

Strategic Entrepreneurship: An Introduction to This Emerging Field

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Abstract

With ever increasing global economy and highly uncertain and dynamic business environment, research on ways to develop a sustainable competitive advantage is very important. Researchers have proposed Strategic Entrepreneurship as a very important way to deal with seeking a sustainable competitive advantage in the marketplace. The basic tenet of this emerging field lies in the integration of opportunity seeking and advantage seeking behaviors. Research in this field teaches us that managers have to make sure an optimal balance of opportunity and advantage seeking behaviors to create value, enhance stakeholders' returns and ensure long term growth. But for it, this emerging field has to be studied right from the very beginning. This study is a step in the same direction as it provides a basic understanding of the field of strategic entrepreneurship, how it emerges from strategic management and entrepreneurship and can it be used to develop a sustainable competitive advantage.

Keywords: Entrepreneurship; Strategic Entrepreneurship; Strategic Management.

Introduction

Entrepreneurship and strategic management, both are indispensable for organisational growth and creation of wealth (Amit, MacCrimmon, Zietsma & Oesch, 2001; Hitt & Ireland, 2000; Hitt, Ireland, Camp & Sexton, 2001; Ireland, Hitt, Camp & Sexton, 2001). Both organisational growth and wealth creation are the prime objectives of entrepreneurship (Covin, & Slevin, 2002; Ireland, Kuratko & Covin, 2009). This is true for all types of economies, be that developed or developing (Ireland & Hitt, 1999). Strategic management helps significantly in understanding the reasons for differences in wealth creation in different economies (Farjoun, 2002; Teece, Pisano & Shuen, 1997). Growth and wealth creation are related to each other as growth enables firms to create wealth by building economies of scale and market power. With these outcomes firms can create new resources and help it achieve competitive advantage. Same way additional wealth helps firms to generate new resources which stimulate growth. Researchers (Ireland, et al.; 2003) propose this growth and wealth creation outcomes as the result of effective use of both entrepreneurship and strategic management. Ireland et al. (2003) in their research argue that entrepreneurship and strategic management are not a single discipline; rather they can be collaborated and combined into one with much larger scope. They are often seen to support each other to make significant contributions to the field of organisational science. Researchers like Meyer and Heppard (2000), propose that these disciplines are actually inseparable and it is almost impossible to understand the teachings of one without having a thorough understanding of another. Others like Barney and Arikan (2001) suggest a very close relationship between the theories of competitive advantage and those of creativity and innovation. Although their ultimate goal is the same i.e. organisational wealth creation, entrepreneurship and strategic management vary a little bit in their focus.

Business environment in the 21st century is characterized by organisations facing increasing levels of risk, decreased forecasting capability, new structural forms and innovative managerial mindsets. In language of Bettis & Hitt, 1995; this situation can be described in four forces: change, complexity, chaos and contradictions. Not a single organisation exists which is immune to these forces. Ability of an organisation to pass through such dynamic environment and the difficulties faced in combining the disciplines of entrepreneurship, strategic management and economics are the focus of scholars in present day scenario. The present study serves to understand this

new concept at the gross root level with the following objectives in mind.

Objectives of the Study

1. To understand how strategic management and entrepreneurship collectively lead to the development of a new field i.e. strategic entrepreneurship.
2. To understand strategic entrepreneurship at the basic level and the various aspects related to it.

A Perspective on Strategic Management

Strategic management is a process which guides the work of an organisation to ensure its continuous growth and renewal and also to provide a basic framework of developing and implementing strategies for ensuring that a firm is effectively moving on with its operations. Formulating plans in light of organisations external opportunities and threats and its internal strengths and weaknesses is basic component of strategic management. These plans are formulated in terms of defining company's mission, specifying the specific objectives to be achieved, developing strategies and setting guidelines for the policy framework (Hitt et al., 2009). This process is highly dynamic and enables firms to ensure competitiveness and long term returns. Strategic management is required to match the ever dynamic business environment with the company's resources; capabilities etc. Strategic management enables firms to continuously search for new competitive advantages and ensures that employees are highly focused towards their goals while being flexible to the dynamic environment. Strategic management specializes in enabling firms to gain competitive advantage in the highly dynamic business environment.

A Perspective on Entrepreneurship

Entrepreneurship is at the core of capitalistic economy (Baumol, 1993) and hence is of great interest to the researchers, managers and policy-makers. Its potential benefits include creation of business (Gartner, 1985), financial benefits (Ireland, Hitt, Camp, & Sexton, 2001), competitive advantage (Zahra, 1991), etc. Most of the studies regarding entrepreneurship have focused on individuals, start-ups and the discoveries they make (Miller, 1983; Morris & Kuratko, 2002). Entrepreneurship is a highly dynamic process involving vision, change and creation. It requires high level of passion and commitment towards identifying new opportunities and skills and resources to convert them into some valuable product/service. As seen today, it is one of the most effective instruments of economic development. It has the capability to provide employment opportunities to many and ensure infrastructural development in its surrounding environment. Among the basic elements of entrepreneurship are: willingness to take risks, formulate teams, organize resources and capabilities, planning and the vision to see through a highly ambiguous situation where others can just see chaos, contradiction and confusion. Different theories of entrepreneurship vary with respect to the central elements accepted and emphasis on specific aspects like risk, profit, personal characteristics inherited etc

(Hawley, 1901; McClelland, 1965; Acs & Audretsch, 2003). It may take the form of corporate entrepreneurship, social entrepreneurship, Strategic Entrepreneurship etc. Entrepreneurship enables individuals and firms to continuously grab new opportunities in the market and using resources and creativity/innovation to convert the same into some valuable product/service. It also helps organisations significantly enhance their performance (Saha & Roy, 2017). Entrepreneurship plays a great role in the overall development of economies across the globe (Kuckertz & Prochotta, 2018).

A Combined Perspective on Strategic Management and Entrepreneurship i.e. Strategic Entrepreneurship

Efforts in this arena were made a long time ago but it was only very recently that a formal name was given to the combination of these two disciplines. It was called as "Strategic Entrepreneurship" in 2001 by Hitt et al. in a special issue of the strategic management journal. Strategic perspective of entrepreneurship is Strategic Entrepreneurship as put forward by the innumerable count of researchers since the inception of this concept including Hitt, et al. (2001); Hitt, et al. (2002); Hitt, et al. (2012); Ireland, et al. (2003); Ireland, et al. (2001); Gelard & Ghazi (2014); Kimuli (2006); Monsen & Boss (2009); Levie & Autio (2011); Rezain & Naeiji (2012); Siren, Kohtamaki & Kuckertz (2012); Ogunsiji & Ladanu (2017) etc. Strategic Entrepreneurship is concerned with simultaneous portrayal of opportunity seeking and advantage seeking behaviors ultimately resulting in higher value to the individuals, organisations and the society (Hitt et al., 2001). Strategic Entrepreneurship can be viewed as an extension of the concept of entrepreneurial strategy making which is the combination of multiple strategies with the external environment given by Mintzberg & Waters (1982). It is built around two core ideas: the formulation and execution of strategy involves ideas which are actually entrepreneurial including alertness, creativity, judgment etc and opportunity seeking (central subject of entrepreneurship) and advantage seeking (central subject of strategic management) behaviors should be considered collectively. Hitt, et al. (2001, 2002) and Ireland et al. (2001) argue that it involves taking actions which are entrepreneurial with a strategic perspective in mind. In an organisation either opportunities identified are not exploited properly to ensure greater wealth to stakeholders or they are not able to identify new opportunities which set stakeholders to increased risk of dynamic business environment. Through Strategic Entrepreneurship effective combination of opportunity seeking (Entrepreneurship) and advantage seeking (Strategic management) behaviors is ensured leading to greater organisational wealth. Alone none is sufficient but together they can move miracles for any organisation in terms of its growth, profits, performance etc.

Historically small companies and new ventures have been effective in identifying new opportunities in the market but less skilled in gaining sustainable competitive advantage to fetch the

benefits of the opportunity identified over time. Contrary to this, large and established firms are skilled in gaining sustainable advantage but less effective in identifying new opportunities. This shows that entrepreneurial firms are more opportunity oriented while established ones are oriented towards gaining competitive advantage. But with Strategic Entrepreneurship a firm is able to excel in exhibiting both of these behaviors simultaneously and ensure higher organisational performance.

Researchers like Kimuli (2006); Altuntas & Donmez, (2014); Arguelles & Bautista, (2007); Hakala (2013); Kantur (2016); Wang (2008) etc have expressed Strategic Entrepreneurship as a combination of entrepreneurial orientation and strategic orientation. While entrepreneurial orientation is the tendency of an individual to portray innovative, pro-active and risk-taking behaviours to start a new business as per Lumpkin & Dess (1996). Strategic orientation on the other hand is an extra trait on top of the entrepreneurial orientation. It indicates that how well a business is equipped to follow the direction it wants to pursue. Researchers propose that both of these, i.e. entrepreneurial orientation and strategic orientation, collectively lead to the development of Strategic Entrepreneurship in an enterprise. The present study also uses this collaboration of entrepreneurial orientation and strategic orientation to determine strategic perspective of entrepreneurship. Entrepreneurial orientation is expressed in terms of innovativeness, pro-activeness, risk-taking, competitive advantage and autonomy in the present study while strategic orientation is expressed in terms of exploitation of resources, networking, strategic leadership and strategic decision making.

Researchers like Ireland, Covin & Kuratko (2009) have discussed Strategic Entrepreneurship in terms of corporate entrepreneurship. Their analysis of the same reveals it as a broader array of entrepreneurial domain which may or may not lead to the addition of new business to the already existing corporation. Rather such innovations are adopted in the pursuit of competitive advantage which has significant effects on the organisational structure, process etc. Innovations which are the focus of Strategic Entrepreneurship depict the tools through which opportunity is converted into some valuable product/service and they can occur anywhere at any level in the organisation. With an opportunity driven mindset, organisation is able to create a sustainable competitive advantage for itself. They propose two base points on which firms can show Strategic Entrepreneurship: how much the firm has transformed relative to where it was before and how much it has transformed relative to the conventions and benchmarks of the industry.

Covin and Miles (1999) proposed five different forms of Strategic Entrepreneurship: strategic renewal (repositioning of current strategies to obtain a competitive advantage), sustained regeneration (introducing new products/services or entering new markets continuously), domain redefinition (identify and creating a new market), organizational rejuvenation (modification of how resources are

allocated for organisations internal actions/operations), and business model reconstruction (changing the main business model to differentiate from the competitors).

Why Strategic Entrepreneurship?

It has been very recently that Strategic Entrepreneurship has been able to make its own identity as a separate discipline. Its roots are deep embedded in the fields of entrepreneurship and strategic management. But the question is why there was need for a separate discipline like Strategic Entrepreneurship. The reasons are many and quite obvious. First is that it represents the takeover of a less established field (entrepreneurship) by a much developed one i.e. strategic management (Baker & Pollock, 2007). These two fields are very closely related to each other. So close that one cannot analyze the effects of one without having clear understanding and analysis of the other discipline. This closeness also prompted researchers to collaborate and combine certain major aspects of both of these fields into a new area called Strategic Entrepreneurship. Another reason is that it fills the gaps in the literature biases of both these fields e.g. traditionally entrepreneurship focused more on startups, individuals and the discoveries they made in terms of opportunities identified. On the other hand, strategic management focused more on the creation of competitive advantage and the various aspects related to it. The field of Strategic Entrepreneurship combines these disciplines to not only provide understanding on the individual level entrepreneurship and competitive advantages but it increases the domain to the corporate level entrepreneurship and the effects it has on the wealth creation, profits and overall performance and competitive advantage of the firms, thereby reducing the gaps which were earlier present in the literatures of both of these fields.

What constitutes Strategic Entrepreneurship?

Since the inception of the concept and even before, researchers have tried to explore as to what constitutes the amalgam of strategic management and entrepreneurship. The first substantial attempt in this regard was made by Eisenhardt & Martin (2000) who presumed that there are six fundamental processes by which entrepreneurship can be realised typically with a strategic perspective including: improvisation (ability to show flexibility within the current framework constraints), co-adaptation/collaboration (notion of sharing and pooling resources), patching (awareness about the limitations and making corresponding changes with respect to changing market), regeneration (developing an environment of continuous change which focuses on opportunities), experimentation (willingness to try something new) and time-pacing (conscious awareness of change to ensure organisations corresponding action). Ireland et al. (2001) proposed dimensions similar to earlier ones including: innovation (creating new ideas), networks (alliances with others), internationalization (changing with respect to changes in external business environment), organisational learning, growth and top management teams and governance. Later in the same year, Hitt et

al. revised them to include external networking, resources and organisational learning, innovation and internationalization as the major dimensions of Strategic Entrepreneurship. Hitt et al.'s model emphasizes on competencies, capabilities and resources to help organisation achieve competitive advantage.

One of the most significant contributions in the field of what constitutes Strategic Entrepreneurship was made in 2003 by Ireland et al. where four dimensions were proposed in its domain: entrepreneurial mindset (flexibility, alertness and vision towards the resources and their usage), entrepreneurial culture and leadership (norms and

values that support search for new ideas), strategic management of resources (management of financial, social and human capital) and using creativity to develop innovations (convert ideas into some valuable product/service).

But all of them revolve around the ones already proposed and suggested. For the present study entrepreneurial culture, entrepreneurial mindset, entrepreneurial leadership and strategic management of resources have been considered to represent Strategic Entrepreneurship. Some of the significant contributions in terms of the dimensions proposed for SE are enlisted below in table;

Comparison of the different dimensions proposed in various researches on Strategic Entrepreneurship

S No.	Model	Dimensions Proposed
1	Eiserhard and Martin (2000)	Improvisation while maintaining compliance Regeneration Experimentation Making Time Adjustment
2	Ireland, Hitt, Camp and Sexton (2001)	Innovation Network and Collaborations Organizational Learning Internationalization Growth Senior Management Team and Corporate Governance
3	Hitt, Ireland, Camp and Sexton (2001)	Innovation Network and Collaborations Organizational Learning Internationalization Resources
4	Ireland, Hitt and Sirmon (2003)	Entrepreneurial Thought Format Entrepreneurs Cultural and Entrepreneurial Leadership Strategic Management of Resources Creativity and Innovation Application Competitive Advantage Value Creation
5	Ireland and Webb (2007)	Continuous Innovation Deviations in Organizational Actions Organizational Structure Organizational Culture
6	Ketchen, Ireland and the Snow (2007)	Collaborative Innovation Managerial Thoughts Format Balancing Opportunities and Advantages Search Behaviour
7	Lassen (2007)	Entrepreneurial Thought Format Entrepreneurial Culture Entrepreneurial Leadership Strategic Management of Resources Competitive Advantage Value Creation
8	Luke (2009)	Distinguishing Opportunities Innovation Acceptance of risk Flexibility Vision Growth
9	Kyrgido and Hughes (2010)	Entrepreneurial Thought Format Entrepreneurial Culture Entrepreneurial Leadership Strategic Management of Resources Creativity and Innovation Application

		Competitive Advantage Exploratory Learning and Practitioners Dynamic Capabilities Renewals Internal Environmental Vision and Top Management
10	Altuntaş & Donmez (2010)	Distinguishing Opportunities Strategic Entrepreneurial Thought Format Entrepreneurial Culture Strategic Entrepreneurial Leadership Strategic Resource Management Strategic Innovation Growth Value Organizational Learning

Conclusion

The main aim of this study was to provide basic understanding of the fields of entrepreneurship, strategic management and Strategic Entrepreneurship. This study makes clear the role of strategic management and entrepreneurship in the development of a new field called Strategic Entrepreneurship. Various contributing dimensions of Strategic Entrepreneurship were also unveiled in this study. This study makes it clear that strategic entrepreneurship basically owes its existence to the collaboration between strategic management and entrepreneurship. We also found that strategic entrepreneurship is constituted by entrepreneurial culture, entrepreneurial mindset, entrepreneurial leadership, strategic management of resources and applying creativity to develop innovations.

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