BEYOND EDUCATION AND PREVIOUS EXPERIENCE: ENTREPRENEURIAL HUMAN CAPITAL, STRATEGIC LEADERSHIP AND COMPETITIVE ADVANTAGE (INTERACTIVE PAPER)

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INTERACTIVE PAPER SESSION

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Principal Topic

Research in the field of entrepreneurship focuses on the role of entrepreneurs as agents able to initiate and identify new ideas and then transform them into economic and social activities (Gartner, 1985; Lumpkin and Dess, 1996). In attempting to understand the entrepreneurial phenomenon, a major stream of research has dedicated much attention to entrepreneurs' unique capabilities (Baron, 2000; Hitt, et al. 2001; Shane and Venkataraman, 2000; Sternberg, 2004), however little attention has been given to entrepreneurs’ capabilities in terms of human capital and the mechanisms by which they are transformed into organizational capabilities.

In this paper I suggest a process model that integrates entrepreneurial human capital, resource-based and strategic management approaches to explain the transformation of entrepreneurial human capital at the individual level into organizational capital and competitive advantage. Human capital theory focuses on the individual level in which entrepreneurs exhibit unique intangible skills and knowledge that enable them to identify new relationships between means and ends and to establish new organizational entities (Coleman, 1988; Lepak & Snell, 1999). With respect to the individual level, I suggest relating to the concept of entrepreneurial human capital as a multi-level construct. At the organizational level, the competitive advantage of entrepreneurial firms depends on the ability of entrepreneurs to transform their individual human capital into organizational capital by means of strategic decision-making and establishment of managerial and organizational processes. Drawing on the resource-based view, entrepreneurial human capital contributes to the firm’s competitive advantage by creating novel knowledge, technologies and strategies that competitors cannot easily imitate (Wright & Snell, 1998; Alvarez & Busenitz, 2001; Ireland, Hitt & Sirmon, 2003). Drawing on the strategic management approach, entrepreneurs' strategic decision making also contributes to the creation of competitive advantage (Wheelen & Hunger, 2002). Therefore, I suggest that entrepreneurial leadership mediates between entrepreneurial human capital and the managerial activities that foster creation of competitive advantage by creating inter- and intra-social capital as well as enhancing organizational learning in addition to strategic human resource management.

Results and Implications

By suggesting links between three different approaches, the proposed process model challenges further investigation of transformation of entrepreneurial human capital into organizational capital and the role of entrepreneurial leadership in the creation of competitive advantage.

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