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**Consequences of reward-oriented motivation and security-oriented motivation for business growth motivation among small business owners**  
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## **Chapter 4**

### **The Role of Entrepreneurial Self-Esteem in Growth Motivation**

### **Abstract**

Three studies aimed to investigate the role of entrepreneurial self-esteem (i.e., one's evaluation of the worthiness of one's business ownership) in the relationship between motives for entrepreneurship and business growth motivation among small-business owners. Two studies were conducted online (Studies 4.1 and 4.2) and one study in the field in Indonesia (Study 4.3); both employed a cross-sectional design with a mixed correlational and experimental approach. It was found that opportunity-based entrepreneurship, but not necessity-based entrepreneurship, was positively associated with entrepreneurial self-esteem. Entrepreneurial self-esteem was a positive predictor of future time perspective and growth-pursuit intentions. Study 4.2 further showed the potential of increasing the salience of both personal and others' positive views of one's business for increasing entrepreneurial self-esteem. The investigation of entrepreneurial self-esteem in the current research extends current knowledge regarding the mechanism through which motives for entrepreneurship predict business growth motivation. The research also provides practitioners and policy makers with useful insights into the importance of entrepreneurial self-esteem for business growth motivation, and offers suggestions on how to increase it. In addition, the research sheds light on the important role of a new concept called entrepreneurial self-esteem in explaining the association between motives for entrepreneurship and business growth motivation.

## Introduction

The growth of small enterprises plays a key role in stimulating economic growth and poverty reduction. Indeed, several studies attest to the benefits of business growth for small-business owners, their businesses, and society as a whole (e.g., Lee, Kelly, Lee, & Lee, 2012; Mead & Liedholm, 1998; Rauch & Rijdsdijk, 2013). The three studies presented here examined how entrepreneurial self-esteem (i.e., business owners' evaluation regarding the worthiness of business ownership) affects small-business owners' motivation to grow their business, particularly in relation to their motives for entrepreneurship.

An investigation of entrepreneurial self-esteem as a driving force behind business growth is important for three reasons. First, it is crucial to investigate factors that support or hinder business growth motivation among small-business owners. This will expand our knowledge regarding factors of the variation in the levels of business growth motivation (Wiklund, Davidsson, & Delmar, 2003). It can also provide useful information for policy makers and practitioners who assist small-business owners in growing their businesses. Moreover, it can offer small-business owners a helpful perspective in their decisions regarding business growth pursuit.

### Entrepreneurial self-esteem

Self-esteem is theorized to be a multifaceted construct (Simpson & Boyle, 1975). The current research focuses on *entrepreneurial self-esteem*, defined as business owners' subjective evaluation of the worthiness of being a business owner. Worthiness here denotes the extent to which business ownership generates positive feelings that benefit one's overall self-worth. Unlike a personal identity tied to one's self, entrepreneurial identity is strongly tied to the idea of business ownership (e.g., Donnellon, Ollila, & Middleton, 2014). Thus, the worthiness of business ownership may not only encompass the extent to which business owners perceive that they derive positive feelings from their role as a business owner, but also the perceived worthiness of the business itself.

Given that entrepreneurial self-esteem is a relatively novel concept, it is important to elucidate its distinction from a related concept namely entrepreneurial self-efficacy (e.g., Chen, Greene, & Crick, 1998; Newman, Obschonka, Schwarz, Cohen, & Nielsen, 2019; Wilson, Kickul, & Marlino, 2007). Entrepreneurial self-efficacy refers to business owners' evaluation of their competence in entrepreneurship, whereas entrepreneurial self-esteem refers to the evaluative importance of business ownership to overall self-worth. Thus, entrepreneurial self-efficacy is

focused on beliefs regarding entrepreneurial competence, whereas entrepreneurial self-esteem is more focused on perceived worthiness of business ownership.

In the current research, it is argued that entrepreneurial self-esteem serves as an important basis for motivation to pursue business growth. Based on the notion that individuals are more committed and satisfied with roles that provide them with sense of worth and meaning (e.g., Carmel, 1997; Pierce, Gardner, Cummings, & Dunham, 1989), it is likely that small-business owners whose self-worth is positively tied to their business ownership are more committed to their businesses, and thus are more willing to pursue business growth. Before addressing this intriguing hypothesis, however, it is important to discuss how entrepreneurial self-esteem finds its origin in motives for entrepreneurship.

### **Motives for entrepreneurship and entrepreneurial self-esteem**

The current research proposed that small-business owners' motives for entrepreneurship are an important precursor to entrepreneurial self-esteem. Reynolds, Camp, Bygrave, Autio, and Hay (2001) introduced two categories of motives of entrepreneurship. The first is opportunity-based entrepreneurship, which refers to a motive of engagement in entrepreneurship that is primarily based upon people's personal desire to pursue business opportunities. Opportunity-based small-business owners tend to be growth-oriented and proactive (van der Zwan, Thurik, Verheul, & Hessels, 2016; Fairlie & Fossen, 2017). The second is necessity-based entrepreneurship, defined as a motive of engagement in entrepreneurship that primarily stems from the absence of viable options for work. Necessity-based small-business owners focus their businesses on generating daily income as opposed to maximizing profits (Berner, Gómez, & Knorringa, 2012), and were found to prefer being wage-employed to business ownership (van der Zwan et al., 2016).

Previous research suggests that opportunity-based small-business owners are more innovative and proactive (van der Zwan et al., 2016), which are important qualities for successful business performance (e.g., Exposito & Sanchis-Llopis, 2018). Relative to necessity-based small-business owners, opportunity-based small-business owners possess more necessary skills to run a business (Robichaud, LeBrasseur, & Nagarajan, 2010). This likely results in a better business performance, which contributes to a sense of pride and meaning as a business owner. In addition, the fact that opportunity-based small-business

owners' engagement in entrepreneurship is voluntary may suggest that business ownership is their preferred career. Indeed, Segel, Borgia, & Schoenfeld (2002) found that a sense of achievement is one of the outcomes of entrepreneurship that pull individuals toward entrepreneurship.

Necessity-based small-business owners, on the other hand, are generally less satisfied with their entrepreneurship (Kautonen & Palmross, 2010). Their engagement in entrepreneurship, primarily stemming from the absence of viable employment opportunities, suggests that business ownership is a career that they were forced into. Given that they tend to possess fewer necessary skills to run a business (Robichaud et al., 2010), it is also possible that their businesses do not perform as well as those run by opportunity-based small-business owners. This suggests that necessity-based small-business owners' sense of worth is less intricately tied to their business ownership compared to that of opportunity-based small-business owners. It was therefore hypothesized that:

*Hypothesis 1:* Opportunity-driven entrepreneurship would be positively associated with entrepreneurial self-esteem, whereas necessity-driven entrepreneurship would be negatively associated with entrepreneurial self-esteem

### **Entrepreneurial self-esteem and future time perspective**

The next question that needs to be addressed is: "How does entrepreneurial self-esteem relate to business growth motivation?". The current research proposed that small-business owners high in entrepreneurial self-esteem are more inclined to ensure the long-term sustainability of their businesses. This is where future time perspective (i.e., a cognitive structure underlying individuals' tendency to anticipate and take into account future events in their decisions; Zimbardo, Keough, & Boyd, 1997) comes into play. Future time perspective has been consistently found to play a significant role in behavioral decisions (Simons, Vanstreenkiste, Lens, & Lacante, 2004; Zimbardo et al., 1997). Many studies have shown that future time perspective predicts decisions and behaviors yielding future benefits (e.g., Adams & Nettle, 2009; Carey, Henson, Carey, & Maisto, 2007; Joireman, Lasane, Bennett, Richards, & Solaimani, 2001). Indeed, future time perspective plays a crucial role in the pursuit of business growth, which is inherently a future-oriented goal (Prasastyoga, van Leeuwen, & Harinck, 2019).

The expectation that entrepreneurial self-esteem is positively related to future time perspective is based on the notion that small-business owners high in entrepreneurial self-esteem view their business ownership as worthy. Given that individuals' commitment and satisfaction

with certain roles are reinforced when these roles provide them with sense of worth (e.g., Carmel, 1997; Pierce et al., 1989), small-business owners high in entrepreneurial self-esteem should be motivated to consolidate their role as business owner. This should drive them to pay more attention to the long-term viability of their businesses. Thus, it was hypothesized that:

*Hypothesis 2:* Entrepreneurial self-esteem would be positively associated with future time perspective

Moreover, given the aforementioned arguments that opportunity-based entrepreneurship would be positively associated with entrepreneurial self-esteem and that necessity-based entrepreneurship would be negatively associated with entrepreneurial self-esteem, as well as the hypothesis stating that entrepreneurial self-esteem would be positively associated with future time perspective, it was proposed that:

*Hypothesis 3:* Opportunity-based entrepreneurship would be indirectly and positively associated with future time perspective via entrepreneurial self-esteem, whereas necessity-based entrepreneurship would be indirectly and negatively associated with future time perspective via entrepreneurial self-esteem

### **Future time perspective and business growth intentions**

Many benefits of business growth are long-term (e.g., increasing long-term survival of a business, an increase in sales and profits; Achtenhagen, Naldi, & Melin, 2010; Rauch & Rijdsdijk, 2013). It is likely that only small-business owners with a strong tendency to foresee and consider the future of their businesses would be able to foresee the benefits of business growth. Thus, these small-business owners are more likely to pursue business growth. In other words, future time perspective should be positively associated with general growth intentions.

Previous research suggests that one's intentions to achieve a certain goal may lead to specific plans to engage in concrete activities to achieve that goal. For instance, Gollwitzer (1999) stated that individuals who have strong intentions to achieve a goal may also have the intentions to implement concrete behaviors that can lead to the attainment of that goal in the future. Van Gelderen, Kautonen, Wincent, and Biniari (2018) found that concrete planning to start a business arose as a consequence of the intentions to start a business. Given the prediction that future time perspective would be positively associated with general growth intentions and that goal intentions are known as a predictor of concrete action planning with regard to the goal pursuit, it was therefore hypothesized that:



*Hypothesis 4:* Future time perspective would be indirectly associated with concrete growth intentions via general growth intentions

### **Overview of the studies**

In three studies, we investigated the association between entrepreneurial self-esteem, small-business owners' future time perspective, motives for entrepreneurship, and growth-pursuit intentions. Studies 4.1 and 4.2 were conducted among a sample of mostly Western small-business owners. Study 4.3 was conducted among a sample of Indonesian small-business owners.

#### **Study 4.1**

Study 4.1 examined the general prediction that entrepreneurial self-esteem would positively relate to future time perspective, which would play a mediating role in the relationship between motives of entrepreneurship and growth-pursuit intentions (Hypotheses 1 to 4).

#### **Method**

##### **Participants and design**

Two hundred and seventy-four small-business owners (147 self-identified as female, 123 as male, 4 as 'other',  $M_{age} = 36.15$ ,  $SD_{age} = 11.55$ ) from Prolific Academic participated in this correlational study in return for a monetary fee.<sup>1</sup> On average, participants had been a business owner for 5.99 years ( $SD = 5.90$ ). 79.6 % of all participants reported that they had 2 or less employees in their firms ( $M = 1.97$ ,  $SD = 3.78$ ), with a range from 0 to 49 employees. Two hundred and fifty-one participants (92%) were from Western countries (113 British participants, 55 US participants, and 83 participants from other Western countries), and five participants did not report their nationalities.

##### **Procedures and measures**

The study employed an online survey. At the beginning of the survey, participants were asked to answer several demographic questions (e.g., gender, age, and nationality), some questions regarding their businesses (e.g., number of employees, period of entrepreneurship), and to provide a short description of their businesses. Afterwards, participants were presented with several scales measuring the variables of interest in this study.

Entrepreneurial self-esteem was assessed with 13 items (e.g., "My business is an important reflection of who I am", "Overall, I often feel that my business is not worthwhile" [recoded];  $\alpha = .88$ ) adapted from Luthanen and Crocker's (1992) collective self-esteem scale. Participants were

asked to indicate the extent to which they agreed with each item on a 7-point scale ( $1 = \text{strongly disagree}$ ,  $7 = \text{strongly agree}$ ). Motives of entrepreneurship were assessed with three items related to opportunity-based entrepreneurship (e.g., “I am a business owner because I like opportunities that entrepreneurship offers”;  $\alpha = .81$ ) and three items related to necessity-based entrepreneurship (e.g., “The only reason that I am a business owner is because this is the only way of fulfilling my current basic necessities”;  $\alpha = .84$ ; Prasastyoga et al., 2019). Participants were asked to indicate how true each item was for them ( $1 = \text{definitely not true}$ ,  $7 = \text{definitely true}$ ).

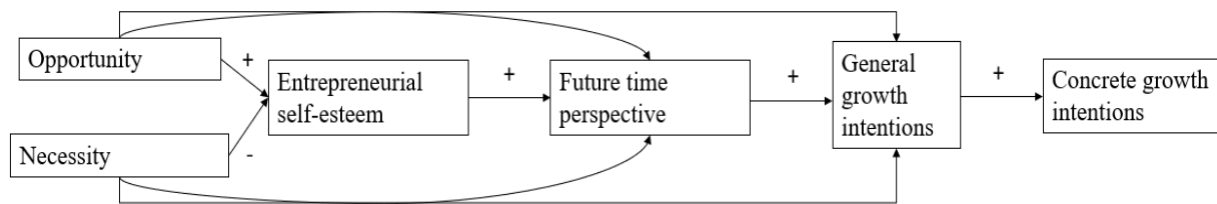
Future time perspective was assessed with five items adopted from Prasastyoga et al. (2019; e.g., “I like to plan far ahead when it comes to running my business”, “In running my business, I pay a lot of attention to the future of my business”;  $\alpha = .94$ ). Participants were asked to indicate their agreement with each statement ( $1 = \text{strongly disagree}$ ,  $7 = \text{strongly agree}$ ). General growth intentions were assessed with eight items adopted from Prasastyoga et al. (2019; e.g., “I intend to grow my business”, “Growing my business is something I would very much like to do”;  $\alpha = .88$ ). However, one item (“I want a business size I can manage myself or with a few key employees”) was removed because it had a small factor loading ( $<.40$ ). After that item was removed, the reliability of the scale increased (from  $\alpha = .88$  to  $\alpha = .92$ ). Participants were asked to indicate the extent to which each statement applied to them ( $1 = \text{extremely unlikely}$ ,  $7 = \text{extremely likely}$ ). Concrete growth intentions were assessed with a modified version of the growth-pursuit behaviors scale (Prasastyoga et al., 2019), which consisted of twelve items assessing participants’ intentions to engage in concrete efforts to pursue business growth in the areas of networking, skills, finance, and marketing the next twelve months ( $\alpha = .79$ ). Participants were asked to respond to each item in a yes/no format. An index was created by counting the number of times participants had indicated ‘yes’. At the end of the survey, participants were debriefed, thanked, and compensated.

## **Results**

### **Preliminary analyses**

A path analysis was conducted using Mplus 7.4 (Muthén and Muthén, 1998-2015). MLM estimator was chosen for its robustness to non-normality in data that does not contain missing values (Muthén and Muthén, 1998-2015). Prior to hypothesis testing, an analysis of goodness of fit was conducted. Based on the criteria of goodness of fit by Hu and Bentler (1999), RMSEA values lower than .08 and CFI and TLI values above .90 are indicators of good fits to the data. The

hypothesized model did not fit the data well (RMSEA = .163, 90% CI = [0.130, 0.198], CFI = .95, TLI = .94). Given that previous research suggests that motives of entrepreneurship are associated with aspirations to grow a business (e.g., Verheul & van Mil, 2011) and that motives of entrepreneurship are related to optimistic beliefs about the future (van der Zwan et al., 2016), the hypothesized model was revised by adding direct paths from motives of entrepreneurship to future time perspective and general growth intentions. The analysis of goodness of fit revealed that the revised model fitted the data well (RMSEA = .060, 90% CI = [0.000, 0.0114], CFI = .99, TLI = .97; see *Figure 4.1*).



*Figure 4.1.* Revised model in Study 4.1

### Hypothesis testing

*Hypotheses 1 and 2.* In support of Hypothesis 1, opportunity-based entrepreneurship was positively associated with entrepreneurial self-esteem ( $\beta = .39$ ,  $SE = .06$ ,  $p < .01$ ), whereas necessity-based entrepreneurship was negatively associated with entrepreneurial self-esteem ( $\beta = -.24$ ,  $SE = .05$ ,  $p < .01$ ). In support of Hypothesis 2, entrepreneurial self-esteem was positively associated with future time perspective ( $\beta = .34$ ,  $SE = .07$ ,  $p < .01$ ).

*Hypotheses 3 and 4.* In support of Hypothesis 3, opportunity-based entrepreneurship was indirectly and positively associated with future time perspective via entrepreneurial self-esteem ( $\beta = .14$ ,  $SE = .03$ ,  $p < .01$ , 95% CI [0.076, 0.194]). Likewise, necessity-based entrepreneurship was indirectly and negatively associated with future time perspective via entrepreneurial self-esteem ( $\beta = -.08$ ,  $SE = .03$ ,  $p < .01$ , 95% CI [-0.131, -0.032]). Supporting Hypothesis 4, future time

perspective was indirectly and positively associated with concrete growth intentions via general growth intentions ( $\beta = .35$ ,  $SE = .04$ ,  $p < .01$ , 95% CI [0.269, 0.424]).

### **Discussion**

The current findings support the notion that entrepreneurial self-esteem among opportunity-based small-business owners is higher than among necessity-based small-business owners. Compared to necessity-based small-business owners, opportunity-based small-business owners were also more future-oriented in running their businesses, and mediation analysis showed that this could be attributed to different levels of entrepreneurial self-esteem. Future time perspective was subsequently associated with concrete growth intentions via their general growth intentions.

However, at this point, whether or not entrepreneurial self-esteem can *affect* future time perspective significantly was still unknown. If the practical aim is to promote future time perspective among small-business owners in order to stimulate growth intentions, then an investigation of the causal link between entrepreneurial self-esteem and future time perspective is imperative.

### **Study 4.2**

Study 4.2 had two objectives. The first objective was to investigate whether or not the results obtained in Study 4.1 could be replicated. The second objective was to investigate whether entrepreneurial self-esteem is a causal predictor of future time perspective. Entrepreneurial self-esteem refers to one's perceived worthiness of being a business owner, and the worth of the business itself. Being aware of positive aspects of one's business ownership should have a positive effect on entrepreneurial self-esteem. Therefore, this study varied the salience of positive views of one's business between participants. Small-business owners who consider their own positive views of their businesses may find their businesses to be more psychologically worthy compared to small-business owners who do not consider their businesses' merits.

For exploratory purposes, variations in entrepreneurial self-esteem were induced in two ways: a simplified version in which participants were asked to write down several of their own, personal positive views of their businesses, and an extended version in which they were additionally asked to elaborate extensively on these views, as well as to write about others' positive views of their businesses. The simplified version may be easily utilized in a practical setting, but the extended version may yield greater effects. To test the effectiveness of both versions, a neutral

control condition was included in which participants did not consider their own or others' views of their businesses.

## Method

### Participants and design

Two hundred and thirty-three small-business owners (self-identified as 113 female, 116 male, 4 participants categorized their gender as 'other',  $M_{age} = 37.09$ ,  $SD_{age} = 11.92$ ) recruited from Prolific Academic participated in this experimental study for which they received a monetary fee. On average, participants had been a business owner for 6.44 years ( $SD = 6.77$ ), and 82 % of them employed 2 or less individuals in their firms ( $M = 2.09$ ,  $SD = 4.78$ ) with a range from 0 to 47 employees. Furthermore, two hundred and twenty-three participants (95.50%) were Western small-business owners (109 British participants and 114 participants from other Western countries). In this study, participants were randomly assigned to one of three conditions: control ( $n = 80$ ), simple version ( $n = 73$ ), or extended version ( $n = 80$ ).

### Procedures and measures

Similar to Study 4.1, this study was conducted online. After providing consent, participants completed several demographic questions (e.g., gender, age, and nationality), answered questions regarding their businesses (e.g., number of employees, period of entrepreneurship), and provided a short description concerning their businesses. Afterwards, participants completed a scale measuring motives of entrepreneurship ( $\alpha_{opportunity} = .81$ ,  $\alpha_{necessity} = .84$ ), identical to Study 4.1.

To increase participants' salience of their positive views of their own businesses, participants in the *simple version condition* were asked to focus on the positive elements of their businesses and write down three positive elements of their businesses that really mattered to them personally. In the *extended version condition*, participants were additionally asked to rank these elements in order of importance, to explain why the element put in the first rank mattered to them the most, and to briefly describe how that element made them feel. They were also asked to describe their family members' positive views of their businesses as well as others' (clients, customers, or other members of the community) positive views of their businesses. In the *control condition*, participants did not receive these instructions and continued straight to the questionnaire.

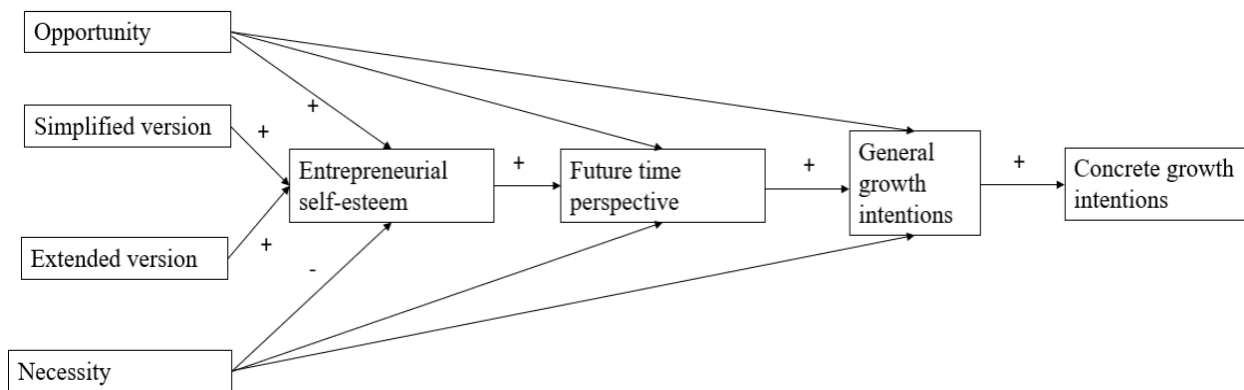
The subsequent questionnaire contained scales identical to Study 4.1 (i.e., entrepreneurial self-esteem [ $\alpha = .86$ ], future time perspective [ $\alpha = .92$ ], general growth intentions [ $\alpha = .93$ ], and

concrete growth intentions [ $\alpha = .77$ ]). At the end of the study, participants were thanked, paid, and debriefed.

## Results

### Preliminary analyses

The analysis of goodness of fit of the revised hypothesized model that included variables representing experimental conditions (i.e., simplified version and extended version) and a control condition revealed that the model fitted the data well (RMSEA = .045, 90% CI = [0.000, 0.089], CFI = .98, TLI = .96; see *Figure 4.2*).



*Figure 4.2.* Hypothesized model in Study 4.2

### Hypothesis testing

*Hypotheses 1 and 2.* In support of Hypothesis 1, opportunity-based entrepreneurship was positively associated with entrepreneurial self-esteem ( $\beta = .25$ ,  $SE = .06$ ,  $p < .01$ ), whereas necessity-based entrepreneurship was negatively associated with entrepreneurial self-esteem ( $\beta = -.27$ ,  $SE = .04$ ,  $p < .01$ ). To analyze how the simple version and the extended version conditions affected entrepreneurial self-esteem and future time perspective, two dummy variables were created, each using the control condition as a reference group (first dummy variable [1= ‘simple version’ condition, 0 = reference group]; second dummy variable [1= ‘extended version’ condition, 0 = reference group]). The first dummy did not affect entrepreneurial self-esteem ( $\beta = .01$ ,  $SE = .15$ ,  $p = .93$ ). The second dummy, however, was significant ( $\beta = .30$ ,  $SE = .15$ ,  $p < .05$ ), indicating that the extended version predicted variations in entrepreneurial self-esteem. In addition, the positive

*indirect effect* of this dummy variable on future time perspective via entrepreneurial self-esteem was marginally significant ( $\beta = .10$ ,  $SE = .05$ ,  $p = .051$ , 95% CI [-0.001, 0.192]), providing marginal support for Hypothesis 2. This finding shows that variations in future time perspective can be attributed to experimentally induced variations in entrepreneurial self-esteem with respect to the extended version of the manipulation.<sup>2</sup>

*Hypotheses 3 and 4.* In support of Hypothesis 3, opportunity-based entrepreneurship was indirectly and positively associated with future time perspective via entrepreneurial self-esteem ( $\beta = .08$ ,  $SE = .03$ ,  $p < .01$ , 95% CI [0.020, 0.104]), whereas necessity-based entrepreneurship was indirectly and negatively associated with future time perspective via entrepreneurial self-esteem ( $\beta = -.08$ ,  $SE = .02$ ,  $p < .01$ , 95% CI [-0.076, -0.022]). In support of Hypothesis 4, future time perspective was indirectly and positively associated with concrete growth intentions via general growth intentions ( $\beta = .17$ ,  $SE = .04$ ,  $p < .01$ , 95% CI [0.088, 0.244]).

## **Discussion**

As in Study 4.1, opportunity-based small-business owners had a higher entrepreneurial self-esteem than necessity-based small-business owners, which in part explained why the former were more future-oriented in running their businesses and reported stronger intentions to pursue business growth. Necessity-based small-business owners, due to their lower entrepreneurial self-esteem, were less future-oriented in running their businesses, and less inclined to pursue business growth.

Study 4.2 showed that the extended version in which participants were additionally asked to provide extensive elaboration on their personal positive views of their businesses as well as to describe others' positive views of their businesses (family members, clients, customers, or other members of the community) was marginally effective in increasing entrepreneurial self-esteem, when compared to a control condition. Despite its potential effectiveness in enhancing entrepreneurial self-esteem, the extended version was rather long, which means it may not be easily utilized in a practical setting. One aim of Study 4.3 was therefore to examine the effectiveness of an abbreviated version of this manipulation.

### **Study 4.3**

The first objective of Study 4.3 was to examine the generalizability of the previous results to a different cultural and socio-economic context. Study 4.3 was conducted in the Republic of

Indonesia. The characteristics and conditions regarding small businesses in developing nations such as Indonesia are different from those in developed nations in many respects (e.g., Nichter & Goldmark, 2009). In addition, Indonesian society has a collectivistic cultural pattern, which is different from the individualistic cultural pattern of Western societies (Hofstede & Hofstede, 2005).

The second objective of Study 4.3 was to examine the effectiveness of an abbreviated version of instructions to induce variations in entrepreneurial self-esteem. The extended version in Study 4.2, which included both personal and others' positive views of one's business, may be too lengthy to be easily used in practical settings. However, previous studies have shown that other people's feedback and opinions have a strong influence on our personal evaluations (e.g., Leary, Haupt, Strausser, & Chokel, 1998; Pierce & Gardner, 2004). For instance, evaluations of one's worthiness as an employee are affected by feedback from others in the organization (Gardner & Pierce, 2015). Moreover, in collectivistic societies, others' views and approvals play an important role in the formation of people's attitudes and personal views (Markus & Kitayama, 1991). We therefore included instructions in Study 3 by which we attempted to increase entrepreneurial self-esteem (relative to a control condition) by asking small-business owners to describe *others'* positive views of their businesses only.

## Method

### Participants and design

This cross-sectional study was conducted in the Greater Jakarta Area (Jakarta, Bogor, Depok, Tangerang, and Bekasi), a melting pot of Indonesian cultures and an important economic center of Indonesia (Susilo, Joewono, Santosa, & Parikesit, 2007). Two hundred and fifty Indonesian small-business owners (self-identified as 97 female, 153 male,  $M_{age} = 36.37$ ,  $SD_{age} = 11.02$ ) participated in this study. On average, participants had been a business owner for 8.07 years ( $SD = 8.15$ ; one participant did not report his or her period of entrepreneurship). The majority of participants (84 %) had 2 or less individuals working in their firms ( $M = 1.51$ ,  $SD = 1.76$ ; one participant did not report the number of employees in their firm) with a range from 0 to 20 employees. Participants were randomly assigned to one of two conditions: control ( $n = 126$ ) or others' positive business views ( $n = 124$ ).



## Procedures and measures

Trained data collectors recruited small-business owners in various areas in the Greater Jakarta Area, such as at markets, small shopping centers, or train stations. They also recruited small-business owners who ran their businesses online (e.g., online retailers). In order to minimize the possibility that participants' responses were not independent of neighboring participants' responses, data collectors were asked to make sure that there was a minimum of three buildings in between two participants' business establishments.

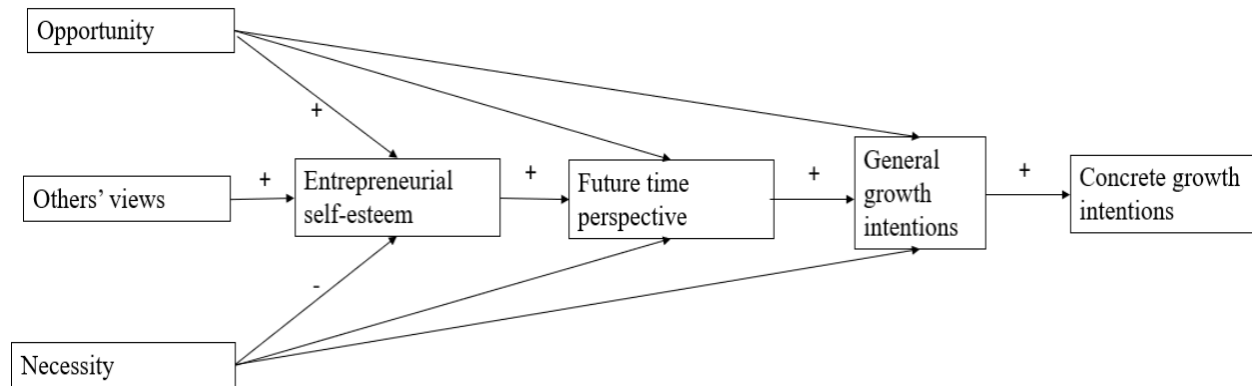
Participants completed the study on an electronic device (e.g., mobile phone or tablet) provided by the data collector.<sup>3</sup> Most of the questions and scales in the questionnaire were identical to those of Studies 4.1 and 4.2 (i.e., demographic questions [e.g., gender, age, period of entrepreneurship], opportunity [ $\alpha = .81$ ], necessity [ $\alpha = .80$ ], entrepreneurial self-esteem [ $\alpha = .75$ ], future time perspective [ $\alpha = .92$ ], general growth intentions [ $\alpha = .94$ ], and concrete growth intentions [ $\alpha = .78$ ]).

All participants first completed the motives of entrepreneurship scale. Participants in the *others' positive business views condition* were subsequently asked to describe the positive views regarding their businesses that their family members and friends had. In addition, they were asked to describe the positive views regarding their businesses that their clients, customers, and members of community had. Participants in the *control condition* did not receive these instructions at this point. All participants then completed the questionnaire measuring our dependent variables (i.e., entrepreneurial self-esteem, future time perspective, general growth intentions, and concrete growth intentions). Upon completion, participants in the *control condition* were subsequently given the same writing task as those in the *others' positive views condition*. This was done for ethical reasons (to not deny participants in the control condition an opportunity to increase their entrepreneurial self-esteem) as well as to check that participants in both conditions were relatively equal in terms of their knowledge of others' positive views regarding their businesses. At the end of the study, participants were debriefed, thanked, and given their rewards.<sup>4</sup>

## Results

### Preliminary analyses

The analysis of goodness of fit of the revised hypothesized model revealed that the model fitted the data well (RMSEA = .079, 90% CI = [0.037, 0.122], CFI = .97, TLI =.93; see *Figure 4.3*). Thus, this model was used for hypothesis testing in this study.



*Figure 4.3.* Hypothesized model in Study 4.3

### Hypothesis testing

*Hypotheses 1 and 2.* Opportunity-based entrepreneurship was positively associated with entrepreneurial self-esteem ( $\beta = .43, SE = .07, p < .01$ ). However, necessity-based entrepreneurship was not significantly associated with entrepreneurial self-esteem ( $\beta = .02, SE = .06, p = .71$ ), which is inconsistent with Studies 4.1 and 4.2. Thus, Hypothesis 1 was partially supported. Moreover, small-business owners in the others' positive business views condition (coded as 1) and small-business owners in the control condition (coded as 0) did not significantly differ in their levels of entrepreneurial self-esteem ( $\beta = -.18, SE = .11, p = .11$ ).<sup>5</sup> In support of Hypothesis 2, entrepreneurial self-esteem was positively associated with future time perspective ( $\beta = .30, SE = .07, p < .01$ ).

*Hypotheses 3 and 4.* Opportunity-based entrepreneurship was positively associated with future time perspective via entrepreneurial self-esteem ( $\beta = .13, SE = .04, p < .01, 95\% CI [0.057, 0.200]$ ). However, necessity-based entrepreneurship was not negatively associated with future

time perspective via entrepreneurial self-esteem ( $\beta = .01$ ,  $SE = .02$ ,  $p = .71$ , 95% CI [-0.027, 0.040]). Thus, Hypothesis 3 was partially supported. Providing support for Hypothesis 4, future time perspective was indirectly and positively associated with concrete growth intentions via general growth intentions ( $\beta = .33$ ,  $SE = .04$ ,  $p < .01$ , 95% CI [0.246, 0.410]).

### Discussion

The findings in Study 4.3 supported our prediction that opportunity-based small-business owners possess a higher entrepreneurial self-esteem, and are more future-oriented in running their businesses than necessity-based small-business owners. Their tendency to be more future-oriented in running their businesses led to relatively strong general intentions to grow their business, which was found to be positively related to concrete growth intentions. This finding is consistent with Studies 4.1 and 4.2.

In contrast to Studies 4.1 and 4.2, necessity-based small-business owners in Study 4.3 did not have a lower entrepreneurial self-esteem than opportunity-based small-business owners. Given that Study 4.3 was conducted in The Republic of Indonesia, we speculate that there were perhaps certain economic and social characteristics of Indonesian small-business owners that affected this relationship. Generally, the fact that necessity-based small-business owners do not voluntarily choose to be a business owner may cause them to be more dissatisfied with their role as a business owner (Kautonen & Palmross, 2010). However, The Republic of Indonesia is a developing nation in which the social security system might not be as advanced as that in many developed nations. Being unemployed in The Republic of Indonesia can jeopardize one's ability to fulfill basic needs. The fact that one has a small business as a source of income could provide necessity-based small-business owners with a degree of gratitude for the existence of the business. Since gratitude is associated with positive evaluations and a positive outlook toward life (e.g., Lin, 2015), a sense of gratitude may have neutralized the negative relationship between necessity-based entrepreneurship and entrepreneurial self-esteem in the present study. However, future research would need to investigate this in more detail.

Contrary to our expectations, salient positive views of others about one's business did not increase entrepreneurial self-esteem in Study 4.3. It could be that the abbreviated version of the manipulation of entrepreneurial self-esteem was too short to have effects, it could also be that the combination of the personal and other's view, rather than other's views alone, is needed to increase

entrepreneurial self-esteem. Maybe personal views regarding the business ownership cannot be overlooked - even in collectivistic societies such as Indonesia. After all, one's personal entrepreneurial cognition plays a crucial role in one's development of the entrepreneurial role (e.g., Celuch, Bourdeau, & Winkel, 2017). Future research is needed to answer this question.

### **General discussion**

The three studies presented in this paper confirmed the important role of entrepreneurial self-esteem in explaining the mechanisms through which motives of entrepreneurship relate to small-business owners' willingness to pursue business growth. Across three studies, entrepreneurial self-esteem was consistently found to be rooted in opportunity-based entrepreneurship, but not in necessity-based entrepreneurship. This implies that small-business owners who engage in entrepreneurship out of a personal desire to pursue business opportunities are more likely to derive positive feelings from their business ownership than small-business owners who engage in entrepreneurship out of necessity. Unlike necessity-based small-business owners whose engagement in entrepreneurship stems from the absence of employment opportunities, opportunity-based small-business owners choose to engage in entrepreneurship voluntarily (van der Zwan et al., 2016). Their voluntary engagement in entrepreneurship may indicate their personal interest and fondness for the idea of pursuing business opportunities. This is perhaps why they are more prone to view their business ownership in a positive light than necessity-based small-business owners. In addition, opportunity-based small-business owners often possess more necessary skills to run a business (Robichaud et al., 2010). As a result, their businesses are more likely to perform well, and thus are more likely to generate a sense of pride and worth for the owners.

As for the relationship between necessity-based entrepreneurship and entrepreneurial self-esteem, it was found that the two variables were negatively related in Studies 4.1 and 4.2. This is consistent with the notion that necessity-based small-business owners' engagement in entrepreneurship primarily stems from the absence of viable options for work. Therefore, it is likely that being a small business owner is a career that they were forced into. This is what may cause them to be less satisfied with their entrepreneurship (Kautonen & Palmross, 2010). Moreover, they tend to possess fewer necessary skills to run a business (Robichaud et al., 2010). Thus, it is possible that their businesses do not perform as well as those run by opportunity-based

small-business owners. As a consequence, they might be less likely to possess positive evaluations regarding the worthiness of their business ownership.

Entrepreneurial self-esteem was consistently found to be positively related to future time perspective, which was subsequently positively associated with growth-pursuit intentions. This is an important and novel finding, as it explains why some small-business owners are more future-oriented in running in their businesses than others, and more willing to pursue business growth. A positive evaluation of the worthiness of one's business ownership may strengthen commitment to, and satisfaction with the role as business owner. Indeed, individuals are more likely to be committed and satisfied with roles that provide them with a sense of worth (e.g., Carmel, 1997; Pierce et al., 1989). It makes sense that business owners who are satisfied with their role would like to keep this role for a longer time, and thus be motivated to invest in the long-term viability and future of their businesses. These business owners are more prone to pursue business growth as they are more likely to foresee why business growth matters. Indeed, the benefits of business growth are mainly long-term (e.g., Rauch & Rijdsdijk, 2013). Thus, one needs to be future-oriented in order to better understand the importance of business growth.

Given that entrepreneurial self-esteem plays an important role in growth-pursuit intentions, an important question is: what can be done to enhance entrepreneurial self-esteem? In the second study, we found that increasing the salience of personal positive views of one's business as well as others' positive views of that business was an effective strategy in enhancing small-business owners' entrepreneurial self-esteem. An exclusive focus on others' positive views, as employed in the third study, was not effective in enhancing entrepreneurial self-esteem. This suggests that focusing on own and others' positive views of the business simultaneously had the most potential for increasing entrepreneurial self-esteem. It appears that *both* personal entrepreneurial cognitions (e.g., Celuch et al., 2017) *and* interaction with others (e.g., Donellon et al., 2014) play an important role in the development and evaluation of one's entrepreneurial identity and role (e.g., Werthes, Mauer, & Brettel, 2018).

### **Limitations and suggestions for future research**

The research presented in this paper has several limitations that future research may want to address. Firstly, this research only measured small-business owners' concrete growth intentions without measuring the *actual behaviors* in the future. Future research may employ a longitudinal

design in which researchers can measure actual engagement in growth-pursuit behaviors at some point in the future after entrepreneurial self-esteem and future time perspective are measured.

Secondly, we did not examine potential moderators in this research. For example, we argued that opportunity-based entrepreneurship would be positively related to entrepreneurial self-esteem because opportunity-based small-business owners possess more skills necessary to run a business (Robichaud et al., 2010), resulting in a better business performance that may increase their perceived worthiness of the business. This suggests that the positive relationship between opportunity-based entrepreneurship and entrepreneurial self-esteem may be moderated by business performance, which we did not measure in this research.

### **Implications**

On a theoretical level, this research provides us with novel insights into the process by which motives of entrepreneurship relate to the motivation to pursue business growth (e.g. Reynolds, Bygrave, Autio, Cox, & Hay, 2002). Previous research has shown that opportunity-based business owners, as opposed to necessity-based business owners, are more likely to be growth-oriented (Berner et al., 2002; Verheul & van Mil, 2011). Prasastyoga et al. (2019) demonstrated that opportunity-based small-business owners tend to be future-oriented in running their businesses, which explains why they possess relatively strong growth intentions. This research extends current knowledge by introducing entrepreneurial self-esteem as a construct that can explain why opportunity-based small-business owners are more future oriented in running their businesses than necessity-based small-business owners. This can eventually expand our knowledge regarding factors explaining the variation in business growth motivation among small-business owners (Wiklund et al., 2003).

The concept of entrepreneurial self-esteem may also be useful in extending our knowledge regarding the outcomes of entrepreneurial self-efficacy. Entrepreneurial self-efficacy is defined as individuals' belief in their entrepreneurial capacity (Chen et al., 1998). Based on a review article by Newman et al. (2019), entrepreneurial self-efficacy is positively predictive of entrepreneurial passion and intentions. As our findings show that entrepreneurial self-esteem stems from opportunity-based entrepreneurship in which the engagement in entrepreneurship is voluntary, it is highly likely that entrepreneurial self-efficacy is indirectly linked with entrepreneurial self-esteem via entrepreneurial passion and intentions. In other words, entrepreneurial self-esteem could be a distal outcome of entrepreneurial self-efficacy. Furthermore, entrepreneurial self-

efficacy is positively associated with business planning (Brinckmann & Kim, 2015), suggesting a close link between entrepreneurial self-efficacy and a future focus. Given the potential link between entrepreneurial self-efficacy and entrepreneurial self-esteem, the observation that entrepreneurial self-esteem was an important precursor of future time perspective in this paper may enrich our current understanding of the link between entrepreneurial self-efficacy and a future focus.

On a practical level, this research provides policy makers and practitioners with a new perspective regarding the role of entrepreneurial self-esteem in business growth motivation. When designing policies or small business empowerment programs (e.g., trainings, seminars), practitioners and policy makers can focus on encouraging small-business owners who would like to grow their businesses to focus on the positive aspects of their businesses and the personal meaning of their profession as a business owner. For example, small-business owners can reflect on the positive contributions of their businesses for both themselves and their significant others (e.g., family members). This way, small-business owners' entrepreneurial self-esteem can be improved, and thus may increase their growth intentions eventually.

## Footnotes

<sup>1</sup>Some participants reported that they were not sure about their firms' annual turnover. Therefore, we could only categorize them as small-business owners based on the number of employees working in their firms

<sup>2</sup> Several participants indicated that they did not have family members, or did not have family members who had positive views of their businesses, or did not have customers or clients who had positive views of their businesses. Results were similar if they were excluded

<sup>3</sup> Due to feasibility issues, several participants were interviewed instead of completing the questionnaire on their own

<sup>4</sup> We measured several variables for exploratory reasons in Studies 1 to 3 (satisfaction with the business, identification with the business, capacity to focus on the future, present time perspective, anticipated emotions, beliefs about the future, subjective importance of thinking about future, motives of entrepreneurship [categorical], optimism, commitment with the business, personal future time perspective, and regulatory focus)

<sup>5</sup> Several participants indicated that they did not have family members or friends, or did not have family members or friends who had positive views of their businesses, or did not have customers, clients, or members of their communities who had positive views of their businesses. Several participants also did not provide clear answers regarding other people's positive views of their businesses. Results were similar if they were excluded