

Does Religious Values Matter in Predicting Youth Entrepreneurial Intention? an Empirical Study in Indonesia

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Abstract: Religions play an important role in people's lives. Specifically, religion values influences people attitude and behavior. Many social norms in a society are based on specific religion values. Those religion values also influence people perception, attitude and behavior toward economic and business. Previous studies report the relationship between religion and economics. Religion values provides entrepreneur in dealing with business and entrepreneurship. However, to the best knowledge of researchers there is no empirical research focus on the relationship between religious values and entrepreneurial intention in Indonesian context. Moreover there are no empirical research compare religious values with personal values in predicting entrepreneurial intention. Thus this research aims to fill the gap by examining the relationship between values (religious and personal) with intention through applying the value-attitude-behavior hierarchy. Based on research model, there are four hypotheses in this research. First, personal value is positively related to attitude toward becoming an entrepreneur. Second, religious value is positively related to attitude toward becoming an entrepreneur. Third, attitude toward becoming an entrepreneur is positively related to entrepreneurial intention. Fourth, the relationship between personal value and attitude toward becoming an entrepreneur is stronger than the relationship between religious values and attitude toward becoming an entrepreneur. A self-administered questionnaire will be used to collect the data for this study. Questionnaires will be distributed to 300 respondents by the drop-off/pick-up method. Completed questionnaires will be analyzed by using structural equation modeling. This study will provide an analysis of the data, a discussion of the findings and offers directions for future research.

Key words: Personal values, Religious values, attitude, intention, entrepreneur, data

INTRODUCTION

Religion is affecting people's live in many countries in the world. The relationship between religion and many factors in people's live is always fascinating for social science researchers because people thought, feel and behavior are mostly based by their belief in religion (Malhotra, 2008; Mahaarcha and Kittisuksathit, 2013; Fam *et al.*, 2004). Furthermore, religion values are main component of religion because it representing beliefs in that religion.

Values lead behavior (Schwartz). The values-attitude behavior hierarhy (Homer and Kahle, 1988) shows that values have an indirect effect on individual behavior through individual attitude. This research attempts to examine the relationship between values and attitude. Specifically, this research aims to compare religious values with personal values in predicting entrepreneurial attitude. The need of this research is that limited research attempt to assess the effect of religious values toward attitude to become entrepreneurs in Indonesian context.

To the best knowledge of researcher, there is no empirical research focus on the relationship between religious values and entrepreneurial attitude in Indonesian context. Moreover, there are no empirical research compare religious values with personal values in predicting entrepreneurial attitude. Thus this research aims to fill the gap by examining the relationship between values (religious and personal) with intention through applying the value-attitude-behavior hierarchy.

Theoretical framework

The values-attitude-intention hierarchy: Value is defined as a type of belief about how one ought to act, think and feel (Rokeach, 1973). People values are often reflected in the way we live our lives. For instance, many Indonesian people value harmony, democracy and religion (Sihombing, 2014a, b) while American people value materialism, freedom, achievement and others Schiffman and Kanuk, 2010). Values are stable (Lombaerts, 2016; Hofstede, 1994) though it can change slowly as the result of globalization (Hawkins *et al.*, 1998).

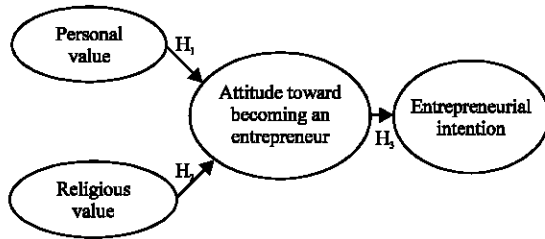


Fig. 1: Research model

Values influence internal factors inside people such as perception and attitude. People's attitude then influences people behavior. This hierarchy is referred to the value-attitude behavior hierarchy (Homer and Kahle, 1988; Arnould and Zinkhan, 2004). Attitude refers to people's overall, enduring evaluation of a learned a concept or object (Arnould and Zinkhan, 2004). An attitude is predisposition to act in a consistent way toward an object. Specifically, attitudes have three components (Schiffman and Wisenblit, 2015). Those components are cognition, affect and conation. Cognition refers to the beliefs that consumer hold toward attitude objects. Affect shows consumer feels about attitude objects. Conation refers to consumer intention to act in some way regarding attitude objects. This research applied 2 components of attitude that is affect and conation. Affect represents attitude toward becoming an entrepreneur and conation reflects intention to become entrepreneur. Cognition is expressed as beliefs that represents values. The sequence applied in this research is values (beliefs)-attitude (affect)-intention (conation) as proposed in research model (Fig. 1):

- H₁: Personal value is positively related to attitude toward becoming an entrepreneur
- H₂: Religious value is positively related to attitude toward becoming an entrepreneur
- H₃: Attitude toward becoming an entrepreneur is positively related to entrepreneurial intention

MATERIALS AND METHODS

Data collection and sample size. A self-administered questionnaire was distributed to respondents by the drop-off/pick-up method. A purposive sampling was employed in this research with 2 major criteria guided the selection of the respondents. First, respondents are students from business school. The reason students from business school because most students who want to be entrepreneurs will choose business school as their

foundation to have business knowledge. Second, respondents should be at least in their 6th semester. This is because most students in their 6th semester usually are about to finish their course and think about their professional career.

Instrument: A questionnaire was applied in this research. The respondents were asked to express on a 5-point likert scale their level of agreement that is from very disagree 1 to very agree 5.

Personal values: This research used the short-form of the Indonesian values scale (Indvals) to assess personal values (Sihombing, 2014a, b). This scale consists of 13 values that include democracy (2 items), religion (5 items) and harmony (6 items) represents Indonesian core values. However, this research only applied eight items (that is democracy and harmony) in order to avoid overlapped with religious values. Those items are democracy helps Indonesia become a better nation, election is a form of democracy in Indonesia. Living in harmony. Harmony prevents dispute. Everyone should maintain harmony. Harmony prevents separation. Mutual assistance is a foundation in a social life and helping each other is a human social characteristic.

Religious values: Religious values were measured by using the Religious Commitment Inventory-10 (RCI-10) (Worthington *et al.*, 2003). Those ten items are: I often read books and magazines about my faith, I make financial contributions to my religious organization, I spend time trying to grow in understanding of my faith, Religion is especially important to me because it answers many questions about the meaning of life. My religious beliefs lie behind my whole approach to life. I enjoy spending time with others of my religious affiliation. Religious beliefs influence all my dealings in life. It is important to me to spend periods of time in private religious thought, I enjoy working in the activities of my religious affiliation and i keep well informed about my local religious group.

Attitude toward becoming an entrepreneur: This research applied 5 items to measure attitude toward becoming an entrepreneur (Ajzen, 2002). Respondents will be asked "For me to become an entrepreneur after i graduate is" harmful-beneficial, unpleasant-pleasant, bad-good, worthless-valuable and unenjoyable-enjoyable.

Entrepreneurial Intention: This research applied 6 items to measure entrepreneurial intention (Francisco and Chen, 2006). Those 6 items are: I'm ready to make anything to be an entrepreneur. My professional goal is becoming an

entrepreneur. I will make every effort to start my own firm. I am determined to create a firm the future. I have very seriously thought in starting a firm and I've got the firm intention to start a firm some day.

RESULTS AND DISCUSSION

A total of 173 questionnaires were returned out of 200 distributed. Ten questionnaires were eliminated due to incomplete questionnaire. Hence, 163 usable questionnaires were obtained, yielding a response rate of 81.5%. The profile of the sample reveals that male constituted about 55% of the sample. Those between 20-22 year old represent 74.2% of the sample and the 2014 student batch represent 68.7% of the sample.

Reliability: Reliability was measured by applying several tests: the Cronbach's alpha, composite reliability and average variance extracted (Table 1). The cut-off point 0.7 was applied as the cut-off point for coefficient alpha and composite reliability (Hair *et al.*, 2007; Bagozzi *et al.*, 1992). The coefficients alpha and composite reliability presented in the table show that the figures ranged from 0.79-0.91. Furthermore, reliability was also examined by applying average variance extracted. The threshold value for Average Variance Extracted (AVE) should achieved value >0.5 (Hair *et al.*, 2007). Again, Table 1 shows that average variance extracted values are >0.5. Table 1 also shows a positive relationship at 0.01 has been found among personal values, attitude and intention. However, no significant relationship has been found between religious values and attitude and religious values and intention.

Construct validity: Regarding with validity of measures, this research applied factor analysis as a powerful and indispensable method of construct validation (Kerlinger and Lee, 2000). The results confirmed that there were indeed 4 variables (Table 2). Discriminant validity of the applied constructs was tested by assessing correlations between constructs (Bagozzi and Yi, 1991). Specifically, discriminant validity was achieved when the factor correlations were significantly different from one. Table 1 shows a coefficient correlations among constructs are different from one indicated discriminant validity was achieved.

Structural equation modelling was applied to validate the proposed model (Fig. 1). The structural equation analysis was conducted in two main steps: the estimation of the measuring model (Confirmatory Factor Analysis (CFA) and the estimation of the structural model. The

Table 1: Reliabilities and correlations

Variables	Alpha	CR	AVE	1	2	3	4
Personal values	0.79	0.80	0.59	1			
Religious values	0.87	0.87	0.74	0.224**	1		
Attitude	0.91	0.81	0.88	0.296**	0.086	1	
Entrepreneurial Intention	0.86	0.86	0.78	0.314**	0.127	0.349**	1

N = 163; **Correlation is significant at the 0.01 level: CR = Composite Reliabilities: AVE = Average Variance Extracted

Table 2: Exploratory factor analysis

Factors	1	2	3	4
PV1				0.418
PV2				0.492
PV3				0.434
PV4				0.701
PV5				0.822
PV6				0.766
PV7				0.702
PV8				0.629
RV1	0.663			
RV2	0.610			
RV3	0.733			
RV4	0.591			
RV5	0.628			
RV6	0.653			
RV7	0.757			
RV8	0.740			
RV9	0.730			
RV10	0.646			
ATT1		0.697		
ATT2		0.861		
ATT3		0.853		
ATT4		0.887		
ATT5		0.872		
INT1			0.612	
INT2			0.789	
INT3			0.786	
INT4			0.806	
INT5			0.779	
INT6			0.719	

measurement model focuses on the link between factors and their measured variables. Furthermore, the relationship between the constructs was assessed in the structural model. CFA using maximum likelihood method was performed to assess the measurement model. The results show a marginal-fit model (GFI = 0.784, CFI = 0.867, RMR = 0.055, CMIN/DF = 1.781) (Table 3). Table 4 shows the parameter estimated for structural paths. The results indicated that estimates for a set of recommended indices (GFI = 0.780, CFI = 0.864, RMR = 0.060, CMIN/DF = 1.794) were in the range of accepted threshold. It can be stated that the proposed model has an acceptable fit.

All path estimates were found to be statistically significant except the path between religious values and attitude toward becoming an entrepreneur (H_2). The lack support for H_2 may result from non-significant correlation between religious values and attitude and also non-significant correlation between religious values and intention (Table 1). Further information from descriptive statistics show that mean for personal values and

Table 3: Confirmatory factor analysis

Path	Standardized regression (Weight)	CR
PV1-personal values	0.343	
PV2-personal values	0.388	3.233
PV3-personal values	0.337	2.999
PV4-personal values	0.619	3.875
PV5-personal values	0.793	4.099
PV6-personal values	0.735	4.041
PV7-personal values	0.710	4.010
PV8-personal values	0.669	3.955
RV1-religious values	0.605	
RV2-religious values	0.513	5.577
RV3-religious values	0.711	7.168
RV4-religious values	0.610	6.401
RV5-religious values	0.651	6.724
RV6-religious values	0.596	6.286
RV7-religious values	0.758	7.483
RV8-religious values	0.733	7.318
RV9-religious values	0.647	6.691
RV10-religious values	0.559	5.983
ATT1-Attitude	0.637	
ATT2-Attitude	0.850	8.974
ATT3-Attitude	0.850	8.977
ATT4-Attitude	0.883	9.221
ATT5-Attitude	0.896	9.310
INT1-Intention	0.492	
INT2-Intention	0.774	6.113
INT3-Intention	0.664	5.694
INT4-Intention	0.844	6.320
INT5-Intention	0.788	6.158
INT6-Intention	0.741	6.000

Table 4: Parameter estimates for structural paths

Hypotheses	Path	Standardized regression weight	Critical ratio
H ₁	ATT-PV	0.346	2.831
H ₂	ATT-RV	0.036	0.432
H ₃	INT-ATT	0.404	3.775

INT: Entrepreneurial intention; ATT: Attitude toward becoming an entrepreneur; PV: Personal Values; RV: Religious Values

religious values are 4.28 and 3.58, respectively. In other words, it can be stated that of respondents did not feel agree to religious values statements in questionnaire. Or, it can also be stated that respondents were neutral on the statement of religious values. Neutral options given by the respondent may be due to the young age of respondents who often do not pay great attention to the things that are more spiritual.

Another reason why the relationship between religious values and attitude toward becoming an entrepreneur was insignificant is because indicators of religious values in the questionnaire were perceived common. In other words, indicators of religious values applied in this research did not represent their own religion values. It can be stated that respondents may answer easier to indicators of their own religion values rather than religious values as in a common manner.

In relating with Indonesian youth values, an empirical study was conducted in 2012-2013 to identify current Indonesian youth values (Sihombing, 2014a, b). The research found that there are nine dimensions of Indonesian youth values: mutual assistance, religion,

democracy, kinship, hospitality, corruption, western culture, selfish and religious fanaticism. Specifically, the religious fanaticism values in that research are expressed with indicator or statement "I fight for my religion" and "Other religions have flaws than my religion". Another study (Afrianty, 2012) on Islamic education and youth extremism in Indonesia shows that there is a level of religious intolerance among youth that should become alarm for Indonesian people. Thus it can be stated that Indonesian youth may feel strong toward their own religion but not religion values in common manner.

CONCLUSION

This study found that personal values affect individual attitude toward becoming an entrepreneur. Furthermore, attitude also significantly influences individual intention to become an entrepreneur. This research did not support the relationship between religious values and attitude toward becoming an entrepreneur. This research is not without limitations. First, the sample design applying nonprobability purposive sampling that may limit the ability to generalize the research findings. Second, even though this research sample consists of 163 respondents, several significant results have been obtained. However, larger sample may bring more statistical power in research results.

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