

# Family Role, Experiences Exposure, and Entrepreneurial Judgment Skills Toward Start-Up Entrepreneurs' Productivity

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## ABSTRACT

This study aims to analyze and explain the empirical influences of role of family, experiences exposure, and entrepreneurial judgment skills, eachly toward entrepreneurs' productivity. This study applies descriptive research design, quantitatively obtained, and analyzed statistically. The data are collected from 40 individuals, entrepreneurs who establish or manage start-up in Indonesia, as sample. Technique used to select the sample is by non-probability sampling, where the instrument used to evaluate four variable is questionnaire through Google-form, to collect data. Respondent's feedbacks are then assessed through SmartPLS 3.0 software. Three independent variables simultaneously able to influence dependent variable moderately. In hypotheses testing, role of family positively and insignificantly influences entrepreneurs' productivity, while experiences exposure, entrepreneurial judgment skills positively and significantly influence entrepreneurs' productivity.

**Keywords:** *family, experiences, judgment, productivity, start-up, entrepreneurs*

## 1. INTRODUCTION

Indonesia is a country with the five largest start-ups numbers in the world [1]. Start-up is one type of venture created by one or more entrepreneur who team together to transform their business vision alive to reality. Start-up activity proofs various significant potentials and development. Ries disclosed that start-up is a union of individuals designated to compose products or services in the middle of extreme uncertainties [2]. The founder or entrepreneur in start-up have steady scale and target related to growth-focused mind-set, continue to expand networks or client base, and possessed of highly motivated team regarding the future. Start-up keep on inserting efforts to churn out new products and services in respond to market demands, even world's demands [3]. Furthermore, start-up rooted from innovation, concerning product adjustment, creation of new products or services at all.

Indonesian start-up face two main problems, such as funds and human resources, other are facility, regulation and law, and market [4]. Surrounding its scoop, start-up utilizes kinds of platforms to reach out wider, dominantly using digital technology. Likewise, government also participating in contributing and complying needs of start-up in Indonesia. For instance, the Ministry of Communication and Informatics facilitated participants of digital start-up at events include. Apart from the sole hand from the government, Indonesia has to come up with better and qualified human resources. Entrepreneur as a main character and lead, likely to own capabilities in directing the involved human resources. When the entrepreneur sweeps up the appointed target, overcomes start-up hurdles, it may lift the blockage to productivity. In relevance of breaking problems down, constructing plan or strategies, productivity of entrepreneur may be persuaded by the role of family, experience they went through, or how they perceived something.

The role of family in Zhu, Zhou, Lau and Welch [5] viewed as a facilitator of entrepreneurial soul through support, compressing work stress. In Gimmon and Levie [6], start-up is in need for entrepreneurs' experience, such as skills, knowledge, training. As in Kirschenhofer and Lechner [7],

stated that entrepreneur need to focus on opportunities, deduce needs, that is, required resources. Productivity of entrepreneur is a never-ending asset, in fact that the abilities and behaviour of entrepreneur may alter the business, based on Westhead, Ucbasaran, and Wright research [8].

## **1.1. Related Work**

### *1.1.1. Role of Family*

Zachary [9] depicts family as important source and pillar to an individual, including entrepreneurial activities. This theoretical value encompasses one of the rationales when labelling individual's family surroundings as predictor of their entrepreneurial abilities. Michel *et al.* [10] also asserts that family becomes the storage of crucial resources apt to burn working passion. Meanwhile, work-family conflicts may incur negative impacts, such as dismantling work performance. It being said that family settles the satisfactory or inferior one's activity performance.

### *1.1.2. Experiences Exposure*

Erikson [11] on Munley [12] uttered that developmental psychology points the importance of individuals' adolescence experiences in electing their future career developments. It also implies that those experiences will affect their calling altogether through cognition, perception behaviour of occasions within their life cycle. Schneider [13] stated based on attraction-selection-attrition that individuals with some specific traits or experiences are more likely than others to be selected into some kinds of occupation. Thus, various experiences boost individuals' persona that entails to a job and the requirements.

### *1.1.3. Entrepreneurial Judgment Skills*

Tichy and Bennis [14] conveyed that judgment occurs not in a single moment but throughout a process, and that the most important judgment reside in one of the three domains, that is, people, strategy, and crisis. In relation with leadership judgment, they stated it is crucial, seeing it can induce the prosperity, along with deterioration of their venture, or career. Tichy and Bennis [14] emphasized judgment as a core essential capacity belonged to effective organization workers.

### *1.1.4. Entrepreneurs' Productivity*

Schumpeter [15] in Salman [16] allocated that entrepreneurs, especially the innovative ones, as the linchpin to the process of development. This refines that if an entrepreneur invents productivity in setting up new things, over the aid of innovation, that being said, a cornerstone of development. In business sphere, Abraham [17] declared productivity include measures of customer satisfaction, employee loyalty, morale, and job satisfaction. Thereby, it is viewed as how high a customer feels satisfied toward the product or services, how loyal or groomed the workers are toward the business entrepreneur operates on, business spirit, and aggregate satisfaction of all working associates.

#### *1.1.4.1. Role of family on entrepreneurs' productivity.*

Based on Greenhaus and Powell [18], family is handy to enrich individual's job whereas resources that generated from family domain apt to be enforced to business domain in ways that benefitted business. This is thanks to the affect (feeling) component and instrumental component identified from family-to-work enrichment. Individual's well being can be hiked up considering the transfers of affect obtained from family, to work domain. Jennings and McDougald [19] uttered that family domain able to cater instrumental support, such as funds, or social ties.

#### 1.1.4.2. Experience exposure on entrepreneurs' productivity.

The flop of several experiences entrepreneur went through is not always an unsatisfactory, backed up by Aldrich and Fiol [20] that failure is fitted to represent significant result from entrepreneurial activity. McGrath [21] reported even failure might be skill development source and fruitful wisdom at the upcoming entrepreneurial journey. Cannon and Edmondson [22] justified that entrepreneurs' positive behaviour is vital to be maintained, either flourishing or miscarry times. Politis [23] unfolded those type of entrepreneur is likely to explore untouched prospects, where the experimental learning results in new-born technique.

#### 1.1.4.3. Entrepreneurs' judgment skills on entrepreneurs' productivity.

Entrepreneurial mindset is a medium that inserts aspiration on the pile of competencies stirred by entrepreneur in the midst of innovation, as it emerges as a foundation of value creation process, as stated in Cruz and Devece research [24]. Mises [25] on Foss and Klein [26] assumed entrepreneurs leaned on their anticipative discernment toward future, contrast to rules, model, format. Casson [27] added that an entrepreneur has faith that they are right. Therefore, in substance, judgment they have acts as rationale amidst risks. Kirzner [28] stated that judgment of an entrepreneur belonged to entrepreneurial judgment in figuring out manifold market opportunities earlier, with repeatedly varying needs of consumer.

### **1.2. Our Contribution**

This paper offers information, what's what influencing productivity, that is, might give positive contribution toward those ventures. There might formed solutions, insight, on what should be fixed, shifted or improved perception concerning opportunities, risk, riding what mindset in directing start-up. The research may gives refreshments of start-up operator, entrepreneurs, to conceive sustainable, conqueror, amidst competitions and dynamic era. On the same note, this research imprints new light to general public who lay eyes on it. Also, gives improved understanding on scholars and overall students, furthermore to groom them who wish to construct their own ventures. As reference, this can be the underpinning of idea source on new model development in future research.

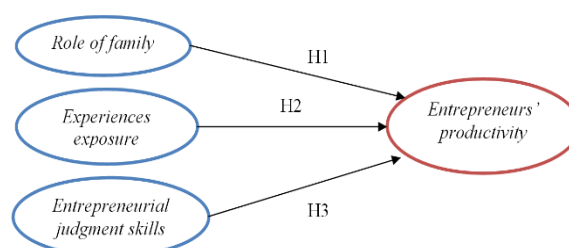
### **1.3. Paper Structure**

The rest of the paper is organized as follows. Section 2 introduces the methodology used in this paper, which based on the research model and hypotheses proposed. Section 3 presents data analyses result, followed by section 4 is discussion. Then, Section 5 concludes the paper and presents direction for future research.

## **2. BACKGROUND**

### **2.1. Model and Hypotheses**

Based on the described theories, the research model and hypotheses descended to:



**Figure 1** Research Model

**H1:** Role of family positively and significantly influences entrepreneurs' productivity of start-up business owners in Indonesia

**H2:** Experiences exposure positively and significantly influences entrepreneurs' productivity of start-up business owners in Indonesia

**H3:** Entrepreneurial judgment skills positively and significantly influences entrepreneurs' productivity of start-up business owners in Indonesia

## 2.2. Methodology

The applied research design is descriptive research design, the quantitative type, where according to Sugiyono [29] that quantitative data is close to numerical, or numbers that can be analysed using statistics. Hypotheses testing is akin to quantitative data collection. The population is all start-up owners located in Indonesia, along with sample, is a representative of population, which is 40 individual entrepreneurs. The sampling technique is engaged with non-probability sampling, to obtain particular information from specific target. Based on age, 47.5% respondents or 19 respondents are from age groups 26-31 years old. Based on gender, 75% respondents dominated by man, as many as 30 individuals. Based on marriage status, 62.5% or 25 respondents are married. Then, 14 people have two or three main family members, 10% and 25% respectively. Based on education, 72.5% respondents acquired bachelor degree. Lastly, 22.5% respondents started their career as entrepreneur in 2015, majority at their 6<sup>th</sup> year.

Validity and reliability test is undertaken thoroughly. The research instruments were examined by SmartPLS, consisting outer model (measurement) and inner model (structural).

The indicators shown in Table 1 have ordinal type of scale, and observed by the help of Likert scale, that is, measurement level of each questions' items.

**Table 1** Variable Measurement Indicators

Variable	Items	References
Role of family	9 indicators → 4 indicators	Zhu, Zhou, Lau dan Welch (2020)
Experiences exposure	10 indicators → 4 indicators	Tarling, Jones dan Murphy (2016); Kirschenhofer dan Lechner (2011)
Entrepreneurial judgment skills	11 indicators → 5 indicators	Tarling, Jones dan Murphy (2016); Uygur & Kim (2016)
Entrepreneurs' productivity	10 indicators → 5 indicators	Tarling, Jones dan Murphy (2016); Kirschenhofer dan Lechner (2011)

## 3. DATA ANALYSIS & RESULTS

There are 18 indicators in total to measure role of family (X1), experiences exposure (X2), entrepreneurial judgment skills (X3), and entrepreneurs' productivity (X4). X1 variable has four indicators, with mean of 2.800, 2.525, 3.325, and 2.375. Median result gotten is 2, 3, 4, and standard deviation of X1 ranges from 1 to 1,7. Minimal and maximum value is 1 and 5. X2 variable has 4 indicators, with mean above 4, which is 4.625, 4.650, 4.700, and 4.250. EEX6 indicators has highest mean, from scale 1 to 5, and mean 4.700. Median is 4 and 5, along with minimum and maximum value is 2 and 5. Standard deviation is below 1, proofing relatively low deflection. In case of X3 and Y variable, the mean is above 4, median is 4 and 5. Then, minimum value is 2, maximum value is 5, with standard deviation range below 1.

AVE value for X1 variable obtained is 0.519, X2 variable is 0.489, X3 variable is 0.606, and Y variable is 0.562. Value above 0.5 is valid as claimed by Hair *et al.* [30]. X2 also accepted seeing affirmation from Fornell and Larcker [31] in Lam [32], that if AVE value below 0.5 but composite reliability value is accepted or fit the criteria value, then reliability on measurement items can be accepted, since composite reliability ascertained able to prophesy validity of measurement model. Cronbach's alpha value of X1 variable is 0.714, X2 is 0.675, X3 is 0.837, and Y is 0.714, above 0.6,

being called reliable, in rapport of Konting, Kamaruddin, and Man [33]. Subsequently, composite reliability acquired for X1 variable is 0.809, X2 is 0.792, X3 is 0.885, and Y is 0.864, included to high consistency. Data is analysed to examine proposed hypotheses, the testing of hypotheses utilized data analysis technique Structural Equation Modelling, in Partial Least Square through SmartPLS 3.0 software. R-square value is 0.615, meaning exogenous variable which are role of family, experiences exposure, and entrepreneurial judgment skills, at the same moment able to influence endogenous variable which is entrepreneurs' productivity, as much as 61.5%. With assurance level of 95%, role of family relevance toward entrepreneurs' productivity is positive, but not significant considering t-statistic is 0.404, below t-table value of 1.96. P-value is 0.686, the sign of insignificant relationship, seeing the value is above error-rate of 0.05. Experience exposure positively related to entrepreneurs' productivity, and significant with t-statistics value of 4.378 (above 1.96). The connection of entrepreneurial judgment skills on entrepreneurs' productivity is positive, and significant because t-statistics is 4.640 (above 1.96).

Regarding effect size,  $f^2$  of 0.02 deduces exogenous latent variable weakly influence structural model, 0.15 is moderate, 0.35 is strong, as stated in Cohen's research [34]. Effect size of X1 variable is rather weak, based on the value 0.006 (below 0.15). X1 variable has minor effect toward R-square, that being said, if X1 variable is obliterated, measly able to alter R-square. X2 variable has strong impact, with value of 0.536, indicating high effect size, as well as X3 variable, with value of 0.798.

#### 4. DISCUSSIONS

Derived from the hypotheses testing, H1 is not supported with data statistics, though role of family positively related toward entrepreneurs' productivity, yet is insignificant. In the previous literature shown that family is partaker in enhancing the owner or entrepreneur of start-ups. However, research on 40 respondents not seems to agree that family role has significant impacts. This research is in accordance with Zhu, Zhou, Lau and Welch [5] statement, that parents, partner, or family relationship contributes positive impacts on entrepreneurship. Most of respondents justified they have good relationship with main family, also parents healthy relationship to each other. These unison hatches conducive vibes that steps up productivity of entrepreneur in lavishly thinking and untangle the stumbling blocks. On the other hand, the result of entrepreneurs as respondents counted that majority just procured affective support, instrumental support such as funds, social ties, is less agreed.

**Table 2** Path Coefficients Results with Bootstrapping

	<b>Original Sample</b>	<b>t-Statistics</b>	<b>p-Values</b>
Role of family → Entrepreneurs' productivity	0.052	0.404	0.686
Experiences exposure → Entrepreneurs' productivity	0.503	4.378	0.000
Entrepreneurial judgment skills → Entrepreneurs' productivity	0.571	4.640	0.000

H2 is supported statistically, signing experiences exposure has positive impacts and significance toward entrepreneurs' productivity. Politis [23] uttered that entrepreneurs, secure insights, technique, and logical paradigm at the time they explore multifarious possibilities. Sitkin and Pablo [35] unravelled that a thing that yet to be racked up, may unveiled new ideas, alongside Bates [36], that entrepreneur that lands near obstacles, or when the business comes to an end, able to exploit their knacks in the consequent business. H3 is supported statistically, bring to light that entrepreneurial judgment skills has positive impacts and significance toward entrepreneurs' productivity. Tichy and Bennis [14] appended that entrepreneur as the pilot of the business, has what it takes in detecting, organizing, underlining, and all set of evolving call and judgment en route. Casson [27] expressed entrepreneur as someone who thinks they are right and others wrong. By the delicate judgment, entrepreneurs able to weigh every decision, or circumstances from every pole, what benefitted business.

## 5. CONCLUSIONS

This research intends to uncover the impacts put out by role of family, experiences exposure, and entrepreneurial judgment skills toward entrepreneurs' productivity empirically on start-up business owners in Indonesia. The conclusion that can be drawn is that: role of family found to has less significant impacts on entrepreneurs' productivity. Meanwhile, experiences exposure and entrepreneurial judgment skills have significant effects on entrepreneurs' productivity.

From the research result, researcher opines that start-up business owners in Indonesia needs to concoct compatible relationship with family. Despite shown insignificant and not straightly affecting productivity, but is found to chip in molding entrepreneurs' character. Afterward, researcher suggests entrepreneurs to explore several entrepreneurial setting and reality. Entrepreneurs ought to spruce their intellectual, and skills in weighing entrepreneurship matters. These three variables' elements apt to mend the start-ups' productivity in Indonesia. In respect of future research, researcher advises to include and observes other variables, employing to measure precisely and better, favourable contributions to areas concerning entrepreneurship.

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