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## Values-Based Rivalry: A Theoretical Framework of Rivalry Between Activists and Firms

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## VALUES-BASED RIVALRY: A THEORETICAL FRAMEWORK OF RIVALRY BETWEEN ACTIVISTS AND FIRMS

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In this article we develop a theoretical framework to explain values-based rivalry between activists and firms by integrating and advancing key insights from competitive dynamics and social activist research. The first part of our framework conceptualizes the unique tensions, actions, and responses that characterize values-based rivalry and distinguish it from rivalry between firms. The second part of our framework conceptualizes the role of managers' perceptions in shaping their firms' likelihood of responding to activists' actions during values-based rivalry. Overall, our conceptualization primarily expands competitive dynamics research to account for rivalry between dissimilar actors and, in doing so, broadens social activist research to account for such rivalry.

Rivalry between activists and firms arises when activists press firms to adopt more socially responsible practices and firms look to mitigate the impact of such efforts on their market advantages (Markman, Waldron, & Panagopoulos, 2016). For instance, People for the Ethical Treatment of Animals and Jimmy's Famous Seafood—a local seafood restaurant in Baltimore, Maryland—engaged in a “war of words” over how Jimmy's prepared marine animals for consumption, with each side trading blows and refusing to back down. Such rivalry carries significant consequences, such as the stigmatization or sanctification of the combatants, the cultivation or erosion of status for winners and losers, and the implementation or preservation of practices that

shape supply chains and industry norms (Waldron, Fisher, & Navis, 2015).

Competitive dynamics research has recently begun to examine rivalry between activists and firms. Scholars have explored the empirical features of such rivalry (Pacheco & Dean, 2015), without elaborating its theoretical foundations. We consequently know little about the unique tensions, actions, and responses that characterize rivalry between activists and firms or the factors that trigger firms' responses to activists' actions. Our purpose is to develop a framework that addresses these explanatory constraints, distinguishes rivalry between activists and firms from rivalry between firms, and informs richer exploration of this phenomenon. The importance of developing this framework rests on the growing prevalence and impact of rivalry between activists and firms (Guay, Doh, & Sinclair, 2004; Hendry, 2005; Waldron, 2011), as well as calls for competitive dynamics research to account for rivalry between dissimilar actors (Chen & Miller, 2012, 2015; Markman et al., 2016).

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Our framework, which integrates and advances competitive dynamics and social activist research, consists of two parts. The first part of the framework conceptualizes the tensions, actions, and responses that characterize rivalry between activists and firms. We posit that the control and supremacy sought by activists and firms fuel the tensions they experience, as well as that claims and counterclaims constitute the actions and responses through which the two sides engage in rivalry. The role of values in such tensions, actions, and responses leads us to refer to rivalry between activists and firms as *values-based rivalry*. The second part of the framework conceptualizes the role of managers' perceptions in shaping their firms' responses to activists' claims during values-based rivalry. We posit that salience, threat, and feasibility perceptions, shaped by attributes associated with rival activists and their claims, determine the likelihood that firms' managers will counter the activists' claims with their own.

Our theoretical framework makes three primary contributions to competitive dynamics research, as well as associated contributions to social activist research. First, in recognizing activists and firms as rivals, our framework accounts for rivalry between dissimilar actors. Second, in conceptualizing the tensions, actions, and responses that characterize values-based rivalry, our framework establishes that these core components of rivalry take different forms during rivalry between activists and firms than they do during rivalry between firms. Third, in elaborating the impact of managers' perceptions—*informed by activist-related attributes*—on their likelihood of responding to activists' claims, our framework advances understanding of the role of managerial cognition in discerning firms' likelihood of responding to rivals' actions.

## THEORETICAL BACKGROUND

Competitive dynamics research has historically examined rivalrous interactions between firms (Chen & Miller, 2015). Scholars originally studied the interplay of rival firms' competitive actions as they pursue the same sources of market advantage (Chen & Miller, 2012), both in product markets for consumers and in factor markets for resources (Capron & Chatain, 2008; Chen, 1996; Markman, Gianiodis, & Buchholtz, 2009). Such work has recognized that organizational and

behavioral attributes influence interactions between rival firms as they pursue product- and factor-market advantages (Chen, 1996; Chen & Miller, 2012). During product-market rivalry, for instance, larger firms take more significant and visible actions than do smaller firms against rivals (Chen & Hambrick, 1995), with the significance and visibility of these actions increasing total responses from rivals (Chen & MacMillan, 1992). During factor-market rivalry, firms attempt to secure advantages by cultivating better resources than their rivals and by rendering their rivals' extant resources inoperable or inaccessible (Markman et al., 2009).

To establish that rivalry is predicated on human agency and cognition, a parallel stream of competitive dynamics research has emerged that explores how managers' perceptions influence their firms' actions and responses during rivalry (Chen, 1996). Scholars have identified the tension that managers perceive to exist with rival firms as an antecedent of their firms' responses to the rivals' actions, identifying a positive correlation between tension and response likelihood (Chen, Kuo-Hsien, & Tsai, 2007). Tension in this context "refers to the strain between a focal firm and a given rival that is likely to result in the firm taking action against the rival" (Chen et al., 2007: 101). Actions are "specific and detectable market moves initiated by a firm, such as introducing a new product or entering a new market, to erode a rival's market share or reduce its anticipated returns" (Chen & Miller, 2012: 141–142). In turn, responses are "specific and datable counter-moves, prompted by an initial action that a firm takes to defend or improve its share or profit position in its industry" (Chen & Miller, 2012: 142). Tensions, actions, and responses constitute the core components of rivalry and are of central interest in our framework.

We interpret tension to be necessary—yet insufficient by itself—to lead managers to respond to actions by their rivals. The conversion of tension into response may be predicated on awareness, motivation, and capability (AMC), which play important, interconnected roles in explaining managers' response likelihood during rivalry (Chen, 1996; Chen et al., 2007; Chen & Miller, 1994). Although scholars have conceptualized AMC in various ways, they have typically focused on managers' awareness of rivals and their own firms' motivation and capability to respond to the rivals' actions (Chen, 1996; Chen & Miller, 1994,

2012). Managers become more likely to respond to rivals as, informed by evaluations of rival-related attributes, they recognize rivals and their actions (awareness), see net benefits associated with response (motivation), and believe their firms possess adequate ability to respond (capability; cf. Chen, 1996; Chen & Miller, 1994). In shaping their firms' responses to rivals' actions, managers' AMC provides a catalyst to transform tension into response—a premise that informs the development of our framework. Implicit is that managers can perceive tension with rivals in the presence or absence of action against their firms, whereas AMC hinges on managers' evaluations of the implications of rivals' actions for their firms.

Departing from attention to rivalry between firms, scholars have begun to explore rivalry between activists and firms. During such rivalry, activists press for firms to adopt more socially responsible practices, and firms look to mitigate the impact of such efforts on their market advantages (Markman et al., 2016). Rivalry between activists and firms has grown in prevalence and impact (Guay et al., 2004; Hendry, 2005; Waldron, 2011), occurring between diverse actors and producing diverse consequences for the combatants. In initial competitive dynamics research on this phenomenon, like in early competitive dynamics research on interfirm rivalry, scholars have examined select empirical correlates of practice change by firms—the focal outcome of rivalry with activists. For instance, Markman et al. (2016) proposed that strategic aggressiveness influences how readily firms enact the practice change

sought by activists. Similarly, Pacheco and Dean (2015) found that market dependence and competitor behavior shape firms' adoption of the practice change sought by activists. Table 1 provides examples of the rivalry between activists and firms considered in such work.

Despite their attentiveness to empirical connections between the features and outcomes of rivalry between activists and firms, competitive dynamics scholars have not established the theoretical foundations of this phenomenon. Extant work does not conceptualize the tensions, actions, and responses that characterize such rivalry, which, because of differences between activists and firms, may look distinct from those that characterize rivalry between firms. It also does not conceptualize the nature of managers' perceptions, the factors that shape these perceptions, or the impact of such perceptions on their firms' likelihood of responding to activists' actions; instead, it attends to the outcome of such rivalry and leaves the catalyst that transforms tension into response unspecified. Our objective is to develop a framework that resolves these explanatory constraints, establishes the theoretical foundations of rivalry between activists and firms, and provides a richer understanding of such rivalry.

## THEORETICAL FRAMEWORK

Our framework synthesizes and extends research from the competitive dynamics and social activist domains. The core premise of our framework is that tension precedes firms' responses to

**TABLE 1**  
Examples of Rivalry Between Activists and Firms

Activist	Firm	Focus	Duration	Winner
RAN	Weyerhaeuser	Procurement of wood from ancient, old-growth forests	6 years	Weyerhaeuser
Oxfam	Starbuck's	Wages paid to coffee farmers in impoverished countries	2 years	Oxfam
PETA	KFC	Treatment of chickens raised on suppliers' farms	17 years	KFC
Friends of the Earth	Ace Hardware	Sale of garden products containing neonic pesticides	3 years	Ace
Greenpeace	Trader Joe's	Sale of fish harvested in unsustainable ways	2 years	Greenpeace
GLAAD	<i>New York Times</i>	Use of derogatory terms for homosexuality	< 1 year	GLAAD

Note: We selected examples where activist organizations and firms engaged in rivalry for clarity of illustration. However, our theory pertains to activists of any form—ranging from individuals to social movements—engaged in rivalry with firms.

rivals' actions, with firm managers' perceptions of rivals and their actions catalyzing the conversion of tension into response. We build on this premise to conceptualize the tensions, actions, and responses that characterize rivalry between activists and firms, as well as the role of managers' perceptions in shaping their firms' likelihood of responding to activists' actions. To develop our theory, we build on research from the various domains that have traditionally researched social activism against firms (e.g., social movements, institutions, stakeholders, and nonmarket strategy)—described henceforth as social activist research. Drawing on social activist research to enrich the competitive dynamics domain bolsters the capacity of both domains to explain rivalry between activists and firms, honoring calls to engage in interdisciplinary theory development (Durand, Grant, & Madsen, 2017).

### **Tensions, Actions, and Responses During Rivalry Between Activists and Firms**

The first part of our framework conceptualizes the tensions, actions, and responses that characterize rivalry between activists and firms (Chen & Miller, 2012). We establish that these core components of rivalry take different forms during rivalry between activists and firms than they do during rivalry between firms. Our framework elaborates the unique sources of tension for activists and firms, contrasting the forms of control and supremacy sought by firms with those sought by activists and firms. It also elaborates the unique actions and responses through which activists and firms engage in rivalry, contrasting such actions and responses with those used by firms to engage in rivalry.

**Sources of tension for activists and firms.** According to competitive dynamics research, firms experience tension when they seek control over the same consumers and resources, as well as supremacy in common product and factor markets (Chen et al., 2007). Implicit is that such tension hinges on the potential implications of (not) winning these battles for competitive positioning, financial performance, and operational integrity. Competitive dynamics research has also recognized the object of rivalry between activists and firms—namely, the nature and implications of the firms' practices for society and the environment (Markman et al., 2016). However, such work has offered much less insight about the tension

underpinning battles over these practices, which, relative to rivalry between firms, may emanate from the desire for control of a different form and supremacy in a different context.

Social activist research tells us that activists and firms seek to control firms' practices for acquiring consumers, accessing resources, and using resources, among others (den Hond & de Bakker, 2007). Whereas rival firms seek to control common "objects" (e.g., consumers and resources), rival activists and firms seek to control "behaviors" for interacting with those common objects (e.g., practices for accessing resources). Activists seek to control firms' practices that create negative social or environmental externalities and/or violate moral standards (cf. Frooman, 1999; Markman et al., 2016). In turn, firms seek to preserve control of their practices that play key roles in their operations and that contribute to their advantages relative to competing firms (Markman et al., 2016). PETA and Jimmy's Seafood, for instance, sought to control how Jimmy's prepared shellfish and other marine animals for consumption.

As they seek control over practices, activists and firms may also seek supremacy in values domains. Values domains describe sociocognitive markets (cf. Porac, Thomas, & Baden-Fuller, 1989; Porac, Thomas, Wilson, Paton, & Kanfer, 1995), which transcend the boundaries between product and factor markets and broader society, where various actors look to establish the dominance of their values. Actors cognitively and socially construct the boundaries and features of values domains through observation and interaction with each other, much like firms define product and factor markets (cf. Porac et al., 1995). These interactions facilitate the dissemination and acceptance of values such that greater acceptance throughout values domains corresponds to the heightened dominance of actors' values and the elevation of their social positions in values domains. Actors that achieve these outcomes receive an array of social advantages, such as improved reputations, gained power and influence, higher valuation, and better access to resources (French, Raven, & Cartwright, 1959; Podolny, 1993). When activists and firms seek supremacy in values domains, then, they seek to ensure the dominance of their values, enhance their social positions, and accrue the social advantages associated with these positions. PETA and Jimmy's Seafood, for instance, sought to secure broader acceptance of the values associated

with their respective stances on Jimmy's treatment of marine animals.

Analogous to tension between rival firms, tension between rival activists and firms hinges on the interconnected implications of (not) securing the control over practices and supremacy in values domains sought by activists and firms. Winning control over practices signifies the dominance of the winners' values to the actors comprising values domains, providing the impetus for these actors to accept the winners' values and elevate their social standing. Conversely, winning supremacy in values domains comes with social advantages, including support from actors in those settings, that may increase the winners' influence during efforts to control rivals' practices. Implicit here is that activists' and firms' values inform and are reflected in their actions and responses during rivalry, a premise we elaborate on in more length in the next section. The preceding logic indicates that the potential implications of controlling practices and gaining supremacy in values domains, as well as the interplay between these pursuits, constitute the unique sources of tension experienced by rival activists and firms. Given the fundamental role that values play in rivalry between activists and firms, we refer to such rivalry as values-based rivalry.

**Nature of actions and responses by activists and firms.** According to competitive dynamics research, actions and responses between rival firms entail tactics for controlling the resources and consumers necessary to attain supremacy in product and factor markets, including product introductions, advertising campaigns, market entry, pricing changes, and facility redesigns/relocations, among others (Chen & MacMillan, 1992; Chen & Miller, 2012; Smith, Grimm, Wally, & Young, 1997). Without mentioning actions and responses, competitive dynamics research on activist-firm rivalry has described activists' tactics for influencing firms and has not addressed the mechanisms of influence or the tactics that firms use in response, instead attending to an outcome of such rivalry—practice change likelihood (Markman et al., 2016).

Social activist research may help to elucidate the unique nature of the actions and responses taken by activists and firms to control common practices. Scholars have recognized that activists make claims through visible demonstration tactics (e.g., advertisements, press releases, protests,

boycotts, and shareholder proposals) that contest target firms' practices (Briscoe & Gupta, 2016). In harnessing various frames (Briscoe, Gupta, & Anner, 2015), rhetorical arguments (Waldron et al., 2015), and logics (York, Hargrave, & Pacheco, 2016) to stigmatize firms in public arenas, activists' claims threaten firms' reputations, potentially constraining their access to consumers and resources of competitive importance (Baron & Diermeier, 2007; Eesley & Lenox, 2006; Frooman, 1999; McDonnell & King, 2013; Waldron, Navis, & Fisher, 2013). Potential reputational harm and its consequences pressure firms to cede control over their practices (Waldron et al., 2013). When faced with such pressure, firms counter such claims with their own to mitigate the potential effect of activists' claims on their reputations and the associated pressure to cede control of their practices (Coupland, 2005).<sup>1</sup> PETA and Jimmy's Seafood, for instance, publicly exchanged claims and counterclaims as they pursued control over Jimmy's seafood preparation practices.

Claims may also constitute the means through which activists and firms pursue supremacy in values domains. Values inform and are reflected in the content of activists' claims and firms' counterclaims (cf. Benford & Snow, 2000; den Hond & de Bakker, 2007; Waldron et al., 2015), with the link between values and claims varying across organizations and claims (cf. Waldron et al., 2013). As activists' and firms' values more strongly inform their claims and counterclaims, the claims may more strongly reflect the two sides' values, signifying these values to other actors in values domains. The signification of values in claims enables activists and firms to jockey for the acceptance of their values and the conferral of favorable social standing by the actors in values domains, as well as the social advantages associated with these outcomes. Given their roles in controlling practices and gaining supremacy in values domains, claims constitute the unique "actions" and "responses" that characterize values-based rivalry between activists and firms. PETA's and Jimmy's Seafood's claims and

<sup>1</sup>Counterclaims constitute firms' responses to activists' claims during rivalry, whereas practice change by firms—or lack thereof—constitutes an outcome of such rivalry. Given our interest in the former, our theory focuses on scenarios where activists' claims incite firms' counterclaims, rather than scenarios where activists' claims immediately lead firms to change their practices.

counterclaims, for instance, were informed by their respective values and signified these values to other actors.

To recap, the first part of our framework established the foundational components of rivalry between activists and firms, attending to the tensions and actions characterizing such battles. In terms of tension, as activists and firms seek control over common practices, they may also be seeking supremacy in values domains. We consequently refer to this phenomenon as values-based rivalry. In terms of action, we propose that activists and firms battle to control the latter's practices and to secure supremacy in values domains through claims and counterclaims.

### Managerial Perception and Firm Response Likelihood During Rivalry With Activists

The second part of our framework conceptualizes the role of managers' perceptions in shaping their firms' likelihood of responding to rival activists' claims with their own, specifying the catalyst that converts the latent tension experienced by firms into response during values-based rivalry. Although values factor prominently into the tensions, actions, and responses that characterize rivalry between activists and firms, they play a lesser role in catalyzing firms' counterclaims to activists' claims. The complexities associated with understanding activists and their claims may require firms' managers to draw on a diverse set of perceptual lenses that play more direct and explicit roles than their firms' values in shaping the managers' perceptions of, and associated counterclaims to, rival activists' claims. We consequently identify the perceptions that characterize managerial sensemaking during values-based rivalry and link these perceptions to extant conceptions of AMC. We then elucidate the interconnected roles of managers' perceptions in determining their firms' likelihood of responding to activists' claims through counterclaims. We conclude by elucidating how attributes associated with activists and their claims inform managers' perceptions. Figure 1 illustrates the second part of our framework.

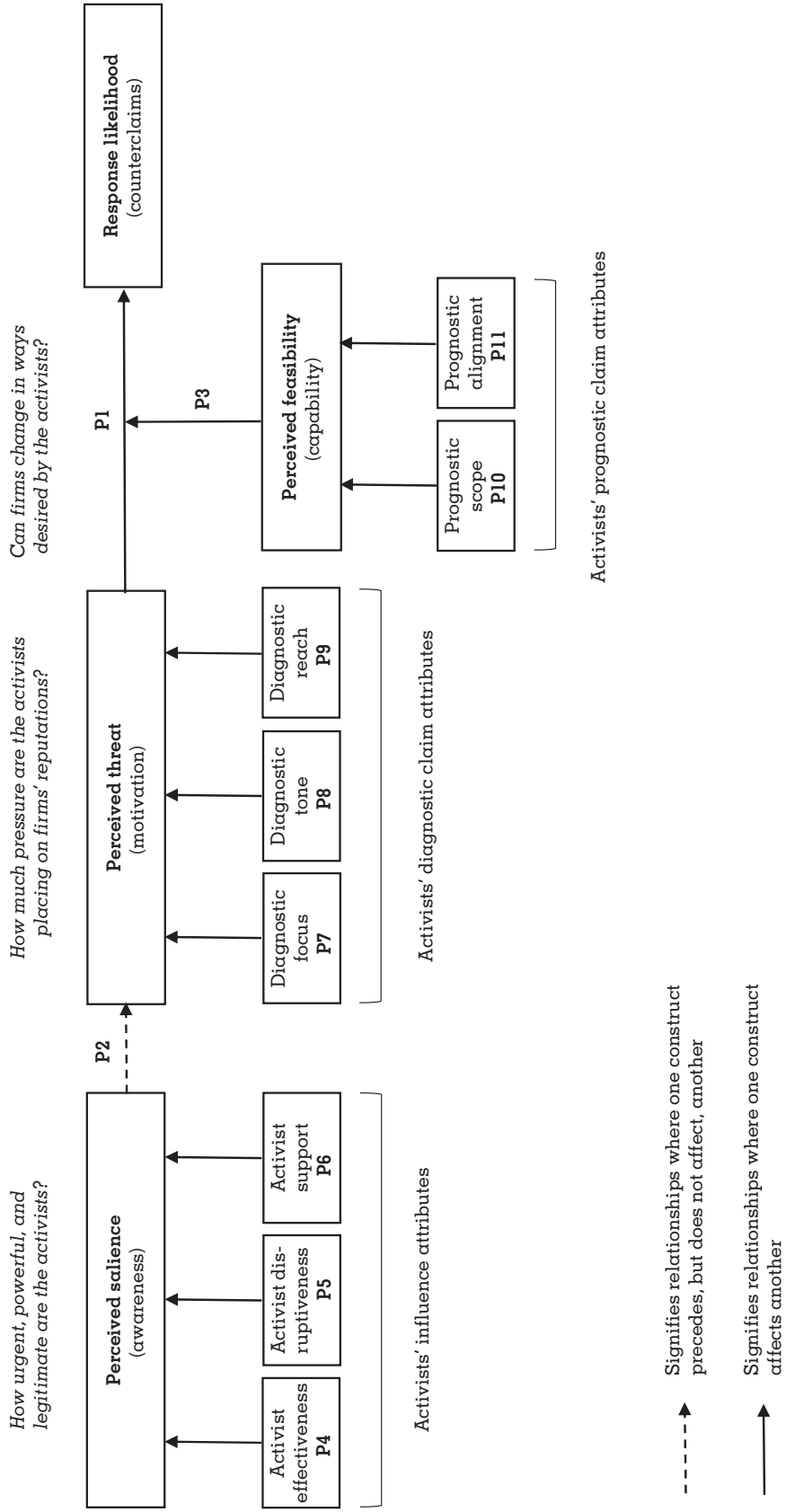
**Managers' perceptions of rival activists.** According to competitive dynamics research, firms become more likely to respond to rivals' actions as their managers become more aware, motivated, and capable of dealing with their rivals (Chen, 1996; Chen et al., 2007; Chen & Miller, 1994).

Notably, the AMC perspective on firms' response likelihood has not been extended to competitive dynamics research on rivalry between activists and firms. Such work has more descriptively recognized that firms with market dependencies and first-mover tendencies are more likely to change as sought by activists (Markman et al., 2016; Pacheco & Dean, 2015). It has thus overlooked the fundamental impact of managerial cognition on the exchanges that make up such rivalry (i.e., claims/counterclaims), instead attending to the empirical determinants of an outcome of such rivalry (i.e., practice change).

Social activist research provides further insight into what managers' sensemaking efforts entail and how they influence their firms' likelihood of responding to activists during values-based rivalry. Waldron et al. (2013) posited that the likelihood firms will adopt the practice change sought by activists corresponds to firm managers' perceptions of the threat posed by activists such that change likelihood increases with perceived threat. According to Waldron et al.'s theory, managers' threat evaluations consider two factors: the potential reputational impact of the activists' efforts on their firms and the importance of the practices contested by the activists to their firms. Managers are more likely to perceive threats from activists that appear to harm their firms' reputations, with these perceived threats becoming more salient as managers believe the contested practices more reflect their firms' defining qualities. Overall, despite holding constant the external factors associated with activists' efforts that may influence managers' perceptions and focusing on practice change by firms, Waldron et al.'s (2013) theory identifies some key managerial perceptions of relevance to firm response likelihood.

This theoretical account provides a starting point to link the traditional conceptions of managerial AMC to the managerial perceptions at play during values-based rivalry. First, managers' *threat* perceptions constitute their *motivation* for responding to activists' claims. Our framework thus focuses on managers' perceptions of the threat posed by activists. Second, for managers to determine the threat posed by activists, they must be *aware* of the activists and designate them as *salient*. Awareness constitutes a cognitive precondition for managers to gauge the salience of activists to their firms. Our framework thus focuses on managers' perceptions of activists'

**FIGURE 1**  
**Activists' Claims, Managers' Perceptions, and Firms' Response Likelihood**





salience. Third and finally, social activist research does not explicitly conceptualize *capability* as a facet of managerial sensemaking. Such work assumes that, given their resource endowments, firms can enact the practice changes sought by activists (Waldron et al., 2013). However, consistent with managers' perceptions of response capability during rivalry with other firms, managers also gauge such capability during rivalry with activists. Managers gauge the *feasibility* of enacting the practice change sought by activists (cf. Schwartz, 2010), in part to determine whether they should counter the activists' claims with their own. The distinction between capability and feasibility is that capability deals with idealistic perceptions of response capacity, whereas feasibility deals with realistic perceptions of response capacity. Our framework focuses on managers' feasibility perceptions.

**Impact of managers' perceptions on firms' likelihood of responding to rival activists.** Our contention is that managers' salience, threat, and feasibility perceptions—hallmarks of managerial sensemaking during values-based rivalry—play distinct and interconnected roles in shaping their firms' likelihood of responding to activists' claims with their own. Competitive dynamics research offers little precedent to explain these roles. Extant work has recognized that the confluence of managers' AMC perceptions explains firms' likelihood of responding to rivals, without exploring or explaining the interplay of each perceptual dimension and the implications for response likelihood. Social activist research offers more insight, since it emphasizes the direct effect of managers' perceptions of activists as threats on their likelihood of changing practices in response to activists' efforts (Waldron et al., 2013). This effect translates to our account of response likelihood, leading us to suggest that managers' threat perceptions influence their likelihood of countering activists' claims during values-based rivalry. Of note is that these threat perceptions may influence whether firms act on the latent tension they perceive to exist with activists. Building on the preceding logic, we propose the following.

*Proposition 1: Managers' threat perceptions positively relate to their firms' response likelihood during values-based rivalry.*

Additionally, social activist research recognizes that managerial salience perceptions are

interwoven with the threat-response link such that managers perceive more salient threats as activists contest practices of greater importance to their firms (Waldron et al., 2013). However, managers may more instinctively and immediately consider external factors, such as the reputations of rival activists, when determining the salience of the activists to their firms (Pacheco, York, & Hargrave, 2014). Implicit here is that managers may deem activists to be worthy of their attention, a correlate of salience (cf. Nigam & Ocasio, 2010), before designating the activists as threats. Moreover, managers' perceptions of activists' salience do not directly affect their firms' likelihood of countering activists' claims, instead providing the impetus for the managers to cultivate the threat perceptions that influence such response likelihood. Specifically, managers become more likely to consider the threat posed by activists as they assign more salience to them. Of note is that salience perceptions may influence managers' attention to and consideration of the latent tension they perceive to exist with activists. We therefore propose the following.

*Proposition 2: Managers' salience perceptions precede and catalyze their efforts to make sense of threats from activists during values-based rivalry.*

Finally, although not explicitly addressed by social activist research, managers are likely to gauge the feasibility of practice change as they consider the threat from activists and before deciding to respond through counterclaims (cf. Schwartz, 2010). Managers' efforts to gauge feasibility are interwoven with, rather than catalyzed by, their efforts to gauge the threat posed by activists (cf. Dutton & Duncan, 1987). The feasibility of practice change, or lack thereof, may influence managers' baseline tendency to respond to threats from activists, rather than directly influence this response tendency. Whereas perceiving activists to be noteworthy threats does motivate managers to respond, perceiving the practice change demanded by activists to be feasible does not provide such motivation. At the same time, perceiving practice change to be feasible leads managers to feel more empowered to counter the activists' claims with their own claims. Knowing that change is feasible may mitigate the perceived risk associated with making counterclaims, regardless of the content of those claims,

amplifying managers' likelihood of responding to perceived threats. Notable here is that feasibility perceptions may play a supplementary role in converting the latent tension managers perceive to exist with activists into responses to activists' claims. Thus, we posit the following.

*Proposition 3: Managers' feasibility perceptions positively moderate the relationship between their threat perceptions and response likelihood during values-based rivalry.*

**Activist-related attributes that shape managers' perceptions.** Having conceptualized how managers' salience, threat, and feasibility perceptions shape their likelihood of responding to activists' claims, there remains an unanswered question about the external factors that shape each of these perceptions. Competitive dynamics research offers little direct insight here since it focuses on firm-related factors that are not relevant for managers to evaluate during rivalry with activists. Social activist research has emphasized internal factors, such as firms' defining qualities, that shape managers' efforts to make sense of activists' impact on their firms' reputations (McDonnell & King, 2013; Waldron et al., 2013). Such work has not addressed the external factors—notably, *activist-related attributes*—that managers consider during their sensemaking efforts or the mechanisms through which these attributes influence managers' perceptions.

In the remainder of this section, we elucidate these proposed connections between activist-related attributes and managerial perceptions during values-based rivalry, discerning these attributes from prior theoretical explanations and empirical findings in competitive dynamics and social activist research. This facet of our conceptualization is guided by the premise that managers' perceptions of rival firms are predicated on evaluations of the attributes of the rivals and their actions (Chen & Miller, 2012, 2015). We attend to analogous attributes—those associated with rival activists and their claims—that managers consider during values-based rivalry. Our theory posits that key attributes associated with activists' reputed influence, their diagnostic claims, and their prognostic claims inform managers' salience, threat, and feasibility perceptions, respectively, during values-based rivalry.

**Activists' influence and salience perceptions.** Managers' evaluations of activists' influence may

inform their perceptions of the activists' salience. Both competitive dynamics and social activist research have shown that firms are more likely to respond to rivals possessing the means to inflict harm on their firms (e.g., Boyd & Bresser, 2008; Chen & Miller, 1994; Chen, Smith, & Grimm, 1992; Eesley & Lenox, 2006; Lenox & Eesley, 2009). Embedded in these effects is the premise that firms attribute more salience to rivals that could potentially influence them. We contend that managers' perceptions of salience during values-based rivalry hinge on evaluations of rival activists' potential to influence their firms such that managers attribute more salience to activists who appear to carry more influence. What managers know about activists' efforts and achievements during prior rivalry against their firms or others informs immediate and instinctive assessments of how noteworthy the activists are to their firms.

Managers may evaluate three reputational attributes, informed by media coverage or personal experience, to approximate the rival activists' potential influence—namely, their historical *effectiveness*, *disruptiveness*, and *support* in catalyzing practice change by prior rival firms. Basically, managers determine activists' potential to influence their firms by evaluating information on the activists' historical effectiveness, disruptiveness, and support. Of interest to our conceptualization is how evaluations of these three attributes uniquely shape managers' perceptions of the activists' power, urgency, and legitimacy, contributing to their overall perceptions of the activists' salience (cf. Mitchell, Agle, & Wood, 1997).

*Activists' effectiveness* describes managers' evaluations of activists' historical proficiency in catalyzing practice change by firms. Neither competitive dynamics research nor social activist research has offered much overt insight into how rivals' proficiency in this regard influences managers' sensemaking efforts. However, scholars have reported that prior interactions increase rival firms' attention to each other (Kilduff, Elfenbein, & Staw, 2010). This effect may intensify for firms that have performed worse than, or even lost to, their rivals during prior interactions and may weaken for firms that have performed better than, or even won against, rivals. Outcomes of prior interactions provide managers with information on their rivals' power such that more unfavorable outcomes contribute to perceptions that rivals are more powerful. That is, believing rivals have beaten or influenced their

firms or other firms in some way—namely, that rivals have been effective in their efforts—leads managers to believe that the rivals are more powerful than their own firms and, consequently, worthy of attention. This logic indicates that managers may evaluate activists' effectiveness during prior rivalry with their firms or other firms to gauge the powerfulness of the activists' current efforts, contributing to the managers' overall perceptions of the activists' salience. Activists appear to be more powerful—and, consequently, more salient—rivals when managers perceive the activists to have been more proficient historically in catalyzing practice change by firms. Building on this logic, we propose the following.

*Proposition 4: Managers' perceptions of activists' effectiveness positively relate to their perceptions of the activists' salience.*

*Activists' disruptiveness* describes managers' evaluations of the severity of the impact that activists have historically had on rival firms' operations. Whereas effectiveness deals with the outcomes that activists appear to have achieved during prior rivalry, disruptiveness deals with the impediments that activists appear to have generated when such rivalry was ongoing. Competitive dynamics research has reported that firms consider the adverse social and economic impact of rival firms' actions on their firms (Chen & Miller, 2012; Chen et al., 1992; MacMillan, McCaffery, & Van Wijk, 1985). Social activist research has proffered that activists' efforts impede firms' operations (Baron & Diermeier, 2007; Eesley & Lenox, 2006; Frooman, 1999; King, 2008; King & Soule, 2007). Our conception of actions and responses recognizes that activists' repertoires of claims, along with the demonstration tactics for disseminating them, during prior rivalry may inform managers' evaluations of how severely the activists could impact their firms' operations during ongoing rivalry. Managers may evaluate how activists have engaged prior rival firms, embodied in impressions of the activists' repertoire of claims and tactics, to gauge how much impact the activists had on those firms and how much impact the activists could have on their own firms. Notably, managers' evaluations of activists' historical disruptiveness may rely on their general impressions, rather than specific knowledge, of the nature and impact of activists' behavioral tendencies during prior rivalry.

We contend that activists' disruptiveness during prior rivalry may contribute to managers' perceptions of the activists' salience to their firms during ongoing rivalry. Whereas the outcomes of activists' prior rivalry with firms enables managers to gauge the power of their rivals, the severity of the impact on firms during such rivalry enables managers to gauge the urgency of their rivals. Competitive dynamics research has reported that firms tend to respond faster as rivals appear to be poised to impact their operations more broadly and deeply (Chen & Miller, 2012). This effect may implicitly hinge on the tendency for managers to perceive more disruptive rivals as more urgent concerns, as reflected in their heightened response speed. Adapting this logic to managers' evaluations of rival activists' disruptiveness suggests that managers may perceive activists to be more urgent rivals as the activists appear to have been more disruptive during prior rivalry. When activists appear to have been more historically disruptive to firms, managers anticipate analogous disruptions to their firms and perceive the activists to be more urgent—and, consequently, more salient—rivals. In contrast, as activists appear to have been less historically disruptive to firms, managers anticipate an analogous lack of disruption to their firms and perceive the activists to be less urgent—and, consequently, less salient—rivals. Building on the preceding logic, we propose the following.

*Proposition 5: Managers' perceptions of activists' disruptiveness positively relate to their perceptions of the activists' salience.*

*Activists' support* describes managers' evaluations of the pervasiveness of the collective action that activists have historically mobilized against rival firms. Though not of interest in competitive dynamics research, social activist research has long emphasized the importance of collective action to activists' efforts (Briscoe & Gupta, 2016). Such work posits that, to overcome resource constraints, activists attempt to mobilize broad and diverse support for their efforts against firms (Bartley & Child, 2011; King, 2008; Walker, Martin, & McCarthy, 2008). The extent of collective action mobilized by activists may reflect their broader social acceptance such that activists appear more legitimate when they appear to mobilize more pervasive collective action. Managers may consequently evaluate activists' support during prior

rivalry with their own firms or others to gauge the broader legitimacy of the activists' efforts, which contributes to managers' overall perceptions of the activists' salience (cf. Mitchell et al., 1997). Activists appear to be a more legitimate—and, consequently, a more salient—concern to managers as the managers perceive the activists to have historically mobilized more extensive collective action against rival firms. Such managerial perceptions may emanate from evidence of support for the rival activists, such as when celebrities endorse the activists' efforts or the activists reference such support in their claims (cf. Waldron et al., 2015). Building on this logic, we propose the following.

*Proposition 6: Managers' perceptions of activists' support positively relate to their perceptions of the activists' salience.*

**Activists' diagnostic claims and threat perceptions.** Whereas evaluations of activists' reputed influence inform managers' perceptions of how much attention to pay to rival activists, evaluations of activists' diagnostic claims inform managers' perceptions of how much threat they face from the activists. Competitive dynamics researchers have begun to recognize that managers consider rivals' claims (Gao, Yu, & Cannella, 2017; Guo, Yu, & Gimeno, 2017), without attending to the perceptual impact of such claims or to claims explicitly about their firms. Somewhat analogously, social activist researchers have descriptively recognized that activists make diagnostic and prognostic claims about firms (Benford & Snow, 2000; Briscoe & Gupta, 2016), without attending to the unique and direct impact of each claim type on firm managers' sense-making efforts. Our conception of actions and responses proposes that activists' claims constitute their actions for engaging in values-based rivalry with firms. Scholars have recognized that *diagnostic* and *prognostic* claims perform distinct yet complementary roles during such rivalry (Battilana, Leca, & Boxenbaum, 2009; Benford & Snow, 2000). Diagnostic claims identify problems with firms' practices, and prognostic claims specify desired changes to these practices (cf. Benford & Snow, 2000).

Because diagnostic claims stigmatize what firms do in public arenas, they have more potential than prognostic claims to harm firms' reputations (Briscoe & Gupta, 2016) and, consequently,

to fuel managers' perceptions of the activists as threats (Waldron et al., 2013). That is, the potential to harm firms' reputations, which we alternatively describe as reputational pressure, constitutes the mechanism through which activists' diagnostic claims shape managers' threat perceptions. Three attributes of activists' diagnostic claims—*focus*, *tone*, and *reach*—may inform managers' perceptions of the threats posed by the potential impact of these claims on their firms' reputations. As with conceptions of action attributes in competitive dynamics research (Chen & Miller, 2012), the attributes of activists' diagnostic claims can apply to individual claims, repertoires of claims, or (longitudinal) patterns of claims. We presume that the more managers believe a diagnostic claim attribute applies across these aggregation levels, the more likely managers are to experience the proposed perceptual effects.

*Diagnostic focus* describes managers' evaluations of attributions of blame in activists' claims about problems with their firms' practices—specifically in terms of who or what causes these problems. The assumption in social activist research is that, when attempting to harm firms' reputations, activists blame the firms for problems with their practices (e.g., King & Soule, 2007; McDonnell & King, 2013). Empirical findings from such work suggest that activists may also establish how the firms' managers and industries contribute to the firms' problematic behavior (Waldron et al., 2015). The implication for our theory is that activists' diagnostic claims may blame firms' individual managers for allowing such behavior to continue, the firms themselves for engaging in such behavior, or the industries where the firms belong for accepting such behavior. The focus of activists' diagnostic claims, then, refers to the actors—ranging from individuals to industries—the activists blame for problems with firms' practices.

We contend that the focus of activists' diagnostic claims may contribute to managers' perceptions of the threat posed by these claims. Competitive dynamics research has reported that firms are more likely to respond to rivalry that affects commercial or psychological spaces of greater importance (Baum & Korn, 1996; Livengood & Reger, 2010; Pacheco & Dean, 2015). Managers' threat perceptions provide the implicit mechanism to explain this effect—that is, managers perceive more intense threats from rivals who hit "closer to home" or encroach upon their

firms' "home turf" (cf. Livengood & Reger, 2010). Adapting this logic to managers' evaluations of rival activists' diagnostic claims suggests that managers may perceive more intense threats as the activists blame them more individually for problems with their firms' practices. More individual diagnostic focus removes ambiguity around managers' roles in their firms' problematic behavior, leading the managers to view themselves as more responsible for putting their firms' reputations at risk and to perceive more intensive threats from these claims. Moreover, individual blame makes it challenging for managers to remain anonymous within their organizations or among other industry members, reducing their likelihood of avoiding or displacing blame. In contrast, as diagnostic focus becomes more organizational or industrial, managers perceive themselves as less responsible for putting their firms' reputations at risk, more capable of blending in with the collectives being blamed, and less threatened by these claims. Building on this logic, we propose the following.

*Proposition 7: Managers' perceptions of activists' diagnostic focus influence their perceptions of the activists as threats such that threat perceptions intensify as diagnostic focus becomes more individual.*

*Diagnostic tone* describes managers' evaluations of the emotion used to problematize their firms' practices in activists' claims. Positive diagnostic claims emphasize the potential benefits of resolving problems associated with firms' practices, whereas negative diagnostic claims emphasize the potential costs associated with failing to resolve these problems (cf. Aslani, King, & Froughi, 2013; Waldron et al., 2015). Social activist researchers have recognized that, to harm firms' reputations, activists attempt to stigmatize firms in public arenas (Baron & Diermeier, 2007; Eesley & Lenox, 2006; Frooman, 1999; King, 2008; King & Soule, 2007). Although such stigma can be created through positive or negative claims about firms' practices, negative claims are more likely to fuel managers' apprehension that their firms' practices will pervasively be viewed as inappropriate (cf. Jackson & Dutton, 1988; Waldron et al., 2015). The implication for our theory is that managers' evaluations of activists' diagnostic tone—the emotion used to problematize their firms' practices—inform managers'

evaluations of the threats posed by activists such that more negative claims contribute to greater perceived threats. We consequently propose the following.

*Proposition 8: Managers' perceptions of activists' diagnostic tone influence their perceptions of the activists as threats such that threat perceptions intensify as claims become more negative in tone.*

*Diagnostic reach* describes managers' evaluations of the diversity of actors exposed to, affected by, and interested in activists' claims about problems with their firms' practices. Diagnostic reach differs from activists' support in that it deals with evaluations of potential interest in activists' ongoing efforts, rather than evaluations of historical support for activists' prior efforts. Broad-reach claims are those managers believe appeal to heterogeneous actors, whereas narrow-reach claims are those managers believe appeal to homogeneous actors. Social activist researchers have recognized that activists' efforts to harm their firms' reputations may create the impression of collective action, contributing to perceptions of the activists as threats (Waldron et al., 2013). Implicit here is that managers may evaluate the content of activists' diagnostic claims about their firms' practices, such as the logics, frames, and rhetorical arguments employed, to approximate the breadth of resonance of their diagnostic claims. As such, managers' evaluations of activists' diagnostic reach—as captured in content that reflects how broadly their diagnostic claims resonate—further inform their evaluations of threats from activists such that claims with broader reach contribute to greater perceived threats. This effect hinges on managers' apprehension that claims with broader reach, relative to those with narrower reach, are more likely to spread doubt among other actors about the appropriateness of their firms' practices and to intensify collective action against their firms. We thus propose the following.

*Proposition 9: Managers' perceptions of activists' diagnostic reach influence their perceptions of the activists as threats such that threat perceptions intensify as claims become broader in reach.*

**Activists' prognostic claims and feasibility perceptions.** Whereas evaluations of activists'

diagnostic claims inform managers' perceptions of how much threat they face to change, evaluations of activists' prognostic claims inform managers' perceptions of how realistic it is to change. That is, managers may evaluate activists' prognostic claims, which specify the desired changes to their firms' practices, to determine the feasibility of such changes. Neither competitive dynamics nor social activist research has explicitly accounted for how managers incorporate the nature of rivals' prognostic claims into their sensemaking efforts. However, the essence of perceptual constructs like capability and feasibility is that firms gauge their capacity to respond to rivals' actions (Chen, 1996; Chen et al., 2007). As mentioned, capability deals with ideal capacity to respond (i.e., everything else held constant), and feasibility deals with realistic capacity to respond (i.e., considering practical constraints).

The implication for our theory is that managers' perceptions of feasibility hinge on their realistic capacity to accommodate the practice change specified in activists' prognostic claims. Managers assign more feasibility to practice change that they can enact without causing extreme disruptions, whether economic or social, to their firms (Howard-Grenville, 2007; York et al., 2016). It is worth reiterating that managers consider the feasibility of practice change as part of their effort to determine whether to counter the activists' claims with their own such that managers feel more empowered to respond as change appears to be more feasible. Managers may evaluate two attributes of activists' prognostic claims—scope and *alignment*—to approximate the feasibility of enacting the practice change specified in those claims. Of interest to our conceptualization is how evaluations of these two attributes shape managers' perceptions of the internal costliness and appropriateness of practice change for their firms, contributing to their perceptions of the feasibility of the activists' demands. Considering the internal costliness of change helps managers to approximate whether they *can* change, and attending to the internal appropriateness of change helps managers to approximate whether they *should* change.

*Prognostic scope* describes managers' evaluations of the proportion of their firms' supply chains affected by the practice change proposed in activists' claims. Prognostic scope differs from diagnostic reach in that it deals with evaluations of

the internal impact of change, rather than evaluations of external interest in problems. Prognostic scope increases as managers deem practice change to affect greater proportions of their firms' supply chains. Greater prognostic scope entails change that spans from the cultivation of raw resources to the provision of offerings, whereas lesser prognostic scope entails change to isolated activities. Our attention to prognostic scope emanates from the premise, common to competitive dynamics and social activist research, that firms consider the resource commitments of potential courses of action (Chen & MacMillan, 1992), such as enacting the practice change sought by activists (Eesley & Lenox, 2006; Schwartz, 2010). Efforts to gauge such resource commitments factor into more holistic efforts to gauge economic, psychological, and social costs (cf. Chen, Venkataraman, Sloan Black, & MacMillan, 2002).

The implication for our theory is that managers may evaluate activists' prognostic scope to gauge the internal costliness of change, contributing to managers' overall perceptions of the feasibility of accommodating their rivals. Activists' prognostic claims appear to be costlier—and, consequently, less feasible—to enact when managers perceive the supply chain scope of practice change to be increasing (cf. York, Vedula, & Lenox, 2018). Specifically, as practice change affects greater proportions of supply chains, such change also becomes costlier to enact because it requires firms to modify a wider variety of their own activities and to influence transaction partners at, or beyond, the boundaries of their control. This effect may intensify as the anticipated costs of practice change extend beyond the costs of not changing. Building on the preceding logic, we propose the following.

*Proposition 10: Managers' perceptions of activists' prognostic scope negatively relate to their perceptions of the feasibility of accommodating the practice change proposed in activists' claims.*

*Prognostic alignment* describes managers' evaluations of the compatibility between the practice change proposed in activists' claims and their firms' defining qualities. Competitive dynamics and social activist researchers have recognized that firms' defining qualities, as codified in organizational identities, identity domains, value propositions, and other constructs, shape the importance that

managers assign to their firms' contexts, offerings, and activities (cf. York & Lenox, 2014). For instance, managers view market contexts and organizational practices that are more reflective of their firms' organizational identities as more important to their firms (Livengood & Reger, 2010). Research has treated these attributions of importance as lenses for managers to determine the salience of, and threat posed by, rival actors such that rivals become more salient and threatening as they affect more important organizational phenomena.

However, our theory contends that external factors like the attributes of rivals and their claims may shape managers' salience and threat perceptions, with internal factors like firms' defining qualities shaping managers' feasibility perceptions. We suggest that in shaping managers' beliefs about the relative importance of their firms' practices, their firms' defining qualities provide managers with a lens to gauge the internal appropriateness of new practices. When considered through the lens of their firms' defining qualities, practices become more appropriate to managers as the practices more strongly reinforce their firms' defining qualities (cf. Livengood & Reger, 2010). The implication for our theory is that managers may evaluate activists' prognostic alignment to gauge the internal appropriateness of practice change for their firms, contributing to the managers' perceptions of the feasibility of accommodating their rivals' prognostic claims. Activists' prognostic claims seem more appropriate—and, consequently, more feasible—to enact when managers perceive more alignment between the practice change sought by activists and their firms' defining qualities. Building on the preceding logic, we propose the following.

*Proposition 11: Managers' perceptions of activists' prognostic alignment positively relate to their perceptions of the feasibility of accommodating the practice change proposed in activists' claims.*

## DISCUSSION

The purpose of this article was to conceptualize values-based rivalry between activists and firms. We integrated and extended competitive dynamics and social activist research to

construct a two-part theoretical framework of values-based rivalry. The first part of our framework detailed the tensions, actions, and responses that characterize values-based rivalry, including the ways values contribute to such rivalry. The second part of our framework attended to firms' likelihood of responding to rival activists' claims during values-based rivalry, explaining when firms make counterclaims. We established the interplay among managers' salience, threat, and feasibility perceptions in shaping their firms' responses, as well as the mechanisms through which activist-related attributes inform each of these perceptions. Our framework makes three primary contributions to competitive dynamics research, as well as associated contributions to social activist research, with each contribution offering additional insights for those fields.

### Establishing Activists As Rivals to Firms

First, our framework designates activists as rivals to firms, broadening the assumption in competitive dynamics research about who constitutes a rival. In this research scholars have typically conceptualized similar actors as rivals (i.e., firms), yet our theory conceptualizes dissimilar actors as rivals (i.e., activists and firms). Our broader conception of who constitutes a rival emerges from our proposal that rivalry between activists and firms reflects the core components of rivalry, albeit in ways that differ from rivalry between firms. Defining rivals based on the core components of rivalry, rather than on the types of actors involved, creates a wealth of possibilities for scholars to study rivalry between diverse types of actors.

Viewing activists as rivals to firms also advances conceptualizations of activists in social activist research. Such work has presented activists as altruistic, selfless actors destined to remedy social and environmental injustices. Although this portrayal of activists holds merit, our theory recognizes that activists may also exhibit a rivalrous, self-interested side, as reflected in their interconnected desires to secure control over firms' practices and to achieve supremacy in values domains. This proposal coincides with, and helps to explain why, activists' efforts to change firms' practices are connected to activists' efforts to achieve elevated social standing relative to firms (Waldron et al., 2015).

### Specifying the Core Components of Values-Based Rivalry

Second, our framework conceptualizes the core components of rivalry as they uniquely pertain to values-based rivalry, expanding competitive dynamics research's conception of the tensions, actions, and responses that characterize rivalry between firms. In terms of tension, competitive dynamics researchers have posited that rival firms experience tension when they seek to control the same consumers and resources and to secure supremacy in product and factor markets, pursuing commercial advantages in those settings (Capron & Chatain, 2008; Chen & Miller, 2015; Markman et al., 2009). We posit that rival activists and firms experience tension when they seek to control the firms' practices and to secure supremacy in values domains, pursuing social advantages in those settings. This proposal underscores that the control sought by rivals can extend beyond objects (e.g., consumers and resources) to include behaviors for interacting with those objects (e.g., practices for accessing resources). Additionally, it recognizes that the supremacy sought by rivals can take commercial and social forms, indicating that rivalry can transcend the boundaries of traditional product and factor markets to include socio-cognitive markets, such as values domains. Finally, in establishing the reciprocity between control and supremacy during rivalry, our proposal indicates that control does not necessarily lead to supremacy.

In terms of actions and responses, competitive dynamics researchers have recognized that firms' actions and responses take the form of market-based tactics designed to protect or secure favorable consumers and resources (Chen & MacMillan, 1992; Chen & Miller, 2012; Smith et al., 1997), facilitating supremacy in product and factor markets. We posit that activists' and firms' actions and responses during values-based rivalry take the form of claims and counterclaims designed to attach or avoid stigmatization and to signify values to other actors, facilitating control over practices and supremacy in values domains. This proposal underscores that the nature of actions and responses used by rivals can extend beyond what they do to include what they say. Additionally, it establishes that actions and responses influence rivals not only by harming their operations but also by potentially affecting their

reputations. Finally, in conceptualizing that rivals' claims signify their values to other actors in values domains, our proposal underscores the symbolic functionality of actions and responses, extending attention to the substantive functionality of such behaviors.

Our proposals about the tensions, actions, and responses in values-based rivalry also hold implications for social activist research. First, we posit that tension between activists and firms emanates from their pursuit of control over practices and supremacy in values domains, not only the former (Briscoe & Gupta, 2016). Second, in positing that activists and firms seek to secure supremacy in values domains, we recognize that rivalry between these actors is predicated on more than mere differences in their values (Levy, Reinecke, & Manning, 2016). Third, in positing that activists' and firms' claims also signify values to other actors in values domains, we recognize that such claims do more than disseminate content about the firms' practices (Guérard, Bode, & Gustafsson, 2013). These contributions collectively offer insights to social activist research about the core components of rivalry between activists and firms, moving beyond examination of how one actor—activists—influences the other—firms (den Hond & de Bakker, 2007).

### Explicating the Role of Managerial Perception in Values-Based Rivalry

Third, our framework conceptualizes the interplay among activist-related attributes, managers' perceptions, and firms' response likelihood during values-based rivalry, expanding competitive dynamics research's proposals about response likelihood. In terms of the link between perceptions and response likelihood, competitive dynamics research has posited that the confluence of AMC, as perceived by managers, shapes the likelihood their firms will respond to rivals' actions. We posit that the interplay of salience, threat, and feasibility—contextualized specifications of AMC—constitutes managers' perceptions that shape their firms' likelihood of responding to activists' claims during values-based rivalry. This proposal acknowledges that although AMC matters in any form of rivalry, salience, threat, and feasibility may play a more direct role in determining firm response likelihood during values-based rivalry. It also underscores the value of considering the interplay of managers'



perceptions in facilitating firms' response likelihood (Chen & Miller, 2012), rather than focusing on the aggregate impact of managers' perceptions on such behavior (Chen, 1996; Chen et al., 2007). Implicit is the notion that managers' perceptions independently and interconnectedly, rather than aggregately, factor into their firms' response likelihood.

In terms of the link between attributes and perceptions, competitive dynamics researchers have recognized that attributes of rival firms and their actions may influence managers' AMC perceptions without conceptualizing these attributes or the nature of their influence. We posit that attributes associated with activists' reputed influence, diagnostic claims, and prognostic claims distinctly shape managers' perceptions of salience, threat, and feasibility, respectively. In recognizing that managers consider activists' influence over prior rival firms to determine the salience of activists to their firms, this proposal indicates that managerial sensemaking includes rivalry in other settings, not only the rivalry their firms are presently engaged in (Chen & Miller, 2012). Additionally, in recognizing that managers' perceptions of threat and feasibility are predicated on activists' prognostic and diagnostic claims during rivalry, this proposal indicates that managers consider what rivals say about their own firms, not only what their rivals say about themselves (Gao et al., 2017; Guo et al., 2017).

Our proposals about managerial perceptions and firm response likelihood also hold implications for social activist research. First, in conceptualizing firms' likelihood of responding to activists' claims during rivalry, we attend to the nature of the exchanges that comprise rivalry between activists and firms, moving beyond the predominant emphasis on the outcomes of such rivalry—namely, practice change (Briscoe & Gupta, 2016; den Hond & de Bakker, 2007). Second, our proposals about the impact of managers' salience, threat, and feasibility perceptions on their firms' likelihood of responding to rival activists enrich extant proposals about the impact of managers' perceptions on their firms' likelihood of practice change (Waldron et al., 2013). Notably, conceptualizing the interplay between these perceptions improves on the sensemaking processes proposed in prior research. For instance, different from the proposal that salience perceptions moderate threat perceptions (Waldron et al., 2013), we propose that

managers must perceive rival activists to be salient before evaluating the threat to their firms. Third, our proposals about the activist-related attributes that shape managers' perceptions during values-based rivalry enrich extant research that has looked at these internally focused perceptions in isolation from the externally situated factors that may influence them (McDonnell & King, 2013; Waldron et al., 2013).

### Future Research

Our theoretical framework provides a robust foundation for future research in the competitive dynamics and social activist domains. Recognizing activists and firms as rivals provides the impetus to study underexplored or unexpected forms of rivalry, such as between activists, between politicians and firms, or between activists and governments. Our framework relaxed the assumption that rivalry occurs between firms in product and factor markets, providing a template to elaborate the unique tensions, actions, responses, and perceptions that characterize other forms of rivalry. Additionally, attending to the impact of managers' perceptions on firms' likelihood of responding to rival activists' claims informs further inquiry into the nature of the exchanges between these actors. One option is to examine how the processes of rivalry between activists and firms contribute to the outcomes of such rivalry, considering the ongoing interplay among the two sides' claims, counterclaims, and perceptions. Other options include exploring scenarios where firms attempt to preempt rivalry with activists, or where such rivalry may influence firms' current and subsequent interactions with traditional rivals in product and factor markets. Finally, conceptualizing the impact of activist-related attributes on managers' perceptions of salience, threat, and feasibility provides a starting point to conceptualize the impact of firm-related attributes on these perceptions from the activists' perspective. It also provides a platform to discern the contextual utility of the AMC and salience, threat, and feasibility perspectives—the two interconnected sets of managerial perceptions at play during rivalry—in facilitating firm response likelihood, as well as to discern the external factors that shape perceptions during other forms of rivalry. One option is to conceptualize the firm-related attributes that influence these perceptions during rivalry between firms.

## CONCLUSION

Values-based rivalry is becoming more pervasive and influential. We created a theoretical framework that conceptualizes the unique tensions, actions, and perceptions at play during values-based rivalry, as well as the impact of managers' sensemaking efforts on their firms' likelihood of responding to rival activists' claims. This framework marks an important step in the theoretical evolution of the competitive dynamics domain, which has progressed from explaining rivalry in product and factor markets between similar actors to explaining rivalry in socio-cognitive markets between dissimilar actors. Our intention is to spark further examination of this phenomenon and to encourage competitive dynamics scholars to think more broadly and differently about rivalry, expanding the domain's theoretical and empirical horizons.

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