Small business owners' external information-seeking behaviors: The role of perceived uncertainty and organizational identity complexity

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ABSTRACT

This study examines how small business owners' perceived uncertainty about their environment interacts with the complexity of their organization's identity to explain their information seeking from external sources. We hypothesize that perceived uncertainty is positively related to external information seeking, and, organizational complexity, in the form of different organizational identities, complicates this relationship and reduces the information seeking in certain conditions while increases in others. The results extend evidence to prior established relationships between perceived uncertainty and information seeking and also suggest that organizational complexity plays an equally important role as a critical moderator. Additionally, we propose a different classification scheme for the external sources and use this to test our hypotheses.

Introduction

Information seeking or environmental scanning enables decision makers to reach high-quality decisions (Denison, Dutton, Kahn, & Hart, 1996; Dahlin, Weingart, & Hinds, 2005; Thomas, Clark, & Gioia, 1993). Given the importance of information seeking, past research has explored various information search behaviors such as the types of sources used and how often these sources are accessed to resolve the perceptions of environmental uncertainty (McGee & Sawyerr, 2003; Milliken, 1987). The uncertainty about the environment is addressed by acquisition of information from sources within (internal sources) and outside (external sources) the boundary of the firm, commonly referred to as generalized scanning (Daft, Sormunen, & Parks, 1988; Elenkov, 1997; May, Stewart, & Sweo, 2000; Pett & Wolff, 2016).

While this line of inquiry has produced a steady stream of research in the management literature, there are at least two factors that complicate a straightforward implementation of this reasoning to small businesses. First, instead of giving equal importance to external and internal sources of information, research in small businesses has focused largely into internal sources because of the assumption that small businesses managers may lack sophisticated management information systems making them less likely to engage in external scanning behaviors (Brush, 1992; Smeltzer, Fann, & Nikolaisen, 1988). While this may be partially true, increasingly external sources of business information are found to be invaluable for small business owners in determining appropriate courses of action and plan for the future (Angelsberger, Kraus, Mas-Tur, & Roig-Tierno, 2017; Lang, Calantone, & Gudmundson, 1997; McGee & Sawyerr, 2003; Pett & Wolff, 2016). But as a result of exclusive focus on the internal sources in the literature, there is limited consensus on what the external sources are and specifically what contributes to small business decision makers' accessing one source over another.

Second, while perceived uncertainty about their environment is clearly a powerful antecedent to information seeking, we posit that the organizational context is also

important especially for small business. The lack of adequate resources to influence or change the external environment could tilt small business managers' attention heavily towards organizational cues—signals coming from the business itself instead of the environment—in guiding their information seeking. Even in the mainstream management research the explanatory power of these firm-specific circumstances, over and beyond perceptions of uncertainty, is rarely researched. Highlighting this fact Garg, Walters, and Priem (2003, p. 726) argued that "a firm's internal circumstances also produce important and changeable data that compete for executive time and attention, yet this aspect of executive scanning has been relatively ignored."

In this paper we bring these two issues together to propose the following: first, we argue that external information seeking at the level of small businesses should be viewed not just as generalized scanning of the environment but in a more practical manner that is actually adopted by small business decision makers. While many researchers in small business management research have used the dichotomy of internal and external or formal and informal sources to established relationships between perceptions of uncertainty and the use of these sources (Brush, 1992; McGee & Sawyerr, 2003), we believe these dichotomies are too simplistic in building a realistic understanding of the use of external information sources. Accordingly, we propose a different classification scheme for the external sources and use this to test our hypotheses.

Second, we evaluate the widely tested relationships between perceived uncertainty and external information seeking in small businesses in light of the moderating effects of the organizational context. We focus on one specific context that has been proven to heavily influence managerial information search—the identity of the organization. Identity of a firm is an important firm-specific factor that drives managers' assumptions and interpretations about their environment (Anand, Joshi, & O'Leary-Kelly, 2013). Organizational identity (OI), at a very basic level, is the theory of the organizational members about "who are we as an organization?" (Albert & Whetten, 1985; Corley & Gioia, 2004). Beliefs about OI are powerful forces that guide managerial sensemaking and interpretation of issues (Anand, et al., 2013; Porac, Thomas, & Baden-Fuller, 1989; Weick, 1995). Studies on managerial cognition have also shown that top managers' perceptions of their organization's identity had strong impact on strategic information seeking and choices they make (Anand et al., 2013; Porac et al., 1989). Given that research has found that OI shapes executives' beliefs about their environments (Dutton & Dukerich, 1991; Porac et al., 1989), it is surprising that previous research in general has overlooked OI in assessing executives' information seeking behaviors.

We develop and test our hypotheses through data collected in the U.S. lodging industry. This is a great setting to test the proposed theory because of multiple reasons: first, this is a highly fragmented industry involving intense competition and uncertainty which makes it ideal to explore the variables of interest. Second, most organizations in the industry are franchises where decision makers are typically also the owners of these franchises and they confront a variety of identity issues. For instance, while a large number of franchisees are quite interestingly owned by people of Indian origin with limited ties to the mainstream culture, they have been extremely successful in this business. Thus, the ethnic identities along with their business identities are likely to influence where and how they source their information.

The rest of the paper is structured as follows: first, we review the literatures of perceived uncertainty, information seeking and organizational identity. Then we offer theoretical arguments and develop testable hypotheses. Subsequently, in the results section we discuss the results and findings and finally conclude the paper with discussions, limitations, and future research opportunities.

Internal and External Information Seeking in Small Businesses

Information seeking is a necessary and important stage of the strategic decision making and is essential to determine industry trends and to reveal potential threats and opportunities. It has been related to effective decision making, and firm performance (Auster & Choo, 1993; Ghoshal, 1988). Scanning enhances perceived competence and inspires confidence in the manager's ability to deal with strategic issues. A higher level of information use among managers is related to their interpretation of strategic issues in positive-gain terms (Thomas et al., 1993). Managers also interpret a situation as controllable when they use higher levels of information (Denison et al., 1996; Kuvaas, 2002).

A prominent line of research has linked decision makers' information search activities to their perceptions of environmental uncertainty (Milliken, 1987). Decision makers feel uncertain about their environments when they do not feel confident about what the major trends in the environment are; or they are unsure about what effect an environmental event will have on their firm; or when managers are not confident about how to respond to some environmental changes (Milliken, 1987). The uncertainty about the environment is resolved by the acquisition of information from sources both within and outside the firm and the sources are classified as internal and external sources (Elenkov, 1997).

Studies in small business management have discovered that information search activities of owner-managers

of small firms rely more on internal sources (e.g., family members) for information as against external sources (e.g., consumers and suppliers) (Brush, 1992; Smeltzer et al., 1988). Small firms' owner-managers prefer internal sources because their firms lack organizational structure and processes needed for effective environmental scanning (McGee & Sawyerr, 2003). In addition, small business owner-managers may have fewer external linkages that could help them in effective boundary spanning. Indeed, in an empirical test, Sawyerr, McGee, and Peterson (2003) found that under high levels of perceived environmental uncertainty, owner-managers of start-up firms were more likely to seek information from personal networks inside the organization than from outsiders.

A case can be made however, that small business owners ought to seek information from outside sources almost equally (if not more) compared to their larger counterparts. This is especially true for situations bringing uncertainty such as strategic change or pursuing growth opportunities where small businesses may find themselves unequipped with adequate resources or knowledge base within the firm to guide them. Under these conditions exclusive reliance on internal sources may run the risk of the businesses remaining uninformed about important industry trends and opportunities. In fact, researchers have argued that small business owners "must gather data outside the organization" precisely because they often do not have the same ability as larger organizations for internal expert consultation or elaborate internal information systems (Lang et al., 1997, p. 20).

The external sources that management researchers have traditionally examined are sources outside the firm such as consumers, colleagues, suppliers, media and even competitors or sources such as trade journals, newspapers, and government reports (e.g. Brush, 1992; Daft et al., 1988; McGee & Sawyerr, 2003). Most of the research combines all these sources to represent a singular construct of external sources. We believe this aggregation is too simplistic because small business managers may tap into some of these external sources quite reflexively pretty much on a daily basis simply because diving into these sources is part of their daily established routine. For example, the use of sources such as watching or reading reports in the media or collecting information from attending trade shows can be considered routine sources of information because information from these can be acquired in a very stable repetitive manner. However, acquisition of information from certain other sources (e.g., consumer data, competitor information) is not so straightforward.

To account for varying scanning patterns, we propose a different classification scheme for the external sources and label these categories as routine and non-routine sources. A routine is a pattern of activity that is repeatedly invoked.

Information seeking is routine when the results of past searches become natural starting points for initiating new searches. Routine external sources are likely to be sources such as trade magazines, sales brochures, advertising, national newspapers, general magazines, journals, local newspapers, manufacturer materials, catalogues, annual reports and government publications (cf. Sawyerr, McGee, & Peterson, 2003).

On the other hand, the information sourced from consumers, networks with other industry participants and competitors can be combined into a category of non-routine sources. Previous research suggests that these sources are used to seek information when the answers to the questions aren't very obvious. For example, Auster and Choo (1993) found that decision makers sought information from their consumers and competitors in the industry to address unexpected issues. In many instances, in-depth conversations with their competitors led to acquisition of information that wasn't available through routine methods.

Having argued for the separation of external sources into two different categories, we now propose specific hypotheses between perceived uncertainty and these sources of information.

Perceived Uncertainty and Routine and Non-Routine Information Seeking

Perceived uncertainty is a function of two critical variables—the importance of environmental domains and the changes happening in those domains (Daft et al., 1988). Domains of knowledge refer to a sphere of activity, concern, or function (Tenkasi & Boland, 1996). In the physical sciences, for example, different knowledge domains may consist of areas such as molecular biology, physiology, biochemistry, molecular kinetics, etc. In order to develop a pharmaceutical product R&D scientists need to seek information about many of these domains in order to achieve a complex synthesis of multidisciplinary ideas. Similarly, top managers seek information about multiple domains in order to make strategic decisions (Hambrick, 1981, 1982).

Researchers have evaluated top executive information seeking about several external environmental domains such as customer needs, marketing, technological, regulatory, and government sectors (Auster & Choo, 1996; Daft et al., 1988; Garg et al., 2003). Research shows that information about a wide variety of domains helps executives address the prevailing uncertainty in the environment (Huber, 1984).

When a large number of environmental domains are perceived important and when these domains are also perceived to be undergoing changes, executives are likely to engage in wider search efforts with greater frequency of information seeking (Boyd & Fulk, 1996). Indeed, perceived

uncertainty has been repeatedly found to be positively related to both the scope and frequency of information seeking (Daft et al., 1988; Yasai-Ardekani & Nystrom, 1996). While the overall scope and frequency of information has already been discussed previously, we propose that perceived uncertainty will also be positively related to both routine and non-routine information seeking; although as perceived uncertainty increases it will be more strongly related to non-routine information search rather than the routine sources.

Increasing perceptions of uncertainty in the environment occur when small business owners/managers perceive a larger number of domains are undergoing changes that they don't adequately understand (cf. Yasai-Ardekani & Nystrom, 1996). In these conditions, routine information sources are perhaps the first easily accessible avenues that decision makers tap into because they help them achieve higher degrees of control and manageability in the decision-making process (Boyd & Fulk, 1996, Daft et al., 1988; Elenkov, 1997).

However, the higher level of perceived uncertainty is likely to set higher bars for information needs. Consequently, it is likely that these routine sources prove to be limited in providing a satisfying solution that addresses the large amount of changes perceived by the decision makers. With increasing uncertainty, managers are also unlikely to accurately assign probabilities to how particular events or changes in the environment affect their organization. This is likely to prompt them to access non-routine sources because routine sources are only good for issues that they have previously confronted. Indeed, Boyd and Fulk (1996) argued that "information search in analyzable situations is routinized and primarily involves existing procedures and programs. If the situation is unanalyzable, however, the search is of a different kind.(p. 6)" This information seeking will involve scanning sources that are not usually accessed. Based on these arguments we propose the following hypotheses:

Hypothesis 1. Perceived uncertainty is positively related to routine information seeking.

Hypothesis 2. Perceived uncertainty is positively related to non-routine information seeking.

Organizational Identity Complexity

Having examined the more traditional antecedent of information seeking, we now shift our attention to the independent and interactive effects of organizational identity complexity on information seeking. Organizational identity (OI) reflects answers to questions such as "who are we as an organization?" The answers to such questions probe organizational values and goals and provide organizational members with a sense of stability. Research on organizational identity has focused on understanding an organization's central, distinctive, and enduring characteristics (Albert & Whetten, 1985). This central character reflects the most essential features of the organization; the distinctive character points to features that distinguish the organization from others with which it may be compared, and the enduring aspect refers to the features that exhibit continuity over time (Albert & Whetten, 1985).

An important identity related factor is that organizations, like individuals, can assume multiple identities. Firms develop multiple identities when there are several different views about the central, distinctive and enduring characteristics of the organization. Like other organizations many small businesses in today's complex worlds increasingly exhibit multiple identities to address the varied demands of their diverse stakeholders (Pratt & Foreman, 2000). Scholars have argued that multiple identities are increasingly common and need to be managed effectively (Pratt & Foreman, 2000). Managing multiple identities can create complexity for top executives especially for small business owner/managers because they encounter a large number of variables (for e.g., diverse stakeholder demands) during decision making and they may not have enough resources to process these demands (cf. Dess & Beard, 1984). We refer the complexity these multiple identities present as organizational identity complexity and propose how it acts as an important variable in predicting business owners/managers information seeking behaviors.

A continued increase in the perceptions of identity complexity will likely demotivate decision makers from their search efforts because additional information is unlikely to yield viable solutions to the intricate problem at hand. Illustrating this issue, Boyd and Fulk (1996, p. 6) argue that a situation is analyzable "if there are known ways of solving it, and little reflection or judgment is required after one has some experience with it….information search in analyzable situations is routinized and primarily involves existing procedures and programs. If the situation is unanalyzable, however, the search is of a different kind. Individuals rely on introspective ("experience, judgment, wisdom, knack, intuition") rather than regular search procedures."

Early organization theorists also suggested that under high complexity decisions are often made when a sufficient option is encountered (called satisficing) rather than after a prolonged search for the best option. This is because under high complexity executives are cognitively limited to understand the cause-effect relationships and are unable to assess which information will resolve the problem at hand (Cyert & March, 1963). Moreover, as complexity continues to increase, executives will invest fewer efforts to collect

information because "unanalyzable environments may contain fewer useful information cues, and that because stimuli are less familiar individuals may favor past experience and intuition over external data" (Boyd & Fulk, 1996, p. 7). Based on these arguments we hypothesize:

Hypothesis 3. Perceived organizational identity complexity is negatively related to routine information seeking.

Hypothesis 4. Perceived organizational identity complexity is negatively related to non-routine information seeking.

Interactive Effects of Perceived Uncertainty and OI Complexity on Information Seeking

Under low identity complexity small business owners are likely to compartmentalize different identities (Pratt & Foreman, 2000). Compartmentalization allows the conflicting identities to co-exist by inhibiting direct or explicit interaction among them. As a result owners/managers are likely to structure their information processing activities viewed only through specific identity lenses and not necessarily worry about the overlaps and integrative effects of the information sought. Add to this a weak perception of uncertainty, the overall situation amounts to be relatively innocuous where the search for information is rather mundane. However, as perceived uncertainty rises owner/managers are likely to not only seek information from routine as well as non-routine sources they will also need to assess how the different environmental elements are interconnected. It implies that when the perceived uncertainty is high and organizational complexity is low the information seeking takes place through both routine and non-routine sources; although the information sought from routine sources will likely be higher because there is hardly any incentive to seek non-routine sources in this situation.

As identity complexity increases managers need to integrate a number of views which are often contradictory and/or difficult to understand (Griffin & Griffin, 1997). The perceived complexity, in turn, is likely to suppress information seeking from both routine and non-routine sources about the different environmental constituencies because it is not likely to address the complex nature of decision making in such firms (Miller & Friesen, 1983). When the tasks are complex more information does not necessarily resolve problems (Boyd & Fulk, 1996). Decision-makers need new and unorthodox ways to seek solutions to resolve the complexity. Accordingly, we hypothesize:

Hypothesis 5. Organizational complexity moderates the relationship between perceived uncertainty and non-routine information seeking such that perceived uncertainty will have a weaker positive relationship with non-routine information seeking when organizational complexity is high than when it is low.

Method
Setting

We test the hypotheses by surveying the owners of properties in the U.S. lodging industry. According to the North American Industry Classification System (NAICS) this industry is comprised of establishments primarily engaged in providing short-term lodging in facilities known as hotels, motor hotels, resort hotels, and motels. According to the NAICS data the industry also primarily consists of small businesses with over 80% of businesses with fewer than 200 employees.

Before survey design, we interviewed 15 hotel and motel owners to identify the various ways in which they view their business (to explore their organizational identity) and their information seeking behaviors (sources they use, domains they tap into). These interviews lasted from 30 minutes to 1 hour and were semi-structured and highlighted at least three avenues for identity complexity. Hotel owners ran their properties either as independent units or franchises but several had a combination of franchise and independent properties. This makes the setting ideal to test identity complexity related to management of multiple types of establishments.

Another avenue for identity complexity arose from the ethnic backgrounds of the business owners. A number of business owners were ethnic Gujaratis from Western India and were active members of the Asian American Hotel Owners Association (AAOHA). According to the association's website—AAHOA is one of the leading forces in the hospitality industry and one of the most powerful Asian American advocacy groups. Together the members own more than 22,000 hotels, which have 1 million rooms representing over 50 percent of the economy lodging properties and nearly 37 percent of all hotel properties in the US.

The financial success of many of these business owners indicates that they understand the business requirements of the lodging industry in the U.S. very well. On the other hand there is plenty of evidence that these small business owners also maintain very strong ties to their ethnic community which bleeds into their business practices and can be a source of an additional identity (e.g. Kalnins & Chung, 2004, 2006; Light & Gold, 2000).

Another factor that could contribute to identity-multiplicity would be the type of business strategy being pursued by a hotel/motel owner. This industry can be categorized into establishments ranging from a low-cost focus offering minimal services to serving luxurious accommodation. Pri-

or research indicates that the expertise needed to manage low-cost business is drastically different from running a luxury hotel or motel (Simon, 2005).

While the several ways of categorizing themselves opens the possibility for the owners in this industry to assume multiple identities, several industry characteristics also expose them to the uncertainty prevailing in the environment. The hotel industry is a highly fragmented industry which undergoes rapid and ongoing changes in room rates, services, technology and regulations. For instance, room rates in this industry vary from under $30 to over $100 and they are generally driven by several factors such as location (suburban, highway, airport, resort or town), seasonal changes, types of consumers served and competitors' pricing. Combine these changes with the constant change owners experience in the service requirements or regulatory changes (for e.g., making the establishment more environment friendly or changes in the hygiene standards)—the situation can easily become highly uncertain and may require constant environmental scanning to address the relevant issues.

To understand where they externally seek information from, we asked the owners about the sources they use while making decisions. Owners were active in seeking information from internal sources such as their family, friends, relatives and several external sources such as chamber of commerce, business media, competitors, consumers and professional lodging associations such as American Hotel and Lodging Association.

Data and Sample

Based on the interviews we created a survey that captured the variables of interest. We pre-tested the survey with another 12 owners seeking their response on the face validity of the questions asked and made appropriate changes. After the pre-test, we randomly selected 1250 owners from the Dunn and Bradstreet data set. We called the owners of these firms to appraise them of the background and nature of the survey and requesting their response for the same. Of these 1250 firms 269 hotels or motels were unreachable, closed, or had changed their businesses. The rest of the lodging owners were sent the survey with a personalized letter outlining the agreement to participate and assuring them confidentiality. If no questionnaire was returned after approximately four weeks then a reminder telephone call was made and, if necessary, a replacement questionnaire sent to the respondent.

Out of 981 surveys a total of 103 completed questionnaires were returned with the response rate of 10.5%. Response rates of mail surveys from top executives even in other industries typically generate 10% to 12% of response rates (Hambrick, Geletkanycz, & Fredrickson, 1993). Many studies have received similar response rates that have targeted top executives, business owners or CEOs as respondents (e.g. Cruz, Gomez-Mejia, & Becerra, 2010). Further, in our interactions with the owners, we found that several of them owned multiple properties and some of these properties were listed in the names of relatives, thus giving the appearance of being distinct organizations when actually they were not. Because of the difficulty of determining the number of such properties, we did not factor this into the response rate—needless to say, given the prevalence of this practice the response rate was likely to be higher than what we report.

We addressed the issue of non-response bias by checking if there was a difference in respondents and non-respondents' firm size (number of rooms and employees in their hotels/motels). No significant difference was found among the respondents and non-respondents. We also checked whether non-respondents owned more franchises or independent hotels/motels compared to respondents. No significant differences were found when we compared 30 randomly selected non-respondents with the respondents. The average age of respondents is 53 ($SD = 13$). The average time they have been working in the lodging industry is 20.5 years ($SD = 12.5$) and the average time they have been working as an owner of a lodging establishment is 16.5 years ($SD = 11.4$).

Measures

Appendix 1 highlights the survey instrument used in this study. Perceived uncertainty is measured by using Daft et al., (1988) scale. Perceived uncertainty is a function of two components: perceived importance of a domain and the perceived change experienced in that domain. In order to capture perceived importance of a domain, owners were asked about the surety with which a domain affected their decision making. An example of a sample item is: How sure you are about the effects of the following factors on the decisions you make? (Anchors range from 1 = completely sure to 5 = completely unsure). Similarly, perceived change was captured through a sample item of—How frequently do you experience change in the following factors?(anchors range from 1 = very infrequently to 5 = very frequently). Cronbach's-alpha for perceived importance is 0.86 and for perceived change is 0.78. Since perceived uncertainty is a function of these two variables, we multiplied the two factors to create a measure of perceived uncertainty ($M = 13.64$; $SD = 4.02$).

We captured identity complexity using three variables: the complexity they face due to the management of their business strategy identity (low-cost vs. luxury accommodation; termed Identity complexity low-cost and luxury accommodation (IC cost/luxury), complexity due to the

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management of franchise and independent set of properties (termed: Identity complexity franchise and self-owned accommodation (IC franchise/independent) , and, finally, complexity arising due to management of their ethnic and business identities (termed: Identity complexity ethnic and business identity (IC ethnic/business)). The respondent (owner-managers) were asked to answer questions about their perceptions of the extent to which they had to manage these identities at the same time (on a 5-point Likert-type scale). For instance, a high value on the five point scale for ethnic and business identities suggested that the owners managed both the ethnic and American business identities at the same time to a large extent (a sample question was--"across my business enterprise, I manage the following identities (ethnic and American business owner) at the same time") to a large extent.

The sources of external information were based on previous research and our interviews. We capture the seven most relevant domains about which hotel/motel owners gather information. These domains are: (1) competitor pricing (room rates offered by competitors); (2) services offered by competitors; (3) legal information that concerns hotel/motel owners; (4) customer needs; (5) technological changes affecting the industry; (6) new ways to manage hotel/motels; (7) economic growth.

Respondents were asked to indicate the frequency with which they sought information from the following five external sources for each of the seven domains described above. These sources are: network with other owners, consumers, competitors, professional associations, and business media. Once again, these sources were consistently identified as important by owners in the interviews. A typical item, for example, is "how frequently do you seek information regarding room rates offered by competitors (a domain) from each of the six sources." The respondents were requested to indicate on a scale of 1-5 (1 = very infrequently; 5 = very frequently) how frequently they sought information from these sources. The respondents filled out similar questions for the rest of the domains.

Among the external sources of information we had argued that these sources should ideally be seen as routine and non-routine sources. Our a-priori hypotheses about these sources were that customers, competitors and network with other hotel/motel owners are likely to fall into one factor while more readily accessible sources such as professional associations and business media will factor into routine sources. Such classifications of external sources into separate categories is rare but there is ample theoretical evidence that suggests that these sources should not be combined since they are accessed for different purposes by business owners (e.g. Anand & Gomez-Mejia, 2014).

In order to confirm whether all the sources fell into the above mentioned two categories, we performed a confirmatory factor analysis (CFA) in which the 2-factor solution were subjected to a CFA using AMOS software, producing the following fit indices: $\chi 2(4) = 13.87$ ($p < .01$), CFI = .99, IFI = .99, NFI = .89, and SRMSR = .05. Although the $\chi 2$ is significant, all other fit indices are well within their recommended parameters (Kelloway, 1998; Kline, 1998). Moreover, the 2-factor model represents a superior fit over a 1-factor model, which implicitly assesses a common method factor (Podsakoff & Organ, 1986), $\Delta\chi 2(1) = 45.78$, $p < .01$. The significant chi-square difference indicates discriminant validity and confirms that these factors are indeed two different factors.

Several control variables were included in the study. Scholars positing a contingency effect for the degree of managerial information seeking (Cheng & Van de Ven, 1996; Tushman & O'Reilly, 1996) and firm age argue that new firms lack an established base of cause and effect understanding. The newness generates a tendency to seek information from a wide variety of sources. Also, older firms tend to become more insulated from the environment—they often develop highly developed information search and decision mechanisms (Boyd & Fulk, 1996). Apart from firm characteristics, owners' characteristics and differences among them have also emerged as a topic of considerable interest in both the academic and practitioner's literature Rajagopalan, Rasheed, & Datta, (1993). For instance, in the top executive literature the observable characteristics of CEO's such as their educational levels, firm and industry tenure represent key proxies for a CEO's cognitive orientation and knowledge base and have significant implications for strategic decision making (Hambrick & Mason, 1984). We measured owners' education levels, gender, industry tenure and tenure as an owner in the industry.

We also controlled for country of birth and years in U.S. since many hotel and motel owners in the U.S. are immigrant Indian owners belonging to a particular region of Gujarat. Several of these owners have strong network ties with other similar owners which helps them acquire resources unavailable to outsiders. Many studies, especially in sociology (Aldrich & Waldinger, 1990; Light & Gold, 2000), highlight that the increase in concentration and continued success of these ethnic firms results from the cooperation and coordination of different business activities among the member firms of these communities.

Results

The means, standard deviations and correlations of the variables are presented in Table 1.

As expected perceived uncertainty is positively correlated with routine and non-routine sources of information.

Table 1
Descriptive statistics and correlations[a]

Variables	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12
Controls														
1. Gender[b]	1.21	.41												
2. Age	53.18	12.96	-.13											
3. Education	4.11	1.12	-.22*	-.25*										
4. Industry tenure	20.54	12.50	-.09	.49**	-.09									
5. Ownership tenure	16.45	11.39	-.01	.63**	-.09	.79**								
6. Country of birth c	1.76	.62	.11	.14	-.08	.07	.09							
7. Time in US	42.80	20.67	.12	.71**	-.25*	.55**	.55**	.35*						
Antecedents														
8. Perceived Uncertainty (PU)	13.65	4.01	.08	-.05	.14	-.02	-.02	-.13	-.11					
9. Identity complexity low-cost/luxury accommodation	2.78	1.23	-.19	.13	.13	.10	.16	-.28	-.14	.29**				
10. Identity complexity franchise and self-owned accommodation (IC franchise/independent)	2.98	1.41	-.34**	.04	.17	.18	.22*	-.24	-.22*	.29**	.47**			
11. Identity complexity ethnic and business identity (IC ethnic/business	2.44	1.34	-.25*	-.01	.11	-.04	.08	-.33	-.43**	.25*	.24*	.40**		
Outcome variables														
12. Routine sources	3.25	.89	.15	-.01	-.01	.19*	.05	-.04	-.01	.35**	.13	-.04	-.13	
13. Non-routine sources	3.38	.71	.04	.01	-.15	-.07	-.11	.03	.02	.37**	.03	.07	-.16	.33**

[a]N = 81-102.
[b]1 = Male; 0 = Female
c 1 = India; 0 = Any other country
*$p < .05$ (two-tailed); **$p < .01$ (two-tailed)

Uncertainly is also positively related to the three measures of identity complexity but identity complexity (all the three measures) are non-significant in their relationships with routine and non-routine information seeking. This is quite consistent with the literature suggesting that while complexity and uncertainty are likely to be correlated they have substantively different implications for information seeking behaviors.

To test the hypotheses we used stepwise regression technique. Results of the regression analysis are displayed in Table 2.

In Models 1, 2, and 3, we regressed non-routine sources on the controls, independent variables and the interaction terms. Model 1 includes all the controls in step 1, indepen-

Table 2
Results of regression analysis of the sources of information [a]

	Non-Routine Sources			Routine Sources		
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**
First Block (Controls)						
Gender [b]	-.12	-.04	-.18	.22*	.07	.14
Age	.08	.14	.18	.14	.13	.22
Education	-.15	-.21*	-.15	-.09	-.08	-.13
Industry tenure	-.05	.05	-.10	.63**	.57**	.60**
Ownership tenure	-.18	-.23	.02	-.39*	-.28+	-.21
Country of birth [c]	.10	.09	.06	.04	.04	-.01
Time in US	.07	-.06	-.20	-.32*	-.36*	-.59**
ΔR^2	.05	.05	.05	.12	.11	.12
Second Block (Independents)						
Perceived Uncertainty (PU)	.41**	.42**	.57**	.25*	.45**	.37**
Identity complexity low-cost and luxury accommodation (IC cost/luxury)	-.03			.06		
Identity complexity franchise and self-owned accommodation (IC franchise/independent)		-.03			-.24*	
Identity complexity ethnic and business identity (IC ethnic/business)			-.40**			-.37**
ΔR^2	.11	.10	.14*	.13*	.13*	.18**
Third Block (Interactions)						
PU X IC cost/luxury	-.18+			.15		
PU X IC franchise/independent		-.22*			-.18*	
PU X IC ethnic/business			-.29*			.09
ΔR^2	.02+	.03+	.06*	.01*	.02*	.01**
Total R^2	.18	.18	.25	.26	.27	.31
Total adjusted R^2	.06	.08	.14	.15	.17	.23
Total F	1.45+	1.46+	2.23*	2.25*	2.43*	3.09**

[a] Entries represent standardized beta coefficients.. Bold items represent formally hypothesized relationships. $+p \leq .10$; $*p \leq .05$; $**p \leq .01$
[b] 1 = Male; 0 = Female
[c] 1 = India; 0 = Any other country

dent variables including perceived uncertainty and identity complexity related to low-cost/luxury accommodation in step 2 and the interaction between these independent variables in step 3. Similarly Model 2 and 3 include all the aforementioned variables with the exception of changing the identity complexity variable to the franchise and independent set of properties (Model 2) and ethnic/business identity (Model 3). These steps were repeated for routine information seeking as well and the results are shown in Models 4, 5, and 6.

The first two hypotheses proposed relationships between perceived uncertainty and routine and non-routine information seeking. The significant positive relationships between perceived uncertainty and routine information sources (β = .25, p < .05 Model 4; β = .45, p < .01 Model 5; β = .37, p < .05 Model 6) and non-routine information seeking (β = .41, p < .01 Model 1; β = .42, p < .01 Model 2; β = .57, p < .05 Model 3) suggests that hypotheses 1 and 2 were supported. All the models confirm that perceived uncertainty has a very strong positive impact on decision makers' scanning behaviors.

We found partial support for Hypotheses 3 and 4. For

Hypothesis 3 (identity complexity is negatively related to routine and non-routine information seeking), two out of the three complexity variables were negatively related to routine information seeking (β = -.24, p < .05 Model 5; β = -.37 p < .05 Model 6), while the complexity variable related to business strategies (low-cost/luxury accommodation) was not significant. On the other hand, for non-routine information seeking (Hypothesis 4), only the complexity arising out of managing ethnic and business identities had a negative relationship (β = -.40, p < .01 Model 3) while the other two variables were not related.

Finally, there was strong support for Hypothesis 5. All the interaction terms for non-routine sources were negative and significant. This implies that the effects of perceived uncertainty on non-routine search behavior decreased as organizational complexity increased (β= -.18, p <.10 Model 1; β = -.22, p < .05 Model 2; β = -.29, p < .05 Model 3). In order to address multicollinearity issues, we standardized all the independent variables before creating the interaction terms. The interaction plots are shown in Figure 1, 2 and 3.
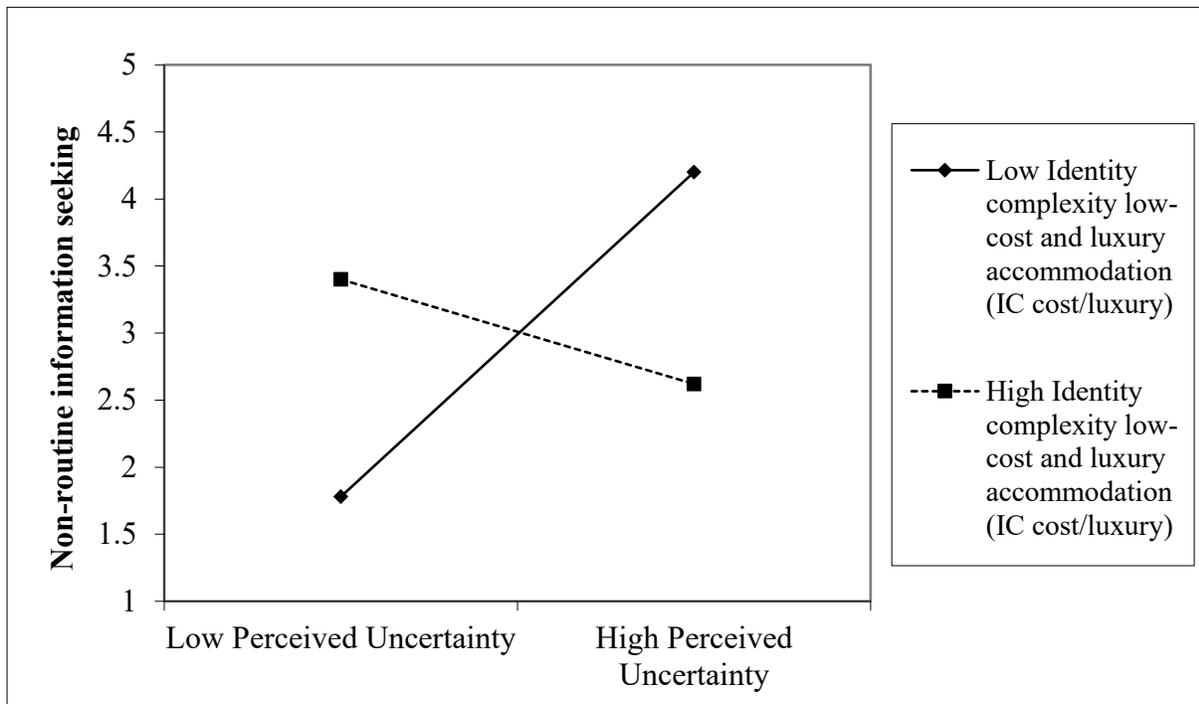

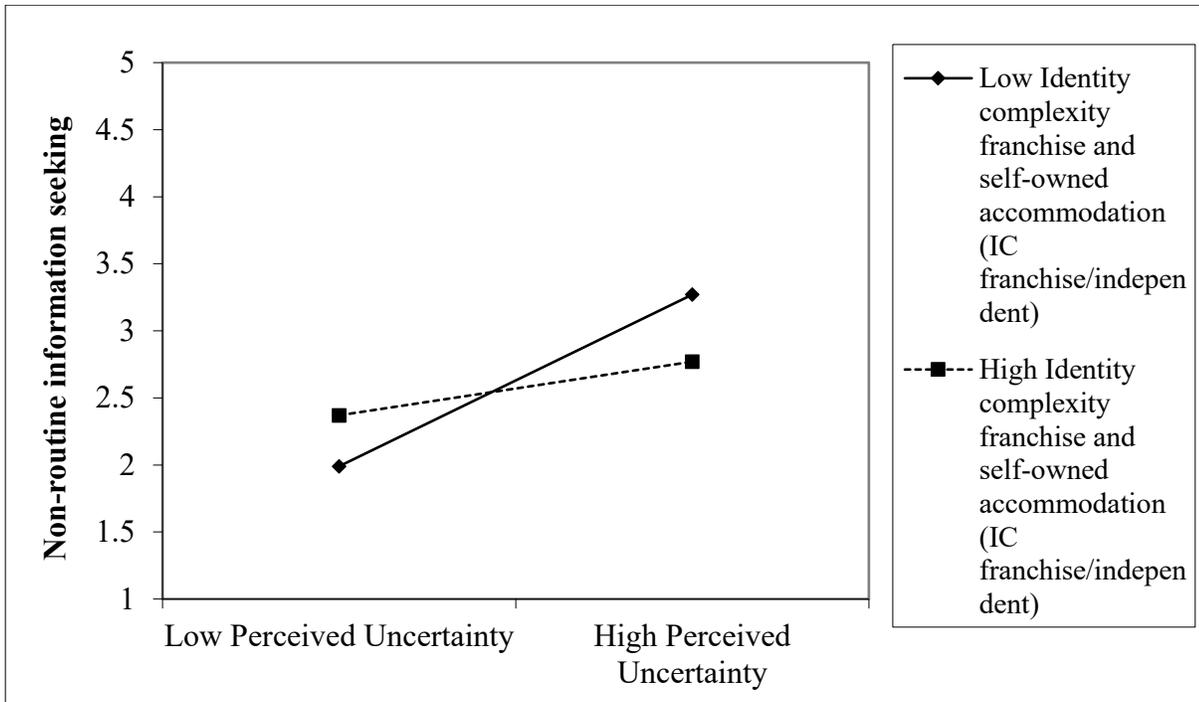*Figure 1.* Interactive plots for cost and luxury

Figure 2. Interactive plots for franchise and selfounded accomodations
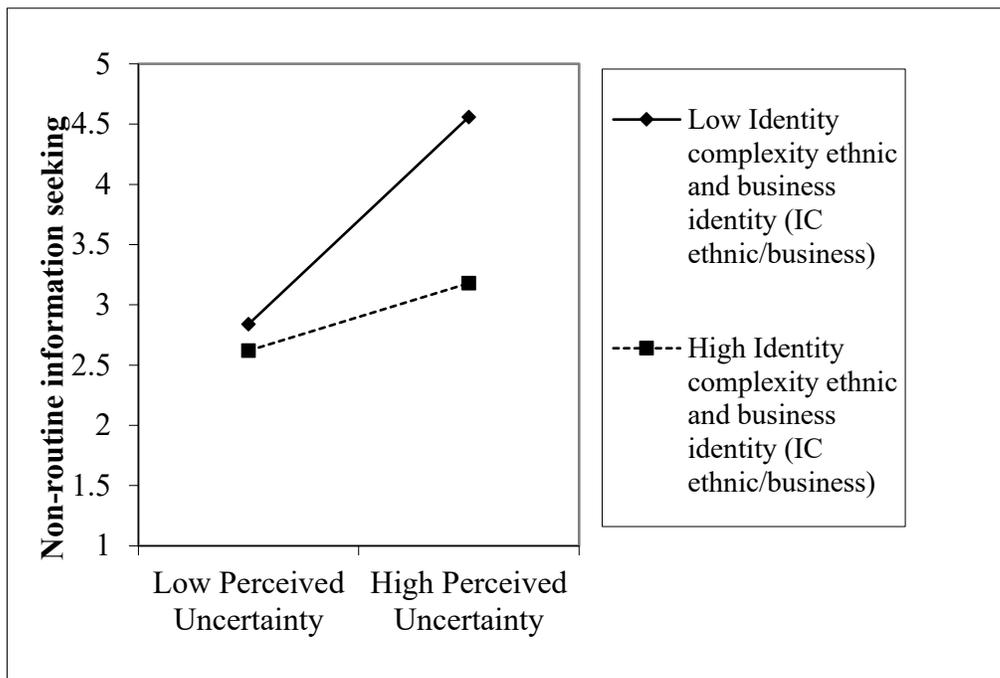

Figure 3. Interactive plots for the ethnic and business identity

Discussion

This study extends the literature on the relationship between perceived uncertainty experienced by small business owner/manager decision makers and their information seeking behaviors. Several findings in this study inform the current literature: First, examining external information seeking into routine and non-routine sources has not been done previously. The confirmatory factor analysis clearly suggests that these sources need to be viewed as separate and not a singular entity.

Second, results pertaining to Hypotheses 1 and 2 testing the relationships between perceived uncertainty and information seeking confirm findings from prior studies that decision-makers' perceived uncertainty increases both routine and non-routine information seeking (Milliken, 1987). Yet another implication of the study lies in demonstrating the importance of organizational complexity in executive information seeking. While prior research has mostly focused on the environmental uncertainty as a predictor of managerial scanning, we proposed that organizational complexity arising due to management of multiple identities is likely to complicate the matters. Although the direct relationships between organizational identity complexity and routine and non-routine information seeking were only partially supported (Hypotheses 3 and 4), the moderating effects of organizational identity complexity on perceived uncertainty and information seeking were very strong (Hypothesis 5). This clearly indicates that environmental uncertainty in and of itself is not enough to explain the true nature of scanning behaviors. Indeed, the moderating effects of identity complexity suggests the importance of internal firm characteristics that can play a significant role in understanding executive scanning.

Managers and practitioners may also benefit from this study in several ways. Managers aren't usually groomed to understand identity dynamics as they develop firm strategies. They are much more likely to be conscious of their business strategies than the identity of their organization. However, this research indicates that the perceptions of who you are (as an organization) and the complexities around these identities affect the ways in which executives seek information about crucial issues. We suggest organizational leaders be observant of these identity complexities that very often are not very obvious during decision making but are extremely powerful forces working in the background guiding strategic decisions.

Limitations and Future Research

The limitations of this study must be noted. First, it is a cross-sectional study and the causality of arguments is questionable. Future research needs to further explore these issues in longitudinal studies. One area of interest could be to explore how identity multiplicity increases over time and affects executives' information seeking behaviors. The best way to study this would be to start with in-depth interviews of top executives over a few years immediately after an organization is founded. This line of research can also be highly informative to the growing area of entrepreneurship. Future research can explore whether entrepreneurs' differ in their perceptions of legitimacy of their organization as various identity beliefs are cemented overtime (Nagy, Rutherford, Truong, & Pollack, 2017).

Another limitation is that this study solely focuses on respondents from a single industry. Organizational identities may vary across industries which may result in different ways of managing those identities. Moreover, executives perceive uncertainties about their environments in varying degrees in different industries. In a multi-industry sample future research needs to also explore whether industry effect causes more uncertainty or do identities explain additional variance over and above the industry effects.

Common method variance resulting from self-reported data can be another issue with this study. Common method variance has been found to inflate and suppress the magnitude of relationships (Ganster, Hennessey, & Luthans, 1983). However, there are several reasons why method variance may not substantially affect these results. First, self-report data is most problematic with topics involving strong sentiments. Information seeking is much more unobtrusive activity and hence is less likely to be distorted by self-reports. The low response rate of this study is another issue. While we have tried to address this issue by comparing non-respondents and respondents' firm size and by including a variety of control variables future research should highlight if they find anomalous findings compared to this study.

Other future research possibilities also arise when crucial variables such as small business owners' overconfidence on their ability and eagerness to process information interacts with identity variables in predicting the sources they trust. For instance, Simon and Kim (2017) found that entrepreneurs who are overconfident due to their ability to process additional information are more likely to revise their beliefs when faced with discomforting expert opinion than those entrepreneurs who are naturally overconfident.

Given how strong identity beliefs are, future research can explore how organizational identity impacts entrepreneurs' overconfidence and how these beliefs moderate the flexibility or rigidity in information search.

Finally, the impact of identity complexity on information seeking is interesting and provides a fertile avenue for further research. Given the strong relationship of identity complexity with routine information seeking while relatively weaker relationships (only 1 out of 3 measures of complexity was significant) with non-routine sources suggests that complexity about certain identity dimensions might be more pronounced than others. Future research needs to distinguish between those identities that have greater implications than the ones that are relatively peripheral for the decision makers (Whetten & Mackey, 2002). In this study, the strong impact of the complexities arising out of management of ethnic and business identities seemingly has more impact in information seeking than the identities based on strategy or the franchising options. Future studies should not only be mindful of identifying the core dimensions, they can also study what it is about these identities that increases complexity for the executives.

Conclusion

This study breaks new ground in operationalizing the construct of organizational identity complexity, linking identity complexity to critical top executive information seeking outcomes and providing strong evidence that identity complexity moderates relationships between perceived uncertainty and executive information seeking. In doing so, the study also adds identity complexity as another important variable to a rich line of prior work exploring key antecedents to executive information seeking (Garg et al., 2003; Yasai-Ardekani & Nystrom, 1996).

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Appendix 1 - Instructions

Please note the following while answering all the questions in this survey:

(1) Please bear in mind the strategic decisions that you make—that is, those decisions that have a long-term impact on your business and require a significant amount of resources and time investment.

(2) Second, please keep your entire business establishment in mind while answering these questions. For example many hotel and motel owners own more than one motel/hotel but choose to operate from just one place. While this one motel/hotel may be important, we request you to consider all the hotels/motels you own in answering these questions.

(3) Please mark an X or circle your choice.

Section 1

How frequently do you seek information regarding the following factors from each of the following sources?

Room Rates Offered by Your Competitors	Infrequent		Neither Infrequent or Frequent	Frequent	
	Very	Some What		Some What	Very
Family sources	1	2	3	4	5
Your network with other hotel/motel owners	1	2	3	4	5
Consumers	1	2	3	4	5
Government sources	1	2	3	4	5
Competitors	1	2	3	4	5
Franchisors	1	2	3	4	5
Professional associations	1	2	3	4	5
Business media (business publications and/ or business programming)	1	2	3	4	5

How frequently do you seek information regarding the following factors from each of the following sources?

Services Offered by Your Competitors	Infrequent		Neither Infrequent or Frequent	Frequent	
	Very	Some What		Some What	Very
Family sources	1	2	3	4	5
Your network with other hotel/motel owners	1	2	3	4	5
Consumers	1	2	3	4	5
Government sources	1	2	3	4	5
Competitors	1	2	3	4	5
Franchisors	1	2	3	4	5
Professional associations	1	2	3	4	5
Business media (business publications and/ or business programming)	1	2	3	4	5

Legal Information That Concerns Hotel/Motel Owners	Infrequent		Neither Infrequent or Frequent	Frequent	
	Very	**Some What**		**Some What**	**Very**
Family sources	1	2	3	4	5
Your network with other hotel/motel owners	1	2	3	4	5
Consumers	1	2	3	4	5
Government sources	1	2	3	4	5
Competitors	1	2	3	4	5
Franchisors	1	2	3	4	5
Professional associations	1	2	3	4	5
Business media (business publications and/or business programming)	1	2	3	4	5

How frequently do you seek information regarding the following factors from each of the following sources?

Changing Needs of Customers	Infrequent		Neither Infrequent or Frequent	Frequent	
	Very	**Some What**		**Some What**	**Very**
Family sources	1	2	3	4	5
Your network with other hotel/motel owners	1	2	3	4	5
Consumers	1	2	3	4	5
Government sources	1	2	3	4	5
Competitors	1	2	3	4	5
Franchisors	1	2	3	4	5
Professional associations	1	2	3	4	5
Business media (business publications and/or business programming)	1	2	3	4	5

Expected Economic Growth of Your Hotel's/Motel's Location	Infrequent		Neither Infrequent or Frequent	Frequent	
	Very	**Some What**		**Some What**	**Very**
Family sources	1	2	3	4	5
Your network with other hotel/motel owners	1	2	3	4	5
Consumers	1	2	3	4	5
Government sources	1	2	3	4	5
Competitors	1	2	3	4	5
Franchisors	1	2	3	4	5
Professional associations	1	2	3	4	5
Business media (business publications and/or business programming)	1	2	3	4	5

How frequently do you seek information regarding the following factors from each of the following sources?

Technological Changes Affecting Your Industry	Infrequent		Neither Infrequent or Frequent	Frequent	
	Very	**Some What**		**Some What**	**Very**
Family sources	1	2	3	4	5
Your network with other hotel/motel owners	1	2	3	4	5
Consumers	1	2	3	4	5
Government sources	1	2	3	4	5
Competitors	1	2	3	4	5
Franchisors	1	2	3	4	5
Professional associations	1	2	3	4	5
Business media (business publications and/or business programming)	1	2	3	4	5

New Ways To Manage Your Hotels/Motels	Infrequent		Neither Infrequent or Frequent	Frequent	
	Very	**Some What**		**Some What**	**Very**
Family sources	1	2	3	4	5
Your network with other hotel/motel owners	1	2	3	4	5
Consumers	1	2	3	4	5
Government sources	1	2	3	4	5
Competitors	1	2	3	4	5
Franchisors	1	2	3	4	5
Professional associations	1	2	3	4	5

Section 2

In this section we inquire about your perceptions of your business environment:

How often do you believe that the information you have about the following factors is adequate for decision making?

	Inadequate		Sometimes Inadequate Sometimes Adequate	Inadequate	
	Always	**Sometimes**		**Sometimes**	**Always**
Room rates offered by your competitors	1	2	3	4	5
Services offered by your competitors	1	2	3	4	5
Legal information that concerns hotel/motel owners	1	2	3	4	5
Changing needs of consumer	1	2	3	4	5
Expected economic growth of your hotel's/motel's location	1	2	3	4	5
Technological changes affecting your industry	1	2	3	4	5
New ways to manage your hotels/motels	1	2	3	4	5

How sure are you about the effects of the following factors on the strategic decisions you make? For example, if you are completely certain that the room rates offered by your competitors affect your strategic decisions, then you mark an X on 5 in the first row.

	Unsure		Neither Unsure or Sure	Sure	
	Completely	**Some What**		**Some What**	**Completely**
Room rates offered by your competitors	1	2	3	4	5
Services offered by your competitors	1	2	3	4	5
Legal information that concerns hotel/ motel owners	1	2	3	4	5
Changing needs of consumer	1	2	3	4	5
Expected economic growth of your hotel's/motel's location	1	2	3	4	5
Technological changes affecting your industry	1	2	3	4	5
New ways to manage your hotels/motels	1	2	3	4	5

How frequently do you experience change in the following factors?

	Infrequent		Neither Infrequent or Frequent	Frequent	
	Very	**Some What**		**Some What**	**Very**
Room rates offered by your competitors	1	2	3	4	5
Services offered by your competitors	1	2	3	4	5
Legal information that concerns hotel/ motel owners	1	2	3	4	5
Consumer needs	1	2	3	4	5
Expected economic growth of your hotel's/motel's location	1	2	3	4	5
Technological changes affecting your industry	1	2	3	4	5
New ways to manage your hotels/motels	1	2	3	4	5

Section 3

In this section we ask you questions regarding how you view your business. Please note that we want your views of how "you" view your business and not how "others" may view it.

Thinking Across my Entire Business Enterprise, I View my Business as Being:	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
A self-run business	1	2	3	4	5
A family-run business	1	2	3	4	5
A professional manager-run business	1	2	3	4	5

To what extent do you have to manage the following identities at the same time?	Not at All	A Little	To Some Extent	To a Large Extent	To a Very Large Extent
1. Being a self-run business 2. Being a family-run business 3. Being a professional manager-run business.	1	2	3	4	5

Thinking Across my Entire Business Enterprise, I View my Business as Being:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
An independent set of hotels/motels	1	2	3	4	5
A franchise operated establishment	1	2	3	4	5

To what extent do you have to manage the following identities at the same time?	Not at All	A Little	To Some Extent	To a Large Extent	To a Very Large Extent
1. Being an independent set of hotels/motels 2. Being a franchise operated establishment.	1	2	3	4	5

Thinking Across my Entire Business Enterprise, I View my Business as an Enterprise That:	Strongly Disagree	Dis-agree	Neutral	Agree	Strongly Agree
Offers the lowest prices	1	2	3	4	5
Offers minimum services	1	2	3	4	5
Caters to customers looking for cheap accommodation	1	2	3	4	5
Offers extremely good services	1	2	3	4	5
Caters to those customers who are willing to pay the highest prices	1	2	3	4	5
Caters to customers looking for luxurious accommodation	1	2	3	4	5

To what extent do you have to manage the following identities at the same time?	Not at All	A Little	To Some Extent	To a Large Extent	To a Very Large Extent
1. Being a low cost establishment 2. Being a set of hotels/motels providing luxurious accommodation	1	2	3	4	5

If Not a Threat to my Business, I am Willing to Help the Following Parties to Start Their Own Hotel/Motel Business or Expanding Their Current Business:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
My family members	1	2	3	4	5
My relatives	1	2	3	4	5
My friends	1	2	3	4	5
Other business owners not related to me	1	2	3	4	5

To what extent do you have to manage the following identities at the same time?	Not at All	A Little	To Some Extent	To a Large Extent	To a Very Large Extent
1. Being a business owner competing with other businesses 2. Being a business owner that shares resources and information with other similar owners	1	2	3	4	5

As a Hotel/Motel Owner I View Myself As:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
An American business person	1	2	3	4	5
An ethnic business person	1	2	3	4	5
A business person regardless of my ethnicity	1	2	3	4	5
Other business owners not related to me	1	2	3	4	5
To what extent do you have to manage the following identities at the same time?	**Not at All**	**A Little**	**To Some Extent**	**To a Large Extent**	**To a Very Large Extent**
1. Your ethnic identity as a business person 2. Your identity of being an American business owner 3. Your identity as a business person regardless of your ethnicity	1	2	3	4	5

Section 4

In this section we ask you to provide us some information about yourself and your business:

The following questions are regarding yourself:	
How long have you been in the US lodging industry?	_____[Years]
How long have you been working as an owner of a motel/hotel or motels/hotels?	_____[Years]
Gender	____ Male _____ Female
How old were you on your last birthday?	_____[Years]
Please indicate your country of birth	_____
How long have you been in the United States	_____[Years]

What is your highest education level?   Grade School [ ]   High School [ ]   Some College [ ]

College (Undergraduate) [ ]   College (Graduate) [ ]

The following questions are regarding your business:	
How many motels/hotels do you own?	_____
Do your family members work with you in your business?	____[Yes] _____[No]
Do you hire professionals to run your hotels/motels?	____[Yes] _____[No]
Do you own franchises?	____[Yes] _____[No]
How many franchises do you own?	_____

How many rooms do you have in your four largest motels/hotels?

Motel/Hotel 1 ____ (Rooms)   Motel/Hotel 2 ____ (Rooms)

Motel/Hotel 3 ____ (Rooms)   Motel/Hotel 4 ____ (Rooms)

How many employees do you have in your four largest hotels/motels?

Motel/Hotel 1 _____   Motel/Hotel 2 _____

Motel/Hotel 3 _____   Motel/Hotel 4 _____

Compared to your competitors, how has your business fared in the last 5 year in terms of the following factors:	Much Worse	Some-what Worse	Same as Competi-tors	Somewhat Better	Much Better
Profitability	1	2	3	4	5
Growth of business	1	2	3	4	5