

Action Aggressiveness and Firm Performance with Moderator Repertoire Competition: Psychological perspective of Top Management Team (TMT)

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Abstract—This study aims to explore strategies for competitive action conducted over time with a dynamic process model of the competitive interaction between firms with a top management team (TMT) psychological perspective. The data analysis was based on a sample of 124 respondents from the top management team (TMT) of 3 and 4 star hotels in Surabaya and then analyzed with moderator regression analysis (MRA) approach. Data collection using questionnaire The analysis results show that TMT aggressiveness action has a positive impact on firm performance, while repertoire competition weakens the relationship between aggressiveness action and firm performance. Based on the results of the study, then on the competitive conditions between companies, top management will perform aggressive actions in response to actions performed by major competitors. Such actions can improve the performance of the company, but the various forms of competition performed by the major competitors, resulting in weakening the relationship of aggressive action with the performance of the company. This study contributes to the competitive dynamics especially in the top management team's psychological perspective (TMT) by examining the TMT response on the company's competitive relationship with its competitors, thus impacting on competitive behaviour. **Keyword:** action aggressiveness, firm performance, repertoire competition.

Keywords—strategies; competitive action; TMT; psychological perspective

I. INTRODUCTION

The debate between managers and strategic management researchers is increasingly competitive and dynamic competition, making it difficult for companies to maintain excellence. Competition is the reality of life; workers compete for promotion, research groups compete for funds, and companies compete for market share. One of the common things associated with competition is the urge to win, or defeat the opponent. Some experts have discussed the idea that competitive success will spur competitors to respond with innovative actions to improve performance [1,2]. Such conditions result in the company engaging in a series of competitive actions to maintain its competitive position [3]. When an organization tries to develop competitive advantage, other organizations do the same thing. Actions and actions of such reactions can cause an organization's competitive

advantage to be easily eroded by the actions of competitors. The intensity of competition varies greatly depending on economic demand and supply. In most industries, competition between companies can be observed in the actions of the company's main competitors and this leads to responses designed to deal with actions by local companies. Competition and dynamics Competitive are two main perspectives in understanding dynamism and the intensity of competition in the business environment. D'Aveni mentions that, the environment is very competitive as an environment where profits are created and destroyed quickly [4]. Characteristics competition is characterized by strong and fast competitive movements, where focus companies must move quickly to build excellence and erode the superiority of the main competitors [4]. The opportunities arise and fluctuate through active innovation and managerial initiatives [5]. Following Hambrick, Cho, and Chen, this study considers the company's top management team (TMT) to be an important antecedent of the company's competitive behavior [6]. To study TMT, it focuses on the extent to which TMT members work together as teams [3]. To study such competitive behavior, aggressive actions, or the extent to which companies tend to engage with competitors and act quickly become the main focus in this study.

In understanding competing contexts, the concept of competitive dynamics focuses on exchanging actions among competitors [7,8]. The exchange of actions shows the importance of action and response attributes, such as volume [9,10]. Competitive dynamics is the study of competition between companies or organizations based on competition for actions and reactions in specific, organizational and strategic contexts, and the causes and consequences of these actions and reactions [11,12].

In the business world, competition cannot be avoided and becomes something that must be faced by companies between companies and industry competitors. Competition can grow so strongly that it leads to abnormal, optimal, or unpredictable competitive behavior. Competitive dynamic research focuses on action or specific, detectable, competitive movements initiated by companies to maintain their competitive position [3].

In the last 25 years, the dynamics of competition have made significant progress, but the existing literature sees competition as an objective phenomenon in general and a fraction of those that examine how executives really feel competition and how it can impact the actions of focal companies [13]. According to Scopus data, competitive dynamic research from a psychological perspective is 474 studies. One study that studies competitive dynamics from a psychological point of view is carried out by Lin [13]. This study connects social identity theory with an awareness-motivation-capability (AMC) perspective to explore causes due to tensions felt by TMTs in competition between companies. From several theoretical perspectives that focus on understanding the drivers of superior performance, competitive dynamics with resource psychology will provide a competitive action-based process model [14]. To enhance understanding of strong competition, competitive dynamics research focuses on actions taken between companies [8]. Besides giving rise to potential explanatory power that mediates the relationship between resources and performance. Grimm and Smith [15] and Grim et al. [14] also revealed that action would tend to mediate the relationship between resources and performance.

The Research conducted by Ndofor et al propose and test competitive action theories that mediate the relationship between specific forms of resources and company performance [16]. Although an understanding of how complexity and deviance mediate the relationship between resources and performance is important, because the results of previous studies have shown the main elements of corporate behavior [9,17-20], but some studies do not consider repertoire competition as a moderator. As a result, generalization of research findings has been limited. Therefore, it is necessary to do research related to this matter, so that the results can broaden understanding of the dynamics of competition by testing about repertoire competition as a mediator. In this study, test about it. Overall, theoretical and empirical efforts will lead to the development and support of moderation models, where resources and actions are important aspects of achieving superior performance.

A. Competitive Dynamics

Dynamic competitiveness is widely used in various contexts, ranging from studies that discuss competition between species to survive to studies that discuss how organizations compete with each other to get a dominant position, or studies that attempt to form a theoretical model of the game [7]. Competitive dynamic is the study of competition between companies or organizations based on specific action and reaction competition, organizational and strategic contexts, and the causes and consequences of these actions and reactions [11,12].

The study of competitive dynamics refers to the company's competitive actions. There are two intellectual roots of the competitive dynamics micro focus, namely Schumpeter's conception of creative destruction used to classify dynamic processes, in which organizations take action and react to each other in pursuit of market opportunities [21]. Organizational competitive advantage depends on the actions and reactions of the organization to the organization's competitors. The second

concept is a concept from the Austrian School [22,23]. This concept tends to view competition as a dynamic market process, which moves closer to or away from the balance in the market. Temporary balance will make the organization's competitive advantage also temporary with limited opportunities for exploitation in terms of time [4,24,25].

There are three basic characteristics in classifying competitive dynamics studies [7]. First, competition is seen as a dynamic and interactive thing, while mutual action / reaction and other actions are seen as a pillar of competition building. The interaction between the two organizations is the core of strategy and competition and the core of competitive dynamics theory [26]. Second, the focus of this field of study lies in the actual actions taken by the company, which include: introduction of new products or promotional programs, entering new markets, changes in pricing policies, and relocation or redesign of facilities. Third, pair-company comparisons or rivals regarding position, intention, perception, and resources are the core in analyzing competitors, which is an integral part of competitive dynamics. Therefore, relativity is the main premise, while the idea of interdependence / interdependence will be emphasized through the study of action / reaction and market commonality / source similarity between the two companies.

B. Action Aggressiveness

An important premise of competitive dynamics is that competitive advantage depends on time and lasts for a moment, and every advantage the company makes through this action will be responded quickly by competitors. Thus, the initial competitive dynamics research devotes its attention to predicting competitive responses [27,28]. Fast and / or aggressive competitive behavior is a prominent feature of many industries characterized by temporary profits [25]. To deal with competitive advantage only temporarily, companies must be aggressive by taking action in large numbers very quickly. In addition to supporting a high level of activity in the market, companies need an effective and efficient internal structure. Top management teams are actors who coordinate and mobilize organizational resources in an effort to engage in aggressive competition [6].

Competitive dynamics research has identified a set of variables to characterize competitive measures and volumes, and the speed of action has emerged as an interesting key variable that has implications for the company's consistent performance [8]. Aggressive actions reflect how companies engage competitors in a hypercompetitive environment. Aggressive action characterizes the company's tendency to initiate actions and activeness of the company in carrying out actions. A company is said to have a high level of aggression if it has taken action in large numbers quickly. An integrated consideration of both volume and speed of action is very important to reveal the nuances of hipper competition and temporary benefits. Aggressive actions represent investigations on the level of corporate behavior on a micro scale.

C. Action Aggressiveness and Firm Performance

In a highly competitive environment, to ensure survival, companies are forced to take action in the hope of creating a

series of benefits [29]. As with competitive dynamic research, it forms a consistent and positive relationship between the volume of action (and speed) and company performance [8]. Companies that tend to act quickly on the market are likely to capture business opportunities and secure the profits of first movers [21]. The Research conducted by Hambrik et al shows that companies that start more actions quickly than their competitors will be more likely to hinder competitors' actions and can improve their performance [6]. Aggressive actions and related concepts such as trends and responsiveness [28] positively correlate with firm profitability [23] and market share [9,27].

Hypothesis 1: action aggressiveness has an effect on *firm performance*

D. *Repertoire Competition as Moderator in the Relationship between Action Aggressiveness and Firm Performance*

Penrose emphasizes that resources are not the only important aspect, but 'services that can make resources available [30]. Competitive complexity and competitive deviation are two important factors in determining the real effects of a company's technological resources [16]. Companies gain competitive advantage from their own technological resources by gathering knowledge, applying that knowledge in the form of competencies, and disseminating those competencies through competitive strategies [16,31]. This three-part process highlights the role of competitive action in realizing this resource potential. Resources have provided excellence, but the company's ability to realize these benefits depends on the company's actions. Therefore, competitive action is proven to mediate the relationship between the breadth of technological and performance resources by realizing the value inherent in these sources.

Increasing the complexity in the company's competitive repertoire not only influences the company's technological resources, but also increases the company's chances of continuing to learn about what actions are most effective or what modifications are needed to increase the company's effectiveness. In addition, companies can compare the results of various actions in various external contexts that can facilitate learning. In addition, repeated comparisons of various actions in various contexts can improve a company's ability to respond to a dynamic and volatile environment. On the other hand, if a company decides to influence an opportunity to act with a simple action repertoire that can improve efficiency, then the company will be reluctant to use available learning opportunities through reassessment of the results of various actions. The Efficiency is highly desirable, however, because competition and shock pressures increase, it can make companies lose learning opportunities that can reduce the company's responsiveness. For example, because a simple repertoire provides little opportunity for companies to learn and presents limited flexibility, companies will be forced to take immature actions that can lead to inappropriate actions. Therefore, a competitive repertoire is expected to improve the company's performance, because such basic actions will use the company's potential technology resources as much as possible (which will increase the company's flexibility to act)

and present opportunities for learning that can improve the effectiveness of subsequent actions), officially said:

Hypothesis 2: *repertoire competition* will moderate the relationship between *action aggressiveness* and *firm performance*.

II. RESEARCH METHODS

A. *Sampling Research*

This study uses a survey of 124 top management teams in 3-star and 4-star hotels in Surabaya by distributing questionnaires. The reason for choosing the hospitality industry in Surabaya due to competitive conditions can occur everywhere, such as in business, commerce, in industry, in the education environment, or in other environments, including in the tourism and hospitality industries. The hospitality industry is a service industry that offers room services, food and beverage services, and other services for the commercial community [32]. The development of hotels from time to time continues to increase in Indonesia, including in East Java, so that the competitive dynamics in the hotel industry become very competitive. In addition, the shift in consumption patterns has shifted very rapidly towards experience-based consumption, which leads to recreational-based consumption and lifestyle [33].

Experience-based consumption is fantasy, feeling, and fun [34], including: vacation, staying at a hotel, eating and hanging out in cafes or restaurants, watching movies or music concerts - all relaxing and can explore consumption experiences. Consumption-based comfort becomes very important for consumers that consumers are willing to set aside most of their income to relax in a cafe or mall. This can be seen from the shift in consumption patterns from non-recreation to recreation which began to look real since 2015. In the second quarter of 2017, household consumption grew 4.95% from the previous quarter, at 4.94% [35]. From this value, consumption of hotels and restaurants (based on experience) jumped from 5.43% to 5.87%. This shows that there has been a shift in consumption from non-recreation to recreational consumption. This shift is one of the triggers of increasing hotel growth. Each hotel competes with each other to meet the consumption patterns of these communities. Therefore, the hospitality industry is very suitable for this research to answer research questions.

B. *Constructive Measurement*

This study uses predictor variables: action aggressiveness and consequent variables: firm performance, as well as moderator variables: repertoire competition. Measurement of aggressiveness action was adopted from the research of Chen, Lin, Michel which included 5 indicators, namely the speed of action, number of actions, time of action, tendency of action, and complexity of actions [24]. Firm Performance is based on the research of Chen and MacMillan [27], Ferrier et al [18], Young et al [23] and Ndofor et al [16] measured by 3 statement items. Repertoire Competition adopts the concept developed by Ndofor et al as measured by 2 statement items [16]. All items are rated using a 5-point Likert scale, from 1-strongly disagree to 5-strongly agree. Previously pretest was conducted to test

the validity and reliability of the instrument and the results showed that all items were appropriate.

III. RESULTS AND DISCUSSION

A. Validity and Reliability

Validity is done to see whether the research instrument is valid or not, measured by each variable. The instrument item is said to be valid if the correlation number obtained above the critical correlation number or the probability value is less than 0.05 [36]. The test results of the validity of this test can be seen in table 1:

TABLE I. RESEARCH VARIABILITY VALIDITY TEST

| Variables / Indicators | Correlation coefficient | Significance | Test results |
|------------------------|-------------------------|--------------|--------------|
| AA1 | 0,734 | 0,000 | Valid |
| AA2 | 0,865 | 0,000 | Valid |
| AA3 | 0,801 | 0,000 | Valid |
| AA4 | 0,822 | 0,000 | Valid |
| AA5 | 0,822 | 0,000 | Valid |
| RC1 | 0,843 | 0,000 | Valid |
| RC2 | 0,849 | 0,000 | Valid |
| FP1 | 0,838 | 0,000 | Valid |
| FP2 | 0,894 | 0,000 | Valid |
| FP3 | 0,844 | 0,000 | Valid |

From table 1 it can be concluded that all indicators in the research variables are action aggressiveness (X), repertoire competition (Z), and firm performance (Y) are valid, this is evidenced by the value of each correlation coefficient of each item has a probability less than 0.05 (5%), so that it can be used in subsequent tests.

Reliability is used to determine the consistency of the measuring instrument, whether the measuring device used is reliable and remains consistent if the measurement is repeated. The method that is often used is using the Alpha Cronbach's method. If the alpha value > 0.7 means sufficient reliability (sufficient reliability), and if alpha > 0.80, then show all reliable items. Reliability test results can be seen in table 2.

TABLE II. RELIABILITY TEST

| Variable | Alpha value | Explanations |
|----------------------------|-------------|--------------|
| Action Aggressiveness (X) | 0.905 | Reliable |
| Repertoire Competition (Z) | 0.905 | Reliable |
| Firm Performance (Y) | 0.905 | Reliable |

From table 2 it can be seen that the level of reliability of Cronbach's Alpha is 0.905 of the total answers to the questionnaire as many as 10 items. In accordance with the cut-off, which is alpha > 0.70, it can be concluded that the research data meets reliabilities with the perfect reliability category.

B. Model Analysis

The analysis technique used in the research is the moderation regression with firm performance (Y) as the consequent variable and the predictor variable is action

aggressiveness (X) and the competition repertoire (Z) moderator variable. To conduct a moderation regression analysis, the data of variables X and Z must be transformed first into centered data, by reducing the average data of each respondent's answer with the overall mean (mean) of each variable. Causality relationships among the three variables mentioned above can be seen in table 3 from the results of the calculation of Moderating Regression Analysis (MRA).

TABLE III. ANALYSIS OF REGRESSION MODELS WITH MRA

| Variable | Regression coefficient | t count | p value | Significance |
|--------------------------------|------------------------|-------------------------------------|---------|-----------------|
| Zscore : Action aggressiveness | 0,676 | 4,152 | 0,0000 | significant |
| ZScore :Repertoire Competition | 0,521 | 3,216 | 0,0020 | significant |
| AbsMod | -0,147 | -0,633 | 0,5288 | Not significant |
| Konstanta = 11,476 | | F = 34,599 Sig = 0,000 ^b | | |
| R = 0,681 ^a | | R ² = 0,464 | | |

Based on the table above can be obtained the regression equation as follows:

$$Y = 11,476 + 0,676 X - 0,147 X*Z \dots\dots\dots (1)$$

From the regression equation, it can be said that action aggressiveness and repertoire competition simultaneously have a significant effect on firm performance as indicated by the sig F value of 0.000b < 0.05, but the moderator variable is not significant with a sig value of 0.528 > 0.05. This finding shows that repertoire competition is not a moderating variable of the relationship between action aggressiveness and firm performance.

The value of multiple correlation coefficients obtained is 0.681, meaning that simultaneously the action aggressiveness and repertoire variables as moderating have a strong enough relationship with firm performance, while the multiple determination coefficient (R²) is 0.464 or 46.4% of the variation in firm performance can be explained by action aggressiveness variables and repertoire competition. While the remaining 53.6%, is explained by other variables not included in the regression model.

C. Hypothesis Testing

Testing the hypothesis that is done is to do a t-test, to find out whether partially predictor variables and moderating variables have a significant effect on the consequent variables. The action aggressiveness variable is seen to positively affect firm performance (t = 4.152 with sig 0.000 < 0.05). These results support hypothesis 1 which states that action aggressiveness has a positive and significant effect on firm performance. For variable repertoire competition (t = -0.633 with sig 0.528 > 0.05) negatively, but not significantly. This result does not accept hypothesis 2. Thus means that repertoire competition does not moderate the relationship between action aggressiveness and firm performance.

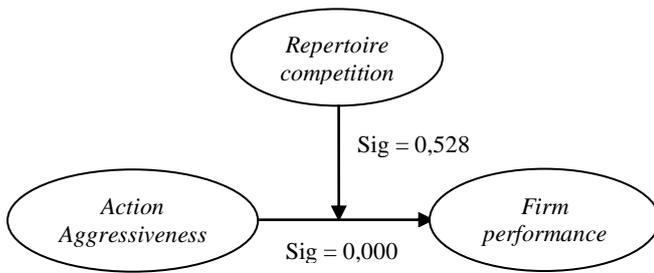


Fig. 1. Inter variable relations model.

D. Discussion

This study discusses the competitive response by focal companies in the conditions of competition between companies. With the dynamics of competition, companies tend to take aggressive actions in response to competitors' actions. Companies that tend to act quickly on the market are likely to capture business opportunities and secure the profits of the first movers [21]. Aggressive actions will ultimately have an impact on company performance [9,23,27]. The heterogeneity of TMT will have an impact on various forms of aggressive action carried out, so that it will enrich aggressive actions, where with various kinds of aggressive actions will improve the company's performance. The results of this study indicate that the action aggressiveness will lead to a firm performance improvement. The results of this study are in line with previous studies conducted by Young et al [9,23,27].

Further results indicate that repertoire competition is not a mediator for the relationship of the company's aggressiveness in improving the company's performance. A competitive repertoire of a company can represent all actions taken by a company to attract customer interest and maintain its market position [37]. Increasing complexity in the company's competitive repertoire not only influences the company's technological resources, but also increases the company's chances of continuing to learn about what actions are most effective or what modifications are needed to increase the company's effectiveness. Competitive complexity is the opposite of competitive simplicity. Miller defines simplicity as an action that leads to a strategic purpose and activity, namely an action that increasingly obstructs the emergence of consideration from other parties [37]. A company whose strategic activities fall into the category of competitive simplicity will be very focused on a series of actions that are very limited compared to its rivals [20]. For companies that face market competition, various actions taken as a form of response to competition will limit the company's ability to pursue new opportunities or react to changes that occur suddenly [38]. These companies will fail to meet customer needs, which means that competitive behavior is not enough to meet the needs of their customers or adjust actions taken by competitors [19]. Conversely, a company whose strategic activity is categorized into competitive complexity has a variety of repertoires of action that are more than most of its rivals, where none of the actions dominate in terms of the frequency of its involvement [17]. The Companies that have

more complex competitive repertoires will become more aggressive [17] and are considered more capable [29] than their competitors. Repeated comparisons of various actions in various contexts can enhance a company's ability to respond to a dynamic and volatile environment. On the other hand, if a company decides to influence an opportunity to act with a simple action repertoire that can improve efficiency, then the company will be reluctant to use available learning opportunities through reassessment of the results of various actions. Efficiency is highly desirable, however, because competition and shock pressures increase, it can make companies lose learning opportunities that can reduce the company's responsiveness.

IV. CONCLUSION

This study examines the aggressiveness of actions taken by a company that will have a strong impact on company performance. From the results of the analysis and discussion that has been done, the research findings can be summarized as follows: first, action aggressiveness has an impact on firm performance. The higher and more aggressive actions taken by the company, the higher the firm's performance. Second, competition repertoires do not mediate the relationship between action aggressiveness and firm performance, but can be a predictor of increasing firm performance.

This research generally contributes to several things, including: expanding the idea of competitive dynamic, where action aggressiveness is very important in competition between companies which in turn will increase firm performance. Repertoire competition also needs to be considered as a means to determine the right actions for companies that are in dynamic competition between companies. The results of this study can be used recommendations for managers to be able to determine appropriate strategies to deal with the conditions of competition between companies, which in turn will affect the improvement of company performance.

There are several limitations in this study that must be the main concern, because related to more specific data, namely in the hospitality industry. We suggest that future research should be conducted using different data in different contexts, for example in the context of the banking industry and in the realm of higher education. In addition, the development of the process in the context of competitive dynamic cannot be captured by the survey method, so that for future research it can be carried out by using qualitative methods to explore this problem in depth.

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