THE EFFECTS OF ROLE MODELS ON NEW VENTURE ORIENTATION

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ABSTRACT

We explore the effects of exposure to entrepreneurial role models and the preference for either growth ventures or life-style ventures. Hypotheses are drawn based on social learning and social comparison theories to examine which better explains role model effects. Analyses are based on a sample of students in business courses. Findings support hypotheses regarding effects of role models on preference for growth and lifestyle ventures. Overall, findings also show a stronger support for social learning theory predictions than for social comparisons theory.

INTRODUCTION

In this study we explore the relationship between exposure to entrepreneurial role models and entrepreneurial preference for life-style versus growth ventures. Our objective is twofold. First, we wish to highlight the effects that exposure to entrepreneurial role models has on one’s preference for the type of venture to pursue. Second, in exploring the above effects we draw on the two most common explanations for the effects of role models – social learning/social cognitive theory (Bandura, 1986) and social comparison (Festinger, 1954) – to try and identify which theoretical perspective provides a better explanation in the context studied. Thus, the present study adds to the relatively limited research on the effects of role models in entrepreneurial contexts by a) supplementing our knowledge of the influence of exposure to entrepreneurial role models, and b) shedding light on the explanatory mechanisms as to why the effect occurs.

THEORETICAL BACKGROUND

Role Models and Entrepreneurship

Exposure to role models, its effects, and antecedents have been studied from numerous perspectives. In general, the research provides strong support for the notion of role model effects on individual decisions. A more limited body of research exists on the effects of role models in the context of entrepreneurship. The premise of this research is that role models provide entrepreneurs with resources that are necessary to facilitate entrepreneurial activity, a premise based on the notion that through observations of models, individuals develop professional expectations, self-efficacy, and ultimately entrepreneurial intent (Scherer et al., 1989). Research on models in the entrepreneurial context provides support for the positive effects of modeling (BarNir, Watson, & Hutchins, 2011; Krueger, 1993; Laviolette, Lefebvre, & Brunel, 2012; Van
Auken, Fry, & Stephens, 2006). Furthermore, research performed in the international context (e.g., Bosma et al., 2012; Gibson, 2003; Engle, Schlaegel & Delanoe, 2011; Lafuente & Vaillant, 2013) also found support for the significant contribution that role models have on entrepreneurial behaviors.

**Types of Startups and Entrepreneurial Preferences**

In this study we focus on two types of startups – lifestyle ventures and growth ventures. Hisrich, Peters, and Shepherd (2005) define lifestyle ventures as “a small venture that supports the owner and usually does not grow” (2005, p. 14), while a growth venture is “a company that has high growth potential and therefore receives great investor interest” (2005, p.14).

Studies have shown that the two types of ventures differ not only in business behaviors and properties, but also in the characteristics of the individuals who start them (Stewart et al., 2003). One main difference deals with the motivations of the entrepreneur: to provide a stable source of moderate income, or to provide a dynamic business associated with great yet uncertain potential profits. Further, life-style ventures are typically characterized by the long-term centrality of the business owner and by strategies that reflect the founder’s philosophy and vision, whereas growth ventures revolve around the need for investments, and their strategies reflect the need to deal with volatility and the demands of markets and investors. Given those fundamental differences, the owners/founders of those two types of ventures likely differ in terms of personal dispositions, risk taking propensity, or tolerance for ambiguity (e.g., Higgins, 1998; Stewart et al., 2003; Tumasjan & Braun, 2012).

**Explanations to the Effects of Role Models**

Explanations of the effects of role models are rooted in two main psychological mechanisms: social learning /cognition (Bandura, 1977, 1986) and social comparison (Festinger, 1954). The social learning perspective posits that models may be the source of information and contextual support, and offer an opportunity for direct or vicarious learning of one’s own abilities, as well as of how things can be done, where resources can be obtained, or factors leading to success and failure (Scherer, Brodzinski & Weibe, 1990; Scherer et al., 1989). A second theory that provides an explanation for role model effects is social comparison theory (Festinger, 1954; Goethals & Nelson, 1973). According to this perspective, role models constitute a referent which people use to evaluate their own abilities and actions, validate their actions, and view a possible image of their potential future or achievements (Blanton, 2001; Buunk, Piero, & Griffioen, 2007). People seek role models because they have a need to compare themselves to relevant others, and evaluate and validate their behavior in comparison to those others (Hilmert, Kulik, & Christenfeld, 2006).

**HYPOTHESES**

**Social Learning and the Effects of Role Models on New Venture Preferences**

The social learning perspective proposes that role models provide sources of contextual support, which affects behavior. This perspective thus emphasizes the learning processes that occur in the
relationships of entrepreneurs and their role models, and implicitly suggests that the
ernekroporphic activity is an outcome of exposure to the exchange of knowledge that occurs as a
result of interaction with role models (Bandura 1977). Entrepreneurs with access to a greater
number of role models will likely accumulate more resources. Such exposure provides
knowledge, increases self-efficacy, and suggests an overall increase in one’s ability to
successfully marshal resources and assume business risks, as well as consider diverse
opportunities. Accordingly,

H1: The greater the exposure to entrepreneurial role models that an individual has, the
more likely he/she prefers high growth new ventures.

From a social learning perspective, role models provide a source of learning. Different
backgrounds or knowledge bases that role models have will lead to different behaviors of the
observers (Bandura, 1977; Wood & Bandura, 1989). Extending this logic, we argue that to the
extent that when the role models to whom one is exposed are parents or family members, the
skills and norms that will be emulated will be associated with a lifestyle type of business. On the
other hand, when the role models are colleagues, business people, or other professionals, the
attitudes and learning will manifest in a promotion orientation associated with a preference for
high-growth businesses. Therefore,

H2: The greater the exposure to family role models, the greater the likelihood to prefer
life-style ventures.

H3: The greater the exposure to role models who are business or professional associates,
the greater the likelihood to prefer growth type ventures.

Social Comparisons and the Effects of Role Models on New Venture Preferences

Social comparison theory (Festinger, 1954) posits that individuals will choose role models with
whom they can compare themselves favorably. Consistent with this perspective, Gibson (2004)
defines a role model as “a cognitive construction based on the attributes of people in social roles
an individual perceives to be similar to him or herself to some extent and desires to increased
perceived similarity by emulating those attributes” (2004, p. 136). Research indeed supports the
notion that role model similarity offers more opportunity for attractive comparisons (Schachter,
1959; Zanna, Goethals, & Hill, 1975). The preference for comparison with similar others can be
explained by the fact that people tend to like others who are similar to themselves, and are more
likely to observe in similar others attitudes and values which are consistent with their own, all of
which enhances self-acceptance and self-validation (Festinger, 1954; Singh & Ho, 2000). Indeed,
the related-attributes hypothesis (Goethals & Darley, 1977) suggests that “there is a tendency for
individuals to identify same-gender over standard-setter-performance comparison” (Gibson &
Lawrence, 2010, p. 1161).

Further, research performed in the context of occupational choice showed that male role models
tend to influence males, and female role models tend to influence females (Betz & O’Connell,
1992), and that women are more likely to be influenced by female role models, such as their
mothers and female friends, than men (Basow & Lowe, 1980; Wohlford, Lochman, & Barry,
The above findings suggest that when women are faced with situations associated with stereotypical threats, comparisons with a similar role model yields an effect that alleviates the threat and facilitates successful performance. To the extent that growth type ventures posit greater entrepreneurial challenges, higher risk, and bolder overall strategic goals, it would be consistent with a context of stereotypical threat (McIntyre et al., 2005; Taylor et al., 2011), in which a role model of similar gender can be perceived as facilitating successful performance. Accordingly,

H4a. Women exposed to female entrepreneurial role models will be more likely to prefer growth ventures than women exposed to male entrepreneurial role models.

H4b. Men exposed to male entrepreneurial role models will be more likely to prefer growth ventures than men exposed to female entrepreneurial role models.

Although men and women may both be influenced by male role models, this may be due to the lack of female role models available (McQuillen, 2001). Thus, in the absence of a relevant female role model, women may select men as an appropriate role model. Little research on role models exists that explores the effects of gender dissimilarity. Despite the paucity of research and given the findings on the effect of similar role models, it is logical to assume that comparing oneself to a dissimilar role model constitutes a source of discomfort and provides less self-assurance and self-validation. If this is the case, then dissimilar role models may lead to behaviors that encourage vigilance, interfere with activities that required boldness and high levels of confidence, and discourage the overall boldness and risk taking associated with more volatile business activities. In the context of the present research, we posit that a gender-dissimilar model will be associated with a more prevention entrepreneurial orientation associated with preference for family-style ventures.

H5a. Women exposed to male entrepreneurial models will be more likely to prefer lifestyle ventures than women exposed to female entrepreneurial model.

H5b. Men exposed to female entrepreneurial models will be more likely to prefer lifestyle ventures than men exposed to male entrepreneurial models.

Notably, one of the tenets of social comparison theory is Festinger’s proposition that individuals have a “unidirectional drive upwards” (Festinger, 1954, p. 124). Accordingly, individuals seek not only self-comparison, but also self-improvement. The unidirectional drive upward theory suggests that individuals use social comparison as a means to better themselves, set higher expectations, and perform at a higher level. The notion of the unidirectional drive upward is important in the context of the present research because it suggests that entrepreneurs to whom one is exposed may be perceived as a benchmark of sorts that one wants to surpass. Parental startups, as well as other types of startups by family members, typically result in small businesses intended to provide family income. To the extent that a social comparison process with those models occurs, we would see greater preference for growth oriented ventures, as those would constitute a higher level of achievement compared to the family business.
H6. Greater exposure to parental and family models will be associated with preference for growth oriented ventures.

METHODS

Sample

The sample in this study was drawn from college students, both graduate and undergraduate, who were at a stage close to making career decisions. The subjects were 306 students (51% men and 49% women) at a large public university in the southwest. A survey was administered online over the course of several semesters in management courses. Seventy-nine percent of the respondents were College of Business students, while the rest came from other colleges in the university. The mean age of the sample was 26.5 years (SD = 6.65) with a mean of 24 and range of 19 to 58 years. The majority of the students were undergraduates (73.8%) and the rest were master’s students.

Measures

Type of venture. This measure is the dependent variable, and measures the respondent’s preference to start a life-style or growth oriented venture (Stewart et al., 2003). The construct of life-style venture was measured with the question (If you were to start your own business, how likely are you to try and create a family business focused on providing family employment and income?), while the construct of growth venture was measured with the question (If you were to start your own business, how likely are you to try and create a business intended for great profit?), and answers were measured on a 7-point Likert-type scale ranging from 1 (not likely at all) to 7 (very likely).

Exposure to role models. The measure of role models is designed to capture subjects’ exposure to role models in the area of entrepreneurship. Measuring entrepreneurial models was based on a measure used by Krueger (1993) to measure prior entrepreneurial exposure. In this study, role model effect was gauged by asking respondents about a) parental entrepreneurial experience b) work experience in entrepreneurial firm and c) startup experience. Respondents indicated either yes or no for each question, and the role-model exposure indicator was comprised of adding the number of yes responses (coded as 1). The measure ranged from 0 (no role models) to 3 (an affirmative response to all questions).

Primary role model. Respondents were asked to think of the person who provided them with the most personal exposure to business ownership/entrepreneurship and indicate a) whether this person was a family member, and b) whether this person was a colleague/business associate. Respondents were also asked to indicate the gender of the person who provided them with the most exposure to entrepreneurship. The first two items indicated role model status (family or business associate). The gender indicator was used to assess role model similarity.

Control variables. Our sample was drawn from a fairly homogenous student population, and the control variables chosen were those which typically have been found to possibly affect one’s
motivation and inclination to choose future career directions. Accordingly, we controlled for respondents’ age, gender, educational background (business or non-business), whether they had children, and whether they were married. Additionally, we also controlled for respondents’ general intent to start new business, because our focus was on the type of venture rather than the overall intent, and overall intent may affect the type of venture chosen. Descriptive statistics and correlations appear in Table 1.

TABLE 1:
Pearson Correlations for Study Variables

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>s.d.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Age</td>
<td>26.24</td>
<td>6.13</td>
<td>--</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Gender</td>
<td>1.48</td>
<td>0.50</td>
<td>-.09</td>
<td>--</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Education</td>
<td>0.80</td>
<td>0.40</td>
<td>.18**</td>
<td>.10</td>
<td>--</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Children</td>
<td>0.21</td>
<td>0.41</td>
<td>.60**</td>
<td>-.01</td>
<td>.20**</td>
<td>--</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Marital status</td>
<td>0.71</td>
<td>0.45</td>
<td>-.53**</td>
<td>.07</td>
<td>-.17*</td>
<td>-.53**</td>
<td>--</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Entrepreneurial intent</td>
<td>5.11</td>
<td>1.69</td>
<td>.08</td>
<td>-.08</td>
<td>.06</td>
<td>.07</td>
<td>-.09</td>
<td>--</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Family model</td>
<td>1.54</td>
<td>0.50</td>
<td>-.13*</td>
<td>.18**</td>
<td>.05</td>
<td>-.11</td>
<td>.10</td>
<td>.16**</td>
<td>--</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Business model</td>
<td>1.29</td>
<td>0.45</td>
<td>.13*</td>
<td>-.16**</td>
<td>.07</td>
<td>.19**</td>
<td>-.10</td>
<td>.03</td>
<td>-.45**</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>9 Growth venture</td>
<td>5.60</td>
<td>1.34</td>
<td>-.03</td>
<td>-.12*</td>
<td>.01</td>
<td>.04</td>
<td>.02</td>
<td>.23**</td>
<td>-.06</td>
<td>.12</td>
<td>--</td>
</tr>
<tr>
<td>10 Lifestyle venture</td>
<td>4.71</td>
<td>1.71</td>
<td>.08</td>
<td>.05</td>
<td>.03</td>
<td>.10</td>
<td>-.07</td>
<td>.19**</td>
<td>.12*</td>
<td>-.07</td>
<td>.03</td>
</tr>
</tbody>
</table>

Notes:
Correlations in the table are based on 283 cases, reflecting those cases which had valid data for all above variables. *p<.05, **p<.01, 2-tailed.

Hypothesis Testing

The first set of hypotheses dealt with predictions associated with social learning theory. The hypotheses were tested with hierarchical regression, in which the dependent variables – growth and lifestyle ventures – were regressed on the control variables and on the independent variables. Results are presented in Table 2. Hypothesis 1a posited a positive association between the scope of one’s exposure to role models and preference for growth ventures, while hypothesis 1b posited a stronger relationship between one’s exposure and lifestyle ventures. Results presented in Table 2 model 1 do not support hypothesis 1a, showing a non-significant effect of scope of exposure on growth ventures (β = -.02, n.s.). However, results also show (Table 2 Model 4) a significant positive effect of scope of exposure on preference for lifestyle ventures (β = .14, p<.05), thereby providing support for hypothesis 1b.

Hypothesis 2 posited that exposure to family role models will be associated with preference for lifestyle ventures. Analyses (Table 2 Model 5) show that the effect of having a family member
as a model is positively associated with preference for lifestyle ventures ($\beta = .10$, $p<.05$), supporting hypothesis 2. Hypothesis 3 posited a positive association between having a role model who is a business colleague or associate and preference for growth ventures. Results, presented in Table 2 model 2 support the hypotheses, showing a positive significant effect ($\beta = .11$, $p<.05$).

**TABLE 2:**
Regression analysis for testing social learning and social comparison predictions

<table>
<thead>
<tr>
<th></th>
<th>Dependent variable: Growth ventures</th>
<th>Dependent variable: Life Style ventures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Control variables</td>
<td>H1a</td>
<td>H3</td>
</tr>
<tr>
<td>Age</td>
<td>-0.02</td>
<td>-0.02</td>
</tr>
<tr>
<td>Sex</td>
<td>-0.12*</td>
<td>-0.09</td>
</tr>
<tr>
<td>Educ. Background</td>
<td>0.01</td>
<td>0.02</td>
</tr>
<tr>
<td>Children</td>
<td>-0.05</td>
<td>-0.06</td>
</tr>
<tr>
<td>Marriage</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>Startup Intent</td>
<td>0.25***</td>
<td>0.25**</td>
</tr>
<tr>
<td>Independent variables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope of model exposure</td>
<td>-0.02</td>
<td></td>
</tr>
<tr>
<td>Family model</td>
<td></td>
<td>-0.10*</td>
</tr>
<tr>
<td>Business/colleague model</td>
<td></td>
<td>0.11*</td>
</tr>
<tr>
<td>df</td>
<td>280</td>
<td>282</td>
</tr>
<tr>
<td>F</td>
<td>3.44**</td>
<td>3.94***</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.08</td>
<td>0.09</td>
</tr>
</tbody>
</table>

Notes:

*Entries are Beta, standardized regression coefficients

** * p<.05, ** p<.01, ***p<.001

The second set of hypotheses emerged from the theoretical perspective of social comparison processes. Hypothesis 4a posited a positive effect of having a female role model for women on preference for growth ventures. Results are presented in Table 3, Panel 1, and show that the a significantly greater preference for growth ventures for women whose role model was a women, compared to women whose role model was a man (5.74 compared to 5.22, $t_{144}=2.21$, $p<.01$). These results provide support for hypothesis 4a. Hypothesis 4b posited a positive effect of having a male role for men’s preference for growth ventures compared to men who had a female role model. Results show a non-significant effect ($t = .28$, n.s.). However, because the group of men in our sample who had females as a role model was very small (15 compared to 135 men with male model) results are not reliable. Hypothesis 5a posited that women with male models are more likely to prefer life-style ventures compared to women with female models. Results, presented in Table 3 panel 3 do not support this hypothesis (mean score of 4.84 versus 4.72, $t_{144} = 0.42$, n.s.). Hypothesis 5b posited that males with female models will be more likely to prefer
life-style ventures compared to men with male models. Here too, results are not significant, and given the small number of men with female models, are not reliable.

Hypothesis 6 posited that having family role models will be associated with preference for growth ventures. Analyses (Table 1, Model 3) show that the effect is significant in the opposite direction to that hypothesized ($\beta = -.10, p<.05$). In other words, having a family model led to lower likelihood of preferring growth ventures. Thus, this hypothesis is not supported.

**TABLE 3:**
T-test for comparing subject-role model gender similarity and dissimilarity

<table>
<thead>
<tr>
<th>Panel 1: Growth ventures</th>
<th>N</th>
<th>Mean score</th>
<th>t-statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female subject with female models</td>
<td>57</td>
<td>5.74</td>
<td>2.21*</td>
</tr>
<tr>
<td>Female subjects with male models</td>
<td>89</td>
<td>5.22</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Panel 2: Growth ventures</th>
<th>N</th>
<th>Mean score</th>
<th>t-statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male subject with male models</td>
<td>135</td>
<td>5.77</td>
<td>0.28</td>
</tr>
<tr>
<td>Male subjects with female models</td>
<td>15</td>
<td>5.87</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Panel 3: Life Style ventures</th>
<th>N</th>
<th>Mean score</th>
<th>t-statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female subject with female models</td>
<td>57</td>
<td>4.72</td>
<td>0.42</td>
</tr>
<tr>
<td>Female subjects with male models</td>
<td>89</td>
<td>4.84</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Panel 4: Life style ventures</th>
<th>N</th>
<th>Mean score</th>
<th>t-statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male subject with male models</td>
<td>135</td>
<td>4.59</td>
<td>0.26</td>
</tr>
<tr>
<td>Male subjects with female models</td>
<td>15</td>
<td>4.47</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
* $p<.05$

**DISCUSSION**

One of the objectives of this study was to explore two theoretical explanations for the effects of role models, social learning theory and social comparison theory. In our analyses we tested three hypotheses associated with social learning theory and three hypotheses associated with social comparison theory. Overall, findings show a stronger support for social learning theory predictions. Our findings appear to support the notion of a learning process which occurs as a function of one’s exposure to role models. Accordingly, it appears that the scope of one’s exposure to models associated with small and family startups is associated with the preference for life-style ventures. Analyses also show that when the source of one’s primary exposure to entrepreneurship is a family member, we observe preference for life-style ventures. By the same token, when one’s primary exposure to entrepreneurship is business associates or colleagues there is greater preference for growth, non-family style ventures. These results suggest a direct or vicarious learning process from either family members or business associates that leads to the pursuit of ventures in which the individual can apply knowledge obtained from that primary role model.
Hypotheses drawn from a social comparison perspective were tested either through regression models or through t-tests. Prior research showed that in case of stereotypical threat, which we argued is associated with growth ventures, a gender-similar model will facilitate beliefs of successful performance in growth ventures. A comparison of the means among women exposed to male and female role models shows that having a female role model was associated with greater preference for growth ventures. This difference was significant among women, but not among men. Although this lack of effect can be explained in terms of the theory, as growth ventures may not construe a stereotypical-threat context for men as it does for women, the extremely small number of men who had female models renders the analyses and results unreliable. A corollary of the stereotypical-threat effect argument is that having a gender-dissimilar model will hinder pursuit of growth ventures and will encourage the pursuit of less risky and more conventional ventures. Analyses do not support the hypotheses. This non-significant effect was observed among women and men, although here too the fact that so few men had a female model undermines the reliability of the effects for men.

Lastly, the unidirectional drive upward associated with social comparison theory suggests that individuals exposed to family models will be motivated to surpass those models. Results did not provide support to this relationship. In fact, the relationship was significant in the opposite direction to that hypothesized, suggesting that exposure to family models is associated with lower preference to growth ventures.

Overall, results provide more support to social learning explanations of role model effect. Our analyses are preliminary, and are based on fairly straight and basic models. Further analyses that involve more complex models will likely prove more informative and shed more light on the factors and mechanisms that affect role model influences.

A full version of this paper is available from the authors.
REFERENCES


