ROLE MODEL AND ENTREPRENEURIAL PERFORMANCE: THE ROLE OF ENTREPRENEURIAL IDENTITY AND SELF-EFFICACY AS INTERVENING VARIABLE

Tommy Christian Efrata
Maichal
Faculty of Management and Business, Universitas Ciputra, Indonesia

Abstract: This study aims to assess how the role of entrepreneurial identity and self-efficacy in mediating the relationship between the role model and entrepreneurial performance. The population selected in this study is students of Universitas Ciputra who have been running start-up business for 2 to 3 years, with the turnover of fewer than 4.8 billion per year. The results of this research indicate a pattern that connects the existence of a role model and entrepreneurial performance, where the influence is mediated by entrepreneurial identity and self-efficacy. The existence of a role model is proven to influence the formation of entrepreneurial identity. The more individuals perceive themselves as an entrepreneur, the higher their confidence in their ability in setting up and running a business. The high level of confidence in their ability that they will be successful will have a direct impact on the improvement in entrepreneurial performance.

Keywords: Role Model, Entrepreneurial Performance, Entrepreneurial Identity, Self-Efficacy

Entrepreneurship is a very complex topic to learn, so entrepreneurship-based learning is one of the learning processes which are difficult to teach to students (Mueller & Anderson, 2014). Entrepreneurship-based education is essential to establish the identity of learners, in which the purpose of identity formation is to improve entrepreneurial competence related to general and social skill development, knowledge development, and ability to maintain and build the business network that will be needed in building a business (Aaltio, 2008; Donnellon, et al., 2014). In addition, identity can also serve as a factor that encourages entrepreneurial action (Leitch & Harrison, 2016).

Educational institutions that develop entrepreneurship-based learning curriculum have used role models in their learning programs to motivate, inspire and support learners in conducting entrepreneurial activities (Bosma et al., 2012). The presence of role model has an important role in determining the success of an entrepreneurship-based learning process, especially to establish entrepreneurial identity and improve the self-efficacy of learners. Learning from a role model can lead a person to behave the same way as the role model; it can develop him/ her to have a new behavioral pattern (Chlost et al., 2012). Kennedy et al (2003) suggest that learners who have role models have a greater desire to start a business compared to learners who do not have any role models. The exist-
ence of role models can provide an overview of real experiences as learning sources that can improve self-efficacy (Quimby & DeSantis, 2006). Role models are especially important for individuals who are in the stage of developing characters and still doing exploration related to their self-concept (Gibson, 2003). In other words, role models help individuals identify their identities (Ibarra, 1999; Gibson, 2004).

Identity not only has an important impact on the way we feel, think and behave, but also on things related to what we will achieve in the future therefore, identity gives us a frame of reference that can be used to interpret social situations, all behaviors and actions to explain who we are and how we are different from others (Leitch & Harrison, 2016). Role models are not only used in educational institutions. In the professional world, role models are used to shape identity and improve self-efficacy to assist individuals in determining careers or assisting individual decisions to engage in entrepreneurial activities (Scherer et al., 1989; Gibson, 2004; Quimby & DeSantis, 2006; BarNir, Hutchins, & Watson, 2011).

This study aims to examine how the role of entrepreneurial identity and self-efficacy in mediating the relationship between the role model and entrepreneurial performance. The individual’s success in pioneering a business is determined by how an individual as founder defines his/her organization through his or her identity—which leads to persistence and response of the individual to feedback received during the establishment process (Hoang & Gimeno, 2010). On the other hand, improving self-efficacy can have an impact on creativity and improvement of job performance (Gong, et al., 2009). Therefore, it is important to establish an entrepreneurial identity and self-efficacy by involving role models.

Literature Review and Hypothesis Development

One of the causes of the failure of the start-up business is the lack of experience and competence owned by the new entrepreneurs—which can be seen from the absence of a clear vision and difficult to find the right market for their business (St-Jean & Audet, 2012). One thing that can be done to improve the success of start-up business is involved role model (RM) for start-up business entrepreneurs. The role model can be defined as someone who actively influential (has a role) in a person’s life (Quimby & DeSantis, 2006) to give an example for the individual to emulate (Gibson, 2004) or to be a source of information and support (BarNir, et al., 2011). When an individual needs a role model, he/she will be looking for a role model that has the same characteristics as himself (Gibson, 2004; Quimby & DeSantis, 2006; BarNir, et al., 2011).

The presence of a role model will help individuals find their identity (Ibarra, 1999; Gibson, 2003); finding self-identity is an important aspect for an entrepreneur to be able to recognize the potential of him/herself (through effectuation) (Alsos et al., 2016). In addition, finding out identity also have an impact on the understanding of the individual related to the activity which is his/her passion (Yitshaki & Kropp, 2016). Therefore, when an individual is pioneering and developing a business, whether it is in accordance with his/her potential and passion will determine the performance of the business.

H₁: Role model has a significant effect on entrepreneurial identity.

H₂: Role model has a significant effect on entrepreneurial performance.

In addition to being able to establish an individual’s Entrepreneurial Identity (EI), the presence of role models can also improve individual’s self-efficacy. Self-efficacy (SE) can be defined as an evaluation process conducted by individuals to convince themselves that they can develop their competence to perform an activity or start a business (Scherer et al., 1989). Self-efficacy also reflects the individual’s confidence in his ability (Zimmerman, et al., 1992) to perform certain actions such as the ability to successfully exploit opportunities and deal with challenges related to his/her work (Cohen & Abedallah, 2015). In addition, self-efficacy can also be defined as a person’s confidence in his ability to perform a task—in which, the confidence will affect intention, action, and be-
Role Model and Entrepreneurial Performance: The Role of Entrepreneurial Identity

behavior in entrepreneurship (Boyd & Vozikis, 1994). If a role model is present in one’s life and becomes an inspiration by providing a real learning experience, it will enhance the individual’s self-efficacy (Quimby & DeSantis, 2006).

H₃: Role model has a significant effect on self-efficacy.
H₄: There is a significant influence between entrepreneurial identity and self-efficacy.
H₅: There is a significant influence between entrepreneurial identity and entrepreneurial performance.
H₆: There is a significant influence between self-efficacy and entrepreneurial performance.

Self-efficacy affects Entrepreneurial Performance (EP) because self-efficacy determines how much effort and motivation of a person in achieving his/her goal and how long a person will survive in beating the challenges faced in an effort to achieve the goal that has been set beforehand (Boyd & Vozikis, 1994).

RESEARCH METHOD

The subjects of this research are young entrepreneurs who run a business (start-up business). Specifically, the population selected in this study is students of Universitas Ciputra who have been running a start-up business for 2 to 3 years, with the turnover of fewer than 4.8 billion per year. The sampling method used is simple random sampling. Data was collected by distributing questionnaires. Respondents’ perceptions of the research variables were measured by using 7 levels on the Likert scale; 1 means strongly disagree and 7 means strongly agree. In total, there were 57 respondents who were declared eligible as samples in this study.

Figure 2 Entrepreneurial Role Model

Figure 2 shows the percentage composition of respondents based on entrepreneurial role model. Parents are recognized by 65% of respondents as role models in entrepreneurship, followed by friends (14%), other figures who are specially observed (12%), and relatives (9%). It can be seen from the percentage of interaction with the role model in Figure 3 that 58% of respondents said that they quite close with their role models, with very high intensity; they meet at least once a week (see Figure 3).
Figure 3 Intensity of Interaction with Role Model

This is considered quite natural, given that most respondents chose parents as their role models. Interestingly, 9% of respondents never met the role model. In this case, respondents chose figures who are widely known as successful entrepreneurs as role models.

According to the definition of role model stated by Bosma et al. (2012), in this study, the role model is a common reference inherent in individuals, who act as a role model who can stimulate or inspire others to make decisions or achieve certain goals. Role model indicators include: (i) inspiration: including role model as a source of inspiration; (ii) skill validation: including role model as a benchmark of self-efficacy; (iii) role model: including role model as a behavior guide; (iv) support: role model as a motivator to achieve goals. Table 3 shows the Cronbach’s alpha value of the role model construct of 0.883 with Composite Reliability (CR) of 0.916.

In line with Donnellon et al., (2014) entrepreneurial identity defined in this study is the individuals’ perception of identity on the proximity or equality between them and the role models as entrepreneurs. Indicators in this variable include (i) opportunity to do the same; (ii) control in conducting business; (iii) the presence of excellence and uniqueness; (iv) supportive appearance; (v) persuasive power. The Cronbach’s alpha value of role model construct is 0.813, with CR of 0.864.

According to Wiklund & Shepard (2003), the indicators of entrepreneurial performance in this study use business performance proxy, which includes (i) increase in net income of business; (ii) increase in business value (iii) corporate value; (iv) increase in cash flows of the business. The Cronbach’s alpha value of role model construct is 0.809, with CR of 0.873. Therefore, based on the Cronbach’s alpha and CR values summarized in Table 3, it can be stated that the indicators used in this study are reliable. Based on the research hypothesis that has been developed, the results of data analysis in this study are as presented in Figure 4. To test the hypotheses in the research model, the data of the questionnaire results are processed by using Partial Least Square Method (PLS).

Table 1 shows the R-square value of each variable. The result of inner model analysis of this research using PLS is presented in Table 4. Table 2 shows the results of convergent validity test, which can be seen from AVE value. The AVE value for variable EP, SE, RM and IE shows a value greater than 0.5; therefore, it can be stated that the indicator used to measure the latent variable is valid.

RESULTS AND DISCUSSION

Table 4 shows the results of Structural Equation Modeling (SEM) analysis using PLS. Table 4
Role Model and Entrepreneurial Performance: The Role of Entrepreneurial Identity

shows that entrepreneurial performance is influenced by self-efficacy ($\beta = 0.373$ and $t = 2.583$). Therefore, $H_6$, which states that there is a significant influence between self-efficacy and entrepreneurial performance is proven, while the variable entrepreneurial identity is proven to have no effect on entrepreneurial performance. Thus, $H_5$, which states that there is a significant influence between entrepreneurial identity and entrepreneurial performance, is not proven. In this study, entrepreneurial identity has a significant effect on self-efficacy ($\beta = 0.701$ and $t = 9.793$). Thus, based on the result, $H_4$, which states that there is a direct and significant influence between entrepreneurial identity and self-efficacy, is proven.

The result of analysis by using SmartPLS statistic application shows that the presence of role model will form the entrepreneurial identity of individuals as entrepreneurs. The results of this study support the results of research which were conducted by Singh et al., (2006) and Ibarra (1999). Entrepreneurial identity is formed through the suitability or similarity or closeness of individuals with role models. Figure 2 shows that 65% of respondents make their parents as role models. In addition, Figure 3 also shows that 58% of respondents meet their role models once a week. In line with the findings of a research which was conducted by Singh et al. (2006), students use a role model or some selected role models to guide them in entrepreneurship and establish their entrepreneurial identity. As in the findings of a research which was conducted by Ibarra (1999), some students tend to have several role models that shape the entrepreneurial identity.

This study also found that role model does not affect self-efficacy. Based on this finding, then $H_3$, which states that there is significant effect between the role model and self-efficacy is not proven. Role model is proven to significantly influence identity entrepreneurial ($\beta = 0.430$ and $T = 6.613$). Therefore, it can be concluded that $H_1$ is proven. In addition, this study also found that role model does not have a direct influence on entrepreneurial performance - which also shows that $H_2$ in this study is not proven.

This study found that role model does not directly affect entrepreneurial performance - but role model influences the entrepreneurial identity of a person first. Then, entrepreneurial identity will affect the self-efficacy of a person - which subsequently self-efficacy influences entrepreneurial performance. In other words, the influence of role models on entrepreneurial performance is mediated by variable entrepreneurial identity and self-efficacy.

Table 2  Results of Convergent Validity Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Performance (EP)</td>
<td>0.632</td>
</tr>
<tr>
<td>Self-efficacy (SE)</td>
<td>0.517</td>
</tr>
<tr>
<td>Role Model (RM)</td>
<td>0.733</td>
</tr>
<tr>
<td>Entrepreneurial Identity (IE)</td>
<td>0.534</td>
</tr>
</tbody>
</table>

Table 3  Results of Convergent Validity Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite Cronbach's Reliability</th>
<th>Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial Performance</td>
<td>0.873</td>
<td>0.809</td>
</tr>
<tr>
<td>Self-efficacy</td>
<td>0.864</td>
<td>0.813</td>
</tr>
<tr>
<td>Role Model</td>
<td>0.916</td>
<td>0.883</td>
</tr>
<tr>
<td>Entrepreneurial Identity</td>
<td>0.851</td>
<td>0.780</td>
</tr>
</tbody>
</table>

This study also found that role model does not affect self-efficacy. Based on this finding, then $H_3$, which states that there is significant effect between the role model and self-efficacy is not proven. Role model is proven to significantly influence identity entrepreneurial ($\beta = 0.430$ and $T = 6.613$). Therefore, it can be concluded that $H_1$ is proven. In addition, this study also found that role model does not have a direct influence on entrepreneurial performance - which also shows that $H_2$ in this study is not proven.

The process of the emergence of entrepreneurial identity as described by Ashforth (1998) is formed through the process of unfreezing present identity and the process of identity change and the formation of a new and suitable identity (refreeze into a new mold). Role models like mentors also serve to provide emotional protection that allows students to become entrepreneurs to express and create an atmosphere in order to be an entrepreneur (Down, 2006).

The entrepreneurial identity has been proven to influence the emergence of self-efficacy in students. The results of this study are in line with the results of a research which was conducted by Gushue et al. (2006), finding a co-relational relationship between those two. This finding also supports the results of a number of previous studies (Smith et al., 1999; Blash and Unger, 1995; Taylor, et al., 1994), finding the influence of individual identity on
the formation of perception of efficacy. Self-efficacy is also related to the goal to be achieved by an individual personally (personal goal) (Zimmerman, et al., 1992).

A student who perceives himself/herself as an entrepreneur will reflect that he/she has the capacity and competence requires. This will increase confidence in the potential achievement in establishing and building a business. The increase in confidence will form a feeling that he or she will be able to become an entrepreneur. The more a person believes in his/her potential, the more a person has the goal with the best results to be achieved.

As in previous studies (Stajkovic and Luthans, 1998), the results of this study also indicate a significant influence between self-efficacy and entrepreneurial performance. Student’s individual perception of his/her ability to be able to establish and run a business will affect his/her achievement in entrepreneurship (Bandura, 1994). Several studies in the field of entrepreneurship also indicate a causal relationship between those two (Hmieleski & Baron, 2008). Individuals with a high degree of confidence tend to run a business based on strategic planning, while individuals with low confidence level tend to provide less effort in running a business (Forbes, 2005). This research contributes in the form of a pattern that connects role model and entrepreneurial performance as illustrated in Figure 4.

CONCLUSION

The results of this study indicate that there is a pattern that links the presence of role model and entrepreneurial performance. Comprehensive modeling as shown in the results of this study has not been done by many researchers. The presence of role models is proven to influence the formation of entrepreneurial identity. The more the individual perceives him/herself as an entrepreneur, the higher his confidence that he/she is able to establish and run the business (self-efficacy). The high level of confidence about self-efficacy that he will succeed will directly lead to an improvement of entrepreneurial performance. This research contributes theoretically in creating a model that connects the presence of role models and entrepreneurial performance. Practically, the results of this study can be used by mentors and educators in the field of entrepreneurship education to be able to create the appropriate role model for students who intend to become entrepreneurs.

Table 4  Path Coefficient of Research Model

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Entrepreneurial Performance</th>
<th>Self Efficacy</th>
<th>Entrepreneurial Identity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Entrepreneurial performance (EP)</td>
<td>0.373 (2.583)**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Self-efficacy (SE)</td>
<td></td>
<td>0.701 (9.793)**</td>
<td></td>
</tr>
<tr>
<td>3 Entrepreneurial Identity (IE)</td>
<td>0.034 (0.262)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Role model (RM)</td>
<td>0.089 (0.734)</td>
<td>-0.029 (0.396)</td>
<td>0.430 (6.613)**</td>
</tr>
</tbody>
</table>

Note: **) Significant at confidence level of 5%

Figure 4  Pattern of the Relationship between Role Model and Entrepreneurial Performance
REFERENCES


