

Entrepreneurial Strategies Have Different Implications for Different Actions

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A new study published in the *Strategic Entrepreneurship Journal* illustrates the important implications that both Discovery Theory and Creation Theory have on the effectiveness of a variety of entrepreneurial actions within different contexts.

Discovery Theory is categorized by the idea that entrepreneurial opportunities exist, independent of the perceptions of entrepreneurs, just waiting to be discovered. In contrast, Creation Theory holds that these opportunities are created by the actions of entrepreneurs.

Led by Sharon A. Alvarez and Jay B. Barney of the Fisher College of Business at Ohio State University, researchers explored these theories of entrepreneurship and their implications for the actions of entrepreneurs.

Both Discovery and Creation theory assume the goal of entrepreneurs is to form and exploit opportunities. However, the theories often generate different predictions about when specific actions will be more or less effective in enabling entrepreneurs to form these opportunities.

Only when the theories are linked to specific actions can they have repercussions. The study reviews the implications of discovery and creation assumptions for seven actions, including leadership, decision making, human resource practices, strategy, finance, marketing, and sustaining competitive advantages.

When entrepreneurs operate in a discovery context, a variety of specific

actions are likely to be most effective. When they operate in a creation context, a different set of entrepreneurial actions are likely to be most effective.

For example, when exploring the entrepreneurial action of leadership, when operating in a discovery context it would be best for the entrepreneur to lead based on expertise and experience. However, if operating within a creation context, it would be best to lead based on charisma.

“Future research in entrepreneurship will need to carefully examine the context under which entrepreneurs are operating,” the authors conclude. “Understanding the implications of these two theories for the effectiveness of a wide variety of entrepreneurial actions is important.”

Source: Blackwell Publishing

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