categories may be a function of the degree to which a competitive relationship is detected between the manager's organization and the category group. Thus, a manager may only develop knowledge of those groups which he/she perceives as having a business model in competition with the business model of his/her organization.

Additionally, the economic and identity sub-models were also explored in the pilot study. In order to better understand the relationship between these two perspectives, participants were asked questions pertaining to their named competitors in relation to the constructs elicited by RGT. With respect to identity, each participant was asked during the second interview to describe their organization's identity. For example, PSP1 described his organization's identity as follows:

> The basic premise of why we exist is that people in general . . . are struggling with this concept of money as a god. It is my experience that the vast majority of people . . . struggle with trying to have money bring them contentment, identity, peace, materialism whatever. And the bible is very clear that that's God's role, that's not the role of a substance, be that as it may. So our mission, our vision I guess, our character is to help free anybody from that lie. And, I think it's a lie that money in its various forms brings things that only a divine can bring. It's an irony, when you think about it, that we look to a non-loving, non-living, non-breathing thing to fill us emotionally, spiritually, physically. That's really not the role of a substance. So that's what drives us.

When asked to identify the constructs that capture his organization's identity, PSP1 pointed to the *biblical wisdom/world view* and *high touch/low customer interaction* constructs, while PSP2 considered all of his elicited constructs to be reflective of his organization's identity.

The descriptions each participant provided for his organization's identity dimensions surfaced some important underlying characteristics. First, as indicated in the quote above, these identity constructs appear to convey a sense of mission and purpose, which can serve to motivate managers. Second, each participant described the identity constructs with language that conveyed a sense of permanence, certainty and conviction. For example, when PSP2 was asked about the importance of being ethical, he responded:

> Number one, you can live with yourself if you have a conscience. That's the most important thing. And, number two is, you build your reputation on how ethical you are. Though there are a couple of [firms] in this city that are very unethical and very successful.

Although not expressly stated, this researcher did not get the sense that transitioning from being ethical to unethical was an option for PSP2, even though an unethical person or firm could be "very successful." Third, this quote from PSP2 suggests that identity constructs may be highly consistent with a manager's personal values. Fourth, the connection made by PSP2 between ethics and reputation implies that identity constructs may be related to the economic perspective's concept of value creation. This value creation aspect can also be detected in the quote of PSP1 above where he alludes to the fact that his biblical approach provides value because he "frees people from a lie." Finally, identity dimensions can influence each other. When describing the *high touch/low customer interaction* construct that was labeled as an identity construct, PSP1 stated:

> [High touch] to me would be consistent with biblical truth . . . we should be compassionate, caring, self-less and humble, with anybody. I think high touch is probably an overused phrase. I think caring is probably a better phrase.

This statement in which PSP1 connects the *high touch* construct to the *biblical view* construct suggests that the *biblical view* construct frames his perception of the *high touch* construct. This, in turn, implies that the *biblical view* may be a more dominant identity construct in PSP1's organization.

The constructs that were not identified by PSP1 as identity constructs – *passive investment style/high transaction cost, distributes information/does not distribute information, comprehensive service/not comprehensive service,* and *national/regional* – seem to capture aspects that can be described as economic constructs. The various characteristics of economic constructs can be found in the following description provided by PSP1 with respect to the *comprehensive service/not comprehensive service* dimension:

> I'm stuck with the limitations of being a one person shop and being profitable. I don't think you can do everything. I'll be meeting with a 70 year old guy [and] chances are that . . . I'm not going to be able to do what he wants me to do because it's outside my core business model. [C10] or someone like that has all of these comprehensive services [and] from a competitive standpoint would beat the tar out of me even though I think on quality they wouldn't. So, it's up to me to decide which of those services are going to be my focus. Where am I really going to spend the bulk of my time?

This account surfaces a tradeoff currently facing PSP1. He is trying to decide whether or not his firm should offer comprehensive service to his clients. Unlike the identity dimensions, it appears that he is more flexible as to where his firm will ultimately reside along this dimension. In addition, it appears that the decision is being influenced by his perceptions of his firm's competition and, more subtly, the ability to make a profit.

While identity and economic constructs are distinct, the interviews revealed that they may influence each other. For example, when describing the construct *distributes information/does not distribute information*, PSP1 suggests that there needs to be a logical consistency between identity and economic perspective constructs:

> Well if you have [biblical] wisdom and you're not sharing it, if you have access to wisdom and you're not sharing it, that does not make any sense.

> So . . . whether it is on educating or distributing information on a one-on-one basis or whether I am doing it on a mass basis, I don't really care. It is more which is the profitable business model. Can you do both? I don't know. So, it's vital because I think that's how we spread our message.

In addition, perceptions of identity can be impacted by choices about where the organization should position itself with respect to economic constructs. This observation is suggested by this statement from PSP1:

> I don't think there are any local competitors for directly what we are doing, but from a national standpoint certainly there are. The ambiguity is because we haven't decided who we want to be. Do we want to be a national information distribution firm, or do we want to be a local family counseling/training firm?

With respect to competitor identification, each participant appears to have made sense of his organization's competitors by creating a general impression of each competitor's business model. Generally, these impressions were formed from cues extracted from interactions with representatives of the competitor or from the competitor's commercials and advertisements. The impressions can best be described as a conglomerate of general characteristics which include the markets the competitor serves, the competitor's product mix, and the general business philosophy of the competitor. For example, PSP2 describes C5 as possessing a business philosophy which requires representatives of C5's firm to be "highly ethical, professional, educated and well-trained." Moreover, PSP2 explains that he identified this firm as a competitor because C5 sells insurance to business owners and high net worth individuals, which are markets currently being served by PSP2. As for PSP1, his closest named competitor is C1. He describes the business model of C1 as a biblically-based financial services organization that produces knowledge to be distributed on a national level:

> [C1], more than anybody, has a very similar message to what we are doing - not on a local scale, on a national scale. I don't think there are any local competitors for directly what we are doing, but from a national

> standpoint certainly there are. . . . And, if we go to a local level then it does not matter what [C1] does. But, if we want to go to [the] national speaking circuit and all that type of stuff, then it becomes a real issue. So, the message is almost exactly the same with that company.

Furthermore, from these two examples, it appears that both identity and economic constructs have a role to play in competitor identification. In PSP1's case, if his organization decides to remain local (an economic construct), then C1 may no longer be viewed as a competitor. Moreover, if C1 were not a biblically based organization (identity construct), it would probably not be considered a competitor by PSP1. Similarly, in the preceding example concerning C5 of PSP2, if such competitor did not sell life insurance (an economic and identity construct), then it probably would not have been named a competitor by PSP2, even though C5's business philosophy is admired by PSP2. Overall, the constructs surfaced during the repertory grid exercise appear to represent a set of necessary conditions that a firm must meet in order for it to be named as a competitor.

In addition to constructing general impressions of their competitors' business models, each participant had also made sense of their competitors through the formation of a reputation. Descriptions of a firm's reputation can typically be distinguished from descriptions of a firm's business model in that reputation descriptions are often laden with character judgments and stereotypical beliefs. For example, PSP2 named C3, an independent insurance broker, as his third closest competitor.[10] However, according to the distance scores for PSP2 shown in Table 6, C3 is the firm considered to be the most dissimilar from PSP2's organization. Considering the ratings given to C3 from PSP2 in the repertory grid exercise (see Table 4), C3 is considered by

---

[10] PSP2 identified individual insurance agents, as well as companies, as competitors. Specifically, C2, C3 and C4 are individual insurance agents. Thus, when PSP2 refers to these three competitors, he is referring to individuals as opposed to companies.

PSP2 to be unethical and unprofessional because he sells high-commissioned products that lack quality. When describing this competitor PSP2 expresses the following:

> This guy [C3] is a former agent with some company that trained him 100 years ago. He is an independent agent and I think he's a vulture. He'll [sell] anything whether it's right or wrong as long as he can make a dollar. . . . I wouldn't trust him as far as I can throw a grand piano.

Reputations can also accrue to the strategic groups (or categories) identified in the participant's taxonomy. PSP2 stated the following when describing a typical fee-only financial planner:

> Other financial planners, which I think are unconscionable . . . charge a fee. But, if they sell you a product they offset their fees by the commissions they get on the product. And, I don't think they can be terribly objective because they can make a lot more sometimes selling particular products than doing it on a fee-only basis. So, I am very wary of people like that.

For PSP1, any firm that operates pursuant to the "world view" is not as "pure" as his company because these competitors "elevate [money] to practically a divine like status" and convince individuals through their advertising that money can bring "happiness, fulfillment, satisfaction, [and] peace." Thus, these observations suggest that the use of a reputation can be an important part of sensemaking, as reputation reflects judgments of the competitor on strictly identity related constructs.

In addition, it is important to note that reliance on the participant's ratings alone without further inquiry may lead to a distorted view of a participant's closest competitors. For example, PSP2 was asked to rank-order his competitors from closest to furthest. Surprisingly, while the distance scores suggest that C3 and C2 are highly dissimilar from PSP2's organization, PSP2 considers C2 to be his firm's second closest competitor and C3 to be his firm's third closest competitor (see Table 6). When asked to explain this anomaly, PSP2 indicates that he interacts with both of these competitors frequently, since they operate in similar social networks and compete for the same business. So, while the distance scores indicate that these two competitors are highly dissimilar from PSP2's organization, PSP2 still considers them to be close competitors due to the perception of frequent competitive interaction.

In conclusion, the results of the pilot study confirm that each of the three mental sub-models – identity, categorization and economic - play a role in CI. However, given the complex nature of the interaction among the sub-models, further study of the issues presented by this dissertation is warranted. Accordingly, the next section of this chapter explains the methodology used in the main study.

4.3 MAIN STUDY

For the most part, the pilot study methodology was retained for the main study. The decision to retain and build on the methodology initially employed was made in light of the pilot study findings. Most notably, the methods: (1) adequately elicited each participant's categorization, economic and identity mental sub-models, and (2) once elicited, provided a means to investigate, through a semi-structured interview process, the relationships among these sub-models and competitor identification. In the various sub-sections that follow, the methodology employed for the main study is described. As will be revealed, this final methodology builds upon the framework of the pilot study and incorporates new features designed to improve upon the initial methods adopted for the pilot study.

4.3.1 Sample

In contrast to the pilot study, the sample chosen for the main study cannot be chosen out of convenience. Instead, the sample must be chosen for theoretical reasons (Yin, 2003; Miles & Huberman, 1994). The theoretical sampling utilized in qualitative research differs from random sampling techniques typically employed by quantitative, deductive, theory-testing studies. With qualitative, theory driven sampling, the goal is to select a case or series of cases that provide the means to build an inductive, theoretical framework. In order to accomplish this task, cases are selected within the framework of existing theory (if available) and for the purpose of bolstering confidence in the study's theoretical conclusions. In contrast, a quantitative, theory-testing sample must be selected to assure that it is an adequate representation of the general population of study. In other words, a quantitative study is concerned about sample-to-population representativeness in order to support conclusions made about the validity of existing theory and the generalization of the study findings; a qualitative study is concerned about the discovery, confirmation and elaboration of the processes and constructs connected with the phenomenon of study (Miles & Huberman, 1994; Eisenhardt, 1989).

With respect to this dissertation, top managers of firms within the financial services industry were chosen as the sample for the main study. According to the objectives of the study, this sample was purposefully chosen for three reasons. First, the sample was selected in light of the Model of Competitor Sensemaking and the study's research questions. The main concern in selecting the industry and participants within such industry to interview was the degree to which the phenomenon of competitor identification would be present. The adequacy of the financial services industry as the sample frame is supported by the pilot study. The participants of the preliminary study were drawn from the financial services industry and were able to identify competitors, as well as produce categorization, economic and identity mental sub-models.

Furthermore, the current state of the financial services industry gave this researcher confidence that the selection of participants from such industry would produce the phenomenon of study. The financial services industry is in the middle of a transition that is creating a significant increase in the level of competition. While the industry has been in transition for some time, the repeal of the Glass-Steagall Act in 1999 marks a major event in the industry's evolution (Simonoff, 2001). The repeal of the act served to deregulate the industry by providing banks with the ability to expand their product offerings into investments, security underwriting and insurance. Prior to deregulation, firms within the industry were constrained (either by law or by choice) within a fairly narrow product mix: banks offered banking related services (checking, savings accounts, trust services), insurance companies sold insurance (term, whole life, annuities, etc.), accounting firms offered personal and corporate accounting services (auditing, tax return preparation), mutual funds only sold mutual funds, and brokerage companies sold investments (stocks, bonds, mutual funds). What makes this industry an ideal setting for the main study is that the lines that traditionally separated firms within the industry have been erased. Moreover, many financial services firms have responded by entering new markets and aggressively expanding their product offerings (Simonoff, 2000). Overall, these conditions have lead to an increase in inter-firm rivalry and product commoditization (Smith, 2001).

Finally, the financial services industry was chosen due to this researcher's background and experience. More specifically, this researcher possesses twelve years experience in this financial services industry, six of which were as president and chief operating officer of a financial planning and investment management organization. This industry experience provides two advantages. First, this researcher has a rich network of contacts within the industry, which provides the ability to gain access to top managers. Second, the background and experience provide a context to conduct the semi-structured interviews and interpret the results. In other words, the ability to effectively conduct interviews and interpret the data is enhanced through this researcher's general knowledge of the industry.

Given that the financial services industry is an adequate sample frame, the final sample was selected in order to be consistent with a multiple-case, replication strategy (Yin, 2003). First, interviewing multiple managers across various organizations will help bolster confidence in the study's findings (Miles & Huberman, 1994). The increase in confidence comes from developing theory across a series of similar and contrasting cases. Accordingly, the final sample was chosen to reflect variations in types of firms (accounting, bank, trust company, financial planning, etc.), top manager positions (CEO/managing partner, vice-president, CFO, owner, etc.), size (revenue and number of employees) and the firm's ownership status (public or privately-held). Second, according to Yin (2003) a replication logic treats each case as an experiment that either confirms or disconfirms the emerging theoretical framework. With respect to this dissertation, the replication strategy set the stage for the analysis in which the cases would be compared to and contrasted with each other in order to develop the final theoretical framework.

Table 7 provides demographic information for the final sample of fifteen participants. This final sample was derived from an initial pool of 20 potential candidates from sixteen companies. Of this pool, eighteen candidates agreed to participate in the study. Given the goal of conducting enough interviews to reach theoretical saturation, each participant was informed that they may or may not be contacted to participate in the study. Recall that theoretical saturation is reached when additional interviews provide no new insights or when the emerging categories are saturated. With respect to this dissertation, saturation was reached at approximately the tenth interview. However, a decision was made to conduct an additional five interviews given the novelty of the identity perspective as a framework capable of explaining competitor identification.

Table 7: Participant Demographics (Main Study)

Participant	Position	Position Tenure	2005 Revenues (in thousands)	Full-time employees
P1	CEO/President	3 yrs.	7,000	33
P2	Chief Operating Officer	3 yrs.	7,000	33
P3	Partner, Construction Division	21 yrs.	7,000	70
P4	Managing Partner	5 yrs.	7,000	70
P5	President/Principal	34 yrs.	4,000	24
P6	Partner	12 yrs.	5,200	32
P7	Managing Partner	23 yrs.	5,200	32
P8	President	6 yrs.	450	3
P9	CEO/President	8 yrs.	10,500	14
P10	CEO/President	12 yrs.	1,700	16
P11	President	2 yrs.	1,400	13
P12	Senior Vice President, Director Private Banking	11 yrs.	4,995,000	80 (Pittsburgh) 16,000 (Total)
P13	Partner, Head of Tax Practice Unit	7 yrs.	38,000	300
P14	President	6 yrs.	2,500	12
P15	Senior Vice President Managing Director of Wealth Management Division	2 yrs.	Unavailable	300

All fifteen cases were included in the final sample. However, consideration was given for the possible elimination of Participant 9 (P9) from the study. Specifically, this case was the only one that deviated from the two meeting process outlined in the next section. The decision to deviate from the two meeting process was made following the first interview as P9 expressed an inability to complete the industry taxonomy and repertory grid due to a lack of knowledge concerning the named competitors. The participant explained his lack of knowledge by admitting that he did not pay any attention to his competition. Despite the inability to complete this participant's grid, a decision was made to not exclude this participant from the final study. Instead, this researcher opined that this participant could still make a contribution to this study as an extraneous case. Incorporating extraneous or deviant cases into the analysis is valuable because they help enrich the explanatory power of the final theoretical framework (Yin, 2003; Miles & Huberman, 1994).

4.3.2 Data Collection Procedures

The repertory grid technique, semi-structured interview process and the two-meeting format provided a structural foundation for the main study. In the following sections, the data gathering procedures for each meeting are described.

4.3.2.1 Data Collection Procedures for the First Meeting

Similar to the pilot study, the goal of the first meeting was to surface each participant's industry taxonomy, complete the repertory grid exercise, and have the participant rank-order the named competitors from closest to most distant. However, several aspects of these procedures were changed for the purpose of the main study. First, the procedures for completing the industry taxonomy were changed. Participants were not required to complete a taxonomy by starting with 'financial services' as the root node. This decision was made due to problems experienced with the pilot study participants in completing their taxonomies. More specifically, the pilot study revealed that each participant may not see their organization as belonging to the financial services industry. Given the lack of importance that providing a starting node would have on the study's final results, each participant was initially asked to begin the construction of his taxonomy from a root node describing the industry within which the participant's organization resides.

Second, although the minimal content form of RGT was retained, the laddering and pyramiding procedures were eliminated from the first interview procedures. Both of these procedures were abolished because of the additional time needed to perform them. Given that the final sample consisted of extremely busy top managers, not performing these procedures would reduce the interview time and increase the likelihood of participation. Furthermore, in the case of pyramiding, it was eliminated because the pilot study revealed that this procedure did not add any additional value. In other words, the additional constructs surfaced by pyramiding did not provide any novel insights. With respect to laddering, however, this aspect of the process did appear to add value. The value of this procedure came, not in the form of eliciting constructs, but in the form of enhancing the interview procedures. Accordingly, this process was retained and was incorporated into the procedures for the second interview.

Third, most participants were asked questions about their taxonomy, repertory grid and the named competitors. Questions often asked during the first meeting were: (1) *How would you describe a typical member of this category of your taxonomy?* (2) *Why did you name this particular competitor as your closest competitor (or your second closest competitor, or your* *most distant competitor)?* (3) *With respect to your repertory grid, why did you give this competitor such a rating on this construct?* In the pilot study, these questions were asked during the second interview. However, in order to reduce the length of the second interview, a decision was made to ask these questions during the first interview as appropriate.

Fourth, near the end of the first interview, all participants were asked to complete a questionnaire (see Appendix B, pages 220-221). The main purpose of this questionnaire was to measure the degree to which each participant is identified with his or her organization. The first six-items of the questionnaire comprise the organizational identification scale, which was developed by Mael & Ashforth (1992).[11]

4.3.2.2 Data Collection Procedures for the Second Meeting

The second meeting began by reviewing the participant's taxonomy, repertory grid and competitor similarity scores. Again, similarity scores were derived by computing a distance score based on the construct ratings for each competitor (Fransella et al., 2004; Bell, 1997). A distance score measures how similar or dissimilar a competitor is from the participant's organization. Distance scores for each competitor were determined by first calculating the absolute value of the difference between the score assigned to the competitor on a specific dimension and the score of the participant on the same dimension. The final statistic was then produced by calculating the average of these differences.

---

[11] The other items on this survey measure organizational identity congruence (items 7-10) and organizational identity strength (items 11-16). These two scales were developed by Kreiner & Ashforth (2004). A decision was made during the design stage of this study to gather this information in case the results of the qualitative analysis revealed that organizational identity strength or organizational identity incongruence played a role in competitor sensemaking.

The next step during the second interview was to surface the participant's organizational identity mental model. The process for surfacing the participant's OI initially involved explaining the concept as follows:

> Organizational identity captures the idea that employees of an organization can provide an answer to the question, 'Who are we?' In other words, it has been shown that employees, through their association with their organizations, will develop their own answer to this question. Moreover, researchers suggest that the answer to the identity question – *Who are we?* – will point to the essence of the organization, what is truly important, why the organization exists and how it is distinctive from other organizations.

Upon describing identity to the participant, this researcher immediately asked the participant to describe his or her organization in terms of: *Who is* ___*(fill in the name of participant's organization)*___*?* If the participant had difficulty answering, or if this researcher wanted to expand on the participant's identity description, the participant would then be asked, *What are your organization's core values?* If the core values were identified, the participant was also asked whether such values provided a means to answer the identity question: W*ho are we?*

Once the identity was surfaced, participants were asked to review the constructs surfaced during the first meeting and to identify those they believed were connected to, or in some way captured, the essence of their organizational identity. Special care was taken to not influence participant responses as this researcher also expressed to participants that it was acceptable if none of the constructs were connected. Asking this question after surfacing the participant's organization identity was an element designed to test if identity is connected to competitor identification. Given that the repertory grid surfaces the participant's competitor mental model, if participants are able to link identity to the constructs of such mental model, it would indicate that identity plays a role in competitor identification.

The recognition that certain constructs appear to be connected to the participant's organizational identity sub-model set the stage for the semi-structured interview. The interview guide form in Appendix B provides a sample of the types of questions that were asked of participants (see Appendix B, pages 222-223). As can be seen from this interview guide, the goals were: (1) to explore the participant's reasons for indicating that certain dimensions were connected to the OI while others were not; (2) to further explore a participant's repertory grid, taxonomy, perceptions of competitors, and competitor ranking; and (3) to ask additional questions pertaining to the emerging theoretical framework. With respect to the repertory grid, the laddering technique was used as a process to explore the participant's view of the advantage, if any, of residing at either end of the construct spectrum. In certain cases, the interview afforded sufficient time to identify additional constructs and have the participant rate each competitor along these new dimensions.

4.3.3 Analysis

In order to adequately describe the methods used to analyze the data and to explain why such methods were chosen, the context within which the analysis took place must first be understood. The choice of methodology was influenced by the research questions, the design of the data gathering procedures and the type of data that was gathered (i.e., qualitative and quantitative). First, the research questions influenced the chosen methodology by infusing structure into the data gathering procedures. Qualitative studies will vary to the extent that they are structured (Miles & Huberman, 1994). For example, some studies will employ a very loose research design in which interviews are fairly unstructured. With these types of studies, the researcher is often engaged in a completely inductive, grounded-theory building study in which the researcher is exploring a new area or an area that has received scant attention. Subsequently, the lack of initial structure often means that that the interviews are also relatively unstructured. More importantly, the researcher often takes on the role of an investigative reporter who analyzes each interview to identify emerging themes and trends in order to develop the next steps in the data gathering process.

With this study, however, the existing theoretical perspectives initially provided more structure than what is often found in typical grounded-theory building studies. Recall that the objectives of this study are to develop a theoretical model of managerial competitor identification which: (1) explains the role that identity plays in competitor identification, and (2) integrates the categorization, economic and identity perspectives. Accordingly, the data gathering process was designed to first elicit each participant's categorization, economic and identity mental sub-models so that this researcher could systematically interview such participant in order to better understand his or her mental sub-models and their relationship to competitor identification. The result was an interview procedure that was essentially a series of sub-interviews. With respect to the analysis, this sub-interview structure (and the objectives of this study) created a context that affected the chosen methodology by providing a pre-established set of concepts (identity, economic and categorization) around which the interviews were coded and analyzed.

Second, both qualitative and quantitative data were gathered. Gathering quantitative data as part of a theory-building study can help to enrich a study's findings (Eisenhardt, 1989). Initially, this researcher saw the quantitative data playing a minor aspect in the evolving analysis. However, as will be revealed, the quantitative data played an important role in corroborating the findings of the qualitative data and for revealing aspects of the emerging theory that did not surface during the interviews. In sum, the gathering of quantitative data was an additional contextual feature that affected the methods by which the data was analyzed.

Given the context of the data gathering procedures, the data analysis proceeded in two distinct stages. In the first stage, the interviews were analyzed using grounded-theory building coding procedures (Strauss & Corbin, 1998). In the second stage, the coded interviews were converted into tables in order to facilitate within and between case analyses. A more thorough description of each of these stages is contained in the sections that follow.

4.3.3.1 First Stage

As described in the section outlining the pilot study methods, each pilot study interview was analyzed using grounded-theory building coding techniques (Strauss & Corbin, 1998). Given that only minor changes were made to the pilot study methods for purposes of data collection, the codes developed during the pilot study provided a foundation upon which to code the interviews conducted in the main study. Accordingly, in preparation for coding the main study interviews, the set of codes that surfaced during the preliminary study were reviewed and grouped into similar themes. This set of codes created a "start list" of codes that were used to analyze the main study interview transcripts (Miles & Huberman, 1994).

Despite this initial list of codes, the first several interviews were analyzed using microanalytic coding procedures (Strauss & Corbin, 1998). Recall that microanalysis involves a word-by-word, sentence-by-sentence analysis with the researcher asking, W*hat is the possible range of meaning for this word, or phrase, or sentence?* When commencing analysis, researchers may employ this technique to quickly generate categories. This researcher determined that beginning the analysis of the main study interviews with microanalysis techniques was important for three reasons. First, a key feature of microanalysis is that it helps force the researcher to break away from his or her frame of reference and reduce the effects of possible researcher bias. Not only was this researcher possibly influenced by the pre-existing literature on competitor identification, but also could be biased by the analysis and results of the pilot study interviews. One drawback to qualitative research is the effects of bias and the possibility that during early stages of analysis that the researcher will draw premature conclusions (Strauss & Corbin, 1998). With respect to this dissertation, a key concern was that the results of the pilot study, coupled with the researcher's perceptions of the existing literature, could result in the researcher developing an erroneous theoretical model. Therefore, a decision was made to begin the analysis of the main study interviews with microanalysis in order to reduce the effects of bias by knocking this researcher out of his pre-existing frames of reference.

Second, microanalysis is an important initial step for orienting the researcher towards seeking to understand the participant's interpretation or frame of reference. When coding, researchers must keep in mind that there are two levels of interpretation: (1) first-order or the participant's interpretation and (2) second-order or the researcher's interpretation (Miles & Huberman, 1994). A key purpose of microanalysis is to elicit first-order codes (or concepts) that reflect the participant's interpretation. Often, these types of codes either closely reflect the ideas or concepts being conveyed by the participant or use the participant's own words to label the concepts being expressed (*in vivo* codes). As codes build up, the researcher will recognize that groups of codes are either highly similar and can be recoded using a single label or that certain codes can be grouped together under higher-order categories. The recognition of similarities among codes and the ability to group them into higher-order categories marks the stage where the researcher begins to develop second-order categories which start to reflect the researcher's interpretation of the participant's interpretation. Once these second-order categories begin to form, coding transitions from microanalysis to open coding. The goals during this open coding stage are: (1) to continue to look for new codes or concepts that may surface during subsequent interviews which add to emerging theory, and (2) to code around the first-order and second-order concepts in order to identify category properties and the dimensions along which a category varies (Strauss & Corbin, 1998). Ultimately, the combination of the first- and second-order codes forms the building blocks of the eventual theory.

Accordingly, this initial analysis stage focused on the microanalysis and open coding procedures. The goal was to develop a set of second-order concepts that would provide the foundation for the second part of the analysis. Before proceeding to the description of the second stage, a few important points must be made about the first stage. First, for each participant, all first interviews were analyzed and coded prior to the second interview. In addition, this researcher attempted to stick to a rule of transcribing and coding each interview prior to conducting subsequent interviews. More specifically, the goal was to avoid conducting a subsequent first interview before analyzing the last first interview, and to avoid conducting a subsequent second interview before analyzing the last second interview. Analyzing the interviews in a progressive fashion is important because the analysis often reveals themes or concepts that the researcher needs to investigate in subsequent interviews. This rule, however, was at times difficult to follow. Recall that the sample comprised top level executives and the interviewing protocol required them to commit to two separate interviews. Given each executive's busy schedule, it was not always possible to schedule an interview within a time frame that would allow for the analysis of the prior transcript. While the rule could not be followed all of the time, not coding transcripts prior to conducting subsequent interviews was more of an exception than a common occurrence.

Second, this researcher incorporated two procedures designed to increase confidence in the trustworthiness of the study's final results. The first procedural element involved the use of a computer-based, qualitative data management program (Atlas.ti) to manage and analyze the qualitative data that was collected (i.e., the interview transcripts). When designing a study, researchers need to develop a plan to organize and manage the massive amounts of data collected (Miles & Huberman, 1994). Given that this study produced over 400 pages of interview transcripts, the ability to adequately organize and manage this volume of data was an initial concern. Therefore, a decision was made to employ a qualitative data management program.

The second procedural element involved the incorporation of a second coder to assess the accuracy or validity of this researcher's coding scheme. The coder who was eventually recruited, was selected due to his familiarity with qualitative methods and his past experience as a second coder on other research projects. Prior to giving this second coder interview transcripts for him to code, he was informed of the nature of this study and given a copy of the code list developed during subsequent interview analysis. The second coder was instructed that he could use the codes on the list to code the submitted transcripts, but was free to develop new codes if necessary. Upon receiving these instructions, the additional coder coded the second interview transcripts for participants five, eight and fifteen. After the second-coder finished his review, his coded results were compared to the codes used by this researcher. In comparing coding results, each selected interview was reviewed collaboratively and a record was made of the number of times there was agreement and the number of times there was disagreement. This procedure was adopted from Miles & Huberman (1994) in which the goal of incorporating a second coder is to establish an inter-coder reliability rating calculated as follows: the number of agreements divided by the total number of agreements plus disagreements. The coding reliability results yielded are as follows: 87.6% rating for Participant 5 (P5); 82.09% rating for Participant 8 (P8); and 86.93% for Participant 15 (P15). Given that the results were all above 80%, this researcher is confident in the accuracy and validity of the coding. Moreover, the second coder did not produce any new codes and did not suggest any other alterations to the code list, which further increases confidence in the analytic methods.

Finally, the coding list was revised several times during the course of the study. Revising and editing the code list as the study evolves is not an unusual occurrence (Miles & Huberman, 1994). In fact, researchers expect to revise codes as codes are added over the course of the analysis and as new insights are gained. The code list for this study underwent a major revision prior to the second-coder beginning work on coding his first transcript. Recall that an initial start list of codes was constructed prior to the start of the main study. After this researcher completed the coding of both interviews for P5 and prior to utilizing the second coder, a decision was made to review the list of codes that had been developed to that point. Key activities of this code review were to develop initial definitions of each code and to group (or re-group) the codes into common themes. The purpose of developing definitions was to make sure that this researcher was applying the codes in a consistent manner. In addition, the construction of definitions was a valuable exercise that required this researcher to take a step back from the up-close analysis required of coding and consider the data being gathered from a conceptual level. After this major review, the code list went through two other reviews throughout the remainder of the study, which resulted in minor changes to the coding scheme.

4.3.3.2 Second Stage

The coding and analytical work conducted in the first stage of analysis provided the foundation for the second stage of analysis. While the coding was valuable for surfacing themes and concepts that would become the building blocks of the eventual theory, continued use of this procedure would have limited the ability to perform the conceptual work necessary to develop the eventual theoretical model (Miles & Huberman, 1994). Qualitative studies can be variable-oriented or case-oriented (Miles & Huberman, 1994). In variable-oriented studies, the focus is on the concepts (variables) derived from coding and the relationship(s) among them. More specifically, theory is built by comparing variables to each other and looking for evidence of correlation. However, a drawback of this type of study is not knowing if the emerging theory fits any particular case. In a case-oriented study, researchers develop stories or descriptions of each case, and migrate to explanation or theory-building by examining the dynamics of what is occurring within each case. In addition, researchers will build on this analysis and turn to cross-case comparisons. During this phase, the goal is to develop and enrich the emerging theory by looking for patterns, themes and associations across a series of cases.

With this study, a decision was made to use a combination of both the variable and case oriented approaches. In the initial stage, coding was conducted with a goal of surfacing key concepts or variables. The concepts that were surfaced would then lay the foundation for conducting within-case analysis and eventually cross-case analysis. In order to transition from the first (or coding) stage to this second stage, a series of tables and matrices were constructed that would enable within-case and cross-case analysis. To quote Miles & Huberman:

> You know what you display. Valid analysis requires, and is driven by, displays that are focused enough to permit a viewing of a full data set in the same location, and are arranged systematically to answer the research questions at hand. (1994: 91-92).

4.3.3.3 The Codes

One of the aspects of this study that affected the analysis was the structure of the interview process. While the interview process changed over the course of the data collection to reflect insights gained during coding, the general structure of the interviews did not change. Appendix B contains an interview guide form for a typical interview (see Appendix B, pages 222-223). As evidenced by this form, the interview process was broken down into a series of sub-interviews. These sub-interview can be described as follows: (1) Surface and interview around the categorization scheme; (2) Surface and interview around OI; (3) Surface and interview around the economic perspective; and (4) Surface the repertory grid and interview to understand the meaning of the constructs, how (and if) the constructs are connected to the identity, the reason for the ratings that the participant gives to his or her own organization, and the reason for the ratings given to the named competitors. Consequently, the concepts that were developed during the coding process were influenced by this structure.

The development of the final code list did not end at the conclusion of the first stage. What was produced at the end of the first stage was a thorough list of first-order and second-order codes organized in a weakly developed structure. The structure (or grouping) of the codes was not particularly well developed at the end of the first stage due to absence of more abstract conceptual analysis. However, the conceptual analysis conducted during the second stage provided the means to focus on the structure of the code list as this researcher worked towards developing a theoretical model. So, while the analysis produced no new codes, the rest of the coding scheme was developed during this later stage as a result of the insights gleaned from the within and between case analysis (Lincoln & Guba, 1985; Miles & Huberman, 1994).

4.3.3.4 The Tables

Three tables were created during the second stage of analysis.[12] The first table represents a categorization mental model, which contrasts the aggregate concepts from the code list and the categories of each participant's taxonomy. The second is a competitor table, which contrasts the aggregate concepts from the code list with each participant's named competitors. The third table is designed to further analyze each participant's organizational identity. Contrary to the first two tables, this table contrasts the main identity interview questions with each construct of the participants' repertory grids. More specifically, the questions used to construct this table were: (1) *How is this construct or concept connected to your organization's identity?* (Note that this questions was asked after having inquired of each participant as to whether or not any of the constructs were connected to or expressed by the organization's identity); (2) *What is the advantage of the preferred pole?* (Depending on the rating, this question was sometimes modified and the participant was asked, *Why did you rate your organization a* <u>*(fill in the rating given)*</u> *on this dimension?*); (3) *What is the advantage, if any, of a firm positioning itself on the opposite pole of the construct?* In order to complete the charts, the coded chunks of text were cut and pasted into the appropriate cells of the tables.

According to Miles & Huberman (1994), these three tables are considered meta-matrices. A common problem in cross-case analysis is that the volume of data often collected hinders the ability to compare cases in a systematic way. This study was no exception. Meta-matrices provide a means to deal with this issue. Their construction requires the researcher to assemble the data in a way that produces the coherence needed to conduct cross-case analysis. With

[12] Due to the volume of information contained in these three tables, it is not practical to include these tables in this discussion or in the appendices.

respect to this study, the task of comparing and contrasting fifteen cases required the construction of meta-matrices.

Once constructed, the meta-matrices were analyzed with three goals in mind. To begin with, the ability to adequately describe the results and theoretical framework requires the production of reader-friendly displays. A good reader-friendly display not only provides enough detail to aid understanding but also helps bolster confidence in the study's findings (Miles & Huberman, 1994). As a practical matter, one cannot use a meta-matrix as a data display. Therefore, a goal of this stage of the analysis was to continuously reduce the raw data of each matrix in order to provide the means to produce reader-friendly displays as necessary. Second, it was important to analyze the matrices in a manner that would produce a theoretical model explaining managerial competitor identification. While this may seem to be a relatively straightforward task, in practice it can be challenging because the emerging theory will not fit all of the cases perfectly and not all data can be explained (Miles & Huberman, 1994). In fact, attempting to explain everything is not advisable because doing so often results in a complex and confusing theoretical framework (Eisenhardt, 1989). Instead, the objective is to analyze the data in a manner that produces a parsimonious theoretical model that provides the best fit to the data (Eisenhardt, 1989).

Working within the framework of these goals, the meta-matrices went through several rounds of data reduction. Data reduction essentially involves a continual summarization and refinement of the data within each cell (Miles & Huberman, 1994). In addition, a main objective during data reduction was to produce a more thorough understanding of each case. In order to accomplish this, short descriptions of every row and column were produced for each matrix. For example, short summaries as to why each of the named competitors were identified as such were produced for each participant by analyzing the columns of the competitor matrix. These short summaries provided a means to deepen this researcher's understanding of each case as a separate entity. Qualitative researchers often view the development of deep description as an important step for providing a solid foundation for conducting high quality, cross-case analysis and conceptual development (Eisenhardt, 1989).

In the final step of this stage, the analysis transitioned from within-case analysis to cross-case analysis using a replication strategy (Yin, 2003). The use of a replication strategy requires a researcher to develop a theoretical framework by testing the theory against each case in a successive manner. More specifically, the emerging framework is applied to each case to determine if the theory fits the case. While the replication strategy is an established procedure, a key concern during this phase was drawing premature conclusions based on perceptions of plausibility (Eisenhardt, 1989; Miles & Huberman, 1994). In order to prevent the production of spurious results, a concerted effort was made to employ the replication strategy in such a manner that this researcher continuously cycled between the data and the theory. In the end, the goal was to assure that the theoretical framework was grounded in the data. In addition, to this continuous cycling effort between the data and the theory, other cross-case comparison strategies were used, including: (1) noting patterns and themes across cases; (2) producing additional tables and charts designed to cluster data and explore patterns or themes that emerged from the data; (3) using appropriate quantitative methods (including counting) to verify emerging theoretical relationships; and (4) extracting groups of similar and dissimilar cases to contrast them for the production of a richer theory (Miles & Huberman, 1994).

4.4 SUMMARY OF METHODS

This chapter described in detail the methodology used for both the pilot and main studies. For the most part, the pilot study methodology was retained for the main study. The methodology employed by this researcher is consistent with those methodologies used in a theory elaboration study. The repertory grid technique, semi-structured interview process and the two-meeting format provided a structural foundation for the main study. Both qualitative and quantitative data were gathered in an attempt to enrich the study's findings. Data analysis proceeded in two distinct stages. In the first stage, the interviews were analyzed using grounded-theory building coding procedures. In the second stage, the coded interviews were converted into tables in order to facilitate case analysis. The next chapter will explore the results of these efforts.

5.0 ANALYSIS AND RESULTS

The research questions addressed by this dissertation are: (1) *Does organizational identity influence which firms a manager identifies as the organization's competitors?* (2) *If OI does influence managerial competitor identification, how does each of the three sub-models – categorization, economic and organizational identity – influence which firms are identified by a manager as the organization's competitors?* Accordingly, a central proposition advanced herein is that organizational identity, as a managerial mental sub-model, has an affect on managerial competitor identification. In support of this proposal, it is submitted that top managers in organizations are more than likely highly identified with their organizations. If this proposition is true, theory suggests that highly identified managers will view the organization as a valued aspect of their individual self-concepts (Dutton et al., 1994; Hogg & Terry, 2000). In turn, identification means that the organization becomes a valued social label through which managers seek to fulfill their self-enhancement, self-efficacy, self-continuity and self-distinctiveness needs (Weick, 1995; Dutton et al., 1994). Moreover, this central proposition is further bolstered by suggesting that highly identified managers will construe their environment through the organizational identity lens (Dutton & Penner, 1993). This notion is supported by the sensemaking perspective, which suggests that identity construction and maintenance are key managerial preoccupations (Weick, 1995). In short, the first research question is concerned with not only discovering if identity plays a role in competitor identification, but also with how it affects which firms are identified by managers as competitors of their organization.

While the identity argument introduced herein is appealing, it is made within the context of existing theoretical frameworks: the categorization and economic views. These views each attempt to explain (directly or indirectly) managerial competitor identification. The categorization perspective claims that a manager's taxonomic mental model is the primary cognitive vehicle through which competitor identification takes place (Porac & Thomas, 1990). More specifically, it is claimed that managers identify their competitors by first locating their own organization within a specified category of their industry taxonomy. Once located, other firms are positioned in the various categories of the same taxonomy. Firms located within the managers' self-assigned category are then identified as the organization's competitors. While the categorization theory is conceptually appealing, the study by Picken (1995) demonstrates that managers will identify firms in categories other than their self-assigned category as competitors. Thus, it appears that the competitor identification process may be more multifaceted than the categorization perspective implies.

The economic perspective suggests that managers will be more likely to identify a firm as a competitor if the firm competes in common markets and possesses competencies that are similar to the manager's organization (Chen, 1996; Peteraf & Bergen, 2003). Although this argument is logically appealing, there are some shortcomings associated with using it as the sole explanation of the process of competitor identification. To begin with, the perspective has never been applied to understand the process by which managers identify their organization's competitors. Moreover, Picken (1995) suggests that a generalizable definition of the competitor label does not exist among managers or across organizations. Thus, the process of defining the competitor label is a subjective managerial phenomenon that is not adequately explained by the economic perspective. Finally, an underlying and unstated premise of the economic perspective is the need for managers to have an understanding of their organization in order to possess a reference point from which to evaluate a firm's similarity and capability. Again, the economic perspective does not adequately address how a manager arrives at such an understanding.

Taken together, the economic and categorization perspectives offer frameworks designed to explain competitor identification. But, as demonstrated herein, these frameworks are incomplete in their ability to adequately describe this phenomenon. For this reason, an additional goal of this dissertation is to determine what roles, if any, do the identity, categorization and economic perspectives play in managerial competitor identification.

5.1 OVERVIEW OF ANALYSIS AND RESULTS

This chapter will present the results of the analysis. A new model of managerial competitor identification has emerged. Thus, a discussion of the results is organized around this new model. Since all three mental sub-models do play a role in the model of managerial competitor identification, their contributions to the model will also be explored. However, this exploration will reveal that the influence of these mental sub-models is different than what has been explained previously.

To begin with, a new Model of CI is proposed which provides a basis for understanding how a manager develops his or her organization's competitor LSR. Competitor identification can be described as a specialized type of sensemaking, involving the notion of plausibility (Weick, 1995; Weick, et al., 2005). At the heart of the competitor sensemaking effort are two questions that appear to guide interpretation and facilitate the construction of plausibility. The first question directs the manager to consider the likelihood of competition. The second question managers seek to address concerns the outcome of such competition. Overall, if a firm is identified as a competitor, a plausible explanation will adequately address the extent to which the firm competes with the manager's organization for similar customers and the firm's ability to win a competitive battle.

As will be illustrated, there are seven main components of the new model which impact Competitor Closeness: Market Presence, Organizational Market Focus, Competitor Market Focus, Competence Similarity, Competitive Interaction, Competitor Resources, and Competitor Capability. The model is presented not only to further the understanding of the CI process, but also to provide a useful tool in clarifying the roles of the three perspectives.

The role that a categorization scheme plays in the process of managerial competitor identification has been redefined. First, a manager's industry taxonomy does appear to represent the set of firms that will initially be considered for the Market Presence test of the CI Model. In addition, it is proposed herein that managers will rely on their respective competitor categorization schemes in situations where their ability to determine the meaning of a competitor is hampered by a lack of specific evidence or information pertaining to that competitor. In cases where such specific evidence or information is lacking, managers will fill in these information gap deficiencies by relying on their more general understanding of the meaning assigned to the category in which the firm resides.

With respect to the economic perspective, it may appear on the surface that it sufficiently explains the process of CI – especially given that the components of the CI Model are all economic concepts. However, the data suggests that there is more actually influencing the CI process than can be adequately explained by the economic perspective.

Finally, this researcher found evidence that organizational identity is connected to competitor identification. First, the identification results strongly suggest that managers likely make sense of their organization's competitive environment through the organizational identity lens. Accordingly, this lens affects how firms in the external environment (possible competitors) are construed. In short, the evidence suggests that organizational identity is a fundamental element of competitor sensemaking.

Specifically, this study links OI to the following components of the CI Model: Market Presence, Organizational Market Focus and Competence Similarity. The fact that OI is connected to markets and customers conforms to the notion that an organization's identity is constructed through interactions with its stakeholder groups. The fact that OI is connected to Competence Similarity means that an organization's identity acts as a reference point that managers can use to make or justify their choices pertaining to their organization's competencies. This justification provides a basis for explaining the organization's legitimacy which serves as an alternate means for a manager to construe his or her organization's distinctiveness. In turn, this distinctiveness is used to sensemake about potential and actual competitors, answer the plausibility questions and define the competitor LSR.

In conclusion, this researcher found that all three perspectives – categorization, economic and identity – do play a role in competitor identification. However, the role may not be the one originally anticipated by the various perspectives. Accordingly, the remaining sections of this chapter present the new Model of CI and examine the contributions of the categorization, economic and identity perspectives to the CI process as depicted in the model.

5.2 MODEL OF MANAGERIAL COMPETITOR IDENTIFICATION

A new model of managerial competitor identification has been developed as a result of this study. Sensemaking is an important aspect of this model.[13] In fact, competitor identification can be described as a specialized type of sensemaking, involving the notion of plausibility (Weick, 1995; Weick et al., 2005). Plausibility suggests that when managers are confronted with an issue or a situation (disruption) that draws their attention, they will more than likely strive to develop a plausible interpretation rather than an accurate one. The motive to seek plausibility rather than accuracy can stem from pressures to act quickly coupled with the impossible task of achieving accuracy in the face of a continuous stream of cues (Weick et al., 2005). Therefore, the goal of plausibility is to seek an interpretation that is credible, acceptable and actionable (Weick, 1995).

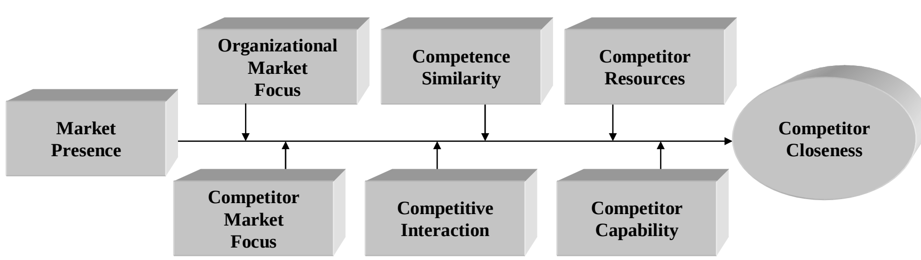
With respect to managerial competitor identification, this new model recognizes that managers seek to develop logical, credible, plausible and acceptable interpretations of their competitors. At the heart of their sensemaking effort are two questions that appear to guide interpretation and facilitate the construction of plausibility. The first question directs the manager to consider the likelihood of competition: *How likely is it that our organization will engage in a competitive situation or experience competition with this firm?* The second question

[13] This new model of managerial competitor identification differs from the proposed model of competitor sensemaking presented in Chapter 2.0. The model proposed in Chapter 2.0 was initially offered as a basis to better understand the possible roles of the three mental sub-models and the role of sensemaking in competitor identification. The proposed model was offered prior to any investigation being made by this researcher. Thus, the fact that a different model emerged from the study's findings is not surprising. However, the model in Chapter 2.0 does offer a rudimentary understanding of the sensemaking process. While this dissertation does not formally address the model presented in Chapter 2.0 in its entirety, the sensemaking perspective continues to be a valuable framework for interpreting the results of this study.

managers seek to address concerns the outcome of such competition: W*hat is the likely outcome if our organization engages in a competitive situation with the firm in question?* If a firm is identified as a competitor, the above discussion suggests that a plausible explanation will adequately address the extent to which the firm competes with the manager's organization for similar customers and the firm's ability to win a competitive battle.

Figure 6 presents the new Model of Managerial Competitor Identification that has emerged as a result of this study. As illustrated, there are seven main components of the new model which influence Competitor Closeness: Market Presence, Organizational Market Focus, Competitor Market Focus, Competence Similarity, Competitive Interaction, Competitor Resources, and Competitor Capability. It is important to note, however, that this study was not necessarily designed to elicit a model of CI. Instead, the purpose of the study is to determine the role that the three perspectives – identity, categorization and economic – play in CI. However, in the process of examining these three perspectives, a pattern was detected and thus, a new model of the CI process has been developed. The model is presented not only to further the understanding of the CI process, but also to provide a useful tool in clarifying the roles of the three perspectives.

Figure 6: Model of Managerial Competitor Identification



The CI Model is based upon the results of comparisons among and between the participant's organization and its named competitors, as opposed to comparisons among and between the participant's organization, its named competitors, and its non-competitors. Thus, a more thorough investigation of the CI process should examine both competitors and non-competitors. However, despite this limitation, the model does further the current understanding of the CI process. Given that the model identifies factors which explain why a firm is named as a competitor, the model also has implications for determining which firms comprise the competitor set. Negative inferences can be drawn from these factors as to why some firms were not identified by participants as competitors (i.e., why some firms in the market were labeled non-competitors). Moreover, the firm which is ranked by the participant as the most distant competitor marks the boundary of the competitor set. In short, understanding why a firm is considered a closer or more distant competitor provides insights into why some firms are labeled as competitors and others are not. Consequently, the propositions developed in light of the model are predictions based upon why a firm would be viewed by a manager as a closer competitor to his or her organization. However, taking into consideration the observations made above, factors that lead a firm to be considered a closer competitor are also factors that lead a firm to be included in the competitor set.

Accordingly, with respect to the new CI Model, each of the seven components and their relationship to CI will be discussed in more detail in the following sections. The components of the Model are the factors utilized by managers to identify a firm's likelihood of being perceived a close competitor (Competitor Closeness). Two case studies have been chosen as a discussion tool to illustrate the CI process depicted in the new model. Thus, the data gathered from Participant 1 (P1) and Participant 8 (P8) will be utilized, when applicable or appropriate, in the discussion of the model components to tell the story of how managers construct a plausible interpretation of their competitors.

5.2.1 Market Presence

The Market Presence component of the model captures the concept that managers are likely to identify a firm as a competitor if the firm is present in markets currently occupied by the manager's organization. The model depicts Market Presence as having a direct relationship to Competitor Closeness. More specifically, this relationship considers Market Presence to be a necessary condition for a firm to be labeled as a competitor, included in the competitor set and ranked as a close competitor. However, it is important to note that if a firm is determined to be present in the market, this determination alone does not automatically result in the firm being labeled a competitor. Instead, as shown in the model, there are six other components that can impact the relationship between Market Presence and Competitor Closeness. If present, these other conditions increase the likelihood that a firm will be labeled as a closer competitor.

Upon analyzing the data, this researcher observed that Market Presence is a given, or a common, underlying factor among competitors identified in this study. In fact, all competitors named by a participant were present in a common market with that participant's organization. Accordingly, Market Presence seems to be a necessary, threshold condition in the CI process.

Recall that in terms of plausibility, a manager needs to construct an explanation to make sense of his or her competitors. This explanation must consider the likelihood of competition with a firm and the likely outcome of such competition. With respect to the plausibility questions, the Market Presence component of the CI Model is necessary, because in the absence of Market Presence, there is no likelihood of competition.

In support of the role that Market Presence plays in the CI process, several aspects of the study results should be noted. To begin with, no participant named a competitor from outside the boundaries of his or her industry taxonomy. Thus, it appears that a participant's industry taxonomy depicts the set of firms that will initially be considered by managers as potential competitors. Additionally, if a firm is not present in a manager's market, it will be ignored for purposes of competitor identification. For example, Participant 2 (P2) suggests that he does not consider a financial services company located in Alaska to be a competitor because his organization's market is confined to western Pennsylvania. Consequently, the manner in which a manager defines his or her market space can have implications for competitor identification.

However, Market Presence alone cannot adequately explain why participants include certain firms in their competitor set. Stated differently, if Market Presence alone is a sufficient criterion of competitor identification, then participants should have named many more competitors than they did. Nonetheless, no participant identified all of the firms present in his or her market as competitors. For example, when asked to identify his organization's competitors, Participant 7 (P7) used a local newspaper's annual list of the largest accounting firms in western Pennsylvania as a starting point. From this list of 25 firms, P7 only includes four firms in his organization's competitor set. Thus, this participant recognizes the presence of many other firms in his organization's market, but does not identify them as competitors. In a similar example, Participant 4 (P4) indicates that there are other local firms present in his market which could have been included in his organization's competitor set. However, P4 also limits the number of firms included in his competitor set to four, after dismissing these other firms. In short, the fact that more firms are present in these participants' markets than were actually named as competitors indicates that other factors must influence CI.

According to P8, one of the case study participants, his organization's market is defined by his product (trust services) and his market. Specifically, his organization operates in a fairly broad marketplace defined by the amount of investment assets a client may want to place in a trust for his organization to manage. Specifically, P8 defines his organization's market as comprising "small accounts" and "bigger accounts." With respect to his named competitors, all of these firms are present in P8's market. In addition, given this broad market definition, many firms meet the criterion of Market Presence, but were not included in the competitor set. Similarly, P1 considers his organization to have a fairly broad market focus. A review of the comments made by P1 about his competitors suggests that he perceives each competitor named to be present in this broadly defined market, as they all offer some type of financial services to individual investors.

Taken together, these results suggest that Market Presence is a necessary, but not sufficient condition of CI. Instead, the criterion of Market Presence is a factor that must be present, but alone does not ultimately determine which organizations are labeled as close competitors. Accordingly, the relationship between Market Presence and Competitor Closeness is described in the following proposition:

> <u>*Proposition 1*</u>*: Market Presence is a necessary condition of Competitor Closeness, such that a firm must be perceived to be present in markets occupied by a manager's organization in order for it to be identified as a close competitor.*

Returning to the notion that Market Presence is a necessary threshold condition, the CI Model suggests that the other six factors modify, in varying degrees, the relationship between Market Presence and Competitor Closeness. In order to conceptualize this relationship, one must consider that based on Market Presence alone there would obviously be many more firms to potentially include in the competitor set – too many for any manager to be able to meaningfully understand or react to. This is because the competitor label (i.e., what it means to be a competitor) would be so broadly defined as to not exclude any of the firms in the market. Given that all of the participant's competitor sets were subsets of the firms actually present in their markets, it is logical to conclude that Market Presence is a necessary, but not sufficient, condition of CI. Moreover, Market Presence alone is not sufficient to address both of the plausibility questions. The other six components of the model help with this task. Additionally, these other six components serve as additional screening devices, filtering out less relevant firms from the competitor set and establishing each competitor's rank.

5.2.2 Organizational Market Focus

The Market Presence component of the model proposes that managers understand that many organizations exist in their market space. However, according to the model, managers do not label all of these organizations as competitors. Instead, they apply certain factors to select, out of the sea of firms present in their market space, particular firms to be included in the competitor set.

As illustrated in the model, one factor that can have an impact on this selection process and, hence, competitor identification, is the market focus of the manager's organization. In order to define this concept, it is necessary to discuss two important aspects of this factor. First, certain markets occupied by a manager's organization may be considered more important than others. Recall that the concept of Market Presence simply states that a firm is a candidate for being identified as a competitor if it is present in markets currently served by the manager's organization. If an organization sees itself as serving only one market, then by default this market is important (or the most important). Referring back to the participant examples in the last section, P1, P5, P8 and Participant 14 (P14) all fall into this category. Hence, any firm that is detected to be present in their markets is a candidate for being labeled a competitor.

However, a manager's organization may see itself as operating in multiple markets. Moreover, they may separate these markets into those that are more important and those that are less important. In other words, the concept of Organizational Market Focus builds on the notion of Market Presence by suggesting that a manager's organization may operate in multiple markets and that the organization may not view all markets as equally important. Instead, while all markets are important to a certain degree, the manager's organization may consider some markets to be more important than others. Second, once the manager's organization has identified its important markets, the sensemaking begins to center around the manager's perception as to whether a firm is present in markets important to his or her organization. Accordingly, if a firm is (or the more that a firm is) present in markets important to the manager's organization, the more likely the firm is considered to be a closer competitor.

The logic behind why Organizational Market Focus affects competitor rank can be understood by considering the plausibility questions. Specifically, the likelihood of engaging in competition with a firm is increased if a firm is present in markets important to the manager's organization. Markets that are important to a manager's organization will be more actively pursued. Furthermore, these markets will receive most of the manager's time and attention which will likely lead to investments designed to increase the organization's dedication to the markets. Therefore, if a firm is present in a market important to the manager's organization, the likelihood that the organization will compete with this firm increases because the organization will focus its time, attention and resources in active pursuit of customers in this important market space. It is important to understand that this component of the model is based upon what markets are important from the perspective of the manager's organization. It does not involve the perception of what markets are important to the firm in question.

With respect to the participants, Participant 3 (P3) provides the best example to illustrate how Organizational Market Focus affects competitor identification. During the interview, P3 identified the three markets that are important to his organization: construction, non-profit and valuation. With respect to these markets, P3 says:

> [T]hey are niches that generate a significant portion of our annual revenue and so those areas are where we're going to devote . . . more of our education dollar, more of our recruiting dollar, more of our development dollar, more of our expertise.

These three markets surfaced as constructs in P3's repertory grid as shown in Table 8. In addition to these RGT results, Table 9 contains a summary of P3's comments regarding the competitors who are present in these important markets.

With respect to the three constructs, the ratings represent the extent to which P3's organization and the named competitors are focused on these particular markets. Referring to P3's repertory grid, he gave his firm a rating of '3' on each one of these constructs. Recall that participants rated all of their named competitors on each construct using a scale of '1' to '7'. Each of the participant's grids are arranged so that a rating of '1' means that the participant perceives his/her organization or the competitor as being completely on the left end of the construct, while a rating of '7' means that the organization or firm is located on the right side of the construct. In the case of P3, a rating of '3' on the Construction construct means that he considers his organization to be between having a complete construction focus and no construction focus, but slightly closer towards a construction focus.

Table 8: P3's Repertory Grid

Ratings Assigned by P3

Constructs	P3's Firm	C1	C2	C3	C4	C5	C6	C7	C8	Constructs
Construction	3	3	3	7	2	1	6	6	1	Non-construction
High Construction Expertise	*1*	*3*	*3*	*7*	*2*	*2*	*4*	*5*	*2*	*Low Construction Expertise*
Non-profit	3	3	3	1	5	7	7	7	6	Not Non-profit
High Non-Profit Expertise	*1*	*3*	*3*	*2*	*5*	*7*	*5*	*6*	*5*	*Low Non-Profit Expertise*
High Price	3	3	6	7	6	3	3	3	3	Low Price
Valuation	3	2	3	7	6	6	3	1	6	No Valuation
Large	3	2	1	6	4	5	1	4	5	Small
Real estate	2	3	3	7	1	3	4	4	3	No Real Estate
High SEC Work	4	2	1	7	7	7	1	5	7	Low SEC Work
Low Investment Banking	1	2	7	1	1	1	5	4	1	High Investment Bank
High Diversification	1	1	1	7	5	3	2	5	6	Low Diversification
Large Clients	2	1	1	6	3	5	1	3	3	Small Clients
Traditional Clients	3	1	1	1	2	1	3	3	1	Non-traditional Clients

Note: Constructs generated by Laddering Technique denoted by italics.

With respect to his top two competitors (C1 and C2), P3 gave these firms ratings similar to his organization. These ratings are consistent with the comments he makes in Table 9 concerning the presence of these competitors in his organization's three important markets. Accordingly, the RGT results and the comments reveal that the top two competitors are present in all of P3's important markets.

In contrast, the ratings given by P3 to C3 and C4 on these constructs reveal that these firms are only present in one of these markets. Specifically, C3 was given a rating of '1' on the Non-Profit construct and ratings of '7' on the Construction and Valuation constructs. This means that C3 has a non-profit focus, but does not have any focus in the construction and valuation markets. These ratings are consistent with P3's comment about C3 in which he states that "they are big competitors in non-profit." With respect to C4, it was given ratings of '1' on Construction and '7' on Non-Profit and Valuation. These ratings are consistent with P3's observations that C4 is "real heavy in construction."

Table 9: Selected Market Data for P3

Selected Market Data for P3's Organization	Competitor	Comments
P3 generated constructs relating to markets important to P3's organization: *Construction, Non-Profit, and Valuation* "…we have tax, accounting & auditing, financial services, diversified medical management, and our [non-profit] division…we have various industry groups that we are expert within, we've built niches in…probably our biggest is construction." … we are doing work in the diversified medical management arena for heath care institutions…" "I think construction and not-for-profit are two very large areas. I think that the valuation arena is very high."	C1	"They do everything we do…I'd say construction is one of their big niche areas, not-for-profit would be a big niche area…"
	C2	"…[we compete with them in the areas of]…construction, not-for-profit, manufacturing."
	C3	"I mean they are a big competitor in the not-for-profit."
	C4	"These guys are real heavy in construction, as are we…"
	C5	"They're almost exclusively construction."
	C6	"I don't think they do any not-for-profit or medical consulting. They don't have a big construction practice. Tax, they're big in; accounting & auditing."
	C7	…they're huge in the business valuation arena, and they do a lot of manufacturing, real estate, so they have a pretty strong practice in tax, accounting & auditing…"
	C8	"…principally construction for C8…"

Overall, these results illustrate that P3's top two named competitors are present in markets important to P3's organization - more so than C3 and C4. With respect to the model, P3's case provides evidence to support the notion that the more that a competitor is present in markets that are important to a manager's organization, the more likely that this firm will be considered a closer competitor.

Another example of this component of the model involves Participant 6 (P6). Consulting shows up in P6's repertory grid in the form of the *Specialty Consulting/Commodity* construct (see Table 10 for P6's repertory grid results). As demonstrated in Table 11, P6 identifies consulting for business owners as an important market of his organization. According to P6, his organization is attempting to move away from commodity services, which are traditional tax and audit services performed by accounting firms, towards business consulting services for business owners. Given his organization's focus on the business consulting market, P6 considers C1 to be a close competitor because P6's organization is now focusing upon a new market in which C1 is present. In the case of C2, P6's organization is "trying to cherry pick [good clients] out of [C2's] markets." These statements were interpreted as indicating that C1 and C2 are present in markets which are important to P6's organization and that their presence helped to form an impression that C1 and C2 were the top competitors of P6's organization. In contrast to these top two competitors, C3 and C4 appear not to be present in the business consulting market or are present to a lesser extent. More specifically, statements made by P6 about these competitors (see Table 11) suggest that C3 and C4 are present in the commodity services market, which is a market that is less important to P6's organizations.

Table 10: P6's Repertory Grid

Constructs	P6's Firm	C1	C2	C3	C4	C5	Constructs
	Ratings Assigned by P6						
Client Service Focus	1	6	6	4	4	2	Client Gathering Focus
Fee Not an Issue	2	5	5	5	5	1	Loss Leader
Smaller	2	5	5	3	3	7	Larger
Local (North Hills)	2	4	4	2	3	7	Regional
Consulting (Specialty)	1	5	6	6	7	2	Commodity
Young (Dynamic)	1	4	4	2	7	7	Old School
Journeyman Staff	2	4	4	3	1	7	Superstar Staff
Continuity	*1*	*4*	*4*	*4*	*4*	*4*	*Lack of Continuity*

Note: Constructs generated by Laddering Technique denoted by italics.

In a final example of Organizational Market Focus, Participant 13 (P13) comments:

> [O]ur market [has] currently moved from that middle market to the larger middle market or the publicly traded [firms], and that's where the big firms are. So, most of our opportunities - seven of ten opportunities - are probably coming from publicly traded or very, very large clients that we typically did not service.

Of his named competitors, C1, C2 and C3 are considered by P13 to be "big firms" who are present in the "larger middle market." On the contrary, C4 and C5 are both small regional players and are predominately present in the "mid-market, perhaps the mid-market to low-end mid-market." P13 states that a reason why C1, C2 and C3 are seen as the main competitors of his organization is because they are present in a market space that is currently important to his organization. However, like P6, he identifies two additional competitors, C4 and C5, who are present in the less important middle, closely-held business market.

Table 11: Selected Market Data for P6

Selected Market Data for P6's Organization	Competitor	Comments
"…[we are] a problem-solving, business-solution oriented firm. Much of our work is strategizing with the business owner, finding solutions to their problems. I think too many accounting firms you get into, well, we do these five things and we follow these checklists. I would say we're not into that. It's more business thinking…you know, providing solutions to business problems and business strategies." "…we call that consulting. You know, it's really business consulting. We help them try to solve their business problems. We help them run their quarterly board meetings. You know, it's more helping them run their business." "In our mix of services, auditing is maybe 15%.	C1	"We are tapping into their markets or markets where we overlay."
	C2	"We're trying to cherry pick out of their markets some of the real good clients that may not have been serviced that well."
	C3	"…I see them dabbing more in financial statements and audits; fifty percent, sixty percent of their business is financial statements, forty percent's tax; we only have twenty percent financial statements; the things you can do each year that are off the checklist. And we're trying to do things other than that checklist here."
	C4	"I mean we don't really compete, but they're in the same market." "In our mix of services, auditing is maybe 15%. In their firm, it might be 50%."

Taken together, these results support the proposition that the more that a firm is present in markets that are important to a manager's organization the more likely it will be seen as a closer competitor. However, this data also suggests that Organizational Market presence is not a necessary condition of the CI process. More specifically, P6 and P13 named competitors that appear to not be present in markets that are important to their organizations and instead are present in less important markets. The inclusion of these firms in the competitor set suggests that a firm does not have to be present only in markets that are important to the manager's organization in order to be identified as a competitor. Furthermore, these results suggest that managers are likely to consider all the markets served by their organization as somewhat important, with certain markets being more important than others.

The following proposition describes the relationship between Organizational Market Focus and the likelihood that a firm will be seen as a close competitor:

> *Proposition 2: Organizational Market Focus modifies the relationship between Market Presence and Competitor Closeness, such that the more a firm is perceived to be present in markets important to the manager's organization, the more likely that the firm will be identified as a close competitor.*

5.2.3 Competitor Market Focus

The concept of Organizational Market Focus takes into consideration how important certain markets are to a manager's organization. Competitor Market Focus is a similar concept, except that it suggests that managers can detect how important their organizations' markets are to competitors. Moreover, perceptions as to Competitor Market Focus also influences whether a firm is considered a close or more distant competitor.

The logic behind why Competitor Market Focus affects competitor rank can also be understood by considering the plausibility questions. Specifically, the likelihood of engaging in competition with a firm increases if both the manager's organization and the competitor firm focus on the same markets. Additionally, in the situation where a competitor places importance on a market, one would expect the competitor to not only direct its time and attention to this market, but would also expect the competitor to dedicate resources to this market. It would also be logical to conclude that this competitor would be actively seeking to compete for customers that comprise this market. Consequently, if a firm is present in markets that are important to a manager's organization and the manager perceives that these markets are also important to the firm, then this condition will increase the likelihood of such firm being considered a closer competitor.

Conversely, if the competitor is perceived as placing less emphasis on these markets, then it is logical to assume that the competitor is less active therein and is not likely to invest the time and resources to adequately compete. This, in turn, will lead a manager to plausibly assume a lower likelihood of engaging in competition with this firm. With respect to the model, if a manager perceives that the markets important to his or her organization are not important to the competitor, then this condition leads to such firm being perceived as a more distant competitor.

Returning to the analysis of P3's data, the comments made by this participant in Table 9 demonstrate how Competitor Market Focus can impact the CI process. With respect to C1, P3 says that "construction is one of [C1's] big niche areas" and "not-for-profit would [also] be a big niche for [C1]." These comments illustrate that P3 perceives C1 to be focused on the construction and non-profit markets. Similarly, comments made by P3 about C3, C4 and C5 suggest that these firms are also focused on markets important to P3's organization. Specifically, he states that C3 is "a big competitor in the not-for-profit" market, C4 is "real heavy in construction" and C5 is "almost exclusively [in] construction."

However, the comment made by P3 about C2 does not contain information that would indicate whether C2 is focused (or not focused) on the construction and non-profit markets. Instead, P3 simply states that his organization competes with C2 in these two areas. In a similar example, the comments made by P6 illustrated in Table 11 also do not mention whether C1 and C2 are focused on the business consulting market.

Three important conclusions can be drawn from these results. First, the absence of a comment about a firm's market focus - as in the descriptions given by P3 about C2 and by P6 about C1 and C2 - means that Competitor Market Focus is not a necessary condition of the CI process. Second, the comments made by P3 about C1, C3, C4 and C5 indicate that these competitors are focused on markets important to P3's organization. With respect to competitor closeness however, C1 is present and focused in more of P3's important markets than the other competitors. Therefore, P3's perception of C1's market focus provides additional information that contributes to C1 being seen as its closest competitor. Under these conditions, a firm that is focused on markets important to the manager's organization may confirm or bolster a manager's perception that the firm is a closer competitor.

Third, the comments made by P3 regarding C2 and by P6 concerning C1 and C2 provide evidence that these participants have not factored Competitor Market Focus into their perceptions of these organizations. On one hand, this result indicates that perceptions of Competitor Market Focus are not necessary to conclude that a firm is a close competitor. On the other hand, however, the absence of comments regarding market focus does not necessarily mean that a participant concluded that the competitors are not focused on the same market(s). Instead, the fact that these firms are considered competitors means that the participants are more than likely making an assumption that these competitors are focused on these markets. In other words, the results suggest that when a manager lacks information to determine if a competitor, who is present in markets important to the manager's organization, is focused on these markets, then he or she will operate on the assumption that the market is important (or at least somewhat important) to this competitor. However, if a manager detects evidence that a firm is not focused or is not as focused on markets that are important to his or her organization, then this perception may result in such a firm being considered a more distant competitor.

In order to better understand this last point, a review of P1's and P8's cases is helpful. The results for these participants provide evidence to suggest that if a competitor is perceived not to be focused on markets important to the participant's organization, then the firm will be considered a more distant competitor. First, Table 12 contains statements made by P1 with respect to C5, C8 and C9. As indicated, C5 is present in P1's market. P1 perceives this market as being important to his organization and is focused broadly therein. However, C5 is not focused on this market in the same manner as P1's organization. Instead C5 is focused on a smaller portion of this market – the very wealthy segment. Hence, while C5 is present in a market important to P1, the perception of C5's lack of focus on the whole market, partly accounts for why this firm is considered the fifth closest competitor.

In addition, the rankings that P1 gave to C8 and C9 were also influenced by perceptions of these competitors' market focus. Again, these firms are perceived by P1 to have a presence in his organization's important market. In fact, according to the comments made by P1, C9 is perceived by P1 to have a large presence in the retiree market, which is a component of the market important to P1's organization. However, the comments made by P1 indicate that C9 possesses a national, rather than regional, market focus. This is significant because, as illustrated in P1's repertory grid (see Table 13 and the *Regional/National* construct), P1 considers his own organization to have a regional market focus. Accordingly, this competitor's lack of regional market focus contributes to C9 being considered a more distant competitor.

Table 12: Selected Market Data for P1

Selected Market Data for P1's Organization	Competitor	Comments
P1 generated construct relating to markets: *Individual Clients/Corporate (Business) Clients* "We work with mainly what I call mid-sized accounts - average-sized account is probably about $350,000 in liquid assets, but we work with 1800 families and the accounts that range from, you know, thousands of dollars to tens of millions of dollars." "I think for us because we have not defined ourselves as a narrow niche player. You know, we haven't said that we're only going to work with doctors or we're only going to work with pediatricians….I think the fact that we deal with 1800 families, that we will work with anyone within reason, you know, as long as they're a good fit and we can help them…"	C5	"My tendency to think is that on the investment side, they still probably only want the very wealthy."
	C8	"I think they are primarily trying to offer investment solutions to very fee sensitive clients, cost conscious clients."
	C9	"[C9] is still relying primarily on advertising national exposure and they don't have as strong a regional component…[C9], I'm sure, probably has some representatives in an office in town, but I still think they are relying on their 800 number and their national market."

Table 13: P1's Repertory Grid

Ratings Assigned by P1

Constructs	P1's Firm	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	Constructs
Comprehensive planning	2	3	3	3	4	1	3	4	4	4	5	Non-comprehensive planning
Small/mid size company	1	1	2	1	1	4	2	2	4	5	5	Larger company
High cost	2	2	5	2	3	2	4	3	6	3	3	Low cost
Individual clients	1	3	2	2	2	3	3	3	4	5	5	Corp/business clients
Long-term/fee-based	1	4	3	3	2	1	4	4	2	3	3	Transaction-based/brokerage
Regional	1	2	1	1	1	5	3	4	7	7	4	National
Small scale	1	2	2	1	1	6	4	5	7	7	4	Large scale
High visibility	4	3	3	6	3	1	4	5	2	1	3	Low visibility

Similarly, from a review of ratings assigned to C8 along the *Regional/National* construct, it is understood that P1 perceives C8 to also have a national focus. In addition, the comments that P1 makes about C8 (see Table 12) indicate that C8 is focused on "very fee sensitive clients, cost conscious clients." According to the *High Cost/Low Cost* construct of P1's repertory grid, P1 considers himself to be a high cost firm, which means that the "fee-sensitive, cost conscious" market is not one that is important to P1's organization. Furthermore, P1's perception that C8 is focused on the low-cost market, coupled with its national focus, contributes to P1 considering this firm to be a more distant competitor.

Returning to the results generated by an analysis of P8's data, recall that this participant's market is defined by his product (trust services) and his market (which is comprised of both "small accounts" and "bigger accounts"). In further defining his organization's market, P8 says, "We won't just take [any account] though, but we will take [accounts] that these big companies won't." With respect to C2, C3 and C5, all of these competitors are present in P8's broadly defined market. However, P8's perceptions of the market focus of these firms contribute to their competitor ranking. First, C2 and C3 are "big" companies that, according to P8, reject or do not accept certain accounts. P8's perception of these organizations is demonstrated in Table 14. P8 states that these competitors "seem to have the highest benchmark in accepting new business." In other words, C2 and C3 are not focused on the same broad market segment as P8's organization, but instead possess a narrower focus on "big" accounts. In turn, this perception partly explains why these firms are ranked lower than C1 and thus, are more distant competitors.

Table 14: Selected Market Data for P8

Selected Market Data for P8's Organization	Competitor	Comments
P8 broadly describes his market as the trust services market. His organization services both "small accounts" and "bigger accounts" In further defining his organization's market, P8 says, "We won't just take [any account]…but we will take [accounts] that these big companies won't."	C2 & C3	"I think [C3] is the most choosy trust company out there. They seem to have the highest benchmark in accepting new business. You know, [C2] is probably second…" "Well, I think some clients need different levels of services. For example, some clients will come in and say, we have an investment advisor and we want to stay with that investment advisor…And [C3], unless they're huge, won't work with them. [C2], I think same way, they won't work unless it's big enough."
	C5	"I just think they will try to accommodate anything, if they can. And that's based on some of the things we know, some of the things we hear. We'll refer work to [C5]. If it's not acceptable to us, we'll hand it over to [C5] to see if they will, you know, just to see if they'd accept it."

In addition, statements made by P8 about C5 indicate that this competitor does not necessarily possess a market focus similar to P8. As illustrated in Table 14, P8 states that C5 "will try to accommodate anything, if they can." According to the market definition of P8's organization, its market focus is more restricted than C5's market focus. Furthermore, the comments made by P8 with respect to C5 suggest that this competitor, while present in P8's market, is focused on a segment of the market that is not part of the market focus of P8's organization. Accordingly, C5's lack of focus on markets important to P8's organization partly accounts for why this firm is viewed as a more distant competitor.

Comparing and contrasting the cases above provides the means to determine how Competitor Market Focus affects the CI process. The data suggests that if a firm is present in and focused upon markets important to a manager's organization, then such firm will be perceived as a closer competitor. Furthermore, Competitor Market Focus does not appear to be a factor that is necessary for a participant to consider a firm to be a close competitor. However, the results for P1 and P8 suggest that if a manager perceives that a competitor is not focused (or is not as focused) upon markets important to his or her organization, then this condition will lead to a lower competitor ranking. Given the evidence that Competitor Market Focus is not a necessary condition for a firm to be viewed as a close competitor and the propensity for participants to see firms which are less focused (or not similarly focused) on markets important to their organizations as more distant competitors, the following proposition is offered to explain the relationship between Competitor Market Focus and Competitor Closeness:

> *Proposition 3: Competitor Market Focus modifies the relationship between Market Presence and Competitor Closeness, such that the less a firm is perceived to be focused on markets important to the manager's organization, the more likely that a firm will be identified as a more distant competitor.*

5.2.4 Competitive Interaction

Competitive Interaction is defined as the frequency with which a manager's organization experiences either direct of indirect forms of interaction with a firm in a common market. The competitive interaction can be direct such as when the manager's organization engages in head-to-head competition with a firm and customers are won or lost. Indirect Competitive Interactions occur when the manager's organization is confronted incidentally by a firm's activity in a common market. With respect to this study, advertising is the dominant form of indirect interaction in which firms seek to attract customers.

The frequency with which a manager's firm experiences direct or indirect forms of competition with a firm can have an impact on competitor rank. Specifically, the more frequent the competitive interaction with a firm, the more likely that the firm will be viewed as a closer competitor. Conversely, if a competitor exhibits infrequent competitive activity, or if a manager perceives that his or her organization never engages in direct or indirect competition with a firm, then it is more likely that the firm will receive a lower competitor ranking.

Competitive Interaction provides a manager with information to assist in answering the plausibility questions. If a manager's organization experiences frequent competitive interaction with a firm, then it is logical to conclude that this trend will continue in the future. If past activity is infrequent or nonexistent, then this may lead a manager to conclude that the likelihood of experiencing competition with this firm is low. Thus, the more frequent the competitive interaction with a particular firm, the more likely that the firm will be considered a closer competitor. However, Competitive Interaction is not a necessary condition of competitor identification, since it is not a factor present in explaining the rank of each of the participant's named competitors.

For ease of understanding, the discussion of the data presented below is divided into two parts - Direct Competitive Interaction and Indirect Competitive Interaction. Examples are provided for each of the types of interaction. However, the presentation of the data in this manner is not meant to suggest that these two parts represent separate components of the CI Model. Instead, Competitive Interaction, as a CI Model component, is meant to describe both direct and indirect competitive activity.

5.2.4.1 Direct Competitive Interaction

P3 provides a good example to illustrate how direct Competitive Interaction can influence the competitor rankings. In particular, the higher frequency of competitive interactions with C1, C2 and C4 partly accounts for these firms being viewed as closer competitors; while the infrequency of direct Competitive Interaction with C6 andC7 partly explains the reason these firms are considered to be more distant competitors. With respect to C2, P3 says that "we compete head-to-head in the construction industry a lot, and we compete head-to-head in the not-for-profit industry a lot." When asked why C1 is a competitor P3 states, "Only because we run up against them on bid proposals more often than not." As for C4, he states, "we compete with [C4] in virtually every construction bid that we do." Conversely, P3 suggests that his organization infrequently engages in direct competition with C6 and C7. Specifically, he states that C6 is seen "periodically" and that his organization "seldom" competes head-to-head with C7.

Moreover, the lack of evidence concerning direct competition with C8 appears to account for why it is viewed as the most distant competitor of P3's organization. During the interview, P3 disclosed that C8 possesses a high degree of expertise in the construction industry. In fact, the owner of C8 is widely known as a scholar and expert in the construction industry. This expertise is reflected in the rating P3 gives C8 on the *Construction Expertise* construct of his repertory grid (see Table 8). Considering C8's rating on this construct, especially when compared to the other named competitors, one would anticipate that C8 should be viewed as a closer competitor. However, the lack of direct competitive interaction with C8 appears to have played a strong role in creating the perception that C8 is a distant competitor.

Perceptions of the frequency of direct competitive interaction can also be established if the manager's organization is targeting markets currently occupied by the named competitors. For example, Participant 12 (P12) suggests that his top three named competitors are viewed as closer competitors because, "we will run into them more because, obviously, we're trying to get their customers." In contrast, he makes the following statement about C7 and C8, "Again, [C7] and [C8] are not real players that I run into on a day-in and day-out basis." This observation appears to influence why P12 considers C7 and C8 to be more distant competitors.

Similarly, the manner in which P13 ranks his named competitors is influenced by the frequency of competitive interaction. When talking about competitors, P13 indicates that he frequently sees C4 and C5 in competitive situations when he asserts, "We see C4 every proposal opportunity we have . . . I'd say [that C5 is] pretty much the same." However, when discussing the top three competitors of his organization, P13 indicates that his organization is more likely to see C1, C2 and C3 in a proposal situation, as opposed to C4 and C5. Moreover, he states, "We're doing more competition against the C1 clients, less against C2, and little against C3." He suggests that a key reason his organization experiences a higher frequency of direct competitive interaction with C1, C2 and C3 is that P13's market focus has shifted from the "middle-market" (which is the market focus of C4 and C5) to the "the larger middle . . . or the publicly traded [market and] that's where the big firms are." So, while P13's organization does see C4 and C5, they are seen more frequently in markets less important to P13's organization. His organization's closer competitors (C1, C2 and C3) are seen more frequently in markets that are also important to P13's organization.

In the case of P8, he indicates that his organization experiences the most frequent direct interaction with C2, which partly explains why this firm is considered the second closest competitor. In comparing C2 to C3, he states, "We seem to run into [C2] more than we do [C3] . . . If we're competing for something, [C2's] name comes up more than [C3's] . . . ."

However, while direct Competitive Interaction and competitor rank appear to be positively correlated, this is not always the case. For example, in explaining the frequency of interaction with some of his other competitors, P8 indicates that he sees C2 and C5 more frequently than C1. With respect to C5, the reason why the frequency of interaction does not lead to a perception that this firm is a closer competitor is that the interaction takes place in markets that are unimportant to P8's organization. Furthermore, C1 is viewed as the closest competitor of P8's organization because this competitor not only competes in markets important to P8's firm, but it is also the most similar to P8's firm. These conditions are what account for C1 being viewed as a closer competitor than C2, despite P8's perception that his organization experiences more frequent direct competitive interaction with C2.

5.2.4.2 Indirect Competitive Interaction

Recall that indirect Competitive Interaction refers to any activity in which a competitor seeks to attract customers through indirect means. For example, P1 mentions that he sees C1 "advertising financial planning, long-term consistency [and] long-term stability." This indirect activity partly explains why C1 is considered by P1 to be his organization's closest competitor, despite C1 being less similar to P1's organization than C2 and C3. However, C2 does engage in indirect competitive activity as evidenced by P1's comment:

> [Y]ou know, [C2's] got an ad in particular right now. . . . [They] advertise [that his firm has a high level of] satisfied clients . . . [by stating in his ad that] 99.58% of all his clients are still his clients.

When you compare C1's and C2's level of indirect activity to that of P1's other named competitors, the results suggest that the more frequent indirect Competitive Interaction exhibited by these two firms accounts, in part, for the reason they are considered closer competitors than C3, C6 and C7. In the case of C3, P1 states that, "[C3] does very little advertising that I've seen." For C6, he mentions, "[C6 hasn't] advertised [of late] at all . . . . They've almost fallen off the face of the earth in my eyes." With respect to C7, he says, "I haven't seen much advertising at all. I never really did. I mean they stay very quiet . . . ."

Further examples of how indirect Competitive Interaction affects competitor rank can be found in the analysis of the data for P14 and P5. First, when asked the reason C1 is considered the closest competitor, P14 responds, "It's really more of a perception than anything, but I . . . think that [C1] has done a good job in marketing themselves." This comment indicates that C1 engages in indirect competitive activity, which factors into it being named P14's closest competitor.

Second, when P5 is asked to explain why he names C5, C6, C7, C8 and C9 as competitors, he replies that it is due to the frequency of activity exhibited by these organizations. With respect to C5 and C6, these competitors engage in two forms of indirect competition: advertising and cross-selling. Specifically, P5 states that, "You can't turn on the television or open the newspaper without seeing a [C5] or a [C6] . . . ad." In order to illustrate cross-selling, P5 relates a personal experience he had with one of these competitors:

> I had a larger than average [checking account] balance . . . . I got a call from somebody [at C5's firm], where I had my checking account . . . . Well, I knew what they were calling about and I said, "No, I'm not interested in investing the money [with you]." . . . [C5 and C6] scour . . . [their customers'] checking accounts to see if they can't capture somebody for their investment products. So, again, it's the attack on the marketplace, the frequency, whether it be advertising or whether it be the opportunity to [cross-sell].

As for C7, C8 and C9, they also engage in various forms of indirect competitive activities relating to advertisements - what P5 refers to as direct outreach and convention center talks. When explaining why he considers C7, C8 and C9 to be aggressive, P5 states:

> Aggressiveness . . . [involves] repetitive attacks on the marketplace . . . that would be in the form of advertising as well as direct outreach initiatives. . . . You're going to see the highest degree of convention center talks coming out of the brokerage firms.

In terms of competitor rank, the level of indirect Competitive Interaction that P5 experiences with these competitors partly explains why they are considered closer competitors than C10, C11 and C12.

5.2.4.3 Summary of Competitive Interaction

In summary, the frequency with which a manager's organization experiences direct or indirect forms of competitive interaction with a firm can have an impact on Competitor Closeness. Specifically, the more frequent the Competitive Interaction with a certain firm, the more likely that this firm will be viewed as a closer competitor. Conversely, if a firm exhibits infrequent Competitive Interaction, or if a manager perceives that his or her organization never engages in direct or indirect competition with a firm, then it is more likely that the firm will receive a lower ranking and be seen as a more distant competitor. This Competitive Interaction component of the CI Model strikes at the heart of the first plausibility question concerning the likelihood of competition. However, Competitive Interaction is not a necessary condition of competitor identification, since it is not a factor present in explaining the rank of each of the participant's named competitors. Accordingly, the following proposition is offered to explain the relationship between Competitive Interaction and Competitor Closeness:

Proposition 4: Competitive Interaction modifies the relationship between Market Presence and Competitor Closeness, such that the more a firm is perceived to frequently engage in direct or indirect competitive activity with the manager's organization, the more likely that the firm will be identified as a close competitor.

5.2.5 Competence Similarity

Competence Similarity is defined as the degree to which a competitor possesses competencies that are similar to those of the manager's organization. Recall that part of the data collection procedures involved interviewing each participant about their RGT results. Accordingly, participants were asked to explain the ratings they gave to their own organizations for each construct identified. In addition, for each construct, participants were asked which side of the construct does their organization prefer to operate upon and why do they prefer this position on the construct. Upon a review of this data, a pattern was detected in which almost all participants explain their choice of one side of the construct over the other as providing a competitive advantage. Moreover, the constructs elicited by participants often describe product features, activities performed by their organizations, or concepts which create value for customers in their target markets. In using a combination of these factors - product features, organizational activities and value creation - to describe how certain constructs create a competitive advantage for their organizations, participants are essentially using factors that are consistent with the resource-based view (RBV) of the firm (Barney, 1991). More specifically, a combination of these constructs defines for the participant those aspects of his or her organization which are unique and provide the means to attain a competitive advantage.

This practice can be supported in RBV literature. In developing the RBV of the firm, Wernerfelt (1984: 171) states that, “resources and products are two sides of the same coin.” In making this connection, Wernerfelt observes that products are the manifestation of the application of a firm’s resources during the course of production. Moreover, resources are broadly defined by RBV as any factor of production, specific type of knowledge or competence that affects a firm’s ability to attain a competitive advantage (Barney, 1991; Wernerfelt, 1984). However, the definitions offered by Teece, Pisano & Shuen (1997) distinguish between competencies and resources. These authors define competencies as distinctive organizational routines or activities that span individuals and departments. Overall, the RBV proposes that competencies can lead to a competitive advantage when they meet the conditions of uniqueness and value creation (Barney, 1991).

With respect to the plausibility questions, the notion of Competence Similarity is important because it speaks to a manager’s ability to effectively compete in the marketplace. Essentially, from the manager’s perspective, the more similar a firm is to his or her organization on these competence dimensions, the less certain the manager will be regarding the outcome of a competitive interaction. When considering such a competitive interaction, P5 states, “I’m going to find my stiffest competition from a [competitor with a] similar business model.” Therefore, the more that a competitor is similar to a manager’s organization in terms of competencies, the more likely this firm will be considered a closer competitor.

An example of how Competence Similarity affects Competitor Closeness can be seen in the case of Participant 10 (P10) and his repertory grid (see Table 15). The dimensions that reflect P10’s competencies are *Comprehensive Service/Product Distribution*, *High-End Financial Planning/Low-End Financial Planning*, *High Sophisticated Investment*

Management/Low Sophisticated Investment Management and *Fee-Only/Commissions*. The descriptions of these constructs are reported in Table 16. Focusing on P10's repertory grid, the ratings he has given to his firm and C1 are fairly similar along these dimensions. Moreover, P10 indicates, "I would say our closest competitor in what we do is [C1]. He further states, "I see [C1] as the main [competitor], because they do a lot of the same things we do." Given these results, C1's similarity to P10's organization in terms of competencies accounts for why P10 identifies this organization as his closest competitor.

Table 15: P10's Repertory Grid

	Ratings Assigned by P10						
Constructs	**P10's Firm**	**C1**	**C2**	**C3**	**C4**	**C5**	**Constructs**
Comprehensive Service	1	2	7	6	4	4	Product Distribution
Not Develop Own Product	1	1	7	5	5	1	Develop Own Product
High-End Financial Planning	1	2	6	4	5	7	Low-End Financial Planning
High Sophisticated Inv Mgmt	1	3	3	6	1	3	Low Sophisticated Inv Mgmt
Mutual Funds	2	1	6	3	7	1	Individual Equities
Fee-Only	1	1	6	7	1	1	Commissions
High Expertise and Planning	1	2	6	4	5	7	Low Expertise and Planning

Table 16: Description of P10's Competency Constructs

Competency Constructs	**P10's Explanation of Competency Constructs**
Comprehensive Service/ Product Distribution	"Comprehensive service…means…we do normal financial planning, you know, planning for people's retirement…funding children's educations, but it also means interacting with the financial aid office, if necessary, to assist a client in supplying the right documents to the financial aid office…if an elderly client needs help with a long-distance service, finding the cheapest one…It also means, you know, [if] a client wants to buy land in California, we'll assist them in getting the financing."
High-End Financial Planning/Low-End Financial Planning High Expertise and Planning/Low Expertise and Planning	"Well, we think that's important to address the kind of clientele we have…as you go upscale in dealing with clients that own businesses, that own medical practices, that have complicated finances, that have several million dollars, and perhaps even twenty million dollars, you have to come up with more complex solutions to complex situations."
High Sophisticated Investment Management/ Low Sophisticated Investment Management	"…our investment committee probably spends five to seven hours a week just reading…plus we typically have a three-hour meeting a week to discuss those readings…in addition to all the detailed work we do in terms of interviewing portfolio managers…I think we bring a more sophisticated solution...to better understand how to structure portfolios so as to avoid losses…"
Fee-Only/Commission	"I think there is a competitive advantage. Most of our clients come in saying they don't want to deal with anybody that deals with commissions. That's a very important distinguishing factor in our minds, okay. And, as I said, we try to take it one step further by even further explaining there could be conflicts of interest among certain fee-only advisors, which is why we prefer to work on a fixed-fee basis."

In another example, P8 considers C1 to be the closest competitor of his organization. When asked to explain further, P8 states:

> Out of all of these different competitors, [C1] is probably the closest match to [my organization]. They're after kind of the same thing that we are. And they . . . can provide the sophisticated services.

Thus, C1 not only focuses on markets important to P8's organization, but is also similar to P8's organization in terms of competencies. The similarity in competencies is supported by the rating P8 gives C1 along the competency constructs of his RGT grid (see Table 17 for P8's repertory grid). The competence dimensions for P8 are: *Sophisticated/Unsophisticated (Basic), Flexible/Inflexible, Speed (New Businesses)/Slow (New Business), High Cost Effectiveness/Low*

Cost Effectiveness, Sophisticated Systems/Low Sophisticated Systems and *No Proprietary Products/Proprietary Products*. The descriptions of these constructs are contained in Table 18. When comparing the ratings given to P8's firm, C1, C2, C3 and C4 along these constructs, it is apparent that C1 not only possesses a high degree of competence similarity, but also is more similar to P8's organization relative to these other competitors. Accordingly, the competence similarity between P8's organization and C1 partly explains why C1 is considered the closest competitor.

Table 17: P8's Repertory Grid

	Ratings Assigned by P8						
Constructs	**P8's Firm**	**C1**	**C2**	**C3**	**C4**	**C5**	**Constructs**
Sophisticated	1	1	2	2	2	3	Unsophisticated (Basic)
Small	1	2	7	7	7	1	Large
Flexible	2	3	5	6	5	1	Inflexible
Speed (New Business)	1	2	4	4	4	1	Slow (New Business)
Unselective	2	4	5	6	5	1	Selective
High Name Recognition	1	2	7	7	7	1	Low Name Recognition
New	1	1	7	7	7	1	Old (Established)
Cost Effectiveness	*1*	*3*	*3*	*3*	*3*	*2*	*Low Cost Effectiveness*
Sophisticated System	*1*	*3*	*2*	*2*	*2*	*5*	*Low Sophisticated Systems*
No Proprietary Products	*1*	*1*	*7*	*7*	*7*	*1*	*Proprietary Products*

Note: Constructs generated by Laddering Technique denoted by italics.

Table 18: Description of Competency Constructs for P8

Competency Constructs	P8's Explanation of Competency Constructs
Sophisticated/ Unsophisticated (Basic) Sophisticated Systems/ Unsophisticated Systems	"…we consider P8 to be very sophisticated, from both a knowledge standpoint of the trust and estate business and law, and then from the standpoint of the systems technology." "…I think for us the sophistication goes toward providing the high-level, high-value level of service that we think we need to do to be a partner in a cost effective way."
Flexible/Inflexible	"Well, I think some clients need different levels of services; we're trying to look at what the client needs and fit those needs rather than push ourselves onto the client..."
Speed (New Business)/ Slow (New Business)	"Sometimes it's critical to get these trusts in place before year end or whenever it is. Sometimes there's a critical time deadline that you need to have these things in place. I think beyond that, though, there's the benefit of being able to get something done, rather than have to wait and wait and wait, you know, until it gets through all these different people in committee and law department and everything else. So it's viewed I think by the lawyers and clients as a good thing to begin with, but sometimes it's actually critical."
High Cost Effectiveness/ Low Cost Effectiveness	"…to provide the cost-effective service, we feel we have to have the sophisticated systems in order to do that. And we feel like we need a certain level of sophistication, even on the trust business end, to provide cost-effective services….Again, the value of our services will depend on…the level of sophistication we have for the business in general …so what we're giving…[to clients] will be based on…our knowledge base and the ability to give them value… "
No Proprietary Products/ Proprietary Products	"I mean one of the other things that we try to do is to, in our decision-making processes, whether it's investment or otherwise, we don't have any proprietary products. I mean that is another distinguishing characteristic that we have. So we're…always trying to be in a position of making objective decisions. And in the end…we want to be working toward the same end as our client."

The results for P1 provide another example as to how Competence Similarity can affect a manager's perception of Competitor Closeness. The RGT constructs that relate to competencies for P1 are *Comprehensive Planning/Non-Comprehensive Planning* and *Fee-Based (Long-Term)/Transaction-Based (Brokerage)* (see Table 13 for P1's repertory grid). P1's descriptions of these constructs are reported in Table 19. The ratings given to P1's competitors along the

Comprehensive Planning/Non-Comprehensive Planning construct reveal that the competitor rankings are fairly correlated with the ratings given on these constructs. In other words, the closest competitors appear to be those firms who are more similar to P1's organization in terms of providing comprehensive financial planning services. When examining the *Fee-Based (Long-Term)/Transaction-Based (Brokerage)* construct, however, the ratings appear to be somewhat weakly correlated with competitor rank. The reason for the weak correlation can be explained by the following quote from P1, in which he discusses the *Fee-Based (Long-Term)* construct:

> The only thing I will add is that on the long-term fee-based [construct], I think that . . . it's just not that unique. Lots of people do that now. I mean, it's not as if [clients come to our organization] if [they] only want to pay a fee. I think [fee-based] captures the way we behave and the way we want to do business. It's an important part of our culture to be fee-oriented, but that's not unique.

In other words, while the *Fee-Based (Long-Term)* construct is considered a competency, it is not one that creates a competitive advantage for P1's organization. Instead, according to the descriptions in Table 19, what creates an advantage for P1's organization is its ability to provide comprehensive services.

With respect to the impact that Competence Similarity has on Competitor Closeness, P1 states that a main reason why C2 and C3 are viewed as closer competitors is because these firms provide comprehensive, fee-based financial services. In reference to C2, P1 considers this organization to be similar to his own organization when he states that, "[C2 seems] to behave very similar to the way [my organization] behaves." Furthermore, P1 builds on this notion by explaining that C2 is "trying to do financial planning [and] investment work for an individual retiree [or] individual person." As for C3, P1 also considers it to be similar to his organization since this competitor offers "comprehensive financial planning to . . . the mid-level client."

Table 19: Description of Competency Constructs for P1

Competency Constructs	P1's Explanation of Competency Constructs
Comprehensive Planning/ Non-Comprehensive Planning	"I think for us [comprehensive planning is important] because we have not defined ourselves as a narrow niche player…I think the fact that we deal with 1800 families, that we will work with anyone within reason…as long as they're a good fit and we can help them, that…comprehensive is important to us because different people are going to need different things. No one client may take advantage of everything we can provide, but I feel like we have to stand prepared to be able to provide a lot of different things." "Many successful firms, you know, either focus on a niche or they have a niche answer. You know, the answer is an annuity, and so whatever your problem is you get an annuity…. Period, that's it. We give answers that are best for the client. Lots of times those answers are very different. That's where the comprehensive has to come in. For one person it may be to rollover the IRA; for another person it may be to keep it in the company plan."
Fee-Based (Long-Term)/ Transaction-Based (Brokerage)	"I think the advantage for us is that it builds longer-term client relationships. It builds stronger incentives for the client and the consultant to both monitor each other and to both speak to each other and maintain a relationship...people have been served efficiently for transaction-based businesses and develop great relationships. But there's also the opportunity for, I think, relationships to fall between the cracks, where it's a one-time transaction then nobody follows up and nobody takes care. I think the fee based puts the right incentives in place that the consultant has an incentive to follow up and take care…And I can't speak to the whole industry, but I think that's reflected in the amount of business that we lose. We lose very little business compared to the industry standard…It's very rare that accounts are lost because of lack of service or I didn't feel you paid attention to me."

In contrast, P1 considers C6 and C7 to be present in his firm's market, but offering a different type of service. More specifically, P1 perceives that both C6 and C7 provide a low level of comprehensive planning and utilize a transaction-based business model in which they receive commissions when clients purchase investments through their respective organizations. P1 describes this business model as follows:

> [Clients come to such a firm] and they have a sum of money to make an investment decision with and it could be a long-term investment decision - retirement or college – but, it may also be . . . [that the client wants] to invest this money for three years and then . . . buy a house . . . . [C6 and C7] help pick the best investment for the person, but typically it's an investment that involves a commission. So [the clients are] going to pay for that transaction and then [they are on their] own. . . . If the investment goes up, great; if it goes down, sorry, let's pick a different one.

Generally speaking, P1 views C6 and C7 as offering a different product in the marketplace which is of lower value, while C2 and C3 offer products similar to P1's organization and create similar value in the marketplace. Due to P1's perception of similarity/dissimilarity on the competence constructs, C2 and C3 are considered to be closer competitors than C6 and C7.

The main reason that Competence Similarity has an effect in the CI process relates to the sensemaking question: *What is the likely outcome if the manager's organization were to engage in competition with the firm in question?* For example, P8 indicates that C1 is his closest competitor because they are similar to his organization. Furthermore, he builds on this notion by saying that "it's harder for us to distinguish ourselves from C1" than it is to distinguish our organization from the other competitors. In other words, when faced with a competitive situation, C1 will be a more intimidating competitor because it is most similar to P8's organization on the competence constructs. Hence, a firm which exhibits a high degree of Competence Similarity is more likely to be viewed as a closer competitor because it is providing a similar product, performing similar activities and/or creating similar value.

Overall, these results provide support for the existence of a positive relationship between Competence Similarity and Competitor Closeness. However, Competence Similarity is not a necessary condition of the CI process. For illustration purposes, it is helpful to refer to P10's repertory grid (see Table 16). Recall that P10's competence constructs are *Comprehensive Service/Product Distribution*, *High End Financial Planning/Low End Financial Planning*, *High*

Sophisticated Investment Management/Low Sophisticated Investment Management and *Fee-Only/Commissions*. The ratings given to C2 along P10's competence dimensions appear to indicate that C2 exhibits a high degree of competence dissimilarity. However, despite this dissimilarity, C2 is still identified as a competitor and is ranked as P10's second closest competitor. Therefore, Competence Similarity is considered to be a condition that modifies the relationship between Market Presence and Competitor Closeness. The following proposition illustrates this relationship:

> Proposition 5: *Competence Similarity modifies the relationship between Market Presence and Competitor Closeness, such that the more a firm is perceived to be similar to a manager's organization in terms of competencies, the more likely that the firm will be identified as a close competitor.*

5.2.6 Competitor Resources

Some participants included firms in their competitor sets that possess resources which provide an advantage in the marketplace. Recall that the RBV was previously connected to the results of this study and competitor identification through the notion that similar competencies lead to closer competitors. In addition to competencies, the RBV proposes that firms can own unique and valuable resources such as knowledge and information which provide the firms with the ability to attain a competitive advantage (Barney, 1991; Teece, Pisano & Shuen, 1997).

The data analysis reveals that some of the participants perceive that their competitors possess resources in the tradition of the RBV that afford such competitors with a certain advantage in the marketplace. These resources are somewhat unique in that each participant's organization did not possess them. More importantly, these resources affect the competitor rank given to a firm. From a sensemaking perspective, when a firm possesses such resources, it increases its ability to compete in the marketplace. Furthermore, a manager is likely to see such firms as closer competitors because their resources increase the likelihood of an unfavorable outcome if the manager's organization engages in a competitive interaction with these firms.

For example, P6 indicates that C1 and C2 possess the resource of size, which gives these firms an advantage in the marketplace. C1 and C2 are larger than P6's organization given the scores these competitor receive on the *Smaller/Larger* construct of P6's repertory grid (see Table 10 for P6's repertory grid). When asked why these firms are so close competitively, P6 states:

> [C1 and C2 are] going after client growth, mass amounts of clients, which gives a perception in the marketplace that these guys are growing, they must be doing something right . . . They keep [adding] more and more employees and it's because they're in this client gathering [mode].

The large size of these competitors gives these firms an advantage in the marketplace because size creates a perception of capability and success. Moreover, size as a resource is a factor that partly explains why these firms are considered to be the closest competitors of P6's organization.

Similarly, P8 states that C2, C3 and C4 also possess the resource of size. P8 also indicates that size gives these competitors an advantage because these firms tout "their size and their well-established nature versus [my organization which] is very new, very small." In P8's opinion, "[C2, C3 and C4] sell themselves by saying . . . we're large, we're well established, your money is safe here." In this case, size creates an advantage by providing an image of safety and stability, which are strong selling points that make these firms more intimidating as competitors. In addition, this resource is one that accounts for why C2, C3 and C4 are ranked higher than C5.

In addition to size, competitors can possess the resource of brand name recognition. For example, P15 indicates that C1, C2 and C3 all possess a high degree of name recognition, which partly accounts for why these firms are considered his organization's closest competitors. According to P15, high name recognition creates an advantage by providing these firms with "visibility" and "top-of-mind awareness" in the marketplace. Returning to P8's situation, P8 explains that C2, C3 and C4 also have a high degree of name recognition. In this case, name recognition gives them an advantage of being able to "get into more doors" and gain access to certain clients and referrals sources, both of which are advantages not afforded P8's organization. In sum, the combination of size and name recognition partly accounts for why these firms are included in the competitor set and why they are seen as close competitors.

These results suggest that in order for resources to be significant in terms of competitor identification, the manager must perceive that the resources provide the firm with a certain degree of competitive leverage. When firms possess such resources, then it is plausible for managers to be more likely to identify them as competitors, since this condition increases the likelihood that the manager's firm could lose a potential competitive interaction. Similar to the other factors which modify Market Presence, Competitor Resources is not a necessary condition of competitor identification since it is not a factor present in explaining the rank of each of the participant's named competitors. Instead, it modifies the relationship between Market Presence and Competitor Closeness as follows:

> *Proposition 6: Competitor Resources modify the relationship between Market Presence and Competitor Closeness, such that the more that a firm is perceived to possess resources which provide a firm with an advantage in the marketplace, the more likely that the firm will be identified as a close competitor.*

5.2.7 Competitor Capability

In addition to Competence Similarity, several participants made comments about a firm's capability to compete. In this sense, Competitor Capability can be defined as the extent to which a firm is perceived to be good at what it does. Often this involves judgments about whether a firm knows what it is doing or how well a firm executes on its competencies. The Competitor Capability component of the model further assists a manager in answering the plausibility question regarding the likely outcome of competition. Logically, if a firm is perceived to be highly capable, it should also be a more formidable competitor. In such event, the firm will be seen as more of a threat to the manager's organization and be classified as a closer competitor. P1 and P8 provide examples of how perceptions of Competitor Capability can affect Competitor Closeness.

Recall that in the case of P1, two competence constructs were identified – *Comprehensive Planning* and *Long-term/fee-based* (see Table 13 for P1's repertory grid and Table 19 for an explanation of the constructs). Examining the ratings given to C5, C8 and C9 on these two constructs reveals that these three competitors are ranked as more distant competitors, despite being more similar to P1's organization with respect to these constructs. However, the rankings for these competitors can be partly explained by P1's perception of their inability to compete with his organization. With respect to C5, the ratings given to this competitor on the two competency dimensions alone suggest that this competitor should be considered P1's closest competitor. While C5 exhibits a high degree of Competence Similarity, P1 does not consider it to be a capable competitor because it does not provide as many service options in the marketplace as P1's organization (see Table 20). So, in spite of the fact that this organization is considered by P1 to be a comprehensive, fee-only planner, P1 does not consider C5 to be a closer competitor because, among other reasons, it is a less capable competitor.

In the case of C8 and C9, the collective rankings given to these competitors on P1's competence dimensions appear to suggest that they should be ranked higher than C6 and C7. However, what accounts for their lower rankings is P1's perception of their capabilities. The comments P1 makes regarding C8 and C9 indicate that he considers their service to be of low quality. Again, P1's perception of these competitors' lack of capability, coupled with P1's other observations about these organization, account for why they are considered to be more distant competitors.

Table 20: P1's Perceptions Regarding Competitor Capability

Competitor	P1's Competitor Capability Comments
C5	"They'll work with anybody but for a client with $500,000 and less, your investment options are going to be severely limited."
C8	"…but I don't think they're great service providers."
C9	"…you know, they want to offer service, they do offer service….[however] the reality is you're dealing with somebody on an 800 number. And if you get a good operator, you have a good experience; if you get a bad operator, you have a bad experience. [There's] not that level of consistency."
C10	"I think they, from what I've seen, over promise and under deliver in terms of what they're truly expert at or capable of doing."

In yet another example from P1, C10 is considered to be present in markets occupied by P1's organization. While the ratings C10 receives on the *Comprehensive Planning* construct indicate that it does provide a certain degree of comprehensive financial planning, P1 states with respect to C10, "I think they . . . over promise and under deliver in terms of what they're truly expert at or capable of doing." This statement demonstrates that P1 considers C10 to be an incapable competitor. Moreover, this perception of incapability partly accounts for why C10 is viewed as the most distant competitor.

Returning to the case of P8, C5 is ranked below C2, C3 and C4 as P8's closest competitor, despite C5 being more similar to P8's organization on the competence constructs (see Table 17 for P8's repertory grid). Recall that P8's competence constructs are: *Sophisticated/Unsophisticated (Basic)*, *Flexible/Inflexible*, *Speed (New Businesses)/ Slow (New Business)*, *High Cost Effectiveness/Low Cost Effectiveness*, *Sophisticated Systems/Low Sophisticated Systems* and *No Proprietary Products/Proprietary Products*. Part of the reason for this lower ranking can be traced to P8's perception of C5's capability. More specifically, P8 indicates that he does not view C5 as a quality service provider and states, "I don't think [C5's] services are that good." This perception of C5's lack of capability contributes to it being labeled as the most distant competitor of P8's organization.

Finally, analysis of the data concerning Competitor Capability reveals an interesting phenomenon. All of the participants appear to operate under the assumption that their organization is a highly capable competitor. In fact, none of the participants made comments that would suggest that they consider their organizations to be incapable. P6 captures this propensity best in the following statement he makes in reference to the RGT ratings he gave to his organization and his competitors:

> [Y]ou always want to . . . feel like the competitors aren't as good as you. And I think that's probably what comes out here because you never want to say they're a lot better than us. . . . [Y]ou always have to have the confidence when you run a business that you can beat anyone. And so that's probably what's coming out here . . . . I am confident I can beat all those firms.

In short, managers appear to possess a bias as to their own organization's capability as a competitor.

Accordingly, these examples provide evidence to suggest that a manager's perceptions as to Competitor Capability can impact the CI process. With respect to the plausibility questions, a firm that is perceived to be highly capable is likely to be considered a tougher competitor. Thus, the outcome of a competitive interaction with this firm may be less certain. However, since not all participants made comments about their competitor's abilities, Competitor Capability is not a necessary condition of competitor identification. Therefore, Competitor Capability is considered to be a condition that modifies the relationship between Market Presence and Competitor Closeness as follows:

> *<u>Proposition 7</u>: Competitor Capability modifies the relationship between Market Presence and Competitor Closeness, such that the more that a firm is perceived to be a capable competitor, the more likely that the firm will be identified as a close competitor.*

5.2.8 Summary of Managerial Competitor Identification Model

In conclusion, managerial competitor identification can be described as a specialized type of sensemaking, involving the notion of plausibility. With respect to managerial competitor identification, this new Model of CI recognizes that managers seek to develop logical, credible, plausible and acceptable interpretations of their competitors. At the heart of their sensemaking effort are two questions that appear to guide interpretation and facilitate the construction of plausibility. If a firm is identified as a competitor, a plausible explanation will adequately address the extent to which the firm competes with the manager's organization for similar customers and the firm's ability to win a competitive battle.

As illustrated in Figure 6, there are seven main components of the new model: Market Presence, Organizational Market Focus, Competitor Market Focus, Competence Similarity, Competitive Interaction, Competitor Resources, and Competitor Capability. These components are the factors utilized by managers to identify their organization's competitor set and the rank of the competitors within such set. These model components also assist managers in answering the plausibility questions. As a result of this exercise, a definition of the competitor label is produced.

In short, the Model of CI provides a basis for understanding how a manager develops his or her organization's competitor LSR. Accordingly, now that this process has been illustrated and explained, it is appropriate to address the roles that the three perspectives play in the competitor identification process. Thus, the remaining sections of this chapter will examine the contributions of the categorization, economic and identity perspectives to the CI process.

5.3 CATEGORIZATION PERSPECTIVE AND THE CI PROCESS

In order to determine the role that categorization plays in competitor identification, it must first be determined if there is a relationship between each participant's categorization mental sub-model and his/her named competitors. Moreover, if a relationship can be established, the nature of this relationship must be examined.

According to existing theory, a strong relationship exists between a manager's categorization scheme and the named competitors (Porac & Thomas, 1990). In its simplest form, the nature of the relationship has been described as one in which the named competitors more than likely belong to the manager's self-assigned category (Porac & Thomas, 1990). While certain studies have supported this relationship (Porac et al., 1995; Porac & Thomas, 1994; Porac et al., 1989), it has also been suggested to the contrary that managers will name competitors from multiple categories of their taxonomy (Picken, 1995).

Thus, with respect to this study, the interview process was designed in part to test this existing contradiction in the categorization theory. Participants' taxonomies were elicited (see Appendix B, pages 224-236) and participants were asked to locate their organizations and their competitors within the taxonomy (see Appendix B, pages 237-238). Consistent with the results suggested by Picken (1995), this researcher found that a majority of the participants identified competitors from categories other than the self-assigned category.

Specifically, of the thirteen participants who produced taxonomies,[14] only two participants – P4 and Participant 11 (P11) – identified competitors strictly from their self-assigned category (see Table 21). Nine of the thirteen participants named competitors in their self-assigned category and at least one additional taxonomy category; while, two of the thirteen participants, P13 and Participant (P15), did not identify any competitors from their self-assigned category. Consequently, like Picken (1995), this researcher did not find evidence of the relationship described by Porac and Thomas (1990).

In addition, this study also examined whether the closest competitors of the participant's organization are also members of the participant's self-assigned category. Evidence of such a relationship would also provide support for the categorization theory of CI. Of the thirteen

[14] Only thirteen of the fifteen participants produced taxonomies. P3 and P9 were unable to complete an industry taxonomy.

participants with useable taxonomies, eleven of them named competitors in multiple categories. However, since two of those participants – P9 and P13 – did not name any competitors from the self-assigned category, the number of participants examined was reduced to nine. Upon examination, only five of the nine participants considered the members of their self-assigned category as their top competitors (P1, P8, P10, P12 and P14). Thus, strong evidence was not found for the proposition that all of the self-assigned category members are also the participant's closest competitors.

Table 21: Categories in Which Participant Identified Competitors

	Categories of Taxonomy in Which Participant Has Identified Competitors					
		Categories of Taxonomy Outside the Self-Assigned Category				
By Participant	**Self-assigned Category**	**One Category**	**Two Categories**	**Three Categories**	**Four Categories**	**Five Categories**
P4	√					
P11	√					
P2	√	√				
P7	√	√				
P14	√	√				
P6	√		√			
P8	√		√			
P10	√		√			
P12	√				√	
P1	√					√
P5	√					√
P13			√			
P15				√		

In short, the results of this portion of this study do not provide support for the proposed theoretical relationship between a manager's categorization scheme and competitor identification. Instead, they suggest that a manager's categorization scheme may play a different role in competitor identification. Building on this concept, the data was further analyzed in order to determine: (1) If another relationship does exists between the categorization perspective and CI, and (2) if so, the nature of the relationship.

On the surface, the existence of such a relationship is supported by a participant's ability to locate the named competitors within his or her taxonomy. Deeper analysis of the interview transcripts, however, did not reveal the nature of this relationship. While most participants could describe each category, explain what constitutes a typical member of each of the categories, and identify categories which their organization competed with, this information did not reveal any overt patterns or concepts that could be used to adequately describe the relationship between the named competitors and the participant's categorization scheme.

What did surface during the more in-depth analysis of the transcripts, however, were two concepts. To begin with, it was observed that a participant's industry taxonomy does appear to represent the set of firms that will initially be considered for the Market Presence test of the CI Model. This observation is supported by the fact that no participants named a competitor outside the boundary of their industry taxonomy. Secondly, the concept of familiarity was surfaced indirectly during the discussions regarding the various competitors. Specifically, the concept of familiarity captures the degree to which the participants felt that they possessed an accurate and complete perception of each competitor. This concept surfaced early in the data gathering process and was directly explored in subsequent participant interviews to determine if the concept of familiarity has any impact in the CI process.

While familiarity could appear to explain why certain firms are named as closer competitors, this concept does not reveal itself to be strongly connected to competitor identification. It is also not strongly correlated with the competitor rankings. The impact that familiarity has on the CI process not only varies from participant to participant, but for certain participants, it also varies across competitors. An example of how the concept of familiarity varies across participants and competitors can be seen in Table 22.

Table 22: Data Concerning Familiarity

Participant	Competitors Referenced	Comments Regarding Familiarity
P1	C1	P1 states that C1 is ranked highly because he is very familiar with C1's firm.
P3	C3 and C5	P3 states that he is most familiar with C3 and C5 because of the information gained by his firm during merger discussions with these competitors.
P4 and P5	All Competitors	P4 and P5 indicate that they are equally familiar with all of their named competitors.
P7	C3	When P7 was asked why he named C3 as a competitor, he states that it is partly because he has a close personal relationship with this competitor's top managers.
P9	All Competitors	P9 indicates that he does not really know that much about his competitors.

Given this phenomenon of familiarity, how does a manager deal with the need to understand and identify competitors in the face of incomplete information? Analysis reveals that participants receive cues and information about their competitors from a variety of different sources (see Table 23 for a breakdown of these sources by participant). Despite this data, providing an adequate answer to this question is beyond the scope of this dissertation. However, when this phenomenon is observed in conjunction with the category effect described below, what emerges is a plausible explanation for how a categorization scheme is related to competitor identification.

Table 23: Sources of Information About Competitors

Participant	Sources
Participant 1	Personal relationships Competitor advertising Competitor's founders used to work at P1's organization Results of market study Studied up on a competitor
Participant 2	Competitor advertising Conversations with the Chief Operating Officer of C1 Perceptions of products
Participant 3	Gather information from clients taken from competitors Sit on boards that take bids from competitors Former employees of competitors work for firm
Participant 4	Personal relationships and personal interactions with owners of competitors Competitor opened their books and shared information during merger talks Industry publications Former employees who worked for P4's organization and work at competitor Serve on non-profit committees with competitors' employees C3 appeared on a 'firms to watch' list of industry publication
Participant 5	Competitor advertising Teach classes at local colleges and see competitors' financial plans
Participant 6	Knowledge of competitors' owners Former employees of competitors work for P6's organization Engaged in buyout discussions/negotiations with competitor Competitor was P6's former employer
Participant 7	Personal relations with employees of competitor Local publications list of areas largest accounting firms
Participant 8	Competitor advertising Talk to people in the industry Used to work for one of the named competitors Taken accounts from named competitor
Participant 10	Competitor advertising Taken clients from a competitor Interactions with employees of competitor Serve on a couple of boards with owners and employees of competitors
Participant 11	P11 has a very good relationship with the owner of C1 Knows employees who work at C2 Seen investment portfolios (work product) of C2
Participant 12	P12 used to work for one of the named competitors
Participant 13	Former employees of a named competitor work for his firm
Participant 14	P14 used to work at one of the named competitors Worked with owners of one of the named competitors
Participant 15	Former employees of a named competitor work for his firm

The categorization effect detected can be described as a combination of two components: (1) a correlation between the participant's ranking of competitors and categories of the participant's industry taxonomy, and (2) the RGT ratings of firms in the same industry category are similar, but when comparing ratings between members of the same industry category to the ratings of members of different industry categories, the RGT ratings are dissimilar. This effect was first detected when an analysis of P5's data revealed two items requiring further investigation. First, P5's rankings of his organization's competitors from closest to most distant are highly correlated with each category of the industry taxonomy. Specifically, P5's top four competitors (C1, C2, C3 and C4) are all members of the Non-proprietary Products/Fee-based category; the next two competitors of P5 (C5 and C6) are from the Bank category, the following three (C7, C8 and C9) are from the Brokerage/National category, the two competitors after that (C10 and C11) are in the Brokerage/Regional category and the final competitor (C12) is from the Insurance category.

Second, a perfunctory review of P5's RGT ratings and taxonomy, also reveal that the ratings of competitors within an industry category are highly similar to each other. Moreover, when comparing the ratings between members of the same industry category to the ratings of members of different industry categories, it appears that the ratings of the members differ between categories. For example, P5 gives the exact same ratings to C5 and C6, which are both identified by P5 as being in the Bank category. In addition, P5 gives the exact same ratings to C7, C8 and C9 which are all labeled as belonging to the National Brokerage category. However, when you compare the ratings of members between these two categories – the Bank and National Brokerage categories - they are different. In sum, with respect to P5, the described correlation of category membership to competitor ranking, when coupled with the pattern detected in the RGT ratings, suggest a categorization effect.

In order to further investigate this categorization effect, each participant's taxonomy, RGT data and competitor ranks were examined, where available, to determine if a category correlation effect is present. With respect to an effect between competitor rank and taxonomic categories of a participant's industry, ten out of eleven[15] participants exhibited a correlation between competitor rank and category membership. With respect to RGT ratings, all thirteen participants who identified competitors across multiple categories exhibited a visible category effect.

At a minimum, these results provide evidence that a relationship exists between the categorization mental sub-model and competitor identification. However, the results do not necessarily clarify the nature of this relationship. Moreover, when taking into consideration certain theoretical perspectives, these results are not surprising. First, the strategic groups perspective recognizes that groups of firms within industries will follow similar strategies (Caves & Porter, 1977). Second, the resource based view indirectly supports the notion of inter-firm similarity by suggesting that any firm's competitive advantage is threatened by their competitor's desire to imitate their success (Barney, 1991). Third, a central theme of the institutional perspective is the concept of isomorphism, which suggests that firms are likely to be similar to one another since they seek an organizational form that will ensure an adequate flow of resources from their chosen niche (Scott, 2001). Taken together, these perspectives suggest that a manager's categorization scheme is not arbitrary. Instead, a manager can produce a categorization scheme, because firms within the various industry groupings are motivated to pursue similar strategies and employ similar business models.

With respect to the participants' categorization schemes, the similarity of the within category ratings appears to be consistent with current theoretical perspectives. In addition, these

[15] Only eleven of the fifteen participants were examined due to the following reasons: (1) P3 and P9 were not able to complete a taxonomy; and (2) P4 and P11 did not name competitors across multiple categories of their respective taxonomies - they only named competitors from their self-assigned industry categories.

results provide evidence to support the notion of the existence of cognitive competitive groups (Reger & Huff, 1993). One would expect that if a firm within a category is identified as a competitor, other firms in the same category are likely to be potential competitors if they exhibit features similar to the named competitor. In other words, to the extent that a named competitor exhibits the various component of the CI Model, one would expect a firm situated in the same taxonomic category as the named competitor to also exhibit those components, leading to an increase in the likelihood that such a firm will be included in the competitor set.

A problem with this claim concerning the categorization effect is that a participant's familiarity varied across his or her named competitors. This suggests that managers lack complete information concerning competitors. Moreover, the categorization perspective acknowledges the existence of bounded rationality and suggest that managers produce categorization schemes to simplify and manage their environment (Porac & Thomas, 1990). As a mental sub-model, a manager's competitor categorization scheme is a mental representation that helps a manager deal with this condition of bounded rationality by providing a way to meaningfully order and organize the competitive environment (Walsh, 1995; Fiol & Huff, 1992). Furthermore, theory suggests that this mental sub-model functions as a sensemaking device (Fiol & Huff, 1992). More specifically, the category within which a firm resides provide information that facilitates a manager's ability to interpret the meaning of such firm.

For example, P10 states that while he has a close personal relationship with the owner of C1, P10 is the least familiar with C1's organization. Given his lack of familiarity, what accounts for P10's ability to complete the repertory grid and to rank C1 as his closest competitor? Building on the notion of a categorization scheme as a sensemaking device, it appears that the ability to locate this competitor in a particular category of the industry taxonomy provides the means to make a plausible evaluation of this competitor. In other words, the ability to meaningfully categorize this competitor appears to help this participant overcome his information deficiency.

Accordingly, a claim of this dissertation is that a manager will rely on his/her competitor categorization scheme in situations where his/her ability to determine the meaning of a competitor is hampered by a lack of specific evidence or information pertaining to that competitor. More importantly, this claim suggests that managers will seek first to make an evaluation based upon the specific evidence or information they possess with respect to a particular firm. In cases where such specific evidence or information is lacking, managers will fill in these information gap deficiencies by relying on their more general understanding of the meaning assigned to the category in which the firm resides.

Overall, the role that a categorization scheme plays in the process of managerial competitor identification has been redefined for various reasons. First, based on the distribution of named competitors across multiple categories and the lack of strong evidence supporting the proposition that a manager's closest competitors will reside in the manager's self-assigned category, the central role of a categorization scheme in competitor identification was not supported. However, evidence that the competitor rankings (closest to most distant) exhibit a categorization effect suggests that a relationship does exist. A review of relevant theoretical perspectives establishes that the existence of such an effect is not unexpected. Further, bounded rationality dictates that managers cannot be completely familiar with their competitors. Thus, a manager's categorization scheme, as a sensemaking device, helps compensate for this information deficiency.

5.4 ECONOMIC PERSPECTIVE AND THE CI PROCESS

In order to determine the role that the economic perspective plays in managerial competitor identification, it must first be determined if there is a relationship between each participant's economic mental sub-model and his/her named competitors. Moreover, if a relationship can be established, the nature of this relationship must be examined.

Recall that the repertory grid technique and interview procedures were used to surface each participant's competitor mental model. Analysis of the data gathered from these procedures, precipitated the development of the CI Model presented previously in this chapter. The seven components of this model - Market Presence, Organizational Market Focus, Competitor Market Focus, Competence Similarity, Competitive Interaction, Competitor Resources, and Competitor Capability – all, arguably, represent economic concepts. Data supporting the influence of these economic concepts in the competitor identification process has already been presented in the explanation of the CI Model found in Section 5.2 of this chapter.

Given that the components of the CI Model are all economic concepts, it may appear on the surface that the economic perspective sufficiently explains the process of CI. However, the data suggests that there is more actually influencing the CI process than can be adequately explained by the economic perspective. Accordingly, the next section of this chapter will explore the impact that the identity perspective has on the CI process.

5.5 IDENTITY PERSPECTIVE AND THE CI PROCESS

Organizational identity is believed to play a role in managerial competitor identification because it is a powerful cognitive lens (Dutton & Penner, 1983) and sensemaking focuses on the construction and maintenance of identity (Weick, 1995). While current theories suggest that organizational identity affects competitor identification, the identity perspective has never been used to explain how managers identify their organization's competitors. Accordingly, a key goal of this study is to explore the possibility that organizational identity does play a role in competitor identification.

The first step in proving a link between OI and CI is to establish that such a connection exists in the data. In order to make a connection, findings relating to the level of each participant's identification with his or her organization are reported. Identification is significant because it means that a manager has integrated the organizational label into his or her self-concept (Dutton, Dukerich & Harquail, 1994). In this condition, the psychological importance of the organization bolsters the likelihood that managers are construing their environment through the organizational identity lens. This, in turn, supports the notion that organizational identity construction and maintenance are the focal point of sensemaking (Brown, 1997). As will be reported, all of the participants are identified with their organization, with a majority being highly identified.

In addition to proving identification, the results demonstrate that participants make their own connection between organizational identity and competitor identification. Recall that part of the data gathering process required each participant to describe his or her organization's identity. In order to establish a link between organizational identity and competitor identification, the participants were also asked if their organizational identity is connected to their repertory grid results. As will be discussed, this exercise produced data that supports the existence of a connection between organizational identity and competitor identification.

After establishing that organizational identity is linked to CI, the role of the organizational identity mental sub-model will be integrated into a framework that also recognizes the revised roles of the categorization and economic mental sub-models. The main objective is to produce a theoretical understanding of managerial competitor identification that accounts for all three perspectives. As will be demonstrated in this section, all three sub-models are necessary to forming a complete understanding of how managers identify their organization's competitors (Fiol & Huff, 1992).

5.5.1 Evidence of Organizational Identification

The organizational identity perspective suggests that the identity sub-model is a powerful cognitive lens affecting how firms in the external environment (possible competitors) are construed (Dutton & Penner, 1993). Moreover, this argument is bolstered by Weick's (1995) observation that organizational identity construction and maintenance are fundamental components of sensemaking. One way to establish the importance of identity is to review and analyze the data concerning the degree to which participants are identified with their organization. Recall that when a manager is highly identified with his or her organization, the organizational label serves as means for the manager to fulfill needs for self-enhancement, self-efficacy, self-continuity and self-distinctiveness (Dutton et al., 1994; Hogg & Terry, 2000). In turn, the higher the degree of organizational identification, the more important the organizational label is to the manager and the likelihood that the organizational identity sub-model plays an important role in competitor sensemaking (Brown, 1997).

During the interview process, each participant was asked to complete a survey (see Appendix B, pages 220-221). Part of this survey measures the degree of organizational identification using a scale developed by Mael & Ashforth (1992). This scale was used as part of a larger study designed to test a proposed model of organizational identification. The authors report that the study's sample comprised alumni from an all-male college located in the northeastern United States. At the time, this college had approximately 2,000 alumni. Of this available sample, 700 were selected at random and sent a questionnaire which contained a scale designed to measure the degree to which the alumni were identified with the college. The final sample comprised 297 alumni resulting in a 42% response rate. The results of this study produced an alpha coefficient of .87, a mean of 3.46 and a standard deviation of .82. Consequently, these results can serve as a benchmark with which to compare the organizational identification results of the current study.

The organizational identification results for each participant involved in the current study are reported in Table 24. These results can be interpreted in two ways. First, all of the participants generated scores that are above the average reported by Mael & Ashforth (1992) in their study. This result reveals that all of the current participants are more identified with their organization than what would be expected from an average organizational member. Second, the standard deviation of .82 reported by Mael & Ashforth (1992) can be used as a reference point to segment highly identified participants from moderately identified participants. Assuming that the population resembles a normal distribution, a general rule of thumb suggests that approximately 68% of the population will be distributed within one standard deviation of the mean, while 95% of the population will fall within two standard deviations of the mean (Harnett, 1982). With respect to the results produced by Mael & Ashforth (1992), this rule of thumb suggests that approximately 68% of the population's identification scores fall between 4.28 and 2.64, with approximately 95% falling between 5.00 and 1.82. Using 4.28 as a cutoff to delineate highly identified participants is appropriate because this rule of thumb suggests that approximately 16% of the population's identification scores will be greater than 4.28. In other words, given the low probability of a score greater than 4.28, one can conclude that a score of 4.28 or greater indicates a high degree of organizational identification when compared to the population's expected values and general score distribution. Thus, with respect to this study, eleven participants generated scores above 4.28. Of the remaining participants, two registered scores of 4.17 (P6 and P15), while two others produced scores of 3.67 (P12 and P8).

Overall, analysis of the organizational identification data suggests that the participants are, for the most part, identified with their organizations. The fact that all of the scores are above the average reported by Mael & Ashforth (1992) suggest that the participants, as a group, consider their organization to be a more important part of their self-concept than what would be expected of an average organizational member. Moreover, a large majority of the current participants generated scores above 4.28 or one standard deviation from the mean of 3.46. In sum, these results suggest that the participants are moderately to highly identified with their organizations.

Table 24: Organizational Identification Results by Participant

Survey Item	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12	P13	P14	P15
When someone criticizes my firm, it feels like a personal insult.	4	4	4	5	5	5	5	1	5	5	5	4	5	4	4
I am very interested in what others think about my firm.	5	4	5	5	5	5	5	5	5	5	5	5	5	5	4
When I talk about my firm, I usually say 'we' rather than 'they.'	5	5	5	5	5	5	5	5	5	5	5	4	5	5	5
This business' successes are my successes.	4	5	5	5	5	4	2	3	5	5	5	3	4	5	4
When someone praises my firm, it feels like a personal compliment.	4	5	5	5	3	5	4	3	5	5	5	3	5	5	4
If a story in the media criticized my firm, I would feel embarrassed.	5	5	5	5	5	5	4	5	5	5	5	3	5	4	4
Total	**27**	**28**	**29**	**30**	**28**	**29**	**25**	**22**	**30**	**30**	**30**	**22**	**29**	**28**	**25**
Average	**4.50**	**4.67**	**4.83**	**5.00**	**4.67**	**4.83**	**4.17**	**3.67**	**5.00**	**5.00**	**5.00**	**3.67**	**4.83**	**4.67**	**4.17**

5.5.2 Presence of Organizational Identity

The identification results strongly suggest that the organization is an important aspect of each participant's self-concept (Dutton et al., 1994). Again, the organizational identity perspective suggests that the more that a manager is identified with his or her organization, the more important the organizational label is to the manager. In turn, the increased importance of the organization's identity means that managers likely make sense of their organization's competitive environment through the organizational identity lens (Dutton & Penner, 1983; Weick, 1995; Brown, 1997).

Having established the presence of organizational identification, the next step is to examine the data to detect the presence of organizational identity. During the data collection process, participants' conceptions of their organization's identity were elicited. Appendix B contains a summary description of these identities (see Appendix B, pages 239-246). It is important to note that these descriptions have been organized by substantive and intangible identity attributes (Gustafson & Reger, 1995). During coding, this researcher noticed that certain aspects of a participant's identity related to tangible or concrete characteristics such as products and markets. In contrast, participants also alluded to more abstract concepts in their descriptions. This pattern was recognized early in the coding process and interview questions were developed to surface both tangible and intangible aspects of each participant's identity.

Additionally, this study used the organizational identity structure developed by Gustafson & Reger (1995) to code and analyze the parts of the interview transcripts pertaining to each participant's description of identity. According to Gustafson & Reger (1995: 464), substantive identity attributes are more "concrete" organizational characteristics that "concern what things are done" and which are "tied to a particular time and set of environmental conditions." Moreover, Gustafson & Reger (1995: 464) propose that examples of substantive items include "products, strategies, geographic scope, or core competencies." In contrast, intangible identity attributes are more "abstract" organizational characteristics that "describe how and why things are done" and which "establish the context for the organization." Gustafson & Reger (1995:

464) assert that these types of characteristics, “tend to be reflected in the organizational culture and underlying values that transcend any particular product, process, time or environment.”

Each participant was asked if any of the constructs surfaced during the RGT procedure reflected, captured or expressed his or her organization’s identity. The repertory grid constructs that each participant identified as being connected to his or her organization’s identity are reported in Appendix B (see Appendix B, pages 247-251). As shown, every participant[16] named more than one construct as being connected to their organization’s identity. Moreover, a review of this data reveals that many of the identity constructs surfaced by RGT correlate to the substantive identity attributes described by participants (see Appendix B, pages 239-246).

Overall, these results provide strong evidence to suggest the presence of organizational identity in the process of competitor sensemaking. In other words, the various repertory grids surfaced represent each participant’s competitor mental model (Fransella et al., 2004). The fact that participants identified multiple constructs of their respective repertory grid as being connected to or expressing their respective organization’s identity appears to offer strong support for the proposition that organizational identity is a lens that affects competitor identification.

Given the evidence relating to the degree of organizational identification and the connection between each participant’s organizational identity description and his/her respective repertory grid, it appears that the presence of organizational identity has been firmly established. However, this data does not explain how identity affects competitor identification and whether it complements the categorization and economic perspectives. Accordingly, the discussion of organizational identity’s role commences in the next section.

---

[16] In this case, every participant means all participants from whom a repertory grid was elicited. Thus, this reference does not include Participant 9, since he did not complete the repertory grid exercise.

5.5.3 The Role of Organizational Identity

One limitation of the categorization and economic perspectives is their inability to account for how a manager's knowledge of his/her organization affects the competitor LSR. Both perspectives hint that such knowledge is a necessary component of competitor identification. By stating that an organization's competitors will likely reside in the organization's self-assigned industry category, the categorization perspective implies that a manager uses knowledge about his/her organization in order to be able to assign it to a category. As for the economic perspective, it suggests that managers are more likely to consider a firm as a competitor if the firm possesses a high degree of market and resource similarity. At a fundamental level, this conjecture frames competitor identification as a process in which a manager's knowledge of his or her organization acts as a reference point (i.e., a self-reference point) in order to identify competitors.

While these perspectives allude to the necessity of an organizational self-reference point, they do not explain how managers' perceptions of their own organizations affect the competitor LSR. Accordingly, the concept of organizational identity is offered as a framework that could provide a theoretical foundation to fill this gap. First, the organizational identity sub-model is considered by Fiol & Huff (1992) to be a fundamental mental model. As a fundamental mental model, they suggest that organizational identity provides a source of organizational self-knowledge and a reference point that enables managers to locate their organizations in their respective categorization sub-model. This concept could also be applied to the economic sub-model. More importantly, this observation by Fiol & Huff (1992) suggests that organizational self-knowledge or the self-reference point may have an important effect on competitor identification. Second, Albert & Whetten (1985) partly define organizational identity as a manager's answer to the question, W*ho are we?* Defining identity in this manner indicates that it is a phenomenon in which an organization's members possess an understanding of their own organization or organizational self-knowledge.

The results published in Appendix B, however, reveal that not all of the constructs generated by a participant were connected to his or her organization's identity (see Appendix B, pages 247-251). Recall that Albert & Whetten (1985) suggest that the answer a manager gives to the identity question will surface his/her perceptions as to the organization's central, enduring and distinctive characteristics. This observation suggests that there are other characteristics of an organization that are not central, not enduring and not distinctive. Thus, organizational identity is a mental model that is a subset of a larger mental model comprised of general organizational self-knowledge. In other words, organizational identity can be described as a certain type of self-knowledge that provides its members with an understanding of what fundamentally defines the organization and a conceptualization as to the organization's meaning or reason for existence (Ashforth & Mael, 1996). Accordingly, of the available set of characteristics that a manager would use to describe his or her organization, it follows that only a certain number of these characteristics will be viewed as capturing the organization's identity.

Framing organizational identity as a specialized type of organizational self-knowledge means that the presence of both identity and non-identity constructs are consistent with current theory. Furthermore, the results suggest that the self-reference point used by managers during competitor identification is not completely comprised of characteristics that are part of the organization's sense of identity. Upon reviewing the non-identity constructs, many are essentially factors that either reflect aspects of the organization's competitive environment or are ones that serve as characteristics that participants use when forming impressions of their organization's competitors.

For example, P8's RGT contains the non-identity construct *New/Old (Established)*, which captures the length of time that a trust company has been in business. Business tenure matters because it is a factor that customers consider when selecting a trust company to manager their investments. Generally speaking, customers are likely to select an older trust company over a new one due to their perception that the older, more established trust company is a safer organization with which to place their money and investments. With respect to competitor identification, not only is P8 aware that length of time in business is a factor of competition but he also possesses enough self-knowledge to be able to locate his organization along the dimension of this construct. The implication of this finding is that when it comes to competitor identification, managers will activate relevant organizational self-knowledge that enables them to meaningfully compare their organization to firms in the competitive environment.

While managers may use non-identity forms of self-knowledge when construing their organization's competitors, a question remains as to organizational identity's role in competitor identification. One important trend that emerged from an analysis of the data is that many of the identified identity constructs are also competence constructs (see Table 25 for a list of these dual purpose constructs). This observation is important because it suggests that identity predominantly affects competitor identification through factors that are perceived by managers to be the organization's sources of competitive advantage.

Table 25: Identity and Competence Constructs

Participants	RGT Constructs Serving as Both Identity and Competence Dimensions
Participant 1	Comprehensive – Non-comprehensive planning Long-term/fee-based – Transaction-based/brokerage
Participant 2	Fee-only – Commission/transaction-based Non-proprietary/individual clients – Proprietary/institutional clients *(not originally a named dimension, but P2 connects it to his firm's identity through putting the client first)*
Participant 3	*High construction expertise – Low construction expertise (laddered)* *High non-profit expertise – Low non-profit expertise (laddered)*
Participant 4	Scope of capabilities/large – Scope of capabilities/small Healthcare - No healthcare Non-profit – No Non-profit High understanding of the role of commodity and consulting (philosophy) – Low understanding of the role of commodity and consulting (philosophy)
Participant 5	Fee-based – Commission Non-proprietary products - Proprietary products Financial planning - Investment management Customize – Standardization
Participant 6	Client service focus – Client gathering focus
Participant 7	High octane – Low octane Low turnover – High turnover
Participant 8	Sophisticated – Basic/unsophisticated Flexible – Inflexible Speed (new business) – Slow (new business) *High cost effective – Low cost effectiveness (laddered)* *High sophisticated systems – Low sophisticated systems (laddered)* *No Proprietary Products – Proprietary Products (laddered)*
Participant 10	Comprehensive service – Product distribution High-end financial planning – Low-end financial planning High sophisticated investment management – Low sophisticated investment management Fee-only – Commissions High expertise and planning – Low expertise and planning
Participant 11	Holistic wealth management - Non-holistic wealth management Active – Passive Tight advisor network - No advisor network *Use a wide product mix – Not use wide product mix (laddered)*
Participant 12	Low cost philosophy – Revenue max philosophy Conservative – Aggressive (loan) Focused sales culture – Lethargic sales culture
Participant 13	Dominate closely held market – Not dominate closely held Market
Participant 14	Less research capabilities – Greater research capabilities Relationship driven – Investment driven Strong wealth management capability – Product orientation Serious research orientation – Sales/new client orientation *Better investment performance – Worse investment performance (laddered)* *Personalized/hand-crafted – Unpersonalized (laddered)*
Participant 15	Personal Relationship Focus – Product Focus (Competence) Local Community Focus – Regional Focus (Competence) *High small business expertise – Low small business expertise (laddered)* *Small/family business broad product scope – Small/family business narrow product scope (laddered)* *High access – Low access (laddered*)

In order to explore this relationship further, it is necessary to examine the data pertaining to the manner in which participants describe their identity/competence constructs and the manner in which such constructs are connected to their organization’s identity. Recall that after describing their organization’s identity and connecting it to their respective repertory grid, participants were asked to explain this relationship. In addition, the laddering technique was used as a supplementary means to further explore this relationship. This procedure involved asking each participant to identify which side of the construct his or her company preferred to operate upon and why.

With respect to the data collected in response to these questions, a theme emerges: Identity constructs are predominantly connected to each participant’s description of his/her organization’s identity via the intangible components. This connection reveals two important aspects of OI’s role in competitor identification. First, the intangible identity components generally capture central organizational characteristics that describe the essence and purpose of the organization (Albert & Whetten, 1985; Ashforth & Mael, 1996). When participants describe the relationship between their organizations’ identities and their named identity constructs, they often make reference to these central characteristics. In alluding to these characteristics, the participants are essentially explaining their organization’s preferred location on an identity construct by describing why their preference is meaningful and important. Second, the intangible identity components also provide a means for the participants to distinguish their organization from competitors. This distinctiveness element is often present in the descriptions provided by participants when explaining their preferred position along the identity constructs.

For example, P5 describes intangible aspects of his organization’s identity when he explains that being unbiased, acting on behalf of the client, creating mutually beneficial relationships with clients and being authentic (his organization does what it says it is going to do) are important and central characteristics of his organization (see Table 26 for a description of P5's Identity). When describing his firm's identity, P5 indicates:

> We'll always act on behalf of the client. [However, it] has to be mutually beneficial . . . . [Y]ou can't have a one-sided transaction. [If only] we benefit, the client is hurt or is not helped . . . [if] the client gets all the benefit, and we get none, then we're quickly out of business. . . . so it has to be a mutually beneficial transaction wherein we're acting in the best interest of the client. And the other core value is as much as possible to factor out conflicts of interest, which is in part really another way of saying the first [we take action on behalf of the client].

Table 26: P5's Description of Identity

Substantive Identity Items	Intangible Identity Items
Fee-based investment manager They guide clients towards their investment goals through financial planning and their investment management process Provide financial planning on an individualized basis	They are unbiased and work to remove any conflict of interests – this results in being fee-based, guiding the clients and offering individualized financial planning and investment management - Unbiased means that they are not using funds or generating activity in order to increase revenues Act on behalf of the client – establish mutually beneficial relationships with our clients Authenticity – they do what they say they are going to do – reflected in their stance on how they implement asset allocation

Additionally, when asked to explain the relationship between his organization's identity and the *Fee-Based* identity construct of his repertory grid, P5 connects being fee-based to the notions of being unbiased, acting on behalf of the client and being authentic:

> [I]f I'm fee-based, then the client is paying me for my investment management and my expertise, not paying me for salesmanship. So therefore I'm not selling the client on a product [in which] I may have an interest. I'm choosing the product, the investment vehicle, that's

> appropriate to the client and his or her or their situation. So that allows me to be unbiased. Fee-based allows me to be unbiased and authentic in my management.

In describing the *Non-Proprietary Products* identity construct, P5 references the intangible notions of being unbiased and working on behalf of the client:

> If I had proprietary products, then I will always see those products as appropriate for my client, whether they are or not. [In addition,] I will probably never tell my clients that they later have become inappropriate or that they are under-performing. But if it's nonproprietary, then I'm free and unconflicted and [I will] work in the interest of the client . . . .

As illustrated in this example, intangible aspects of P5's description of his organization's identity depict what is important to his organization. In other words, being unbiased, acting on behalf of the client, creating mutually beneficial client relationships and being authentic are characteristics that capture the essence of P5's organization. Moreover, these intangible aspects also serve as a basis to clarify his organization's location on each construct dimension. In the case of *Fee-Based*, this construct is connected to the intangible concepts of acting on behalf of the client and being unbiased, which are factors that help to explain why P5's organization produces a fee-based product. In this instance, P5's organizational identity acts as a cognitive reference point in which his firm's choice to be fee-based is consistent with, and is an expression of, central aspects of his firm's identity (Ashforth & Mael, 1996; Dutton & Penner, 1983).

In addition, P5 makes comments that express how his firm is distinct. With respect to being fee-based, P5 contrasts his organization with firms whose clients pay for "salesmanship." As for the *Non-Proprietary* construct, P5 suggests that his organization is distinct from those firms who sell proprietary products in that these firms will "always see" their products as being "appropriate" for the client "whether they are or not."

While one could conclude that this evidence provides further insight into the role that organizational identity plays in competitor identification, the nature and extent of identity's role can become clouded when one considers the economic perspective. If one views P5's statements through an economic lens, then it would be logical to conclude that *Fee-Based* and *Non-Proprietary*, both of which are competence constructs, represent features that in P5's mind factor into his organization's competitive advantage. Such a conclusion could be reached by considering that these constructs represent firm activities that create value for clients. In the case of *Fee-Based*, P5 describes the activity and the value provided as "choosing the product - the investment vehicle - that's appropriate to the client and his or her or their situation." In other words, P5 configures his activities in a manner that differentiates his organization in the marketplace. The differentiation occurs in the selection of investment vehicles for clients. According to P5, this process provides distinctive value to clients because his organization will select investments that are more appropriate for their clients' situations. In short, interpreting his response through an economic lens could lead to a conclusion that P5's choice to be fee-only is made simply to increase his organization's ability to effectively compete in the market place.

Conversely, if these statements are interpreted through an identity lens, a different explanation would emerge. As demonstrated previously, P5's statements clearly connect the identity constructs to the intangible or central aspects of P5's organizational identity. In this capacity, OI plays a role by providing a sense of meaning to his organization's position on these dimensions. However, when taking into account the notion of distinctiveness, one could also interpret P5's statements as providing a sense of legitimacy for his organization.

Legitimacy is a multifaceted concept that refers to the perceived appropriateness of an organization (Scott, 2001). From an external perspective, the perception of constituencies or stakeholders that exist in the larger institutionalized environment is what matters when it comes to organizations gaining legitimacy (Scott, 2001). Organizations attain legitimacy from external stakeholders by aligning its activities with what is socially acceptable and pursuing objectives in a manner that is proper or consistent with how things should and ought to be done (Scott, 2001; Ashforth & Gibbs, 1990). With respect to the results of this study, the need for external legitimacy sheds light on why a general correlation between the identity and competency constructs is present. Specifically, organizations pursue legitimacy because legitimization can lead customers (an external stakeholder) to perceive the organization as appropriate and, hence, worthy of their continued support (Ashforth & Gibbs, 1990). From a competitive perspective, an organization can see itself competing with other firms in an effort to establish its legitimacy in the minds of its customers (Reddy & Rao, 1990; Aldrich, 2000). This normative pressure to conform can activate processes of isomorphism in which the organization configures its internal activities and products to match the customers' expectations and views as to what is appropriate and proper (Scott, 2001; Ashforth & Gibbs). Thus, an organization's competencies (i.e., activities that produce value) can reflect attempts to gain external legitimacy in the market place.

From an internal perspective, organizational identity has been linked to legitimacy through the concept of construed image (Dutton & Dukerich, 1991). Construed image refers to the interpretations made by organizational members as to how the organization is viewed by external stakeholders (Dutton, Dukerich & Harquail, 1994). An organization's construed image can have an impact on organization's identity, especially in cases where they conflict. For example, Dutton & Dukerich (1991) illustrate the tension between organizational identity and construed image through the New York Port Authority's dealing with the issue of homelessness. What they discovered was that organizational identity played a critical role in Port Authority's acceptance of homelessness as an important and legitimate issue. More specifically, the members of the Port Authority used the organization's identity as a reference point for determining whether the issue of homelessness should be given the organization's time and attention (Dutton & Dukerich, 1991; Dutton & Penner, 1983). Given this observation, the authors conclude that organizational identity is an important sensemaking device that can be used by an organization's members to determine an issue's legitimacy.

The case of the New York Port Authority demonstrates that an organization's identity plays a role in establishing the organization's legitimacy in the minds of its members (Hatch & Schultz, 1998). For those members who are identified with the organization, the need to maintain a high level of self-esteem means that members not only seek to identify with their organization if such organization is perceived to be legitimate, but also seek to maintain their sense of self-esteem through establishing the organization's legitimacy (Brown, 1997). This personal need to establish and maintain the organization's legitimacy can lead to an organizational identity that makes legitimacy and distinctiveness claims that may or may not be true (Ashforth & Mael, 1996). Overall, the important observation of the organizational identity literature is that OI is a self-reflexive concept that can play a role in establishing the organization's legitimacy in the minds of its members (Brown, 1997; Dutton & Dukerich, 1991).

With respect to the competence constructs, the findings of this study suggest that participants use their organization's identity as a reference point to determine the legitimacy of the organization's activities and products. When P5 connects his organization's choice to provide a fee-based product with recommending investments that are "appropriate" for the client, he is essentially saying that being fee-based is legitimate because it means that his organization is pursuing a socially acceptable objective that conforms with the expectations of his clients. In other words, it is logical to conclude that customers would expect to receive investment advice that is "appropriate" for their situation rather than advice that is inappropriate.

Furthermore, P5's notions of legitimacy also provide a means for P5 to distinguish his organization from its competitors. By connecting the *Fee-Based* construct to his organization's identity, he is indirectly making a statement that firms which resides on the opposite end of this construct at the *Commission* pole are biased and do not work for the best interests of the client. This is demonstrated in his statements when he says that firms who are not fee-based are ones in which clients are paying for "salesmanship" as opposed to "expertise." He continues to describe the "salesmanship" firm as one that "[sells] the client on a product [in which the firm has] an interest." By "interest," P5 means that these firms receive compensation in the form of a commission when their customers purchase investment products recommended by these firms. Such firms may recommend investments with higher commissions rather than investments that are appropriate for a client. P5 sees these firms as biased and their approach as a conflict of interest. In contrast, his organization's choice to be fee-based means that the investment products P5's organization recommends to clients do not provide revenue in the form of a commission. Instead, clients pay directly for P5's investment recommendations through a pre-established fee agreement, which avoids a conflict of interest with the client. According to P5, the term "salesmanship" is a derogatory term designed to de-legitimize P5's competitors who are commission-based. This de-legitimization is accomplished by suggesting that firms which sell products in which they have an interest are ones which do not work for the best interests of the client.

In short, part of the challenge in determining the role that identity plays in competitor identification stems from the perceived dual role of the competence constructs. On one hand, the economic perspective is appealing since it captures the concept that customers will choose among competing organizations based on the perceived value they will receive from the product in relationship to the price they will ultimately pay. In addition, the Model of Managerial Competitor Identification suggests that managers understand that customers evaluate their organization's products from an economic point of view. The plausibility question pertaining to the outcome of a competitive interaction suggests that managers consider firms which are similar to their organizations in terms of competencies to be more formidable competitors. In the managers' minds, similar firms are tougher competitors because they offer products that provide equivalent value to the customers. Thus, it is more difficult to differentiate their organizations in the marketplace.

On the other hand, a case can be made that organizational identity impacts competitor identification. First, identity provides a manager with a basis for understanding the meaning of where the organization resides on the competence constructs. This relationship between the competence constructs and a participant's organizational identity is consistent with views that suggest an organization enacts and expresses its identity through its strategy. For P5, the intangible identity components - providing unbiased advice, acting on behalf of the client, and being authentic - capture the essence of his organization. His organization's decisions to be fee-based and non-proprietary are expressions of, and are consistent with, these central and intangible identity components. Second, the results also suggest that managers determine their organization's distinctiveness through the lens of identity. As revealed in the example concerning P5, a manager's conceptualization of his or her organization's identity acts as a reference point for determining the legitimacy of the organization's position on the competence constructs. Furthermore, this sense of legitimacy is used as a basis for distinguishing the manager's organization from its competitors. Specifically, the more that a firm is perceived as different from the manager's organization on a competence construct the more it will be viewed as exhibiting the antithesis of the organizations' central and intangible identity factors. Thus, the manager will see his or her organization as being legitimate, while viewing competitors as being less legitimate or even illegitimate.

Consequently, given that both the economic and identity perspectives influence a manager's perception of the competence constructs, they both influence competitor identification. The role that both of these perspectives play in competitor identification can be demonstrated by examining P11's case. P11 identifies the following competence constructs as being connected to his organization's identity: *Holistic Wealth Management/Non-Holistic Wealth Management*, *Active/Passive*, *Tight Advisor Network/No Advisor Network* and *Use Wide Product Mix/Not Use Wide Product Mix* (see Table 25). In addition, P11 names the *Small/Large* construct as being connected to his organization's identity, even though it is not a competence construct. As shown in Table 27, the intangible and central components of P11's identity are honesty ("doing the right thing for the clients and not for us" and "doing what we say we are going to do"), quality ("doing the best job"), and family ("you really care about each other and . . . you really always want to be doing the best thing for [family]").

When connecting the *Holistic Wealth Management* construct to his organization's identity, P11 states:

> [Holistic wealth management is] important to me because I think that there's a lot of people that call themselves financial advisors out there who really are just in sales. . . . We're . . . very holistic . . . [we look] at the whole market. We're not just selling the products. . . . We're advising on what products to go into, and we're meeting with our clients on a regular basis to try and help them down that financial path. . . . [T]here's a lot of clients who come in [to our firm] who have [worked with an investment advisor]. There was no thought put into [their investment portfolio]. . . .

> You know, in my opinion, there's a lot more that can be done to both increase return at lower risk and again, if it's my family, I want to make sure they have the lowest risks and highest returns.

Table 27: P11's Description of Identity

Substantive Identity Items	Intangible Identity Items
We are independent; we do not belong to one organization that tells us how to run our business and who pays us, you know, specifically to do certain things within the business more than you get paid otherwise. We are holistic wealth managers and advisors; holistic, in the fact that we don't just concentrate on any one area; we look at, you know, someone's finances as a whole.	I would say honesty is probably our top one, making sure that we're always doing the right thing for the clients and not what's right for us; doing what we say; we tell a client we're going to do something, make sure we do it … Do a good job of it…always doing your best job. [S]omething else that's probably part of our identity would be family….We feel that, you know, we really feel that the people that are our clients are also our family…the connotation of family I have is that you really care about each other and that you really always want to be doing the best thing for those people. I think that's how we think about our clients.

In this statement, P11 connects holistic wealth management to the intangible identity concept of family. In addition, he also uses the notion of family, which expresses the importance of caring about the clients, as a way to justify his organization's position on the holistic dimension and to differentiate his organization from the competition. More specifically, his statement suggests that his organization is different than those which are just interested in "sales." Furthermore, P11 legitimizes his organization by implying that a firm which is "just in sales" is a firm that is not interested in taking care of their clients and treating them like family.

As for the economic perspective, P11 also connects the *Holistic Wealth Management* construct to how customers choose among alternative products. First, he relates this construct to value creation when he states that by providing holistic wealth management "you do better by the clients when you're looking at a broader spectrum of investments and when you're looking at their entire financial situation." In addition, he shares a story that demonstrates how offering holistic wealth management can lead to a competitive advantage in the market place:

> I had a [prospect] who came in last week . . . who went to two advisors. . . . we offered a really diverse program of all [mutual] funds. And then also we gave them suggestions for a will and an attorney that would [prepare the will]. We talked about his insurances. . . . [H]e said to me, "You know, I like that other advisor. We have a really good relationship. I thought he was a great person." He said, "I would put you guys on the same level there." But he said, "You blew them out of the water with what you're offering [compared to] what they're offering."

According to these statements, his organization's competence in holistic wealth management appears to not only provide customers with a value-added service, but also helps create a competitive advantage for his organization.

Similar results were produced for the *Active* and *Tight Advisor Network* constructs. With respect to P11's description of his organization's identity, he states that *Active* is an approach to the management of investments in which his organization seeks to adjust clients portfolios to take advantage of market trends. In connecting this competence to his organization's identity P11 states that, "I don't think you could really be doing the right thing for the client" if you ignore the market trends and leave the client's money in investments that you feel are not going to perform well in the future. This statement can also be connected to the family and honesty aspects of his organization's identity. As for *Tight Advisor Network*, P11 describes this construct as follows:

> We have built [a tight advisor network], which is [comprised of] independent financial professionals in other areas that we're not experts in . . . we refer them to [our clients], and [thus] we bring . . . different [areas of expertise] to the table. . . . [So, we're] not just looking at only their finances. . . . [We're] looking at a very broad range of what they do and their relationship with everything that's financial.

When asked how the *Tight Advisor Network* construct is related to his organization's identity, P11 responds that it is connected to the concept of family and honesty in that, "I wouldn't feel I was doing the best thing for my clients, if I only focused on their investments and didn't look at . . . all of [the] different areas [of their finances]. Because, they would leave here and I would know there are still holes in it."

P11 also makes a connection to competitive advantage when he states that his location on the *Active* construct means that his organization can provide its clients with "higher returns with lower risk." However, when asked why he gave his organization a rating of '3' on this construct (see Table 28 for P11's repertory grid), P11 suggests that active management can be taken too far in that "you're just [buying and selling investments] for the sake of [buying and selling investments] and . . . reacting too much to the market." According to P11, competitors who reside at the *Active* end of construct partake in activities that can lead to lower investment returns. Therefore, his organization's position as a '3' on this construct is perceived to be a competitive advantage, since his organization engages in active investment management, but does not take this approach too far.

Finally, the *Tight Advisor Network* construct is perceived by P11 to provide a high degree of value to his organization's customers:

> [T]he advantage is that my clients leave here and their entire financial situation has improved from when they walked in my door. . . . The client feels that they have been taken care of in every single way. They love the fact that we talked to the accountant and the accountant talks to the lawyer and that . . . the right hand knows what the left one is doing.

In addition, according to the ratings he gives his organization's competitors on this dimension, P11 perceives this product feature to be a distinct advantage in the market place. Moreover, he provides further support of his conclusion by stating that, "We've gotten a lot of referrals because of [our tight advisor network], especially business owners and people who are . . . currently working and don't have a lot of time."

Table 28: P11's Repertory Grid

	Ratings Assigned by P11					
Constructs	**P11's Firm**	**C1**	**C2**	**C3**	**C4**	**Constructs**
Wide Product Mix	1	1	3	3	3	Narrow Product Mix
Small	3	3	5	7	3	Large
Limited Advertising	3	4	4	6	1	A Lot of Advertising
Transitioned Ownership	1	7	4	7	7	Has Yet to Transition
Holistic Wealth Management	1	1	4	3	3	Non-Holistic Wealth Mgmt
Active	3	2	5	6	5	Passive
Tight Advisor Network	1	7	7	7	7	No Advisor Network
Use Wide Product Mix	*1*	*1*	*3*	*3*	*3*	*Not Use Wide Product Mix*

Note: Constructs generated by Laddering Technique denoted by italics.

Given that both the economic and the organizational identity sub-models have an effect on competitor identification, the Model of CI presented in Section 5.2 of this chapter should be modified to reflect this finding. Accordingly, organizational identity is now depicted in the revised Model of CI illustrated in Figure 7. OI is shown as influencing the Competence Similarity component of the model, as well as the Market Presence and Organizational Market Focus components. Data supporting the connection of OI to Market Presence and Organizational Market Focus can be found in various participants' descriptions of their organizational identity and customers. First, as reported in Table 29, some of the participants generated market constructs during the repertory grid process and associated them with their organization's identity. Second, as reported in Appendix B, all of the participants' identity descriptions reference customers (see Appendix B, pages 252-255). The fact that such references are made is consistent with current viewpoints which propose that an organization's identity is constructed through interactions with its stakeholder groups (Scott & Lane, 2000; Gioia, 1998; Dutton & Dukerich, 1991). Thus, these statements referring to customers suggest that each participant's organization constructed its identity, in part, by using the customer stakeholder group as a reference point (Gioia, 1998).

Figure 7: Model of Managerial Competitor Identification (Revised)

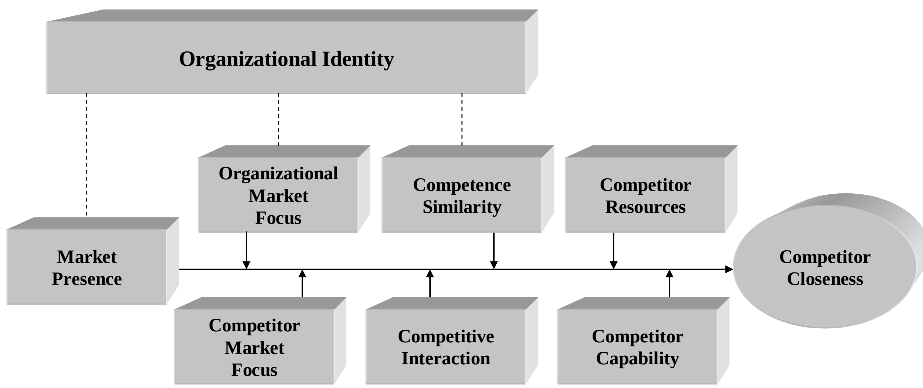


Table 29: Market Constructs Connected to Identity

Participant	Constructs
P1	Individual clients – Corporate/business clients
P3	Construction – Non-construction Non-profit – Not non-profit Valuation – No valuation
P4	Healthcare - No healthcare Non-profit – No Non-profit
P13	Closely Held Client Focus – Public Company Focus
P15	*Small business/commercial focus – Retail focus (Laddered)*

However, the relationship between OI and the Competence Similarity component of the model is different. With respect to Competence Similarity, the above examples suggest that when competencies are perceived by a manager to be connected to the organization's identity, this connection modifies the role that these competencies play in competitor identification. In addition to being seen as a source of the organization's competitive advantage, these competencies also serve as expressions of the organization's identity. Moreover, the organization's identity acts as a reference point that managers can use to make or justify their choices pertaining to their organization's competencies. This sense of justification is translated to competitor identification when a manager uses the organization's identity as a way to provide a basis for explaining the organization's legitimacy and right to exist (Ashforth & Mael, 1996). In short, identity modifies competitor identification by introducing legitimacy as an alternate means for a manager to construe his or her organization's distinctiveness. In turn, this distinctiveness is used to sensemake about potential and actual competitors, answer the plausibility questions and define the competitor LSR.

5.6 SUMMARY OF ANALYSIS AND RESULTS

This chapter described in detail the analysis and results of the collected data. To begin with, a new Model of CI was developed which provides a basis for understanding how a manager develops his or her organization's competitor LSR. The remaining sections of this chapter examined the contributions of the categorization, economic and identity perspectives to the CI process.

The role that a categorization scheme plays in the process of managerial competitor identification has been redefined. First, a manager's industry taxonomy represents the set of firms that will initially be considered for the Market Presence test of the CI Model. Additionally, it is proposed that managers will rely on their respective competitor categorization schemes in situations where their ability to determine the meaning of a competitor is hampered by a lack of specific evidence or information pertaining to that competitor. In cases where such specific evidence or information is lacking, managers will fill in these information gap deficiencies by relying on their more general understanding of the meaning given to the category in which the firm is assigned.

With respect to the economic perspective, it may appear on the surface that it sufficiently explains the process of CI – especially given that the components of the CI Model are all economic concepts. However, the data suggests that there is more actually influencing the CI process than can be adequately explained by the economic perspective.

Finally, this researcher found evidence that organizational identity is connected to competitor identification. First, the identification results strongly suggest that managers likely make sense of their organization's competitive environment through the organizational identity lens. This lens affects how firms in the external environment (possible competitors) are construed. Thus, organizational identity becomes a fundamental element of competitor sensemaking. This study links OI to the following components of the CI Model: Market Presence, Organizational Market Focus and Competence Similarity. The fact that OI is connected to markets and customers conforms to the notion that an organization's identity is constructed through interactions with its stakeholder groups. The fact that OI is connected to Competence Similarity means that an organization's identity acts as a reference point that managers can use to make or justify their choices pertaining to their organization's competencies. This justification provides a basis for explaining the organization's legitimacy as a competitor which serves as an alternate means for a manager to construe his or her organization's distinctiveness. In turn, this distinctiveness is used to sensemake about potential and actual competitors, answer the plausibility questions and define the competitor LSR.

In conclusion, this researcher found that all three perspectives – categorization, economic and identity – do play a role in competitor identification. However, the role may not be the one originally anticipated by the various perspectives.

6.0 DISCUSSION AND CONCLUSION

This dissertation is focused on addressing certain issues relating to how top managers identify their organization's competitors. The research questions framing this study were developed in light of current perspectives that have previously investigated managerial competitor identification. A review of the categorization and economic literature reveal that these perspectives contain certain limitations and discrepancies. In addition, the organizational identity perspective is offered as a third framework capable of explaining of how managers identify their competitors. Given the limitations of the economic and categorization perspectives and the possibility that organizational identity may play a role in managerial competitor identification, this study sought to answer the following questions:

1. *Does organizational identity influence which firms a manager identifies as the organization's competitors?*
2. *If OI does influence managerial competitor identification, how does each of the three sub-models – categorization, economic and organizational identity – influence which firms are identified by a manager as the organization's competitors?*

Given the existence of the economic and categorization perspectives, this study was designed as a theory-elaboration study. Accordingly, a qualitative, grounded-theory building methodology was employed to explore the research questions. This chapter discusses the major findings and theoretical contributions of this study. In addition, the chapter will also address managerial implications, the study's limitations and suggestions for future research.

6.1 RESEARCH FINDINGS AND CONTRIBUTIONS

The study's key research findings pertain to the development of a model of managerial competitor identification, as well as the integration of the categorization, economic and identity perspectives.

6.1.1 Model of Managerial Competitor Identification

An important contribution of this dissertation is the development of a model explaining the factors that managers use to identify their organization's competitors. This model was constructed within the context of two key observations gleaned from the development of the Model of Competitor Sensemaking discussed in Chapter 2.0. First, a complete explanation of the competitor identification process needs to account for three aspects – the competitor label, set and rank. It is proposed that competitor identification is a process in which managers discriminately attach the competitor label to certain firms. In order to attach this label, a manager must possess a definition of the term competitor and must possess enough knowledge about a firm to be able to determine if the label should be attached to such firm. Moreover, evidence supports the notion that managers will often attach the label to more than one firm. In this manner, the organization's competitor set is established. Furthermore, current perspectives suggest that the competitor set possesses a hierarchical structure in which some firms will be seen as closer competitors than others. Overall, as the literature review confirms, competitor identification involves the development of a competitor label, the attachment of the label to certain organization to form the competitor set and the ordering of this set from closest to more distant competitors.

Second, the data analysis revealed that managers make sense of their competitors by seeking to construct a plausible explanation as to whether or not a firm should be labeled as a competitor. This notion of plausibility was developed in light of the factors that the participants used to explain why certain firms were included in the competitor set. According to the Model of Managerial Competitor Identification these variables include Market Presence, Organizational Market Focus, Competitor Market Focus, Competitive Interaction, Competence Similarity, Competitor Resources and Competitor Capability.

The first four of these model components - Market Presence, Organizational Market Focus, Competitor Market Focus, and Competitive Interaction - relate to the manager seeking an answer to the first plausibility question: *How likely is it that my organization will engage in a competitive interaction with this firm?* Accordingly, this aspect of the model suggests that part of the definition of the competitor label involves a manager's perception as to the likelihood of engaging in competition with a firm. In other words, a firm is not a competitor if evidence supports a conclusion that this firm will not or has not engage in competition with the manager's organization. If a manager cannot reach a plausible conclusion that his or her organization will likely engage in competition with a firm in the future, then it is more than likely that the firm will not be considered a competitor.

With respect to the first four components and the first plausibility question, the Market Presence factor is positioned in the model as a threshold or necessary condition that a firm must meet in order for it to be identified as a competitor. More specifically, the evidence suggests that, at a minimum, a manager must perceive a firm to be present in markets served by the manager's organization in order for it to be considered for inclusion into the competitor set. Stated differently, it would be illogical for a manager to conclude that a firm is a competitor if they do not possess a presence in markets currently served by the manager's organization. Therefore, part of answering the first plausibility question involves an assessment of whether or not a firm is present in an organization's markets.

While a firm must be present in an organization's markets to be labeled a competitor, this condition does not automatically lead to the firm being included into the competitor set. Instead, the other variables of the model are ones that are brought to bear in the sensemaking effort. Continuing the discussion of the first plausibility question, the factors pertaining to Organizational Market Focus, Competitor Market Focus and Competitive Interaction are ones that complement Market Presence. Specifically, these factors are ones managers use to determine the likelihood of engaging in competition with a particular firm.

Organizational Market Focus suggests that a manager's organization may operate in more than one market and that at least one of these markets is important to the manager's organization. If a firm is present in a market that is also important to the manager's organization, then the firm is more likely to be seen as a closer competitor. From a plausibility perspective, the likelihood of engaging in competition with a firm that is present in markets that are important to the manager's organization increases because the manager's organization will focus its time, attention and resources in active pursuit of customers in this important market space.

Competitor Market Focus suggests that managers can detect how important their organizations' markets are to competitors. If it is perceived that a firm is not focused on these same important markets, then this condition will likely result in the firm being considered a more distant competitor. Logically speaking, a firm that is not focused on markets important to the manager's organization implies that the firm's attention is not directed towards these important markets. Thus, the likelihood of engaging in a competitive interaction with this firm is reduced or diminished.

Lastly, Competitive Interaction involves a manager's perception as to the frequency with which his or her organization has engaged in competitive situations with a firm. This perception of frequency can come in the form of direct or indirect competitive activity. An instance of direct interaction occurs when the manager's organization engages in a head-to-head competitive confrontation with a firm for a customer. Indirect interaction entails firm activities designed to solicit customers in the market place. The frequency with which a firm advertises is a form of indirect competitive interaction. This Competitive Interaction component of the CI Model strikes at the heart of the first plausibility question concerning the likelihood of competition. If a manager's organization experiences frequent competitive interaction with a firm, then it is logical to conclude that this trend will continue in the future. If past activity is infrequent or nonexistent, then this may lead a manager to conclude that the likelihood of experiencing competition with this firm is low. Thus, the more frequent the competitive interaction with a particular firm, the more likely that the firm will be considered a closer competitor.

As for the remaining three components of the model – Competence Similarity, Competitor Capability, and Competitor Resources - they relate to the second plausibility question: *What is the likely outcome if the manager's organization engages in a competitive interaction with this firm?* To begin with, Competence Similarity captures a manager's perception of how similar a firm is to the manager's organization in terms of competencies. A firm that possesses similar competencies is likely to produce products with similar value. From a manager's point of view, firms with similar business models are tougher competitors because of the increased difficulty the manager faces in differentiating his/her organization from these similar firms. Accordingly, a firm which is perceived to possess similar competencies is one that increases the likelihood of the manager's organization having a more difficult time prevailing in a competitive battle with this firm. Thus, such a firm would be considered a closer competitor.

Competitor Capability captures a manager's perception of a firm's ability to effectively compete in the market place. Perceptions as to a firm's capability can impact competitor identification in that the more that a firm is perceived to be capable, the more likely it is that it will be seen as a close competitor. With respect to the plausibility question, a capable organization is one that increases the likelihood that the manager's organization will experience an unfavorable outcome if they encountered this firm in a competitive situation.

Competitor Resources suggests that if a firm possesses certain resources that increases its competitiveness in the marketplace, that the presence of such resources will increase the likelihood of the firm being considered a closer competitor. An important aspect of this factor is that the resources that the firm possesses must give the firm some advantage. If the manager detects that a firm possesses such resources, then this perception will factor into the manager viewing this firm as a more formidable competitor. Thus, for the manager's organization, there is a stronger potential of losing in a competitive situation.

In sum, the Model of Managerial Competitor Identification makes several important contributions. First, it expands the current understanding of managerial competitor identification by offering a theoretical framework that is capable of explaining how a manager constructs the competitor set. Second, the model makes a contribution by framing the competitor label as a manager's desire to construct a plausible explanation as to why a firm should be included in the competitor set. Accordingly, managers consider a firm to be a closer competitor when they perceive that their organization will likely engage in future competition with such firm and when they perceive that their organization may have more difficulty in achieving a successful outcome when engaging in a competitive interaction with such firm.

The notion of plausibility furthers our understating of managerial competitor identification by offering an alternate explanation as to why managers produce competitor sets that are sub-sets of the available firms within their organizations' industries. In the past, scholars have explained this phenomenon as a product of a manager's bounded rationality (Porac & Thomas, 1990). Specifically, a manager can only keep track of a certain number of competitors given limitations on his or her cognitive ability. However, this dissertation suggests that bounded rationality may only partially explain the size of the competitor set. Instead, a firm may be excluded from the competitor set due to the manager's perception that the firm is not relevant as determined by the criteria outlined in the Model of Managerial Competitor Identification. However, this observation does not mean that bounded rationality is absent as a factor in limiting the size of the competitor set. Alternatively, the study suggests that the size of the competitor set is not strictly determined by the cognitive limits of managers.

Third, the model makes a contribution by suggesting that Competitor Closeness is an alternate (or primary) phenomenon of study. The literature review conducted as part of this dissertation reveals that most researchers focus their efforts on explaining how a firm comes to be categorized as either a competitor or non-competitor (e.g., Porac & Thomas, 1990; Clark & Montgomery, 1999). While studying categorization is valid, focusing exclusively on this aspect of managerial competitor identification is somewhat myopic since it overlooks the issue of competitor rank. Choosing to focus on categorization to the exclusion of rank or closeness is problematic since it frames managerial competitor identification as a dichotomous rather than continuous variable. This difference is subtle, yet important, since Competitor Closeness suggests that managerial competitor identification is a more dynamic concept than what is suggested by the categorization literature. In other words, managers are probably more likely to change perceptions of the closeness of their organization's competitors than they are to add or remove firms from the competitor set. In addition, the relevance of a competitor's ranking or closeness to the manager's organization is likely to be of more importance to a manager than whether a firm is, or is not, a competitor. Overall, incorporating Competitor Closeness into this study makes a contribution by calling into question the validity of focusing research concerning managerial competitor identification solely on competitor categorization.

6.1.2 Categorization Perspective

A focus of this study is to determine the role that a manager's industry categorization scheme plays in managerial competitor identification. This clarification of categorization's role in the CI process is necessary due to the limitations present in the existing theoretical explanation of this relationship, as well as evidence suggesting that the process of competitor identification may be more complex than what is described by current theory (Picken, 1995). Moreover, a need exists to integrate categorization theory into an expanded understanding of competitor identification, which also incorporates the economic and identity perspectives.

Of those participants who produced industry taxonomies, a majority identify competitors that reside in multiple categories of the industry taxonomy. This finding is significant because it contradicts current claims that a manager's competitors will more than likely reside in the organization's self-assigned category (Porac & Thomas, 1990). Given this result, however, the issue of how a categorization scheme affects competitor identification still remains. In resolving this issue, it should first be noted that categorization does have an effect on competitor identification. To begin with, a manager's industry taxonomy does appear to represent the set of firms that will initially be considered for the Market Presence test of the CI Model. Second, the data reveals that participants' ranking of their competitors from closest to most distant are strongly correlated with the competitors' category memberships. Third, the ratings the participants give to their competitors on their respective repertory grids reveal the existence of a category effect.

However, the role that a categorization scheme plays in the process of managerial competitor identification has been redefined. For purposes of competitor identification, it is proposed that managers will rely on their respective competitor categorization scheme in situations where their ability to determine the meaning of a competitor is hampered by a lack of specific evidence or information pertaining to that competitor. In cases where such specific evidence or information is lacking, managers will fill in these information gap deficiencies by relying on their more general understanding of the meaning assigned to the category in which the firm resides. This role of an industry categorization scheme is developed in light of current theory which suggest that a categorization scheme can act as a sensemaking device (Fiol & Huff, 1992). Thus, this study proposes that how a manager conceptualizes and defines the categories that comprise his/her industry taxonomy provides information that the manager can use to make sense of firms assigned to a specific industry category.

In short, with respect to the categorization perspective, this study makes a contribution to the literature by reframing the role that a manager's categorization scheme plays in competitor identification. First, the study provides further evidence to suggest that the process by which of competitor identification is more complex than what is suggested by the current theory. Second, the evidence also provides a basis for claiming that the role of a categorization scheme in competitor identification is different than what has been proposed. Third, the study makes an additional contribution by offering evidence to suggest that a categorization scheme acts as a sensemaking device which provides managers with information that can be used to form impressions of firms within their competitive environment. In turn, the information from the taxonomy that is used to form these impressions affects the manager's competitor LSR.

6.1.3 Economic Perspective

With respect to the economic perspective, the Model of CI exhibits the various economic components affecting the process of managerial competitor identification. Thus, in formulating this model, the specific economic concepts which impact competitor identification have been recognized and placed in a framework. While it may appear on the surface that the economic perspective sufficiently explains the process of CI, this study suggests that there is more actually influencing the CI process than can be adequately explained by the economic perspective alone.

6.1.4 Organizational Identity

A main contribution of this dissertation is the establishment of a connection between organizational identity and competitor identification. The existence of such a connection is grounded in the results produced from the participant interviews. During the interview process, an organizational identity was described by each participant. In order to establish a connection between these organizational identities and competitor identification, each participant was asked whether or not this identity description can be connected to the constructs of his or her repertory grid. (Recall that an individual's theoretical framework of any given domain can be surfaced through the elicitation of constructs via the repertory grid technique). Every participant[17] connected his/her described organizational identity to his/her repertory grid, thus, establishing a link between organizational identity and competitor identification.

Furthermore, each participant was asked interview questions designed to surface the nature of this relationship and to discover the role that identity plays in competitor identification. Analysis of the interviews and related data surfaced a consistent pattern in which OI is connected to competitor identification via the organization's competencies. Moreover, not only does organizational identity provide a means to justify choices regarding how the organization is positioned to compete in the marketplace, but OI also provides a means to establish the organization's legitimacy through its competencies.

The presence of legitimacy modifies the Model of Managerial Competitor Identification in that it introduces an alternate means by which a manager construes his/her organization's distinctiveness. The data suggests that managers determine how their organization is different from their competitors in both economic and legitimacy terms. In other words, when evaluating a firm in terms of Competence Similarity, a manager is essentially making an evaluation as to the extent to which a firm creates value and is legitimate. Therefore, a firm which is more similar to the manager's organization is a more formidable competitor because it not only increases the

[17] Again, in this case, every participant means all participants from whom a repertory grid was elicited. Thus, this reference does not include Participant 9, since he did not complete the repertory grid exercise.

difficulty of distinguishing the manager's organization in terms of value creation, but also makes it harder to distinguish the organization's legitimacy and right to exist.

In short, establishing a connection between organizational identity and competitor identification is significant in and of itself. Much of the theoretical work upon which an understanding of managerial competitor identification can be built (market definition, competitive rivalry and normative frameworks of competitor identification) has been developed within the context of economics (Chen, 1996; Day, 1981). Given the strong influence of the economic perspective, providing evidence that organizational identity plays a role in competitor identification alters and expands the current perspectives. Moreover, integrating the economic and identity perspectives provides a more robust model to explain how a manager identifies his or her organization's competitors. With respect to integration, this paper makes an additional contribution by introducing legitimacy as an alternative dimension upon which a manager seeks to distinguish his or her organization from its competitors.

6.1.5 Conclusion of Research Findings And Contributions

In summary, this study has produced a new model illustrating the CI process as a special type of sensemaking. In addition, the categorization, economic and identity perspectives have been explored and integrated into one theory to explain this phenomenon. Finally, identity has been linked to the managerial competitor identification process and the concept of legitimacy has been introduced as an alternative dimension upon which a manager seeks to distinguish his or her organization from its competitors.

6.2 MANAGERIAL CONTRIBUTIONS

In general, this study makes a contribution to the practice of management because it is the first in-depth, field investigation that integrates three theoretical perspectives and produces a model describing how managers identify their competitors. While research has been conducted previously in this area, it has produced a limited understanding of how managers identify their organization's competitors, incomplete explanations, and perspectives that conflict with each other (Clark & Montgomery, 1999). Therefore, this study makes a management contribution because it expands the current understanding of this important area of strategy. Managers now have a model illustrating the various components that should be considered by them when analyzing their competition. Additionally, this study provides a foundation upon which further research can be conducted, which will hopefully lead to a richer understanding of CI and further contributions to the practice of management.

This study also provides key insights for managers which can be applied to their organizations. Recall that the basis for studying managerial competitor identification rests on the observation that competition is an environmental condition faced by all firms (Porac & Thomas, 1990; Rumelt et al., 1994). Furthermore, an organization's ability to understand its competitors or competitive environment is an important aspect in the formation of a strategic agenda and in the construction of a defensible competitive position (Porter, 1980). Given the importance of competition to strategy formulation, how an organization defines the competitor label and constructs the competitor set has important implications. Thus, the results of this study provide two key insights about competitor identification that impact competitor analysis, planning, and strategic action.

First, this study reveals that a manager's competitor set is comprised of a subset of firms that operate in the organization's market space. The reason that the competitor set is limited to a subset of firms stems from a manager's propensity to only label a firm as a competitor if he/she can construct a plausible or logical explanation as to why it should be included in the competitor set. This role of plausibility in competitor identification means that a manager may produce a restricted and myopic view of competition, ultimately leading to the creation of a competitive blindspot (Zajac & Bazerman, 1991). More specifically, the plausibility criteria can create blindspots by eliminating firms from the competitor set that should be included or by including firms that should be excluded. In the event that a blindspot is created, this condition can affect conclusions drawn from a competitor analysis and lead an organization to construct a misguided strategic agenda (Bergen & Peteraf, 2002).

In order to prevent competitive blindspots, managers may need to alter how they construct their organization's strategy. More specifically, the implication for management is that they will bring to the deliberations and analysis of their competitive environment preconceived notions as to what constitutes a competitor. To avoid blindspots, managers may want to take steps to challenge their definitions of the competitor label in an attempt to uncover their operating assumptions about competition (Mason & Mitroff, 1981). Ultimately the goal is to assure that managers are operating from a more accurate and thorough conceptualization of the competitive landscape, which should lead to better decision-making (Bergen & Peteraf, 2002).

Second, the results concerning the role of organizational identity also appear to provide important managerial insights. Specifically, this aspect of the CI Model suggests that competitor identification involves establishing the organization's legitimacy. Recall that organizational identity is often considered by scholars to provide members with a foundational understanding as to the firm's reason for existence (Albert & Whetten, 1985; Ashforth & Mael, 1996). From a management perspective, this has implications because any discussions of the organization's competitors and its competitive environment are tied to members' perceptions of the organization's legitimacy and its right to exist. Thus, when a manager challenges the composition of the competitor set, he/she may face unexpected resistance since these competitors are entwined in members' conceptualizations of the organization's identity. Under this scenario, challenging the competitor set and rank means that a manager is challenging the veracity of the organizational identity, which could throw the organization into an identity crisis (Albert & Whetten, 1985; Albert, 1998).

Conversely, the competitor set may be used as a management tool to help an organization break away from the grip of identity. Scholars often consider organizational identity to be a conceptualization that is generally resistant to change (Albert & Whetten, 1985; Ashforth & Mael, 1996). While the enduring nature of identity can provide organizational members with a sense of continuity and stability (Ashforth & Mael, 1996), its resistance to change can also affect an organization's ability to adapt to environmental conditions (Fiol, 2002; Gioia, Schultz & Corley, 2000). Accordingly, a manager may be able to unfreeze members' conceptions of identity by claiming a need for a change in the make-up of the competitor set (Fiol, 2002). More specifically, a manager can use a newly established set of competitors as a reference point for reconstructing a new or altered sense of identity that will move the organization in an appropriate strategic direction (Gioia & Thomas, 1996).

For example, P1's organization gains its sense of legitimacy through the intangible identity aspect of "doing what is best" for his organization's clients and through the substantive items in which his organization provides fee-based financial planning services to individual investors. Existing theory suggests that the firms P1 identified as his organization's competitors partly play a role in the construction of the organization's identity (Gioia, 1998). Given that P1's competitors help establish his organization's legitimacy and sense of identity, these firms act as identity reference points and psychological anchors that provide a foundation for members to understand the reason for the organization's existence.

Now assume that P1 were to declare that his organization's top competitors now included firms other than those that have historically been the organization's closest competitors. This proclamation could inadvertently remove and replace the organization's identity reference points. In turn, this could send P1's organization into an identity crisis as it attempts to construct perceptions of these new competitors and understand the revised basis for the organization's legitimacy. Moreover, if P1's organization identifies a new set of competitors that either provides different types of products or serves different markets, the attempts to make sense of these new competitors may lead the organization's members to not only question substantive aspects of the organization's identity, but to also question whether "doing what is best for the clients" is still a central organizational characteristic. Under this scenario, members may resist the reconstitution of the competitor set because it provides too much of a challenge to the organization's identity.

However, in order to move the organization in a new strategic direction that requires an altered sense of identity, P1 could purposefully use this tactic to initiate an intended identity crisis. In this scenario, P1's declaration of a new competitor set could be part of a conscious plan to start an internal conversation about the firm's strategic direction and its sense of identity. If P1 claims new competitors, he may be able to unfreeze perceptions that the organization's legitimacy is connected to providing fee-only financial planning to individual investors. Instead, by naming new competitors, P1 may suggest that in order to provide services that are in the clients' best interest that the organization needs to alter its product mix and provide a different kind of service. During deliberations, P1 could connect the new service to the intangible aspect of doing what is best for the clients and refreeze members' perceptions of the organization's identity and legitimacy.

As illustrated in these examples, changing the competitor set can have important implications for members and may create an unintended result in the form of an identity crisis. However, managers can use the results of this study to their advantage by anticipating the effects that changes to the competitor set can have on the organization. Moreover, management can also use the competitor set as means to initiate a new strategic direction for the organization by intentionally altering the make-up or structure of the set in order to trigger a needed adjustment to the organization's identity. Overall, the connection between organizational identity and competitor identification established by this study provides key insights that inform the management practice.

6.3 LIMITATIONS

While this dissertation makes some important contributions, it also contains certain limitations worthy of note. First, given that the sample was drawn from the financial services industry, the results may not be generalizable to other industries. The decision to limit the sample to one industry was made in order to reduce the complexity of the cross-case analysis. In other words, it was recognized that the nature of this study would necessitate a within case and between cases analysis of the data and the use of replication logic to develop a revised theory

(Yin, 2003). Given the need for cross-case analysis and this researcher's perception as to the complexity of the research questions, it was believed that using participants from multiple industries would add an additional layer of complexity that could lead to skewed results. However, a certain degree of variation was achieved by producing a sample of participants from various types of firms in this industry. Despite this variation, an issue still remains as to the ability to generalize the study's findings.

Second, the data collection methods may have affected the results produced. One such influence concerns the ordering of the activities. This is a concern because interview activities in earlier parts of the process may have provided a frame of reference or made salient certain aspects of competitor identification that carried over to latter parts of the interviews (Kiesler & Sproull, 1982). While the study was specifically designed to prevent undue influence, a guarantee cannot be made that the sequence of data collection activities did not influence the results.

Another concern about the data collection methods revolves around the issue of participant sensemaking. The interview questions and mental model elicitation procedures may have delved into areas that the participants had not thought of before. For example, asking a participant to name and rank his/her top competitors may have been the first time that he or she took time to actually identify and think about this competition. Furthermore, with respect to organizational identity, researchers generally agree that it is a mental model comprised of taken-for-granted assumptions about the organization that are often not explicitly discussed or recognized by the organization's members (Ashforth & Mael, 1996). For certain participants, surfacing their organization's identity during the interview process may have been the first time that they have even considered or thought about their views on this matter. Taken together, these examples suggest that the interview process may have required participants to produce mental models for the first time. With respect to this study, this has an impact on the test-retest reliability of the study (Yin, 2003). In other words, if a researcher were to re-conduct the interviews, a likelihood exists that different answers to the interview questions and different versions of the participants mental models could be produced. While the decision to conduct fifteen interviews was made to increase the reliability of the findings, some doubt does remain as to the study's test-retest reliability.

Moreover, an additional area of concern associated with the data collection methods involves the extent to which this researcher's interaction with the participants may have biased the results. Qualitative research inherently requires interaction between the researcher and the object of the research. Accordingly, this close interaction can produce a series of concerns about possible biases or certain types of influences that can lead to misguided conclusions (Miles & Huberman, 1994).

In the case of this study, such concerns were magnified due to each participant's familiarity with the researcher. Recall that one reason given for choosing the financial services industry as the study's sample frame was the ability of this researcher to gain access to top managers through his personal network. While this researcher's personal network was an important resource, it also presents a possible limitation since the participants all possessed a degree of familiarity with this researcher. In short, the degree of familiarity between the researcher and the study's participants should be noted since this condition could have been a factor that inadvertently influenced final results.

With respect to this dissertation, however, steps were taken to design a study that would increase confidence in the study's findings. The steps taken include the following: (1) deciding to conduct a pilot study to test the effectiveness of the data collection methods; (2) using multiple perspectives to study competitor identification; (3) taking time during the interviews to feedback to participants this researcher's emerging understanding of their situations to assure proper interpretation; (4) using analytical methods that would prevent the reaching of premature conclusions; and (5) employing a second coder at various points of the data collection process (Miles & Huberman, 1994; Yin, 2003). While these steps were taken to reduce possible researcher bias and unwarranted influence, these factors may still have affected the study's results.

Finally, as discussed earlier, the Model of CI recasts competitor identification as a more fluid and dynamic process through the concept of Competitor Closeness. This implies that managers will not only change their perceptions of competitor label and set over time, but also will alter their perceptions of each competitor's degree of closeness (i.e., competitor rank). The continuous variability of the competitor LSR perceptions over time is inherently recognized in the Model components. For example, detection of new competitive interaction with a firm outside the existing competitor set, could lead to a perception that this firm should now be included in the competitor set and thus, affect the existing competitor label and rankings. Although the Model of CI anticipates the elements of time and change, it would be helpful to revisit the study participants in three to five years to determine if any changes to the Model and its components are necessary.

6.4 FUTURE RESEARCH

In addition to making several important contributions, this study has also created several avenues for future research. These possibilities fall into two categories. The first category is comprised of topics relating to further issues outlined in the Model of Competitor Sensemaking. The second set of topics relates to avenues of further investigation between organizational identity and competitor identification.

6.4.1 Future Sensemaking Research

With respect to the Model of Competitor Sensemaking, a possible topic for future investigation concerns the social aspects of how managers' construct their competitor sets. Studying the social aspect of competitor identification would compliment and extend the findings of this study, which was conducted at the individual level of analysis. Furthermore, a manager's individual sensemaking is considered to be largely influenced by social interactions with other organizational members. In order to study social aspects of competitor identification, a researcher could consider such an investigation to be a theory elaboration study and employ a qualitative research design. With respect to the issue of sample, a study of this nature could be conducted by using a single organization selected because it represents an ideal example or by using a multiple case design in which two or three organizations are chosen in order to provide the means to perform cross-case analysis (Yin, 2003).

A second issue worth exploring revolves around changes to the competitor set. Recall that the Model of Competitor Sensemaking suggests that managers of an organization face a continuous stream of issues and are in a constant process of sensemaking (Dutton, 1993). With respect to competitor identification, an issue may surface which causes a manager to not only question the competitor set, but also the definition of the competitor label and the ranking of his/her organization's competitors. A study of this type could rely on past research which suggests that managers categorize issues using various labels (Dutton & Jackson, 1987; Dutton, Walton & Abrahamson, 1989; Jackson & Dutton, 1988) and which have developed frameworks relating to strategic issues and strategic agenda building (Dutton & Penner, 1983; Dutton & Ottensmeyer, 1987; Ansoff, 1980). Building on this research, a researcher could employ a qualitative design and study how sensemaking and issue diagnosis affect the competitor LSR.

A third avenue for study that relates to sensemaking entails how conceptualizations of the competitor set affect strategic action. A key component of sensemaking is action (Weick, Sutcliffe & Obstfeld, 2005). Managers actively seek to make sense of firms in their competitive environment for the purpose of distinguishing between competitors and non-competitors. According to the sensemaking perspective, once a manager has developed a plausible explanation of his or her organization's competitors, this interpretation provides a basis for action. In turn, once an organization has acted, the consequences of the action provides the basis for further sensemaking. Similar to the previous possible avenues for investigation, a researcher could explore these issues in a field setting using either a single or multiple case design.

A final suggestion for future sensemaking research topics involves the exploration of the relationship between managerial attention and competitor identification. Attention is often considered to be a limited resource that managers will allocate across various strategic issues (Ocasio, 1997). Accordingly, competitor identification as a strategic issue will compete with other issues for a manager's time and attention. The implications are that managers will, over time, vary the amount of time that they spend monitoring and attending to their organization's competitors. When studying the relationship between managerial attention and competitor identification, one could seek to understand the contextual issues that affect how much attention a manager will allocate to competitor identification. For example, if the manager's business is not doing well economically, more time and attention may be focused on the organization's competitors. However, in time of economic slack,. less time and attention may be devoted to the competition.

Another example of the relationship between managerial attention and CI worth exploring can be seen in the case of P9. P9's inability to name competitors was partly the result of several factors that affected how he allocated his attention. First, he expressed that he did not pay attention to his competition given the perception that his organization does not lose business to any firms within his industry. In other words, the lack of evidence pertaining to competitive interaction created a perception that his organization does not have any competitors and that he does not need to allocate any attention to competitor identification or analysis. Second, P9 stated during his interview that he feels that his organization is completely unique in that he could not name any competitor that possessed a business model similar to his organization. This perception created an impression that his organization was so distinctive that he considers it to be a quasi-monopoly without any competitors. These perceptions appear to have influenced the lack of time and attention P9 devotes to monitoring his organization's competitors. In sum, this example illustrates the potential for conducting research regarding the relationship between managerial attention and competitor identification.

6.4.2 Future OI and CI Research

Turning to the second set of possible avenues for future research, a wide variety of issues remain as to the connection between organizational identity and competitor identification. An important contribution has been made in establishing that organizational identity does play a role in managerial competitor identification. In addition, the integration of OI and the notion of legitimacy into the Model of Managerial Competitor Identification suggests that the CI process is more complex than what is described by the economic perspective. However, while identity has been linked to managerial competitor identification, the extent of this relationship has not been fully established by this study. One reason for this is that identity is a highly complex, multi-faceted and elusive concept (Ashforth & Mael, 1996; Albert, 1998). On top of this, organizational identity is considered to be a prime lens that affects sensemaking (Dutton & Penner, 1983; Weick, 1995; Weick, Sutcliffe & Obstfeld, 2005). The combination of these two observations suggests that this study, while having made a significant contribution to the understanding of CI, has not discovered the full effect that identity plays in competitor identification. Moreover, in this researcher's opinion, organizational identity likely plays a more dominant role in competitor identification than what is described in this dissertation. In fact, this researcher believes that an organization's identity is the driver with respect to organizational activities, including competitor identification.

Recall that the Model only connects OI to the Market Presence, Organizational Market Focus and Competence Similarity components. Given that the study was focused on competition, the strong connection between OI and these components that surfaced during data analysis is not surprising. Specifically, each participant compared and contrasted their organization and the named competitors based on competition for common customers. This aspect of the data collection process increased the salience of the customer stakeholder group in the minds of the participants, which in turn possibly activated that part of the participant's organizational identity pertaining to customers (Scott & Lane, 2000; Pratt & Foreman, 2000). With respect to the Model, this may account for the strong connection between OI and the Market Presence, Organizational Market Focus and Competence Similarity components.

However, the inability of this researcher to establish relationships between OI and the rest of the Model components does not mean that such relationships do not exist. Instead, OI is more than likely connected to the other Model components if one takes into consideration the possible dynamics between the competitor LSR and an organization's identity. Weick's (1995) observation that identity construction and maintenance are at the core of sensemaking suggests that managers are constantly in the process of learning about their organizational self. Furthermore, scholars consider OI to be a socially constructed mental model that is produced through the interaction with others (Gioia, Schutlz & Corley, 2000; Scott & Lane, 2000). With respect to competitor identification, an organization's identity is likely influenced by interactions with competitors and by disruptions generated by firms within the competitive environment. As for the Model, these firms can generate disruptions that can be linked to any of the Model's components not connected to the OI.

For example, an increase in direct competitive interaction with a firm could cause a disruption and activate sensemaking. From an economic perspective, the increase in competitive activity could be interpreted as an increase in the likelihood of future interactions. Accordingly, the Model predicts that such an increase in activity will lead to this firm being seen as a closer competitor and if the firm is not already part of the competitor set, the firm may now be included in the set. However, from an organizational identity perspective, the manager may interpret such activity as a signal of aggression and come to label the competitor as aggressive. Furthermore, the Model suggests that the OI will function as a reference point to determine the legitimacy of the firm's behavior. As for the manager's organization, noticing this increase in competitive activity may also call into question the manager's perception of the organization's identity. On the one hand, aggressiveness may not be a central characteristic and it may conflict with the organization's identity. In this case, the organization may choose to not respond in kind based on an interpretation that aggressive behavior is not legitimate or appropriate. Based on this interpretation, the organization's sense of identity is preserved. On the other had, the organization may face pressures to respond to this attack in an aggressive manner. If the organization has never exhibited aggressive behavior, this response may call into question the centrality of this trait. In the end, the increase in competitive activity and the aggressiveness of the organization's response could eventually lead to a change in the organization's identity. If this were to take place, the change in this sense of self may have broader implications for a manger's perceived legitimacy of the organization and the perceived closeness of the organization's competitors. Thus, as this example illustrates, the possibility exists that there may be a more dynamic interplay between the Model of CI and an organization's identity.

In addition to exploring identity's connections to other aspects of the Model, one could also research organizational identity's impact on competitor identification through perceptions of future competition. Of the three sub-models, OI is the only one that has been theoretically linked to capturing an organization's perception of the future. This aspect of organizational identity is captured through the notion that an organization's identity is comprised of those features that are central, distinctive and *enduring* (Albert & Whetten, 1985). The enduring aspect of identity implies that those features that come to define an organization tend to endure and persist over time (Albert & Whetten, 1985). With respect to an organization's perception of the future, these organizational features also project, to a certain degree, a sense of who the organization will be.

As for the other sub-models, they do not incorporate that same sense of the future as organizational identity. With respect to the economic sub-model, it is hard to imagine how a manager could meaningfully compare his future organization to firms in the competitive environment along economic dimensions. For example, calculating the cross-elasticity of demand between the products of the manager's future organization and the organization's future competitors would be a difficult if not impossible task. Furthermore, it is also difficult to imagine how a manager can form a future industry taxonomy based on the future characteristics of firms that reside in the competitive environment. Instead, both the economic and categorization sub-models are more likely to be retrospectively constructed and less likely to reflect projections of future competition.

Organizational identity, however, provides a framework which managers can use to construct their organization's trajectory through the construction of a desired future sense of self that the organization aspires to realize (Gioia & Thomas, 1996). The act of constructing a vision of a desired organizational self could influence the competitor LSR. This influence could be partly realized through the substantive components of an organization's identity, which ought to capture future conceptualizations as to markets, products, technologies and capabilities. With respect to competitor identification, a manager's sense of a future self as expressed through the substantive components may have an effect on how the competitive environment is construed, which firms are labeled competitors and how a manager constructs the competitor rank. In fact, such a discovery may reveal a blindspot in which competitor identification and competitor closeness is restricted or constrained by an organization's envisioned future (Zajac & Bazerman, 1991). In sum, the notion that organizational identity captures not only current but future perceptions of self suggests that identity may have a greater influence on competitor identification than what is captured in this paper.

Another avenue for further investigation involves the effects that identification has on managerial competitor identification. While this study provides evidence to suggest that top managers are more than likely highly identified with their organizations, studying the effects that identification have on competitor identification was not the focus of this dissertation. However, this evidence of identification suggests that the self-concepts of top managers are partly defined by organizational membership (Dutton, Dukerich & Harquail, 1994; Ashforth & Mael, 1989; Hogg & Terry, 2000). Accordingly, a highly identified manager will seek to fulfill his/her personal needs and regulate his/her sense of self-esteem via the organizational label. For example, a highly identified manager will seek to satisfy his/her need for self-distinctiveness by establishing the distinctiveness of his/her organization (Dutton, Dukerich & Harquail, 1994; Brown, 1997; Snyder & Fromkin, 1980). With respect to competitor identification, this need for self-distinctiveness may create a situation in which managers seek to establish the organization's uniqueness through its identity (Ashforth & Mael, 1996). Specifically, a manager may make identity claims that function to establish his or her organization's uniqueness, but are ones in which the veracity of the claim is not firmly established (Ashforth & Mael, 1996; Martin, Feldman, Hatch & Sitkin, 1983). When it comes to competitor identification, the need to establish an organization's uniqueness may create a distorted perception of an organization's competitors and create a competitive blindspot (Zajac & Bazerman, 1991).

In addition to fulfilling personal needs via the competitor label, a claim of this paper is that a highly identified manager increases the likelihood that organizational identity is a dominant lens through which a competitor is construed. This supposition is developed within the context of Weick's (1995) observation that identity construction and maintenance are key preoccupations of sensemaking. While this study sought to explore the role that organizational identity plays in competitor identification, the need to sort out its role in relation to the economic and categorization perspectives limited the degree to which the issue of identity could be explored. However, research regarding the effects of the self-concept on the perceptions of others suggests that the relationship between organizational identity and competitor identification warrants further investigation.

In a study by Markus, Smith & Moreland (1985), a framework is developed that can be used as a basis for future work on the role of organizational identity. Applying this framework to competitor identification, it is suggested that a manager will use knowledge of his or her organization, in particular the organization's identity, as a reference point to make sense of firms in the external environment. Moreover, a manager will more than likely use the organization's identity in this fashion when the manager possesses a high degree of self-knowledge and a low degree of knowledge about a firm in the competitive environment. In this scenario, a manager will use the organization's identity as a reference point to fill in the information gaps and construct a complete picture of this firm. In addition, the framework also suggests that if a manager possess a high degree of self-organizational knowledge and a high degree of knowledge about a competitor, that both the objective information and the organizational identity will be used to develop an impression.

In both of these examples, the organizational identity provides a function similar to a manager's industry taxonomy in which it helps a manager compensate for missing information. However, this framework raises several interesting issues worthy of further study. First, if organizational identity plays the role as a sensemaking reference point for construing competitors, then it could also play a role for construing groups of competitors. This means that a manager's industry taxonomy may be a function of a manager's organizational identity. If this is true, then such a conclusion would be consistent with perspectives claiming that identity is a fundamental mental model (Fiol & Huff, 1992). Second, given that this researcher's study found variations in the degree to which a manager is familiar with his or her competitors, further investigation of this proposed framework is necessary with respect to OI. If managers are generally unfamiliar with their competitors, then this condition may provide a basis for further exploring identity's role as a self-reference point.

In addition, Markus, Smith & Moreland (1985) also provide the basis for further investigation when a manager possesses little information about his or her own organization. In this scenario, the framework suggests that a manager's organization may use its competitors as a means to develop its sense of identity. Specifically, the organization may identify a competitor as a firm that they want to emulate (Labianca et al., 2001). This provides an interesting twist in that competitor identification may not be strictly about differentiation; instead, under certain conditions, it may be about identifying competitors that the organization is to equal or surpass (Labianca et al., 2001).

The purpose of incorporating this framework into a discussion of future research is to provide some structure as to possible avenues for further explanation of the link between organizational identity and competitor identification. As discussed above, a need exists to further explore the role that organizational identity may play as a reference point used by managers in order to construe competitors. While this discussion provides specific examples, the complexity surrounding organizational identity provides many different avenues for exploration.

In sum, while this dissertation makes significant contributions to the CI process, more research is needed to fully understand how organizational identity affects competitor identification.

APPENDIX A - PILOT STUDY SUPPLEMENTARY INFORMATION

Pilot Study Interview Guide

Initial Questions

- What does it mean to be a competitor of your organization?
- Why did you identify these firms as your organization's competitors?
- Why is the identification of competitors important?

Possible Follow-up Questions

- Do you consider some to be closer competitors than others?
- How did you come to define what it means for a firm to be a competitor of your organization?
- Has the definition of what it means to be a competitor ever changed?
- How did you determine the structure of the competitor set?
- What organizations in your industry aren't considered competitors? Why are they not included in the set?
- How long have your current competitors been your competitors?
- Has the competitive set ever changed? Addition or deletion of members? Reordered? Why?
- Would you agree with the following statement: we really do not have any competitors?

Role of Industry Taxonomy

- Where does your firm fit within your taxonomy? Why?
- How does your industry taxonomy relate to the firms you identified as your organization's competitors?

Role of Economic Perspective

- How does your conceptualization of the business you are in (business model, industry structure, economics of competition, critical success factors) related to the firms you identified as you organization's competitors?

Possible Follow-up Questions

- What does it take to compete in your industry?
- What are your industry's critical success factors?
- What is your organization's current strategy or business model?
- What are your goals?
- What are your core capabilities?
- Who are your customers? How do you create value?

Pilot Study Interview Guide (continued)

Role of Organizational Identity

- How does your organization's defining attributes relate to the firms you identified as your organization's competitors?

  Possible Follow-up Questions

  - What adjectives would you use to define the organization?
  - What are your organization's defining attributes?
  - What is different about your organization?
  - Why does your organization exist?
  - What are your organization's core values? How would you order them from most to least important?
  - What are you trying to become?

Relationship among Taxonomy, Economic Perspective and Organizational Identity

- How does your taxonomy, conceptualization of your business and identity relate to one another?

Strategic Issues and Competitive Environment

- How do the issues you face today relate to the firms you identified as competitors?

  Possible Follow-up Questions

  - How will resolution of your strategic issues affect the competitor set?
  - What adjectives would you use to describe these issues?
  - Which ones are most challenging? Most important?
  - Would you characterize them as a threat or opportunity?
  - What is the urgency in solving these issues? Crisis? Routine?
  - How much information do you have available to understand the issue and make decisions?
  - How did these issues get on the strategic agenda?

Effortful Competitor Identification (Only ask if there is time left over)

- Do you rely on any specific information sources to identify and track your competitors?
- Have you ever conducted a formal competitor analysis?

APPENDIX B - MAIN STUDY SUPPLEMENTARY INFORMATION

Competitor Identification Questionnaire

As part of the research study on competitor identification, you are being asked to complete the following questionnaire. Consistent with other parts of the study, participation in this part of the study is voluntary and you may withdraw at any time. I do not know of any risks involved with participation in this study. The following survey will ask you questions about your organization. All of the responses to these questions will be kept anonymous, and will not be identified to anyone. DO NOT WRITE YOUR NAME ON THE ANSWER SHEET. Feel free to skip any questions you would rather not answer. I do ask that you please answer each question you do choose to answer as accurately and honestly as possible. This survey is being conducted by the Katz Graduate School of Business at the University of Pittsburgh as part of a research study investigating how managers identify their organization's competitors. If you have any questions, please contact Tim Few at 724.745.7666 or by email at timfew@katz.pitt.edu.

For the following questions, please use the following scale to rate the degree to which you feel the statement characterizes your organization:

1 – Strongly disagree
2 – Disagree
3 – Neither agree nor disagree
4 – Agree
5 – Strongly agree

*Organizational Identification Scale (Mael & Ashforth, 1992)**

1. When someone criticizes [*name of participant's firm*], it feels like a personal insult.	1	2	3	4	5
2. I am very interested in what others think about [*name of participant's firm*].	1	2	3	4	5
3. When I talk about [*name of participant's firm*], I usually say 'we' rather than 'they.'	1	2	3	4	5
4. This business' successes are my successes.	1	2	3	4	5
5. When someone praises [*name of participant's firm*], it feels like a personal compliment.	1	2	3	4	5
6. If a story in the media criticized [*name of participant's firm*], I would feel embarrassed.	1	2	3	4	5

Competitor Identification Questionnaire (continued)

<u>*Organizational Identity Strength Scale (Kreiner & Ashforth, 2004)**</u>

7. There is a common sense of purpose in this organization.	1	2	3	4	5
8. This organization has a clear and unique vision.	1	2	3	4	5
9. There is a strong feeling of unity in this organization.	1	2	3	4	5
10. This organization has a specific mission shared by its employees.	1	2	3	4	5

<u>*Organizational Identity Incongruence Scale (Kriener & Ashforth, 2004)**</u>

11. My organization stands for contradictory things.	1	2	3	4	5
12. The values of this organization are not compatible with each other.	1	2	3	4	5
13. The mission, goals, and values of my organization are well aligned.	1	2	3	4	5
14. My organization sends mixed messages concerning what it cares about.	1	2	3	4	5
15. The goals of my organization are often conflicting.	1	2	3	4	5
16. The major beliefs of my organization are inconsistent.	1	2	3	4	5

* These citations were not included in the surveys distributed to the participants.

Main Study Interview Guide

Role of organizational identity
- What is your organization's identity?
- What are your organization's core values?
- What adjectives would you use to define your organization?
- What are your organization's defining attributes?

Repertory grid
- Does any of the constructs surfaced capture or express your organization's identity? If so, which ones?
- **<u>Laddering</u>**:
    - What does each of the constructs mean? How would you describe these dimensions?
    - Which end of this dimension does your organization prefer to be?
    - What are the advantages of being on the preferred side of this dimension?
    - What is the advantage of the opposite end?
- Why did you give the ratings that you gave to your organization? To your competitors?
- Are any of the constructs personally important to you?

Participant's perception of his/her organization
- What is your organization's business model? How do you create value?
- What is your distinct or competitive advantage in the marketplace?
- What would you consider to be your organization's core competencies?
- How competitive is your organization?
- How is your business model going to change in the future? Why the change?

Perceptions of your competitors
- How would you rank order your competitors?
- Why are they ranked in this manner?
- Why do you consider the closest competitor to be the closest?
- Why do you consider the most distant competitor to be most distant?
- Why did you identify these firms as your organization's competitors?
- How would you describe your competitors' business models? How do they create value?
- How competent are the competitors that you named?
- How competitive are each one of your competitors?
- How significant of a threat do they pose?
- What does it mean to be a competitor of your organization?

Main Study Interview Guide (continued)

<u>Similarity/dissimilarity:</u>

- Given our discussions of your organization and your competitors, how similar are you to the competitors that you named?
- On what dimensions are you similar?

<u>Reputation:</u>

- How would you characterize the reputation of the competitors you named?
- How do you feel about the competitors that you named? Or, which ones evoke the strongest feeling?

<u>Seeing:</u>

- How often do you see the competitors you named?

<u>Perceptions of the future:</u>

- Are any of your named competitors converging on or diverging from your organization's business model?
- How does your sense convergence/divergence affect the rank order of the competitors you named?

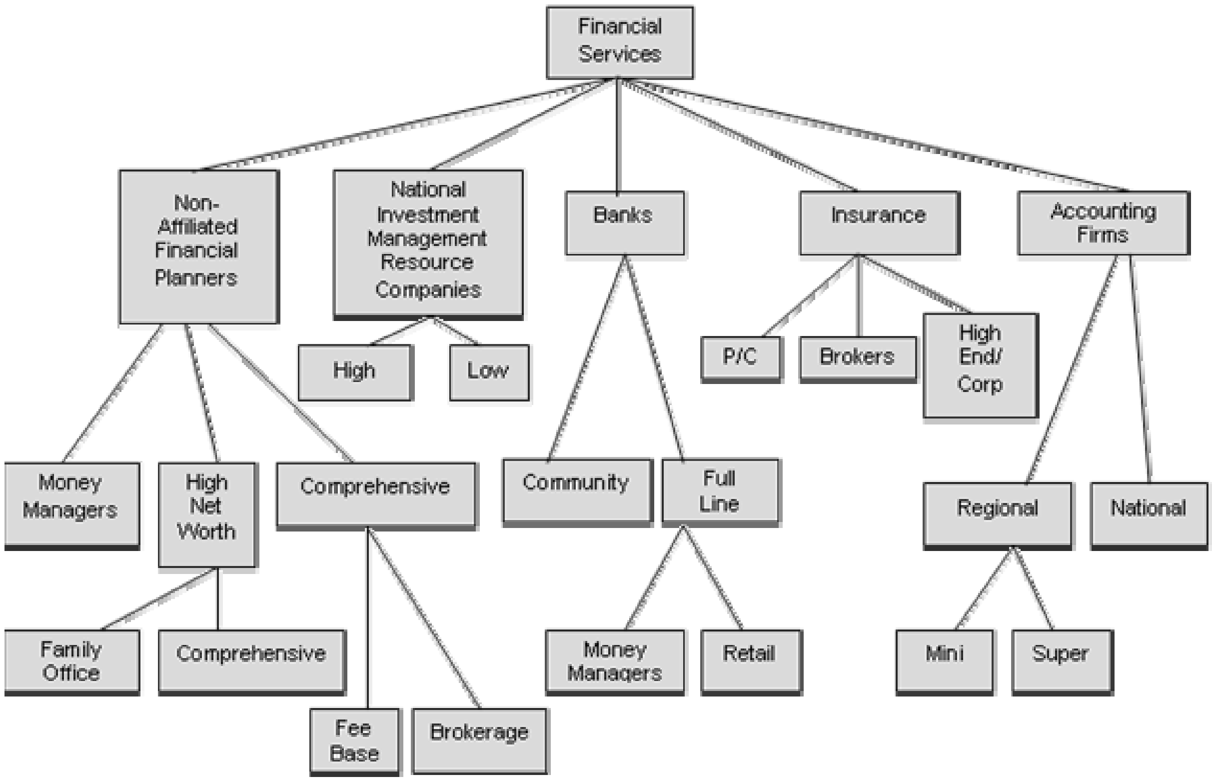
<u>Familiarity</u>

- How familiar are you with each competitor?
- How certain are you of your perception?

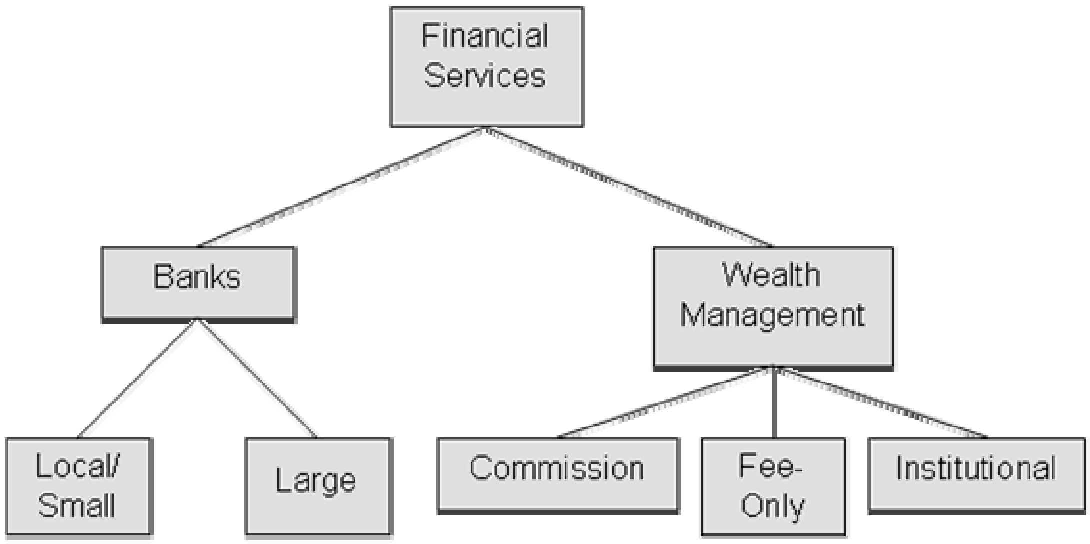
Role of Industry Taxonomy

- How do you define the various categories? What are the characteristics of the most typical firm within the various categories?
- What distinguishes the categories from each other?
- Where does your firm fit within your taxonomy? Why?
- Where do your competitors fit within the taxonomy? Why?
- Which categories are his closest competitors? Does he feel that he competes with categories?
- Why do you feel that you compete with one category over the other?
- How often do you 'see' other categories?
- How typical are the competitors you named of their categories?
- How legitimate are the categories within the taxonomy? What is their reputation?

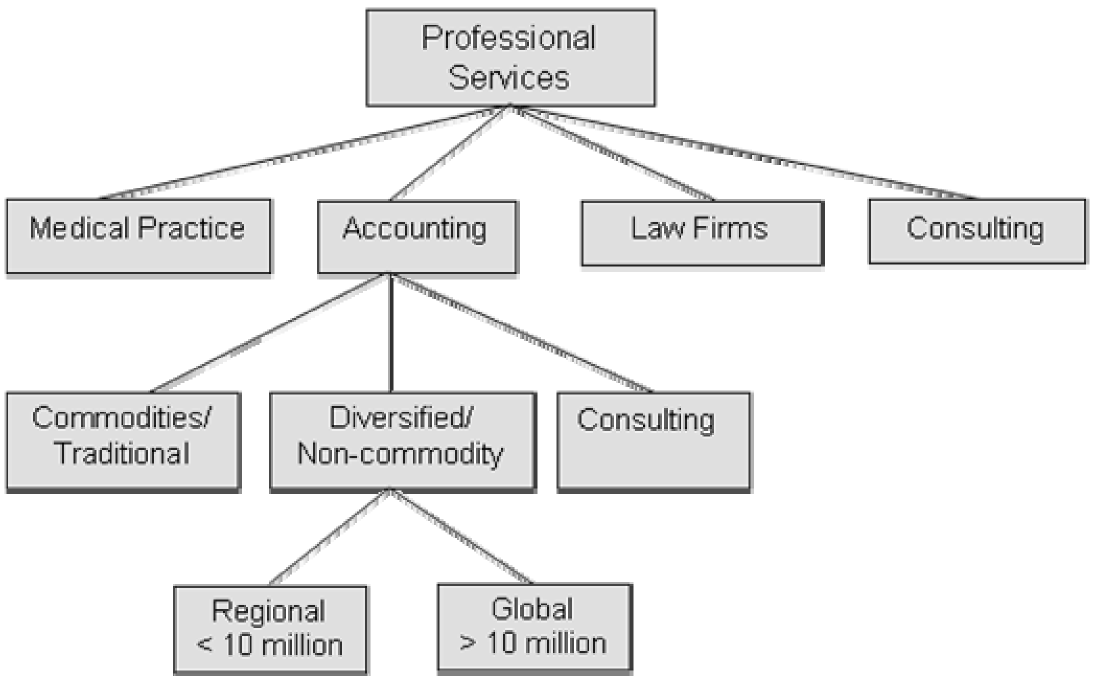
P1's Industry Taxonomy



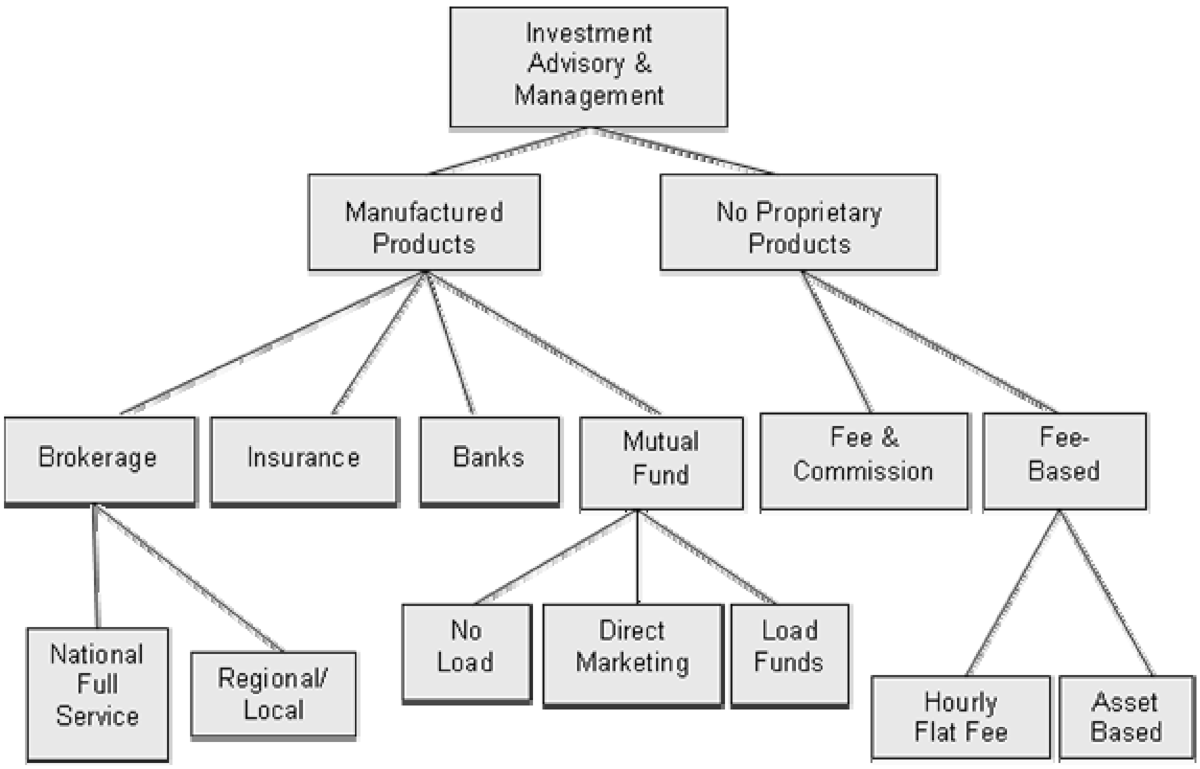
P2's Industry Taxonomy



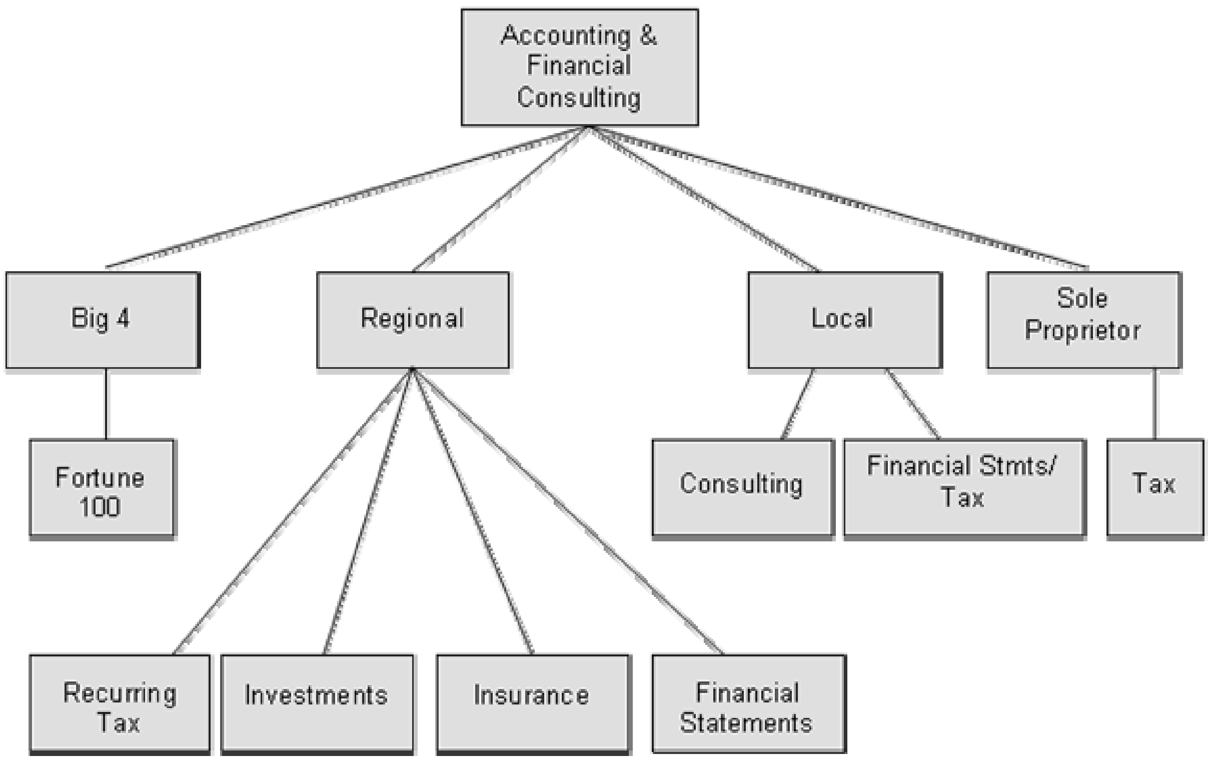
P4's Industry Taxonomy



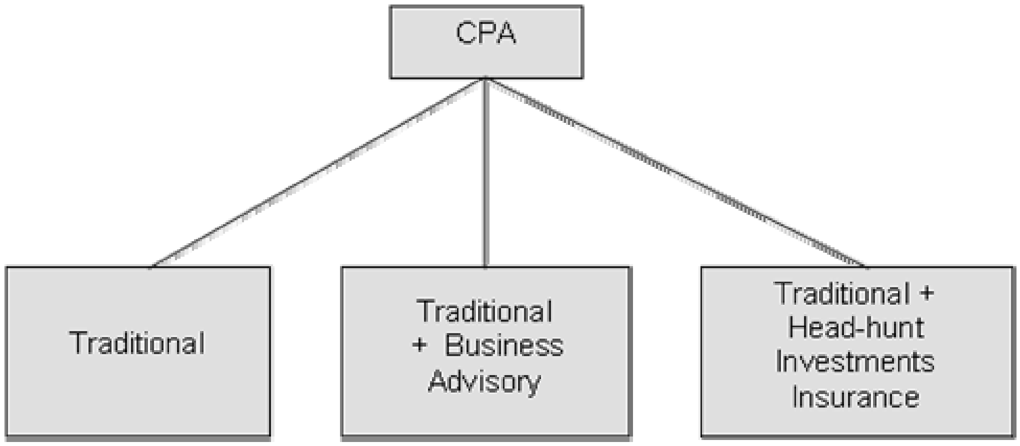
P5's Industry Taxonomy



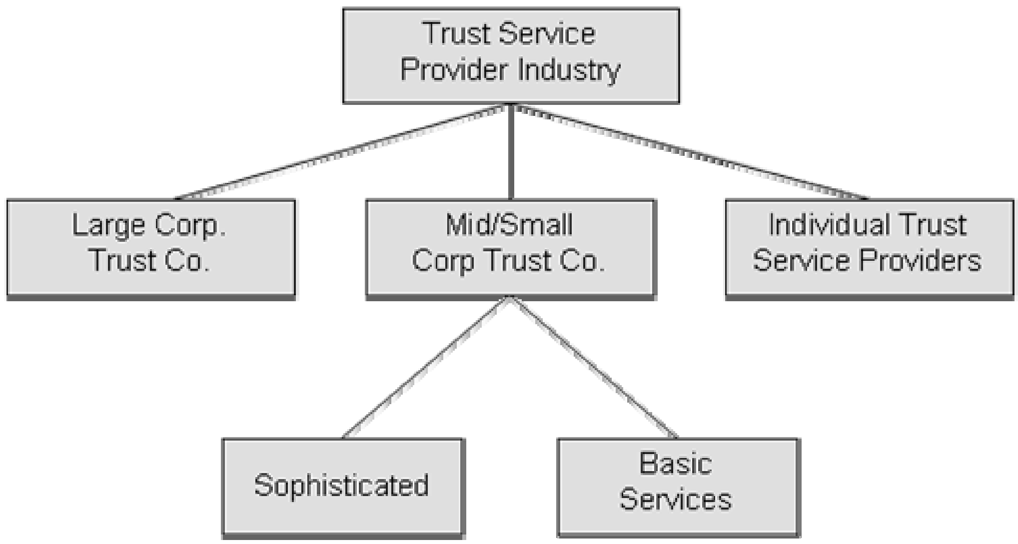
P6's Industry Taxonomy



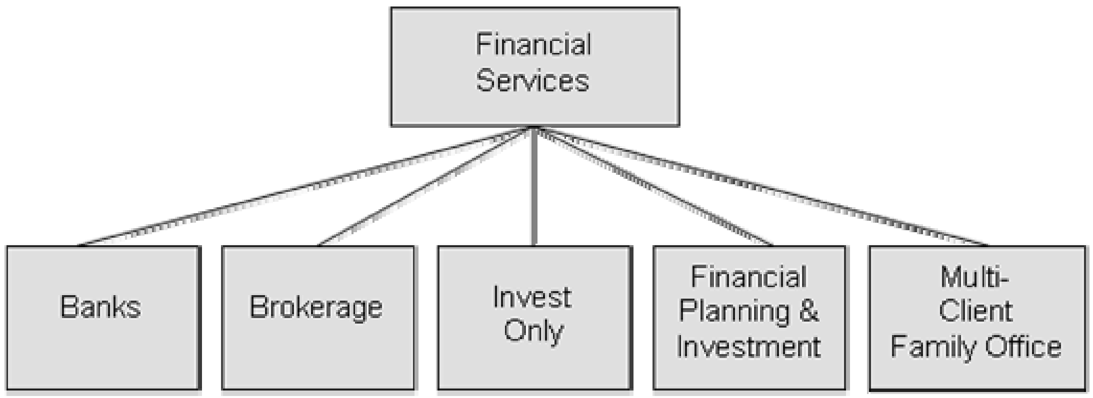
P7's Industry Taxonomy



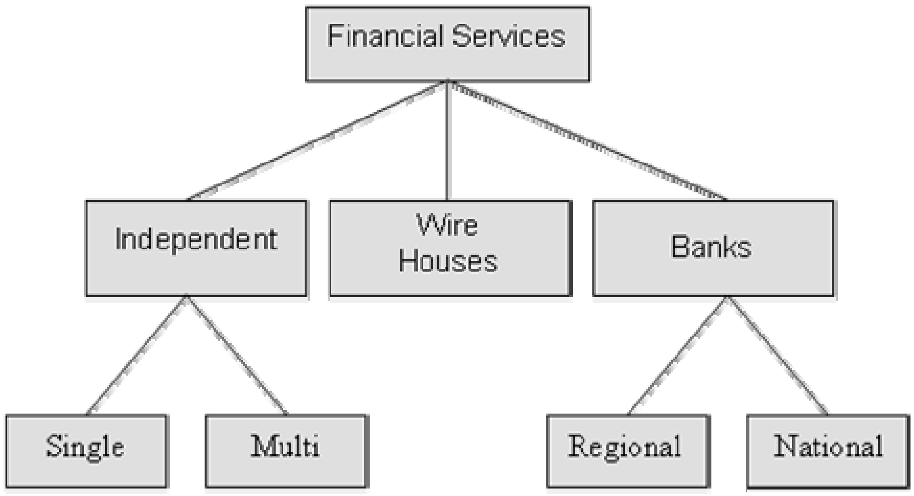
P8's Industry Taxonomy



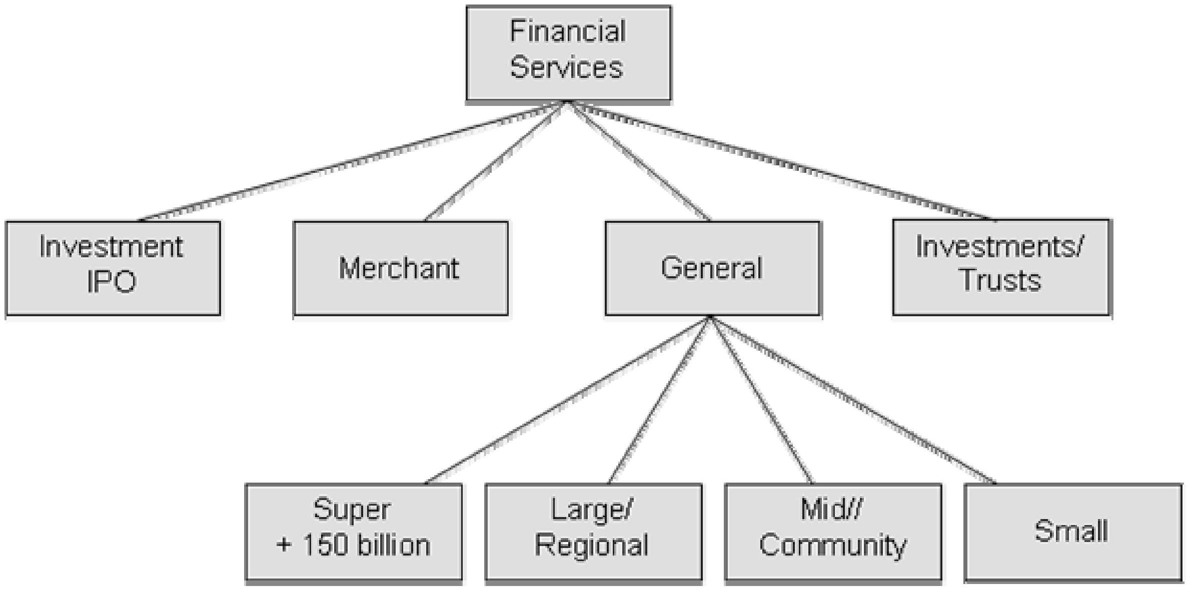
P10's Industry Taxonomy



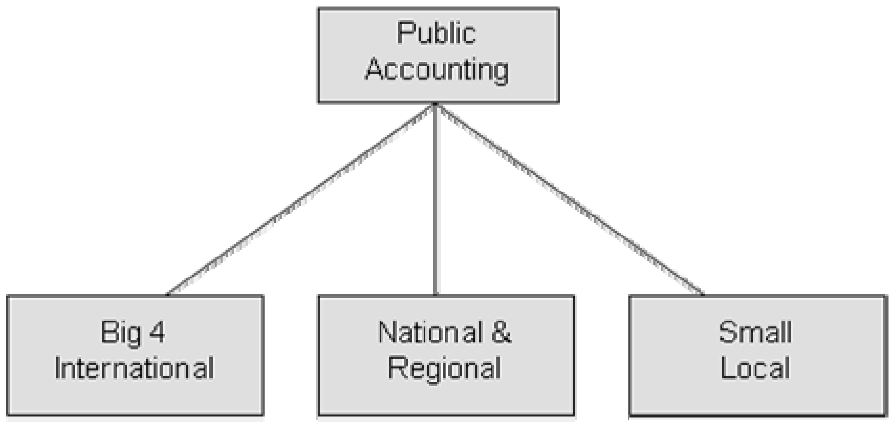
P11's Industry Taxonomy



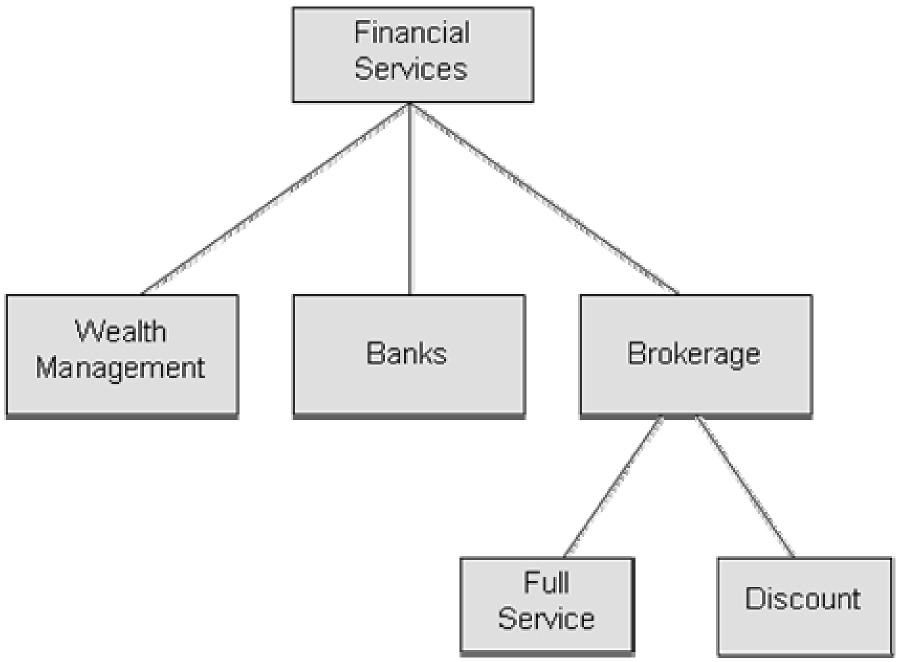
P12's Industry Taxonomy



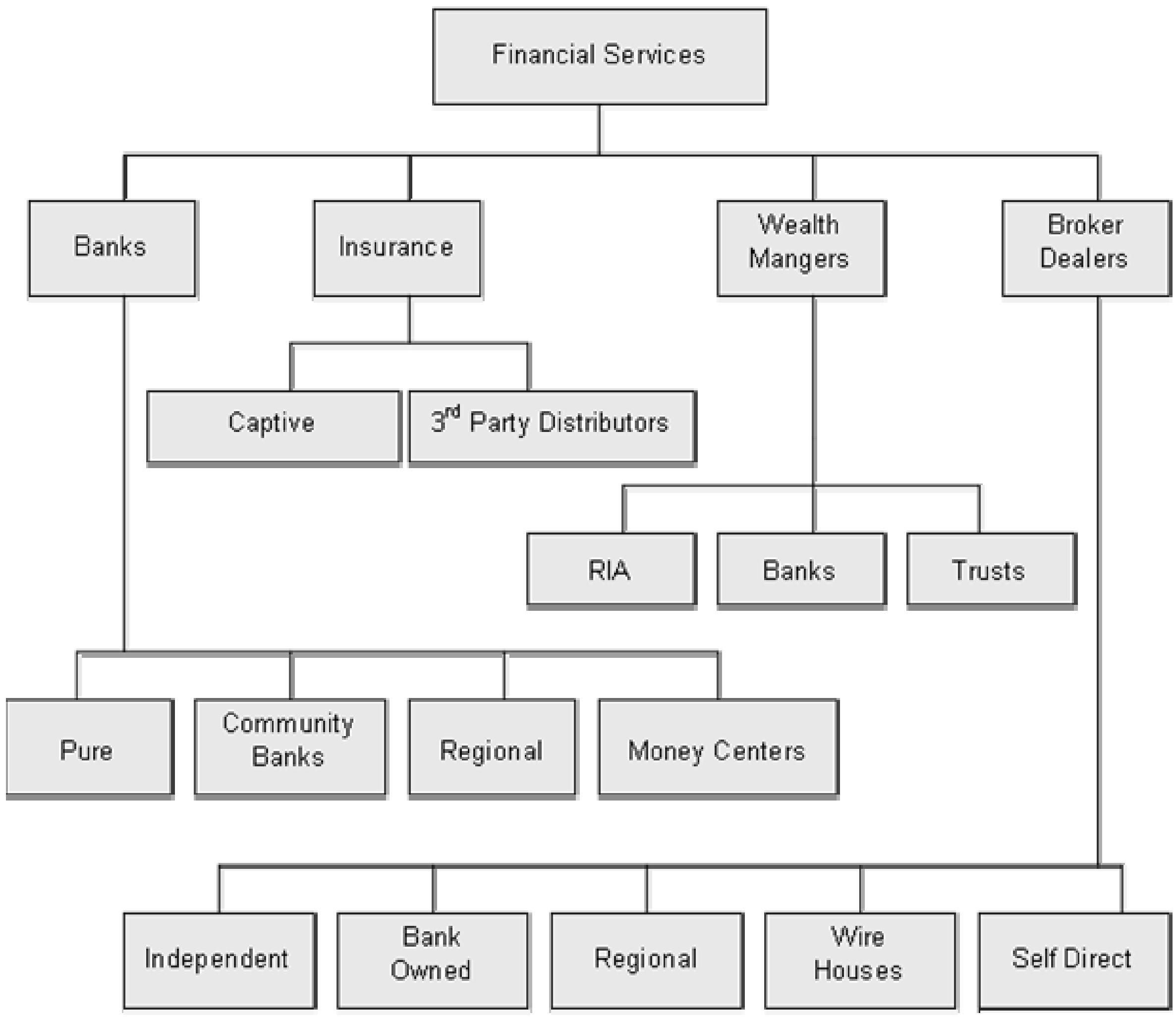
P13's Industry Taxonomy



P14's Industry Taxonomy



P15's Industry Taxonomy



Location of Firms Within Industry Taxonomies

Participant	Industry Categories	Firms in Category
Participant 1	Fee-based/Comprehensive	P1's Firm C1 C2 C3
	Money Managers	C4
	Banks: Full Line	C5
	Commission/Comprehensive	C6 C7
	National Investment	C8 C9
	Accounting: Super Regional	C10
Participant 2	Wealth Management: Fee-only	P2's Firm C2 C4 C5
	Wealth Management: Commission	C1 C3
Participant 4	Accounting: Diversified/Non-commodity Regional (<10 million revenue)	P4's Firm C1 C2 C3 C4 C5
Participant 5	Non-proprietary Products: Fee-based	P5's Firm C2 C4
	Non-proprietary Products: Fee & Commission	C1 C3
	Banks	C5 C6
	Brokerage: National	C7 C8 C9
	Brokerage: Regional	C10 C11
	Insurance	C12
Participant 6	Local	P6's Firm C4 C3
	Big 4	C5
	Regional	C1 C2
Participant 7	Traditional + Business Advisory	P7's Firm C3 C4
	Traditional + Head-hunt, Investments, Insurance	C1 C2

Location of Firms Within Industry Taxonomies (continued)

Participant	**Industry Categories**	**Firms in Category**
Participant 8	Mid/Small Corp Trust Co.: Sophisticated	P8's Firm C1
	Large Corporate Trust Co.	C2 C3 C4
	Mid/Small Corp Trust Co.: Basic Services	C5P
Participant 10	Multi-Client Family Office	P10's Firm C1
	Brokerage	C2
	Investment Only	C3 C4 C5
Participant 11	Independent: Multi	P11's Firm C1 C2 C3 C4
Participant 12	General: Large/Regional	P12's Firm C1 C2
	General: Super/+150 billion	C7 C8
	General: Mid./Community	C6
	General: Small	C4 C5
	Investments/Trusts	C3
Participant 13	Self-Assigned Category (*Note: This title was used instead of the industry described in order to preserve confidentiality).*	P13's Firm
	Big 4: International	C1 C2 C3
	Small/Local	C4 C5
Participant 14	Wealth Management	P14's Firm C1 C2 C3 C4
	Brokerage: Full Service	C5
Participant 15	Banks: Community	P15's Firm
	Banks: Regional	C1 C2
	Broker Dealers: Regional/Community	C3
	Broker Dealers: Wire Houses	C4 C5

Summary Descriptions of Organizational Identity by Participant

Participant	Substantive Identity Items	Intangible Identity Items
Participant 1	Fee-based financial planning firm Based in Pittsburgh Medium-sized - 33 employees We work with mid-sized accounts; serve 1800 families (average account is approximately $350,000 in liquid assets – size ranges from thousands of dollars to tens of millions of dollars) Not confined to a niche; serve everybody; don't have any minimum account sizes	We try and truly practice financial planning Do what's in the best interest of the client first - give answers that are best for the client
Participant 2	Wealth management services Individual clients – We serve everybody Good service at a reasonable price A stable company Tight-knit Fee-only	Client-first – we care about the clients Employee-first – we care about the employees Family oriented
Participant 3	We do more non-traditional work than most any firm in the area (Construction, Medical valuation, Non-profit)	Provide solutions; highly motivated group of individuals who seek strategic answers and give business advice to their business clients Not afraid – won't say that we don't do something – not afraid to venture away from audits and tax (traditional) Look for appropriate opportunities; will take non-traditional work on if have or can develop expertise, otherwise move on Integrity - we will be prepared to defend our positions, but we will not cross a line of ethics and risk our reputation Quality Education

Summary Descriptions of Organizational Identity by Participant (continued)

Participant	Substantive Identity Items	Intangible Identity Items
Participant 4	Not a traditional accounting firm Consultants, advisors, and Certified Public Accountants Business knowledge that adds value	We're highly respected; you can't treat your employees unfairly and end up being well respected; you can't be well respected and gouge your customers; you can't be well respected and have clients that are unethical. Be the best firm in the city; we don't have to do everything that other firms do; instead, be the best at what we do. Dedicated to customer-client quality; do what you do well, but understand your limitations with respect to the scope of your capabilities and always residing within those. Better product at a lower cost Growth and profit-driven organization; we don't ever want to be seen as a firm that's stagnant and kind of drifting with no wind in our sail; be aggressive and having a culture that says we are not resting here. Honoring and respecting every employee The firm is our best client.
Participant 5	Fee-based investment manager They guide clients towards their investment goals through financial planning and their investment management process Provide financial planning on an individualized basis	They are unbiased and work to remove any conflict of interests – this results in being fee-based, guiding the clients and offering individualized financial planning and investment management - Unbiased means that they are not using funds or generating activity in order to increase revenues Act on behalf of the client – establish mutually beneficial relationships with our clients Authenticity – they do what they say they are going to do – reflected in their stance on how they implement asset allocation.

Summary Descriptions of Organizational Identity by Participant (continued)

Participant	Substantive Identity Items	Intangible Identity Items
Participant 6	Not a traditional accounting firm – we don't follow checklists – not slotted into just tax returns and financial statements Business-solution oriented firm, business thinking - strategizing with the business owner, finding solutions to their problems – doing more difficult work Boutique consulting firm Young dynamic organization	Not limited in what we can do Problem-solving organization We are continuously growing
Participant 7	Accountants and business advisors Not – insurance salesmen, stock brokers Not the green eye-shade guys Not the firm that has a niche or industry specialty We are a CPA firm that is a subset of the old big 8 – that was the basis of their training. We are the category in the middle (Traditional + Business Advisory); a more traditional CPA firm that has enough business experience to be able to sit down at the table and work with our clients in solving problems that they don't have in-house talent to deal with. We have a stable of bright folks that can handle . . . that can tackle issues of firms much bigger than us. We have a cohesive partnership; good partner relations.	We do not do things because they are trendy We take on the challenges that others punt on. We act in ways that respect the business – we are responsible to the business. We have good partner relationships; we speak with one voice; we resolve our differences privately. We value each others strengths and weaknesses. We value the person; we create good relationships with the staff; we are not corporate; we are not impersonal.

Summary Descriptions of Organizational Identity by Participant (continued)

Participant	Substantive Identity Items	Intangible Identity Items
Participant 8	Very sophisticated, from both a knowledge standpoint of the trust and estate business and law Very sophisticated from the standpoint of the systems technology Provide as sophisticated or more sophisticated service than C4P8 on basic trust services. Speed; we can move quickly on business and make decisions. Flexibility; we tailor our services to the needs of the client We are cost-effective; this reflects the ratio of the value of the services they offer to price We do not use or sell proprietary products	Mission: To provide services to our clients as if they were our partners with a win-win outcome; they believe that if the client does well then they will do well. Vision: To be recognized as a financial-services company that objectively selects the best available strategy for each of its clients. Values: Create an environment that allows for complete objectivity in providing services to out clients: no proprietary products, accept no incentives for investment product recommendations, no hidden fees. Closely monitor the continual beneficial developments in technology and services in the financial-services industry and carefully implement those that enhance service delivery. Price services fairly and strive to continually make services cost-effective. View client relationship for their long-term value rather than their short-term profit.

Summary Descriptions of Organizational Identity by Participant (continued)

Participant	Substantive Identity Items	Intangible Identity Items
Participant 9	We are an intellectual capital company that specializes in the financial services industry.	So we have brought a lot of creative thinking and creative approaches to helping financial advisors solve the challenges that our industry is facing. Well, we've been very good at honoring what we say. So when we tell our advisors we can do something or we can't do something or we will do something, we think there's a reliability that has been created by having a history of honoring what we said we were or were not going to be able to do. So I think in an industry that's been all over the place as far as the trust factor is concerned . . . . I think our advisors like working with people that conduct themselves in a trustworthy manner. [O]ur advisors like to know that they have us working as hard for them as they are working for themselves. So I think we're very passionate about working hard every day to help our financial advisors help their clients. . . . I think we're defining how the industry is going where a lot of other firms still have yet to make the changes to address some of the major things that are happening in our industry. So I really don't think there's anybody else out there like us, and I think we're way ahead of the curve on a few things.
Participant 10	Small entrepreneurial company Trying to grow itself into a mid-size organization focused on 20-percent-or-above growth in terms of sales every year Provide financial services - we address all aspects of their finances regardless of what they might be We service, right now, high-net-worth client, meaning those individuals typically with a million.	Always do what's right for the client regardless of the circumstance to us; if we don't feel that we can address that need for the client, then don't take on the client; we are not focused on our pocketbook; we eliminate conflicts of interest. And I think the other thing is, you know, just treat everyone, regardless of who they are, as a partner; vendors, employees, clients, media; whatever you do, however you transact something with someone, it's got to be a win-win situation for both individuals or groups.

Summary Descriptions of Organizational Identity by Participant (continued)

Participant	Substantive Identity Items	Intangible Identity Items
Participant 11	We are independent; we do not belong to one organization that tells us how to run our business and who pays us, you know, specifically to do certain things within the business more than you get paid otherwise. We are holistic wealth managers and advisors; holistic, in the fact that we don't just concentrate on any one area; we look at, you know, someone's finances as a whole.	I would say honesty is probably our top one, making sure that we're always doing the right thing for the clients and not what's right for us. Doing what we say; We tell a client we're going to do something, make sure we do it . . . Do a good job of it . . . always doing your best job. [S]omething else that's probably part of our identity would be family. . . . .We feel that, you know, we really feel that the people that are our clients are also our family . . . the connotation of family I have is that you really care about each other and that you really always want to be doing the best thing for those people. I think that's how we think about our clients.
Participant 12	Highly competitive sales culture organization Cost conscious. Cheap, in other words. A low cost . . . not a low-cost provider- certainly a low-pricing provider. I would say cost. We're very cost conscious. We are a growth company, which is probably another one of those mantras that we say describe the mission. We view ourselves, at least, as a growth company with the expansions and what not.	Shareholder value is another one that I recall that is very high on the priority list They're really sort of the fundamental banking ideas. Security and safety and integrity. Customer responsiveness, customer orientation - Treating the client honestly and straightforwardly. The focus is, of course, get new customers - treating that customer as you would be treated. I think what has been drummed into us and seems to be a common thread when we hire people is honesty, hard-working, probably detail-focused (execution), if you will.

Summary Descriptions of Organizational Identity by Participant (continued)

Participant	Substantive Identity Items	Intangible Identity Items
Participant 13	So, by saying what I can sum up what I think, I think we’re business advisors to the closely helds that try to create an atmosphere of ownership for all We’re business advisors to, you know, to the closely held, as opposed to the public sector - We are a firm that concentrates on a market. And the market has traditionally been family-owned, closely held businesses - We certainly see ourselves more as an accounting firm, or more of a business advisory firm. We’ve held ourselves out as being a value-added provider through the integrated service model	We try to operate in a way that we think a closely held, family-type business would be; we promote the family business internally; we try to create an atmosphere that integrates all of our employees into the business so that they can, you know, view it as theirs; I think our culture of being open and democratic and wanting it to be . . . a fun place, as if it were every employee’s own business. [W]e have standards there (related to the core values of his profession) to uphold and those are independence and integrity; that we are going to be an independent advisor that will report on things in accordance with standards that regulate our practice. But I think our service values will be, you know, we build relationships so the development of loyalties between and among the disciplines in our clients is, you know, is core to our success - . . . you have a number of players but they’re all working for the best interest of the client and making sure that that web is woven through the staff as they mature so that they can carry on - And I think by having that service model that’s allowed us to perpetuate the development of relationships and the fact that we’ve got the integrated service to a client that we view as a relationship as opposed to a customer - We’ve held ourselves out as being a value-added provider.

Summary Descriptions of Organizational Identity by Participant (continued)

Participant	Substantive Identity Items	Intangible Identity Items
Participant 14	Financial services, wealth management firm Targeting the one-to-five-million-dollar client Providing personalized wealth management services, including investment management and financial planning; all the surveys we've done, that's what our clients come back with, that they feel the service is personalized, dependable, responsive We consider ourselves to be knowledgeable advisors.	We really treat every client's money and every client's situation as if it were our own To be there for our clients; stems from making sure that we have the knowledge to help our clients Provide accurate, ethical advice The foundation of who we are, you know, we consider ourselves to be knowledgeable advisors; we take that seriously; it's not just . . . lip service.
Participant 15	A financial services company with an expertise around the small business. We offer services uniquely designed around the small business or the family business Scope of services; the breadth of what we do; we're not just a bank; we offer banking . . . investment management . . . insurance . . . armored transport; there are advisors out there that will focus on a succession plan for family-owned businesses, but that's all they do . . . we do that as well, but we also provide consulting for their operations . . . family mediation, sales and marketing assistance. Capabilities of the people that provide those services is rather unique. I don't think . . . know there are no other banking institutions, and then I would say probably any financial services firms, that have the people that we have, the skill set.	<u>Relationship</u>: A real emphasis on the client relationship; we're going to take the time to get to know that customer; it's a much deeper analysis, both on a quantitative front, as well as a qualitative front - When you take a relationship approach . . . you offer advice and recommendations that are what's in the best interest of the client, even if it means giving up a sale. <u>Community</u>: .[C]ommunity banking is an industry moniker but it's . . . absolutely breathed and lived here; we're a part of the community, part of the fabric . . . that means that we know our customers; it gets to the community involvement, the boards that we're on, the financial commitments, charitable commitments that we make to local charities in our market, the support of local schools and other organizations. <u>Integrity</u>: [B]ecause of our emphasis on local community and our emphasis on relationships, the integrity has to be there; it's what this bank was founded on 130 years ago; . . . a lot of banks and organizations will have in their mission statement, or whatever, to be a local investment community or whatever but, in practice, you don't see that play out, or it's in name only. They'll stroke a check and that's the end of it - we do what we said we were going to do.

Identity and Non-identity Repertory Grid Constructs

Participants	**Identity Constructs**	**Non-Identity Constructs**
Participant 1	Comprehensive – Non-comprehensive planning Individual clients – Corporate/business clients Long-term/fee-based – Transaction-based/brokerage Regional – National	Small/mid size company – Larger company High – Low Cost Small – Large Scale High visibility– Low visibility
Participant 2	Fee-only – Commission/transaction-based Small size/small # producers – Large size/large # producers Low turnover/tight knit – High turnover/loose knit Non-proprietary/individual clients – Proprietary/institutional clients *(Note: This was not originally a named dimension, but P2 connects it to his firm's identity through putting the client first)*	Fee-based client 1st marketing – Market services/financial plan
Participant 3	Construction – Non-construction *High construction expertise – Low construction expertise (laddered)* Non-profit – Not non-profit *High non-profit expertise – Low non-profit expertise (laddered)* Valuation – No valuation	High price – Low price Large – Small Real estate – No real estate High SEC work – Low SEC work High investment banking – Low investment banking High diversification – Low diversification Large clients – Small Clients Traditional clients – Non-traditional clients

Identity and Non-identity Repertory Grid Constructs (continued)

Participants	**Identity Constructs**	**Non-Identity Constructs**
Participant 4	Scope of capabilities/large – Scope of capabilities/small Healthcare - No healthcare Non-profit – No Non-profit High understanding of the role of commodity and consulting (philosophy) – Low understanding of the role of commodity and consulting (philosophy)	Strong/tight alliance relation – Weak/loose alliance relation Present global image - Not present global image High client concentration - Low client concentration Strong tax practice – Weak tax practice Aggressive – Non-aggressive
Participant 5	Fee-based – Commission Non-proprietary products - Proprietary products Financial planning - Investment management Customize – Standardization High name recognition - Low name recognition Not captive - Narrow captive product	Low cross selling - High cross selling Pure investments - Supermarket
Participant 6	Client service focus – Client gathering focus Fee not an issue – Loss leader Young/dynamic – Old school	Smaller – Larger Local (North Hills) – Regional Specialty (consulting) – Commodity *(Note: P6 does not name this as an identity dimension. However, it is clearly connected to his identity as it is captured as a substantive identity item)* Journeyman staff – Superstar staff

Identity and Non-identity Repertory Grid Constructs (continued)

Participants	**Identity Constructs**	**Non-Identity Constructs**
Participant 7	High octane – Low octane Low turnover – High turnover	Local – Regional Old structure - New structure Traditional services - Non-traditional services Good comp time model – Poor comp time model
Participant 8	Sophisticated – Basic/unsophisticated Flexible – Inflexible Speed (new business) – Slow (new business) *High cost effective – Low cost effectiveness (laddered)* *High sophisticated systems – Low sophisticated systems (laddered)* *No Proprietary Products – Proprietary Products (laddered)*	Small – Large Selective – Unselective High name recognition – Low name recognition New – Old/established
Participant 10	Comprehensive service – Product distribution High-end financial planning – Low-end financial planning High sophisticated investment management – Low sophisticated investment management Fee-only – Commissions High expertise and planning – Low expertise and planning.	Not develop own product – Develop own product Mutual funds – Individual equities

Identity and Non-identity Repertory Grid Constructs (continued)

Participants	Identity Constructs	Non-Identity Constructs
Participant 11	Small – Large Holistic wealth management - Non-holistic wealth management Active – Passive Tight advisor network - No advisor network *Use a wide product mix – Not use wide product mix (laddered)*	Wide product mix - Narrow product mix Limited advertising - A Lot of advertising Transitioned ownership - Has yet to transition
Participant 12	Low cost philosophy – Revenue max philosophy Conservative – Aggressive (loan) Focused sales culture – Lethargic sales culture *Long-term customer value – No long-term customer value (laddered)* *Long-term shareholder value – No long-term shareholder value(laddered)*	Large (assets) – Small General – Specialized Little advertising – A lot of advertising Limited resources – Large resources Open architecture – Model based
Participant 13	Closely Held Client Focus – Public Company Focus Dominate closely held market – Not dominate closely held Market	Large/massive – Smaller National – Regional Lower price – Higher price Low overhead – High overhead Not develop product – Develop product (more R&D) Traditional – Broad/deep product line Generalist – Specialty/industry focus Buy work – Do not vary profit

Identity and Non-identity Repertory Grid Constructs (continued)

Participants	Identity Constructs	Non-Identity Constructs
Participant 14	Less research capabilities – Greater research capabilities Relationship driven – Investment driven Strong wealth management capability – Product orientation Client-centered (image) – Performance centered (image) Serious research orientation – Sales/new client orientation *Better investment performance – Worse investment performance (laddered)* *Personalized/hand-crafted – Unpersonalized (laddered)*	Small – Large Synergistic/collective philosophy – Individuals
Participant 15	Local Size/Scope – National Size/Scope Personal Relationship Focus – Product Focus (Competence) Local Community Focus – Regional Focus (Competence) *High small business expertise – Low small business expertise (laddered)* *Small business/commercial focus – Retail focus (laddered)* *Small/family business broad product scope – Small/family business narrow product scope (laddered)* *High access – Low access (laddered)*	Bank Focus – Investment/broker-dealer focus Low name recognition – High name recognition Smaller # locations – Broad locations

Identity Descriptions Referencing Customers

Participant	Substantive	Intangible
Participant 1	We work with mid-sized accounts; serve 1800 families (average account is approximately $350,000 in liquid assets – size ranges from thousands of dollars to tens of millions of dollars) Not confined to a niche; serve everybody; don't have any minimum account sizes	Do what's in the best interest of the client first - give answers that are best for the client
Participant 2	Individual clients – We serve everybody	Client-first – we care about the clients
Participant 3		Provide solutions; highly motivated group of individuals who seek strategic answers and give business advice to their business clients
Participant 4	Business knowledge that adds value	Dedicated to customer-client quality; do what you do well, but understand your limitations with respect to the scope of your capabilities and always residing within those.
Participant 5		They are unbiased and work to remove any conflict of interests – this results in being fee-based, guiding the clients and offering individualized financial planning and investment management - Unbiased means that they are not using funds or generating activity in order to increase revenues Act on behalf of the client – establish mutually beneficial relationships with our clients
Participant 6	Business-solution oriented firm, business thinking - strategizing with the business owner, finding solutions to their problems – doing more difficult work	Problem-solving organization
Participant 7	We are the category in the middle (Traditional + Business Advisory); a more traditional CPA firm that has enough business experience to be able to sit down at the table and work with our clients in solving problems that they don't have in-house talent to deal with.	

Identity Descriptions Referencing Customers (continued)

Participant	Substantive	Intangible
Participant 8		Mission: To provide services to our clients as if they were our partners with a win-win outcome; they believe that if the client does well then they will do well. Vision: To be recognized as a financial-services company that objectively selects the best available strategy for each of its clients. Values: Create an environment that allows for complete objectivity in providing services to out clients: no proprietary products, accept no incentives for investment product recommendations, no hidden fees. View client relationship for their long-term value rather than their short-term profit
Participant 9	We are an intellectual capital company that specializes in the financial services industry.	So we have brought a lot of creative thinking and creative approaches to helping financial advisors solve the challenges that our industry is facing. So when we tell our advisors we can do something or we can't do something or we will do something, we think there's a reliability that has been created by having a history of honoring what we said we were or were not going to be able to do. . . . I think our advisors like working with people that conduct themselves in a trustworthy manner. [O]ur advisors like to know that they have us working as hard for them as they are working for themselves.

Identity Descriptions Referencing Customers (continued)

Participant	Substantive	Intangible
Participant 10	We service, right now, high-net-worth client, meaning those individuals typically with a million	Always do what's right for the client regardless of the circumstance to us; if we don't feel that we can address that need for the client, then don't take on the client; we are not focused on our pocketbook; we eliminate conflicts of interest. And I think the other thing is, you know, just treat everyone, regardless of who they are, as a partner; vendors, employees, clients, media; whatever you do, however you transact something with someone, it's got to be a win-win situation for both individuals or groups.
Participant 11	We are holistic wealth managers and advisors; holistic, in the fact that we don't just concentrate on any one area; we look at, you know, someone's finances as a whole.	I would say honesty is probably our top one, making sure that we're always doing the right thing for the clients and not what's right for us. Doing what we say; We tell a client we're going to do something, make sure we do it . . . [S]omething else that's probably part of our identity would be family . . . .We feel that, you know, we really feel that the people that are our clients are also our family . . . the connotation of family I have is that you really care about each other and that you really always want to be doing the best thing for those people. I think that's how we think about our clients.
Participant 12		Customer responsiveness, customer orientation - Treating the client honestly and straightforwardly. The focus is, of course, get new customers - treating that customer as you would be treated.

Identity Descriptions Referencing Customers (continued)

Participant	Substantive	Intangible
Participant 13	We're business advisors to, you know, to the closely held, as opposed to the public sector - We are a firm that concentrates on a market. And the market has traditionally been family-owned, closely held businesses - We certainly see ourselves more as an accounting firm, or more of a business advisory firm.	But I think our service values will be, you know, we build relationships so the development of loyalties between and among the disciplines in our clients is, you know, is core to our success - . . . you have a number of players but they're all working for the best interest of the client and making sure that that web is woven through the staff as they mature so that they can carry on - And I think by having that service model that's allowed us to perpetuate the development of relationships and the fact that we've got the integrated service to a client that we view as a relationship as opposed to a customer - We've held ourselves out as being a value-added provider
Participant 14	Targeting the one-to-five-million-dollar client	We really treat every client's money and every client's situation as if it were our own To be there for our clients; stems from making sure that we have the knowledge to help our clients
Participant 15	A financial services company with an expertise around the small business. We offer services uniquely designed around the small business or the family business	Relationship: A real emphasis on the client relationship; we're going to take the time to get to know that customer; it's a much deeper analysis, both on a quantitative front, as well as a qualitative front - When you take a relationship approach . . . you offer advice and recommendations that are what's in the best interest of the client, even if it means giving up a sale

P1's Repertory Grid

Ratings Assigned by P1

Constructs	**P1's Firm**	**C1**	**C2**	**C3**	**C4**	**C5**	**C6**	**C7**	**C8**	**C9**	**C10**	**Constructs**
Comprehensive planning	2	3	3	3	4	1	3	4	4	4	5	Non-comprehensive planning
Small/mid size company	1	1	2	1	1	4	2	2	4	5	5	Larger company
High cost	2	2	5	2	3	2	4	3	6	3	3	Low cost
Individual clients	1	3	2	2	2	3	3	3	4	5	5	Corp/business clients
Long-term/fee-based	1	4	3	3	2	1	4	4	2	3	3	Transaction-based/brokerage
Regional	1	2	1	1	1	5	3	4	7	7	4	National
Small scale	1	2	2	1	1	6	4	5	7	7	4	Large scale
High visibility	4	3	3	6	3	1	4	5	2	1	3	Low visibility

P2's Repertory Grid

Ratings Assigned by P2

Constructs	**P2's Firm**	**C1**	**C2**	**C3**	**C4**	**C5**	**Constructs**
Non-Proprietary/Individual Client	2	4	3	4	3	6	Proprietary/Institutional Focus
Fee-Only	2	6	3	6	2	1	Commission/Transaction-Based
Small Size/Small # Producers	1	7	1	6	1	1	Large Size/Large # Producers
Low Turnover/Tight Knit	1	6	1	6	2	1	High Turnover/Loose Knit
Fee-Based Client 1st Marketing	1	5	2	5	2	7	Market Services/Financial Plan

P3's Repertory Grid

Constructs	P3's Firm	C1	C2	C3	C4	C5	C6	C7	C8	Constructs
	Ratings Assigned by P3									
Construction	3	3	3	7	2	1	6	6	1	Non-construction
High Construction Expertise	*1*	*3*	*3*	*7*	*2*	*2*	*4*	*5*	*2*	*Low Construction Expertise*
Non-profit	3	3	3	1	5	7	7	7	6	Not Non-profit
High Non-Profit Expertise	*1*	*3*	*3*	*2*	*5*	*7*	*5*	*6*	*5*	*Low Non-Profit Expertise*
High Price	3	3	6	7	6	3	3	3	3	Low Price
Valuation	3	2	3	7	6	6	3	1	6	No Valuation
Large	3	2	1	6	4	5	1	4	5	Small
Real estate	2	3	3	7	1	3	4	4	3	No Real Estate
High SEC Work	4	2	1	7	7	7	1	5	7	Low SEC Work
Low Investment Banking	1	2	7	1	1	1	5	4	1	High Investment Bank
High Diversification	1	1	1	7	5	3	2	5	6	Low Diversification
Large Clients	2	1	1	6	3	5	1	3	3	Small Clients
Traditional Clients	3	1	1	1	2	1	3	3	1	Non-traditional Clients

Note: Constructs generated by Laddering Technique denoted by italics.

P4's Repertory Grid

Ratings Assigned by P4

Constructs	**P4's Firm**	C1	C2	C3	C4	C5	**Constructs**
Scope of Capabilities – Large	3	2	1	3	5	5	Scope of Capabilities – Small
Healthcare	2	5	1	6	7	6	No Healthcare
Non-Profit	1	5	3	7	7	7	No Non-Profit
Strong Tax Practice	3	1	2	4	5	4	Weak Tax Practice
Strong/Tight Alliance Relation	2	5	7	5	1	7	Weak/Loose Alliance Relation
Present Global Image	5	5	3	5	2	7	Not Present Global Image
High Client Concentration	1	1	1	3	4	7	Low Client Concentration
Aggressive	2	1	4	3	4	2	Non-aggressive
High Understanding of the Role of Commodity and Consulting (Philosophy)	1	1	1	3	5	5	Low Understanding of the Role of Commodity and Consulting (Philosophy)

P5's Repertory Grid

Ratings Assigned by P5

Constructs	**P5's Firm**	**C1**	**C2**	**C3**	**C4**	**C5**	**C6**	**C7**	**C8**	**C9**	**C10**	**C11**	**C12**	**Constructs**
Fee Based	1	4	1	3	1	1	1	5	5	5	5	7	7	Commission
Non-Proprietary Products	1	1	1	2	1	6	6	4	4	4	2	2	7	Proprietary Products
Financial Planning	1	1	1	2	7	5	5	3	3	3	6	7	2	Investment Management
Customize	1	1	1	1	7	7	7	5	5	5	5	5	6	Standardization
High Name Recognition	3	3	3	3	3	1	1	1	1	1	7	5	2	Low Name Recognition
Not Captive	1	1	1	1	1	3	3	3	3	3	3	3	1	Narrow Captive Product
Low Cross Selling	1	1	1	1	1	7	7	7	7	7	5	5	1	High Cross Selling
Pure Investments	1	1	1	1	1	6	6	7	7	7	5	5	2	Supermarket

P6's Repertory Grid

Ratings Assigned by P6

Constructs	**P6's Firm**	C1	C2	C3	C4	C5	**Constructs**
Client Service Focus	1	6	6	4	4	2	Client Gathering Focus
Fee Not an Issue	2	5	5	5	5	1	Loss Leader
Smaller	2	5	5	3	3	7	Larger
Local (North Hills)	2	4	4	2	3	7	Regional
Consulting (Specialty)	1	5	6	6	7	2	Commodity
Young (Dynamic)	1	4	4	2	7	7	Old School
Journeyman Staff	2	4	4	3	1	7	Superstar Staff
Continuity	*1*	*4*	*4*	*4*	*4*	*4*	*Lack of Continuity*

Note: Constructs generated by Laddering Technique denoted by italics.

P7's Repertory Grid

Ratings Assigned by P7

Constructs	**P7's Firm**	**C1**	**C2**	**C3**	**C4**	**Constructs**
Local	3	6	5	3	3	Regional
Old Structure	4	1	1	3	3	New Structure
Traditional Services	4	6	6	3	4	Non-Traditional Services
High Octane	2	3	6	4	3	Low Octane
Low Turnover	3	5	7	3	3	High Turnover
Good Comp Time Model	3	4	7	3	3	Poor Comp Time Model

P8's Repertory Grid

Ratings Assigned by P8

Constructs	**P8's Firm**	**C1**	**C2**	**C3**	**C4**	**C5**	**Constructs**
Sophisticated	1	1	2	2	2	3	Unsophisticated (Basic)
Small	1	2	7	7	7	1	Large
Flexible	2	3	5	6	5	1	Inflexible
Speed (New Business)	1	2	4	4	4	1	Slow (New Business)
Unselective	2	4	5	6	5	1	Selective
High Name Recognition	1	2	7	7	7	1	Low Name Recognition
New	1	1	7	7	7	1	Old (Established)
Cost Effectiveness	*1*	*3*	*3*	*3*	*3*	*2*	*Low Cost Effectiveness*
Sophisticated System	*1*	*3*	*2*	*2*	*2*	*5*	*Low Sophisticated Systems*
No Proprietary Products	*1*	*1*	*7*	*7*	*7*	*1*	*Proprietary Products*

Note: *Constructs generated by Laddering Technique denoted by italics.*

P10’s Repertory Grid

Ratings Assigned by P10

Constructs	**P10’s Firm**	**C1**	**C2**	**C3**	**C4**	**C5**	**Constructs**
Comprehensive Service	1	2	7	6	4	4	Product Distribution
Not Develop Own Product	1	1	7	5	5	1	Develop Own Product
High End Financial Planning	1	2	6	4	5	7	Low End Financial Planning
High Sophisticated Inv Manage	1	3	3	6	1	3	Low Sophisticated Inv Manage
Mutual Funds	2	1	6	3	7	1	Individual Equities
Fee-Only	1	1	6	7	1	1	Commissions
High Expertise and Planning	1	2	6	4	5	7	Low Expertise and Planning

P11's Repertory Grid

Ratings Assigned by P11

Constructs	**P11's Firm**	**C1**	**C2**	**C3**	**C4**	**Constructs**
Wide Product Mix	1	1	3	3	3	Narrow Product Mix
Small	3	3	5	7	3	Large
Limited Advertising	3	4	4	6	1	A Lot of Advertising
Transitioned Ownership	1	7	4	7	7	Has Yet to Transition
Holistic Wealth Management	1	1	4	3	3	Non-Holistic Wealth Mgmt
Active	3	2	5	6	5	Passive
Tight Advisor Network	1	7	7	7	7	No Advisor Network
Use Wide Product Mix	*1*	*1*	*3*	*3*	*3*	*Not Use Wide Product Mix*

Note: Constructs generated by Laddering Technique denoted by italics.

P12's Repertory Grid

	Ratings Assigned by P12									
Constructs	**P12's Firm**	**C1**	**C2**	**C3**	**C4**	**C5**	**C6**	**C7**	**C8**	**Constructs**
Low Cost Philosophy	1	5	4	7	6	6	5	7	7	Revenue Max Philosophy
Large (Assets)	3	4	2	4	7	7	6	1	2	Small
General	1	2	1	7	1	1	1	1	1	Specialized
Conservative	1	2	2	1	2	2	3	2	2	Aggressive (loan)
Little Advertising	1	7	5	6	3	3	4	5	5	A Lot of Advertising
Limited Resources	3	7	5	6	2	2	3	7	7	Large Resources
Open Architecture	1	6	5	7	6	6	5	7	7	Model Based
Focused Sales Culture	1	6	5	7	7	6	6	4	4	Lethargic Sales Culture
Long-Term Customer Value	*1*	*5*	*5*	*7*	*3*	*4*	*4*	*7*	*7*	*No Long-Term Customer Value*
Long-Term Shareholder Value	*1*	*5*	*5*	*7*	*3*	*4*	*4*	*7*	*7*	*No Long-Term Shareholder Value*

Note: Constructs generated by Laddering Technique denoted by italics.

P13's Repertory Grid

Ratings Assigned by P13

Constructs	**P13's Firm**	**C1**	**C2**	**C3**	**C4**	**C5**	**Constructs**
Large/Massive	4	1	1	1	6	5	Smaller
National	4	1	1	1	6	5	Regional
Closely Held Client Focus	1	6	6	6	1	1	Public Company Focus
Lower Price	3	7	7	7	1	1	High Price
Low Overhead	2	7	7	7	1	1	High Overhead
Not Develop Product	2	7	7	7	1	1	Develop Product (More R&D)
Traditional	5	7	7	7	1	1	Broad/Deep Product Line
Generalist	3	7	7	7	1	1	Specialty/Industry Focus
Dominate Closely Held Mkt.	1	7	7	7	2	2	Not Dominate CH Mkt.
Buy Work	4	7	7	7	2	1	Do Not Vary Profit

P14’s Repertory Grid

Constructs	P14’s Firm	C1	C2	C3	C4	C5	Constructs
	Ratings Assigned by P14						
Small	3	4	3	3	3	7	Large
Less Research Capabilities	4	3	3	4	1	7	Greater Research Capabilities
Relationship Driven	4	5	3	6	1	7	Investment Driven
Strong Wealth Man Capability	1	4	1	6	1	6	Product Orientation
Client-Centered (Image)	1	2	1	6	1	6	Performance Centered (Image)
Synergistic – Collective Philos	1	5	5	1	1	7	Individuals
Serious Research Orientation	1	6	4	1	7	7	Sales/New Client Orientation
Better Investment Performance	*1*	*4*	*5*	*4*	*4*	*7*	*Worse Investment Performance*
Personalized	*1*	*4*	*3*	*6*	*5*	*7*	*Not personalized*

Note: Constructs generated by Laddering Technique denoted by italics.

P15's Repertory Grid

Ratings Assigned by P15

Constructs	**P15s Firm**	**C1**	**C2**	**C3**	**C4**	**C5**	**Constructs**
Bank Focus	3	4	3	7	6	6	Investment/Broker-Dealer Focus
Local Size/Scope	1	4	3	3	7	7	National Size/Scope
Personal Relationship Focus	2	6	6	6	6	6	Product Focus
Low Name Recognition	1	7	6	5	7	7	High Name Recognition
Smaller # of Locations	2	6	6	4	6	6	Broad Locations
Local Community Focus	2	7	6	5	7	6	Regional Focus
High Small Business Expertise	*2*	*4*	*5*	*6*	*5*	*6*	*Low Small Business Expertise*
Small Bus/Commercial Focus	*1*	*2*	*3*	*4*	*3*	*4*	*Retail Focus*
High Access	*1*	*4*	*4*	*5*	*5*	*5*	*Low Access*
Small/Family Business Broad Product Scope	*3*	*1*	*2*	*5*	*4*	*4*	*Small/Family Business Narrow Product Scope*

Note: Constructs generated by Laddering Technique denoted by italics.

BIBLIOGRAPHY

Abell, D.F. 1980. *Defining the Business: The Starting Point of Planning*. Englewood Cliffs, NJ: Prentice-Hall.

Albert, S. 1998. The definition and metadefinition of identity. In D.A. Whetten and P.C. Godfrey (Eds.) *Identity in Organizations: Building Theory Through Conversations*. Thousand Oaks, CA: Sage Publications.

Albert, S. and Whetten, D.A. 1985. Organizational identity. In L. L. Cummings, and B. M. Staw, (Eds.) *Research in Organizational Behavior*. Greenwich, CT: JAI Press.

Aldrich, H.E. 2000. *Organizations Evolving*. Thousand Oaks, CA: Sage.

Ansoff, H.I. 1980. Strategic issue management. *Strategic Management Journal*, 1: 131-148.

Ashforth, B.E. and Gibbs, B.W. 1990. The double-edge of organizational legitimation. *Organization Science*, 1: 177-194.

Ashforth, B.E. and Mael, F.A. 1996. Organizational identity and strategy as a context for the individual. In J.C. Baum and J. E. Dutton, (Eds.) *Advances in Strategic Management*, 13: 19-64. Greenwich, CT: JAI Press.

Ashforth, B.E. and Mael, F.A. 1989. Social identity theory and the organization. *Academy of Management Review*, 14: 20-39.

Barney, J. 1991. Firm resources and sustained competitive advantage. *Journal of Management*, 17(1): 99-120.

Bell, R.C. 1997. Using SPSS to analyze repertory grid data. Unpublished paper.

Bergen, M. and Peteraf, M. 2002. Competitor identification and competitor analysis: A broad-based managerial approach. *Managerial and Decision Economics*, 23: 157-169.

Bluedorn, A.C., Johnson, R.A., Cartwright, D.K. and Barringer, B.R. 1994. The interface and convergence of the strategic management and organizational environment domains. *Journal of Management*, 20: 201-262.

Branscombe, N.R., Ellemers, N., Spears, R. and Doosje, B. 1999. The context and content of social identity threat. In N. Ellemers, R. Spears and B. Doosje (Eds.) *Social Identity: Context, Commitment, Content*. Oxford: Blackwell.

Brooks, G.R. 1995. Defining market boundaries. *Strategic Management Journal*, 16: 535-549.

Brown, A.D. 1997. Narcissism, identity, and legitimacy. *Academy of Management Journal*, 22: 643-686.

Cantor, N., Mischel, W. and Schwartz, J.C. 1982. A prototype analysis of psychological situations. *Cognitive Psychology*, 14: 45-77.

Caves, R.E. and Porter, M.E. 1977. From entry barriers to mobility barriers: Conjectural decisions and contrived deterrence to new competition. *Quarterly Journal of Economics*, 241-261.

Chattopadhyay, P., Glick, W.H. and Huber, G.P. 2001. Organizational actions in response to threats and opportunities. *Academy of Management Journal*, 44: 937-955.

Chen, M. 1996. Competitor analysis and interfirm rivalry. *Academy of Management Review*, 21 (1): 100-134.

Clark, B.H. and Montgomery, D.B. 1999. Managerial identification of competitors. *Journal of Marketing*, 63: 67-83.

Dacin, M.T., Ventresca, M.J., Marc, J. and Beal, B.D. 1999. The embeddedness of organizations: Dialogue & directions. *Journal of Management*, 25: 317-356.

Daft, R.L. and Weick, K.E. 1983. Toward a model of organizations as interpretation systems. *Academy of Management Review*, 9(2): 284-295.

Daniels, K., de Chernatony, L. and Johnson, G. 1995. Validating a method for mapping managers' mental models of competitive industry structures. *Human Relations*, 48: 975-991.

Day, G.S. 1981. Strategic market analysis and definition: An integrated approach. *Strategic Management Journal*, 2: 281-299.

de Chernatony, L., Daniels, K., and Johnson, G. 1993. A cognitive perspective on managers' perceptions of competition. *Journal of Marketing Management*, 9: 373-381.

Dukerich, J.M., Golden, B.R. and Shortell, S. M. 2002. Beauty is in the eye of the beholder: The impact of organizational identification, identity, and image on the cooperative behavior of physicians. *Administrative Science Quarterly*, 47: 507-533.

Dutton, J.E. 1993. Interpretations on automatic: A different view of strategic issue diagnosis. *Journal of Management Studies*, 30: 339-357.

Dutton, J.E. and Dukerich, J.M. 1991. Keeping and eye on the mirror: Image and identity in organizational adaptation. *Academy of Management Journal*, 34(3): 517-554.

Dutton, J.E., Dukerich, J.M. and Harquail, C.V. 1994. Organizational images and member identification, *Administrative Science Quarterly*, 39: 239-263.

Dutton, J.E., Fahey, L. and Narayanan, V.K. 1983. Toward understanding strategic issue diagnosis. *Strategic Management Journal*, 4: 307-323.

Dutton, J.E. and Jackson, S.E. 1987. Categorizing strategic issues: Links to organizational action. *Academy of Management Review*, 12:76-90.

Dutton, J.E. and Ottensmeyer, E. 1987. Strategic issue management systems: Forms, functions, and contexts. *Academy of Management Review*, 12: 355-365.

Dutton, J.E. and Penner, W.J. 1993. The importance of organizational identity for strategic agenda building. In J. Hendry, G. Johnson and J. Newton (Eds.) *Strategic thinking: Leadership and the Management of Change*. West Sussex, England: John Wiley & Sons, Ltd.

Dutton, J.E., Walton, E.J. and Abrahamson, E. 1989. Important dimensions of strategic issues: Separating the wheat from the chaff. *Journal of Management Studies*, 26: 379-396.

Eisenhardt, K.M. 1989. Building theories from case study research. *Academy of Management Review*, 14: 532-550.

Elsbach, K.D. and Kramer, R.M. 1996. Members' responses to organizational identity threats: Encountering and countering the Business Week rankings. *Administrative Science Quarterly*, 41: 442-476.

Fiol, C.M. 2002. Capitalizing on paradox: The role of language in transforming organizational identities. *Organization Science,* 13: 653-666.

Fiol, C.M. and Huff. 1992. Maps for managers: Where are we? Where do we go from here? *Journal of Management Studies*, 29: 265-285.

Fransella, F., Bell, R. and Bannister, D. 2004. *A Manual for Repertory Grid Technique*. West Sussex, England: Wiley.

Gioia, D.A. 1998. From individual to organizational identity. In D.A. Whetten and P.C. Godfrey (Eds.) *Identity in Organizations: Building Theory Through Conversations*. Thousand Oaks, CA: Sage Publications.

Gioia, D.A. and Thomas, J.B. 1996. Identity, image, and issue interpretation: Sensemaking during strategic change in academia. *Administrative Science Quarterly*, 41: 370-403.

Gioia, D.A., Shultz, M. and Corley, K.G. 2000. Organizational identity, image and adaptive instability. *Academy of Management Review*, 25: 63-81.

Gripsrud, G. and Gronhaug, K. 1985. Structure and strategy in grocery retailing: A sociometric approach. *Journal of Industrial Economics*, 33: 339-347.

Gustafson, L.T. and Reger, R.K. 1995. Using organizational identity to achieve stability and change in high velocity environments. *Academy of Management Proceedings*, 464-468.

Hambrick, D.C. and Mason, P.A. 1984. Upper Echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2): 193-206.

Harnett, D.L. 1982. *Statistical Methods*. Reading, MA: Addison-Wesley.

Hatch, M.J. and Schultz, M. 1997. Relations between organizational culture, identity and image. *European Journal of Marketing*, 31: 356-365.

Hogg, M.A. 2003. Social identity. In M.R. Leary and J.P. Tangney (Eds.), *Handbook of Self and Identity* (pgs. 462-479). New York: Guilford Press.

Hogg, M.A. and Terry, D. J. 2000. Social identity and self-categorization processes in organizational contexts. *Academy of Management Review*, 25(1): 121-140.

Jackson, S.E. and Dutton, J.E. 1988. Discerning threats and opportunities. *Administrative Science Quarterly*, 33: 370-387.

Kiesler, S. and Sproull, L. 1982. Managerial response to changing environments: Perspectives on problem sensing from social cognition. *Administrative Science Quarterly*, 27: 548-570.

Klimonski, R. and Mohammed, S. 1994. Team mental model: Construct or metaphor? *Journal of Management*, 20: 403-437.

Kreiner, G.E. and Ashforth, B.E. 2004. Evidence toward an expanded model of organizational identification. *Journal of Organizational Behavior*, 25:1-27

Labianca, G., Fairbank, J.F., Thomas, J.B., Gioia, D.A. and Umphress, E.E. 2001. Emulation in academia: Balancing structure and identity. *Organization Science*, 16: 409-421.

Lee, T.W., Mitchell, T.R. and Sablynski, C.J. 1999. Qualitative research in organizational and vocational psychology, 1979-1999. *Journal of Vocational Behavior*, 55: 161-187.

Lincoln, Y.S. and Guba, E.G. 1985. *Naturalistic Inquiry*. Beverly Hills, CA: Sage Publications.

Lyles, M.A. and Schwenk, C.R. 1992. Top management, strategy and organizational knowledge structures. *Journal of Management Studies*, 29: 155-174.

Mael, F. and Ashforth, B.E. 1992. Alumni and Their alma mater: A partial test of the reformulated model of organizational identification. *Journal of Organizational Behavior*, 13: 103-123.

Maitlis, S. 2005. The social process of organizational sensemaking. *Academy of Management Journal*, 48: 21-49.

Markus, H., Smith, J. and Moreland, R.L. 1985. Role of the self-concept in the perception of others. *Journal of Personality and Social Psychology*, 49(6): 1494-1512.

Martin, J., Feldman, M.S., Hatch, M.J. and Sitkin, S.B. 1983. The uniqueness paradox on organizational stories, *Administrative Science Quarterly*, 28: 438-453.

Mason, R.O. and Mitroff, I.I. 1981. *Challenging Strategic Planning Assumptions: Theory, Cases, and Techniques*. New York: Wiley.

Miles, M.B. and Huberman, A.M. 1994. *Qualitative Data Analysis*. Thousand Oaks, CA: Sage Publications.

Miner, A.S. and Anderson, P. 1999. Industry and population-level learning: Organizational, interorganizational and collective learning processes. In *Advances in Strategic Management*. Greenwich, CT: JAI Press

Mohammed, S. and Dumville, B.C. 2001. Team mental models in a team knowledge framework: Expanding theory and measurement across disciplinary boundaries. *Journal of Organizational Behavior*, 22: 89-106.

Nelson, R.R. and Winter, S.G. 1982. *An Evolutionary Theory of Economic Change*. Cambridge, MA: Harvard University Press.

Ocasio, W. 1997. Towards an attention-based view of the organization. *Strategic Management Journal*, 18: 187-206.

Peteraf, M. and Bergen, M. 2003. Scanning dynamic competitive landscapes: A market-based and resource-based framework. *Strategic Management Journal*, 24(10):1027-1041.

Picken, J.C. 1995. Organizational attributes in competitor identification and competitor intelligence. Unpublished Dissertation. University of Texas at Arlington.

Porac, J.F. and Rosa, J.A. 1996. Rivalry, industry models, and the cognitive embeddedness of the comparable firm. In J.C. Baum and J. E. Dutton, (Eds.) *Advances in Strategic Management*, 13: 363-388. Greenwich, CT: JAI Press.

Porac, J.F. and Thomas, H. 1994. Cognitive categorization and subjective rivalry among retailers in a small city. *Journal of Applied Psychology*, 79(1): 54-66.

Porac, J.F. and Thomas, H. 1990. Taxonomic mental models in competitor definition. *Academy of Management Review*, 15(2): 224-240.

Porac, J.F., Thomas, H., and Baden-Fuller, C. 1989. Competitive groups as cognitive communities: The case of Scottish knitwear manufacturers. *Journal of Management Studies*, 26(4): 397-416.

Porac, J.F., Thomas, H., Wilson, F., Paton, D., and Kanfer, A. 1995. Rivalry and the industry model of Scottish knitwear producers. *Administrative Science Quarterly*, 40: 203-227.

Porter, M.E. 1980. *Competitive Strategy: Techniques for Analyzing industries and Competitors*. New York: The Free Press.

Prahalad, C.K. and Bettis, R.A. 1986. The Dominant Logic: A new linkage between diversity and performance. *Strategic Management Journal*, 7: 485-501.

Pratt, M.G. 1998. To be or not to be: Central questions in organizational identification. In D. Whetten and P. Godfrey (eds.), *Identity in Organizations: Developing Theory Through Conversations*. Thousand Oaks, CA: Sage.

Pratt, M.G., and Foreman, P.O. 2000. Classifying managerial responses to multiple organizational identities. *Academy of Management Review*, 25: 18-42.

Reddy, N.M. and Rao, M.V.H. 1990. The industrial market as an interfirm organization. *Journal of Management Studies*, 27: 43-59.

Reger, R.K. 1990. Managerial thought structures and competitive positioning. In A.S. Huff (Ed.), *Mapping Strategic Thought*. New York: Wiley.

Reger, R.K., Barney, J.B., Bunderson, J.S., Foreman, P., Gustafson, L.T., Huff, A.S., Martins, L.L., Sarason, Y., and Stimpert, J.L. 1998. A strategy conversation on the topic of organizational identity. In D.A. Whetten and P.C. Godfrey (Eds.) *Identity in Organizations: Building Theory Through Conversations*. Thousand Oaks, CA: Sage Publications.

Reger, R.K. and Huff, A.S. 1993. Strategic groups: A cognitive perspective. *Strategic Management Journal*. 14: 103-124.

Reger, R.K. and Palmer, T.B. 1996. Managerial categorization of competitors: Using old maps to navigate new environments. *Organization Science*. 7: 22-38.

Rosch, E. and Mervis, C.B. 1975. Family resemblances: Studies in the internal structure of categories. *Cognitive Psychology*, 7: 573-605.

Rumelt, R., Schendel, D. and Teece, D.J. 1994. Fundamental issues in strategy. In R. Rumelt, D. Schendel and D.J. Teece (Eds.), *Fundamental Issues in Strategy*. Boston, MA: Harvard Business School Press.

Scott, S.G. and Lane, V.R. 2000. A stakeholder approach to organizational identity. *Academy of Management Review*, 25(1): 43-62.

Scott, W.R. 2001. *Institutions and Organizations*. Thousand Oaks, CA: Sage Publications.

Simonoff, E. 2000. Spinning their wheels. *Financial Advisor Magazine*.

Simonoff, E. 2001. The restoration of reason. *Financial Advisor Magazine*.

Smircich, L. and Stubbart, C. 1985. Strategic management in an enacted world. *Academy of Management Review*, 10: 724-736.

Smith, C. 2001. Watch out. *Investment Advisor Magazine*.

Snyder, C.R. and Fromkin, H.L. 1980. *Uniqueness: The Human Pursuit of Difference.* New York: Plenum Press.

Starbuck, W.H. and Milliken, F.J. 1988. Executives' perceptual filters: What they notice and how they make sense. In D.C. Hambrick (Ed.), *The Executive Effect: Concepts and Methods for Studying Top Managers*. Greenwich, CT: JAI Press.

Strauss, A. and Corbin, J. 1998. *Basics of Qualitative Research*. Thousand Oaks, CA: Sage Publications.

Subramanian, R. and IsHak, S.T. 1998. Competitor analysis practices of US companies: An empirical investigation. *Management International Review*, 38: 7-24.

Teece, D.J., Pisano, G. and Shuen, A. 1997. Dynamic capabilities and strategic management. *Strategic Management Journal*, 18: 509-533.

Thomas, H. and Pollock, T. 1999. From I-O economic's S-C-P paradigm through strategic groups to competence-based competition: reflections on the puzzle of competitive strategy. *British Journal of Management*, 10: 127-140.

Turner, J.C. and Oakes, P.J. 1989. Self-categorization theory and social influence. In P.B. Paulus (Ed.), *The Psychology of Group Influence*, (2nd Ed., 233-275). Hillsdale, NJ: Erlbaum.

Tushman, M.L. and Anderson, P. 1986. Technological discontinuities and organizational environments. *Administrative Science Quarterly*, 31: 439-465.

Walsh, J.P. 1995. Managerial and organizational cognition: Notes from a trip down memory lane. *Organization Science*, 6: 280-321.

Walton, E.J. 1986. Managers' prototypes of financial terms. *Journal of Management Studies*, 23: 679-698.

Weick, K.E. 1995. *Sensemaking in Organizations*. Thousand Oaks, CA: Sage Publications.

Weick, K.E., Sutcliffe, K.M. and Obstfeld, D. 2005. Organizing and the process of sensemaking. *Organization Science*, 16: 409-421.

Weitz, B.A. 1985. Introduction to special issue on competition in marketing. *Journal of Marketing Research*, 22: 229-236.

Wernerfelt, B. 1984. A resource-based view of the firm. *Strategic Management Journal*, 5: 171-180.

Winter, S.G. 2000. The satisficing principle in capability learning. *Strategic Management Journal*, 21: 981-996.

Yin, R.K. 2003. *Case Study Research: Design and Methods*. Thousand Oaks, CA: Sage Publications.

Zajac, E.J. and Bazerman, M.H. 1991. Blind spots in industry and competitor analysis: Implications of interfirm (mis)perceptions for strategic decisions. *Academy of Management Review*, 16(1): 37-56.