

Role Model and Entrepreneurial Intentions by Small and Medium Scale Enterprises Owners in Edo State, Nigeria

O.W. Odiwo (PhD)

odiwo.williams@edouniversity.edu.ng, odiwowilliams@yahoo.com, +2348075635789

Department of Business Administration
Faculty of Arts, Management and Social Sciences
Edo State University, Uzairue, Edo State, Nigeria

Nwaoligbo Victoria Chinwendu

victoria.nwaoligbo@nmu.edu.ng, victoria.nwaoligbo@gmail.com, +2348038284744

Department of Marine Economics and Finance
Faculty of Marine Transport & Logistics Management
Nigeria Maritime University, Okerenkoko, Nigeria

Abstract

The study examined role model and entrepreneurial intentions of small and medium scale enterprises in Edo State, Nigeria. It specifically assessed the influence of role modelling on entrepreneurial intentions of small and medium scale owners in Edo State. A descriptive survey research design was adopted for the study. The population of the study comprised the small and medium scale enterprises owners in Edo State, which scale up to 1500. A sample of 235 small and medium entrepreneurs were studied. Primary data was sourced through the administration of structured questionnaire. Data gathered were analysed using multiple regression at 0.5% level of significance. The study found that gender role model, education role model and age role model has significant effect on entrepreneurial intentions. The study concluded that entrepreneurial role model has a positive and significant influence on entrepreneurial intentions of small and medium scale enterprises business owners in Edo State. The main recommendation was that potential entrepreneurs should go beyond the intentional stage and venture into entrepreneurship with a spirit of innovation, competitiveness, and creativity.

Keywords: Role model, Entrepreneurial intentions, Small and medium scale owners, Edo State, Nigeria

Introduction

Entrepreneurial role model have become a familiar concept going by the fact that white-collar jobs are not easily available in Nigeria, individual decisions to engage in certain behaviour are often influenced by the behaviour, opinions of others, and the demonstration of their identity and by the examples, they provided in the society (Akerlof & Kranton, 2000). This also holds for the occupational choice of individual and more specifically, the decision to engage in entrepreneurship. Many entrepreneurs claimed that others have influenced their

business start-up decision and the development of their business. This means that role models influence entrepreneurship. A role model is a common reference to individuals who set examples to be emulated by others and who may stimulate or inspire other individuals to make certain (career) decisions and achieve certain goals. Role models play an important influence on entrepreneur's decision. It is evident in the popular business press that entrepreneurial endeavours and successes have influence on other entrepreneurs (Bosma, Hessels, Schutjens, Van-Praag & Verheul, 2004).

Role models helps to motivates and steer up many people into going into business. This is true in other endeavours as local heroes and global super stars behaviour is monitored and imitated by others. Most people draw specific attributes of role models, such as freedom or success. Recently studies are beginning to investigate the role that role model plays in the area of entrepreneurship. The finding of these studies could be useful basis for policy makers to increase the amount of role models and stimulate an entrepreneurial career choice in order to increase economic growth and innovation (Rotterdam, 2010).

Many studies carried out on the drivers of entrepreneurial activity focussed mainly on the impact of personality traits, family and educational background, gender issues as well as entrepreneurial role models. Few studies have been carried out in both developed and developing countries that investigates the effect of role models on entrepreneurship focusing on small and medium scale businesses especially, women entrepreneurs. However, it is observable that most of the small and medium scale enterprises do perform poorly. They witness little or no growth after years of establishment, rarely or never hire workers outside of family members, and have low productivity (Linan & Fayolle, 2015). Since previous studies have not focused on the role of entrepreneurial role model in promoting entrepreneurial activity in a country like Nigeria, this current study attempts to fill this gap.

The specific objectives of the paper included to:

- i. examine the effect of role model on entrepreneurial intentions of small and medium scale business owners in Edo State,
- ii. examine the effect of gender role model on entrepreneurial intentions of small and medium scale business owners in Edo State,
- iii. determine the effect of education role model on entrepreneurial intentions of small and medium scale business owners in Edo State, and
- iv. determine the effect of age role model on entrepreneurial intentions of small and medium scale business owners in Edo State.

In line with the objectives, the following research questions were raised:

- i. To what extent does role model have effect on entrepreneurial intentions of small and medium scale business owners in Edo State?
- ii. To what extent does gender role model affect entrepreneurial intentions of small and medium scale business owners in Edo State?
- iii. What is the effect of education role model on entrepreneurial intentions of small and medium scale business owners in Edo State?
- iv. What is the effect of age role model on entrepreneurial intentions of small and medium scale business owners in Edo State?

Accordingly, the following null hypotheses were tested:

H₀₁: Role model has no significant effect on entrepreneurial intentions of small and medium scale business owners in Edo State.

H₀₂: Gender role model has no significant effect on entrepreneurial intentions of small and medium scale business owners in Edo State.

H₀₃: Education role model has no significant effect on entrepreneurial intentions of small and medium scale business owners in Edo State.

H₀₄: Age role model has no significant effect on entrepreneurial intentions of small and medium scale business owners in Edo State.

The reminder of the paper is organized into literature review, methodology, results and discussion, and conclusion and recommendations.

Literature Review

Conceptual Clarifications

There is no single universally accepted definition of entrepreneurship. This is because it is a concept that is sensitive to the openness of modern social, political and economic systems. However, the concept is related to human behaviour characterized by creativity, innovativeness, and competitiveness. In fact, innovation is the hallmark of entrepreneurship since it heavily relies on transforming ideas into economic opportunities and values. This view reinforces the fact that entrepreneurs and innovative people are those who are able to exploit opportunities and willing to take risks, contribute to economic progress and national welfare (Tang, Kacmar & Busenitz, 2012).

Role models are reference point to others. It is a concept that explains the influence of the personality traits and attributes of a person whom others look up to and imitate. Gelderen, Brand, Praag, Bodewes, Poutsma and Gils (2008) perceived an entrepreneurial intent as the inclination to start a business with a focus on one's likelihood of possessing a business. Ajzen (1991) asserted that an entrepreneurial intention is the quest for information that serves the

fulfilment of venture creation. To this extent, intentions are immediate antecedents of individuals' behaviour that indicates their readiness of being engaged in self-employment activities rather than seeking jobs in established organizations. Bird (1988) opined that intention is a state of mind that focuses on a person's attention, experience and behaviour, which are targeted towards a specific object or behaviour. So, once individuals feel inclined to start their own business, their behaviour is regarded as a purposive one. Intention towards this purposive behaviour is maintained to be as a key factor that determines the ultimate phase of what a person has already intended to perform (Amouri, Sidrat, Boudabbous & Boujelbene, 2016).

The presence of entrepreneurial role models in the social environment reduces the ambiguity that potential entrepreneurs may feel about starting business. Role models may help intending entrepreneurs acquire necessary information and entrepreneurial skills that they apply in starting and managing a business. This pattern can be regarded as a non-pecuniary externality (Minniti, 2005). Thus, observing successful entrepreneurs demonstrates to potential entrepreneurs, for instance, how to organize the resources and activities required for starting and running one's own venture increases individual self-confidence (Sorenson & Audia, 2000).

The conceptual framework of the study depicting the interaction of the study variables is shown in figure 1.

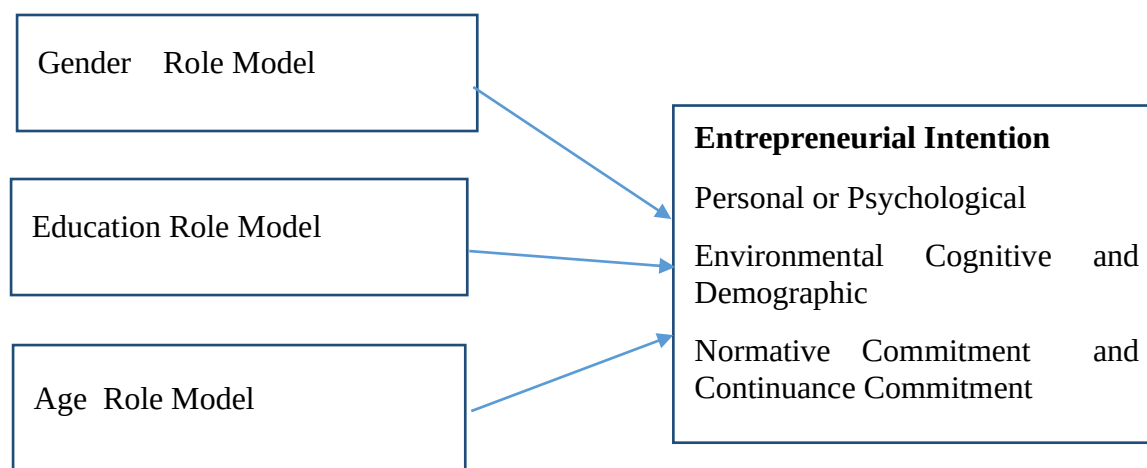


Figure 1: Conceptual framework of the Study

Source: Authors design, 2020.

Empirical Review

Rotterdam (2010) conducted a study in Germany on the determinants and consequences of entrepreneurial role models. Using a data set of 129 Dutch entrepreneurs and utilizing the

logistic binary regressions for analysis, the study found that younger entrepreneurs are more often in the presence of entrepreneurial role models. Also, entrepreneurs that have a role model were shown to be more innovative (measured for product and process innovation) and were more likely to hire more than one employee, compared to the entrepreneurs that lacked a role model.

Muofhe and Du-Toit (2011) conducted a study on entrepreneurial education's and entrepreneurial role models' influence on career choice in South Africa. The purpose of the study was firstly to explore the differences in entrepreneurial intentions between entrepreneurship students and non-entrepreneurship students, and secondly to investigate the relationship between entrepreneurial education and entrepreneurial intentions as well as between role models and entrepreneurial intentions. The study sampled 269 final- students, of which 162 (60.2%) were entrepreneurship students and 107 (39.8%) non-entrepreneurship students from a higher education institution in Johannesburg. The entrepreneurial intentions of entrepreneurship students were compared with those of non-entrepreneurship students. The findings of the study suggest that entrepreneurship students have stronger entrepreneurial intentions than non-entrepreneurship students. Also, that there is a positive relationship between entrepreneurship education and entrepreneurial intentions and between role model entrepreneurial intentions respectively. The findings of the study suggest that entrepreneurship education and role models can influence students' entrepreneurial intentions in a developing country.

Amouri, Sidrat, Boudabbous and Boujelbene (2016) examined the effect of role models on the development of entrepreneurial intention among graduate students in Tunisia during the academic year 2015-2016. A questionnaire was developed and distributed to a sample of 180 final-year students enrolled in business administration, management, entrepreneurship, accounting, and marketing programmes in three higher institutions in Sfax-Tunisia. The findings suggest that students' entrepreneurial intentions were developed through business contacts with already established organization and firms. Besides, the results signalled the eminent role of parents, family and reference group in fostering Tunisian students' inclination to start their business.

Theoretical Framework

This study is underpinned by the Reasoned Action Theory as propounded by Ajzen and Fishbein (1975, 1980). The theory proffers that a person's behavior is determined by their intention to perform the behavior and that this intention is, in turn, a function of their attitude toward the behavior and subjective norms (Linan & Chen, 2009). The reasoned action theory

distinguishes between behavioural intention and other behaviours, which enables one to understand factors that define attitudinal influence (Ajzen & Fischbein, 1975, 1980). Hale, Householder and Green (2002) opined that the theory of reasoned action evolved as a result of frustration with traditional attitude-behaviour research, much of which found weak correlations between attitude measures and performance of volitional behaviours. Derived largely from the social psychology setting, the theory of Reasoned Action (TRA) has three components: behavioural intention (BI), Attitude (A), and Subjective Norms (SN). It suggests that a person's behavioural intention depends on the person's attitude about the behaviour and subjective norms ($BI = A + SN$). Hence, if an individual decides to enact a given behaviour, then it is likely that the person will act it (Sulek & Hensley, 2004). The theory is relevant to the current study because entrepreneur's behaviour is taken to be learned from others who are described as role models. When this behaviour is learned, it is put into practice through establishment and effective management of the business.

Methodology

The study adopted survey design. The population of the study was 1500 comprising of entrepreneurs in Edo state, Nigeria. The sample size of 235 was obtained using the Taro Yamane sample size determinant. Questionnaire was employed as the instrument of data collection. The questionnaire was divided into five sections: A, B, C, D and E. Section A elicited information on the demographic characteristics of the respondents. Section B-D was used to elicit information on entrepreneurial role model while Section E contains information on entrepreneurial intention. The questionnaire instrument was designed on a five-point Likert scale: 5= strongly Agree; 4= Agree; 3 = Undecided; 2 =Disagree and 1 = Strongly disagree. For the validity and reliability of the questionnaire, the instrument was given to colleague to screen and a test-re-test method was used and thereafter the Cronbach alpha correlation coefficient was applied to find the correlation between the variables. The Cronbach alpha coefficient of 0.86 shows that the instrument is reliable.

For the purpose of the study, role model was the independent variable and entrepreneurial intention the dependent variable. Descriptive statistic including the use of frequency table was employed to analyse the demographic information while inferential statistics using regression was adopted to test the formulated hypotheses. The simple regression model is specified as follows:

$$EINT = f(ROM) \quad (1)$$

$$EINT = a_0 + b_1GRM + b_2ERM + b_3ARM + e \quad (2)$$

Where; EINT= Entrepreneurial Intention, ROM = Role Model, GRM = Gender Role Model, ERM = Education Role Model, ARM= Age Role Model, a_0 = Constant, $b_1 - b_3$ = Intercepts, e = Stochastic or Error Term.

Results and Discussion

Table 1 presents the results of the demographic characteristics of the study respondents.

Table 1: Respondents Demographic Characteristics

Variables	Frequency	Percentage
Gender		
Male	48	40.0
Female	72	60.0
Total	120	100.0
Marital Status		
Single	66	55.0
Married	50	41.7
Divorced	4	3.3
Total	120	100.0
Educational Qualification		
Secondary	40	33.3
College	50	41.7
Polytechnic	30	25.0
Total	120	100.0
Experience		
Below 2	24	20.0
2-5	42	35.0
6-10	54	45.0
Total	120	100.0

Source: Filed Survey, 2020.

Table 1 shows that 48 (40%) of the respondents were male and 72 (60%) female, which implies that most of the respondents surveyed were female. Considering the marital status, the Table 1 shows that 66 (55%) of the respondents were single, 50 (41.7%) were married while 4 (3.3%) of the respondents were divorced. This means that majority of the respondents were single. Furthermore, considering the educational qualification, the Table 1 shows that 40 (25.0%) of the respondents were secondary school certificate holders, 50 (41.7%) were college graduates while 30 (33.3%) were polytechnic graduates. This means that majority of the respondents were college graduates. This further means that the respondents have capacity to independently complete the research instrument. Table 1 indicates with respect to the demographic characteristics of experience that 24 (20%) of the respondents have been in business for a period of less than 2 years, 42 (35%) of the respondents have between 2-5 years of experience while 54 (45%) have between 6-10 years of experience in business. This implies that majority of the respondents' falls between 6-10 years of experience.

The result of the regression analysis is presented in Table 2.

Table 2: Summary Regression Results

Variables	Coeff.	Std, Error	Beta	t-Statistics	p-Value
CONSTANT	2.667	0.190		14.022	0.000
GRM	0.430	0.068	0.548	6.312	0.000
ERM	0.422	0.126	0.383	3.337	0.001
ARM	0.309	0.155	0.266	2.690	0.088
R	0.541				
R ²	0.293				
F-Statistics	16.036				
p-value	0.000				

Source: Authors Computation, 2020.

Table 2 revealed that the correlation co-efficient between entrepreneurial intention and role model is 0.541. This indicates that there is a strong relationship between role model and entrepreneurial intention. This further implies that the explanatory variables have a positive and moderate effect on entrepreneurial intention. The R² of 0.293 shows that the explanatory variables combined, explains about 29.3% of the variation in entrepreneurial intention while the remaining 70.7% is explained by other variables that were not put into consideration. The F-statistics of 16.036 has an associated p-value of 0.000 which is less than the 0.05 level of significance, further confirming that the model is fit and reliable.

The overall model coefficient of 2.667 indicates that a unit increase in role model will cause a similar increase in entrepreneurial intention. The p-value of 0.000 is less than the 0.05 level of significance hence is premise to conclude that role model has positive and significant effect on entrepreneurial intentions of small and medium scale business owners in Edo State.

Table 2 shows with respect to each of the role model variables that gender role model (GRM) has a coefficient of 0.430 which means that an increase in gender role model will result to about 43.0% increase in entrepreneurial intention. GRM has a p-value of 0.000 which is less than the 0.05 level of significance. The coefficient of 0.430 and p-value of 0.000 is enough basis to conclude that gender role model has a positive and significant effect on entrepreneurial intentions of small and medium scale business owners in Edo State. This finding is in line with the earlier findings by Hale, Householder and Green (2002).

Table 2 indicates that education role model (ERM) has a coefficient of 0.422 which means that an increase in the variable will result to about 42.2% increase in entrepreneurial intention. The 0.422 coefficient and p-value of 0.001 is basis to conclude that education role model has a positive and significant effect on entrepreneurial intentions of small and medium scale business owners in Edo State. This finding reiterates Fellnhofer and Puumalanien (2017) who in their study of the role of role models in enhancing entrepreneurial intention in

Poland recommended embedding entrepreneurial role models in entrepreneurship education courses as a sure way to promote entrepreneurial activities. Indeed, there is strong evidence that education role model has the high effect on entrepreneurial intentions particularly of small and medium scale owners. Lastly, Table 2 shows that age role model (ARM) has a coefficient of 0.309 which is positive. The coefficient of 0.309 means that a unit increase in age role model will result to about 30.9% increase in entrepreneurial intention. The coefficient of ARM of 0.309 together with its associated p-value of 0.088 which exceeds the 0.05 level of significance is basis to conclude that age role model has a positive but statistically non-significant effect on entrepreneurial intentions of small and medium scale business owners in Edo State.

Conclusion and Recommendations

This study examined the effect of role model on entrepreneurial intentions of small and medium scale business owners in Edo state Nigeria. From the results of the study, it is concluded that role models have positive and significant effect on entrepreneurial intention of small and medium scale business owners in Edo State. In particular, gender role model has positive and significant effect on entrepreneurial intention, education role model has positive and significant effect on entrepreneurial intentions while age role model have positive but non-significant effect on entrepreneurial intention. Based on the findings, the study recommended for use of gender based campaign by the Nigerian Government and particularly the Edo State Government to encourage entrepreneurship among the people, introduction of more entrepreneurship courses in the educational curriculum at all levels of education and that potential entrepreneurs should go beyond the intentional stage and venture into entrepreneurship with a spirit of innovation, competitiveness, and creativity.

References

- Ajzen, I. (1991). The theory of planned behaviour. *Organizational Behaviour and Human Decision Processes*, 50(2), 197-211.
- Ajzen, I., & Fishbien, M. (1975). Belief, attitude, intention and behavior: An introduction to theory and research. MA: Addison-Wesley.
- Akerlof, G. A., & Kranton, R. E. (2000). Economics and identity. *Quarterly Journal of Economics*, 115(3), 715-753.
- Amouri, A., Sidrat, S., Boudabbous, S., & Boujelbene, Y. (2016). Effects on role models on developing entrepreneurial intention among graduates in Tunisia. *Journal Business and Management*, 18(7), 73-80.
- Bird, B. (1988) Implementing entrepreneurial ideas: The case for intention. *Academy of Management Review* 13, 442-453.

- Bosma, N, A., Hessels, J. B. C., & Schutjens, V. A. (2004). Entrepreneurship and role models. *Journal of Economic Physiology*, 1-33
- Fellnhöfer, K., & Puumalainen, K. (2017). Can role model boost entrepreneurial attitudes? *International Journal of Entrepreneurship and Innovation Management*, 21(3), 274-291.
- Fritsch, M., & Wyrwich, M., (2014). The long persistence of regional levels of Entrepreneurship: *Germany Regional Studies*, 48(6), 955-973.
- Gelderen, M. V., Brand M., Praag M. V., Bodewes W., Poutsma, E. & Gils, A. V. (2008) Explaining entrepreneurial intentions by means of the theory of planned behaviour. *Career Development International*, 13(6), 538-559.
- Linan, F; & Chen, Y.W. (2009). Development and cross-cultural application of a specific instrument to measure entrepreneurial intention. *Entrepreneurship: Theory and Practice*, 33(3), 593-617.
- Minniti, M. (2005). Entrepreneurship and network externalities. *Journal of Economic Behavior and Organization*, 57(1), 1-27.
- Muofhe, N.J., & Du Toit, W.F. (2011). Entrepreneurial education's and entrepreneurial role model's influence on career choice. *SA Journal of Human Resource Management/SA Tydskrif vir Menslikhupbronbestuur*, 9(1)183-193.
- Sorenson, O., & Audia, P. G. (2000). The social structure of entrepreneurial activity: geographic concentration of footwear production in the United States. *American Journal of Sociology*, 106(2), 424-462.
- Sulek, J. M. & Hensley, R. L. (2004). The relative importance of food, atmosphere, and fairness of wait: the case of a full-service restaurant. *Cornell Hotel and Restaurant Administration Quarterly*, 45(3), 235-247.