

The Influence of Self-construal on Entrepreneurial Orientation and Growth of micro-enterprises

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ABSTRACT

Literature acknowledges the critical role of self-construal in shaping entrepreneurial orientation and behaviour. While explanations for societal differences in entrepreneurial behaviours vary at organisational level, limited attention has been devoted to explaining the influence of self-construal on entrepreneurial orientation (EO) and growth of micro- enterprises. This study examined the influence of self-construal of micro-enterprises owners on their EO (risk-taking and innovativeness) and the growth of their firms. Data collected using structured interviews administered on 80 micro-enterprises owners from these cities Roma, Maseru, and Teya-Teyaneng in Lesotho were analysed using descriptive statistics, correlations, hierarchical regression analyses and partial least squares structural equation modelling (PLS-SEM). Findings show that the independent self-construal had positive and significant influence on the EO of micro-enterprises but the inter-dependent self-construal construct did not have a positive and significant effect on the EO. While independent self-construal negatively and significantly influenced enterprise growth, the interdependent self-construal did not have any influence on growth of micro-enterprises. The study recommends that universities and government departments such as Ministry of Small Business Development, Cooperatives and Marketing must provide entrepreneurial training to micro-enterprises owners on how to improve enterprise-oriented cultures and self-confidence in independent decision-making for the growth and survival of their enterprises.

Keywords: Culture, Enterprise growth, Entrepreneurial orientation, Independent self-construal, Interdependent self-construal.

INTRODUCTION

Self-construal, a term derived from perceived cultural differences in self, is an individual-level construct reflecting individualist and collectivist values (Siu & Lo, 2013). The individual and collectivist orientation of the term are embodied in the constellation of thoughts, feelings, and actions of the self as it is distinguished from others (Jackson II & Hogg, 2010; Siu & Lo, 2013; Jiang et al, 2017; Gulliford, 2019). It demonstrates an appreciation of the complexity of the self in terms of its distinct identity as well as its connectedness to other individuals. In short, self-construal

captures the way in which an individual conceptualizes and experiences oneself (Datu & Salanga, 2018; Díaz-Loving, 2019).

Anderson et al. (2015) conceives entrepreneurial orientation (EO) as a firm's decision-making practices, managerial philosophies, and strategic behaviours that are entrepreneurial in nature. While a body of management literature has examined the effect of EO on organisational culture (Markus, & Kitayama, 1991; Engelen, Flatten, Thalmann, & Brettel, 2014; Semrau, Ambos, & Kraus, 2016; Lee, Howe, & Kreiser, 2019), and growth of a firm (Farja, Gimmon, & Greenberg, 2016; Neneh & Van, 2017; Okangi, 2019); what remains under-explored in literature is whether individuals' perception of themselves as independent or as interdependent (self-construal) affects their orientation towards starting ventures (EO related issue). Most studies on self-construal tend to examine its effects on entrepreneurial intentions and not necessarily EO. Some researchers, Zampetakis, Kafetsios, Lerakis & Moustakis (2015) explored the role of independent and interdependent self-construal on entrepreneurial intention (EI) and revealed that independent self-construal moderates the effect of attitude toward entrepreneurship on entrepreneurial intent providing evidence that cultural change may have an impact on individual attitude toward entrepreneurship. Other studies have also reported self-construal as critical to establishment of entrepreneurial intentions (Indarti, Rostiani, & Nastiti, 2016; Krueger, 2017; Ip, Wu, Liu, & Liang, 2018; Esfandiari, Sharifi-Tehrani, Pratt, & Altinay, 2019; Karimi, Biemans, Lans, & Mulder, 2019). Yet this growing fascination with self-construal's interaction with entrepreneurial intentions has not illuminated our understanding of how self-construal shape and inform the strategic orientation of the firm. This failure to consider strategic orientation could be a great academic concerns for micro sized business where the personality and cultural dispositions of a business owner remain essential for better understanding of the strategic orientation of the firm (Lechner & Gudmundsson, 2014; Oliveira Jr., et al, 2016).

Literature provides studies that have explored the interaction between self-construal and the growth of micro-enterprises (Chachar, et al, 2013, Sarwoko and Frisdiantara 2016). However, the results of previous studies are ambivalent. There is no conclusive evidence on this matter as there is a plethora of studies pointing to a negative relationship between self-construal and the growth of micro-enterprise firms (Okurut, et al, 2016; Bogatyreva, et al, 2017; Diabate, et al, 2019). Bogatyreva et al (2017) observe that when self-construal is considered with environmental dynamism, it actually exerts a negative relationship in the growth of micro-enterprise firms. Similarly, Okurut et al (2016) contend that self-construal serves as a mediating variable in the relationship between pro-activeness and growth of micro-enterprise businesses, further pointing to the lack of clarity on whether self-construal serves as an independent variable or a mediating variable of growth.

Even though there is a dearth of studies that explore the effects of self-construal and EO and growth of micro-enterprises; Rezaei and Ortt (2018) warn against this glaring omission in entrepreneurial literature by highlighting that more studies are required. Moreover, it seems that bulk of studies exploring self-construal and growth tend to focus on entrepreneurial intention (Zampetakis et al.,

2015; 2017). EO remains a vibrant research topic as it continues to attract spirited discussion and attention of scholars (Martens et al., 2016; Covin, & Wales, 2019).

The aim of the study is, therefore, to examine if self-construal (individualism-collectivism cultural orientation) of micro-enterprises owners influences their EO dimensions (in particular, risk-taking and innovativeness) and the growth of their businesses. The research question guiding this study is: how does self-construal influence EO and growth of micro-enterprises in developing country like Lesotho? The study is informed by paucity of literature on the influence of self-construal on EO (risk-taking and innovativeness) of Basotho entrepreneurs and the growth of their businesses. To our knowledge, there has not been any study carried out on how sub-cultures influence the success of micro-enterprises in Lesotho. The uniqueness of the Basotho sub-culture lies in the interdependent nature of the Basotho communities despite the threats of globalization to superimpose individualist values.

Theories guiding the Study

The study is informed by the Theory of Entrepreneurial Event (TEE) (Shapero & Sokol, 1982), Theory of Planned Behaviour (TPB) (Ajzen 1991), and the Construal Level theory (CLT). The TEE postulates that entrepreneurial behaviour is a consequence of perceived desirability and perceived feasibility of specific behaviours, which influence one's propensity to act entrepreneurially. Perceived desirability captures the extent of attraction of an individual to a specific behaviour such as the pursuit of entrepreneurship. Perceived feasibility is concerned with the extent to which an individual perceives a specific behaviour to be executable with specific constraints. It captures the extent to which an individual considers herself personally capable of executing a certain behaviour (Shapero, 1975; Nguyen, 2018). Since the individual entrepreneur is conceived to be the most critical strategic resource in micro-enterprise firms due to the consolidation of ownership and strategic management responsibilities in one person or few individuals, self-construal would be expected to influence to such individuals' propensity to act in pursuit of strategic orientations of entrepreneurship such as EO and growth orientation of firms. Put differently, when micro-enterprise owners perceive their specific behaviours as feasible and desirable, their self-construal beliefs may entice them to pursue the fulfilment of EO and growth of their ventures.

According to the TPB, intent is the most proximal determinant of behaviour and this will have effect on the growth of a firm. In this model, an individual's behavioural intention is influenced by behavioural, normative, and control beliefs (Ajzen, 2019). Behavioural beliefs refer to attitudes about the targeted topic regarding likelihood that self-construal would occur while normative beliefs involve the extent to which it is perceived that others expect certain behaviour, coupled with one's personal motivation to comply. Also, the perceived behavioural control (PBC) refers to one's self-assessment/self-evaluation of ability to control barriers to behaviours (the perception of the difficulty of enacting a behaviour) (Ajzen, 2019). Following this logic one would expect entrepreneurial behaviours such as EO and the growth orientation of the firms to be informed not only by the social influence of significant others, behavioural orientation to entrepreneurship and perception of one's capacity to generate entrepreneurial outcomes but also by one's possession of

a specific form of self-construal. Depending on whether the firm seeks to generate profit exclusively or fulfils social entrepreneurship, the scale would be tipped independent self-construal towards for those entrepreneurs seeking profit maximisation while it might gravitate towards interdependent self-construal for those entrepreneurs seeks to pursue social goals. Yet instead of conceiving self-construal as a concept that can be tested independently, other studies have sought to associate the concept with variables employed in TPB.

EO is seen as a common construct utilized to measure attitude towards entrepreneurship (Kollmann et al., 2007; Siu, & Lo, 2013), and attitude can be used to predict intention and/ or behaviour. A good fit was found for a modified Theory of Planned Behaviour (TPB) model with self-construal dimensions (Maslowsky et al., 2015). In the study on cultural antecedents of behavioural intent in Wellesley, United States aimed at predicting behavioural intentions using bi-national sample, it was found out that interdependent self-construal was linked to subjective norms, while independent self-construal was linked to perceived behavioural control, which can both predict EO (Mancha, & Yoder; 2015).

Literature suggests that people assign different weights to the desirability and feasibility they attach to making decisions for the self (independent self-construal) and deciding for or providing advice to others (interdependent self-construal) (Păunescu et al., 2018). Since the pursuit of strategic orientation of a micro-enterprise firm can largely be conceived as an individualist decision-making process founded on the maximization of economic gains (profit, sales and revenue), independent self-construal would be expected to dominate such decision-making process. However, should the firm be a social enterprise founded on the virtues of social empowerment and societal development, then an interdependent self-construal would be expected to dominate compared to independent self-construal. Based on Construal Level Theory (CLT), individuals who decide for others tend to focus more on social desirability than on feasibility compared with those who decide for themselves (Chen, & Li, 2018; Zhang et al., 2017). Arguments on social desirability are consistent with perceptions of inter-dependent self-construal. We argue that the perceptions of social desirability and perceptions of feasibility will have impact on firm growth.

The rest of the paper is organized as follows: firstly, a review of relevant literature is undertaken; secondly, hypotheses are developed; thirdly, the methodological issues are then presented; and lastly, the study findings are discussed and relevant conclusions are drawn.

Review of relevant literature and development of hypotheses

Researchers generally agree that EO is a key concept in developing strategies of executing something new and exploiting opportunities (e.g. new business) that other organizations cannot exploit. As such, EO enables individuals to undertake business processes, practices, and engage in decision-making styles that support entrepreneurial action and create sustainable competitive advantage for firms (Jalali et al., 2014; Emmanuel, 2017). Therefore, EO remains an essential concept in the formation of a new business (Anderson et al., 2015; Duru et al., 2018).

One of the issues concerning EO is its measurement. Miller, (2011) provides three dimensions for measuring EO consisting of innovativeness, pro-activeness, and risk-taking. As argued by this author, innovativeness captures the capacity and readiness of a firm to introduce new products and services to customers through the adoption of new and creative ideas. Agbobli, (2013) add to this debate explaining that proactiveness denote the business' ability to take strategic action in securing superior advantage over competitors by introducing new products and processes. The author further defines risk-taking as entrepreneurs' willingness to come up with and implement novel ideas which foists serious risks. Lyon, et al., (2000) share a counter view and note that risk-taking can include huge borrowing, committing high percentage of resources to projects with uncertain outcomes and entering unknown markets

These aforementioned EO dimensions have been extended to five to include autonomy and aggressive competitiveness (Zehir, Can, & Karaboga, 2015). Alexandrova (2004) states that autonomy denotes the firms' independent spirit of freedom necessary to create new business which serves as a catalyst of entrepreneurial activity. Aggressive competitiveness reflects firms' inclination to assume a combative posture by exerting high competitive intensity in order to outwit their rivals (Fairoz et al. 2010). This study focuses on innovativeness and risk-taking dimensions of EO. These dimensions are the most popular in measuring EO.

Even though a growing number of studies have focused attention on the effects of self-construal on entrepreneurial intentions (Bagheri & Pihie, 2015; Indarti et al., 2016; Zampetakis et al., 2017; Ip et al., 2018), studies that examine how self-construal influences EO directly are yet to merge. Since EO can be seen as a common construct that measures attitude towards entrepreneurship (Kollmann et al., 2007), and attitudes can be used to predict intention and/or behaviour, we argue then that the self-construal should conceptually influence the dimensions of EO and in turn, should influence the growth of micro-enterprises. In view of the reality that most studies discussing the impact of self-construal on EO dimensions have been in advanced countries (Anlesinya et al., 2015; Egwu, Udu, & Onu, 2019), this study seeks to establish the extent to which these studies resonate with emerging country context such as that of Lesotho which is culturally characterised by interdependency like any other African countries (Walker et al., 2005; Jones et al., 2018) as opposed to independent orientation that businesses require (Farrington, & Matchaba-Hove, 2011).

Self-construal and risk-taking

Risk-taking is considered intrinsic to entrepreneurship. Miller and Friesen (1978) define risk taking as “the degree to which a person is willing to make large and risky resource commitments—that is, those which have a reasonable chance of costly failures” (p. 923). Therefore, risk-taking demonstrates the extent to which an entrepreneur is prepared to lose accumulated resources in the event of a catastrophe arising. Invariably, all firms deal with risk at some level ranging from low risk (involving low uncertainty and small resource commitments) to high risk (entailing high uncertainty and large resource commitments) (Lumpkin, & Dess, 1996). If one is not prepared to take risks by venturing into the unknown, and demonstrating willingness and readiness to “commit a relatively large portion of assets into a venture” and “borrowing heavily” to finance a business

project (Hasche, & Linton, 2018: 99); then, it is inconceivable for such person to engage in entrepreneurship as entrepreneurial pursuits always involve risks. Risk can also be related to risk-return and trade-off, or the probability of a loss (Lechner, & Gudmundsson, 2014), or tolerance of uncertainty (Gunawan et al., 2015). Experimenting with new ideas is a risk that is fundamental to the creation of a new business. Consistent with the adage “no pain no gain,” entrepreneurs are expected to bear some level of risk if their economic gains are presumed to be significant and meaningful. Therefore, risk taking is the “differentiator” for entrepreneurs because most people are unwilling to take risks (Hasche, & Linton, 2018; Covin, & Wales, 2019; Wales et al., 2013). These authors further argue that risk-takers stand a good chance of recording success if the investments pay off.

According to trait theory, one of the characteristics that entrepreneurs should have is the ability to take calculated risk (Block et al., 2015). Dess and Lumpkin (2005) share the same view when they state that risk-taking involves making decisions in the face of uncertainty. People in individualistic cultures rely more on their abilities than on the view of others when making critical decisions (Siu & Lo, 2013). It therefore stands to reason that independent self-construal could have more impact on risk-taking than inter-dependent self-construal, especially among peoples with individualistic culture. In support of this notion, studies (Autio et al., 2001; Krueger et. al., 2000) show that individual attitudes and self-efficacy have stronger impact on entrepreneurial orientations in individualistic countries than social norm (extent to which orientations are influenced by significant others). Since business creation is often related to risk-taking (Dess & Lumpkin, 2005) and independent self-construal is related to attitudes and intentions to create a business (Zampetakis et al., 2017), independent self-construal is expected to influence the EO dimension of risk-taking. This situation can therefore be hypothesized as follows:

H1a: *There is a positive relationship between independent self-construal and risk-taking.*

H1b: *The relationship between independent self-construal and risk-taking is stronger than the relationship between interdependent self-construal and risk-taking.*

Self-construal and innovativeness

One of the problems relevant to research on innovativeness is a difficulty to establish a precise definition for the following constructs: innovation, invention, creativity, and entrepreneurship: definitions that would allow quantification of these constructs. Scholarly discourse on these definitions has created a dizzying array of differing and sometimes contradicting explanations. Some attribute this state of affairs, at least in part to miss-definitions, or misinterpretations of what above mentioned constructs denote (e.g., Rogers [59]); One of the problems relevant to research on innovativeness is a difficulty to establish a precise definition for the following constructs: innovation, invention, creativity, and entrepreneurship: definitions that would allow quantification of these constructs. Scholarly discourse on these definitions has created a dizzying array of differing and sometimes contradicting explanations. Some attribute this state of affairs,

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Innovativeness and risk-taking are closely related dimensions of EO (Wach, 2015). This is not surprising because innovative people take calculated risks (Block et al., 2015). Since risk-taking and openness to experience (innovativeness) are traits related to oneself (Kerr et al., 2018; Prasad et al., 2018; Cuesta et al., 2018; Kerr et al., 2019), and not the group, it is plausible that independent self-construal (and not interdependent self-construal) should be related to innovativeness. Based on this premise, the following can be hypothesized:

H2a: There is a positive relationship between independent self-construal and innovativeness.

H2b: The relationship between independent self-construal and innovativeness is stronger than the relationship between interdependent self-construal and innovativeness.

Self-construal and entrepreneurial orientation

Recent research suggests that independent self-construal moderates the effect of attitudes toward entrepreneurship on EI (Karimi et al., 2016, 2019; Park, & Pinel, 2020). While this may be true for independent selves, relatedness may be more important for interdependent selves (Lee et al., 2019). There seems to be lack studies that examine how self-construal influences EO directly. Since EO can be seen as a common construct that measures attitude towards entrepreneurship (Kollmann et al., 2007), and attitudes can be used to predict intention and/or behaviour, we argue then that the self-construal should conceptually influence the dimensions of EO. The kind of self-construal a person has affects his or her entrepreneurial orientation. If EO reflects risk-taking and innovativeness as its main dimensions and both dimensions are conceptually influenced by self-construal as argued above, then, self-construal should plausibly influence EO. In the context of a

closely related term, namely EI, studies find that self-construal either directly influences EI, or interacts with predictors of EI to influence the latter (Siu & Lo, 2013; Zampetakis et al., 2017). It is therefore plausible to hypothesize as follows:

H3a: There is a positive relationship between independent self-construal and EO.

H3b: The positive relationship between independent self-construal and EO is stronger than the relationship between interdependent self-construal and EO.

EO and micro-enterprises growth

Firm growth has generated a lot of interest among social scientists and practitioners alike (Rajapathirana & Hui, 2018; Okangi, 2019). Growth is seen as the direct outcome of risk-taking, proactive and innovative behaviour of an entrepreneur as researchers explicate that EO is one of the most generally used concepts in strategy literature for enhancing firm growth, competitiveness, success, profitability and performance (Rezaei and Ortt, 2018; Neneh & Van, 2017). In other words, growth is seen as the outcome of EO. EO is centered on the behaviour that can be used as a gizmo for enhancing micro-enterprises' growth (Neneh & Van, 2017). Empirical studies on entrepreneurship demonstrate that there is a positive relationship between EO and firm performance leading to growth (Neneh & Van, 2017; Dissanayake & Semasinghe, 2016; Okangi, 2019). Several empirical studies support this view. For instance, Kraus et al. (2012) found a positive relationship between EO and growth in Netherlands. Similar results were found by Aziz et al. (2014) in Malaysia, Neneh & Van (2017) in South Africa, Păunescu et al. (2018) in Romania, and Okangi (2019) in Tanzania. However, a handful of research findings have revealed insignificant and sometimes negative correlations between EO and firm performance with the reason that relationship between EO and firm performance is mediated by learning orientation whereby flexibility and application of required skills in doing things are encouraged within the firm (Wambugu et al., 2015; Arbaugh et al., 2010). Similarly, studies indicate that not all of the dimensions of EO directly or positively influence business growth when the industry's contextual factors are considered (Lumpkin & Dess, 1996). These mixed results partly motivate this study as it remains fuzzy the nature of the relationship between these variables. However, Covin and Slevin (1991) postulate that entrepreneurial firms with innovative, proactive and risk-taking strategic orientation would attain growth. Based on the above findings, the following can be hypothesized:

H4: There is a positive relationship between EO and micro-enterprises growth.

Conceptual framework

The hypotheses in the literature review were integrated to develop the conceptual framework for the study shown in figure 1.

Notes: **InterSC** = Interdependent self-construal; **IndSC** = Independent self-construal; **EO** = Entrepreneurial Orientation.

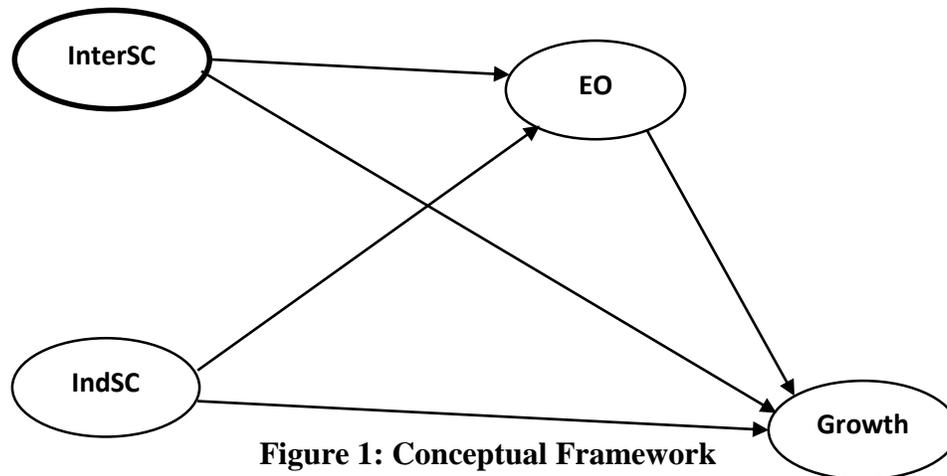


Figure 1: Conceptual Framework

METHODOLOGY

A descriptive research design was applied to examine the influence of self-construal on EO and growth of micro-entrepreneurs in Lesotho.

Research instrument, Sampling and procedures

Data were collected from primary sources using structured interviews directed to micro-enterprises owners. The research population consisted of micro-enterprises business owners operating in Roma, Teya-Teyaneng, Hamokhalinyane, and the central business area (CBA), Maseru District, Lesotho. A sample size of 80 was selected from the list of micro-enterprises business owners obtained from the Ministry of Trade using convenience non-probability sampling method. Because one-to-one interviews were used, the response rate was 100%.

Assessment of variables

To ensure the validity and reliability of data collected, existing scales were used to assess the variables of the study.

For self-construal, the culture value scale (CVSCALE) adapted from Yoo, Donthu and Lenartowicz (2011) was used to assess individualism / collectivism (independent/interdependent) culture values based on a Likert-type scale with response categories ranging from 1 (strongly disagree) to 5 (strongly agree). Also, three items were used to measure independent self-construal - "it is important that I do my work better than others"; "my personal identity and being independent of others is important to me", and "winning is everything to me". Likewise, three items were used to measure interdependent self-construal which focus on the extent to which: "an individual should sacrifice self-interest for the group", "group welfare is more important than individual rewards", and "group loyalty should be encouraged even if individual's goals suffer". The micro-enterprises owners were asked to rate the extent to which they agree with the statements. This scale allows business practitioners or researchers to assess the cultural orientations of individuals and to use primary data instead of cultural stereotypes. CVSCALE exhibited

appropriate reliability and validity. The Cronbach's alphas (α) of the scales were 0.93 and 0.88 respectively.

To verify that the scale measured what it intended to measure, namely culture values, uncertainty avoidance and long-term planning as additional values of culture were included.

For risk-taking: Two items adapted from Schwartz and Jerusalem's (1995) general self-efficacy scale (GSE) were used to assess this construct. The items were: "I am confident that I could deal efficiently with unexpected events" and "thanks to my resourcefulness, I know how to handle unforeseen events". The scale ranged from 1 (very false) to 5 (very true). The internal reliability for GSE is given when Cronbach's alphas is between .76 and .90. For this study, the Cronbach's alpha (α) of the scale was 0.96.

For innovativeness: Three items from Jackson Personality Inventory's (1976) scale (JPI) were used to measure this construct. The items used were: "I love to think of new ways of doing things", "I have vivid imagination", and "I have excellent ideas". The scale ranged from 1 (very false) to 5 (very true). The Cronbach's alpha of the scale was 0.95.

For EO: This construct was measured with 5 items from risk-taking and innovativeness as explained above. The Cronbach's alpha (α) was = 0.96. Conceptually, all the four should be moderately correlated, but as distinct constructs.

For enterprise growth: Number of employees was used as a proxy for enterprise growth.

Data analysis

Statistical Package for Social Sciences (SPSS, v. 20) and Smart PLS 3 were used to analyse the data for this study. Specifically, statistics for correlations, model measurement, and structural model were used to address the hypotheses.

Compared to covariance-based structural equation modelling (CB-SEM), partial least squares structural equation modelling (PLS-SEM) is considered appropriate where the focus of research is on prediction and explanation of key constructs; the sample size is small; the model is made of reflective and formative constructs; available data is non-normal; and the model consists of single-item latent variables (Hair *et al.*, 2019; Hair *et al.*, 2011). Data analysis in our model was more suited to PLS-SEM than CB-SEM because the focus of our study was on prediction and explanation of key variables and our final exogenous latent variable (performance) consisted of one item (number of employees).

Construct validity of the measurement model was evaluated by assessing the convergent and discriminant validity of the model (Hair *et al.*, 2011).

Traditionally, convergent validity is confirmed when all standardised loadings (outer loadings in SmartPLS) are statistically significant and 0.7 (or higher), the average variance extracted (AVE, average amount of variation that a latent variable explains in the observed variable) of each

variable is 0.50 or higher, and composite reliability of each variable is 0.70 or higher (Hair et al., 2011; Nel & Boshoff, 2019).

To assess discriminant validity, we used Fornell-Larcker criterion. According to this criterion, the square-root of the AVE of each variable should be greater than the correlations of that variable with other variables in the model (Hair et al., 2011; Nel & Boshoff, 2019).

RESULTS

Assessment of the measurement model

The results of the measurement models are shown in Table 1.

Table 1: Results of measurement model

| Constructs | Items/sub-scale | Outer loadings | AVE | CR |
|--------------------------------------|-----------------|----------------|-------|-------|
| Interdependent self-construal | Coll1 | 0.939 | 0.894 | 0.944 |
| | Coll2 | 0.952 | | |
| Independent self-construal | Indiv1 | 0.941 | 0.789 | 0.918 |
| | Indiv2 | 0.920 | | |
| | Indiv3 | 0.797 | | |
| Innovation | RT1 | 0.915 | 0.865 | 0.970 |
| | RT2 | 0.944 | | |
| | Innov1 | 0.928 | | |
| | Innov2 | 0.940 | | |
| | Innov3 | 0.923 | | |

As shown in Table 1, outer loadings on all constructs were 0.7 (or higher) and significant, and AVE of each latent construct was higher than 0.50. Similarly, each construct had the composite reliability that was higher than 0.70 (Hair et al., 2011). These figures provide evidence of convergent validity of the constructs under study.

To assess discriminant validity, we used Fornell-Larcker criterion. The results are summarised in Table 2.

Table 2: Results of discriminant validity

| | 1 | 2 | 3 |
|---|--------------|--------------|--------------|
| 1. Entrepreneurial orientation | 0.930 | | |
| 2. Independent self-construal | 0.588 | 0.888 | |
| 3. Interdependent self-construal | 0.189 | 0.334 | 0.945 |

As shown in Table 2, the square-root of the AVE of each construct (figures in the diagonal) was higher corresponding figures in each column and row, intimating that the measurement model had adequate discriminant validity.

To have a general idea of the relationship among study variables, we conducted zero-order correlations. The detailed results are shown in Table 3.

Table 3: Means, Standard Deviations (SD) and Spearman’s inter-correlation of variables

| Variable | Mean (SD) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---------------------------|-----------|-------------------|--------------------|--------|--------|-------------------|-------------------|---------------|---------------|---------------|---------------|---------------|----|
| Gender | - | | | | | | | | | | | | |
| Age | 0.18 | - | | | | | | | | | | | |
| Education | -0.09 | - | - | | | | | | | | | | |
| Prior business experience | - | 0.10 | 0.14 | - | | | | | | | | | |
| Independent | 0.28* | 0.20 ⁺ | -0.19 ⁺ | 0.27* | -0.09 | (0.93) | | | | | | | |
| Interdependent | 0.22* | 0.05 | 0.04 | -0.17 | 0.43** | (0.88) | | | | | | | |
| Uncertainty | 0.14 | 0.12 | -0.03 | 0.00 | 0.46** | 0.52** | (0.82) | | | | | | |
| Long-term planning | -0.05 | -0.27* | 0.35** | -0.09 | 0.70** | 0.18 | 0.47** | (0.91) | | | | | |
| Risk-taking | -0.03 | -0.26* | 0.43** | 0.14 | 0.60** | 0.28* | 0.25* | 0.50** | (0.96) | | | | |
| Innovativeness | -0.05 | - | 0.59** | 0.08 | 0.60** | 0.20 ⁺ | 0.20 ⁺ | 0.50** | 0.89** | (0.95) | | | |
| Motivation | -0.10 | - | 0.54** | 0.15 | 0.43** | 0.13 | 0.15 | 0.52** | 0.83** | 0.85** | (0.93) | | |
| Orientation | -0.05 | - | 0.57** | 0.12 | 0.62** | 0.22* | 0.22* | 0.52** | 0.93** | 0.99** | 0.83** | (0.96) | |
| Enterprise growth | -0.06 | 0.25* | -0.06 | 0.33** | -0.08 | - | -0.13 | 0.05 | 0.12 | 0.13 | 0.30** | 0.12 | - |

Notes: ⁺Significant at 0.10; * Significant at 0.05; ** Significant at 0.01. Where relevant, Cronbach’s alphas are shown in parentheses.

As shown in Table 3, while independent self-construal (individualism) correlated positively and significantly with risk-taking ($r = 0.60, p \leq 0.01$), innovativeness ($r = 0.60, p \leq 0.01$), and EO ($r = 0.62, p \leq 0.01$), interdependent self-construal (collectivism) correlated positively, but only marginally with EO ($r = 0.22, p \leq 0.05$). These figures generally suggest that the higher the independent self-construal (individualism), the higher the EO (and its components) and vice versa. Hypotheses 1a, 2a and 3a were hence supported.

Whereas independent self-construal did not correlate significantly with enterprise growth ($r = 0.12, p \geq 0.05$), the interdependent self-construal correlated negatively and significantly with enterprise growth ($r = -0.31, p \leq 0.01$). In other words, the higher the interdependent self-construal of the owner manager, the lower the enterprise growth in terms of the number of employees employed.

Though not hypothesized in this study, while age correlated negatively with EO ($r = -0.39, p \leq 0.01$), level of education correlated positively with EO ($r = 0.57, p \leq 0.01$), suggesting that younger people with higher levels of education were more likely to possess higher EO. Interestingly, notwithstanding their lower EO, older micro-enterprises owners were more likely to have enterprises with more employees than their younger counterparts ($r = 0.25, p \leq 0.05$). Finally, micro-enterprises owners with prior business experience were more likely to have enterprises with more employees on average (Mean = 1.5, about 2 employees) than micro-enterprises owners who started businesses without such experience ($M = 0.69$, about 1 employee), ($t(78) = -2.95, p \leq 0.05$). Even though the sample was arguably small, we conducted regression analyses to examine the unique effects of the independent variables on EO and enterprise growth. We included other dimensions of culture as control variables (e.g. uncertainty and long-term planning). The results are shown in Table 4 below.

Table 4: Results of regression analyses (n = 80)

| Variable | Entrepreneurial Orientation | Enterprise Growth |
|-------------------------------|-----------------------------|-------------------|
| Gender | -0.03 | 0.10 |
| Age | -0.04 | 0.38** |
| Level of education | 0.41** | 0.05 |
| Prior business experience | 0.24** | 0.21* |
| Independent self-construal | 0.36** | -0.16 |
| Interdependent self-construal | 0.10 | -0.33** |
| Uncertainty avoidance | 0.04 | -0.17 |
| Long-term planning | 0.15 | 0.20 |
| Entrepreneurial orientation | | 0.30** |
| R | 0.76 | 0.63 |
| R² | 0.58 | 0.40 |

* β significant at 0.05; ** β significant at 0.01.

Table 4 suggests that after controlling for the effects of other variables, independent self-construal had significant and positive influence on EO ($\beta = 0.36, p \leq 0.01$). This reconfirms the utility of the

independent self-construal on EO. Though not hypothesized in this study, the influence of education level ($\beta = 0.41, p \leq 0.01$) and prior business experience ($\beta = 0.24, p \leq 0.01$) on EO was again confirmed after controlling for other variables.

In terms of enterprise growth, the regression results suggested that the effects of interdependent self-construal on enterprise growth were adverse ($\beta = -0.33, p \leq 0.01$). In line with hypothesis 4, EO had positive effects on growth ($\beta = 0.30, p \leq 0.01$). While both age ($\beta = 0.38, p \leq 0.01$) and EO ($\beta = 0.30, p \leq 0.01$) continued to show positive effects in the regression model, prior business experience only showed marginal influence ($\beta = 0.21, p \leq 0.05$), and education level ($\beta = 0.05, p \geq 0.05$) did not show any unique effects on enterprise growth once other variables were controlled for.

In sum, the results suggest that micro-enterprise owners were likely to have high EO if they held independent values; had higher education level; and had business experience before they started their businesses. Enterprise growth was likely to be influenced positively by age and EO of the micro-enterprises owner.

Structural Model

Due to the small sample size, we deployed PLS-SEM to further examine the hypothesised relationships. The relationships between variables are shown in Table 5 and illustrated in figure 2.

Table 5: Estimated path regression coefficients

| | | | Estimate | t | ρ |
|-------------------------------|--------|---|----------|-------|-------|
| Interdependent self-construal | EO | → | -0.009 | 0.103 | n.sig |
| Independent self-construal | EO | → | 0.591 | 7.408 | sig |
| Interdependent self-construal | Growth | → | -0.434 | 2.925 | sig |
| Independent self-construal | Growth | → | -0.112 | 0.891 | n.sig |
| EO | Growth | → | 0.264 | 2.629 | sig. |

As was the case in first generated regression results above, the results of the PLS-SEM (second generated regression) showed insignificant relationship between interdependent self-construal and EO, and negative relationship between interdependent self-construal and growth. Similarly, there were significant relationships between independent self-construal and EO, insignificant relationship between independent self-construal and growth, and significant relationship between EO and growth (as shown in Table 5 or Figure 2).

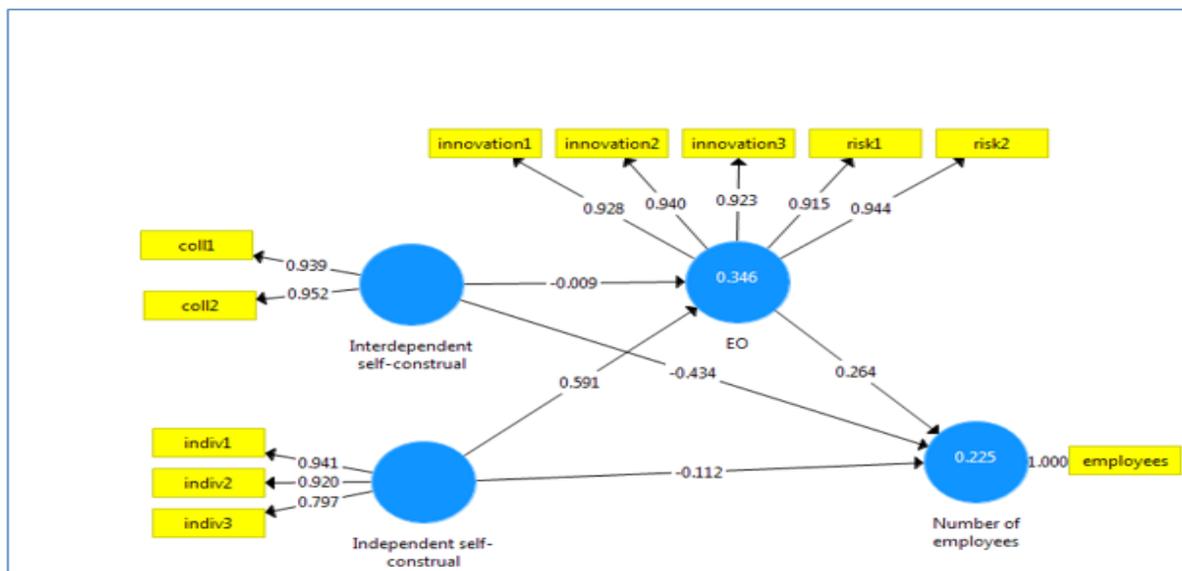


Figure 2: Structural model

DISCUSSION

The aim of this study is to examine if self-construal of selected micro-enterprises owners in Lesotho influence their EO and the growth of their enterprises.

The results show that micro-enterprises owners with high independent self-construal scored high on the dimensions of EO (risk-taking, and innovativeness). This is consistent with several studies

that show that independent self-construal influences entrepreneurial emotions and attitudes (Zampetakis et al., 2017); EO (Jalali et al., 2014; Mancha & Yoder, 2015; Oliveira Jr. et al., 2016; Criado-Gomis, 2018; Lee et al., 2019); and entrepreneurial behaviour (Covin & Wales, 2012; Cuesta et al., 2018). More specifically, Zampetakis et al. (2017) found that the individual's self-construal relates positively to attitudes towards entrepreneurship. Our results support studies that intimate that independent self-construal is good for entrepreneurship (Kerr et al., 2018; Kerr et al., 2019). and moderates the attitude-entrepreneurial orientation link. Similarly, Siu and Lo (2013) found that the interdependent self-construal moderates the relationship between perceived social norm towards entrepreneurship and EO in collectivist country (China).

Against expectations, our results show that interdependent self-construal did not have any influence on risk-taking, innovativeness and EO. Perhaps the individualist nature of risk taking, innovativeness and EO especially in micro-enterprise firms where the personality of the entrepreneurs driving these key traits, the pursuit of social affirmation embodied in interdependent self-construal could go against the grain individual and solitude experienced by entrepreneurs operating micro-enterprise firms. Since an interdependent self-construal is associated with the quest for the social desirability, mutual interdependence and cooperation of others, qualities that are inconsistent with the lonely and individual-driven nature of entrepreneurship and EO decision making, it is logical to expect an interdependent self-construal not to fit the mold of risk taking, innovation and EO. As the Construal Level Theory suggests, with regard to the making of strategic decisions, those individuals who decide for themselves (as is the case with entrepreneurs) tend to focus on feasibility of their actions compared to individuals such as politicians who decide for others and are more intrigued by social desirability of their actions (Chen & Li, 2018; Zhang et al., 2017). Following this logic, to the extent that entrepreneurs by virtue of being their own bosses tend to make decisions for themselves, exhibit self-centeredness and are less inclined to have due regard for collectivities. For this reason, interdependent self-construal seems inconsistent with individualist driven pursuits such as innovation, risk taking and EO.

Interestingly, of the two forms of self-construal, only interdependent self-construal had significant influence on growth (Kerr, et al., 2018; Kerr, et al., 2019). This implies that people with high interdependent self-construal are likely to run micro-enterprises with significant growth potential. It is probable that since services and products are always designed not to serve the entrepreneurs per se but rather the broader clientele, a consideration of social desirability of products and services to the end consumers would be fundamental to the increase in sales, revenue and profits, which guarantee the growth potential of the business (Kuka, 2018; Weinstein, 2020). Since self-construal may be culturally-bound (Siu & Lo, 2013) the collectivist culture of the Basotho could be conceived to fit into the mold of the clientele driven nature of firm growth.

Some important results are worth mentioning pertain to the effects of education on EO; the effects of prior business experience on both EO and enterprise growth, and the effects of EO on enterprise growth. Our results suggest that education has a significant influence on EO, specifically suggesting that those with higher education are more likely to have higher EO than those with lower levels of education. This is important because it shows that not all micro-enterprises who started businesses are entrepreneurial, and that education matters in entrepreneurship (Bakotić &

Kružić, 2010; Din et al., 2016; Egerová et al., 2017). According to Becker's (1964) Human capital theory, there is a close association between investment in educational attainments and the realisation of national growth. Although Becker's theory emphasises national growth, the same argument can be extended to entrepreneurial and firm growth. Investment in human capital in particular educational attainment is conceived to unlock a wide array of cognitive, affective and psycho-motor domains (Bloom, Krathwohi, & Masia, 1973; Rumbaugh, 2014), which are fundamental to the recognition, validation and exploitation of opportunities, which contribute to the growth of firms.

In line with prior studies that show that prior business experience is important in enterprise creation (Gibb, 2009; Staniewski, 2016), the current study found that people who had been in business before establishing their current enterprises are likely to have higher EO and more employees (enterprise growth). Siu and Lo (2013) found that the relationship between previous entrepreneurial experience and EO was mediated by entrepreneurial self-efficacy. It is possible that exposure to business helped the respondents to know the problems of customers and how to solve them. More importantly, prior exposure to also contributes to the development of entrepreneur-relevant and industry relevant knowledge (Eggers & Song, 2013) which capacitate the entrepreneur adequately to develop practically oriented skills and to know dynamics of closely-related firms. Such knowledge is deemed critical to the execution of EO.

EO is positively and significantly related to the number of employees in an organisation (growth). This confirms the findings of previous studies that micro-enterprises owners who are innovative and can take risks are better able to grow their businesses (e.g. by increasing their staff complement) than those who are less innovative and who are risk averse (Frisharmmar & Horte, 2007; Zellweger & Sieger, 2012; Block et al., 2015).

Implications

Managerial

Consistent with the results affirming positive associations between independent self-construal to innovation, risk taking and EO, policy makers are strongly encouraged to engender values of independence (independent self-construal) and self-confidence among micro-enterprises owners to improve their EO. The inculcation of independence values in all primary and secondary school curricula through provision of business tasks and case studies founded on independent problem solving, self-initiative could ensure that students as prospective entrepreneurs are grounded in independent self-construal at an early stage of their academic and professional lives. Such initiatives can be complemented by business training workshops, refresher courses and awareness programmes on independent self-construal offered on a continual basis to budding and existing entrepreneurs.

The fact that inter dependent self-construal was positively correlated with the growth of the business implies that a flow model of service/product development and marketing – one in which

collectivist values and thinking are embedded in these processes would be needed. Since products and services are purchased if they are conceived to be socially desirable by virtue of improving the welfare of society, the entrenchment of collectivist values would be fundamental to supporting business development and growth through increased sales, revenue and profits.

The lack of a positive association between interdependent self-construal and risk-taking, innovativeness and EO implies that entrepreneurs do not need to emphasize aspects of cooperation, interdependence and mutuality in their development of strategic orientation of firms (e.g. risk taking, innovation in resource mobilization) but rather take them into consideration at the level of product marketing and sales – where contact with the customer involved.

As shown by our results, prior business experience is important for improving EO and success of micro-enterprises. The provision of exposure to different businesses operating in the same industry would ensure that entrepreneurs have a wide range of experience to diverse contexts in their industry to adequately equip them with innovative, risk taking and problem solving across multiple domains.

Theoretical

Our study is one of a kind that employed dimensions of the TEE, TPB and CLT to illuminate understanding of how the self-construal construct can inform the strategic orientation of micro-enterprises especially their EO and their growth orientation. Drawing on the TEE, we postulated the personality-driven and self-centered nature of decision making in micro-enterprise firms, which compelled us to test the view that self-construal could predict the EO and growth orientation of firms.

Following the TPB association of the pursuit of entrepreneurial action with behavioural, normative, and control beliefs our work associated social desirability embodied in normative beliefs with an interdependent self-construal. Since control beliefs are associated with one's capacity to initiate and regulate their actions in pursuit of specific behaviours, we postulated independent self-construal as a manifestation of control beliefs. Following this logic, then empirically tested these two postulations by applying independent and interdependent self-construal as antecedents of strategic orientations of micro-enterprise firms namely EO and growth orientation.

Lastly, identifying with CLT, we argued that individuals plagued by solitude and self-centeredness in their decision-making processes such as entrepreneurs are often confronted with contingencies and complexities that compel to pursue self-serving intentions or to pursue the public good. What emerged from this investigation was not necessarily an endorsement either or scenarios in the application of independent and inter-dependent self-construal. Rather we unraveled evidence of the application both dimension of self-construal but different stages in the entrepreneurial process. At the strategic orientation level of innovation and risk taking (some dimensions of EO), we established that independent self-construal was more profound and interdependent self-construal has no effect. However, the level of entrepreneurial outcomes such as supporting a strong growth

orientation, evidence pointed to the strong relationship between this variable and inter dependent self-construal. One could infer that the complexity and vicissitudes of the entrepreneurial process necessitate the deployment of different cultural personalities to ensure that optimal business outcomes are attained.

CONCLUSION

The present study aims to examine if self-construal of selected micro-enterprises owners in Lesotho influences their EO and the growth of their enterprises. The results show that micro-enterprises owners with high independent self-construal scored high on risk-taking, innovativeness, and EO. Even though interdependent self-construal did not have any significant influence on risk-taking, innovativeness and EO, it adversely affected enterprise growth. In summary, this study shows that self-construal is a viable concept worth studying in the micro-enterprises sector. Future studies may consider testing the aggregated influence of the common five dimensions of EO in a single study.

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