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IMPACT OF PAST PERFORMANCE AND VICARIOUS EXPERIENCE ON ENTREPRENEURIAL SUCCESS IN ZARIA

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Abstract

Entrepreneurs in Nigeria are playing an important role, most importantly in terms of employment generation. The success of this sector represents a key ingredient for the future of our teeming population. This paper therefore investigated the impact past performance and vicarious experience on entrepreneurial success in Zaria. The study utilized survey method through administering questionnaires. Analysis was done with the aid of SmartPLS2. The results showed that past performance and vicarious experience have significant impact on entrepreneurial success in Zaria. Hence, the research concluded that, past performance and vicarious experience are the powerful determinants of entrepreneurial success. It is therefore recommended that entrepreneurs should venture into businesses that they have related experience for them to be successful. Also, entrepreneurs should endeavour to relate with an expert in any business activities they engage in. This will enable them to tap from such experts' pool of knowledge in running their own businesses.

Keywords: Past performance, vicarious experience, entrepreneurial success, Zaria

1. INTRODUCTION

Entrepreneur plays a strategic role in the process of economic development of a country. It has already made a significant contribution to the economic prosperity of advanced countries and its role in the economic development of developing and less developed countries is very important. Nigeria government is trying to diversify its economy from monolithic oil dependent and small and medium scale enterprise (SMEs) is seen as a viable sector that will increase the

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country's Gross Domestic Product (GDP), improve our exportation and provides employment opportunity for our teaming population. As a result, Government at all levels, companies, individuals and donors are now keen to support entrepreneur in one way or the other.

Entrepreneurs in Nigeria are playing an important role, most importantly in terms of employment generation. Therefore, the success of this sector represents a key ingredient for the future of our Nation. Oyeku, Oduyoye, Kabouh, Elemo, Karimu and Akindojun (2014) opined that, entrepreneurial's self efficacy to carry on business activities in a constantly changing or dynamic business environment is a good and robust predictor of business success. Bandura (1977, 1997) defined self-efficacy as person's belief that he/she is capable of performing a particular task successfully. Self-efficacy has several antecedents but according to Bandura (1977), the most important sources of self-efficacy are past performance and vicarious experience.

Entrepreneur who have succeeded on particular tasks are likely to have more confidence to complete similar tasks successfully in the future (high self-efficacy) than entrepreneur who have been unsuccessful (low self-efficacy). Bandura (1977) also identified vicarious experience as another important source of self-efficacy that determines the successful completion of task. Seeing someone succeed at a particular task may boost entrepreneurial self-efficacy towards success (Lunenburg, 2011).

Upon unquantified significance and contribution of entrepreneurs to the national economy, problems and constraints still exist in terms of its sustainability (Onu & Hammed, 2017). In Nigeria, the small and medium enterprises are found wanting probably because most entrepreneurs lack self-efficacy. This may be due to highly challenging and unfriendly business environment. Awodun (2017) revealed that more than 70 percent of small businesses die within the first five years of their existence. This assertion is similar to the welcome address of Chairman, Life Above Poverty Organization (LAPO) Governing Council, Dr Godwin Ehigiamusoe remarked that, the failure rate of small businesses globally is as high as 63 percent in the first two years of operations (Vanguard, 2018). In view of this, it was deduced that, the inability of an entrepreneur to exhibit strong self-efficacy to withstand environmental challenges account for the failure of many entrepreneurial businesses in Nigeria.

Researchers and experts have investigated the impact of self-efficacy on entrepreneurial success, such studies includes the works Gonzalez, Claro, and Palmatier (2014); Oyeku *et al.* (2014), Ayodele (2013). To the best knowledge of researchers, no study has been conducted on this phenomenon, using past performance and vicarious experience as a proxies in relation to entrepreneurs in Zaria. This very study considered these two constructs of self-efficacy (past performance and vicarious experience) as an integrated approach in relation to entrepreneurs' success in zaria, kaduna state. Hence, the main objectives of this paper are to determine the impact of past performance and vicarious experience on entrepreneurial success in zaria.

1.1 Hypotheses of the Study

The hypotheses of the study are formulated thus:

Ho₁: Past performance has no significant impact on entrepreneurial success in Zaria.

Ho₂: Vicarious experience has no significant impact on entrepreneurial success in Zaria.

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The rest of the paper is presented as follows: First section explained the circumstances that led to considering the two constructs of self-efficacy (past performance and vicarious experience) as an integrated approach in relation to entrepreneurs' success in Zaria, Kaduna State. The second section examines the Bandura's self-efficacy theory (1977) as well as empirical studies on the relationship between past performance and vicarious experience have on entrepreneurial success in Zaria. In the third section, the paper discusses the research methods while section four highlights the results and discussions and section five concludes and highlighted the areas likely for future research and the contribution to the existing body of knowledge.

2. LITERATURE REVIEW

Self-efficacy is an important aspect of human motivation and behaviour as well as influencing factor that can affect one's life (Redmond, 2010). Campo (2011) defined self-efficacy as the degree to which one believes that he or she is capable of successfully launch a new business venture. Bandura (1997, 1999) put forward "self-efficacy" as individual's beliefs and confidence in accomplishing a given task successfully. Bandura (1995) also refers to it as beliefs in one's capabilities to organize and execute the courses of action required to manage prospective situations. Snyder and Lopez (2007) simply put self-efficacy as individual belief that he or she can accomplish assigned task using his or her skills under certain circumstances. In this study, self-efficacy will be defined as individual's inner drive that makes them feel capable of executing certain task effectively and efficiently.

According to Bandura (1977), the most important source of self-efficacy is past performance. People who have succeeded on particular tasks are likely to have more confidence to complete similar tasks successfully in the future than those who have been unsuccessful (Tsoho, Hammed, Idris, & Dasuki, 2018). Bandura also identified vicarious experience as second source of self-efficacy. Seeing a co-worker succeed at a particular task may boost one's self-efficacy in achieving successful results (Lunenborg, 2011).

Tsoho, Hammed, Idris, and Dasuki (2018) examined the performance of sales personnel from self-efficacy perspective. The paper adopted a cross-sectional survey approach. Questionnaire was used to obtain information from respondents (Sales Personnel) in Owode Market Offa, Kwara State, and using convenience sampling techniques. Data were analyzed through Structural Equation Model. The results revealed that, self-efficacy has significant effect on the performance of Sales Personnel. The paper concluded that the performance of Sales personnel is largely depends on their ability to have a strong self-believe for success. The study recommended that firms' should motivate their Sales Personnel in order to boost their self-confidence so as to meet up with their sales targets.

Asandimitra and Kautsar (2017) investigated financial self-efficacy on Women Entrepreneurs success. The population was all women entrepreneurs in East Java, Indonesia. The sample was taken through random sampling method. The result shows that age of Women entrepreneurs and age of business influence the success of SME's while education, working

experience, and the number of employees do not impact significantly. The last analysis shows a positive and significant impact between financial self-efficacy and the success of SMEs.

Haddad and Taleb (2016) examined impact of self-efficacy on performance (an empirical study on business faculty members in Jordanian Universities). The population of the study comprised all lecturers who teach in business schools in different Jordanian public and private Universities. Convenient sample was used to distribute questionnaires to respondents while 246 questionnaires were returned and used for analysis. Simple and Hierarchal Regression were used to analyze data. The findings showed a good impact of self-efficacy on the performance of faculty members. Self-efficacy has proven to have a noticeable impact on how Jordanian academics perform in their teaching process in all the variables except for the emotional cues variable. The recommendation showed that academics have to be more self-efficacious, so that they would enhance the interactional educational process, and have to be more organized, better interactions and build good rapport with students to improve the teaching performance, and to practice coping with difficulties such as stress and anxiety and not letting these emotional variables affect their teaching performance.

Monteiro and Vieira (2016) investigated impact of team potency on performance via self-efficacy and adaptability. The study employed national survey with 290 salespeople organized in 101 teams from a water purification company. Multilevel analyses was use as method of data analysis and results suggested as follows; sales team potency has a main effect on self-efficacy and adaptability; self-efficacy and adaptability explain subjective performance; self-efficacy and adaptability mediate the association between team potency and individual performance; lastly, the result did not find support for a moderating role of interpersonal climate quality on team potency. Final remarks and future research are also discussed in the paper.

Mohd, Kamaruddin, Hassan and Muda (2014) investigated the important role of self-efficacy in determining entrepreneurial orientations of small scale entrepreneurs in Malaysia. The samples comprised of 162 small scale Malay SMEs in the manufacturing industry in all the states of Malaysia. The Rasch Measurement Model was used for the purpose of construct reliability and validity. In order to identify the influence of self-efficacy on entrepreneurial orientations and its two dimensions (proactivity and innovativeness), a simple linear regression and t-test were undertaken by using the SPSS as a tool. The findings indicated that self-efficacy was significantly related to entrepreneurial orientation and self-efficacy of the Malay entrepreneurs has affected innovativeness more strongly than the proactive dimension of entrepreneurial orientations. The independent-t test also was able to identify that Malay entrepreneurs with high self-efficacy level were more entrepreneurial than Malay entrepreneurs with low self-efficacy. The findings give important implications to management consultants whose clients are SMEs to design training modules that specifically focus on developing self-efficacy among average performing SMEs because self-efficacy was found to improve the entrepreneurial orientations of entrepreneurs.

2.1 Theoretical Framework

Bandura's self-efficacy theory (1977) was adopted as an underpinning theory of this study. The assumption of the theory was that, self-efficacy is beliefs about one's ability to accomplish specific tasks successfully. It influences the outcome of tasks that one chooses to learn and the goals they set for themselves. Self-efficacy also affects entrepreneur level of effort and persistence when performing difficult tasks. Bandura identified four sources of self-efficacy which are; past performance, vicarious experience, verbal persuasion, and physiological feedback (emotional cues) that determined the success of one's performance. Bandura and Locke (2003) concurred that self-efficacy is an influential factor of performance.

Pajares (1996) sum up general criticisms of the model by noting it that, self-efficacy do not always ensure success. Equally, self-efficacy beliefs vary greatly between individuals, which make it really hard for researchers to assess. Lastly, Bandura statement that says "when operations are impeded by disincentives, inadequate resources, or external constraints, self-judged efficacy will exceed the actual performance" is also criticized because, people with high self-efficacy and high skills may lack the resources and equipment to perform.

3. METHODOLOGY

The study is cross-sectional survey in nature. The population consisted of all entrepreneurs in Zaria, Kaduna State. The minimum sample size of 275 was determined using Yamane (1967) formula. Convenient sample was used to distribute questionnaires to respondents. The questionnaire was adapted from study of Olarenwaju (2013). The response categories for each self-efficacy items ranged from "strongly agree" to "strongly disagree", with numerical values of 1 through 5 assigned to each response. Data were analyzed via Structural Equation Model.

3.1 Summary of Response

Table 1: Summary of Response Rate

Items	No of Copies	Percentage
No of Questionnaire Distributed	275	100
No of Return Questionnaire	243	88.36

Table 1 shows the summary of the number of questionnaires distributed and the number of returned questionnaires. A total number of 275 questionnaires were distributed to respondents and 243 questionnaires were returned, constituting 88.36% response rate, which were found to be valid and useful for the analysis.

4. FINDINGS AND DISCUSSIONS

4.1 Preliminary Analysis

It is important to subject the data collected to some preliminary analysis before embarking on analysis (Hair *et al.*, 2014). The data collected were screened for missing values, outlier detection, data normality and multicollinearity. Details are presented below.

4.1.1 Missing Values

Missing data is one of the most pervasive problems in data analysis (Tabachnick & Fidell, 2013). It is always important to check for missing values in the data set. It is advised by Hair *et al.* (2014) that 10% should be used by researchers as a tolerable threshold for missing values. Using descriptive statistics, among all data elements, no data found to be missing in the data set. This constitutes 0% of the missing data set which is below the 10% benchmark suggested by Hair *et al.*, (2014) and therefore were ignored

4.1.2 Assessment of Outliers

An outlier is a case with such an extreme value of one variable (a univariate outlier) or such a strange combination of scores on two or more variables (multivariate outlier) that it distorts statistics (Tabachnick & Fidell, 2013). Detecting outliers for multivariate analysis such as this study is best detected by using Mahalanobis distance (D^2). The Mahalanobis distance (D^2) is a method that measures each observation's distance in multidimensional space from the mean centre of all observations, providing a single value for each observation no matter how many variables are considered (Hair *et al.*, 2014). It is suggested by Hair *et al.* (2014), that conservative levels of significance (.001) be used as the threshold value for designation as an outlier. Thus, this study utilised Mahalanobis distance (D^2) to detect outliers. 12 cases were detected as outliers and were deleted from the data set. Out of 243, only 231 useful copies of questionnaires were used for analysis, as a result of the deletion of 12 cases from the data set.

4.2 Reliability Test

Table 2: Construct Validity and Reliability

Constructs	AVE	Composite Reliability	R Square
Past Performance	0.913749	0.969494	
Vicarious Experience	0.930632	0.975751	
Entrepreneur Success	0.889843	0.969968	0.634559

Note: AVE represents Average Variance Extracted

Source: SmartPLS Output (2019)

Table 2 shows the overview of the model, where figures under Average Variance Extracted and composite reliability are all above .7. The benchmark for AVE and composite reliability is 0.7 and 0.5 respectively (Hair, Black, Babin, & Anderson, 2014). Therefore, the instruments for this study is acceptable in terms of validity and reliability.

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4.3 Assessing Model Fit

Data analysis via structural equation model was used to examine the reliability and validity of the instruments. The figure 1 presents the examined measurement of the model of the study.

Figure 1: *Measurement model*

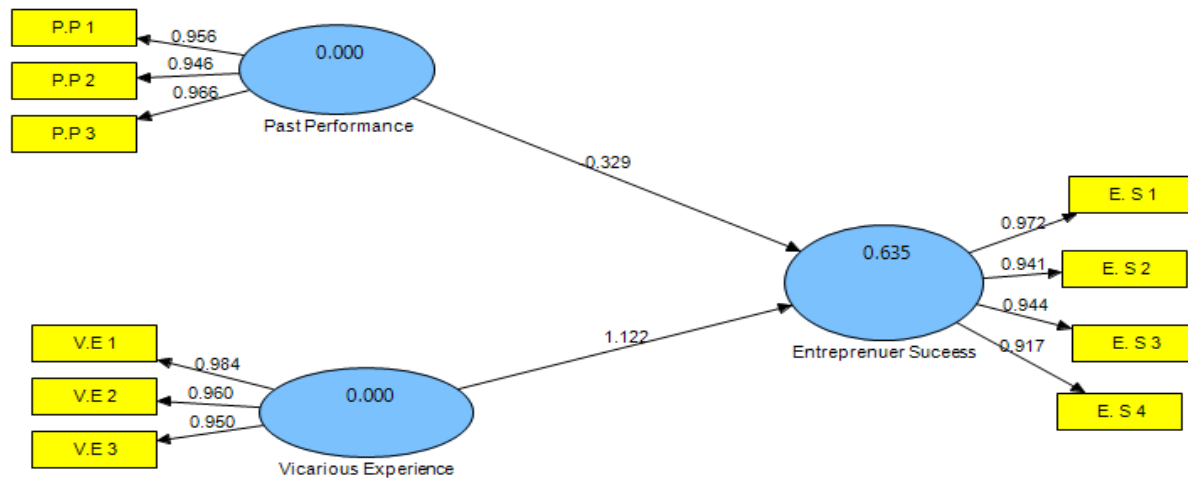


Figure 1 above, presents the examined measurement of the model. Data analysis via structural equation model revealed the fitness of the model (reliability and validity of the instruments). The model shows that indicators (loadings) of all constructs are well loaded. By rule of thumb, the composite reliability should be greater than 0.7 and average variance expectation should be greater than 0.5 (Hair et al, 2014).

4.4 Test of Hypotheses

Table 3: Path Coefficients

Hypotheses	B Value	Standard Error	T Statistics	Decision
<i>Past Performance</i> → <i>Entrepreneur Success</i>	0.943121	0.477712	1.974246	Rejected
<i>Vicarious Experience</i> → <i>Entrepreneur Success</i>	0.012429	0.004885	2.544194	Rejected

Note: AVE represents Average Variance Extracted

Source: SmartPLS Output (2019)

The path coefficients in Table 3 shows that, past performance has impact on entrepreneur success with B value of 0.94 significant <5% level. This implies that, a unit increase in entrepreneurs’ past performance will lead to 94% increases in entrepreneur success. As a result, the null hypothesis which stated that past performance has no significant impact on entrepreneurial success is rejected. Result also shows that vicarious experience has significant impact on entrepreneur success with B value of <5%. Likewise, a unit increase in entrepreneurs’

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vicarious experience will lead to 1.2% increases in entrepreneur success. Therefore, Ho₂ which stated that vicarious experience has no significant impact on entrepreneurial success is also rejected. The finding is in line with the study of Tsoho *et al* (2018) that also found these constructs of self-efficacy (past performance and vicarious experience) as determinants of successful performance.

5. CONCLUSIONS AND RECOMMENDATIONS

The main purpose of this study was to determine the impact of past performance and vicarious experience on entrepreneurial success in Zaria. The study established and concluded that, past experience and vicarious experience have significant impact on entrepreneurial success in Zaria. The study recommends that, entrepreneur should venture into a business that they have related experience for them to be successful. Also, entrepreneurs should endeavor to relate with an expert in any business activities they engage in. This will enable them to tap from such experts' pool of knowledge in running their own businesses.

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