



# Direct and Indirect Influence of Role Model on E-Commerce Entrepreneurial Decisions: The Case of Generation Z

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**Abstract.** This paper aims to analyze directly the impact of role model on e-commerce entrepreneurial decision and indirectly through e-commerce entrepreneurial intention. The survey method was utilized to collect the data obtained from 130 respondents from the Generation Z group born in 1996-2012 who intended to start an online business in Indonesia. The results of the analysis show that of the three proposed hypotheses, two hypotheses were accepted and one was rejected. Specifically, e-commerce entrepreneurial intention has an effect positively on e-commerce entrepreneurial decision; role model has an effect on e-commerce entrepreneurial intention, but has no effect on e-commerce entrepreneurial decision.

**Key words:** role model, e-commerce entrepreneurial decision, e-commerce entrepreneurial intention

## 1. Introduction

The increasingly rapid development of technology is increasing the use of information technology in the business world [1]. Having a company's business running smoothly plays an important role in national development which can lead to sustainable development [2]. Hence, e-commerce platforms are increasingly being used to increase economic growth [3].

In the development of a country, the number of entrepreneurs is one of the main factors. Entrepreneurship plays an important role in improving the economy and creating jobs [4]. Entrepreneurship is considered increasingly important because it can increase productivity, innovation, create jobs and drive economic and social development [5]. However, compared to other ASEAN countries, the number of entrepreneurs in Indonesia is still very low [6]. Therefore, it is necessary to develop strategies to increase interest in entrepreneurship in Indonesia. One of them is by having a business role model to inspire and develop someone's entrepreneurial intentions into real action or entrepreneurial behavior [7].

According to the institutional approach (North, 1990; North, 2005), the social and cultural environment can be considered to play an important role in shaping individual attitudes and economic behavior, including entrepreneurship [10]. The existence of a business role model is identified as one of the most important social and cultural factors in influencing entrepreneurship. Role models play an important role in entrepreneurship because they can inspire and motivate with the knowledge they have, and can help someone determine their self-concept [11]. Hence, role models can be a source of learning and role models for someone to become an entrepreneur. However, there is still very little research regarding the influence of role models on entrepreneurship issues, especially in developing countries [12]. Therefore, more in-depth research is needed to analyze the influence of role models on intentions and entrepreneurial decisions in generation Z.

## 2. Literature review

### 2.1. E-commerce entrepreneurial intention

E-commerce is a system that can be used when there is an internet connection, and functions to carry out purchasing, selling, marketing and transfer processes via a computer network [13]. E-commerce is the use of websites to carry out transactions or facilitate the sale of products and services online. By using computer systems and internet connections, e-commerce allows buying and selling products and services more efficiently to improve overall company performance [14]. E-commerce can increase efficiency because relationships with suppliers, distributors, partners and consumers can be done more quickly and can also reduce costs compared to conventional systems [15].

Entrepreneurship is the process of creating new businesses individually or in groups with the aim of driving market change with available technology [16]. An entrepreneur is someone who builds a business with the aim of creating profits and growth [17]. There are many definitions of entrepreneurship, but the most common is a dynamic process of vision, creation and change [18]. Therefore, entrepreneurs are required to always innovate and develop creative ideas so that success can be achieved. E-entrepreneurship is a new version of the continuation of entrepreneurship where e-commerce is a new method of doing business that requires the internet [19].

Entrepreneurial intention is the tendency to participate in entrepreneurship [20]. Entrepreneurial intention is a person's activity towards their decision to start entrepreneurship [21]. Entrepreneurial intention is the second of the four steps in entrepreneurship [22,23]. Meanwhile, an entrepreneurial decision is a person's decision to enter the world of business [24]. Entrepreneurial decision is usually taken on a basis or reason [25]. Entrepreneurial intention can influence entrepreneurial decision [26].

***H1: E-commerce entrepreneurial intention has a positive effect on e-commerce entrepreneurial decision.***

### 2.2. Role model

A role model is someone who can influence other people in social life [27]. A role model is someone who is an example for others and can encourage or inspire them to make certain decisions [28,29]. In the field of entrepreneurship, role model plays an important role in providing motivation and guidance for individuals, which in turn influences entrepreneurial activities.

Apart from motivating and inspiring someone to start a business, business role model can also influence a person's decision to start entrepreneurship because role model can increase a person's self-confidence [29]. In addition, role model can provide benefits in the form of indirect experience, such as providing information about the business world, increasing opportunities to find and exploit business opportunities, and possibly triggering interest and motivation in entrepreneurship. In other words, having a successful business role model can be an encouragement and inspiration for aspiring entrepreneurs to try and start their own business [7].

Study of Krueger Jr et al. (2000) shows that business role model influences the career decision making process, where individuals choose to become entrepreneurs. The business role model influences a person's decision to become a new entrepreneur [31]. Furthermore, role model can have a social impact on someone's intention to become an entrepreneur [24]. Prior studies suggest that role model has a great influence on entrepreneurial intention [32,33].

***H2: Role model has a positive effect on e-commerce entrepreneurial intention.***

***H3: Role model has a positive effect on e-commerce entrepreneurial decision.***

### 3. Method

This research was conducted in Purwokerto, Banyumas, Central Java, Indonesia with the target population being the Generation Z group who were born in 1996-2012 and are trying to start an online business in Indonesia. Measurement uses a Likert scale, because the Likert scale is used to measure responses or social objects [38].

The sample size was taken randomly as 130 respondents. Meanwhile, data was collected using a questionnaire distributed online. In addition, Partial Least Square (PLS) bootstrapping technique was used to analyze data and test the relationship between variables. Several studies had applied the mediation variable to connect independent variable indirectly towards dependent variable among others [20,33,35,39,40,41].

### 4. Result

#### 4.1. Validity and reliability test

Based on the standard level of validity and reliability according to Hair et al. (2010), it is stated that an indicator is said to be good if it has a loading factor  $> 0.50$ , cross loading  $> 0.70$ , Cronbarch's alpha  $> 0.60$ , composite reliability  $> 0.70$ , and AVE  $> 0.50$ . Hence, it can be concluded that all indicators in this research are valid and reliable. The results of the analysis using PLS can be seen in Table 1.

**Table 1.** Results of validity and reliability test

Variable	Indicator	Loading Factor	Cross Loading	Cronbach Alpha	Composite Reliability	AVE
E-Commerce Entrepreneurial Intention	E_I1	0.629	0.765	0.755	0.847	0.585
	E_I2	0.859				
	E_I3	0.687				
	E_I4	0.856				
E-Commerce Entrepreneurial Decisions	ED1	0.603	0.728	0.824	0.870	0.530
	ED2	0.372				
	ED3	0.638				
	ED4	0.781				
	ED5	0.802				
	ED6	0.789				
Role Models	RM1	0.719	0.746	0.740	0.833	0.556
	RM2	0.820				
	RM3	0.704				
	RM4	0.734				

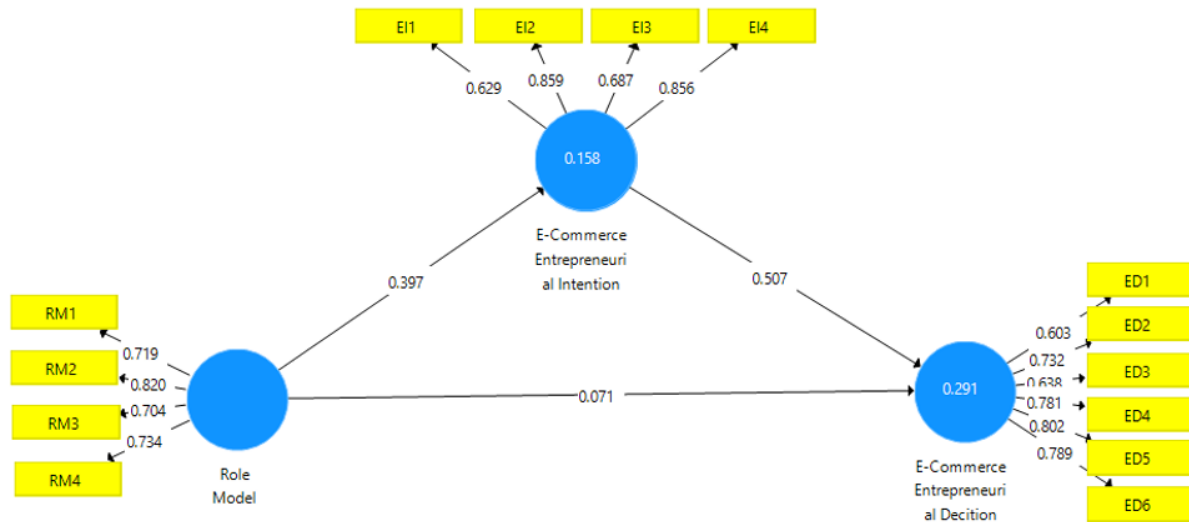
#### 4.2. Finding

The Goodness of Fit test was carried out by calculating the Q-Square value to measure the suitability of the model in this research. If the value obtained is greater than 0.33, then the Goodness of Fit can be said to be good [35]. The model in this research is said to be good because it obtained a value greater than 0.33, namely 0.403.

**Table 2.** Measurement of  $Q^2$

Variables	$R^2$	R Adjusted	$Q^2$
E-Commerce Entrepreneurial Intention	0.158	0.152	0.403
E-Commerce Entrepreneurial decisions	0.291	0.281	

The causality relationship test for variables is carried out using Structural Equation Modeling via PLS. The results obtained was described at figure 1.



**Figure 1.** Output Result of SEM.

**Table 3.** Hypotheses test results

Hypothesis	Independent Variable	Dependent Variable	Original Sample (O)	T Statistics	P value	Results
H1	E-Commerce Entrepreneurial Intention	E-Commerce Entrepreneurial Decisions	0.507	5.470	0.000	Significant
H2	Role Models	E-Commerce Entrepreneurial Intention	0.397	5.181	0.000	Significant
H3	Role Models	E-Commerce Entrepreneurial Decisions	0.071	1.029	0.304	Not significant

In this research, the hypothesis test results obtained were the coefficients of beta parameter in the original samples, value of t statistics and prob-value which was carried out using the PLS bootstrapping technique. Table 3 shows that E-commerce entrepreneurial intention, ( $\beta=0.507$ ;  $t=5.470$ ;  $p=0.00$ ), has an effect positively on E-Commerce Entrepreneurial Decision; Role Model, ( $\beta=0.397$ ;  $t=5.181$ ;  $p=0.000$ ), has a positive effect on E-commerce entrepreneurial intention, meanwhile role models have no effect on E-commerce Entrepreneurial Decision ( $\beta=0.071$ ;  $t=1.029$ ;  $p=0.304$ ). Hence, H1 and H2 are accepted, meanwhile H3 is rejected.

## 5. Discussion

### 5.1. The influence of e-commerce entrepreneurial intention on e-commerce entrepreneurial decision

The results of the analysis show that hypothesis 1 is accepted, E-commerce Entrepreneurial Intention has a positive effect on E-commerce Entrepreneurial Decision. When someone has the intention to become an entrepreneur, it is likely that that person wants and has a goal to be involved in the world of entrepreneurship. This is supported by research results [26].

### 5.2. The influence of role models on e-commerce entrepreneurial intention

The results of the analysis show that hypothesis 2 is accepted, Role Models have a positive effect on E-commerce Entrepreneurial Intention. Role models who have been successful in business can inspire someone to become an entrepreneur, someone will feel motivated and try to follow in the role model's footsteps to get involved in business too. Thus, role models can form and increase entrepreneurial intentions in the e-commerce sector. This is in accordance with the research results [24,32,33].

### 5.3. The influence of role models on e-commerce entrepreneurial decisions

The results of the analysis show that hypothesis 3 is rejected, Role Models have no effect on E-commerce Entrepreneurial Decisions. This means, although role models can motivate and inspire someone to do business, ultimately the decision to start an e-commerce business may be more influenced by other factors such as market opportunities, customer needs, capital, and other reasons. This is not in line with research [29,31].

## 6. Conclusion

The purpose of this research is to examine the influences of role model and entrepreneurial intention on entrepreneurial decisions. The research results show that entrepreneurial intention has a positive effect on entrepreneurial decisions, role model has a positive effect on entrepreneurial intention, but have no effect on entrepreneurial decisions.

To improve entrepreneurial skills requires thorough research and preparation so that entrepreneurs can overcome the challenges that exist in the e-commerce business. Hence, there is a need for an entrepreneurial development strategy in the e-commerce sector. To support this development, programs and training can be formed to increase the entrepreneurial intentions of Generation Z.

Role model plays an important role in entrepreneurship. However, interestingly, the research results did not find any significant influence between role model on e-commerce entrepreneurial decision. Even though role can provide a positive example and be a source of inspiration, the decision to actually start an e-commerce business is more influenced by other factors.

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