

Former coworkers' entrepreneurial performance and employee entrepreneurship: A social learning perspective

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Abstract

Different employee entrepreneurship events in a firm are usually considered mutual independent. In fact, these events are interpersonally dependent in most cases, whereby leads to an unresolved issue that how employee entrepreneurship spreads through interpersonal influence (interactions between former coworkers and employees) in organizations. Drawing on social learning theory, this study aims to test and verify how former coworkers' entrepreneurial performance impacts focal employee entrepreneurship. Survey data were collected at two different time points (with a three-week interval) from 218 full-time employees working in China. We found that employee entrepreneurial self-efficacy mediated the relationship between former coworkers' entrepreneurial performance and employee entrepreneurial intention. This mediating effect was strengthened by the similarity of entrepreneurial resources and employee risk propensity. By clarifying the premise, mechanism and conditions of social influence in regard to employee entrepreneurship, this study advances our understanding of employee entrepreneurship. This study highlights the interpersonal influence effects of employee entrepreneurship. Moreover, it employs social learning theory to provide a detailed explanation of the mechanisms underlying these interpersonal influence effects in the context of employee entrepreneurship.

Keywords Employee entrepreneurship · Entrepreneurial performance · Social learning · Interpersonal influence

Introduction

Employee entrepreneurship refers to an employee at a parent firm leaves to found a new venture (Agarwal et al., 2004; Gambardella et al., 2015; Ganco, 2013), which is not only a special choice of employee turnover, but also a source of entrepreneurial activities (Ganco, 2013). Currently, as an important driving force of current economic development featuring an entrepreneurial economy, employee entrepreneurship is increasing (Kaul et al., 2024; Yeganegi et al., 2024). The previous literature on employee entrepreneurship is devoted to antecedents (e.g., undervaluation and underutilization of knowledge) (Gambardella et al., 2015; Kaul et al., 2024) and consequences (e.g., parent firm performance) (Agarwal et al., 2016), and framing the literature from a knowledge spillover perspective (Acs et al., 2013). However, the conventional perspective of knowledge spillover considers employee entrepreneurship to be a result of knowledge redundancy, presupposing that these events occur in isolation and independently. This approach overlooks the interconnected nature of employee entrepreneurship events and fails to capture their inherent correlation. In fact, it is common that numerous employees in the same firm leave their jobs together to start their own businesses (Campbell et al., 2012; Ganco, 2013; Lazar et al., 2020), which imply that different employee entrepreneurship events are interpersonally dependent in most cases rather than independent from each other. As the most important social referent both inside and outside the organization, former coworkers are the main influencer of employees in terms of entrepreneurship (Fuentelsaz et al., 2022; Martin-Sanchez et al., 2018; Nanda & Sørensen, 2010). Therefore, employee entrepreneurship is more likely to spread through interpersonal influence between former coworkers and employees (Young, 2009). In China, a prime example of this phenomenon is observed among the “Alibaba Group” and “Tencent Group” alumni entrepreneurs. The former Alibaba and Tencent employees in their entrepreneurial endeavors have inspired many other employees within these companies to pursue entrepreneurship. Notable figures in the entrepreneurial legacies of Alibaba and Tencent include Cheng Wei, founder of DiDi Chuxing, and Zeng Xiulian, founder of Xiaohongshu (Little Red Book).

Drawing on social learning theory, the entrepreneurship-related literature provides an explanation of how former coworkers who leave for entrepreneurship serve as entrepreneurial role models for current employees (e.g., Wyrwich et al., 2016) and emphasizes the effect of the number and entrepreneurial experience of coworkers (Bercovitz & Feldman, 2008; Kacperczyk, 2013; Nanda & Sørensen, 2010). However, social learning theory has been misapplied to some extent in these studies, which neglected that entrepreneurial role models need to be successful and highly performing in their entrepreneurship (Bandura, 1977; Bosma et al., 2012). In fact, social learning theory assumes that individuals only follow and imitate behaviors that are *accepted* or *rewarded* (Manz & Sims, 1981). Thus, the role model effect relies on the *positive outcome* of former coworker entrepreneurship. Former coworkers' high entrepreneurial performance signifies that their entrepreneurship is accepted or rewarded by society, and they can easily attract the focal employee's attention and become entrepreneurial role models, but low-performing coworkers could become negative role models (Chen et al., 2016). Therefore, according to social learning theory, former coworkers' high entrepreneurial performance is the key *premise* for triggering the interpersonal influence of employee entrepreneurship (Young, 2009).

Drawing on social learning theory, this study examines how coworkers' entrepreneurial performance impacts focal employee entrepreneurship, and the role of entrepreneurial self-efficacy, resource similarity, and the risk propensity of the employee. In summary, the conceptual model of this study is depicted in Figure 1. Therefore, this study has made the following contributions to existing literature. First, this study posits that entrepreneurial events within an organization are inherently interconnected rather than operating in isolation (Kaul et al., 2024). Uncovering the linkages between these events is crucial for delineating the social interactions and social influences among individuals involved in entrepreneurship (Ye et al., 2023a). Thus, this study offers a theoretical foundation for the micro-level mechanisms underlying such occurrences. Second, this study introduces social learning theory to compensate for the lack of theoretical explanations of the peer effect of entrepreneurship. While some

studies have discussed the peer effect from the perspective of social influence, it remains inadequately explained both theoretically and methodologically (Kacperczyk, 2013). The study proposes that social learning is a dominant perspective in the peer effect of entrepreneurship (Young, 2009). Finally, this study points out that there is a prerequisite for the interpersonal influence of entrepreneurship, namely, former coworkers' entrepreneurial performance, as opposed to entrepreneurial size (Kacperczyk, 2013) or experience (Nanda & Sørensen, 2010). By distinguishing the different effects of high and low entrepreneurial performance on interpersonal influence, this study verifies the cause of interpersonal influence based on social learning theory and provides a new way to study employee entrepreneurship.

Theory and hypotheses

Social learning theory and entrepreneurial self-efficacy

According to social learning theory, the interpersonal influence of former coworkers' entrepreneurial performance on employee entrepreneurship is a process of vicarious learning which include four stages: attention, retention, motor reproduction and motivation processes (Manz & Sims, 1981). Social learning theory further indicates that employees can obtain entrepreneurial self-efficacy by vicariously learning from their former coworkers (Bandura, 1977; Manz & Sims, 1981). Entrepreneurial self-efficacy refers to the strength of an individual's belief that he or she is capable of successfully performing the roles and tasks of an entrepreneur (Zhao et al., 2005). Employees learn directly from the former coworker before their coworker leaves the organization (Zheng et al., 2023). Moreover, former coworkers may continue to interact with focal employees after work, even when they have become entrepreneurs. Thus, employees can also acquire vicarious experience by indirectly participating in former coworkers' entrepreneurial processes (Seo et al., 2024), and this experience is reinforced vicariously when those former coworkers achieve high performance (Bosma et al., 2012; Manz & Sims, 1981). In addition, the wealth and reputation gained by those

former coworkers show that employee entrepreneurship is acceptable to society, and they provide employees with vicarious rewards. Thus, a focal employee is more likely to imitate former coworkers with high performance and learn vicariously by observing them and then gradually develop entrepreneurial self-efficacy (El-Awad, 2022). In general, the higher the entrepreneurial performance of former coworkers, the stronger the employee entrepreneurial self-efficacy that will be achieved through social learning (Mavi et al., 2023; Wood & Bandura, 1989), ultimately, the greater the likelihood that employee entrepreneurship will result.

Former coworkers' entrepreneurial performance and employee entrepreneurship

Employee entrepreneurship represents a unique facet of employee mobility, signifying a profound shift from employment to entrepreneurial pursuits (Agarwal et al., 2016; Mawdsley & Somaya, 2016). This transition is not merely a change in professional roles but a significant career metamorphosis. It is widely held that ventures initiated by former coworkers have a resource and capital advantage over other startups, which often translates into superior entrepreneurial performance (Agarwal et al., 2004; Costa & Baptista, 2023). Former coworkers' entrepreneurial performance is the economic performance of the new ventures founded by former coworkers, including both financial and growth performance (Chandler & Hanks, 1993). Social learning theory suggests that entrepreneurial intentions can be aroused by peers (Kacperczyk, 2013; Nanda & Sørensen, 2010). When the entrepreneurial behavior of former coworkers is positively reinforced, they become entrepreneurial role models for the focal employee (BarNir et al., 2011; Nowiński & Haddoud, 2019). Thus, employees tend to imitate these entrepreneurial role models after observing the high performance achieved and subsequently transition to entrepreneurship (Austin & Nauta, 2016; Bosma et al., 2012).

Specifically, employees learn from their former coworkers through four processes: attention, retention, reproduction, and motivation (Manz & Sims, 1981). First, the higher the entrepreneurial performance of former coworkers, the easier it is to attract

employees' attention. Second, the higher the performance of companies founded by former coworkers, the more their entrepreneurial behaviors are accepted by the market. Former coworkers' entrepreneurial performance makes entrepreneurial activity retained in employees' memory, and employees can repeat the whole entrepreneurial process through self-rehearsal in their mind. Third, the high entrepreneurial performance of former coworkers promotes employees' perceived capability in the entrepreneurial role (Kacperczyk, 2013), and this useful feedback from former coworkers makes employees devote more time and effort into learning and practicing entrepreneurship (El-Awad, 2022). Finally, the more positive the entrepreneurial consequence of the role model is, the higher the possibility that the observer will imitate (Wood & Bandura, 1989). The wealth and reputation that former coworkers receive after starting a business are a positive reward for the focal employee. In summary, employee entrepreneurial intention is gradually shaped under these circumstances (Sampene et al., 2023). Therefore, we propose the following hypothesis:

H1. Former coworkers' entrepreneurial performance is positively related to employee entrepreneurial intention.

The mediating role of employee entrepreneurial self-efficacy

Entrepreneurial self-efficacy is an entrepreneur's deep, hidden belief underlying entrepreneurial intention and action (Liñán & Chen, 2009). Many studies have shown that entrepreneurial self-efficacy is a robust and key predictor of entrepreneurial intention and behavior (Hsu et al., 2019; Naktiyok et al., 2010; Wilson et al., 2007; Zhao et al., 2005). Entrepreneurial self-efficacy not only determines employees' perseverance and effort in entrepreneurship but also decreases the risk perception of entrepreneurial activity (Holzmeister et al., 2020; Siegrist & Árvai, 2020), which thus drives employee entrepreneurship. The higher the entrepreneurial self-efficacy, the more likely the individual is to achieve his or her established entrepreneurial goals (Wood & Bandura, 1989; Zhao et al., 2005).

In the workplace, coworkers serve as important behavioral references for employees (Fuentelsaz et al., 2022; Martin-Sanchez et al., 2018). The peer effect they exert, particularly in the realm of entrepreneurial activities, has consistently attracted scholarly attention (Kacperczyk, 2013; Nanda & Sørensen, 2010; Portyanko et al., 2023). Social learning is the dominant mechanism within this dynamic, emphasizing the significance of performance from coworkers' entrepreneurial ventures as a key catalyst for nurturing employees' entrepreneurial self-efficacy (Wood & Bandura, 1989; Portyanko et al., 2023). Therefore, in terms of the social influence of entrepreneurship, the high entrepreneurial performance of former coworkers is crucial in developing the entrepreneurial self-efficacy of focal employees. According to social learning theory, emotional arousal can influence the formation and development of employee entrepreneurial self-efficacy (Bandura, 1977). Former coworkers with high entrepreneurial performance always have entrepreneurial passion in their blood and this entrepreneurial passion is *contagious* (Barsade, 2002; Cardon, 2008). Thus, given the contagious nature of entrepreneurial passion, it is reasonable to infer that entrepreneurial passion can spread like fire (Li et al., 2017); that is, it may not be contagious just within a group. Specifically, former coworkers' passionate entrepreneurial narratives are broadcast through the whole professional field. These narratives become words of inspiration that enter the heart of employees and impress them, such that their entrepreneurial passion can be aroused by experiencing their former coworkers' entrepreneurial passion (Lee & Theokary, 2021). Furthermore, employees acquire entrepreneurial passion through processes of emotionally imitating their former coworkers using their own initiative (Cardon, 2008). Subsequently, this aroused entrepreneurial passion facilitates the improvement of employee entrepreneurial self-efficacy.

Beyond the pivotal mechanism of emotional arousal, vicarious experience emerges as an additional significant pathway. Employees cultivate entrepreneurial self-efficacy by observing their former colleagues' journey towards achieving high entrepreneurial performance. This process affords them vicarious experiences in

entrepreneurial endeavors, thereby enhancing their entrepreneurial self-efficacy (Manz & Sims, 1981; Seo et al., 2024). In summary, as the outcome of former coworkers' entrepreneurial performance and the antecedent of employee entrepreneurship, employee entrepreneurial self-efficacy provides a strong theoretical explanation for the impact of former coworkers' entrepreneurial performance on employee entrepreneurship from the social learning perspective (Caliendo et al., 2023; Miraglia et al., 2017). Therefore, we propose the following hypothesis:

H2. Employee entrepreneurial self-efficacy plays a mediating role between former coworkers' entrepreneurial performance and employee entrepreneurial intention.

The moderating role of similarity of entrepreneurial resources

According to social learning theory, the strength of the role model effect depends on the characteristics of the role model (Bandura, 1977; Manz & Sims, 1981). Specifically, the similarity between role model and observer can either bolster or diminish the formation and magnitude of one's self-efficacy (Bandura, 1977; Bosma et al., 2012). One of the most important elements of employee entrepreneurship is entrepreneurial resources (Marvel et al., 2016). Entrepreneurial resources refer to an entrepreneur's own financial resources and abilities to start and operate a new venture (Wu, 2007). As is commonly known, entrepreneurial resources are critical for entrepreneurship, but the matter of how many and what type of entrepreneurial resources are needed is quite vague (Marvel et al., 2016). In this context, the similarity between former coworkers and the focal employee in entrepreneurial resources brings anchoring point for the focal employee (Grossman et al., 2012). When employees' entrepreneurial resources are highly similar to those of successful former coworkers, they can use their former coworkers' entrepreneurial experience and information as a reference point to verify the feasibility of their own entrepreneurship (Fuentelsaz et al., 2022; Kacperczyk, 2013; Martin-Sanchez et al., 2018) and to estimate whether they have enough resources and the right resources for a promising new venture (Grossman et al., 2012; Yu et al., 2016).

Therefore, their vicarious experience from former coworkers will be more suitable and feasible and they are more confident in replicating entrepreneurial success (Bosma et al., 2012).

Moreover, if an employee has entrepreneurial resources that are similar to those of former coworkers, he or she will be more aware of his or her former coworkers' entrepreneurial passion (Lazar et al., 2020) because of the principle of similarity attraction. Similarity attraction is a principle of interpersonal attraction that suggests that people tend to be attracted to others who are similar to them in terms of values, social status, and other resources. The more similar a person is to others, the more likely he or she is to develop a fondness for them. Accordingly, former coworkers with resource similarities are more likely to attract the interpersonal interest of focal employees, making them more salient and influential. Thus, high resource similarity brings employees a high level of empathy for their former coworkers' entrepreneurial passion (Grossman et al., 2012), hence strengthening the emotional contagion process between former coworkers and employees (Cardon et al., 2017). Thus, we propose hypothesis 3 and 4:

H3. The similarity of entrepreneurial resources between former coworkers and employees positively moderates the positive relationship between former coworkers' entrepreneurial performance and employee entrepreneurial self-efficacy.

H4. The similarity of entrepreneurial resources between former coworkers and employees positively moderates the mediating role of employee entrepreneurial self-efficacy.

The moderating role of employee risk propensity

Drawing on social learning theory, the strength of the role model effect also depends on the characteristics of the observer (Bandura, 1977; Manz & Sims, 1981). Furthermore, personal characteristics play a more significant role in moderating the

stage at which self-efficacy affects behavioral intention, as opposed to the stage of self-efficacy formation (Wood & Bandura, 1989). Specifically, the fit between the observer's personality and observed behavior can also enhance the observer's self-efficacy (Bandura, 1977; Manz & Sims, 1981). It is known that not all instances of entrepreneurial confidence will turn out to be entrepreneurial intention; only those employees who are high of risk propensity will do so (Markowska & Wiklund, 2020; Sampene et al., 2023; Brachert et al., 2020). Risk propensity is defined as the tendency of a decision-maker to either take or avoid risks (Boustanifar et al., 2022; Zhao et al., 2005). Risk propensity is viewed as a stable personality trait or individual difference (Zhao et al., 2005) that is the most prominent factor in strengthening the individual's psychological process of entrepreneurship. Employees with a high propensity for risk have a low level of risk perception in entrepreneurship (Brachert et al., 2020; Li & Ahlstrom, 2020; Siegrist & Árvai, 2020), leading to a positively subjective judgment of their own entrepreneurial ideas (Kaul et al., 2024). Moreover, they are more likely to underestimate the uncertainty involved in entrepreneurial undertakings (Boustanifar et al., 2022; Holzmeister et al., 2020) and to dedicate more effort, invest more time and show more perseverance in entrepreneurial tasks (Markowska & Wiklund, 2020; Zhao et al., 2005). In addition, individuals with a propensity for risk-taking are more likely to pursue entrepreneurial opportunities (Bergner et al., 2023; Nguyen et al., 2023) and tend to weight positive entrepreneurial outcomes more heavily than negative outcomes. This leads them to be overconfident and overestimate likelihood of achieving high entrepreneurial performance (Bergner et al., 2023; Li & Ahlstrom, 2020). As a result, their entrepreneurial self-efficacy is strengthened by their risk propensity. Therefore, we propose the following hypothesis 5 and 6:

H5. Employee risk propensity positively moderates the positive relationship between employee entrepreneurial self-efficacy and employee entrepreneurial intention.

H6. Employee risk propensity positively moderates the mediating role of

employee entrepreneurial self-efficacy.

Integrating the above hypotheses, we further propose a joint moderated mediation hypothesis:

H7. The similarity of entrepreneurial resources and employee risk propensity jointly moderate the mediating role of employee entrepreneurial self-efficacy.

Methods

Sample and procedure

We conducted a two-round survey to reduce any possible common method bias (CMB) with a three-week interval (Chang et al., 2010). The surveys were completed by the respondents themselves, and all respondents involved in the survey were numbered to match the data from the two time points. In the first round, data on former coworkers' entrepreneurial performance, similarity of entrepreneurial resources and employee entrepreneurial efficacy were collected. In the second round, we collected data on employee risk propensity and employee entrepreneurial intention. Demographic information and the number of former coworker entrepreneurs were collected in the first round and served as control variables. In the first round, 365 surveys were distributed, with 342 valid surveys returned, resulting in a response rate of 93.70%. In the second round, we distributed 342 questionnaires to those who replied effectively in the first round. Finally, we obtained 218 effective and paired samples with an acceptable attrition rates 36% (Stantcheva, 2023).

As a requirement of the survey, the companies of interest must have employees who left to create a new venture with growth potential that has no financial or ownership links to the parent firm. The companies are mainly located in southeast China, which is a region that is very representative of current employee entrepreneurship, and they are mainly in the internet, education, service and manufacturing industries, where

employees are most likely to leave to start new businesses. Recent studies on employee entrepreneurship often use Chinese samples, suggesting that this approach is considered credible to some extent (e.g. Su et al., 2023; Ye et al., 2022; Ye et al., 2023a, 2023b). Moreover, employee entrepreneurship is a widespread occurrence around the world; while cultural differences may exist across various national contexts (Gu et al., 2024), the theoretical mechanisms and the nature of such events are interconnected (Kaul et al., 2024). In addition, due to the specificity of the sample, we employed a snowball sampling technique to recruit employees, exclusively including those who had experienced the event of employee entrepreneurship. To guarantee an acceptable survey response rate, we pre-screened 30 research subjects, each of whom was directly contacted and directed by our research team. These research subjects are randomly selected from companies with which our research team is often in contact with. Each subject was required to look for 10-15 coworkers or other participants who worked in the interested companies to complete the online survey. These respondents were employees who were familiar with the former coworkers who left for entrepreneurship. In the process of data collection, there were no restrictions on the success of coworker entrepreneurship; the focus was only on whether former coworkers had left to create a new venture.

The 218 employees consisted of 109 males and 109 females, and the average age of the employees was 31.06 years ($SD=5.77$). The majority of the employees (56.00%) had a bachelor's degree 20.20% held a master's degree or above, 19.30% had an associate degree, and only a few of them (4.60%) had a high school education or below. Forty percent of the respondents came from knowledge-intensive industries, 24% from capital-intensive industries and 36% from labor-intensive industries. The median size of the companies was 200, and the average organizational tenure was approximately 6.7 years. A total of 23% of the firms were state-owned enterprises, 59% were private companies, 8.3% were foreign companies, and 10% were others.

Measures

To ensure reliability and validity, all measurement scales used in this study were either cited or adapted from measurement instruments published in top international journals. Because they were initially in English, these mature scales were dealt with using back translation procedures. A 5-point Likert scale ranging from 1=“strongly disagree” to 5=“strongly agree” was used.

Former coworkers' entrepreneurial performance (Time 1). To measure entrepreneurial performance, we adapted the frequently used 3-item scale developed by Chandler and Hanks (1993). The following is an example item: “Overall, the market share of the companies founded by former coworkers who left the company grew rapidly”. The Cronbach's alpha for this scale was 0.780.

Similarity of entrepreneurial resources (Time 1). To measure entrepreneurial resources, we adapted the frequently used 3-item scale of Wu (2007). The following is an example item: “Before my former coworkers left their jobs to pursue their own entrepreneurship, my financial capital was generally similar to theirs”. The Cronbach's alpha for this scale was 0.780.

Employee entrepreneurial self-efficacy (Time 1). The 6-item scale of Liñán and Chen (2009) was used. The following is an example item: “Starting a firm and keeping it in operation would be easy for me”. The Cronbach's alpha for this scale was 0.911.

Employee risk propensity (Time 2). We adapted the 6-item scale of risk propensity developed by Zhao et al. (2005). The following is a sample item: “I am willing to take significant risks if the possible rewards are high enough”. The Cronbach's alpha for this scale was 0.816.

Employee entrepreneurial intention (Time 2). Our 3-item scale was adapted from Konovsky and Copanzano's (1991) measurement of turnover intention. The following

is an example item: “I often think about quitting my job at this organization and starting my own business”. The Cronbach’s alpha for this scale was 0.851.

Control variables. To eliminate the potential influence of demographic variables, this study took the gender, age, organizational tenure and educational level of employees as control variables. Moreover, Wood and Bandura (1989) pointed out that an individual’s repetitive experience of specific behaviors can promote the imitation of role models. Thus, the number of former coworker entrepreneurs was also taken as a control variable.

Data analysis

The descriptive statistics mainly used correlation analysis and the reliability coefficient, a structural equation model was adopted to test construct validity, and we employed multiple regression to examine the basic hypotheses. Because multiple regression was insufficient to verify our complex hypotheses, we followed the bootstrap methods (PROCESS) to examine the moderating and moderated mediation hypotheses.

Results

Confirmatory factor analysis

Confirmatory factor analysis (CFA) was performed to examine the validity of the key variables before testing our hypotheses. We first checked the fit of a five-factor model including former coworkers’ entrepreneurial performance, similarity of entrepreneurial resources, employee entrepreneurial self-efficacy, employee risk propensity and employee entrepreneurial intention. The hypothesized 5-factor model fit the data well: $\chi^2(179)=316.70$, $\chi^2/df=1.77$, RMSEA=0.06, RMR=0.06, CFI=0.93, IFI=0.94, TLI=0.92. Thus, convergent validity was proven. In addition, we compared the full model (five factors) with other alternatives to confirm discriminant validity. The results of the model comparison are given in Table 1, which shows that the proposed model was superior to all alternative models. Hence, the discriminant validity of the five variables was supported. In line with the well-cited research, one way to rule out

substantial CMB is to demonstrate the construct validity of the measures used (Conway & Lance, 2010). Because high construct validity reflects a balance between correlation and differentiation among variables, it confirms that the relationships are conceptually sound and free from bias introduced by the use of a common method. Therefore, CMB did not have a significant impact on this study.

Descriptive statistics

The mean values, standard deviations, correlations, and reliability coefficients for the variables are presented in Table 2. As shown in Table 2, former coworkers' entrepreneurial performance was positively associated with employee entrepreneurial self-efficacy ($r=0.23, p<0.01$) and employee entrepreneurial intention ($r=0.18, p<0.01$). Moreover, employee entrepreneurial self-efficacy was positively related to employee entrepreneurial intention ($r=0.43, p<0.01$). These results provide preliminary verification of our theoretical hypotheses.

Hypothesis testing

We conducted multiple regression analysis to examine hypotheses 1, 2, 3 and 5, and the control variables were entered before the other variables. The mediating effect, moderating effects and moderated mediation hypotheses were tested using bootstrap methods.

Main and mediating effects

As shown in Table 3, there was a positive relationship between former coworkers' entrepreneurial performance and employee entrepreneurial intention ($\beta=0.16, p<0.05, M_6$), and hypothesis 1 was supported. Model 2, given in Table 3, indicated that former coworkers' entrepreneurial performance positively predicted employee entrepreneurial self-efficacy ($\beta=0.22, p<0.01, M_2$). In addition, after adding former coworkers' entrepreneurial performance and employee entrepreneurial self-efficacy into the model together, the influence of former coworkers' entrepreneurial performance on employee

entrepreneurial intention ($\beta=0.07$, $p>0.05$, M_7) became nonsignificant, while the influence of employee entrepreneurial self-efficacy on employee entrepreneurial intention ($\beta=0.40$, $p<0.01$, M_7) was significant, showing a full mediating effect of employee entrepreneurial self-efficacy. We further conducted the bootstrapping process to offer additional verification of the mediating effect, effect=0.13, SE=0.05, and CI: [0.0363, 0.2504], which did not include zero. Hence, hypothesis 2, regarding the mediating role of employee entrepreneurial self-efficacy, was supported.

Moderating effects

To test the moderating effects of similarity of entrepreneurial resources and employee risk propensity, we standardized the variables to form interactions. According to the multiple regression results shown in Table 3, the interaction between former coworkers' entrepreneurial performance and similarity of entrepreneurial resources was positively related to employee entrepreneurial self-efficacy ($\beta=0.23$, $p<0.01$, M_4), and the interaction between employee entrepreneurial self-efficacy and employee risk propensity was positively related to employee entrepreneurial intention ($\beta=0.16$, $p<0.01$, M_8). To describe in further detail the pattern of the two moderating effects, we drew lines using one standard deviation above and below the mean of the moderators and calculated the slope effect. The patterns are shown in Figure 2 and 3. According to the results of simple slope test, it was revealed that when the similarity of entrepreneurial resources was high, former coworkers' entrepreneurial performance had a strong and positive effect on employee entrepreneurial self-efficacy ($\beta=0.4465$, $t=3.98$, $p<0.05$, CI: [0.2254, 0.6676]); however, the effect became nonsignificant ($\beta=-0.1483$, $t=-1.23$, $p>0.05$, CI: [-0.3856, 0.0889]) when the similarity of entrepreneurial resources was low. In addition, according to the results of simple slope test, when employee risk propensity was high, employee entrepreneurial self-efficacy had a strong and positive effect on employee entrepreneurial intention ($\beta=0.5219$, $t=5.37$, $p<0.05$, CI: [0.3304, 0.7133]); however, this effect became nonsignificant ($\beta=0.1693$, $t=1.72$, $p>0.05$, CI: [-0.0247, 0.3633]) when employee risk propensity was low. These results

of simple slope test were consistent with our assumptions. Thus, hypotheses 3 and 5 were supported.

Moderated mediating effects

To test the moderated mediating effect of hypotheses 4, 6 and 7, we conducted moderated mediation path analysis and using the PROCESS macro. The results of the data analysis are presented in Table 4. Under a low level of similarity of entrepreneurial resources, the mediating effect of employee entrepreneurial self-efficacy was nonsignificant (effect=−0.07, CI: [−0.2033, 0.0607]); however, this effect became significant when the similarity of entrepreneurial resources was high (effect=0.20, CI: [0.1103, 0.3208]). Therefore, the first-stage moderated mediation effect of the similarity of entrepreneurial resources was supported. In addition, under a low level of employee risk propensity, the mediating effect of employee entrepreneurial self-efficacy was significant (effect=0.05, CI: [0.0015, 0.1320]), but this effect became much more significant when employee risk propensity was high (effect=0.14, CI: [0.0461, 0.2727]). Therefore, the second-stage moderated mediation effect of employee risk propensity was supported. Finally, to test the joint moderated mediation, we entered the two moderators into PROCESS together, and the results are also shown in Table 4. When the similarity of entrepreneurial resources and employee risk propensity were both at a high level, the mediating effect of employee entrepreneurial self-efficacy was positively significant (effect=0.23, CI: [0.1264, 0.3630]); however, when the similarity of entrepreneurial resources and employee risk propensity were both at a low level, the mediating effect of employee entrepreneurial self-efficacy was nonsignificant (effect=0.07, CI: [−0.0028, 0.1703]). Thus, the joint moderated mediation hypothesis is supported.

Discussion

The purpose of this study is to explore the mechanism and conditions of how coworker entrepreneurship affects employee entrepreneurship. First, the results show that the

former coworkers who have achieved high entrepreneurial performance can indeed affect employee entrepreneurship. This result is consistent with previous studies on interpersonal influence in entrepreneurial situations (Bosma et al., 2012; Kacperczyk, 2013; Portyanko et al., 2023; Ye et al., 2023a). However, the previous literature has claimed that employees who leave their jobs to pursue their own businesses can always achieve higher entrepreneurial performance (Costa & Baptista, 2023), failing to differentiate the interpersonal influence of former coworkers with higher entrepreneurial performance from that of former coworkers with lower entrepreneurial performance (Nanda & Sørensen, 2010). Therefore, by focusing on the entrepreneurial performance of former coworkers, this study compensates for the limitations of the previous literature because it applies social learning theory to explain the interpersonal influence of employee entrepreneurship.

Second, employee entrepreneurial self-efficacy played a mediating role in the relationship between former coworkers' entrepreneurial performance and employee entrepreneurial intention. Explorations of the underlying mechanisms of interpersonal influence are lacking in the existing literature on entrepreneurial situations because the secondary data used by prior studies were not conducive to revealing the mechanisms of interpersonal influence (Bercovitz & Feldman, 2008; Kacperczyk, 2013). From the social learning perspective, this study posited that by observing the process of former coworkers achieving high entrepreneurial performance, employees could acquire entrepreneurial self-efficacy, which would improve their entrepreneurial intention (Santos & Liguori, 2020), thus supplementing the literature by demonstrating the underlying mechanism of interpersonal influence in entrepreneurial situations.

Third, among the mechanisms that shape employees' entrepreneurial self-efficacy, vicarious experiences hold considerable sway (Valenzuela et al., 2023; Seo et al., 2024). As employees witness their former coworkers' ventures into entrepreneurship, the experiences gleaned through observational learning, modeling and imitation significantly inform their sense of entrepreneurial self-efficacy. Observing the success or failure of former coworkers akin to themselves can correspondingly elevate or

diminish their belief in their capabilities (Valenzuela et al., 2023; Seo et al., 2024). Successful endeavors of seemingly similar others can fortify an observer's entrepreneurial self-efficacy (Bosma et al., 2012; Ye et al., 2023a), whereas the failure of comparable role models can have a dampening effect on their confidence (Chen et al., 2016).

Furthermore, this study proposed that the similarity of entrepreneurial resources between the focal employee and former coworkers was also important for entrepreneurial activities. It is difficult to ascertain what resource configuration and how many resources are adequate for entrepreneurship (Fisher & Neubert, 2023; Papazu, 2021); however, former coworkers provide an anchor and reference for the focal employee (Fuentelsaz et al., 2022; Martin-Sanchez et al., 2018; Yu et al., 2016). Although the previous literature has stressed the importance of total entrepreneurial resources (Marvel et al., 2016), it has ignored the relativity of entrepreneurial resources. As the results show, when resource similarity was at a low level, the positive effect of former coworkers' entrepreneurial performance on employee entrepreneurial self-efficacy became negative, hence proving the importance of resource similarity.

Finally, past studies have mainly concentrated on the direct effect of risk propensity on entrepreneurial intention (Bergner et al., 2023; Brachert et al., 2020). However, risk propensity is also a key personality trait that can enhance the entrepreneurial process. While the strong relationship between entrepreneurial self-efficacy and entrepreneurial intention has been taken for granted and considered unconditional (Santos & Liguori, 2020), we proposed that such a robust relationship was contingent. A high degree of risk propensity makes the focal employee more aware of the positive outcomes of former coworkers' entrepreneurial activities, thereby augmenting the effect of employee entrepreneurial self-efficacy on entrepreneurial intention.

Theoretical contributions

First, this study reveals the theoretical mechanism of interpersonal influence on

employee entrepreneurship by drawing on the process of vicarious learning and the concept of entrepreneurial self-efficacy. Prior literature has overlooked the examination of interpersonal influence mechanisms within entrepreneurial settings (Kacperczyk, 2013), with a notable absence of interpretations grounded in social learning theory. This study elucidates the interpersonal influence process wherein employees, through vicarious learning from former coworkers who have leaved to pursue entrepreneurship, acquire an entrepreneurial self-efficacy, which in turn fosters their intention to leave and venture into entrepreneurship. Consequently, this research furnishes a theoretical framework for the interpersonal influence mechanisms in employee entrepreneurship context.

Second, this study underscores the critical role of rational judgment in the decision-making processes associated with entrepreneurship (Young, 2009). Contrary to earlier research suggesting that an individual's entrepreneurial inclination can be significantly influenced by peers (Nanda & Sørensen, 2010; Portyanko et al., 2023), our findings reveal that the substantial decision of embarking on entrepreneurship is approached with considerable caution. The decision-making mechanism, rather than being solely subject to passive interpersonal influences, is fundamentally guided by meticulous rational judgments based on the former coworkers' entrepreneurial performance.

Third, this study emphasizes the relativity of entrepreneurial resources. The previous literature has focused on the absolute quantity of entrepreneurial resources (Marvel et al., 2016), but it has paid little attention to the relative quantity and quality of resources and the resource configuration. As the main reference objects in the workplace, the resource similarity between former coworkers and employees provides the anchoring point for employees to understand whether they have enough resources and the right configuration of resources to create a successful new venture (Yu et al., 2016). Moreover, borrowing rationales and insights from the similarity-attraction principle, we propose that resource similarity makes former coworkers more attractive to the focal employee. Thus, this study presents a theoretical supplement regarding the

role modeling effect.

Managerial implications

This study has several implications for managerial practices. First, since employee entrepreneurship promotes the growth of regions, industries, and macroeconomies, policy makers and society can provide a good entrepreneurial environment for employee entrepreneurship, for example, through tax incentives and other preferential policies, and they can improve the social tolerance of entrepreneurial failure.

Second, parent firms can benefit from employee entrepreneurship or otherwise be damaged by it. Therefore, parent firms can promote the reverse transfer of knowledge from new ventures to themselves by hiring employees from the new ventures, especially those employees who used to work in the parent firm, or parent firms can put more attention and investment in the current employees' knowledge to keep them from employee entrepreneurship (Gambardella et al., 2015). Moreover, parent firms can prevent the loss of firm resources from employee entrepreneurship (Campbell et al., 2012) and file lawsuits to protect their legitimate rights and interests.

Third, previous studies have proposed that turnover is contagious among employees. This study further confirms that employee entrepreneurship can also spread from one employee to another through vicarious learning and that this process may get out of control. Thus, managers should regulate the potential chain reaction of employee entrepreneurship and prevent massive employee mobility. Differentiation management in entrepreneurial resource allocation is an effective way to mitigate the chain reaction of employee entrepreneurship. When employees own entrepreneurial resources that are different from each other, the social learning mechanism of the chain reaction will be blocked to a great extent.

Fourth, entrepreneurs can invite employees at parent firms to be entrepreneurial partners. There are two motivations for choosing entrepreneurial partners: interpersonal attraction and resource seeking (Lazar et al., 2020). Similar work experience is conducive to building good interpersonal relationships, and employees are likely to

provide entrepreneurs with complementary resources (Campbell et al., 2012; Ganco, 2013).

Finally, employees should be rational in dealing with entrepreneurship. Even if their former coworkers achieve high entrepreneurial performance, they should also comprehensively evaluate the risk, potential cost and benefits of employee entrepreneurship before making a decision.

Limitations and future research

Several limitations remain in this study and need to be addressed in future studies. First, we collected data from two different time points, but the variables were self-reported by employees, and the mediator and dependent variables were collected at the same time point. These aspects give rise to the possibility of CMB. Future studies may try to gather paired data from both focal employees and their former coworkers at three different time points. Moreover, distinct from previous entrepreneurial interpersonal influence studies that relied on secondary data, this research adopts a survey method. While each approach has its merits and drawbacks, the current study lacks the support of objective data. Incorporating secondary data analysis could complement the existing research methods and bolster the study's findings.

Second, employees rated the entrepreneurial performance of their former coworkers, and the similarity of entrepreneurial resources between former coworkers and themselves may have led to the inability and inaccuracy of the variables measured by the focal employees. A more reasonable approach would be to use actual data or secondary data rather than employees' subjective perceptions to assess the entrepreneurial performance of former coworkers. To measure the similarity of entrepreneurial resources, a better method would be to have both former coworkers and employees rate the similarity of each other and then average the ratings.

Third, this study only focused on entrepreneurial intention, not actual entrepreneurial behavior. While intention is often used as a proxy for behavior in theoretical research, the difference between intention and action can reduce the

credibility of transferring research conclusions to entrepreneurial actions and limit the practical insights that can be drawn from our findings. In addition, the applicability of our results may vary across different entrepreneurial contexts, including self-employment and hybrid entrepreneurship. These contexts typically involve less risk than employee entrepreneurship, which may make interpersonal influence more apparent. Therefore, future investigations should prioritize examining entrepreneurial behavior directly rather than focusing on intention and the findings of this study should also be confirmed in self-employment and hybrid entrepreneurship settings.

Fourth, this study solely employed Chinese samples, which may limit the practical implications of the findings. In Chinese culture, there is a significant emphasis on collectivism and loyalty to the organization. Conversely, Western culture places greater importance on individualism and self-actualization. Given the cultural values differences between China and Western countries, these disparities could lead to varying impacts on employee entrepreneurship (Gu et al., 2024). Therefore, the conclusions drawn from Chinese samples might not be directly applicable to Western contexts. Future research could benefit from incorporating both Eastern and Western samples to explore how cultural values differences influence employee entrepreneurship.

Fifth, this study, anchored in social learning theory, meticulously examines the nuances of vicarious learning within the context of employee entrepreneurship, with a pronounced focus on unraveling the significance of emotional mechanisms. Despite this, the study does not exhaustively probe other dimensions of vicarious learning, including vicarious experience, direct experience, and persuasion. Additionally, interpersonal influences on entrepreneurship beyond vicarious learning, such as social comparison mechanisms, have not been discussed in this research. Future studies could further refine the understanding of interpersonal influence mechanisms in entrepreneurship.

Finally, in addition to the interpersonal influence of coworker entrepreneurship on employee entrepreneurship, leader entrepreneurship is a factor that cannot be ignored.

Future research can explore the interpersonal influence of leader entrepreneurship on employee entrepreneurship, as well as the difference between the effect of leader entrepreneurship and the effect of coworker entrepreneurship on employee entrepreneurship.

Conclusions

Based on social learning theory, this study explores how and when former coworkers' entrepreneurial performance leads to employee entrepreneurial intention. The results illustrate that former coworkers' entrepreneurial performance positively impacts employee entrepreneurial intention through employee entrepreneurial self-efficacy and that the similarity of entrepreneurial resources and employee risk propensity positively moderate the mediating effect of employee entrepreneurial self-efficacy at the first and second stages, respectively. In summary, this study confirms that high entrepreneurial performance of former coworkers can promote focal employee entrepreneurship intention. It implies that the impact of entrepreneurial interpersonal influences could be a critical catalyst for the proliferation of entrepreneurial ventures. By fine-tuning the potency of these influences, organizations and society stand to steer the trajectory of entrepreneurial undertakings, thereby shaping economic vitality.

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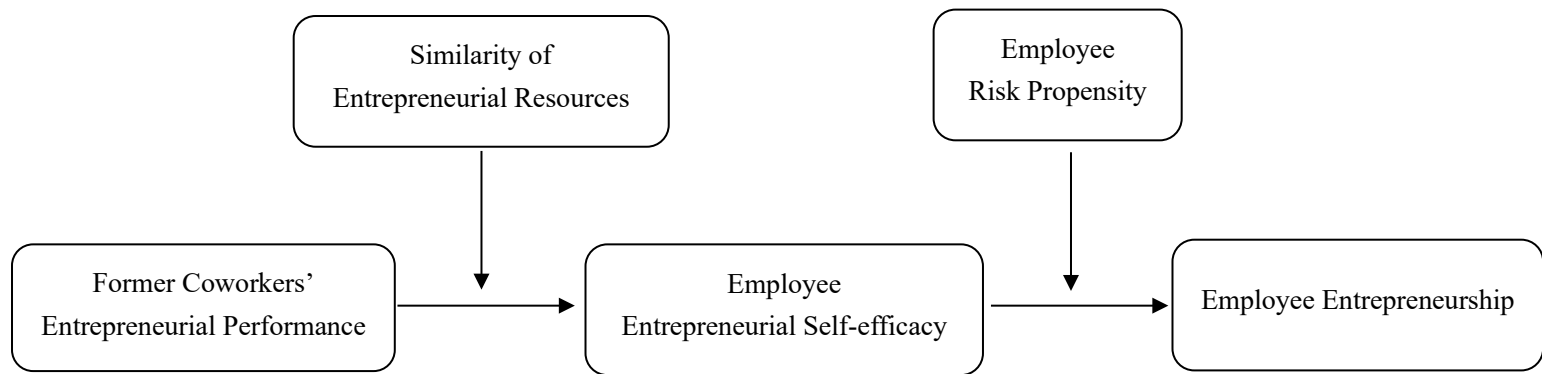


Figure 1. Conceptual model of this study.

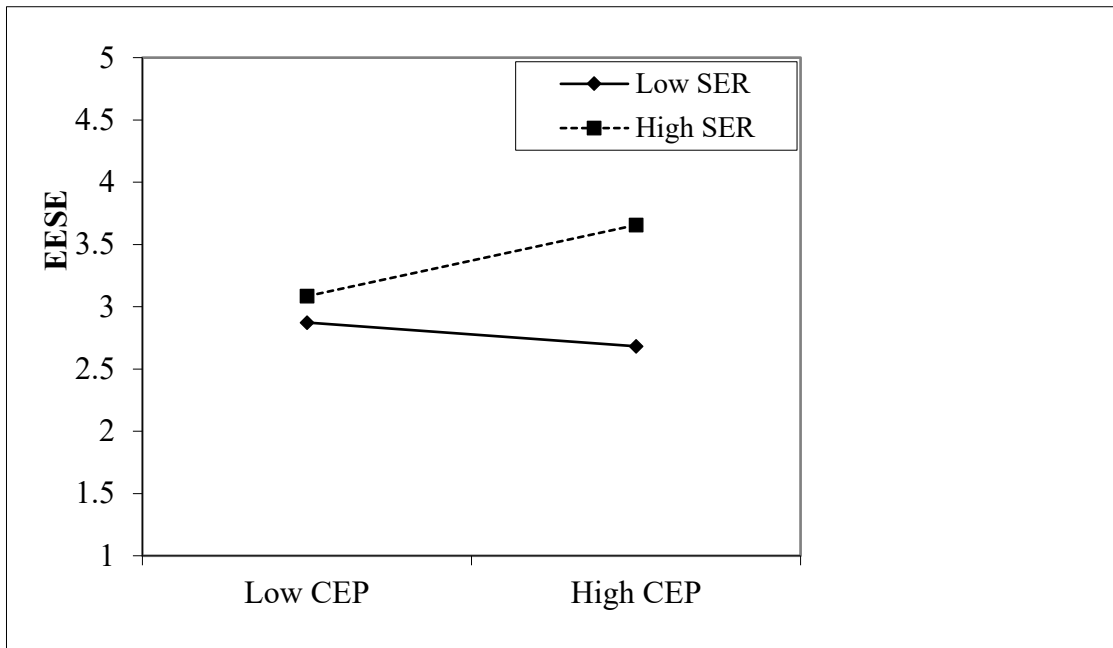


Figure 2. The moderating effect of similarity of entrepreneurial resources on the relationship between former coworkers' entrepreneurial performance and employee entrepreneurial self-efficacy.

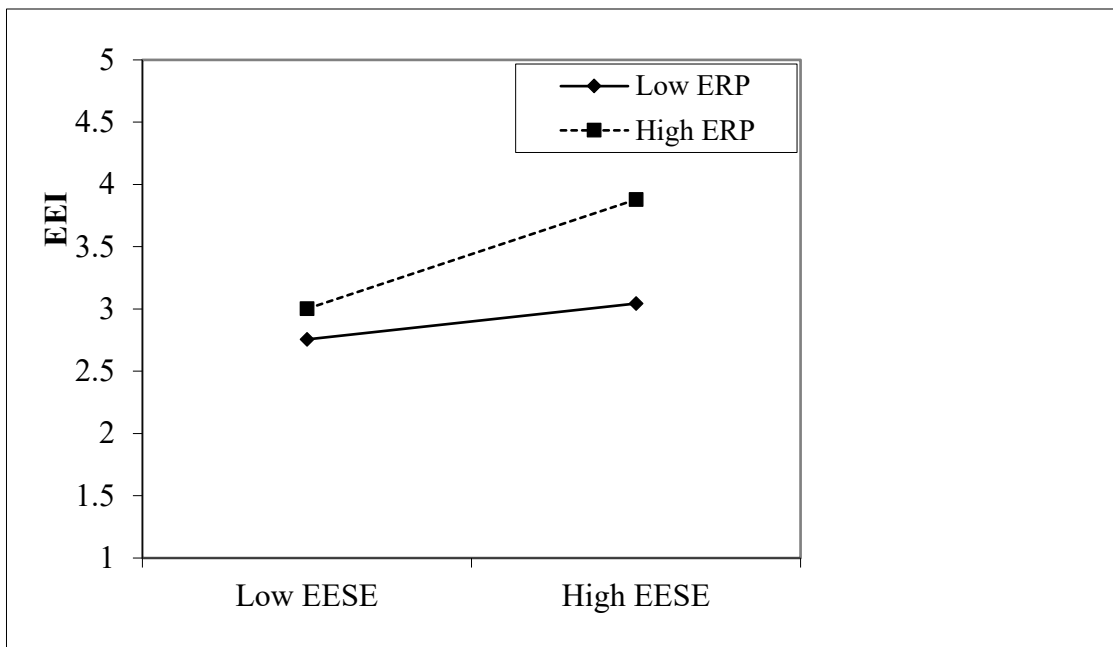


Figure 3. The moderating effect of employee risk propensity on the relationship between employee entrepreneurial self-efficacy and employee entrepreneurial intention.

Table 1. Results of confirmatory factor analysis.

Model	χ^2	<i>df</i>	χ^2/df	RMSEA	RMR	CFI	IFI	TLI
Five-factor model	316.70	179	1.77	0.06	0.06	0.93	0.94	0.92
Four-factor model ^a	560.05	183	3.06	0.10	0.10	0.82	0.82	0.79
Four-factor model ^b	499.37	183	2.73	0.09	0.09	0.85	0.85	0.83
Four-factor model ^c	489.70	183	2.68	0.09	0.07	0.85	0.85	0.83
Four-factor model ^d	454.35	183	2.48	0.08	0.07	0.87	0.87	0.85
Four-factor model ^e	504.70	183	2.76	0.09	0.07	0.85	0.85	0.82
One-factor model	1134.63	189	6.00	0.15	0.12	0.55	0.55	0.49

Note: FCEP=former coworkers' entrepreneurial performance; SER=similarity of entrepreneurial resources; EESE=employee entrepreneurial self-efficacy; ERP=employee risk propensity; EEI=employee entrepreneurial intention. The following tables and figures are the same. ^a Combines EESE with EEI into one latent factor; ^b Combines FCEP with SER into one latent factor; ^c Combines FCEP with EESE into one latent factor; ^d Combines SER with EESE into one latent factor; ^e Combines ERP with EEI into one latent factor.

Table 2. Means, standard deviations, and correlations.

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Gender	1.50	0.50										
2. Age	31.06	5.77	-0.05									
3. Tenure	4.34	3.76	-0.11	0.66***								
4. Education	2.92	0.76	-0.01	-0.13	-0.12							
5. NCE	2.07	1.43	-0.12	0.04	0.01	0.01						
6. FCEP	3.13	0.64	0.11	-0.04	0.04	-0.13	0.07	<i>(0.78)</i>				
7. SER	3.01	0.80	-0.04	0.10	0.04	0.10	0.13	0.22**	<i>(0.78)</i>			
8. EESE	2.82	0.84	-0.03	0.04	0.06	-0.03	0.16*	0.23**	0.40***	<i>(0.91)</i>		
9. ERP	3.32	0.68	-0.12	-0.12	-0.14*	0.03	0.03	0.21**	0.18**	0.34***	<i>(0.82)</i>	
10. EEI	2.84	0.95	0.00	-0.16*	-0.09	0.04	0.19**	0.18**	0.16*	0.43***	0.44***	<i>(0.85)</i>

Note: *N*=218. ****p*<0.001; ***p*<0.01; **p*<0.05. Cronbach's alpha in italics. Gender: 1=male, 2=female. Education: 1=high school educational level, 2=associate degree, 3=bachelor's degree, 4=postgraduate and above. NCE=number of coworker entrepreneurs. The following tables are the same.

Table 3. Results of regression.

	EESE					EEI		
	M ₁	M ₂	M ₃	M ₄	M ₅	M ₆	M ₇	M ₈
Control variables								
Gender	−0.01	−0.03	−0.01	−0.02	0.02	0.00	0.01	0.06
Age	−0.02	0.01	−0.05	−0.08	−0.18*	−0.16	−0.17*	−0.15*
Tenure	0.07	0.05	0.07	0.11	0.04	0.02	−0.00	0.05
Education	−0.02	0.01	−0.04	−0.05	0.02	0.04	0.04	0.02
NCE	0.16*	0.14*	0.11	0.13*	0.20**	0.18**	0.13*	0.15*
Independent variable								
FCEP		0.22**	0.13*	0.11		0.16*	0.07	0.01
Mediation								
EESE							0.40***	0.30***
Moderators								
SER			0.36***	0.35***				−0.04
ERP								0.29***
Interactions								
FCEP × SER				0.23***				
EESE × ERP								0.16**
R ²	0.03	0.08	0.19	0.24	0.06	0.09	0.24	0.35
Adjusted R ²	0.01	0.05	0.17	0.21	0.04	0.06	0.21	0.32
F	1.34	2.88*	7.23***	8.38***	2.90*	3.42**	9.34***	11.13***
ΔR ²	0.03	0.05	0.12	0.05	0.06	0.03	0.15	0.11
ΔF	1.34	10.28**	30.89***	13.46***	2.90*	5.71*	40.94***	11.90***

Note: $N=218$. *** $p<0.001$; ** $p<0.01$; * $p<0.05$.

Table 4. Moderated mediation test results and confidence intervals at low and high levels of moderators by bootstrapping.

Model	SER	ERP	Conditional indirect effect	Boot SE	Boot LLCI	Boot ULCI
Model 1	2.21		−0.07	0.07	−0.2033	0.0607
	3.81		0.20*	0.05	0.1103	0.3208
Model 2		2.63	0.05*	0.03	0.0015	0.1320
		4.00	0.14*	0.06	0.0461	0.2727
Full model	2.21	2.63	−0.02	0.03	−0.1096	0.0114
	2.21	4.00	−0.08	0.07	−0.2288	0.0641
	3.81	2.63	0.07	0.04	−0.0028	0.1703
	3.81	4.00	0.23*	0.06	0.1264	0.3630

Note: $N=218$. * $p<0.05$.