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An Action-Level Specification and Implications of Strategic Entrepreneurship for Performance

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Our motivation for this study

- Strategic entrepreneurship (SE) is a mystery
 - Is it a unitary construct?
 - Is it an systematic interface between strategy and entrepreneurship?
 - Is it a pleonasm?
- Much has been said about its nature
 - Over 25 articles since 2003 grappling with definition
 - Many conversations, but little consensus

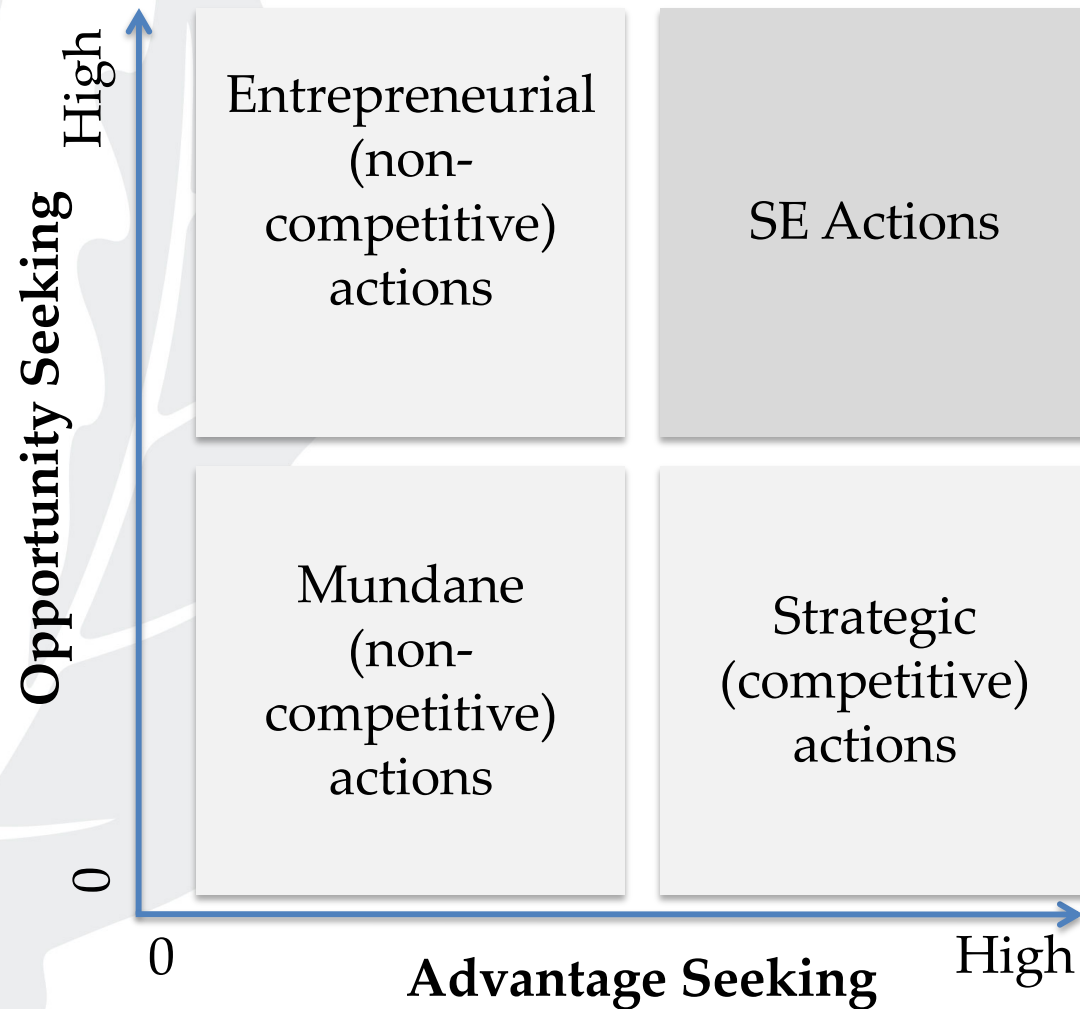
How can the dialog regarding SE be constructively reframed?

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 rigorous basis for SE.

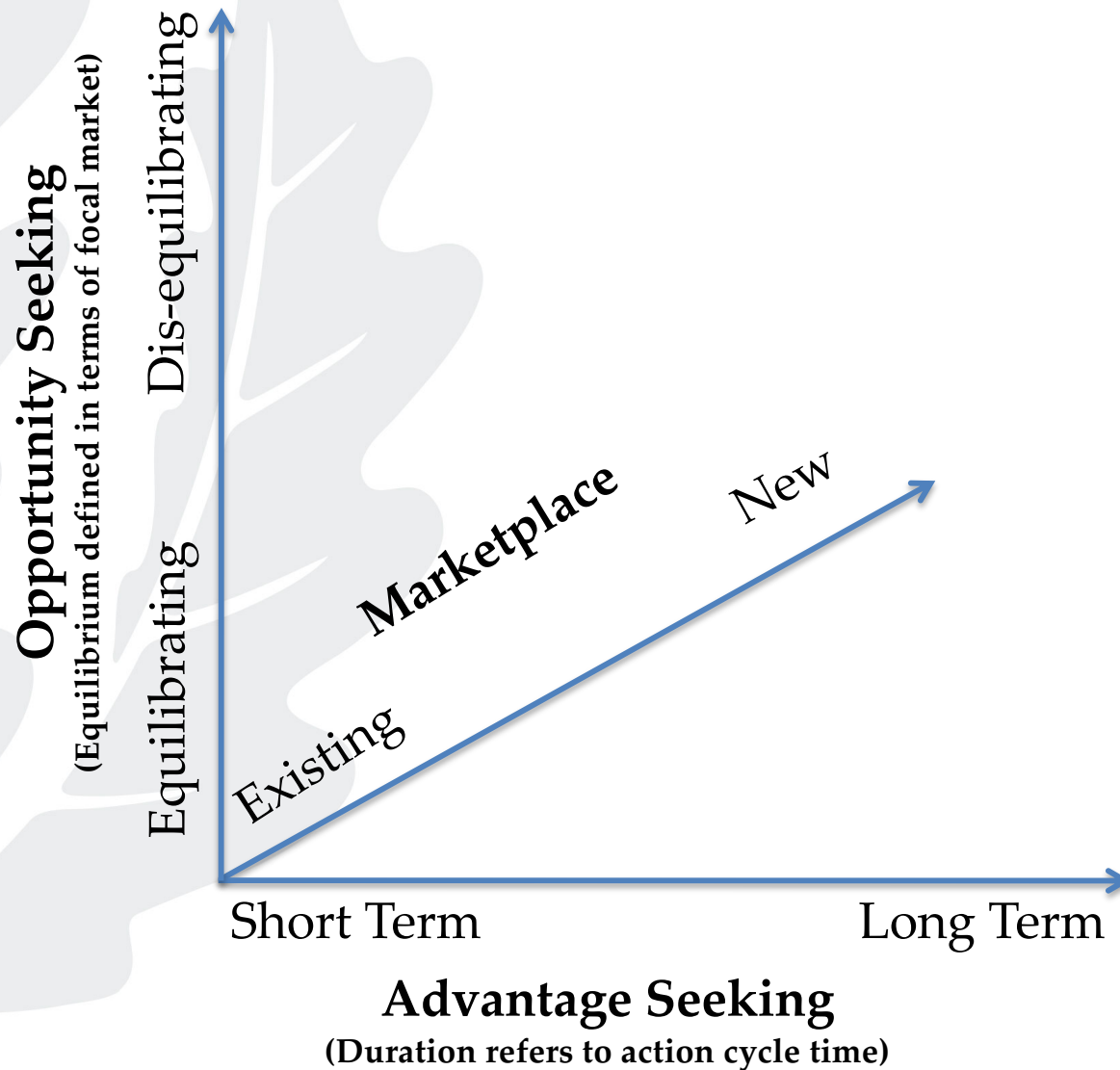
A taxonomy of externally-directed actions



Differentiating SE actions

- Both dimensions must be present to be an SE action
 - Counterexamples
- Actions can also take place in new or existing markets

The dimensions of SE actions



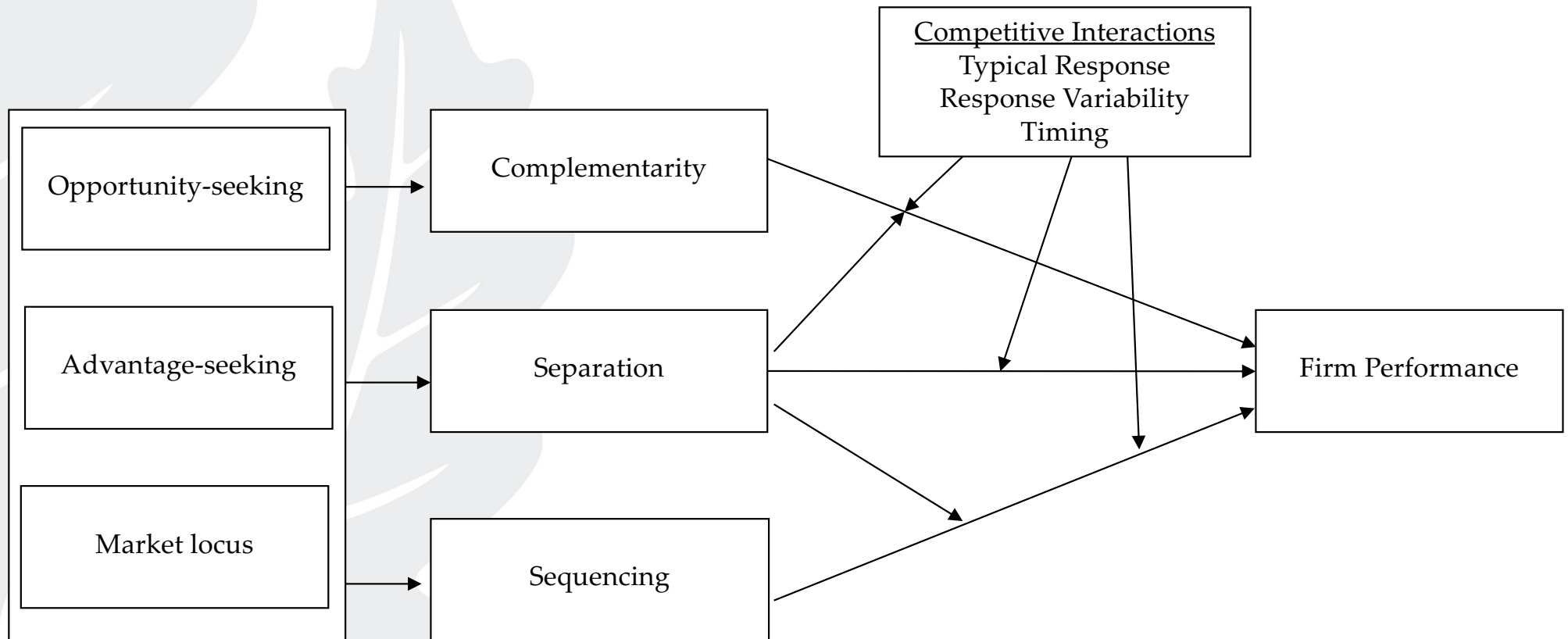
The SE – Performance relationship

- 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:
 - Execution of actions
 - The management of a portfolio of actions
 - The influence of competitive factors on action efficacy

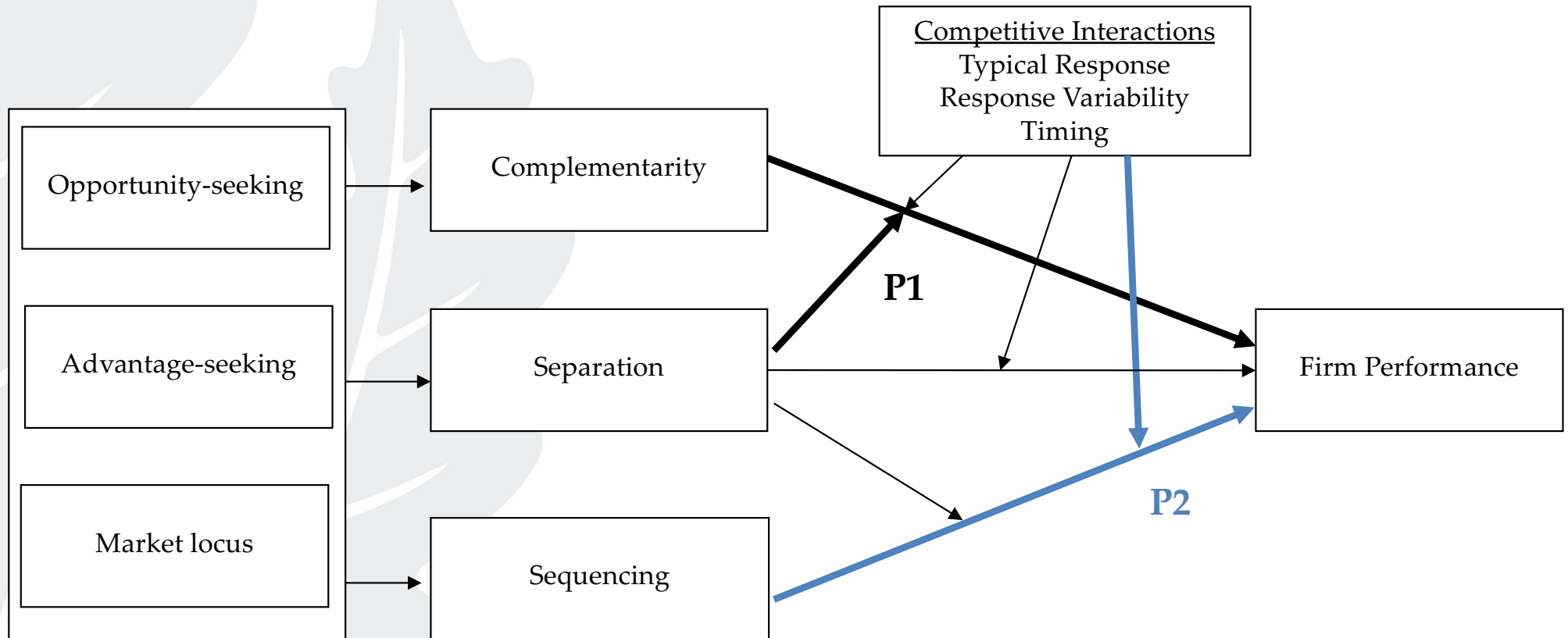
Some relevant terminology

- Complementarity – Extent to which firms pursue actions with differing orientations simultaneously
- Separation – Spreading of actions across different units and governance modes (firm, market, alliance)
 - Governance mode diversity
- Sequencing: The extent to which actions of various orientations are enacted over time and overlap
 - Entrainment

Conceptual model



Conceptual model



Example 1 – SE action combinations

- Higher levels of complementarity provides benefits:
 - Causal ambiguity and increased unpredictability of action
 - Synergies across actions
- However, there are costs:
 - Spreads resources and impedes repetition
 - Destabilizes value network
- Can be mitigated through governance separation

P1: SE action complementarity initially increases firm's performance, but this positive effect weakens negative. The curvilinear effect weakens as governance mode diversity increases.

Example 2 – SE action sequencing

- SE actions differ in duration and certainty of performance impact
 - Relative mix depends on environmental conditions
 - In general, a balance is required
- Competitive actions are part of the environmental “clock”:
 - Rapid responses by competitors reduce action efficacy
 - More responses pressure firm to select fast-cycle actions

P2: SE action sequencing increases firm performance, but this positive influence is moderated by a) the speed and b) the number of competitive responses.

Future research possibilities

- No theoretically grounded scheme for classifying competitive actions
 - Results in a focus on action processes, rather than content
 - Typology may provides a basis for systematic classification
- How to incorporate content in theory building and testing
 - Specific variables for each content type
 - Tons of contingency moderations?
 - Issues with generalizability
- Best way to incorporate competitive interactions?
 - Game theory, red queen competition, AMC or action-reaction frameworks, other models?

For more information...

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