

THE ROLE OF FUNCTIONAL TOP MANAGEMENT TEAM IN INITIATING THE STRATEGIC ALLIANCES AS OUTCOME FROM INNOVATIVENESS BEHAVIOR: EMPIRICAL EVIDENCE FROM STAR HOTELS

JAM

18, 2

Received, December '19

Revised, February '20

March '20

May '20

Accepted, May '20

Thomas Stefanus Kaihatu

Management Department, Universitas Ciputra Surabaya

Adrie Oktavio

Tourism Department, Universitas Ciputra Surabaya

Abstract: One way that is widely used by many organizations in general, including hotels to survive in a business competition climate is to encourage employees to have an entrepreneurial mindset and behavior in carrying out their respective functions. The mindset and behavior must, of course, be initiated and supported by the Top Management Team (TMT) including the Functional Top Management Team (FTMT) level. However, unfortunately, some FTMT members do not have the same mindset and behavior. FTMT is like the heart of an organization and functions as a predecessor from the birth of a business strategy such as strategic alliances. In the context of hotels, strategic alliances should ideally be born from innovative ideas that are not only the responsibility of FTMT. Thus, FTMT must also play a role to encourage the creation of innovation that is in line with the organization's vision, mission, goals, and competencies. Improving the entrepreneurial orientation of the hotel, especially the innovativeness factor is an important step to initiate the application of strategic alliances which of course the strategy should come from the ideas of the FTMT. This study tries to analyze the role of FTMT and its influence on innovation and the application of business strategies in the form of strategic alliances. Data collected from 29 4 and 5 star hotels in Surabaya were analyzed using structural equation modeling to support the hypothesis of this research. The results of this study indicate that all three hypotheses can be accepted where FTMT influences innovativeness and strategic alliance. Innovativeness also has a direct influence on strategic alliances.



Journal of Applied
Management (JAM)
Volume 18 Number 2,
June 2020
Indexed in Google Scholar

Keywords: Functional Top Management Team, Innovativeness, Strategic Alliances, Hotel Industry

Cite this article as: Kaihatu, T. S. and A. Oktavio. 2020. *The Role of Functional Top Management Team in Initiating the Strategic Alliances as Outcome from Innovativeness Behavior: Empirical Evidence from Star Hotels*. Jurnal Aplikasi Manajemen, Volume 18, Number 2, Pages 277–288. Malang: Universitas Brawijaya. <http://dx.doi.org/10.21776/ub.jam.2020.018.02.08>

Corresponding Author:
Adrie Oktavio, Tourism Department, Universitas Ciputra Surabaya, Email: adrie.oktavio@ciputra.ac.id, DOI: <http://dx.doi.org/10.21776/ub.jam.2020.018.02.08>

The increasing growth in the number of hotels in Surabaya indicates that the tourism industry's optimism towards

the hotel business prospects is still very strong. In the 2015-2017 period, as many as 65 new hotels have been established, making the hotel industry one of the business sectors with the highest Gross Do-

mestic Regional Product (GDRP) (BPS Kota Surabaya, 2018).

The consequences of the many hotels in Surabaya, of course, make the climate of competition more intense. Competition can be won if the hotel could create a competitive strategy that has a competitive advantage (González-Rodríguez, Jiménez-Caballero, Martín-Samper, Köseoglu, & Okumus, 2018; Linton & Kask, 2017; Tavitiyaman, Qu, & Zhang, 2011). Competitive strategy is a combination of the goals fought for by the company or the search for favorable positions in an industrial competition by using certain tools (policies) (Porter, 2008). Porter (1980) also suggested that two factors need to be considered when choosing or setting a competitive strategy, namely the attractiveness of related industries to provide long-term profitability and clear positioning in an industry. Thus the purpose of competitive strategy is to find the company's position in an industry that enables the company to protect itself or to face competitive pressures by using positive methods (Porter, 1979).

One of the business strategies that has been developed a lot by various companies, including in the hotel industry lately, to maintain competitive advantage, is strategic alliances. Strategic alliances are a phenomenon and often become a central strategy for companies in the era of economic globalization (Isoraite, 2009; Kuznetsova, 2016), although strategic alliances are also not the only best and most effective solutions for every company and in every situation (Isoraite, 2009). The recent developing facts show that the tourism industry including the hotel industry is not an industry that stands alone but is a combination of various components that are interrelated and mutually support one another (Cloete & Venter, 2013). The hospitality industry in practice often intersects with other business fields such as travel agents both online and offline, tourism, culinary, laundry, and so forth. One example of a strategic form of alliances that have been quite widespread by hotels is by collaborating with online travel agents (OTA) in marketing their rooms. The hotel management realizes that the impact of technological advances has now been a change in consumer behavior in meeting their needs where con-

sumers prefer to transact online, including in making decisions to stay at a particular hotel. Therefore, hotels need to collaborate with these companies including OTA to achieve business success and optimal efficiency (Hitt, Ireland, Camp, & Sexton, 2001; Mockler, 1997, 2001).

As stated by Garette & Dussauge (2000) that strategic alliances are a kind of collaborative project carried out by companies engaged in similar industries to achieve goals of mutual interest. Strategic alliances are partnerships between two or more companies to achieve a set of mutually agreed goals but remain independent, to contribute to each other and share benefits on an ongoing basis in one or more key strategic areas such as technology and products in the form of goods or services (Killing, 1995). A similar opinion was expressed by Phan & Peridis (2000) and Dickson, Weaver, & Hoy (2006) which states that strategic alliances are a long-term, trust-based relationship that involves very specific investments in businesses that cannot be fully determined before they are implemented. Porter (1990) even specifically explains the forms in strategic alliances such as joint ventures, licenses, long-term supply agreements, and other types of relationships between companies. With strategic alliances, companies can share capabilities in technology transfer, risk, and funding (Figueiredo, Silveira, & Sbragia, 2008). The main objective of strategic alliances is to enable companies to achieve certain goals that cannot be achieved by their efforts (Isoraite, 2009). The adoption of strategic alliances by the company is an effort to exploit the company's strengths and cover its weaknesses by utilizing the advantages of its business partners (Todeva & Knoke, 2005).

The biggest contribution of strategic alliances to the company is to provide the resources and capabilities needed to compete in the market, thereby reducing barriers when entering the competition (Robson, Skarmeas, & Spyropoulou, 2006). In the perspective of entrepreneurship, collaboration in the form of strategic alliances is an important step in being able to utilize the competencies of other parties to increase knowledge and other potential innovations owned by the company (Stevenson, Jarillo, & Wiley, 2012). On the other hand, by conducting

strategic alliances with external partners indirectly also illustrates that the company has taken innovative and proactive steps (Antoncic, 2007). The vision of entrepreneurship considers strategic alliances as a way to develop or create opportunities to reduce or eliminate uncertainty or precisely as an entry point associated with new markets or technological / product innovations. (Teng, 2005). Thus innovativeness becomes a keyword in the concept of entrepreneurship and deserves to be studied from the perspective of strategic alliances (Lumpkin & Dess, 1996; Tarabishy, Solomon, Fernald, & Sashkin, 2005).

The innovation variables examined in this study are part of the entrepreneurial orientation construct that was first reviewed by Miller & Friesen (1983). In their study, Miller & Friesen (1983) state that innovation is an activity related to the introduction of new products, production services, technology, the search for new solutions to marketing and production problems, making the company a leader rather than a follower and dare to take risks. In line with the opinion of Miller & Friesen (1983), Franco & Haase (2013) argue that innovation reflects the tendency of companies to engage and support new ideas, singularities, experiments, and creative processes that can produce new products, services, or technological processes. The other researcher, Keskin (2006) instead linked innovation as part of a corporate culture that promotes and supports new ideas, experiments, and openness to new ideas. Openness to new ideas reflects trends in the study of corporate behavior which shows that the network of relationships between companies and their external environment can play an important role in shaping optimal company performance (Laursen & Salter, 2006).

Amabile (1997) adds that the most important elements of an innovation-oriented organization are values placed on elements of creativity and innovation in general, risk taking rather than just maintaining the status quo (defensive strategy vs. offensive strategy), the emerging sense of pride towards the organization, and enthusiasm about what they could do. These values, of course, must be born and have the support of the Top Management Team (TMT)

in the company, including the Functional Top Management Team (FTMT) level (Hambrick & Mason, 1984). The business performance of a superior organization is often achieved by a group of internal leaders including FTMT (Lumpkin & Dess, 1996) which includes the presence of strong authority, deep market knowledge, and awareness of technological developments (Miller & Friesen, 1983). Successful organizations must also have a philosophy that operational management systems must be carried out through an open, inclusive approach, emphasizing routine communication without mediation between managers and workers, as well as a flat hierarchy, autonomy, trust, and teamwork (Drummond & Stone, 2007).

FTMT members are known as senior executives who are responsible for one or more of the functional areas of the organization (Menz, 2012). In its development, several studies have also looked at variants of FTMT members which are reflected in various fields and theoretical perspectives. However, despite the diversity of research, most of the studies refer to echelon perspectives from Hambrick & Mason (1984) and Hambrick & Finkelstein's managerial discretion (1987). The discussion of TMT has now become one of the most prominent research topics in the field of management science (Menz, 2012). Initially, some research focused on the composition of TMT and Chief Executive officer (CEO) as in Carpenter, Geletkancz, & Sanders (2004) and Cannella, Finkelstein, & Hambrick (2009) research. Then some other research began to study other FTMT members such as Chief Financial Officer (CFO), Chief Information Officer (CIO), Chief Operating Officer (COO), Chief Marketing Officer (CMO), and Chief Strategy Officer (CSO) (Angwin, Paroutis, & Mitson, 2009; Geiger & North, 2006; Marcel, 2009; Nath & Mahajan, 2008).

Therefore, this study will observe the characteristics and perceptions of individual FTMT members in the hospitality sector such as HR Director, Finance Director, Room Director, F&B Director, Marketing Director, and other FTMT that are adjusted to the organizational structure characteristics of each hotel.

HYPOTHESIS

In general, companies encourage their employees to have an entrepreneurial mindset and behavior in carrying out their respective functions, but often some FTMT members do not have the same mindset and behavior (Hashimoto & Nassif, 2014) or at least FTMT could influence employee innovativeness (Simsek, Heavey, & Veiga, 2010) which can also have an impact on the implementation of strategic alliance (Lumpkin & Dess, 1996; Tarabishy et al., 2005). One of the reasons why FTMT chose not to initiate the application of strategic alliances was because they focused more on personal gain (Dickson et al., 2006). Another reason why organizations decide not to build partnerships is the lack of ideas, willingness, and courage to experiment that reflects new creative processes

that can produce new products, services, or technological processes (Franco & Haase, 2013).

From the explanation above, this research assumes that the existence of FTMT is the heart of the implementation of an organization’s business strategy including strategic alliances as in Menz’s research (2012) as well as exogenous variables of the relationship of innovativeness and strategic alliances (Miller & Friesen, 1983; Simsek et al., 2010). So that the role of FTMT becomes so important for the development of innovativeness as well as to initiate and oversee the implementation of strategic alliances as formulated in this research hypothesis and illustrated in a research model in Figure 1.

H₁: FTMT influences Strategic Alliances

H₂: FTMT influences Innovativeness

H₃: Innovativeness influences Strategic Alliances

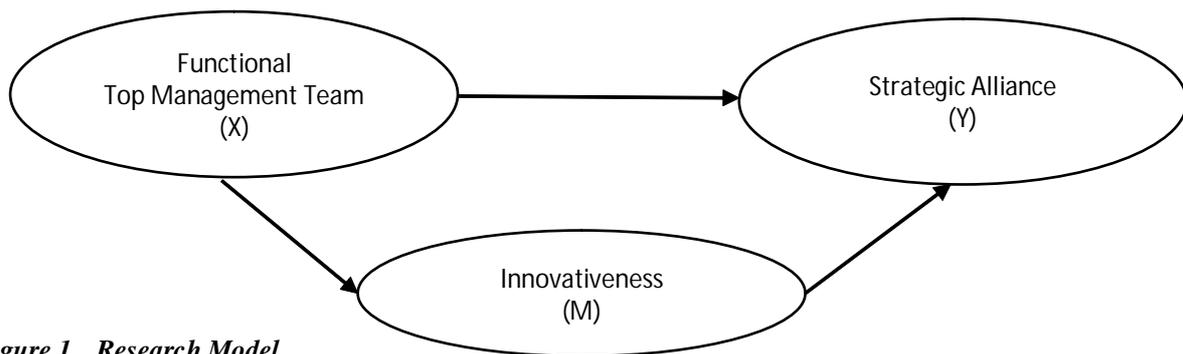


Figure 1 Research Model

METHOD

This is a quantitative research that uses structural equation modeling (SEM) in assessing proposed models and this research is designed to identify relationships between two or more variables (Zikmund, Carr, Griffi, & Babin, 2013). The main strength of SEM is that it allows concurrent psychometric and econometric analysis that is very suitable for evaluating theoretical models (Fornell & Larcker, 1981). This research is also dedicated to filling gaps in the form of empirical evidence because of the lack of previous studies using similar topics, especially in the hospitality industry.

Data collection was carried out by a cross-sectional survey conducted in August-September 2019.

The selected respondents were FTMT members in 4 and 5 star hotels in Surabaya because they were more or less involved in making company policy. The reason for choosing 4 and 5 star hotels is because the FTMT position is generally only in the classification of 4 and 5 star hotels. Of the 87 questionnaires (each hotel gets 3 questionnaires) sent to 29 hotels 4 and 5 star hotels in Surabaya - based on data of Surabaya City BPS (2018), as many as 52 questionnaires (59.8%) are eligible for further data processing. The data is processed using Structural Equation Modeling analysis method based on General Structured Component Analysis (GSCA) whose output is a measure of fit in the measurement model (including validity and reliability), structural models,

and overall models (Hwang & Takane, 2014; Hwang, Takane, & Jung, 2017).

The strategic alliance’s variables are measured using three indicators based on the strategic alliance’s theory adapted from the research of Hitt, Ireland, Camp, & Sexton (2001) and Dickson, Weaver, & Hoy (2006). Innovativeness variables are measured using three indicators adapted from Miller & Friesen (1983). The last variable, FTMT, uses five measurement indicators that evaluate the

perceptions of FTMT members regarding the way they compile, design, and implement a business strategy (Menz, 2012).

RESULTS

The total respondents who participated in this study were 52 people consisting of 38 FTMT 4-star hotels (73.1%) and 14 FTMT 5-star hotels (26.9%). The complete demographic characteristics of the sample are presented in Table 1.

Table 1 Sample

Hotel	Qty	%	Functional Area	Qty	%
4 star hotel	38	73.1%	HR Director	11	21.2%
5 star hotel	14	26.9%	Room Director	7	13.5%
Total	52	100%	Finance Director	9	17.3%
Gender	Qty	%	F&B Director	8	15.4%
Pria	42	80.8%	Marketing Director	14	26.9%
Wanita	10	19.2%	Chief Engineering Officer	3	5.8%
Total	52	100%	Total	52	100%

Validity & Reliability

Composite reliability seen from the value of Cronbach’s alpha and Dillon-Goldstein’s rho can be used to check the internal consistency of the indicator for each latent variable. Average Variance

Extracted (AVE) can be used to check the convergent validity of latent variables. The number of eigenvalues greater than one per block of indicators can be used to check the uni-dimensionality of the indicator.

Table 2 Convergent Validity and Composite Reliability

Variable	Cronbach’s alpha	Dillon-Goldstein’s rho	AVE
FTMT	0.8699	0.9063	0.6602
Innovativeness	0.8522	0.911	0.774
Strategic Alliances	0.8768	0.9206	0.7946

In Table 2, all Cronbach’s alpha and Dillon-Goldstein’s rho values are above 0.6 so that the indicators in all research variables are declared to be reliable. While the AVE value is also above 0.6 so it meets the validity requirements.

Measures of Fit Structural Model

In the Fit model test results in Table 3, the FIT value is 0.617, the Adjusted FIT (AFIT) is 0.5995, the Goodness-of-Fit Index (GFI) is 0.9901 and the Standardized Root Mean Square Residual (SRMR) is 0.0841.

Table 3 Identification towards Goodness of FIT

Fit Model	
FIT	0.6583
AFIT	0.6427
GFI	0.9944
SRMR	0.0959

FIT value (ranging from 0 to 1) explains the total variance of all variables that can be explained by a particular model (Hwang & Takane, 2014). The FIT value of 0.6583 means that the research model has been good enough to explain the phenomenon. The object of research could influence the strategic alliances variable by 65.83% and the remaining 34.17% is explained by other variables outside the model.

Adjusted FIT (AFIT), shows a lower value than FIT because AFIT measures a more complex model and the FIT is very sensitive to the complexity of the model. So that the AFIT value is better used in interpreting the accuracy of the model and as a basis for comparing models. This is because the variables that influence the strategic alliances variable are not only one but there are two variables. AFIT

value of 0.6427 means that the diversity of FTMT, innovativeness, and strategic alliances variables are 64.27%, while the remaining 35.73% is explained by other variables outside this research model.

The GFI value indicates the level of relevance between the facts studied and the theories used in the research described by the conceptual model of the study. The conceptual model is stated to be able to explain the level of strong relevance if the GFI value passes the fit criteria, ie if the value exceeds 90%. The test results of this study indicate that the GFI value of 0.9944 or around 99.44%, which means the model formed can be accepted and shows a strong relevance between the theory and research phenomenon.

SRMR values indicate the level of model fit. SRMR values are getting smaller and approaching 0 indicates a better model. SRMR value in this study is 0.0959, so it can be stated that the model formed in the study is good enough.

Measures of Fit Measurement Model

In Table 4, it is found that 5 indicator items affect the formation of FTMT variables, 3 indicators on innovativeness variables, and 3 indicators on strategic alliances variables.

Table 4 Results of the Conformity of Variable Measurement Model

Variable	Indicator	Estimate of Loading	95% CI_LB	95% CI_UB
Functional TMT	FTMT1	0.8064	0.6742	0.9052
	FTMT2	0.8837	0.7812	0.9448
	FTMT3	0.8575	0.757	0.9176
	FTMT4	0.7312	0.575	0.8848
	FTMT5	0.7743	0.5419	0.8736
Innovativeness	Innov1	0.8752	0.7813	0.9296
	Innov2	0.944	0.9159	0.9728
	Innov3	0.8154	0.5697	0.9225
Strategic Alliance	Sal1	0.8463	0.7236	0.921
	Sal2	0.9061	0.8412	0.9527
	Sal3	0.9201	0.8762	0.9538

In the FTMT variable, it is known that the indicator “I often start a change in the organization (FTMT2)” has the highest estimate of loading of

0.8837 so that the indicator is the ablest to explain and represent the FTMT variable so it is important to maintain. In the innovativeness variable, the high-

est estimate of loading is in the indicator “Over the past three years, my company has launched a new product or service (Innov2)” which is equal to 0.944 so that it is most able to explain innovativeness variables and is important to maintain. For the strategic alliances variable, an important indicator to maintain because it best represents the strategic alliances variable is the indicator “When establishing partnerships with other companies, my company (or business unit) seeks relationships for the long term, mostly through mutually beneficial and cooperative

efforts (Sal3) “with an estimated value of loading of 0.9201.

Hypothesis Testing

Hypothesis testing stage based on the results of the path coefficient value appears in Table 5 and also shows that the relationship between latent variables with other latent variables does not all have an effect.

The critical ratio (CR) value is an estimated value divided by the standard error (SE) value. From

Table 5 Estimates of Path Coefficient

Hypothesis	Estimate	SE	CR	Remark
FTMT → Strategic Alliances	0.7179	0.0759	9.4585*	Accepted
FTMT → Innovativeness	0.4009	0.1161	3.4531*	Accepted
Innovativeness → Strategic Alliances	0.4973	0.107	4.6477*	Accepted

the three estimated pathways, the path coefficient values obtained in each path indicate that the coefficient of influence from FTMT to strategic alliances is 0.7179, FTMT to innovativeness is 0.4009, and innovativeness to the strategic alliance is 0.4973. CR values greater than 1.96 are interpreted that the pathway has a significant effect between the exogenous variables on the endogenous so that the entire hypothesis can be accepted.

DISCUSSION

FTMT Influences Strategic Alliances

Lumpkin & Dess 1996 explain that the business performance of a superior organization should be able to be controlled by a group of internal leaders of the organization including FTMT. One of the functions of FTMT is to initiate, formulate, and implement a business strategy such as strategic alliances. Implementation of the strategy, of course, begins with careful planning and is followed by evaluation steps when the strategy has been implemented. For this reason, FTMT must also have the capability to control and ensure that the strategies implemented can be sure to run well and as expected. So, when FTMT has the right perspective and a strong com-

mitment, the implementation of strategic alliances automatically gets better and the results can also be maximized.

The simplest argument why FTMT often makes the decision not to try to build a form of partnership is the lack of understanding and a correct perspective on the concept of strategic alliances (Miller & Friesen, 1983). Whereas partnership is a strategic decision (Wittmann, 2007) so the role of FTMT is very important and central in initiating decisions about strategic alliances as stated by Menz (2012) and Miller & Friesen (1983). They also stated that FTMT is like the heart of an organization and functions as a predecessor from the birth of a business strategy such as strategic alliances. Another argument for why FTMT chooses to implement strategic alliances is because FTMT is exclusively too focused on the personal benefits they will gain compared to putting the interests of the organization as a whole (Dickson et al., 2006; Wittmann, 2007). When an organization is faced with a situation where organizational goals are no longer possible to be achieved by its efforts, then it is time for FTMT to start planning to try to implement strategic alliances (Isoraite, 2009) so that the limitation of the company can be cov-

ered by the advantages possessed by prospective business partners (Todeva & Knoke, 2005).

FTMT Influences Innovativeness

In the perspective of traditional management systems, the role of FTMT seems to be centralized because it is positioned as the final determinant in the process of taking a policy that will be carried out by the organization (Bernardes, Cecilio, Evora, Gabriel, & de Carvalho, 2011; Kaplan & Norton, 2005). FTMT is seen as having the power to accept and reject any ideas when a policy is being formulated, but in the end, FTMT is also entitled to decide on the outcome. The functions of other members of the organization, especially those whose levels are below the FTMT, are limited to executing when the policy is implemented.

The above condition is contrary to the characteristics of innovative organizations. In innovative organizations, FTMT places individual organizations as partners to create and convey ideas when a policy is being formulated (Steiner, Morel, & Camargo, 2014). FTMT is open and encourages individuals to come up with ideas and it doesn't matter if the ideas seem silly or brilliant. Of all the ideas, then FTMT will study them and become one of the bases before implementing the policy. It means, FTMT does not merely encourage individuals to make ideas but is accompanied by concrete steps to follow them up to prove whether the ideas can be practiced, realistic and effective both from a technical and financial perspective (Hambrick & Mason, 1984). Thus, FTMT has a role to encourage the creation of innovation because FTMT has stimulated members of the organization to behave creatively and innovatively (Franco & Haase, 2013). Of course, FTMT will encourage that every innovation must be related to the vision, mission, goals, and competencies of the organization. This requires a spirit of togetherness among individual organizations and relationships between units. All are directed at the innovative behavioral change which is not only limited to the logic of work but also the development of an idea logic. In addition, a continuous learning atmosphere is also a basic requirement for the development of innovative behavior among individual or-

ganizations which in turn can reduce attitudes of resistance which are often a central problem of the organization (Park, Song, Yoon, & Kim, 2014). Instead will emerge are togetherness and innovative attitudes because of the encouragement of FTMT (Franco & Haase, 2013).

One of the objectives of this research is to review the role and contribution of FTMT, one of which is how FTMT could encourage each individual to have an innovative orientation and attitude. From the results of this study, the author believes that the innovativeness of hotel employees can be formed and initiated by FTMT. It is part of organizational leaders so that leaders should have the authority and authority to inspire all members of the organization to have a mindset that is oriented to innovation (Amabile, 1997).

Innovativeness Influences Strategic Alliances

Innovative mindset and behavior that has been grown within the organization and able to be well understood by all members will provide alternative thoughts that can be used to support the creation of organizational business strategies, one of which is strategic alliances (Tarabishy et al., 2005). In the context of hotels, as in other organizations, the alliance strategy implemented by the hotel management should ideally emerge from innovative ideas that are not only the responsibility of the FTMT. If all members of the organization contribute in contributing innovative ideas in the process of formulating the business strategy, it is unlikely that there will be resistance from the majority of the organization's members of course when the business strategy is implemented because they are also involved in the process (Amabile, 1997; Èater & Puèko, 2010; Teece, 2010).

Innovativeness is at the core of dynamic organizational capabilities (Teece, Pisano, & Shuen, 1997), but the important role of innovation is often overlooked in research in the field of strategic management. The reason is that until now various research results analyzing the conclusive relationship of innovation with a competitive advantage as outlined in the form of business strategy have not found clarity about the concept of innovation itself

(Gatignon, Tushman, Smith, & Anderson, 2002). Innovativeness is also a reflection of the company to support ideas and be involved in creative processes that can produce new products, services or technological processes that are all part of the business strategy (Lumpkin & Dess, 1996). In other words, without innovation, companies cannot survive in an environment of intense business competition.

CONCLUSIONS AND RECOMMENDATIONS

The results of this study support the results of several previous studies such as Lumpkin & Dess (1996), Teng (2005), and Franco & Haase (2013). The results of this study assume the influence of FTMT, innovation, and strategic alliances as an alternative solution to reduce the risks associated with business competition. This study shows the results that FTMT influences innovation and strategic alliance. Innovativeness also has a direct influence on strategic alliances. In reality, innovativeness also functions as a mediator between FTMT and strategic alliances but the effect is relatively smaller when compared to the direct influence between FTMT and strategic alliances.

In a global competition as is happening now where social, economic, and political structures continue to fluctuate, gaining new knowledge is a necessity. Thus, the ability to anticipate the future or minimize the risks associated with business competition can be understood as one of the key factors for organizational sustainability. Therefore, the results of this study can be an alternative thought and solution concerning the implementation of strategic alliances driven by FTMT and innovativeness. Because any company, including hospitality, ultimately depends on the strengths, capacities, and skills of the people who shape it (in this case, including FTMT), so knowing the key role of the FTMT and the spirit of innovation that it transmits can be an advantage for the implementation of strategic alliances in the real business world.

From each FTMT member that has been studied so far, it turns out that the characteristics and perceptions of each FTMT member also vary

concerning their policies and involvement in initiating a business strategy for the company including the strategic alliances analyzed in this study. Thus, there are still opportunities for other researchers to integrate the findings from previous studies to collectively define the characteristics and perceptions of FTMT members while not closing the possibility of discovering new characteristics and perceptions that have never been found before.

REFERENCES

- Amabile, T. M. 1997. *Motivating creativity in organizations: On doing what you love and loving what you do*. California Management Review, (1), 39–58. <https://doi.org/10.2307/41165921>.
- Angwin, D., Paroutis, S., and Mitson, S. 2009. *Connecting up strategy: Are senior strategy directors a missing link?*. California Management Review, 51 (3). <https://doi.org/10.2307/41166494>.
- Antoncic, B. 2007. *Intrapreneurship: A comparative structural equation modeling study*. Industrial Management and Data Systems, 107 (3), 309–325. <https://doi.org/10.1108/02635570710734244>.
- Bernardes, A., Cecilio, L. C. de O., Évora, Y. D. M., Gabriel, C. S., and de Carvalho, M. B. 2011. *Collective and decentralized management model in public hospitals: Perspective of the nursing team*. Revista Latino-Americana de Enfermagem, 19(4), 1003–1010. <https://doi.org/10.1590/S0104-11692011000400020>.
- BPS Kota Surabaya. 2018. *Statistik Daerah Kota Surabaya 2018*. Surabaya. [On Line]. from: <http://dpm-ptsp.surabaya.go.id/v3/po-content/po-upload/pdrb-2010-2016/Statistik-Daerah-Kota-Surabaya-2018-r.pdf>.
- Cannella, B., Finkelstein, S., and Hambrick, D. C. 2009. *Strategic leadership: Theory and research on executives, top management teams, and boards*. Strategic Leadership: Theory and Research on Executives, Top Management Teams, and Boards. <https://doi.org/10.1093/acprof:oso/9780195162073.001.0001>.
- Carpenter, M. A., Geletkancz, M. A., and Sanders, W. G. 2004. *Upper echelons research revisited: Antecedents, elements, and consequences of top management team composition*. Journal of Management, 30 (6), 749–778. <https://doi.org/10.1016/j.jm.2004.06.001>.
- Èater, T. and Puèko, D. 2010. *Factors of effective strategy implementation: Empirical evidence from*

- Slovenian business practice*. Journal of East European Management Studies, 15(3), 207–236. <https://doi.org/10.5771/0949-6181-2010-3-207>.
- Cloete, C. E. and Venter, I. 2013. *A framework for successful hotel developments*. South African Journal of Economic and Management Sciences, 10 (2), 223–237. <https://doi.org/10.4102/sajems.v10i2.584>.
- Dickson, P. H., Weaver, K. M., and Hoy, F. 2006. *Opportunism in the RandD alliances of SMES: The roles of the institutional environment and SME size*. Journal of Business Venturing, 21 (4), 487–513. <https://doi.org/10.1016/j.jbusvent.2005.02.003>.
- Drummond, I. and Stone, I. 2007. *Exploring the potential of high performance work systems in SMEs*. Employee Relations, 29 (2), 192–207. <https://doi.org/10.1108/01425450710720011>.
- Figueiredo, P., Silveira, G., and Sbragia, R. 2008. *Risk sharing partnerships with suppliers: The case of Embraer*. Journal of Technology Management and Innovation, 3 (1), 27–37.
- Fornell, C. and Larcker, D. F. 1981. *Evaluating structural equation models with unobservable variables and measurement error*. Journal of Marketing Research, 18 (1), 39. <https://doi.org/10.2307/3151312>.
- Franco, M. and Haase, H. 2013. *Firm resources and entrepreneurial orientation as determinants for collaborative entrepreneurship*. Management Decision, 51 (3), 680–696. <https://doi.org/10.1108/00251741311309724>.
- Garette, B. and Dussauge, P. 2000. *Alliances versus acquisitions: Choosing the right option*. European Management Journal, 18 (1), 63–69. [https://doi.org/10.1016/S0263-2373\(99\)00069-9](https://doi.org/10.1016/S0263-2373(99)00069-9).
- Gatignon, H., Tushman, M. L., Smith, W., and Anderson, P. 2002. *A structural approach to assessing innovation: Construct development of innovation locus, type, and characteristics*. Management Science, 48 (9), 1103–1122. <https://doi.org/10.1287/mnsc.48.9.1103.174>.
- Geiger, M. A. and North, D. S. 2006. *Does hiring a new CFO change things? An investigation of changes in discretionary accruals*. Accounting Review, 81 (4), 781–809. <https://doi.org/10.2308/accr.2006.81.4.781>.
- González-Rodríguez, M. R., Jiménez-Caballero, J. L., Martín-Samper, R. C., Köseoglu, M. A., and Okumus, F. 2018. *Revisiting the link between business strategy and performance: Evidence from hotels*. International Journal of Hospitality Management, 72, 21–31. <https://doi.org/10.1016/j.ijhm.2017.11.008>.
- Hambrick, D. C. and Finkelstein, S. 1987. *Managerial discretion: A bridge between polar views of organizational outcomes*. Research in Organizational Behavior, 9, 369–406.
- 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. <https://doi.org/10.5465/amr.1984.4277628>.
- Hashimoto, M. and Nassif, V. M. J. 2014. *Inhibition and encouragement of entrepreneurial behavior: Antecedents analysis from managers' perspectives*. BAR - Brazilian Administration Review, 11 (4), 385–406. <https://doi.org/10.1590/1807-7692bar2014130008>.
- Hitt, M. A., Ireland, R. D., Camp, S. M., and Sexton, D. L. 2001. *Strategic entrepreneurship: entrepreneurial strategies for wealth creation*. Strategic Management Journal, 22 (6–7), 479–491. <https://doi.org/10.1002/smj.196>.
- Hwang, H. and Takane, Y. 2014. *Generalized structured component analysis: A component-based approach to structural equation modeling*. Generalized-Structured Component Analysis: A Component-Based Approach to Structural Equation Modeling (1st ed.. Florida: CRC Press).
- Hwang, H., Takane, Y., and Jung, K. 2017. *Generalized structured component analysis with uniqueness terms for accommodating measurement error*. Frontiers in Psychology, 8 (DEC). <https://doi.org/10.3389/fpsyg.2017.02137>.
- Isoraite, M. 2009. *Importance of strategic alliances in company's activity*. Intellectual Economics, 1 (5), 39–46. <https://doi.org/ISSN1822-8011>.
- Kaplan, R. S. and Norton, D. P. 2005. *The office of strategy management*. Harvard Business Review, 83 (10).
- Keskin, H. 2006. *Market orientation, learning orientation, and innovation capabilities in SMEs: An extended model*. European Journal of Innovation Management, 9(4), 396–417. <https://doi.org/10.1108/14601060610707849>.
- Killing, J. P. 1995. *Strategic alliances: An entrepreneurial approach to globalization*. Journal of International Business Studies, 26 (2), 436–439. <https://doi.org/10.1057/jibs.1995.26>.
- Kuznetsova, N. V. 2016. *Strategic alliances: Industry-specific characteristics of the achievement of a competitive advantage*. International Journal of Economics and Financial Issues, 6 (1), 109–117.
- Laursen, K. and Salter, A. 2006. *Open for innovation: The role of openness in explaining innovation per-*

- formance among U.K. manufacturing firms. *Strategic Management Journal*, 27 (2), 131–150. <https://doi.org/10.1002/smj.507>.
- Linton, G. and Kask, J. 2017. *Configurations of entrepreneurial orientation and competitive strategy for high performance*. *Journal of Business Research*, 70, 168–176. <https://doi.org/10.1016/j.jbusres.2016.08.022>.
- Lumpkin, G. T. and Dess, G. G. 1996. *Clarifying the entrepreneurial orientation construct and linking it to performance*. *Academy of Management Review*, 21 (1), 135–172. <https://doi.org/10.5465/AMR.1996.9602161568>.
- Marcel, J. J. 2009. Why top management team characteristics matter when employing a chief operating officer: A strategic contingency perspective. *Strategic Management Journal*, 30(6), 647–658. <https://doi.org/10.1002/smj.763>.
- Menz, M. 2012. Functional top management team members: A review, synthesis, and research agenda. *Journal of Management*, 38 (1), 45–80. <https://doi.org/10.1177/0149206311421830>.
- Miller, D. and Friesen, P. H. 1983. *Innovation in conservative and entrepreneurial firms: Two models of strategic momentum*. *Strategic Management Journal*, 3 (1), 1–25. <https://doi.org/10.1002/smj.4250030102>.
- Mockler, R. J. 1997. *Multinational strategic alliances: A manager's perspective*. *Strategic Change*, 6 (7), 391–405. [https://doi.org/10.1002/\(sici\)1099-1697199711\)6:7<391::aid-jsc325>3.0.co;2-d](https://doi.org/10.1002/(sici)1099-1697199711)6:7<391::aid-jsc325>3.0.co;2-d).
- Mockler, R. J. 2001. *Making decisions on enterprise-wide strategic alignment in multinational alliances*. *Management Decision*, 39 (2), 90–99. <https://doi.org/10.1108/EUM0000000005414>.
- Nath, P. and Mahajan, V. 2008. *Chief Marketing Officers: A study of their presence in firms' top management teams*. *Journal of Marketing*, 72 (1), 65–81. <https://doi.org/10.1509/jmkg.72.1.65>.
- Park, Y. K., Song, J. H., Yoon, S. W., and Kim, J. 2014. *Learning organization and innovative behavior: The mediating effect of work engagement*. *European Journal of Training and Development*, 38 (1–2), 75–94. <https://doi.org/10.1108/EJTD-04-2013-0040>.
- Phan, P. H. and Peridis, T. 2000. *Knowledge creation in strategic alliances: Another look at organizational learning*. *Asia Pacific Journal of Management*, 17 (2), 201–222. <https://doi.org/10.1023/A:1015857525048>.
- Porter, M. E. 1979. *How competitive forces shape strategy*. *Harvard Business Review*, 133–143. https://doi.org/10.1007/978-1-349-20317-8_10.
- Porter, M. E. 1980. *Competitive strategy: Techniques for analyzing industries and companies*. New York. New York: Free Press. <https://doi.org/10.1002/smj.4250020110>.
- Porter, M. E. 1990. *Competitive advantage of nations*. *Competitive Intelligence Review*, 1 (1), 14–14. <https://doi.org/10.1002/cir.3880010112>.
- Porter, M. E. 2008. *The five competitive forces that shape strategy*. *Harvard Business Review*, 86 (1).
- Robson, M. J., Skarmeas, D., and Spyropoulou, S. 2006. *Behavioral attributes and performance in international strategic alliances: Review and future directions*. *International Marketing Review*, 23 (6), 585–609. <https://doi.org/10.1108/02651330610712120>.
- Simsek, Z., Heavey, C., and Veiga, J. F. 2010. *The impact of CEO core self-evaluation on the firm's entrepreneurial orientation*. *Strategic Management Journal*, 31 (1), 110–119. <https://doi.org/10.1002/smj.800>.
- Steiner, A., Morel, L., and Camargo, M. 2014. *Well-suited organization to open innovation: Empirical evidence from an industrial deployment*. *Journal of Innovation Economics*, 13 (1), 93. <https://doi.org/10.3917/jie.013.0093>.
- Stevenson, H. H., Jarillo, J. C., and Wiley, J. 2012. *A Paradigm of Entrepreneurship: Entrepreneurial Management*. *Strategic Management Journal*, 11, 17–27. https://doi.org/10.1007/3-540-48543-0_7.
- Tarabishy, A., Solomon, G., Fernald, L. W., and Sashkin, M. 2005. *The entrepreneurial leader's impact on the organization's performance in dynamic markets*. *The Journal of Private Equity*, 8(4), 20–29. <https://doi.org/10.3905/jpe.2005.580519>.
- Tavitiyaman, P., Qu, H., and Zhang, H. Q. 2011. *The impact of industry force factors on resource competitive strategies and hotel performance*. *International Journal of Hospitality Management*, 30 (3), 648–657. <https://doi.org/10.1016/j.ijhm.2010.11.010>.
- Teece, D. J. 2010. *Business models, business strategy, and innovation*. *Long Range Planning*, 43(2–3), 172–194. <https://doi.org/10.1016/j.lrp.2009.07.003>.
- Teece, D. J., Pisano, G., and Shuen, A. 1997. *Dynamic capabilities and strategic management*. *Strategic Management Journal*, 18 (7), 509–533. [https://doi.org/10.1002/\(sici\)1097-0266\(199708\)18:7<509::AID-SMJ882>3.0.CO;2-Z](https://doi.org/10.1002/(sici)1097-0266(199708)18:7<509::AID-SMJ882>3.0.CO;2-Z).
- Teng, B.-S. 2005. *The emergence and popularization of strategic alliances: Institutional and entrepreneurial views*. *The International Entrepreneurship*

- and Management Journal, 1 (1), 61–82. <https://doi.org/10.1007/s11365-005-6676-0>.
- Todeva, E., and Knoke, D. 2005. *Strategic alliances and models of collaboration*. Management Decision, 43 (1), 123–148. <https://doi.org/10.1108/00251740510572533>.
- Wittmann, C. M. 2007. *Strategic alliances: What can we learn when they fall?*. Journal of Business-to-Business Marketing, 14 (3), 1–19. https://doi.org/10.1300/J033v14n03_01.
- Zikmund, W. G., Carr, J. C., Griffi, M., and Babin, B. J. 2013. *Business Research Methods*. South-Western, Cengage Learning. <https://doi.org/9781285401188>.