



Clarifying Strategic Entrepreneurship as an Organizational Construct: Implications for Firm Performance

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Our motivation for this study

- Strategic entrepreneurship (SE) remains a mystery
 - Is it a unitary construct; a systematic interface; a pleonasm?
- Much has been said about its nature
 - Over 25 articles since 2001 grappling with definition
 - Over 100 articles examining closely related concepts
- What are its performance implications?
 - Individual actions versus complex action patterns
 - Focal firm effects versus competitive interactions

How can we reframe the SE-performance nexus?

What is SE?

“[F]irms pursuing SE seek fundamentally new opportunities (i.e., opportunity-seeking behavior) either to disrupt an industry’s existing competitive conditions or to create new market spaces (i.e., advantage-seeking behavior).”

- Ireland, Hitt, & Sirmon, 2003: 966

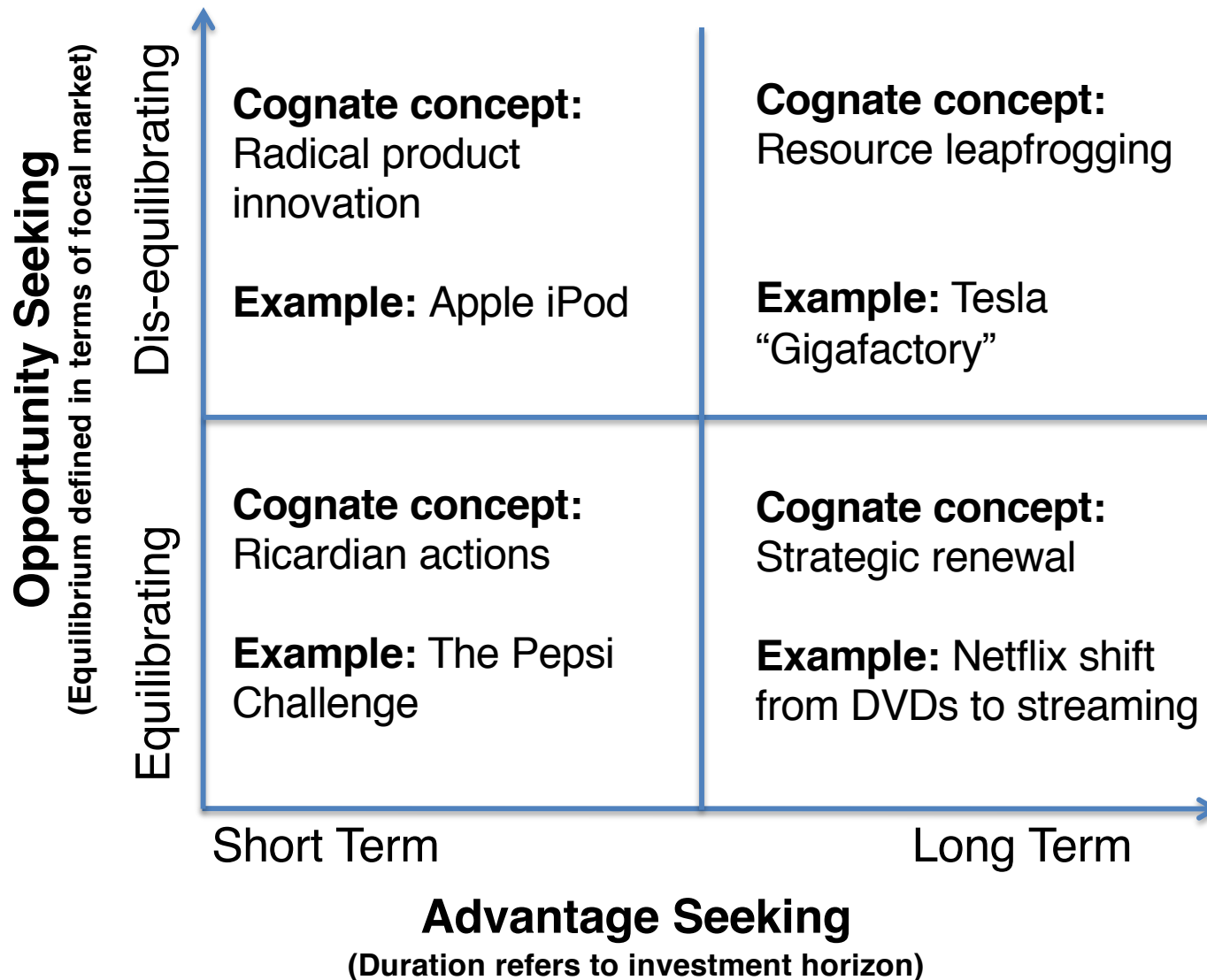


SE viewed from the lens of competitive action

- A competitive action is:
 - an “externally directed, specific, and observable competitive move initiated by a firm to enhance its relative competitive position” (Smith, Ferrier, & Ndofor, 2001: 321)
 - the most fundamental unit of analysis within dynamic social systems (Parsons, 1937)
 - fundamentally relative and contextually dependent
 - a “building block” for more complex configurations

An action perspective can provide a basis for defining SE.

A typology of SE actions and examples



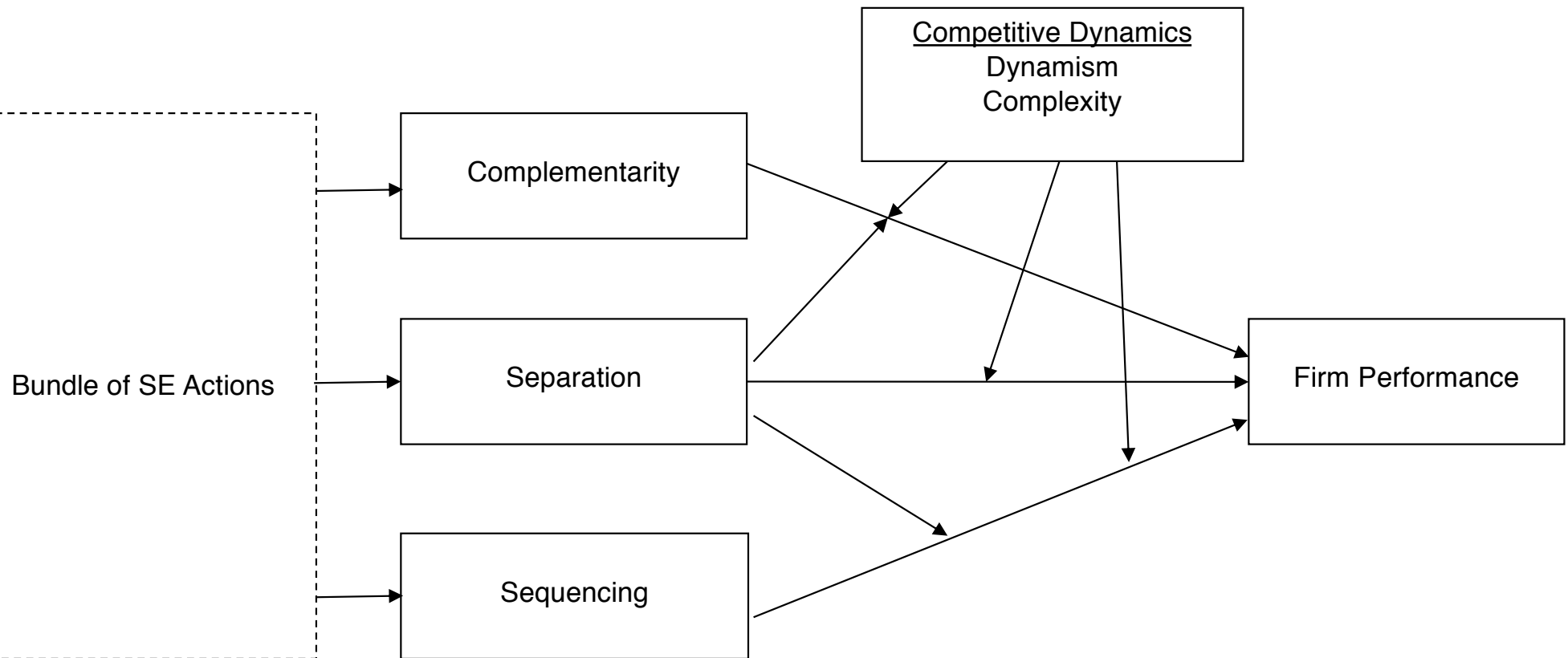
The SE – performance relationship

- Performance depends on more than the sum of actions
 - Combinations or repertoires
 - Timing and sequencing
 - Ecology of other competitive actions
- The SE – performance link has three components
 - Direct, aggregate effect of competitive activity
 - The management of a portfolio of actions
 - The influence of competitive factors on action efficacy

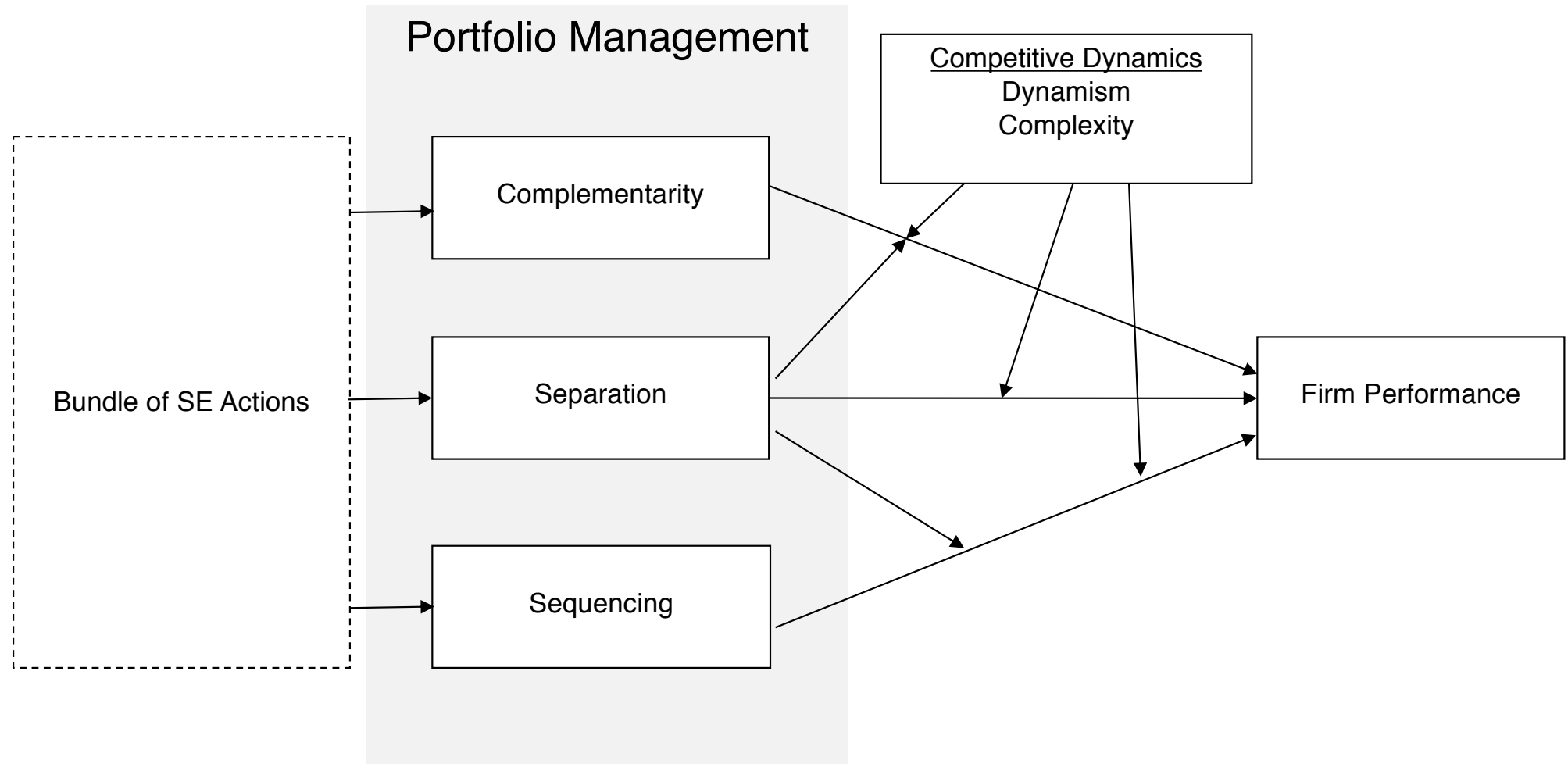
Some relevant terminology

- **Governance mode:** The contractual means for executing a particular action (within and across firm units, through alliances, or market transactions)
- **Complementarity:** The extent to which firms pursue actions with differing orientations
- **Separation:** The spreading of actions across different governance modes
- **Sequencing:** The ordering, timing, and entrainment of particular actions

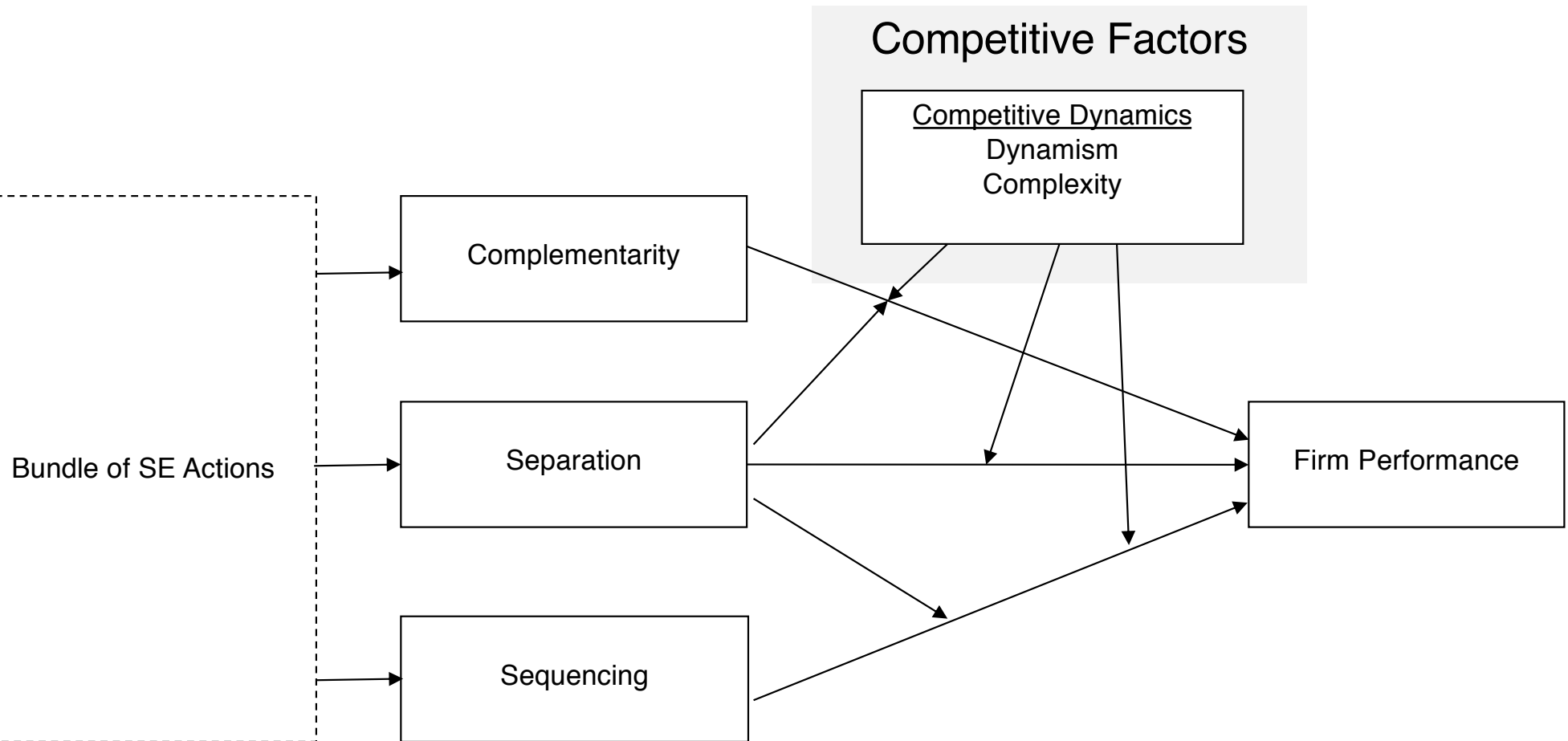
Conceptual model



Conceptual model



Conceptual model



The central role of governance mode diversity

- Higher levels of complementarity provides benefits
 - Causal ambiguity of complementary SE portfolio
 - Increased unpredictability in competitive actions
 - Reduced ability to respond in a timely fashion
- However, there are costs
 - Spreads resources and impedes repetition
 - Potentially destabilizes firm's value network
- Diverse governance modes mitigate these costs

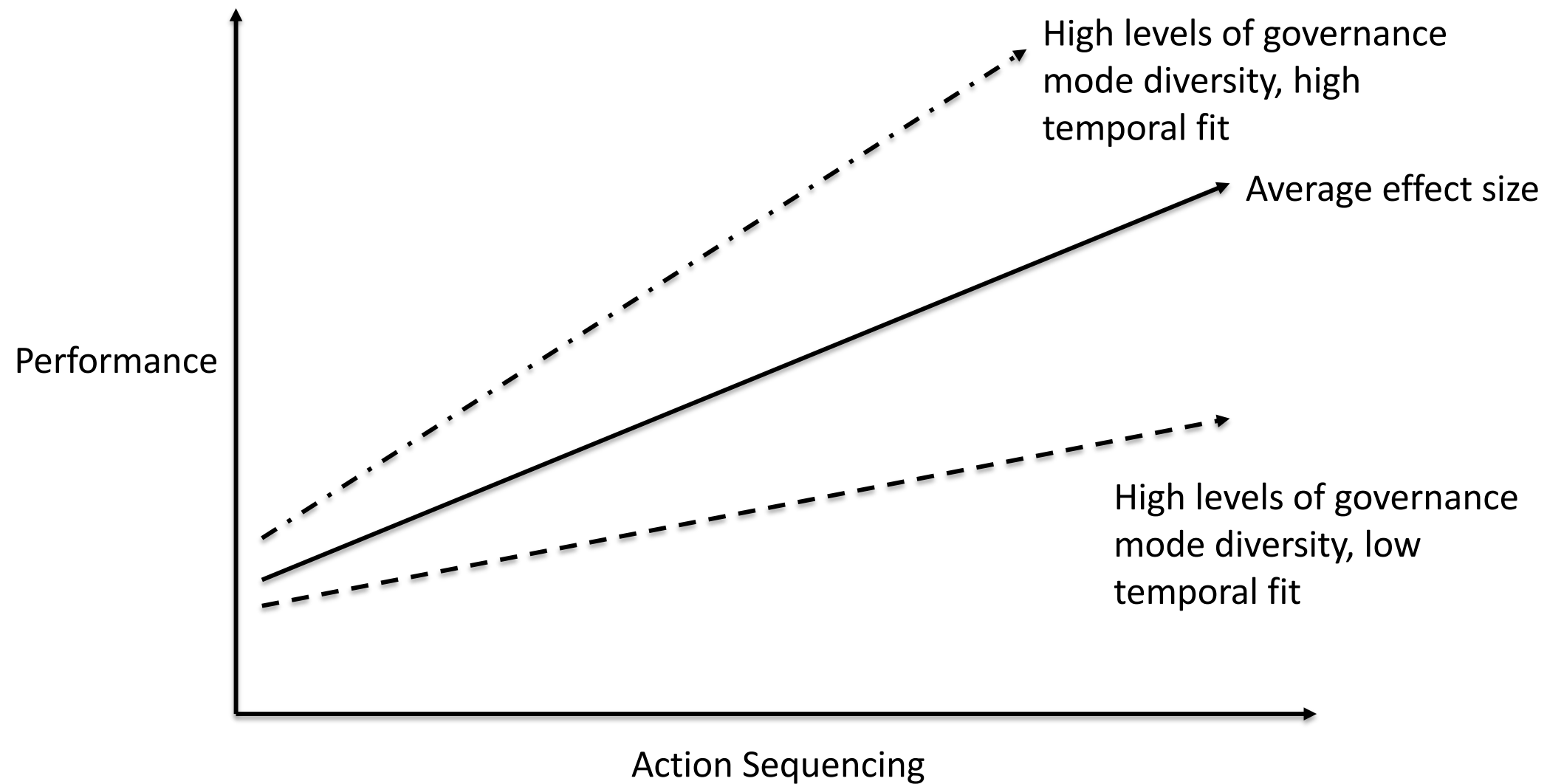
SE action complementarity increases performance in a curvilinear fashion. The curvilinear effect is less pronounced when governance modes are diverse.

The central role of governance mode diversity

- More effective temporal sequencing provides benefits
 - Capture the benefit of differing causal cycles
 - Allows for firm actions to be entrained with environmental requirements
- Governance diversity as a substitute
 - Temporal versus contractual separation
- Governance diversity as a complement
 - When appropriately combined, *temporal fit* results

A firm's attainment of temporal fit in sequencing of SE actions significantly increases firm performance.

The central role of governance mode diversity



Key follow-on questions

- Models of competitive interaction
 - Competitive dynamics (dynamism, complexity)
 - Red queen competition or game theoretic reasoning
- Distinguishing action types
 - Are long-term SE actions a sequence of more fundamental short term actions? A supply-side response, whereas short term actions are demand driven?
- Action portfolio and competitive response endogeneity
- Measurement of action portfolio characteristics
- Integrate the concept of organization holistically

For more information...

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