

Recognition and Response to Perceived Environmental Uncertainty: A Study in Indian Start-up Context

Abstract

Uncertainty is the only certainty in the start-up journey. The founder entrepreneurs in start-up perceive this environmental uncertainty depending on his/her experience, expertise and exposure. Perception of uncertainty helps a firm to get oriented in appropriate direction to take strategic actions. These actions are entrepreneurial in nature and are referred as an entrepreneurial orientation of a firm, impacting the performance of the start-ups. The alignment of perceived environmental uncertainty, firm orientation, and the firm performance needs to be relooked and empirically verified with real life data in emerging context. Existing studies involves uncertainty scales based on the classical definition of environment but are developed on the basis of data available for bigger firms in developed countries.

These issues are addressed in this research for Indian start-ups through a quantitative approach. This research takes a unique position in exploring and confirming the uncertainty factors perceived by the start-up's, the entrepreneurial orientation dimensions of the start-ups and the start-up firm performance dimensions using exploratory factor analysis and confirmatory factor analysis using SPSS 22 and Amos 22. Utilizing survey data drawn from 308 founder entrepreneurs from all parts of the country, this study proposes and tests different models of the relationship among these three constructs.

The results suggest that two new dimensions of entrepreneurial orientation viz. disruptive innovation orientation and sustaining innovation orientation are relevant for start-ups. These two dimensions are formed from the combination of the existing dimensions of entrepreneurial orientation in the literature. Two different types of firm performance: financial and creative is also obtained as a result of the analysis. The creative performance dimension is an addition to the existing literature dealing with firm performance. The internal environmental uncertainty perceived by them is represented with new dimensions of uncertainty called social-self-identity.

Entrepreneurship and firm literature are enhanced with the findings of this research. This research extends its discussion for incubation system by (i) analyzing and adding required value in present traditional incubation systems available at higher educational institutions.