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COMPETITIVE LANDSCAPE SHIFTS: THE INFLUENCE OF STRATEGIC ENTREPRENEURSHIP ON SHIFTS IN MARKET COMMONALITY

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The competitive dynamics literature offers important insights regarding competitive behavior; however, the critical question of how previously nonrival firms become more direct competitors remains unanswered. To address this question, we extend the strategic entrepreneurship construct to develop a theory-based model of competitive landscape shifts. We theorize that firms engaging in strategic entrepreneurship will be better able to recognize entrepreneurial opportunities outside of their competitive domain(s), which will enable them to enact radical competitive actions. In turn, radical competitive actions will lead to shifts where these firms increase their market commonality with competitors with dissimilar resources and/or decrease their market commonality with competitors with similar resources. In developing our model of competitive landscape shifts, we also consider several important boundary conditions that influence the proposed relationships.

The competitive dynamics perspective focuses on the interactions of competitors as a foundation for understanding competitive behavior (Chen & Miller, 2012). According to this perspective, firms engage in competitive actions to gain or sustain competitive advantage (Smith, Grimm, & Gannon, 1992). Firms face increasing challenges in attaining and sustaining a competitive advantage as globalization and shifts in technology combine to create more complex and uncertain competitive environments (Hitt, Ireland, Camp, & Sexton, 2002b; Ireland & Hitt, 1999) in which change is rapid and continual (D'Aveni, Dagnino, & Smith, 2010). Such conditions have important implications for competitor interactions and analyses (see also Peteraf & Bergen, 2003).

These rapid and continual environmental changes have also led to a blurring of industry and competitive boundaries so that firms that previously were not rivals begin competing more directly against one another (Chen & Miller, 2015). Although the competitive dynamics literature offers a number of important insights into competitive behavior and interaction between existing competitors, the question as to how previous nonrivals become more direct rivals remains unanswered. The implications of competitive landscape shifts for firms, their leaders, and the industries in which those firms compete suggest the importance of exploring this question. On the one hand, these shifts broaden the scope of potential threats and opportunities that might surface in the competitive environment and that strategic leaders must consider as they develop and implement their firm's strategies. On the other hand, such shifts alter the nature and degree of competition within industries and may be a key driver of industry evolutionary processes, such as growth,

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decline, and convergence (e.g., Christensen, 2011; de Figueiredo & Silverman, 2007, 2012; Hsu & Prescott, 2013).

To offer a more formal definition of competitive landscape shifts, we follow Chen's (1996) competitor analysis framework and suggest that these shifts occur across the interfirm dimension of market commonality.[1] Market commonality is the "degree of the presence that a competitor manifests in the markets it shares with a focal firm" (Chen & Miller, 2012: 149). Firms with a high degree of market commonality are perceived as more direct competitive rivals, whereas firms with low market commonality are perceived as less direct rivals. We focus our attention specifically on market commonality because changes that increase market commonality would inherently reflect a case where two previous nonrivals become more direct competitive rivals. As Skilton and Bernardes explain, "Entering new markets changes the mix of competitors a firm faces by increasing or decreasing contact with old rivals and by creating contact with new rivals" (2015: 1689).

With the focus on shifts in market commonality, we address the questions of how previous nonrivals become more direct rivals and how such changes affect the competitive landscape. Improving our understanding of these issues is necessary if we are to continue to develop our knowledge about current competitive environments and our ability to predict the characteristics of future competitive environments. To develop theory as a means of proposing answers to these questions, we draw on the strategic entrepreneurship (SE) construct. Firms engaging in SE simultaneously enact both advantage- and opportunity-seeking behaviors in an attempt to gain or sustain competitive advantage (Hitt, Ireland, Camp, & Sexton, 2001, 2002a; Ireland, Hitt, & Sirmon, 2003). On the one hand, advantage-seeking behaviors are firm-level activities directed toward enhancing, exploiting, and sustaining a firm's *current advantage* over its traditional competitors. These behaviors are the focus of the strategic management domain in which the sustainability of competitive advantage is a recognized driver of firm performance (Ireland, 2007). Thus, pursuing advantage-seeking behaviors means a firm will emphasize existing advantages in existing markets. Opportunity-seeking behaviors, on the other hand, are the firm-level entrepreneurial activities necessary for producing novel products or services that meet previously unmet market needs (Ireland et al., 2003). Opportunity-seeking behaviors, which are the central focus of the entrepreneurship domain (Ireland, 2007: Shane & Venkataraman, 2000), lead to identification of new markets and new ways of serving them.

Building from this perspective, we argue that firms simultaneously engaging in advantage- and opportunity-seeking behaviors are more likely than firms not engaging in these behaviors to recognize and exploit entrepreneurial opportunities as a path to launching radical competitive actions—actions that produce shifts in market commonality between previous nonrivals. Considered this way, SE provides a unique perspective that explains shifts in market commonality by focusing on the firm-level drivers of changes in dyadic interactions, which, in turn, can produce competitive landscape shifts. To provide further nuance to our theorizing, we also consider important moderating conditions related to the emergence of new competition that influence these relationships.

We argue that firms engaged in SE are more likely than firms not engaged in SE to produce shifts in market commonality by recognizing opportunities outside their current competitive domain and by exploiting radical competitive actions. We also theorize that among firms engaged in SE, certain important conditions may determine whether their focus shifts outside of their current competitive domain. In particular, considering the research on the emergence of new competition, we argue that conditions within a focal firm's current domain and a new competitive domain determine whether firms engaged in SE produce shifts in market commonality. Using these arguments, we are able to offer a multilevel theoretical model of competitive landscape shifts that draws from the SE literature to extend work on competitive dynamics to better account for the dynamic nature of competitive rivalry as demonstrated by shifts in the competitive landscape.

Our theoretical model of competitive landscape shifts provides a foundation for a number of significant theoretical contributions. First, we refine the definition of what constitutes competitive landscape shifts. Although work in other academic disciplines, especially industrial/organizational (I/O) economics, has considered the industry-level drivers of new competition, research to date has

[1] Following Chen's (1996) original model, we also include resource similarity as an important condition that determines the type of landscape shift that will occur. We discuss this issue later in the article.

yet to clearly define shifts in the competitive landscape or to examine firm-level antecedents of these shifts. Using Chen's (1996) original competitor analysis framework, we suggest that competitive landscape shifts occur when firms move across the dimension of market commonality. In our theoretical model we propose that competitive landscape shifts are a product of radical competitive actions that alter the market commonality between firms that were previous nonrivals. While our focus is on these dyadic shifts, taken together, such changes blur industry boundaries; prior research dealing with competitive landscape shifts discusses these changes and the blurring of industry boundaries (Bettis & Hitt, 1995; Siggelkow & Levinthal, 2003; Whittington, Pettigrew, Peck, Fenton, & Conyon, 1999). As such, our theorizing has important implications for industry boundary conditions and competitive categorization (Cattani, Porac, & Thomas, 2017).

Second, by developing a better understanding of multilevel drivers of competitive landscape shifts, our overall theoretical model also offers important insights into the sources of interfirm heterogeneity and competitive asymmetry (Miller, 2003). Specifically, our theorizing suggests that SE is an important mechanism to consider when examining competitive behavior and the resulting competitive dynamics, such as shifts in market commonality between previous nonrivals. In this regard, firms engaging in SE are not only more likely to produce innovations that are disruptive to industry norms (Grimm, Lee, & Smith, 2006; Ireland et al., 2003; Lee, Smith, & Grimm, 2003) but also more likely to instigate competitive interactions that alter the nature of competition within and across industries.

Finally, we introduce important yet hitherto unconsidered factors relating to competitive dynamics that alter the capacity of SE to create value. The SE model posits that a firm's ability to gain or sustain a competitive advantage and create value derives from its effectiveness in employing an entrepreneurial mindset, along with establishing an entrepreneurial culture and using entrepreneurial leadership practices to strategically and creatively manage the resources required to innovate (Ireland et al., 2003). Although this perspective offers insight into the process of innovation, it is critical to learn how firms can gain advantage and create value in the context of competitor responses to such innovation. Thus, we offer competitive interaction as an important practical context within which to examine the influence of SE on a firm's actions and its overall ability to gain advantage and create value.

THEORETICAL BACKGROUND

The Drivers of New Competitive Interactions

Within the strategic management discipline, competition—the interaction of rival firms—is a central concept for explaining competitive advantage and firm performance (Nag, Hambrick, & Chen, 2007; Porter, 2008). In part, competitive interactions provide the context for understanding strategic decisions (Rindova & Fombrun, 1999). As Grimm and colleagues explain, "It is in the context of action and reaction that advantage is created and destroyed" (2006: 8). As such, competitive dynamics research emerged to focus on the competitive interactions (i.e., actions and responses) that competitors carry out within a market in order to gain competitive advantage and, in turn, to achieve higher performance and create value (Chen & Miller, 2012; Ketchen, Snow, & Street, 2004). Underlying this perspective is the fact that competitive rivalries emerge and change over time (Barnett & Hansen, 1996; Skilton & Bernardes, 2015). Yet researchers typically do not consider how two firms that begin as less direct rivals become more direct rivals over time; indeed, the historical perspective is one in which competitive rivals have a relatively static relationship in terms of interactions. As such, while the competitive dynamics literature offers a number of important insights into competitive behavior and dynamics, a key question of how previous nonrival firms become more direct competitors remains unanswered.

Although not a direct answer to the question of how previous nonrivals become rivals, research from the I/O economics perspective has long considered the barriers that might impede or discourage the entry of new competitors into existing industries (Bain, 1954, 1956; Harrigan, 1980a; Porter, 1980). Interestingly, this research emerged, in part, because of a similar recognition "that most analyses of how business competition works and what makes it work have given little emphasis to the force of the potential or threatened competition of possible new competitors" (Bain, 1956: 1). The I/O economics perspective emphasizes industry structure and several barriers to entry that, along with incumbent competitor retaliation (Mas-Ruiz, Ruiz-Moreno, & Ladrón de Guevara Martínez, 2014), reduce a potential new entrant's ability to easily enter an existing industry (Harrigan, 1980b, 1982; Porter, 1976, 1981). These entry barriers include economies of scale, capital requirements, product differentiation, access to distribution channels, switching costs for consumers, and cost disadvantages independent of scale (e.g., Caves, 1964; Porter, 1980; Robinson & McDougall, 2001).

More recent research also suggests that incumbents' entrepreneurial activities, such as recombination and new product introductions, can be important deterrents to new competitors as they increase market uncertainty within an industry (Mainkar, Lubatkin, & Schulze, 2006; Montauti & Wezel, 2016). Relatedly, the ability to erect imitation barriers can be an important factor that allows innovative firms to remain ahead of potential new industry entrants (Ethiraj & Zhu, 2008). One such imitation barrier may be the strategic use of vague language in company reports to create causal ambiguity around the industry (Guo, Yu, & Gimeno, in press). Overall, research supports the general proposition from I/O economics that more significant entry barriers increase the costs, and therefore decrease the incidence, of new entry into existing markets (Barney & Hesterly, 1999).

The I/O economics literature also suggests that exit barriers may prevent the emergence of new competition (Harrigan, 1980a; Porter, 1976). From this perspective, new competition may not emerge in a focal industry because of the barriers a firm faces in exiting its current industry. Porter (1976) posited that exit barriers arise from industry structure, a focal firm's corporate strategy, and managerial decision making. In terms of industry structure as an exit barrier, Harrigan explained that "the entry barriers that firms overcome in undertaking competition become, in many cases, the very forces that will deter their departure later" (1982: 708). In other words, the entry barriers surrounding an industry, such as economies of scale, capital requirements, and product differentiation, can also deter incumbent firms from leaving the focal industry to engage in new competitive interactions in new industries (Eaton & Lipsey, 1980).

A firm's corporate-level strategy and the interrelatedness of its businesses may also become an important exit barrier (Harrigan, 1985). This may be the case for Procter & Gamble, with the multiple interrelationships among its core business units—beauty, hair and personal care, baby, feminine and family care, fabric and home care, and health and grooming—and the scale economies the firm generates as a result. In contrast, firms capable of more easily redeploying resources may experience lower exit barriers and may be more likely to enter new markets (Lieberman, Lee, & Folta, 2017). Finally, managerial exit barriers, or cognitive barriers that prevent managers from exiting unprofitable businesses (Porter, 1976), may often be an impediment to new competition. In particular, executives may have attachments to their firms' competitive domains that also reduce the likelihood they will decide to engage in new competitive rivalries (Livengood & Reger, 2010).

Despite fairly robust findings surrounding the negative relationships between various structural barriers and new competition, additional factors often cause these barriers to break down, stimulating new competition (Cattani et al., 2017). In fact, a number of researchers have suggested that firms now compete in a "new competitive landscape" in which industry boundaries are blurring (Bettis & Hitt, 1995; Siggelkow & Levinthal, 2003; Whittington et al., 1999). Two key factors—an increase in globalization and the technological revolution (DeNisi, Hitt, & Jackson, 2003; Hitt et al., 2001; Hitt, Keats, & DeMarie, 1998)—contribute strongly to the emergence of this new competitive landscape. In turn, these conditions produce hypercompetition—an environment where competition is dynamic and intense and where "advantages are rapidly created and eroded" (D'Aveni, 1994: 2).

In terms of new competition, research suggests that the hypercompetitive conditions resulting from increased globalization and the rapid introduction and diffusion of new technology lead to a blurring of industry boundaries, as technologies combine to generate new products and product categories and firms develop substitute products in disparate industries (Bettis & Hitt, 1995). Extending the landscape metaphor, Hitt stated that, in such competitive conditions,

> the landscape is rugged with many hills, mountains, and valleys. And the changes in the landscape may occur with little or no warning. A firm may be a market leader and sitting on the "mountaintop." Yet within a very short period of time, that same firm may be down in a "valley" and behind many of its competitors because of a change in its landscape, even though the firm did not change its strategy or competitive actions (2000: 9).

In part, these general changes reflect hypercompetitive shifts in which industry competition goes from stable to more intense, marked by fluid competitive interactions (D'Aveni, 1994; Thomas, 1996).

Interestingly, while extant research recognizes the macrolevel barriers to new competition that we discuss above and the hypercompetitive environment firms often face, we know little about the firm-level drivers that cause industry boundaries to blur and nonrivals to become more direct competitors. Rather, work from an I/O economic perspective has mostly emphasized deterrents to new competition or has focused on how firms respond to new competition, rather than how new competition comes about (Hambrick, Cho, & Chen, 1996; Porter, 1980). Even research considering the new competitive landscape focuses on how firms can "navigate" within the changing landscape in which new competition emerges. However, this work does not speak specifically to what these changes entail or what causes them (Bettis & Hitt, 1995; Ferrier, 2001; Hitt et al., 1998; Ilinitch, D'Aveni, & Lewin, 1996). Indeed, our theorizing is the first we are aware of to offer insights into the firm-level drivers of competitive landscape shifts. This is an important oversight in the literature, in that while the environment has a significant effect on firms, as the I/O perspective argues, organizational theorists have long recognized that in many instances firms may also "enact" or help to shape their environments (Astley & Van de Ven, 1983; Child, 1972). Thus, recognizing and then understanding the set of firm and environmental drivers are critical if we are to develop a more robust understanding of the triggers or causes of competitive landscape shifts. For reasons explained next, we believe that research integrating the strategic management literature and entrepreneurship literature may offer critical insights into competitive landscape shifts.

SE As a Lens for Examining Competitive Landscape Shifts

As a theoretical construct, SE elucidates the strategic and entrepreneurial drivers of firm behavior (Ireland et al., 2003). According to this perspective, firms simultaneously engage in advantage- and opportunity-seeking behaviors in order to formulate and implement entrepreneurial strategies to gain competitive advantage and create value (Hitt et al., 2002a). Comparatively, advantage-seeking behaviors are more "strategic" in nature, while opportunity-seeking behaviors are more "entrepreneurial." Thus, advantage-seeking behaviors are the firm-level routines and activities directed at developing, exploiting, and protecting a firm's *current* competitive position and advantage (Smith & Di Gregorio, 2002), while opportunity-seeking behaviors are the firm-level routines and activities focused on recognizing, evaluating, and exploiting *new* entrepreneurial opportunities (Shane & Venkataraman, 2000). By combining and integrating these behaviors, firms are able to pursue competitive positions with the promise of entrepreneurial growth so as to produce competitive advantages and create value for the firm and its stakeholders.

SE is composed of four distinct dimensions. First, a firm must have managers who possess an entrepreneurial mindset—that is, "a growth-oriented perspective through which individuals promote flexibility, creativity, continuous innovation, and renewal" (Ireland et al., 2003: 968). Firms with managers who develop and deploy entrepreneurial mindsets are able to take advantage of the uncertainty that is often present in competitive markets (McGrath & MacMillan, 2000). Baron (1998) proposed that the entrepreneurial mindset derives from the cognitive orientations that entrepreneurs use to cope with an environment characterized by higher levels of uncertainty, novelty, emotion, and pressure. As Hitt and colleagues explain, "An entrepreneurial mindset denotes a way of thinking about business and its opportunities that captures the benefits of uncertainty" (2002b: 2).

Second, engaging in SE requires an entrepreneurial culture and entrepreneurial leadership practices. An entrepreneurial culture reflects a firm's shared values and beliefs toward entrepreneurial activities (Schein, 1985). Research on organizational culture recognizes that cultures encouraging and supporting risk taking are more likely to foster innovation and creativity (Hartnell, Ou, & Kinicki, 2011; Woodman, Sawyer, & Griffin, 1993). In such cultures "new ideas and creativity are expected, risk taking is encouraged, failure is tolerated, learning is promoted, product, process and administrative innovations are championed, and continuous change is viewed as a conveyor of opportunities" (Ireland et al., 2003: 970). Entrepreneurial leadership practices constitute the actions leaders take to shape strategic directions, entrepreneurial activities, and performance (Cogliser & Brigham, 2004; Covin &

Slevin, 2002). Entrepreneurial leadership "creates visionary scenarios that are used to assemble and mobilize a 'supporting cast' of participants who become committed by the vision to the discovery and exploitation of strategic value creation" (Gupta, MacMillan, & Surie, 2004: 242).

Third, SE requires a firm to be able to strategically manage and orchestrate its resources and capabilities to maintain its current competitive advantage while using these to find, develop, and exploit new opportunities (Ireland et al., 2003). Resource orchestration activities are the actions leaders take to effectively manage their firms' resource portfolios (Hitt, Ireland, Sirmon, & Trahms, 2011). In this regard, firms must be able to structure, bundle, and leverage their resource portfolio to enable the simultaneous pursuit of advantage- and opportunity-seeking behaviors (Sirmon, Hitt, & Ireland, 2007; Sirmon, Hitt, Ireland, & Gilbert, 2011).

Finally, a firm engaging in SE must be able to integrate the entrepreneurial mindset, entrepreneurial culture and leadership, and the strategic management of resources to act creatively and develop innovation. All of these distinctive dimensions are necessary for firms to engage successfully with SE. As firms pursue SE, they focus on maintaining their current competitive advantage. At the same time, by applying creativity and developing innovation, they seek to identify new entrepreneurial opportunities to pursue in future marketplace competitions.

A MODEL OF COMPETITIVE LANDSCAPE SHIFTS

We extend research on SE to delineate the firm-level drivers of competitive landscape shifts, focusing particularly on the dyadic shift in which market commonality increases between previous nonrivals. Our focus on market commonality builds on prior research dealing with competitor analysis, particularly as it relates to predicting competitive interactions (Chen, 1996). Within the competitor analysis framework, market commonality reflects the degree of market overlap between a firm and a focal competitor (Chen & Miller, 2012). From this perspective, a focal firm will be more aware of and motivated to act or respond to competitors with higher market commonality. The market commonality component of the competitor analysis framework is directly relevant to the emergence of new competitive interactions. As Grimm and colleagues explain:

> This framework is consistent with . . . [the] definition of competitors as firms that are vying with the focal firm for the same customers in the same markets and with our emphasis on product and geographic market overlap in determining market commonality (2006: 62).

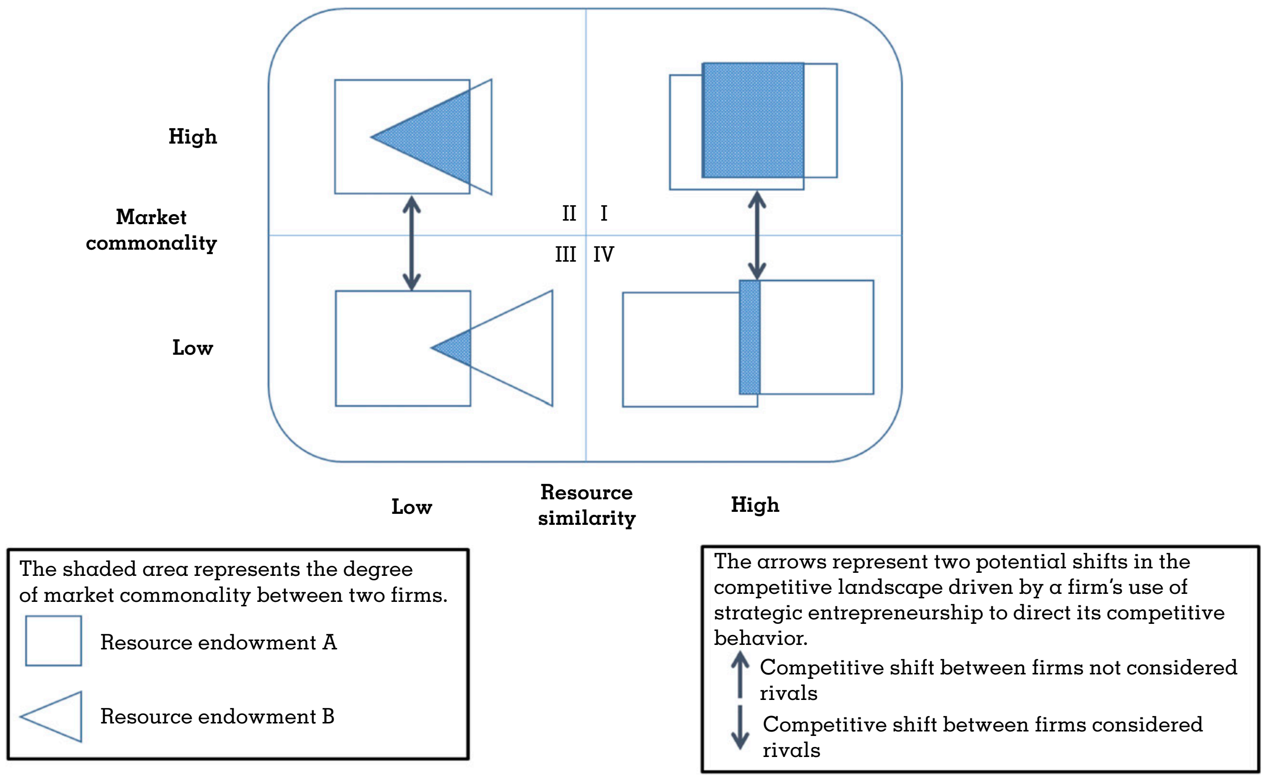
In this regard, a shift in competitive interactions in which previous nonrivals become more direct competitors reflects a change in market overlap.

While our focus is on market commonality shifts, Chen's (1996) original model also included resource similarity between rivals; we recognize resource similarity as another important factor influencing the type of competitive shift experienced between two firms. Resource similarity represents the similarity in both type and amount of resources possessed by two or more firms (Chen & Miller, 2012). Based on the interaction of the market commonality and resource similarity dimensions, Chen (1996) proposed a 2×2 framework of competitor analysis. We present an adapted version of Chen's conceptualization in Figure 1. Across the theoretical quadrants competitor analysis framework, firms face a myriad of potential rivals with varying degrees of market commonality and resource similarity. The quadrants show the degree to which firms face rivals that are direct versus indirect competitors according to these two dimensions. The competitive dynamics literature has traditionally treated these positions within the competitive framework as relatively static, with less focus on how firms that begin as less direct rivals become more direct rivals (for an exception see Bergen & Peteraf, 2002, and Peteraf & Bergen, 2003).

Nonetheless, the original framework provides a basis for considering competitive landscape shifts. In discussing the application of competitive analysis to corporate-level strategy, Chen suggested that "GE and Citicorp may be rivals moving from Quadrant III to Quadrant II, because of GE's increasing commitments in financial service industries" (1996: 124). Similarly, Peteraf and Bergen (2003) discussed competitor identification in dynamic competitive landscapes and provided evidence of potential landscape shifts that result from such identification.

Yet an important omission exists in the literature, in that we lack arguments to explain why

FIGURE 1
Extending the Competitor Analysis Framework to Consider Competitive Landscape Shifts[a]



[a] Adapted from Chen (1996).

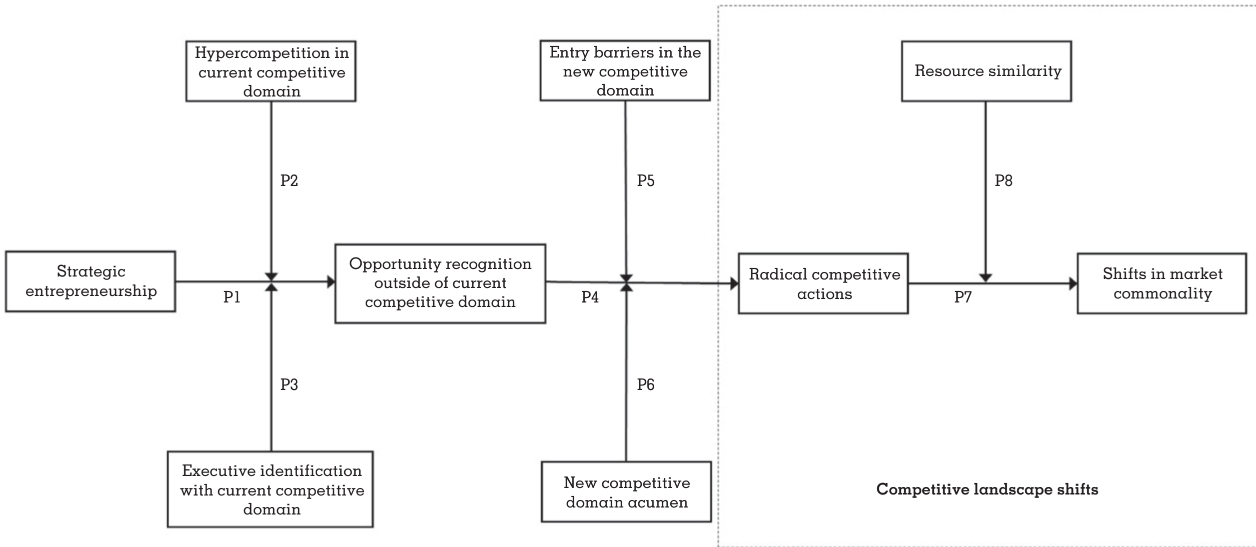
firms might "move across quadrants" to become more direct rivals with previous nonrivals. As such, we extend the original competitor analysis model to specifically consider shifts along the market commonality dimension using the SE lens to explain these actions. In part, we focus on market commonality shifts between Quadrants III to II and Quadrants IV to I. Chen (1996) argued that changes between Quadrant III and Quadrant II represent radical competitive landscape shifts. We suggest that, while less radical, additional shifts may occur between Quadrant IV and Quadrant I when firms with similar resource bases alter their market commonality. This model also provides a direct way to conceptualize competitive shifts that cause prior competitors to become less direct rivals (i.e., shifts from Quadrant II to Quadrant III and from Quadrant I to Quadrant IV); however, given our focus on the emergence of new competitive interactions, we leave this particular focus for future research.

We integrate the research concerned with new competition, competitor analysis, and SE to develop a model of competitive landscape shifts. We present our theoretical model of competitive landscape shifts in Figure 2. In this model SE provides insights into firm-level actions that produce competitive landscape shifts, competitor analysis provides the definition for new competition in terms of market commonality, and the existing research on the emergence of new competition provides the insights into contextual factors that might influence these shifts. Hinting at this potential integration, Hitt and colleagues proposed that

> the [current competitive] landscape's characteristics combine and interact to create an environment in which revolutionaries (entrepreneurial actors) have the potential to (1) capture existing markets in some instances while creating new ones in others, (2) take market share from less aggressive and innovative competitors, and (3) take the customers, assets, and even the employees of staid existing firms (2002b: 1).

Building on these ideas, we argue that a firm engaging in SE will be better able to recognize and exploit opportunities outside of its current competitive domain(s). In turn, these skills will

FIGURE 2
The Firm-Level Drivers of Competitive Landscape Shifts



increase the firm's ability to enact the radical competitive actions that lead to shifts in market commonality.

Not all firms engaging in SE, however, will cause such shifts, which further explains why these shifts are relatively rare. As our review of the emergence of new competition suggests, certain other firm and environmental conditions influence the degree to which a firm engaging in SE will be able to direct opportunity- and advantage-seeking behaviors toward new markets. In particular, we focus on the moderating roles of hypercompetition (D'Aveni, 1994; D'Aveni et al., 2010; Thomas, 1996) and executives' identification with the current market domain (Livengood & Reger, 2010) on the relationship between SE and perceived new market opportunities outside of a focal firm's current competitive domain(s).

Next we consider the impact of entry barriers in the new competitive domain, as well as the focal firm's competitive acumen in the new competitive domain on the relationship between perceived new market opportunity and engagement with radical competitive actions. Finally, to consider the nature of the competitive landscape shift, we examine the moderating influence of resource similarity between the new competitors on the relationship between radical competitive actions and shifts in market commonality (Chen, 1996). In this regard, the additional boundary conditions included in our theoretical model in Figure 2 are also critical to enable firms to enact the radical competitive actions necessary to drive competitive landscape shifts. Table 1 provides an overview of our constructs, their levels of analysis, and the underlying theoretical mechanisms that influence competitive landscape shifts. However, as a first step toward being able to generate such shifts, it is essential that a firm recognize opportunities. In the next section we build on this position to explain how firms engaging in SE are able to recognize opportunities and competitors outside of their current competitive domain(s).

SE and Opportunity Recognition in New Competitive Domains

Entrepreneurial opportunities outside of a focal firm's current competitive domain are instances where there is the potential to create new products or services outside of the firm's current markets (Eckhardt & Shane, 2003; Skilton & Bernardes, 2015). Firms engaging in SE leverage their entrepreneurial mindset, entrepreneurial leadership and culture, and resource management and orchestration activities in an effort to recognize entrepreneurial opportunities (Ireland et al., 2003). Moreover, firms that simultaneously pursue advantage- and opportunity-seeking behaviors possess both the entrepreneurial and competitive alertness necessary to recognize novel competitive opportunities outside their competitive domain(s)

TABLE 1
Key Construct Definitions and Descriptions

Construct	Definition	Level of Analysis	Underlying Theoretical Mechanisms
Strategic entrepreneurship	"Strategic entrepreneurship is the integration of entrepreneurial (i.e., opportunity-seeking behavior) and strategic (i.e., advantage-seeking) perspectives in developing and taking actions designed to create wealth" (Hitt, Ireland, Camp, & Sexton., 2001: 480–481)	Firm level	Entrepreneurial mindset Entrepreneurial culture and entrepreneurial leadership practices Resource management and orchestration Creative action and innovation development
Opportunity recognition outside of current competitive domain	Instances in which there is the potential to create new products or services outside of the firm's current markets (Eckhardt & Shane, 2003; Skilton & Bernardes, 2015)	Firm level	Existence of opportunities Varied competitive domains Strong and/or weak ties to more than one domain
Hypercompetition in current competitive domain	"Characterized by intense and rapid competitive moves, in which competitors must move quickly to build advantages and erode the advantage of their rivals" (D'Aveni, 1994: 217–218)	Environmental level	Globalization and technology Intense competitive rivalry Unstable market boundaries
Executive identification with current competitive domain	An executive's domain identification reflects the degree to which that executive comes to define their firm in terms of its current competitive domain (Livengood & Reger, 2010)	Individual level	Psychological processes Identity domains Intradomain focus
Radical competitive actions	"The extent to which the action departs from previous competitive moves in an industry" (Grimm, Lee, & Smith, 2006: 121–122)	Firm level	Market-altering competitive moves Disruptive innovations
Entry barriers in the new competitive domain	Structural barriers limiting a firm's ability to engage in actions in the new domain (Caves, 1964; Porter, 1980)	Environmental level	High capital costs Limited access to distribution channels Uncertainty and causal ambiguity Retaliation from existing firms
New competitive domain acumen	The firm's "ability to understand its rival's perceptions and to see things from its rival's perspective" (Chen & Miller, 2012: 155) within a new competitive domain	Firm level	Market engagement level Interactions with competitors and rival networks
Resource similarity	The "extent to which a given competitor possesses strategic endowments comparable in both type and amount to those of the focal firm" (Chen & Miller, 2012: 149)	Dyadic level	Resource-based view Strategic endowments Tangible and intangible resources
Shifts in market commonality	The process by which previous nonrivals become more direct rivals and how such changes affect the competitive landscape	Dyadic level	Geographic markets Product markets

(Hitt et al., 2002a; Ireland et al., 2003). Indeed, because of leaders' entrepreneurial mindset and their existing competitive awareness, firms engaging in SE may become more aware of market opportunities beyond their current competitive domain(s) as defined by market commonality. That is, these firms will be more apt to identify potential new products (e.g., goods and/or services) that meet a need outside their existing markets.

This idea is consistent with the competitive dynamics literature, which recognizes that firms' acute awareness enables them to gain temporary advantage over competitors with "entrepreneurial blind spots." For instance, Grimm and colleagues suggested that "firms with limited resources can enhance their market position and performance by undertaking clever entrepreneurial actions that exploit competitive uncertainty and blind spots" (2006: 102). Extending this logic, we posit that whether or not a firm is resource constrained, its leaders' ability to recognize opportunities in new markets and take advantage of market uncertainty in competitive interactions depends on their ability to use SE (Hitt et al., 2002b).

In firms engaging in SE, motivation will also focus on the gains and losses of both competitive and entrepreneurial actions, which will enable them to observe more directly opportunities to introduce new products outside of their current competitive domain(s). These firms perceive that the benefits of growth-oriented competitive actions outweigh the costs. In considering the competitive environment, such firms embrace leadership practices and cultures that enable growth-oriented actions to maintain existing advantage while recognizing new opportunities. The result of this focus will be that the entire firm will be able to concentrate on opportunities to introduce new products beyond its current markets (Livengood & Reger, 2010).

In contrast, firms not engaging in SE may be less likely to recognize entrepreneurial opportunities in general, and particularly outside of their competitive domains. A firm not engaging in SE may enact competitive behaviors "to defend or improve its relative competitive position" (Smith et al., 1992: 1). However, such firms may not possess the entrepreneurial mindset, leadership and culture, and resource management and orchestration skills, respectively, to exploit entrepreneurial opportunities in new marketplaces (Ireland et al., 2003; Shane & Venkataraman, 2000). Thus, we propose the following.

> *Proposition 1: Firms engaging in SE will be more likely than firms not engaging in SE to recognize entrepreneurial opportunities outside of their current competitive domain(s).*

Moderating Role of Hypercompetition

As mentioned previously, although our focus is on the SE-related drivers of competitive landscape shifts, critical factors at other levels interact with a firm's SE to influence the firm's likelihood of generating such shifts. Hypercompetition is a condition that is particularly relevant for recognizing entrepreneurial opportunities in new domains (D'Aveni, 1994; D'Aveni et al., 2010; Thomas, 1996). Relative to more traditional competition, hypercompetition is "characterized by intense and rapid competitive moves, in which competitors must move quickly to build advantages and erode the advantage of their rivals" (D'Aveni, 1994: 217–218). The level of hypercompetition a focal firm faces in its current competitive domain influences its strategy and the competitive interactions associated with implementing it (Gimeno & Woo, 1996; Thomas & D'Aveni, 2009). Firms facing hypercompetitive environments encounter relatively unstable market boundaries and industry structures (Eisenhardt, 1989). Conversely, in traditional competitive environments, market boundaries are clearer and more stable since competitors and customers are well known. While there is debate regarding the ubiquity of hypercompetitive environments (e.g., D'Aveni et al., 2010; Makadok, 1998; McNamara, Vaaler, & Devers, 2003; Porter, 1996; Wiggins & Ruefli, 2005), researchers recognize the influence of such environments on competitive actions and responses (Chen, Lin, & Michel, 2010; Larrañeta, Zahra, & Galán González, 2014).

In general, "The high intensity of a hypercompetitive environment escalates the level of competition which, in turn, induces the firm to take offensive actions and expand its competitive repertoire" (Chen et al., 2010: 1415). In this context, while all firms experience an increase in their competitive repertoires across time, hypercompetitive environments may lead a firm engaging in SE to direct its competitive actions toward recognizing and exploiting opportunities beyond its current market(s). In part, this is because hypercompetitive markets increase the prevalence of new market opportunities that such firms can identify and exploit (Hitt et al., 2001, 2002a; Ireland et al., 2003). Relatedly, the competitive intensity and disruption typifying hypercompetitive environments often produce uncertainty and perceptual differences among competitors (Chen et al., 2010). Thus, because firms engaging in SE are better able to manage uncertainty in competitive markets (McGrath & MacMillan, 2000), hypercompetitive environments may be particularly suited to stimulating such firms to search for opportunities in new competitive domains (Hitt et al., 2002b).

In comparison, firms engaging in SE that are not experiencing hypercompetition may focus their SE activities on market opportunities within their current competitive domain, in that such actions may enable or extend an existing competitive advantage (Ireland et al., 2003). In these stable markets, firms engaging in SE will still be associated with greater opportunity recognition; in general, however, such firms will concentrate on recognizing opportunities in their current competitive domain(s). Interestingly, Miller and Friesen observed the following: "Entrepreneurial firms are often found in dynamic and hostile environments because their venturesome managers prefer rapidly growing and opportuneful settings" (1982: 6). As such, we would expect hypercompetitive environments to be particularly conducive to firms engaging in SE to recognize opportunities outside their current competitive domain. Following these arguments and expectations, we offer the following.

> *Proposition 2: Hypercompetition in the current competitive domain will strengthen the relationship between firms engaging in SE and the likelihood of recognizing opportunities outside of their current competitive domain(s).*

Moderating Role of Identification with the Current Competitive Domain

In addition to the environment, factors at other levels may affect a firm's ability to recognize entrepreneurial opportunities in new competitive domains. In this regard, executives' identification with the current competitive domain is a critical factor that weakens this relationship. In general, organizational researchers have focused on the identity individuals garner from being organizational members (Albert & Whetten, 1985; Mael & Ashforth, 1992; Whetten, 2006), defining organizational identification as "the degree to which a member defines himself or herself by the same attributes that he or she believes defines the organization" (Dutton, Dukerich, & Harquail, 1994: 29). Building on this work, an executive's domain identification reflects the degree to which that executive comes to define their firm in terms of its current competitive domain (Livengood & Reger, 2010). Livengood and Reger introduced identity domain "to highlight the cognitively privileged competitive arena that holds the highest psychological value for a focal firm's managers such that they will take strategic actions that may be at odds with economic rationality" (2010: 49). Managers' identification with a particular competitive domain influences their firm's competitive behaviors and actions. In particular, executives with strong identification with their firm's current competitive domain engage in competitive actions to defend and improve the current competitive domain. In this sense the expectation is that these executives will emphasize advantage-seeking behaviors at the expense of an appropriate set of opportunity-seeking behaviors.

Strong identification with the current competitive domain therefore weakens the relationship between SE and a firm's ability to recognize opportunities outside of its current competitive domain. In particular, such identification leads a firm to focus more directly on market opportunities to introduce new products within the current domain. As Livengood and Reger suggest, "By overfocusing limited attentional resources on the identity domain, managers may overlook competitive developments and opportunities in economically important areas outside the identity domain of the firm, which will result in managerial myopia" (2010: 55). In part, this myopic perspective reflects the internalization of the competitive domain within the firm's own organizational identification (Mael & Ashforth, 1995). In turn, it directs a firm's entrepreneurial attention derived from its SE orientation to opportunities in the current domain and weakens the firm's ability to recognize opportunities to introduce new products outside the current competitive domain(s). Therefore, we theorize the following.

> *Proposition 3: Executives' strong identification with their firm's current competitive domain will weaken the relationship between such firms engaging in SE and the likelihood of recognizing opportunities outside of their current competitive domain(s).*

Opportunity Recognition in New Competitive Domains and Radical Competitive Actions

We have argued that firms engaging in SE are more likely to recognize entrepreneurial opportunities beyond their current competitive domain(s).

Extending this argument, we now discuss how such firms move from this "recognition" phase to enact radical competitive actions that lead, in turn, to shifts in market commonality. Here again, it is important to emphasize that a firm must possess all of the dimensions of SE to generate a shift in market commonality. Indeed, firms engaging in SE not only will be able to perceive opportunities outside of their current competitive domain but also will be more motivated and capable of exploiting those opportunities.

Whereas a trade-off exists between exploiting current core competencies to maintain a current competitive advantage and exploring new resource combinations to exploit new entrepreneurial opportunities (Ireland et al., 2003), firms engaging in SE will be better able to simultaneously pursue both competitive and entrepreneurial actions. High-quality dynamic capabilities that facilitate such activity rest on a firm's management and orchestration of its resource portfolio (Hitt et al., 2011; Sirmon et al., 2011). On the one hand, such firms are adept at managing the financial, human, and social capital necessary to recognize and exploit opportunities (Hitt et al., 2011; Ireland et al., 2003). On the other hand, continual resource orchestration enables these firms to exploit their current competitive advantages. That is, the ability to structure, bundle, and leverage resources engenders the capability to exploit current core competencies to maintain competitive advantage, while simultaneously exploring new resource combinations to discover and pursue new opportunities (Ireland et al., 2003). As such, firms engaging in SE are able to obtain, develop, and manage capabilities to pursue growth-oriented competitive actions.

Relatedly, firms engaging in SE are more likely to frame uncertain opportunities as potential wins (Gupta et al., 2004; Kuratko & Audretsch, 2009). In considering the competitive environment, such firms are motivated to pursue growth-oriented actions that facilitate maintenance of an existing advantage, as well as growth-oriented actions enabling them to exploit new opportunities. Indeed, firms engaging in SE embrace leadership practices and cultures that support actions to maintain existing advantage, as well as growth-oriented actions to exploit new opportunities. Covin and Slevin posited that these leadership practices "must (1) nourish an entrepreneurial capability, (2) protect innovations that threaten the current business model, (3) make opportunities make sense for the organization, (4) question the dominant logic, (5) revisit the 'deceptively simple questions,' and (6) link entrepreneurship and business strategy" (2002: 311). Reflecting this perspective, Shrivastava and Nachman (1989) found that such leaders endow strategy with an entrepreneurial focus and manifest such characteristics as charisma, confidence, and aggressiveness. These leadership practices also help to build and maintain entrepreneurial cultures that encourage employees to learn, take risks, and pursue creativity and innovation (Ireland et al., 2003). In turn, these firms perceive that the benefits of competitive actions directed outside of the current competitive domain, such as introducing a new product in a market outside of their own, outweigh associated costs. Firms engaging in SE are more likely to possess entrepreneurial characteristics and practices that, combined with motivation, engender the pursuit of opportunities by supporting and rewarding opportunity-seeking behaviors.

We theorize that such firms will be more likely to exploit the perceived entrepreneurial opportunities outside of their current competitive domains and enact competitive actions that lead to shifts in market commonality. In this way, competitive actions resulting from SE are likely to reflect the competitive "radicality" described elsewhere in the literature. Grimm and colleagues defined action radicality as "the extent to which the action departs from previous competitive moves in an industry" (2006: 121–122). With our focus on market commonality shifts, the exploitation of new market opportunities would be radical for the focal firm's current market domain since its current rivals would not have entered the new market domain. Similarly, the action would be radical in the new market domain given that the focal firm's entry and exploitation would also depart from this market's norms.

The concept of radical competitive actions differentiates incremental from radical change. Incremental change is the conscious and logical development of strategies over time, with each strategic decision building on past decisions (Johnson, 1992). By contrast, radical change is the dramatic movement away from traditions or norms (Dutton & Duncan, 1987; Miller & Friesen, 1980). Competitive dynamics researchers mainly consider the consequences of firms employing radical actions, focusing on the response (or lack thereof) from rivals (Grimm et al., 2006; Lee et al., 2003). To date, however, there is little research exploring the drivers of radical competitive actions.

Ireland and colleagues offered arguments suggesting that radical competitive actions, such as market-altering introductions of new products, most likely occur as firms engage in SE, stating that "firms are able to develop disruptive innovations and introduce them into the marketplace only by integrating opportunity-seeking behavior with advantage-seeking behavior" (2003: 982). Extending this perspective to competitive dynamics and interactions, firms engaging in SE are able to exploit new market opportunities outside of their current competitive domain(s) to produce radical competitive actions. As such, we offer the following proposition.

> *Proposition 4: Firms engaging in SE that recognize entrepreneurial opportunities outside of their current competitive domain(s) will be more likely to engage in radical competitive actions.*

Moderating Role of Entry Barriers in the New Competitive Domain

When considering how new competition emerges, it is important to consider an industry's structural characteristics (Bain, 1949). Industry and mobility barriers (Caves & Porter, 1977) have an especially important moderating influence on the relationship between opportunity recognition in new domains and radical competitive actions leading to shifts in market commonality. In particular, it is important to consider the entry barriers of the new competitive domain—or the structural barriers limiting a firm's ability to engage in actions in the new domain (Caves, 1964; Porter, 1980). For firms that recognize an opportunity in a new competitive domain, entry barriers place structural obstacles that reduce the motivation or ability to exploit the opportunity. As Shane and Venkataraman explain, the pursuit of entrepreneurial opportunities is more likely "when industries have low barriers to entry" (2000: 224). In this case, high capital costs or limited access to distribution channels can make exploiting the opportunity less feasible for new entrants (Dean, Meyer, & DeCastro, 1993). For example, at an institutional level, "politicians can increase entry barriers or taxes on new businesses and impose bureaucratic requirements that delay the entry of new competitors" (Fuentelsaz, Garrido, & Maicas, 2015: 1784). Entry barriers can also take the form of uncertainty and causal ambiguity, which decrease a new entrant's ability to determine the economic viability of exploiting opportunities and reduce the overall likelihood of doing so (Ethiraj & Zhu, 2008; Montauti & Wezel, 2016). Finally, potential retaliation from existing firms in the market domain can cause entrepreneurial firms to seek opportunities in other markets (Chen & Miller, 1994; Ferrier, 2001).

It is interesting to note that, relative to firms not doing so, firms engaging in SE are more likely to possess the ability to orchestrate resources in a manner that allows them to overcome the entry barriers discussed above (Lieberman et al., 2017; Sirmon et al., 2007). Yet, even for firms engaging in SE, the relative strength of such barriers will influence their motivation and ability to enact radical competitive action in new domains. In general, a firm engaging in SE that identifies an opportunity in a new competitive domain will be able to exploit that opportunity more easily when lower entry barriers exist. Conversely, when entry barriers to a new domain are high, the firm will be less likely to exploit that opportunity, since such barriers will reduce its relative motivation and ability to do so. In these instances the relationship between radical competitive actions and shifts in market commonality will be weakened (Bain, 1956). Following these arguments, we offer the following moderating proposition.

> *Proposition 5: Higher entry barriers in the new competitive domain will weaken the relationship between opportunity recognition outside of the current competitive domain and radical competitive actions.*

Moderating Role of New Competitive Domain Acumen

A firm's competitive acumen in a new competitive domain will also moderate the relationship between opportunity recognition and radical competitive actions. Broadly, competitive acumen is a firm's "ability to understand its rival's perceptions and to see things from its rival's perspective" (Chen & Miller, 2012: 155). Within the competitive dynamics literature, competitive acumen is a key factor in determining a firm's competitive success when interacting with either existing or new competitors (Bloodgood & Bauerschmidt, 2002; Porter, 1980).

According to extant work, competitive embeddedness, or the extent to which a firm interacts with a particular competitor, largely determines competitive acumen (Gimeno, 2004; Gnyawali & Madhavan, 2001). Tsai, Su, and Chen (2011) found that, in part, the intensity of market engagement with a rival, as well as its relative structural position in the overall network of competitors in the competitive space, determines a focal firm's competitor acumen. The more a firm competitively engages with a rival or the rival's network of competitors, the better the focal firm is able to provide accurate assessments of a given rival's prioritization of competitors. Competitor acumen, in turn, enables a firm to predict with greater accuracy a competitor's responses to the focal firm's competitive actions and to predict future competitive actions rivals may take as well.

Based on this conceptualization, competitor acumen should be relatively low for potential new rivals, given the lack of prior market commonality and limited competitive interactions between the firms (Bergen & Peteraf, 2002; Peteraf & Bergen, 2003). Yet some firms are more adept than others at gaining new competitor acumen. When entering a new market, a focal firm's ability to accurately assess potential new rivals heightens its ability to use SE to turn recognized opportunities into radical competitive actions (Levine, Bernard, & Nagel, in press). In part, higher competitor acumen outside of the firm's current competitive domain enables it to introduce actions that are themselves disruptive and outside traditional industry norms (Smith et al., 1992). As Peteraf and Bergen suggested, such acumen may be "particularly useful for scanning dynamic competitive landscapes, where broad competitor identification is critical and few qualitative tools are otherwise available" (2003: 1028).

In addition, firms with heightened competitor acumen will approach competitive interactions and the competitive environment with a unique perceptual focus. In particular, these firms possess the ability to recognize and evaluate potential competitors that meet the same customer needs outside of the firm's current competitive domain (Bergen & Peteraf, 2002). Because of this ability, a firm's analysis of competitors provides a focus that is directed toward a potential rival's ability to meet customer needs, rather than solely on resource or market similarity in the current competitive domain (Peteraf & Bergen, 2003). Given these expectations, we propose the following.

> *Proposition 6: A firm's new competitive domain acumen will strengthen the relationship between opportunity recognition outside of the current competitive domain and radical competitive actions.*

Radical Competitive Actions and Shifts in Market Commonality

Firms engaging in SE with greater intensity and success are more likely to enact radical competitive actions, which are actions with the potential to alter these firms' strategic positioning relative to competitors (Porter, 1980). Indeed, such firms are more likely to seek new market opportunities that are entrepreneurial and to experience shifts in competitive rivalry (Grimm et al., 2006). Specifically, firms engaging in SE are more likely to enact radical competitive actions that lead them into new market domains. In this regard, the competitive actions of firms engaging in SE will be important factors contributing to the emerging prevalence of industry convergence (see Hsu & Prescott, 2013).

Hsu and Prescott defined industry convergence as "the blurring of boundaries between previously separate industries which creates opportunities and threats among firms that previously had not competed with one another" (2013: 1). Implicit in this position is that convergence results primarily from industry-level factors and that it has subsequent implications for competitors in previously distinct industries. Other research affirms this idea by specifying a number of these industry-level antecedents, including changes in consumer demand and regulation, as well as technological integration (Adner, 2002; Gambardella & Torrisi, 1998; Hsu & Prescott, 2013; Katz, 1996). Whereas industry-level factors are certainly relevant to industry convergence, an entrepreneurial perspective suggests that firms engaging in SE might also directly instigate the blurring of industry and competitive boundaries by taking radical competitive action (e.g., Burgelman & Grove, 2007). This idea is consistent with de Figuiredo and Silverman's conceptualization of industry evolution, in which they propose that "a dominant firm, seeing contraction of growth in its current segment(s), enters new segments in which it can exploit its technological strengths, but that are sufficiently distant to avoid cannibalization" (2007: 632). As a result, exploiting such entrepreneurial opportunities potentially takes firms into new market domains where they encounter new rivals with resources and capabilities different from those of their previous competitors (Peteraf & Bergen, 2003; Skilton & Bernardes, 2015). In other words, radical competitive actions increase a firm's market commonality with competitors.

Radical competitive actions also shift firms away from their currently recognized rivals (Chen & Hambrick, 1995; Lee et al., 2003; Smith et al., 1992). Given that these actions are geared toward new market opportunities (Grimm et al., 2006; Smith & Di Gregorio, 2002), firms enacting them may be more likely to decrease their market commonality with competitors with similar resource portfolios. This reduction in market commonality does not necessarily reduce competitive tension between a focal firm and its existing rivals. That is, although a focal firm reduces its market commonality with existing rivals when it enters a new market, and a market in which existing rivals do not compete, entering that new market does not imply that the focal firm will reduce competition in its legacy markets. Thus, in enacting radical competitive actions, firms pursuing SE gain new rivals but may not lose old ones. In either case, though, when a firm engages in radical competitive actions outside of its current competitive domain, it is more likely to produce shifts in market commonality. The result of such shifts is that the focal firm becomes a more direct competitor with previous nonrivals. Thus, we posit the following.

> *Proposition 7: The radical competitive actions pursued by firms engaging in SE will be more likely to lead to shifts in market commonality.*

The Moderating Role of Resource Similarity

While we have focused on the drivers of shifts in market commonality, the resource similarity between two new competitors will determine the nature of the competitive landscape shift—or the type of competitive interaction that will follow—in Chen's (1996) original model. As Chen stated, "Each firm will define competitors differently and will also experience different degrees of competitive threat from each competitor because of the differences along the dimensions of market commonality and resource similarity" (1996: 116). Resource similarity derives from the resource-based view (e.g., Barney, 1991) and represents the "extent to which a given competitor possesses strategic endowments comparable in both type and amount to those of the focal firm" (Chen & Miller, 2012: 149). For example, interfirm resource similarity or dissimilarity has a notable influence on competitive response delays (Chen, 1996; Young, Smith, Grimm, & Simon, 2000). Moreover, resources provide the basis for enacting competitive actions, and when there is alignment between firm resources and competitive actions, enhancements to firm performance are possible (Ndofor, Sirmon, & He, 2011).

Returning to Figure 1, we observe that firms enacting radical competitive actions will have varying levels of similarity with their competitors in the new competitive domain. Depending on the degree of resource similarity, the radical competitive actions can produce substantial changes in a firm's market commonality with other firms, as reflected by competitive landscape shifts between Quadrant I and Quadrant IV or between Quadrant II and Quadrant III. For example, a firm engaging in SE may enact a radical action that produces a shift in market commonality with a previous nonrival that has a similar resource base; a shift in market commonality between Quadrant I and Quadrant IV demonstrates this shift. In this scenario the two firms have similar resource bases but may have experienced little market overlap because of geographic market constraints and differing product market areas. The firm engaging in SE, however, produces radical competitive actions taking it into the market domain of the firm with similar resources.

Conversely, a firm's radical competitive actions may produce a shift in market commonality with firms that possess little or no resource similarity, as suggested by a shift in market commonality between Quadrant II and Quadrant III. In this case a firm engaging in SE produces a radical competitive action that leads it into a market in which the existing competition relies on resource bases that are dissimilar from the focal firm's resource base. In this competitive shift both firms possess little awareness of the other prior to the shift in the competitive landscape. Overall, then, when a firm engaging in SE enacts radical competitive actions taking it into a new market, the resource similarity between the firm and new rivals will determine the nature of the competitive landscape shift—whether it is a shift between Quadrant I and Quadrant IV or between Quadrant II and Quadrant III. Thus, we posit the following.

> *Proposition 8: Resource similarity between two previous nonrival firms will moderate the relationship between radical competitive actions and shifts in market commonality such that it will determine the nature of the shift.*

DISCUSSION

Researchers have recognized that competitive landscape shifts are becoming more prevalent as traditional industry boundaries become less distinct (Bettis & Hitt, 1995; Hitt et al., 1998; Lahiri, Pérez-Nordtvedt, & Renn, 2008). While extant research has acknowledged the macrolevel drivers of competitive landscape shifts (Whittington et al., 1999), it has often focused on navigating competitive landscapes, rather than on the firm-level drivers blurring industry boundaries (Ferrier, 2001). Herein we contribute to efforts to enhance our understanding of competitive landscape shifts by extending SE to build a theoretical model that integrates firm- and environment-level considerations. In particular, we posit that firms using SE successfully are more likely to enact radical competitive actions—the type of actions that produce competitive landscape shifts. As research focusing on the emergence of new competition suggests, certain conditions at the environment (e.g., entry barriers in a new competitive domain) or firm (e.g., new competitive domain acumen) level influence the degree to which this is the case. Our theoretical model provides the basis for a number of significant theoretical contributions, as well as potential avenues for future work.

Contributions

A primary contribution of our model is the clear theoretical definition of competitive landscape shifts. Again, while prior research has recognized that such shifts are blurring industry boundaries, scholars have been less clear in defining this construct (Bettis & Hitt, 1995; Siggelkow & Levinthal, 2003; Whittington et al., 1999). To inform our examination of the phenomenon of firm-level drivers of competitive landscape shifts, we use Chen's (1996) competitor analysis framework and its market commonality dimension to define competitive landscape shifts as instances in which previous nonrival firms become more direct rivals through market overlap. We also suggest that the resource similarity dimension is an important condition that determines the type of shift that occurs. In turn, we are able to conceptualize competitive landscape shifts as occurring across the different quadrants of the competitor analysis framework. As such, we offer a refined and concrete conceptualization of competitive landscape shifts. With our model we then focus on the landscape shifts that derive from shifts in market commonality between two previous nonrivals. From this initial effort, future research may look to further delineate and elucidate the competitive landscape shift construct, as well as the underlying process that leads to these competitive shifts.

In addition to our refinement of the competitive landscape shift construct, we also provide the first attempt we are aware of to describe firm-level processes that contribute to such shifts. In particular, we propose that the basis for competitive shifts between Quadrants III and II and Quadrants IV and I is firms engaging in SE. Applying SE to the competitive context provides important new insights into the competitive asymmetries that develop when current and potential competitors differ along strategic dimensions, as well as the competitive implications derived from these differences. This heterogeneity, in part, derives from the ability of firms engaging in SE to simultaneously pursue advantage- and opportunity-seeking behaviors (Ireland et al., 2003). When pursuing these behaviors simultaneously, firms are likely to recognize new market opportunities and to possess the ability to exploit those opportunities (Hitt et al., 2001), taking them into new market domains. These ideas add theoretical richness to the competitive dynamics literature by introducing SE as an important driver of competitive interactions that alter the nature of competition within and across industries.

Finally, we contribute to the SE literature by suggesting that competitive considerations are important when considering how firms are able to leverage advantage- and opportunity-seeking behaviors into competitive advantage (Ireland et al., 2003). While the original SE model suggests that firms engaging in SE will gain sustainable competitive advantage, researchers have yet to explore use of the SE process in the context of competitive interaction. The result has been that, sometimes, entrepreneurship researchers neglect the study of the elements necessary for effective entrepreneurial action in a competitive landscape that is constantly changing and where these changes demand that a focal firm confront new rivals as a result. The SE literature has failed in large part to take advantage of the powerful models of competitive interaction that provide insight into how firms with an entrepreneurial bent—both in terms of recognizing opportunities and having the skills to exploit them—may successfully alter the competitive landscape.

Future Research

Our theorizing suggests several research paths that extend beyond testing the propositions included in our model. Returning to Figure 1, future research may look to the heterogeneity in the different competitive landscape shifts that may occur, producing changes in existing rivalries or creating new rivalries as a result. In this work our focus is on the competitive landscape shifts that occur when market commonality increases because of firms' decisions to pursue opportunities outside of their current competitive domain. This focus partly reflects the fact that recognition of opportunities outside of a current domain often derives from market overlap (Grimm et al., 2006). However, firms might also pursue changes in their resource portfolios that lead to competitive landscape shifts along the resource similarity dimension. For example, shifts in the focal firm's resource portfolio drive competitive landscape shifts between Quadrant I and Quadrant II or Quadrant III and Quadrant IV. Similarly, simultaneous changes in market commonality and resource similarity drive dramatic competitive landscape shifts, such as competitor shifts between Quadrant III and Quadrant I or between Quadrant IV and Quadrant II. These shifts suggest that the concept of competitive landscape shifts is ripe for further theoretical development. For example, what are the theoretical drivers of resource endowment changes at the firm level? How aware are current competitors of a rival firm's efforts to significantly change its resource endowment? How might current competitors respond to these efforts? What challenges do firms face when attempting to create shifts relative to both market commonality and resource similarity?

The types of shifts we mention here are discussed in the resource-based literature (Alvarez & Busenitz, 2001). As Alvarez and Barney suggest, "The addition of entrepreneurial actions to resource-based theory can augment this view by suggesting alternative uses of resources that have not been previously discovered leading to heterogeneous assets and thus firm advantages" (2002: 89). In particular, entrepreneurial actions taken by firms engaging in SE may develop dynamic capabilities that take advantage of market opportunities. Dynamic capabilities are derived from the alignment of organizational activities that capitalize on firm-specific resources in order to compete in rapidly changing environments (Teece, Pisano, & Shuen, 1997). These higher-order capabilities enable a firm to "profitably build and renew resources and assets that lie both within and beyond its boundaries, reconfiguring them to respond to (or bring about) changes in the market" (Teece, 2014: 332).

Another potentially fruitful area for future research would be to explore the interactions between new competitors following a competitive landscape shift. Indeed, the competitive dynamics literature is fundamentally concerned with the interactions of competitors, including both competitive actions and responses (Chen & Miller, 2012). Although our theorizing focuses on the firm-level factors leading nonrival firms to become more direct rivals, it would also be important to explore how new rivals respond to a focal firm's radical competitive actions, bringing the firms into more direct competition. For example, how might the nature of future interactions change if the new rival is also engaging in SE? Would such a firm respond more aggressively or effectively to a competitive landscape shift, as compared to rivals not engaging in SE? Conversely, given SE's dual advantage- and opportunity-seeking focus, it may be interesting to examine the construct as a mechanism for defending against new competition. Specifically, how might firms engaging in SE be able to preempt competitive landscape shifts brought on by other firms' actions or discourage potential competitors from encroaching on their markets?

Relatedly, it may also be useful to explore portfolio effects for firms engaging in SE to identify and exploit opportunities in new competitive domains. That is, future work could explore how competitive landscape shifts affect the overall performance of the firms that cause those shifts. In particular, are firms that enact radical competitive actions taking them into new competitive domains able to simultaneously maintain, or even improve, their level of performance in their existing markets? Are such firms able to exploit synergies between their existing and new markets to increase overall performance? Alternatively, do leaders' cognitive limitations and/or firm resource constraints persist even for firms engaging in SE such that radical action in new domains adversely affects the firms' performance in their original market(s)? Developing and testing theory along these lines may point to a potential downside of SE. That is, although extant work has generally viewed SE in positive terms, the application of SE to competitive dynamics may highlight a context in which engaging in SE may become a double-edged sword.

In addition, examining their individual drivers may be an appropriate approach to take. For example, to what extent do firm governance arrangements influence the components of SE and the desire and ability to change the competitive landscape? Where firms are run by founders who hold a preponderance of ownership, is it more likely that a unified mindset and energized culture will be present than when firms are run by "agent" CEOs in a firm with dispersed public ownership? Adopting another perspective, we might examine whether the competitive environment of an industry would increase the likelihood of radical entrepreneurial action(s). For example, on the one hand, where the environment is hostile and shrinking owing to competitive entry, there may be a stronger incentive to reduce market commonality. On the other hand, in technologically turbulent industries there may be more inducement to pursue reductions in resource similarity (Miller & Chen, 1996). Do the slack resources or size of a firm enhance the discretionary capital available for use to configure resources in an innovative way and develop new capabilities as a result?

Finally, because SE relies on human agency as the spark to recognize, drive, and orchestrate initiatives, the personality of leaders and their identities may be critical to their mindset and contextual awareness, as well as the cultures and capabilities they are motivated to build (Chen & Miller, 2012, 2015). For example, Miller, Le Breton-Miller, and Lester (2011) reported that founders of a business were more apt to embrace social identities as entrepreneurs. However, in contrast, family owners of firms in which there were multiple members of the same clan present as owners and managers were found to adopt primarily kinship identities and were more reluctant to take risks or launch entrepreneurial initiatives for fear of losing family control of the business. Earlier work confirms that individual CEO characteristics such as need for achievement, locus of control, and flexibility can vitally influence both entrepreneurial activity and the corporate cultures and organizational structures needed to support it (e.g., Miller & Dröge, 1986). Again, such factors may condition the circumstances under which our model is most likely to be put into effective use.

In short, although we have proposed a general model for predicting an evolving competitive landscape, we as scholars remain uninformed about where and to what degree the model will be put into effect. We believe that a host of potential drivers of SE and the nature of their effect on radical competitive actions and competitive landscape shifts, as explicated in our model, remain unspecified and unexplored. We hope our analysis will facilitate further research regarding these issues.

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