Dear Ming-Jer:

The reviews of your manuscript submitted to *Academy of Management Journal*, **Competitive tension: The awareness-motivation-capability perspective** (#05-0027) are now complete. The reviewers and I all believe an integration of cognitive based competitor classification and competitive dynamics is an important endeavor. Reviewer 2, for example, states when describing your paper: “it takes up the challenge of explaining competitive rivalry for the point of view of perceived inter-firm dynamics of competition—certainly a worthwhile task in better understanding competitive moves.” We also see merit in the application of the awareness-motivation-capability (AMC) perspective. For example, Reviewer 1 comments: “there have been many prior research efforts that have leveraged the awareness-motivation-capability perspective without really addressing the critical issues of how, exactly, these play out in decision makers’ minds.” Finally, we are impressed by your survey methodology to answer your research questions.

However, despite the generally positive reaction toward your topic, intent and approach, all of us have significant concerns regarding the theoretical and methodological rigor of your manuscript as well as your ultimate contribution to the literature. Ultimately, the reviewers and I are unsure whether these concerns can be overcome with a revision. Despite the varying opinions regarding the likelihood of a successful revision, I am inviting you to revise and resubmit your manuscript for further consideration by AMJ. You will see from the comments below, a substantial revision will be required in order to succeed and you have your work cut out for you to overcome these issues. One of the most significant challenges is clarifying your unique contribution to theory and solidifying your concept development of competitive tension. Given these concerns, I view this as a high-risk revision.

In my opinion, you have received three conscientiously prepared reviews- in fact, some of the most thorough and helpful reviews I’ve seen. The reviewers
have given you many specific comments and suggestions that you can read at your own leisure. In this letter, I focus mainly on the principal issues that will need to be addressed in order for your revision to be successful.

1. **Inadequate conceptual clarity and contribution.** As I am sure you know it is *AMJ* policy that all articles published in the *Journal* must make a significant theoretical contribution. Unfortunately, the reviewers and I see a number of serious problems with the theoretical development of your research and its overall contribution. Our concerns fall into two overarching, related categories and one more minor concern:

   a) **Insufficient conceptual development of competitive tension.** Your reviewers and I all believe that you need to make significant strides in the development of your key construct, competitive tension, for a successful revision. Specifically, we’re struggling to understand your nomenclature (Reviewer 1, #1) and how competitive tension differentiates from competitive threats and pressure. I agree with Reviewer 1 that you haven’t effectively persuaded the reader that these other terms operate only at the aggregate level, so you’ll need to develop this criticism in more detail. I’m particularly concerned that when you develop your construct in more depth it becomes clearer how it is distinct from your predictor constructs. An alternative conceptualization may be competitive tension is an aggregate construct incorporating market commonality, resource similarity and size. I’m not suggesting this alternative conceptualization is correct, only that you haven’t effectively delineated the differences. I’ll come back to this issue in the methodological concerns in more detail. Reviewer 3 (second bullet under framing issues (FI)) shares a similar concern over the role of shared cognition across competitors as it relates to competitive tension. Reviewer 2 (#1, 2 & 3) points you toward additional research that may assist you in building your arguments more rigorously and asks a number of important questions regarding the level of analyses as well. Because competitive tension represents your key construct of interest, your revision will need to overcome these issues- this is the foundation of your manuscript and critical for a successful revision. You may decide that you can successfully develop competitive tension in your revision, or you may consider the alternatives suggested by Reviewer 1 (#6) and Reviewer 2 (#4 & 6). While I’ll leave this for you to decide, I think your reviewers have been very helpful in raising areas for improvement with your existing construct and potential alternatives.

   b) **Questions regarding the role of AMC and why these variables versus others.** Reviewer 1 (#3) has provided you with a very interesting set of comments regarding the incorporation of AMC into your arguments and conceptual model. I agree that the AMC framework is a potentially valuable one for your work, but also that it is not integrated into the paper as well as it could be and that the AMC framework may be indicative of far more than size, market commonality and resource similarity. Why, theoretically, are these dimensions the most important considerations given AMC? In particular, Reviewer 1 (#4) raises a concern over the role of past competitive behavior as a predictor of competitive tension, especially since this predictor is central to work in competitive dynamics. S/he considers this one of the most, if not the most, important antecedent of competitive tension as you’ve defined it. I have to say I agree that you’ll need to consider additional variables and how and why the three you focus on are the most salient
to your core construct. Fortunately, as Reviewer 1 (#3, 4 &5) points out, a good number of these may be available to you as you consider the broadening of your scope.

c) Positioning of the research question and the magnitude of your contribution. While I think that both general concerns above get to the magnitude of your contribution- we’d also like you to substantiate your motivation behind the study in more detail. Reviewer 3 (bullet 1, FI) suggests you examine/review prior research in more detail to make the case for why your research question is important and fills an important gap in existing work. In essence, it may be helpful for you to establish your answer to the “so what?” question based on the current state of knowledge early in the manuscript (e.g. in the introduction). You may be aware that AMJ has eliminated Research Notes, but now uses a contribution-to-length ratio as a consideration in publication, so I would not feel constrained by the previous limit on page length. However, you should keep this ratio in mind as you revise your manuscript.

2. Concerns about your data and methodology. While the theoretical issues above are of concern to us, the reviewers also raise a few concerns over various aspects of your methodology which you will need to address for a successful revision.

a) Questions regarding the empirical connections between your independent and dependent variables. Theoretical point #1 above presents a related methodological concern. All of us are concerned over the high correlations among your dependent variables and your independent variables and wonder how distinct these constructs are from one another. A first step to resolving this is the theoretical issue, but you’ll also need to resolve this with your data. You should also present VIF scores to address multicollinearity within your measures. Reviewer 1 (#2 & 8) suggests factor analyses will be helpful to validate the competitive tension construct while Reviewer 3 (bullet 4 under Methodological issues (MI)) wonders why your measures of market commonality and resource similarity (see also Reviewer 2’s concern over the operationalization of this antecedent in #9) differ from existing measures and whether there may be endogeneity issues between your measures.

b) Issues related to your sample and methodology used in the survey. Since your data is quite old, it may be helpful to provide some rationale behind its appropriateness and the industry environment at the time (Reviewer 2, #6). Reviewer 3 (bullet 1, MI) and I question how analysts, despite their intimate knowledge of the firms in this industry can capture a perceptual measure- it would seem difficult to accept that their perceptual measures represent what the firms think. Can you do anything to convince the reader that they should remain in the sample or simply remove them? Reviewer 3 (bullet 2, MI) also wonders what the implications are of a forced choice ranking rather than an open-ended question. While you can’t do anything about this now, you might consider how this might affect your results.

c) Concerns over the appropriateness of your analyses. Finally, your reviewers question whether your analysis is the best given your research question. Reviewer 1 (#6) suggests structural equation modeling may be better suited while also suggesting the direction of your theoretical revisions might take you into catastrophe/cusp analysis or a moderated regression. A lot of this will depend upon the direction of your revisions, but they are things to consider.
As you can see from these comments, revision will entail a substantial amount of work and a considerable degree of risk. This invitation to revise and resubmit your manuscript carries no guarantee of the ultimate success of your revision. However, while we are all a bit concerned over whether you can successfully address the issues raised, we all see promise in your overall research question and data and I encourage you to undertake this revision.

Assuming that you choose to resubmit your manuscript, in separate electronic files -- one with and one without the author-identifying title page -- please send your revision to the AMJ office at amj-srynes@uiowa.edu and to me at amy.hillman@asu.edu. Please be sure that in the next version of the manuscript, you continue to follow AMJ style throughout http://aom.pace.edu/amjnew/style_guide.html. In addition, please append your responses to me and the reviewers at the end of each version of your manuscript (author-identifying and anonymous). Please limit your responses to the reviewers to 15 pages or less, exclusive of the editors’ and reviewers’ questions or comments. For the sake of brevity, if you have already answered a reviewer’s question in your responses to the Editor or an earlier reviewer, you need not repeat the response again. Rather, please simply refer the reviewer to the appropriate earlier response (e.g., “Please see our Comments to the Editor, #X”). Please introduce your response with an Executive Summary of 1-2 pages. You are not required to agree will all reviewer comments, of course, but you are required to make a good faith effort to be as responsive as you can. Please submit your revision by June 26, 2005 or make arrangements in advance with me for an alternate date. Finally, please let me know if you DO NOT intend to revise and resubmit your manuscript.

Thank you for submitting to AMJ and best of luck with the revisions!

Warm regards,

Amy Hillman
Amy Hillman
Associate Editor
Feedback for the Author(s)

Reviewer # 1

Manuscript #05-0027

I really like your paper’s topic and aim. Indeed, there have been many prior research efforts that have leveraged the awareness-motivation-capability perspective without really addressing the critical issues of how, exactly, these play out in decision makers’ minds. So, that’s why your introduction of the idea of competitive intension is so important. Anchored in managerial cognition, it speaks to the perceptions, the level of competitive apprehension or anticipation that decision makers (CEOs, TMT members, or whoever) must feel as they observe, filter, enact, and decide upon competitive “information” and what, exactly, they should do (strategically/competitively speaking) about it.

My enthusiasm for your paper is tempered by a number of important conceptual, empirical issues, and research design issues. It is my hope that the following comments could be helpful in shaping your future work.

1. As noted, I think the concept of competitive tension, although very intriguing, requires quite a bit more conceptual development and refinement.
   a. Why, exactly, did you choose the term tension, as opposed to others you mention, such as pressure or threat? Although the general notions of tension, pressure, potential, etc. may have subjective definitional meaning(s) in some fields like psychology or psychiatry, they also has objective definitional meaning(s) in physics, fluid mechanics, electronics, and other fields. In other words, you might make great strides toward achieving greater definitional and conceptual clarity if you could strongly anchor competitive tension with illustrative, theoretically-based ideas such as:
      i. Tension as potential energy, as opposed to kinetic energy (see any physics textbook)
      ii. Tension as the build up of opposing psychological forces (see Lewin, 1951)
      iii. Tension as feelings of fear, anticipation, inevitability, etc.
      iv. Tension as the pull (or loading on) a steel cable or the level of pressure in a closed-system fluid/steam chamber
   b. Further, I’m not sure I’m in agreement with you that these other concepts (pressure, threat, etc.) “…are often considered in the aggregate (market) or general competitive context” (pg. 1). How did you arrive at (and support) this conclusion? Doesn’t the definitional locus of terms like these depend on the level of analysis? If so, why discount the idea of the level of competitive “pressure” that a firm feels or experiences?

2. You might also take steps to empirically validate the concept of competitive tension by defining it as a latent construct with multiple, measurable objective indictors (i.e., size disparity, market commonality, and others) and use factor analysis to see how the indicators load. Then, you could either create a composite index of (objective) competitive tension and see how it correlates with your (subjective) survey-derived measure of competitive tension.
3. My comment immediately above notwithstanding, I would suggest you could argue that competitive tension is a latent construct indicated by three other latent constructs (awareness, motivation, capability) that are each indicated by measurable, objective indicators. But, although I really like the idea of leveraging the concepts of awareness, motivation, and capability as latent indicators/drivers of competitive tension, I don’t think you went the distance to review, explore, tease out, or otherwise include many other subjective indicators – above and beyond size, market commonality, and resource similarity – that prior research in competitive dynamics (and related streams of research) suggest as important antecedents of competitive action. I believe it would be quite easy to collect data on the following measures and include them in your model as indicators of awareness, motivation, and capability [at a minimum, several of these should be used as firm-specific control variables in your analysis]:

   a. Slack (capability for competitive action) is related to the total number of actions carried out by a firm, the speed and likelihood of actions and responses, the duration of competitive attack, etc.

   b. Past performance (motivation for competitive action) is related to total actions, competitive aggressiveness, the simplicity of competitive repertoires, the duration of competitive attacks, competitive inertia, etc.

   c. TMT characteristics (awareness and capability for competitive action) are related to total actions, action and response likelihood and speed, competitive aggressiveness, the duration and complexity of competitive attacks, the simplicity of competitive repertoires,

   d. Reciprocal, asymmetric multi-market contact (mutual forbearance which reduces motivation for competitive action) is related to the degree of direct price competition among airlines

   e. Position of firms in resource networks (capability for competitive attack) is posited to impact action and response likelihood.

Such a model could be mapped out as follows:
4. By the same token, you defined competitive tension as “...the degree to which a given rival is considered to be in direct competition with the focal firm” (pg. 1). You draw from theory within competitive dynamics to explore what objective indicators drives subjective impressions of who’s really competing with whom. One of the principal contributions of the competitive dynamics stream of research is its focus on actual competitive behavior carried out between rivals. So, in the context of your study, I can think of no other antecedent of competitive tension more important or influential than past competitive behavior carried out by a rival against the focal firm. Indeed, a given rival would be considered to be in direct competition with the focal firm if it had previously attacked the focal firm. So, past competitive activity must certainly be considered as an objective indicator of the level of competitive tension the focal firm feels. Indeed, prior research has suggested that:

a. The characteristics of an action (magnitude, scope, radicality, irreversibility, etc. relate to awareness and motivation to take competitive action) is related to the likelihood and speed of response, the likelihood of a matching response, etc.

b. More actions or a simultaneous and sequential thrust/attack of many actions carried out over a significant duration (awareness, motivation, capability) may overwhelm and stun a rival into a period of inaction.

c. Action repertoire and competitive attack simplicity/complexity or unpredictability (awareness, motivation) is related to performance (because while rivals may be aware and motivated to respond, they cannot easily unravel a complex or unpredictable attack to see which particular actions warrant response).

d. The level of action repertoire non-conformity or deviation vs. industry norm (awareness,) is related to performance because industry participants’ attention is drawn to firms that are doing something entirely different than what’s expected.

5. Collecting data relating to competitive actions carried out by a given firm in a given airline city- (or route-) pair may be indeed be time consuming, but I think well worth the effort. The simplest measure of past competitive behavior would be total actions carried out by each firm in each city-pair route. You could conduct content analysis of 1991 volumes of Aviation Daily to generate a tally of the possible 21 generic types of actions that Ming-Jer Chen had identified in his work (see Miller & Chen, ASQ, 1996 for details).

6. In once sense, I think it would be interesting to view tension, or perhaps the build-up of tension, as a dynamic construct that describes the very height of tension just prior to the point at which the steel cable snaps, the steam chamber’s pressure valve opens, one psychological force overwhelms the other, etc. Indeed, this would describe the point/boundary at which competitive pressure (potential energy) is realized as competitive action (kinetic energy). Indeed, you could develop and test the hypothesis that the greater the competitive tension felt

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^1 As you note on page 10, it appears that you used some data that Chen, MacMillan, and Farh had collected in a few of their earlier studies. Perhaps they would be willing to share just the total action tallies carried out by each airline in 1991, if they indeed collected this data. If I recall, most of Chen’s work (and his very outstanding airline action data) came from his dissertation data, which was completed a few years before 1991.
by a firm, the greater the likelihood that it would initiate an attack on the encroaching rival. You could also explore the extent to which competitive tension gives rise to the focal firm’s unleashing a sustained competitive attack of significant duration that consists of an entire series or sequence of competitive actions or a complex (as opposed to a simple) competitive action, and so on. Such a model may be mapped out as follows, whereby you could use structural equations modeling to test the loading of the factors and relationship between competitive tension and the focal firm’s competitive actions:

7. I also believe that your theory, the concept of competitive tension, and the ‘release’ of tension in the form of competitive action would lend itself well to catastrophe/cusp analysis (see Oliva, Day & MacMillan, AMR, 1988) – or, at least a moderated regression model. Here, you could predict, for example, that although increases in market commonality alone may indeed increase competitive tension. But, it does not trigger the release of competitive tension (actions). However, if the build-up of market commonality is accompanied by the rival having repeatedly attacked the focal firm in the past, then these conditions will have pushed the focal firm past the “boiling point” or over the cusp thereby triggering competitive action undertaken by the focal firm. Such a model may be mapped out as follows:
8. I am very concerned about the very strong correlation between market commonality and competitive tension (.76). It is problematic, I believe, not only in a measurement/testing sense, but also in a theoretical sense. Aren’t they really measuring the same thing, albeit imperfectly? When asked to identify a given airline’s top five competitors (from a constrained list of 12 competitors), wouldn’t the first thing the industry experts and executives consider is “Who’s got the highest level of market overlap with airline X?” That’s precisely what your measure of market commonality captures. Indeed, it would be argued that the high correlation demonstrates a high degree of convergence between objective and subjective measures of market overlap. But, chief among the other things the questionnaire respondents would likely consider would be “Who’s been aggressively attacking airline X?” This would seem to lend greater credence to my comments above that suggests that you: (a) validate the competitive tension construct by way of factor analysis and (b) include prior competitive behavior among the indicators.

9. Why is LSDV the ideal analytical technique to test your hypotheses?

I hope you don’t perceive my comments as overly critical or harsh. It is truly my intent to help you improve the contribution of this paper to the competitive dynamics literature. Good luck with future iterations of this paper!

Here are some references that you may not be familiar with (or at least did not include in your reference list) that helped my shape many of my comments above:


Deephouse, D. 1999. To be different, or to be the same? It’s a question (and theory) of strategic balance. Strategic Management Journal, 20: 147-166.


This paper seeks to build on well established theoretical bases to explain perceived competitive tension using data from the airline industry. As such it relates to several bodies of work, but most specifically that of a long established research tradition in competitor analysis. In particular it takes up the challenge of explaining competitive rivalry from the point of view of perceived interfirm dynamics of competition – certainly a worthwhile task in better understanding competitive moves.

I do, however, have some concerns, first in terms of some fundamental premises on which you base your arguments:

1. You seek to build on research in the field of cognition, especially with reference to the research on the construction of strategic and competitive groups. However, there have been a good many debates in that field about the relationship of cognitive measures to the identification of such groups and therefore their meaning and value. It is a debate that cannot be readily summarized in a review such as this but boils down to concerns about a series of questions to do with the nature of cognitive categorisation, whether similar perceptions of dimensions of competition necessarily mean similarity of perceptions of strategic groups and, indeed, how and if cognitions are shared. (A good summary of the debate as it relates to definitions of competitors can be found in Hodgkinson and Sparrow, 2002, pp 128-133). What is important here is that if you are to build your arguments on a cognitive base, then you need to take such concerns into account and be clearer where you stand in relation to the different views in the field.

2. In this context, I would like to raise some questions and make some observations with regard to some of your assumptions in the paper.

   i) Are the cognitive categories of managers are quite as clear-cut as you seem to suggest they are with regard to competition. As I say, if you stick with the cognitive basis for your arguments I think you need to be clearer how you justify this.

   ii) On a number of occasions throughout the paper you refer to firms cognizing. For example, on page 3 you say “…. A firm takes actions in accordance with the cognitive map it constructs”. It is unclear to me quite what this means. Do you mean, quite literally, that the notion of cognition relates directly to firms as entities; or to collections of managers within firms; or to individuals within firms; or what? There has been quite some discussion about the notion of collective cognition (eg see Klimoski and Mohammed, 1994) as a problematic area both conceptually and empirically. You seem to adopt an uncritical acceptance of the relationship between the notion of cognition and a firm. The idea that a firm has some sort of homogeneous cognitive map may be espoused in some literatures, but typically with rather more qualification, exploration, or justification than is here. It is unclear to me how addressing this can be avoided in research that
argues it builds on cognitive constructs and is concerned with perceptions of competition. It is the more worrying because, as discussed below, the number of managers within any given firm that represents your data, is very limited. In terms of the way you set up the argument, the end result is that you are suggesting that one or two managers in a given firm represent the “cognition” of that firm. There is a whole can of worms here which is not easily set aside.

iii) The assumptions made about the nature of cognition and the role of individuals or groups within firms is also highlighted, for example, at the foot of page two. Here you suggest that managers (or firms) – and it is unclear whether this suggests you see a distinction or not – “within an industry, or within a competitive set, all recognise their inter-dependence and use this recognition in formulating their strategies and undertaking actions”. If the notion of cognition is to be employed and the debates within that literature taken seriously, this is a severely problematised notion. In other words what is much less clear than you acknowledge in this paper is the nature of mutual recognition and therefore the nature of perceived interdependence. Here you treat this as essentially non-problematic and in a highly reductionist way. Those who take as a basis for strategic groups or competitive dynamics the sort of objective indicators that you mention at the beginning of the paper, may not have a problem with this. But as soon as you roll in the cognitive dimension, then I fear you have to acknowledge such problems more than you do.

iv) Building on all this, I wonder whether you might consider the implications for your research that cognitions of managers within a firm may differ with regard to the very constructs you are concerned with. If so – and there does seem to be some evidence of this – then what does this say for the concept of competitive tension and its operationalisation in research terms?

3. Linked to the above, throughout the paper you refer to what “firms” do or would like to do. This would not have been so much a problem for me if you had argued from an objectivist perspective that this is what we expect firms to do and then used the management data in terms of managerial perceptions to explore your research questions. As the paper progressed, however, I found myself confused between arguments you could make on the basis of the objectivist view versus those that you might make on the basis of the cognitive view. They started getting very mixed up.

4. More fundamentally and in the context of all this, I might suggest you consider whether you need the construct of cognition to develop the arguments in this paper. Arguably what you have here is a survey of managers’ opinions of the competitive distance of competitors. There are many survey methodologies that elicit managers’ opinions on various topics but do not feel obliged to draw on the cognitive literature. They therefore avoid the minefields associated with that literature.

5. You will see from the above that I am not convinced that, as you assert one page 16, this paper “forges an important link between competitive dynamics and cognitive classification
research”. I think it would need to be a good deal more convincing on the cognitive front to do that.

Next, some other concerns:

6. These data are very old (1991 is the date of the survey). Whilst this does not necessarily render the data any less useful, some explanation of why you are drawing on data from so long ago might be helpful, especially in an industry which has changed this much. You may argue that this has no effect on the findings, but I think you need to explain why.

7. Could you please explain rather more fully what your population represents. For example how many respondents per firm? More precisely who they are and why they are particularly interesting or relevant with regard to your research questions?

8. If I understand your explanation of the actual database employed, it is 23 respondents of which 16 were executives. As it stands I am unclear which firms the 16 executives relate to for the airlines in the study. However some of your findings for a given firm must be down to a single respondent. Again this comes back to the issues in 2 above. Are we to equate the responses of an individual with the position taken by “the firm”?

9. And three concerns about your measures:
   i) As I understand it, you have reduced the notion of cognition in any collective sense (a problematic construct at best as discussed above) to a rating score by one or two individuals within a firm. I do not see how this can be justified.
   ii) With regard to the scoring protocol you use, it is unclear how it reflects gradations of competitive nearness or distance. The scoring seems to assume standardised differences of distance between competitors. I may have this wrong, but please clarify.
   iii) With regard to the measure of resource similarity, early in the paper you referred to your concern with resource similarity as being to do with “resources and capabilities”, presumably in line with the RBV. However, by page 13 you appear to operationalise resource similarity as a measurement of “fleet structure”. It is unclear to me how a measure such as this reflects the quite complex notion of capabilities in terms of RBV in relation to competition. I am not suggesting that fleet structure is not extremely important; but are you suggesting that in the airline industry this can be used as a surrogate for all significant capabilities as they relate to competition?

10. Finally issues of clarity:
   P1: bottom line: is this sentence incomplete? Could you please clarify the distinction between the earlier arguments about disparity of size (and therefore dissimilarity) affecting the degrees of rivalry between firms and the statement made on page 8 (para 3) that the similarity of firms increases rivalry.

References:

Feedback for the Author(s)

Reviewer #  3

In this paper, you tried to reconcile structural and perceptive conceptualizations of competition by examining whether or not archival measures might predict the degree to which a focal firm may perceive another as a rival. As you note, “how opponents view each other is critical in predicting attack… and retaliation… among other forms of interfirm competition.” (p. 1). Prior studies have found that there is an imperfect correlation between objective structural characteristics and perceptual competitor definition (e.g., Reger & Huff, 1993; Reger & Palmer, 1996) and between objective and subjective environments in general (e.g., Boyd, Dess, & Rasheed, 1993; Sutcliffe, 1994). Given the tension between the structural and cognitive approaches, I was curious as to exactly how you were going to develop your paper. Upon reading your paper, I have a few questions and suggestions, both minor and major, for you that will hopefully help you improve this paper or perhaps provide directions for future research. They are listed as bullet points below.

- Framing issues
  - I appreciate what you are trying to do, but is this really a big gap in the literature? It seems like a number of people have already examined a number of things that are very similar to what you are attempting. For example, Reger and Huff (1993) examined the degree to which archival measures of structural groups matched perceptions of competitor taxonomies and Reger and Palmer (1996) looked at whether or not cognitive definitions of competitors changed over time. In addition, Porac et al. (1995) found that competition and rivalries were based upon cognitive models that cohere around size, technology, location, and product styles, and a number of researchers have discussed how competition tends to be based on such things as industry recipes (e.g., Spender, 1989).
  - If firms determine their expansion paths based on the mental models of their managers (Penrose, 1959) and competitors develop similar taxonomies regarding the bases of competition (e.g., Porac & Thomas, 1994; Porac, Thomas, & Baden-Fuller, 1989; Porac et al., 1995; Spender, 1989), wouldn’t the fact that they have similar resources and entered similar markets suggest that they are likely to have pretty similar cognitive taxonomies? In particular, you note that your respondents have over 25 years of experience, on average, so that may make it even more likely that they have very similar cognitive representations regarding the bases of competition in the airline industry. Perhaps a more interesting question might be: what structural characteristics influence whether or not incumbent firms take notice of new entrants?
  - Perhaps you could look at the degree to which archival or perceptual measures may be better predictors of competitive action and responses? In doing so, you could tie it to the large literature on competitive behavior on rivalry that has looked at things like the information content of a strategic action (e.g., Smith et al., 1991), subtlety of an attack (e.g., Chen & Miller, 1994), and the timing of competitive responses (e.g., Chen & Hambrick, 1995; Chen & MacMillan, 1992). You could probably use your current data to examine this issue, and it would be a more direct examination of your fundamental question regarding the usefulness of structural versus perceptual measures. You may find, for example, that archival measures may be better in predicting the initiation of competitive moves while perceptual measures may be better in predicting competitive responses.
• Methodological issues
- You used a survey of both airline executives and analysts. Is it appropriate to use analyst responses for uncovering whether or not a focal firm views another as a competitor? The reason I ask is that prior studies have found that analysts can impact the way in which the market reacts to the firm (Zuckerman, 1999), as well as induce firms to engage in things like dediversification in order to present a coherent picture to external observers (Zuckerman, 2000). By asking analysts, you may be capturing analysts’ opinion of who a particular firm should view as a competitor, based on such observable characteristics such as market commonality and resource similarity.

- You state that respondents were asked to identify their top 5 competitors from a list of 12 other competitors. One potential issue that arises is that you may be making these firms salient, even if they are not ordinarily considered true rivals. For example, maybe American Airlines executives do not ordinarily consider Midway airlines to be a rival, but your respondent(s) decided to list Midway as rival purely due to the fact that they were on the list. A more appropriate methodology would have been to ask your respondents to list their key rivals and rank them, all without providing them with a list of competitors or suggesting a specific number of competitors, since both of these may lead to socially desirable responses. I realize that going back and changing the methodology is not a feasible option, so perhaps you could think about the potential implications and at least include them as limitations or future directions in your paper.

- You stated in your paper that “The ICC scores were all significant at the .05 level or better” (p. 11). Since ICC measures “the proportion of the total variance that is accounted for by the clustering (group membership) of the cases” (Cohen et al., 2003: 537). Thus, it seems to me that the actual ICC scores are of more interest than merely whether or not those scores were significant. What were the ICC scores between the analysts and those between the analysts and the executives?

- As a side note, your measures for market commonality and resource similarity look pretty different from the measures used by Gimeno (1999) and Baum and Korn (1996). What is your justification for these measures? It seems like market commonality measures the degree to which a competitor is dominant in markets of strategic importance to the focal firm. Similarly, resource similarity appears the degree to which a competitor possesses a large share of the aircrafts of importance to the focal firm. Do these measures really capture the constructs that you are trying to examine in this study? There may be endogeneity issues between market commonality, resource similarity, and size disparity. Since particular aircraft appear to be suited to flying particular routes and organizational assets may impact the acquisition of resources, it may be difficult to treat size disparity, market commonality, and resource similarity as independent. Indeed, firms servicing similar routes may make similar resource decisions, and both the ability to serve similar markets and acquire similar resources are likely to be constrained by asset availability. At minimum, the high correlations among the IVs are likely to create issues of multicollinearity.

• Other issues:
- Research on performance and risk taking has suggested that organizations have aspiration levels for performance (e.g., Bromiley, 1991; Fiegenbaum, Hart, & Schendel, 1996; Fiegenbaum & Thomas, 1988; Greve, 1998) that may be overly optimistic (e.g., Lant, 1992).
An implication, then, is that organizations may choose rivals based not on who they directly compete against, but based on whom they aspire to compete against. Your data appear to support this notion, since Hawaiian Airlines lists United Airlines as a rival, while United Airlines does not. At the same time, others have found that peers appear to be chosen in a self-protective and opportunist manner (e.g., Porac, Wade, & Pollock, 1999). What implications might these different conceptualizations of referent and peer choice have on your study?

I hope these comments and suggestions will be useful to you in improving the current paper or perhaps suggesting additional avenues for research. Of course, the opinions and comments of the other reviewers may differ from my own, but presumably you will be able to see some common themes emerge that will assist you in developing future versions of this paper. Good luck!

References:


