Is Strategic Entrepreneurship a Pleonasm?

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Abstract
A plethora of terms have been used to describe the notion of entrepreneurial and innovative orientation and action within organizations. While ‘corporate’ and ‘entrepreneurship’ coupled together in one term can be viewed as antithetical by some, is the arrival of its newer cousin ‘strategic entrepreneurship’ essentially the same notion? Irrespective of how opinions and logic may pivot on this debate, strategic entrepreneurship nevertheless seems to have some of the markings of an admittance-seeking social movement. Although ecumenicism is not the goal here, the purpose of this paper is to untangle possible confusion caused by the recent introduction of the term ‘strategic entrepreneurship’.

Keywords: Strategic entrepreneurship, Corporate entrepreneurship, Social movement, Strategy, Entrepreneurship

1. Introduction
Entrepreneurship and strategy research have developed independently of each other (until recently), yet both Academy’s have been concerned about certain common topics: the sources of innovation, organizational renewal, wealth creation, competitive advantage, growth, and flexibility (see Alvarez, 2003; Stevenson & Jarillo, 1990; Ireland et al., 2001). Both academic fields are heavily influenced by the writings of Schumpeter and some of his concepts have been popularized in the literature as strategic intent (Hamel & Prahalad, 1989), hypercompetition (D’Aveni, 1994), dynamic capabilities (Teece et al., 1997) and the knowledge-based view of the firm (Winter, 1987).

A variety of notions relative to the interface of these two fields have been advanced. One extreme asserts strategic management is “dominant” over entrepreneurship and that future endeavors should concentrate on ‘making the marriage work’ given strategy’s ‘takeover’ (Baker & Pollock, 2007). Meyer (2009) cautions against the ‘takeover’ and ‘integration’ wording prevalent among some strategic management scholars by referencing Judge Learned Hand in a 1941 case of alleged unfair labor practices (National Labor Relations Board vs. Federbrush Co. 121F 2d, 304):

“Words must be analyzed in terms of the context in which they appear, for . . . ‘[w]ords are not pebbles in alien juxtaposition; they have only a communal existence; and not only does the meaning of each interpenetrate the other, but all in their aggregate take their purport from the setting in which they are used, of which the relation between the speaker and the hearer is perhaps the most important part’”.

Another extreme posits the inverse, that strategic management is itself a ‘subset’ of entrepreneurship (Browne & Harms, 2003). Andriuscenka (2003) on the other hand, refers to strategic entrepreneurship as the ‘successor’ of strategic management. Venkataraman & Sarasvathy (2005) use a “courtship” metaphor to liken strategic management to ‘all balcony and no Romeo’, and entrepreneurship being ‘all Romeo and no balcony’ inferring that they are “two sides of the same coin”. Thus, to take either one away, Romeo or the balcony, the whole story would fall apart. Schindehutte & Morris (2009) introduce the notion of a “fertile middle space” with various continua that allow for movement from one theoretical viewpoint to another and argue that strategic entrepreneurship is not a new territory to be colonized by either discipline. The most common notion is that overlapping areas of research, or points of “intersection” exist across both disciplines and that wealth can be created through combining the core advantages of each.

This article uses the Scopus database to quantify the surge of interest in strategic entrepreneurship that has emerged from the two formerly separate management academies of strategic management and entrepreneurship. Despite the growing number of published articles that have been written, the empirical base is still very small with authors positing a wide array of conceptual frameworks and models applicable to both small and large firms. Within the context of large firms, strategic entrepreneurship seems similar to its empirically tested predecessor, corporate
entrepreneurship. The article argues that strategic entrepreneurship is somewhat confusing within a large corporation context and is essentially entrepreneurial orientation enacted with strategic intent that can still be best termed as corporate entrepreneurship. The article observes that despite the confusing elements of strategic entrepreneurship it is nevertheless gathering sponsorship and interest characteristic of an admittance-seeking social movement.

2. The March of Strategic Entrepreneurship

To quantify the interest in strategic entrepreneurship as a scholarly topic the following methodology was employed. Using the Scopus database, a literature search was conducted covering 5,300 titles in the social sciences and humanities. Only published, peer-reviewed articles were selected versus conference papers, book reviews, unpublished papers, or editorial notes. A search was performed inserting the terms “entrepreneurship” and “strategic management” and whether they jointly appeared in the article title, abstract, or keywords. A total of 191 academic articles published between 1971 and 2010 (see Table 1) were generated from the search. Seventy-percent (or 133) of these articles were published in the 2001 to 2010 period reflecting a strong growth in research interest in recent times.


What unifies almost all these authors is that strategic entrepreneurship borrows opportunity-seeking behavior (exploration) from entrepreneurship and combines it with advantage-seeking behavior (exploitation) from strategic management: “the integration of entrepreneurial (i.e., opportunity-seeking behavior) and strategic (i.e., advantage-seeking) perspectives in developing and taking actions to create wealth” (Hitt et al., 2001).

Early works that explored the linkages between strategy and entrepreneurship include:

- Mintzberg (1973) introduced the notion of entrepreneurial strategy making;
- Schendel & Hofer (1979, p. 6) argued that “the entrepreneurial choice is at the heart of the concept of strategy”;
- Burgelman (1983a) empirically examined the inter-relationship between strategic management and entrepreneurship inside a large corporation;
- Pinchott (1985) elaborated on the entrepreneur resident and active inside the large corporation and coined the term ‘intrapreneurship’;
- Covin & Slevin (1989) posited the concept of “entrepreneurial strategic posture” examining a firms competitive orientation on a spectrum from conservative to entrepreneurial;
- Guth & Ginsberg (1990) introduced the first typology of corporate entrepreneurship as a strategy for large firms;
- Stevenson & Jarillo (1990) called for the establishment of clear links between the fields of entrepreneurship and corporate management;
- Chittipeddi & Wallert (1991, p. 97) reviewed macroscopic trends impacting business and argued that the ethos of entrepreneurship would pervade winning firms and that “the organizational archetype of the future will be entrepreneurial. Its leadership, strategies, and structure will reflect entrepreneurial thinking with associated traits such as flexibility, innovativeness, and a problem-solving action orientation”;
- Day (1992) examined the research linkages between entrepreneurship, strategic management, and general management and offers one possible configuration of their interrelations.
- Sandberg (1992) investigated cross-fertilization opportunities between strategic management and entrepreneurship and posited six fertile areas: innovation; new business creation; opportunity seeking; risk assumption; top management teams; and group processes used in strategic decisions.
Lumpkin & Dess (1996) expanded on the work of Covin & Slevin (1989) and created the notion of an entrepreneurial orientation construct;

Barringer & Bluedorn (1999) studied the relationship between entrepreneurial intensity and five strategic management practices finding statistically significant results for the impact of scanning intensity, planning flexibility, locus of planning, and strategic controls.

Meyer & Heppard (2000) edited the first scholarly book addressing the interface between entrepreneurship and strategy to uncover the components of a firm’s entrepreneurial ‘dominant logic’ independent of firm size.

Hitt & Ireland (2000) examined research intersections between the two domains and selected six domains they considered to have the most potential for future exploration. The domains selected were: innovation; organizational networks; internationalization; organizational learning; top management teams and governance; growth, flexibility and change and research methods. They called for more integrative research between scholars so that both fields could advance more rapidly as a consequence of internalizing the knowledge, concepts and methods used by the other.

The domains were slightly revised by some of the same authors (Hitt, Ireland, Camp & Sexton, 2001) and ‘re-branded’ as entrepreneurial and strategic actions that can be integrated to create firm wealth with the revised list being: innovation; networks; internationalization; organizational learning; top management teams and governance; and growth. The integration of strategic management and entrepreneurship eventually led to a new field popularized through the publication of a book titled ‘Strategic Entrepreneurship: Creating a new mindset’ edited by Hitt, Ireland, Camp & Sexton (2002). One year later, some of these authors revised their earlier work (this time substantially) and posited a model of strategic entrepreneurship, arguing that strategic entrepreneurship was a unique, distinctive construct through which firms were able to create wealth (Ireland, Hitt & Sirmon, 2003). They advanced four dimensions that lead to competitive advantage with wealth creation as the ultimate dependent variable:

1) Entrepreneurial mindset – comprising entrepreneurial opportunities; entrepreneurial alertness; real options; and an entrepreneurial framework.
2) Entrepreneurial culture and entrepreneurial leadership.
3) Managing organizational resources in a strategic manner.
4) Applying creativity and developing innovation.

Kyrgidou & Hughes (2010) built on their model by critiquing it as too linear, lacking both an iterative mechanism and dynamic capability development. In their model, they highlight the importance of the firm’s internal environment (e.g. controls, rewards, autonomy, etc) and top management vision to the successful and practical adoption of strategic entrepreneurship. In response to this critique and other self-noted shortcomings, Hitt et al. (2011) created a fourth incarnation of strategic entrepreneurship describing an input-process-output model that entails: organizational resources, individual knowledge and skills, and environmental factors as inputs; mediated by resource orchestration processes; and resulting in multi-level outcomes of value and wealth creation across society, organizations, and individuals.

How then should this increased interest in strategic entrepreneurship be interpreted by venturers in scholastic and practitioner domains seeking a new prism for the elusive achievement of sustainable competitive advantage? This also raises the question of how these behaviors, differ from, or adhere, to the concept of corporate entrepreneurship. Before analyzing this further, a brief account of corporate entrepreneurship is necessary.

3. Corporate Entrepreneurship

The formation of corporate entrepreneurship as a field of study is nearly a half-century in the making. The notion of entrepreneurship or new venture creation within the firm was hinted at by Galvin (1966) who referred to it as ‘refounding’ which he defined as: “the establishment of a new business within an existing corporation” (1966, p. 1). Corporate entrepreneurship however first appeared as a term in a 1969 Academy of Management Journal article that defined its purpose as “inducing entire corporations to establish new, need-satisfying business enterprises” (Westfall, 1969, p. 235).

The foreshadowing of corporate entrepreneurship came in the form of new venture teams or units being formed either at the divisional, departmental, or business unit level to drive new product development and innovation projects – Peterson (1967), Hill & Hlavacek (1972), Fast (1978), Hlavacek & Thompson (1978), Roberts (1980), Bart (1988). Academic treatment of entrepreneurship as a corporate level phenomenon remained relatively sparse
entrepreneurial characteristics to regain their competitiveness, innovativeness, stimulate growth and create wealth.

Postgraduate research in internal corporate venturing and entrepreneurship began to emerge in the late 1960s and early 1970s. Buddenhagen (1967) examined the phenomena of internal entrepreneurship as a corporate strategy in a large firm; Bower (1970) studied the organizational processes leading to the creation of new market entrant venture units using three cases; Von Hippel (1973) examined the factors that correlated with internal corporate venture success as pertaining to product innovation strategy; while Treveylan (1974) offered an extension of Bower’s theme by investigating the organizational processes in managing new venture businesses once launched.

Corporate entrepreneurship and corporate venturing was given a boost with the creation of two academic journals, Entrepreneurship, Theory and Practice (1976) and Journal of Business Venturing (1985), and some practitioner-oriented books (Pinochet, 1985; Brandt, 1986) that promoted it as a contemporary paradigm within the domains of entrepreneurship and strategic management. Since then, a significant body of work has been published on the topic. Researchers began exploring how established corporations could revive, develop and imbibe entrepreneurial characteristics to regain their competitiveness, innovativeness, stimulate growth and create wealth (see De Simone et al., 1995). This became known as ‘corporate entrepreneurship’ (Burgelman 1983a; Zahra 1986) and defined by some as ‘the process whereby an individual or a group of individuals, in association with an existing organization, create a new organization, or instigate renewal, or innovation within that organization’ (Sharma & Chrisman, 1999, p. 18). As organizations transition from small to large (see Greiner, 1972), they need to pursue change, rejuvenation and renewal in order to remain competitive in an ever more challenging environment. Making the case for change, rejuvenation and renewal is a prerequisite for remaining entrepreneurially oriented (Stevenson & Jarillo-Mossi, 1986; Baden-Fuller & Stopford, 1994; Stopford & Baden-Fuller, 1990) and is part of the strategic management process. Combining these two phenomena, and the processes implicit in them, is what encompasses corporate entrepreneurship.

Researchers have examined a wide range of corporate entrepreneurship issues using data from corporations in diverse national contexts: Denmark (Husted & Vintergaard, 2004), Finland (Keil, 2004), Great Britain (Stopford & Baden-Fuller, 1994), Russia and Ukraine (Filatotchev et al., 1999), Slovenia (Antonic & Hisrich, 2001), and Sweden (Brown et al., 2001). Additionally, case study narratives of corporate entrepreneurship or venturing have been published for a number of large corporations e.g. Acordia (Kuratko et al., 2001); AT&T (Morris & Trotter, 1990); 3M (Roberts, 1980; Sathe, 2003); Eastman Kodak (Kanter et al., 1991); Ohio Bell (Kanter & Richardson, 1991); Toshiba (Abetti, 1997); Sun Microsystems (Garud et al., 2002; Valikangas et al., 2009); IBM (Hamel, 2000); Raytheon (Kanter et al., 1991); Nees Energy Inc. (Kanter et al., 1992); Koch Industries (Hornsby & Goldsby, 2009); Johnson & Johnson (Karim and Mitchell, 2004); Walmart (Fottler & Malvey, 2007) and FedEx (Bhardwaj & Momaya, 2006).

While obvious differences exist between the independent entrepreneur and the corporation, Covin & Slevin (1991) have proposed that the entrepreneurial notions of risk taking, innovativeness and proactivity can be applied to both. The key difference however is the challenge within the large corporation context of balancing ‘existing’ business requirements with the needs of ‘new’ business creation, sometimes referred to as ‘oldstreams’ and ‘newstreams’ (Kanter, 1989). Over three decades ago, Peterson (1981) noted that this mixture was relatively unstable. March (1991) examined adaptive processes building on the contributions of Schumpeter (1934) and articulated this as balancing the need for exploitation of old certainties (efficiency, execution, refinement, choice, production) with the need for exploration of new possibilities (search, variation, risk taking, discovery, experimentation). How opportunity is discovered and pursued through innovative, new resource combinations within the context of a firm mainly preoccupied with exploiting existing resource combinations is thus the core focus of corporate entrepreneurship (Elfring, 2005).

Although not uncommon for a pre-paradigmatic domain, corporate entrepreneurship is replete with conflicting definitions, confusing terminology, and diverse typologies (see Sharma & Chrisman 1999). The most common surrogates for corporate entrepreneurship are: strategic entrepreneurship (Hitt et al., 2001); corporate venturing (Von Hippel, 1973; Biggadike, 1979; Block & MacMillan, 1993); corporate venture capital (McNally, 1997; Chesbrough, 2002); intrapreneurship (Pinchot, 1985); exopreneurship (Chang, 2001; Christensen, 2004); copreneurship (Harper, 1992); interpreneurship (Moore et al., 2007); inventuring (Buckland et al., 2003); new ventures (Roberts, 1980); new
entrepreneurship under corporate entrepreneurship. This move triggers at least two potential concerns.

renewal to a sub-strategy of strategic entrepreneurship. In so doing, they


4. Strategic and/or Corporate Entrepreneurship?

Perhaps the most complete classification model that builds on the above, is the version proposed by Morris et al. (2008). They revert back to the bi-modal approach originally suggested by Guth & Ginsberg (1990) of new business creation via venturing and transformation of the existing business via renewal. On the positive side they do drill deeper and propose various sub-strategies within each. Unfortunately, instead of using exactly the same terminology as Guth & Ginsberg (1990), they replace ‘strategic renewal’ with ‘strategic entrepreneurship’ relegating strategic renewal to a sub-strategy of strategic entrepreneurship. In so doing, they de facto subjugate strategic entrepreneurship under corporate entrepreneurship. This move triggers at least two potential concerns.

First, it may create the impression that the entrepreneurial orientation of corporate venturing is not ‘strategic’ which it undoubtedly must be given the investment requirements and corporate reputation issues at stake with corporate venturing initiatives. Further, if strategic entrepreneurship includes opportunity-seeking behavior, then surely the external growth orientation implicit in corporate venturing is precisely that. Hence, the original term ‘strategic renewal’ is preferred because it avoids these concerns and builds on prior usage in theory and empiricism. Strategic renewal is also focused on internal changes within the firm helping to separate it somewhat from the internal/external orientation of corporate venturing. Since strategic entrepreneurship also embraces internal and external activities using a two-prong model of corporate venturing and strategic entrepreneurship, this then leaves corporate venturing in a quandary – should corporate venturing now also be considered as strategic entrepreneurship given they both share internal and external orientations? Again, more confusion than clarity is achieved.

According to its progenitors, strategic entrepreneurship can be enacted within small-medium sized enterprises as well as within large established corporations. The existence of entrepreneurial behavior in large firms is either the result of a deliberate or an emergent strategy, or as Burgelman (1983b) described it, the result of induced strategic behavior or autonomous strategic behavior. If deliberate (or induced), the activity could be termed as strategic corporate entrepreneurship. The addition of the word ‘strategic’ seems redundant in this case however. If emergent (or autonomous), the activity can be described as simply entrepreneurial but not as ‘strategic’ entrepreneurship. This gets confusing.
Given all the previous discussion, it is proposed that any entrepreneurial activity within large established corporations, whether deliberate or emergent, is still best housed within the term corporate entrepreneurship. It doesn’t presuppose a deliberate strategic top-level decision, and allows for the broadest possible inclusion of all forms of entrepreneurial action. Echoing this sentiment, Kollmann & Stockmann (2008, p. 15) view corporate entrepreneurship as a holistic concept of strategic management that could be synonymous with the term strategic entrepreneurship.

In an informative article, Kuratko & Audretsch (2009) report on a strategic entrepreneurship research colloquium held in Germany and capture quotations from several participants. Two pertinent to this dilemma have been extracted. For example, Mark Sanders of Utrecht University states: “Strategic entrepreneurship is the use and/or stimulation of entrepreneurial activity to achieve strategic goals...as strategic management is the realm of existing corporations one might conclude that strategic entrepreneurship is more or less synonymous with ‘corporate entrepreneurship’” (p. 12). Otto Falck of the ‘Ifo Institute for Economic Research’ posits that since the corporate entrepreneur is one type of Schumpeterian entrepreneur who like other types can act strategically within their context, summarily dismisses strategic entrepreneurship as “a pleonasm” (p. 14). Finally, in a recent and thorough review of the origins and tenets of strategic entrepreneurship, Foss & Lyngsie (2011, p. 16) conclude: “Strategic entrepreneurship is still mainly a rather loose amalgam of a number of insights from strategy and entrepreneurship”.

5. An Admittance-Seeking Social Movement

Hambrick & Chen (2008) develop a set of criteria for emerging scholarly domains that may herald a departure in thinking and practice from more established fields. Using ten criteria under three groupings (differentiation, mobilization, and legitimacy building), they illustrate how strategic management built an admittance-seeking social movement and ultimately usurped the field of business policy. Similarly, they test the framework on two other domains within the administrative sciences - international business and social issues in management. They demonstrate that the criteria have credence in explaining the continued positive emergence of international business and the waning of social issues in management (primarily due to a declining external demand for the community’s body of knowledge and a lack of legitimacy building). In keeping with the Hambrick & Chen (2008) framework, an assessment of strategic entrepreneurship is completed and displayed in Table 2.

The criteria for differentiation, and several of the criteria for mobilization, appear to have been met already given the bespoke journal on the topic by the Strategic Management Society, academic conferences, academic electives at doctoral level, and the spawning and growth of numerous articles including noteworthy authors and former editors of prestigious journals such as the Academy of Management Journal. With respect to legitimacy building, the empirical base of strategic entrepreneurship is still nascent as well as paradigmatically different in nature. The dominant research paradigm in strategic management is the positivist, natural science paradigm of hypothetico-deductive methodology that assumes quantitative measurement, multivariate, and parametric statistical analysis as the epitome of ‘good science’. This quantitative rigor has thus far not been evidenced in strategic entrepreneurship research where a phenomenological and inductive worldview seems to be favored at present as well as a predilection for conceptual articles.

6. Concluding Observations

Based on the preceding review and analysis, we can draw a few preliminary observations about the emergence of the field of strategic entrepreneurship:

1) Strategic entrepreneurship cannot be neatly explained according to disciplinary boundaries;
2) The construct is nevertheless attracting interest and will be given further impetus by the launch of a dedicated journal in 2007 sponsored by the Strategic Management Society (Strategic Entrepreneurship Journal);
3) There is still a paucity of empirical work especially on its micro-foundations; and
4) The construct is of an expeditionary nature and is still being uncovered.

Strategic entrepreneurship alone cannot be called a pleonasm since corporate entrepreneurship probably suffers from the same problem. At a minimum the danger lies in strategic entrepreneurship as a conflation that risks eroding the distinctiveness and identity of strategy and entrepreneurship. At worst, it portends that strategic entrepreneurship is a special case of strategic management thereby dismissing unique attributes of entrepreneurship such as decision-making under Knightian uncertainty, individual level theories of creativity and exploration, or
Schumpeterian notions of creative destruction. It is posited that strategic entrepreneurship is thus a synonym for its empirically better-known cousin corporate entrepreneurship. Put simply, strategic entrepreneurship within the large established firm is basically corporate entrepreneurship enacted with strategic intent.

That being said, interest in strategic entrepreneurship is unlikely to recede in the future as it is rapidly assembling ingredients of an admittance-seeking social movement (Hambrick & Chen, 2008) – especially differentiation and mobilization. If a valid and reliable empirical support-base covering its micro-foundations can be developed, then the strategic entrepreneurship construct could ultimately deliver on its stated promise of creating value for individuals, organizations, and society (Hitt et al., 2011).

References


Table 1. Articles published on strategic management and entrepreneurship (1971-2010)

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Strategic Management AND Entrepreneurship</th>
</tr>
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<tbody>
<tr>
<td>1971 – 1980</td>
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<tr>
<td>1981 – 1990</td>
<td>10</td>
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<tr>
<td>1991 – 2000</td>
<td>48</td>
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<tr>
<td>2001 – 2010</td>
<td>133</td>
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<tr>
<td>Total # of Articles</td>
<td>191</td>
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Source: Scopus database

Table 2. Analysis of strategic entrepreneurship against elements of an admittance-seeking social movement

<table>
<thead>
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<th>Elements</th>
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<tbody>
<tr>
<td><strong>Differentiation</strong></td>
<td></td>
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<tr>
<td>1. Portrayal of a socially important mission √</td>
<td></td>
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<tr>
<td>2. Affirmation of worthiness by outside influential parties √</td>
<td></td>
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<tr>
<td>3. Portrayal of a mission that is complementary to adjacent fields √</td>
<td></td>
</tr>
<tr>
<td><strong>Mobilization</strong></td>
<td></td>
</tr>
<tr>
<td>4. External demand for the community’s body of knowledge</td>
<td></td>
</tr>
<tr>
<td>5. Internal demand (from students) √</td>
<td></td>
</tr>
<tr>
<td>6. Bounded set of shared interests √</td>
<td></td>
</tr>
<tr>
<td>7. Existence of multiple forums</td>
<td></td>
</tr>
<tr>
<td>8. Socially interconnected core and complementary variety √</td>
<td></td>
</tr>
<tr>
<td>9. Forums pose oblique competition to forums of the establishment</td>
<td></td>
</tr>
<tr>
<td><strong>Legitimacy building</strong></td>
<td></td>
</tr>
<tr>
<td>10. Emulation of norms and styles of adjacent established fields</td>
<td></td>
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</tbody>
</table>

Source: Criteria sourced from Hambrick & Chen (2008) and used for strategic entrepreneurship