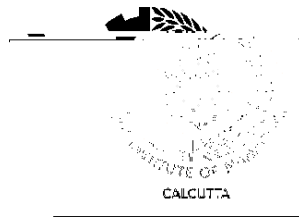


**TYPE OF ENTREPRENEUR, NEW VENTURE STRATEGY AND  
THE PERFORMANCE OF SOFTWARE STARTUPS**

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**January 2004**

Entrepreneurship and the study of new ventures is an emerging research area. The phenomenon of “liability of newness”, or the greater propensity to fail of new ventures, combined with the fact that some new ventures are outstanding successes, generates both academic as well as practitioners interest in the correlates of new venture performance. While both anecdotal and intuitive knowledge suggests that the entrepreneur would influence the performance of the new venture, a review of the literature in the area reveals that associations between entrepreneurial characteristics and new venture performance have not been found to be significant. Moreover, entrepreneurs are not a homogeneous set who can be distinguished from non-entrepreneurs on the basis of personality characteristics. Researchers now consider it more meaningful to study differences within entrepreneurs, based on certain commonalities. This leads to a trend towards “typology” research. However, literature also reveals inconsistencies in operationalizing the entrepreneur as an empirical construct. The lack of theoretical grounding in the choice of variables used in

performance. Moreover, this research design would test an integrated model of New Venture Performance by considering independent as well as interactional effects of the type of entrepreneur as well as the new venture strategy.

In this context, it was decided to carry out an exploratory study that would address the gaps and inconsistencies detailed above with the following research questions: 1) Are combinations of skills and motivations associated with certain entrepreneurial "types"? 2) Are these skill-motivation sets associated with competitive strategy decisions taken by entrepreneurs?, and 3) Does the entrepreneur-strategy alignment lead to higher performance?

The research adopted a survey method to collect data on the background characteristics, skills, motivations, competitive strategy, and performance of the new venture to test an interactional model of New Venture Performance. The sample for the research consisted of 107 new ventures located in Delhi and Bangalore. The sample was defined as independent start-ups (not part of a business house), that were between 1 and 7 years old, in the software development sector.

The skills and motivations of the entrepreneur were factor analysed into a smaller number of components. A cluster analysis of the skill and motivation factors yielded a typology of entrepreneurs. Some of the significant findings of the study are given below:

1. The operationalization of the entrepreneur as a combination of his skills and motivations yielded a stable and robust typology of entrepreneurs. The 5-cluster solution was demonstrated to have high internal and external validity.

2. The five types of entrepreneurs identified were: 1) the Opportunistic type, who was driven by expectations of financial gain, 2) the “Push” type, driven by negative “push” reasons for starting a business, 3) the Managerial type, who have high leadership,

6. The sample of new ventures was found to exhibit 4 strategy types: 1) Customer Partnership type, focusing on a few, large customers, 2) Niche strategy, with highly focused product and market scope, 3) Cost leaders, with high emphasis on cost control and capacity utilization, and low focus in terms of product-market scope, and 4)

2. The findings of this study strongly suggest that for a young venture, the performance is