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Strategic Management and Entrepreneurship

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ABSTRACT

The aim of this article is to contribute to a better understanding of the relationship between the academic fields of entrepreneurship and strategic management, based on the bibliographical references existing in these two fields. The structure of the article synthesizes the academic works existing in the two fields, seeking to generate new knowledge. The result can be used to increase the integration of these two areas of knowledge. First, it identifies apparent relationships and then focuses more in detail on some of the most important intersections, including strategic management in small and medium-sized enterprises (SMEs) and start-ups, recognizing the central role of the entrepreneur. The content and the process of strategic management are discussed, as well as its important link to the business plan. To conclude, clues are indicated for future investigations.

KEYWORDS

Entrepreneurship, Small And Medium Enterprises, Strategic Management, Strategy

INTRODUCTION

Business strategy is important for both new businesses (start-ups), as well as for existing companies. Due to the growing dynamics of the business environment and the intensification of global competition, companies, regardless of their age or size, are forced to define more entrepreneurial strategies so that they can compete and Survive (Hitt, Ireland, & Hoskisson, 2001; Meyer, Neck and Meeks, 2002). Thestrategy has as its main objective to improve the performance of companies.The business strategy Seeks to identify business opportunities and leverage them in order to achieve competitive advantages (Hitt, Ireland, Camp and Sexton, 2002).

This is the field of knowledge where entrepreneurship and strategic management intersect. Both academic fields are concentrated in the process of adapting to change or influencing and exploiting opportunities. Despite the common focus, they have been developed independently (Hitt et al., 2001). Recently, some investigators have called attention to the need for integration of these two fields (Meyer & Heppard, 2000; McGrath & MacMillan, 2000). This emerges as a strategy, on the one hand, the need to use resources in order to take advantage of opportunities (mainly under uncertain conditions) and on the other hand, the need to include the strategic perspective in its plans and actions.

In times of increasing uncertainty and with the increase in the speed of change, new threats and opportunities arise (Brown & Eisenhardt, 1998; Shane & Venkataraman, 2000). The identification and use of these opportunities are the essence of entrepreneurship-since the essence of strategic management is how these opportunities can be transformed into sustainable competitive advantages (Zahra & Dess, 2001; Venkataraman & Sarasvathy, 2001; Kuratko, Ireland, Covin, & Hornsby, 2005). The invitation to integrate these two fields is a new phenomenon.

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Both disciplines are concerned with creating value, recognizing it as a major organizational goal. Entrepreneurial actions and strategic actions can contribute to the creation of value independently, but they can contribute even more when they are integrated. In fact, the opportunities that they seek are at the same time, the strategic behavior, with the objective of creating value (Ireland, Hitt, & Simon, 2003; Ramachandran, Mukherji, & Sud, 2006). The interest of strategic management researchers to explain the differences between companies in creating value-interest that is increasingly shared by investigators in the field of entrepreneurship (Ireland, Hitt, Camp, & Sexton, 2001).

In addition to the "classic" variables describing entrepreneurship, such as the characteristics and motivation of entrepreneurs, many authors are in favor of greater organizational emphasis and strategic variables (e.g., Zahra, 1991; Entrialgo, Fernández, & Vázquez, 2000). Zahra & Dess (2001) argue that the integration of the different points of view is the key to a more profitable research into business activity. The result of such integration can be observed in the real life of the business, where entrepreneurial companies are more inclined to participate in strategic management practices than established companies, which are by nature more conservative (Shuman, Shaw, & Sussman, 1985; Bracker, Keats, & Pearson, 1988; Woo, Cooper, Dunkelberg, Daellenbach, & Dennis, 1989).

Entrepreneurship and strategic management have given valuable contributions to management theory. Despite the focus being different both are inevitably related and are often a complementary form of the other (Ireland et al., 2003). Meyer and Heppard (2000) observe that the two camps are, in fact inseparable, forming two sides of the same coin, since the results of one's investigation cannot be understood without the other (Barney & Arikan, 2001). However, the evident relationship between these two fields of research has been largely forgotten so far. Thus, the aim of this article is to contribute to a better understanding of this relationship, based on the aggregation of the existing literature of these two fields. The article tries to structure and synthesize the existing academic works on these themes, generating new knowledge. The results can be used to increase the relationship between the two academic areas.

DOMAINS OF ENTREPRENEURSHIP AND STRATEGIC MANAGEMENT

Entrepreneurship

Entrepreneurship emerged as an academic field of study, when Karl Vesper founded a research group within the Academy of Management (OMA) and the Business Policy Strategy Division in 1974. Five years later, David Birch (1979) reported that small businesses created about 90% of the new jobs and, highlighted entrepreneurship as the engine of economic growth. In 1987, entrepreneurship finally became a separate division of the OMA (Meyer et al., 2002). Today, Entrepreneurship is recognized as one of the main driving forces in the economy of today's society (Brock & Evans, 1989; Carree & Thurik, 2000) and is regarded as the instrument to cope with the new competitive scenario and with the enormous speed of changes (Hitt & Reed, 2000).

Entrepreneurship involves much more than the start-up of a company (Stevenson & Jarillo, 1990). It can occur in established organizations and innovation is its main objective (Sharma & Chrisman, 1999). Entrepreneurial behavior can be found in all types of companies, regardless of their size, age or profit orientation (Kraus, Fink, Rößl, & Jensen, 2007).

Entrepreneurship describes the process of creating value by identifying and leveraging new opportunities, such as through the development of new products for the same market, the search for new markets for the Current products, or both through business diversification (Lumpkin, Shrader, & Hills, 1998; Shane & Venkataraman, 2000; McCline, Bhat, & Baj, 2000). It focuses on innovation to identify opportunities and the creation of a unique set of resources through which opportunities can be leveraged and is generally related to growth (Ireland et al., 2001; Davidsson, Delmar, & Wiklund, 2002). Reynolds et al. (1999) states that 15% of the largest growth of existing companies was responsible for the creation of 94% of new jobs.