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# **Rewarding Stakeholders: The Perspective of Strategic Entrepreneurship**

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# Re warding Stakeholders: The Perspective of Strategic Entrepreneurship

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## Abstract

*Prime concern on stakeholders is a crucial aspect in each business success. Among the wide spectrum of organizational strategies, Strategic Entrepreneurship pays a greater emphasis. This essay details practical as well as empirical grounds with regard to the notion of Strategic Entrepreneurship. Focally, strategic Entrepreneurship is an integration of Entrepreneurship (Opportunity Seeking Behavior) and Strategic Management (Advantage Seeking Behavior). Thus I conclude, an amalgamation of Strategic Management and Entrepreneurship (i.e. Strategic Entrepreneurship) inevitably leads to create wealth, value and survival of the business. Given all the elaborations the author replicates the conceptual model of SE in a dissimilar viewpoint.*

**Keywords:** Opportunity Seeking Behavior, Advantage Seeking Behavior, Stakeholders, Strategic Entrepreneurship

## Introduction

In particular, a developing country like Sri Lanka is largely value Entrepreneurial Ventures. That is because; entrepreneurial ventures significantly contribute to employment generation, GDP, innovation, technological advancements etc, (Pushpakumari & Toshimitsu, 2010). Also, we have a hunch in our mind; “though entrepreneurs rapidly start ventures [Approximately 4,800 firms registered in 2012, (Business Sri Lanka, 2012)], they do not ensure their survival”. Thus, this has been empirically verified that, entrepreneurs start businesses, because they identify “Entrepreneurial Opportunities”. Adding to that, they fail; that is because they don’t seek for “Competitive Advantage”. A seminal paper in Strategic Entrepreneurship (SE) by Ireland et al., (2003) postulated the same proposition of SE, as an integration of two constructs; they are, opportunity seeking behavior (Entrepreneurship) and advantage seeking behavior (Strategic Management) to create superior firm performance.

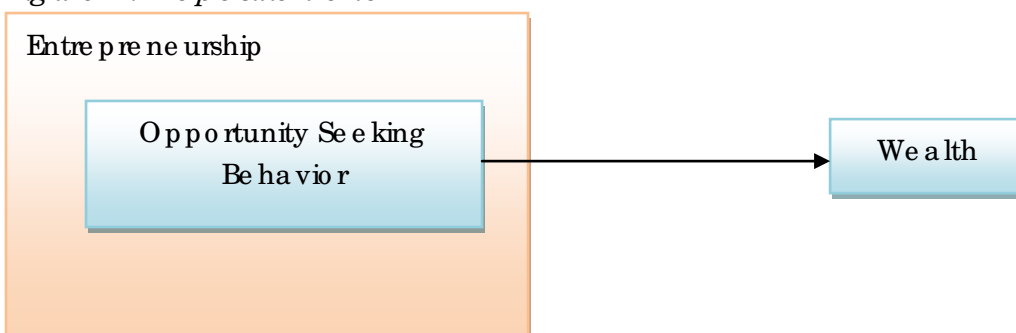
The remainder of the essay will elaborate the two main propositions of Opportunity seeking behavior and Advantage seeking behavior. Thereafter, the essay details about Strategic Entrepreneurship as an integration of the two constructs discussed. Finally, the essay concludes emphasizing the value of strategic entrepreneurship to create superior firm performance highlighting a replicated conceptual model for SE.

### **Opportunity Seeking Behavior**

Entrepreneurship is a widely cited phenomenon due to the importance in the field itself, (Shane, 2003 cited in Luke et al., 2011). To have entrepreneurship, you must first have Entrepreneurial Opportunities (Shane & Venkataraman, 2000). Given this, we can postulate that, entrepreneurial opportunities are vital to successful entrepreneurship. Then what entrepreneurship is? Shane and Venkataraman further suggested that discovering and exploiting profitable opportunities is the foundation for wealth creation through entrepreneurship. Perhaps most notably, Brown & Eisenhardt (2000) emphasize that opportunity recognition is the heart of the entrepreneurship. Thus the author builds the first proposition (figure 1); entrepreneurship is all about opportunity recognition. Ireland et al., (2003) in their seminal work, state that small entrepreneurs are successful in identifying entrepreneurial opportunities when compared to the large enterprises.

Let's take an intrapreneurial activity proceeded by one of the largest business conglomerates in Sri Lanka. Some years back Unilever invested in an Ice Cream franchisee named as Walls Ice Cream and started selling. But in a very shorter time period the intrapreneurial activity went bankrupt. Though opportunity to implement a business was there to the corporate, they were unable to place the most lucrative strategy to continue the business. Simply put workers heavily resisted the marketing and the distribution strategy the company selected. Thus I conclude, though opportunity recognition (entrepreneurship) was successfully implemented, the absence of a lucrative strategy cause to failure.

*Figure 1: Proposition one*

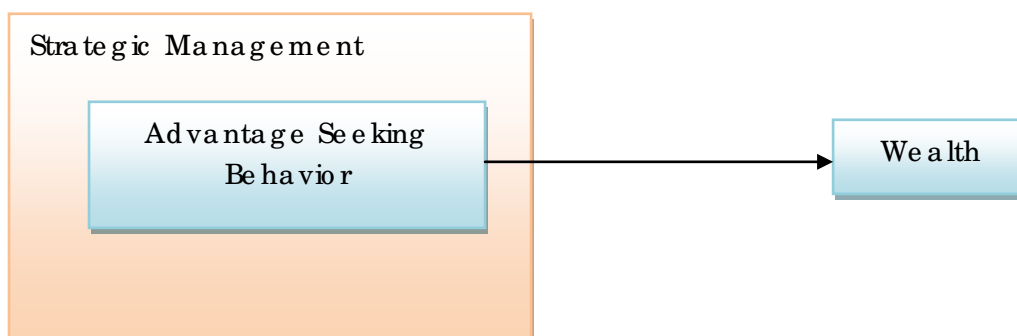


## Advantage Seeking Behavior

We know for a fact that, strategic management, as the term implies, it talks about how to formulate a competent strategy to run a business. Further we know, competitive advantage plays an important role in this regard. Competitive advantage is the notion which describes the way to differentiate you as a good corporate. When there are a large number of players exist in the market, the keen company should know how to position their value proposition in a lucrative manner. For an example, the well known Amazon Incorporation selling books online. They differentiate themselves from other players in the market with a lucrative strategy, (i.e. selling online). Another example, BMW, they differentiate themselves as the ultimate driving machine within the intense competitive car industry. Simply stated, they have a good strategy which implies competitive advantages. Further, we know for fact that those examples are considered as benchmarks in respective industries. Thus strategy plays a vital part in firm success.

This kind of strategy is known as advantage seeking behaviors, (Ireland et al., 2003). Further they suggested that, advantage seeking behaviors are closely associated with large enterprises when compared to the small ventures. Thus the author builds the second proposition (figure 2) as Ireland et al., (2003) suggested, strategic management (i.e. advantage seeking behavior) is another construct to create wealth.

*Figure 2: Proposition Two*

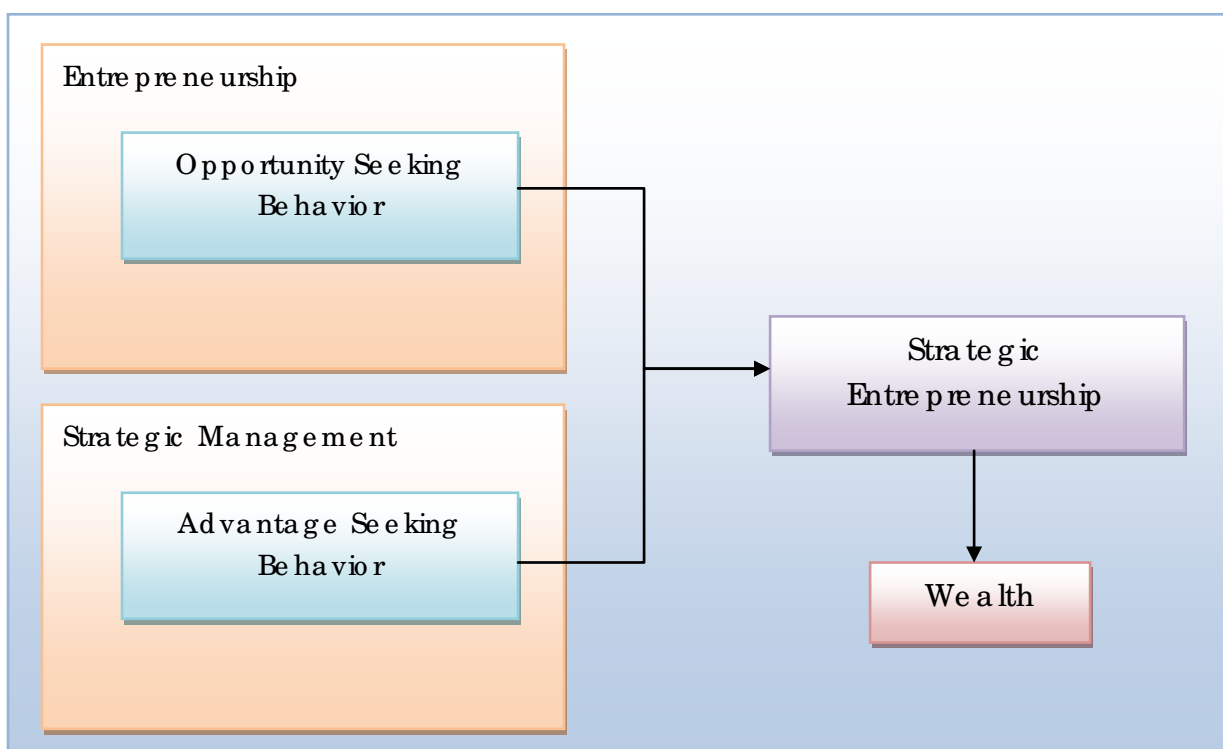


## Concluding Remarks - Integrating the two constructs

To merge the two constructs (opportunity seeking and advantage seeking behaviors) developed above the author brings an argument where, entrepreneurship and strategic management both focuses on how firms create wealth thereby ensuring business survival in the uncertain business environment. Supportively, Shane & Venkataraman (2000) postulated that, the integration of knowledge about entrepreneurship and strategic management is important for advancing our understanding of how wealth is

created in new ventures and established firms. Adding to that, strategic entrepreneurship results from the integration of entrepreneurship and strategic management, (Ireland et al., 2003). They also postulate that, firms able to identify opportunities but incapable of exploiting them (see Unilever example above) do not realize their potential wealth creation, thus under rewarding stakeholders. Also, wealth is created only when firms combine effective opportunity seeking behavior (proposition one) with effective advantage seeking behavior (proposition two). Thus the author builds the main proposition (strategic entrepreneurship) as an integration of the two sub propositions discussed above, (figure 3).

*Figure 3: Proposition Three*



Given all the empirical justifications, now let's see how ventures effectively identify business opportunities and exploit them by means of an effective strategy in order to ensure wealth of stakeholders.

You know how BenchPrep initiated their rewarding business enterprise? Ashish Rangnekar was a student who was studying for his masters' degree. He was really unsatisfied with the bulky books that he needs to be referred for his exams. Also carrying heavy books here and there was also another problem. Thus he looked for a remedy. Those days the Apple iPhone launched. He was in a dilemma where, when I have time I don't have books to read; when I have books it's hard to find time to read. Can't I make my iPhone to store books I read? With this hunch Ashish approached Gupta is one of his friends

reading for Phd. They collectively came to a decision where to develop a mobile application which allows students to study for their exams via mobile technology. Theoretically this can be suggested as Opportunity seeking Behavior, thus, Entrepreneurship. They develop number of mobile applications and used internet as the prime source to deliver their services which can also be stated as gaining competitive advantage (advantage seeking behavior). This is a very good example which can elaborate the notion of Strategic Entrepreneurship. Particularly, BenchPrep possesses opportunity seeking behavior as well as advantage seeking behavior.

Finally the author concludes, Strategic Entrepreneurship integrates the two constructs where Opportunity Seeking Behavior (i.e. Entrepreneurship) as well as Advantage Seeking Behavior (i.e. Strategic Management).

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