



**Strategic Entrepreneurship: A Novel Approach to Corporate Rejuvenation** A newly introduced concept, *Strategic Entrepreneurship*, is gaining increasing interest particularly in established businesses that strive to develop a more entrepreneurial orientation in their quest for sustained competitive advantage. Strategic Entrepreneurship (SE) refers to extensive changes in established operations, where the integration of *entrepreneurial opportunity seeking*, and *strategic advantage-seeking actions* is a key characteristic and an enabler for innovation, firm growth and wealth creation (Hitt et al, 2001).

SE involves the integration of two disciplines, those of Entrepreneurship and Strategic Management. The former consists of actions for and behaviors conducive to identifying and exploiting profitable *opportunities* in the environment (Shane and Venkataraman, 2000). The latter entails the set of actions designed to achieve *competitive advantage* and achieve better-than-average results by intelligent and fact-based selection among alternatives leading to such advantage. In other words, Strategic Entrepreneurship can be defined as a process that guides decision-making and managerial efforts for identifying the best opportunities (with the highest potential returns) and then for exploiting them through strategic actions. Hence, SE conducts firms to develop organizational mechanisms that increase their entrepreneurial activity in the direction of new strategic action patterns without, however, undermining the success of the present competitive platform. The SE concept fosters the integration of entrepreneurship and strategic management, because it is at the crossroads on those two disciplines that sustainable innovative changes can occur.

The development of the Strategic Entrepreneurship construct is important for a number of fundamental reasons. First, it consists of a new conceptual stance compared to the dominant paradigm in strategic management, which has been criticized for being insufficient when it comes to guiding behavior in turbulent environments where advantage is created through the faculty of exploiting a continuous and affluent stream of opportunities through innovation (Brown & Eisenhardt, 1998). SE bridges this gap, suggesting entrepreneurial actions to be taken within a strategic framework. Second, the construct's importance also lies in the fact that it maintains a balance between the two processes of opportunity seeking and advantage seeking by aiding business leaders to recognize opportunities, invest in their exploitation and develop mechanisms that foster entrepreneurial behavior without undermining their businesses' current operations and strategies.

Key concepts of Strategic Entrepreneurship are entrepreneurial actions, strategic actions, entrepreneurial orientation and strategic renewal:

- *Entrepreneurial actions* entail actions through which firms identify and attempt to exploit entrepreneurial opportunities not discovered or exploited by competition (Hitt et al, 2001).
- *Strategic actions* are actions for developing and exploiting already existing competitive advantages, while at the same time supporting entrepreneurial actions conducive to exploitation of future opportunities (Hitt et al., 2002).
- *Entrepreneurial orientation* refers to a capability of opportunity recognition and exploitation - to develop new practices that deviate from previous ones, where risk-taking, innovation and pro-activeness constitute key dimensions. Entrepreneurial orientation assumes that the pursuit of opportunities will lead to new practices enhancing future success and wealth creation. It therefore is a central element through which SE materialize.
- Finally, *strategic renewal* is viewed as an organizational outcome of the other three elements and refers to outcomes such as mission transformation, reorganization and system-wide changes that will enable continuous integration of opportunity-seeking and advantage-seeking behaviors.

The above concepts can be seen as a pair of driving forces -entrepreneurial and strategic action- leading to a strategically aligned and strategically grounded entrepreneurial orientation, which, in turn, is conducive to strategic renewal. A question that arises, however, is how Strategic Entrepreneurship will materialize in an organization. The answer lies in an integration of a third fundamental perspective in strategic management, namely the resource-based view, and in particular the development and management of specific dynamic capabilities.

**Strategic Entrepreneurship and the Resource-Based Perspective** Recognizing the influence of both internal and external factors on shaping Strategic Entrepreneurship, it is of utmost importance to capture those fundamental factors that are conducive to SE at the firm level. The Resource Based View (e.g., Mosakowski, 2002) is aligned with the main dimensions of Strategic Entrepreneurship; value creation in the marketplace through opportunity exploration and exploitation, and sustainable competitive advantage. Hence, it provides a useful complementary framework for focusing on the development of the necessary resources and capabilities. Resources and capabilities can be viewed as performance enabling mechanisms in the context of entrepreneurial actions, strategic actions, entrepreneurial orientation and strategic renewal.

Focusing on dynamic capabilities, the Schumpeterian search for "new resource combinations" becomes the driver for entrepreneurial activity and the means to extend the frontiers of capabilities through synergies between novel resource combinations within and outside the firm. Firstly, the connection of a variety of different resources internally enhances the organization's ongoing strategic adaptation since the new linkages thus activated enable the firm to reconfigure its resources and provide ways to experiment with new ideas and innovate. Through such a *reconfiguration capability* firms may, for instance, develop more flexible organizational structures with more rapid and efficient decision-making structures and fewer organizational boundaries, improving the opportunities for linking resources in different parts of the organization (D'Amboise & Muldowney, 1988). This also reduces barriers towards resources in the environment. Secondly, the successful reconfiguration of internal structures, procedures and processes requires an ability to take impression, learn and ultimately integrate a variety of resources. Hence, *learning capability* plays an important role in ceasing and developing opportunities, and creates a difficult-to-imitate contribution to strategy (Teece et al, 1997). Learning capability serves as a source for continuous renewal of all firm resources and an indispensable means for efficiently translating strategy into action (Zollo & Winter, 2002). It includes bringing in new perspectives, diversity in views and continuous scanning of present knowledge perspectives and power structures, routines and rules (Hamel, 1997). The learning process includes routines that provide exchange of joint experiences among team and functions, extensive communication links out of the firm to increase the amount of new impulses, routines for articulation, codification and accumulation of experiences (Dyer et al, 2001).

## Conclusion

Further identification of variables and development of constructs for the testing of hypothesis regarding the relations between resources, capabilities and SE, constitutes a promising avenue for future research. Such research has the potential to answer to questions regarding the origin and emergence of the required resources and capabilities, the nature of resources and capabilities most crucial in encouraging entrepreneurial efforts and changes in firms' competitive strategic platforms, the degree of their impact on materializing SE, and ways in which these capabilities are managed strategically in order to become conducive to SE. This research will also have implications for strategic management practice. First, not all capabilities contribute equally to the firm's performance and growth. In view of the resource scarcity under which most firms operate, the identification of proper combinations or sets of resources and dynamic capabilities required for fostering SE is therefore critical. Second, measurement of firm capabilities and their relation to Strategic Entrepreneurship stimulates strategic action based on better knowledge of performance differentiation among firms.

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