"Investigating the effect of motivation on entrepreneurial intention: three different approaches"

AUTHORS
Dedi Purwana
https://orcid.org/0000-0001-6475-351X
Usep Suhud

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INVESTIGATING THE EFFECT OF MOTIVATION ON ENTREPRENEURIAL INTENTION: THREE DIFFERENT APPROACHES

Abstract

This study aims to measure the impact of entrepreneurial motivation on the entrepreneurial intention of Muslim vocational school students. There is a lack of scholarly attention focusing on the Muslim students in the entrepreneurship field of the study. There were three models to be tested in this study. The first model covered six dimensions of motivation linked directly to entrepreneurial intention. The second model grouped the dimensions under the motivation variable. The third model linked taking motivation to giving motivation and giving motivation to entrepreneurial intention. Data were collected from 626 vocational school students in Jakarta. The exploratory and structural equation models were used for data analysis. This study found that, in the first model tested, “entrepreneur is cool” dimension had a significant effect on entrepreneurial intention. In the second model tested, “entrepreneurial is cool”, “financial freedom”, and “public service” dimensions represented entrepreneurial motivation that could predict Muslim students’ entrepreneurial intention. In the third model, taking motivation significantly affected giving motivation and giving motivation significantly affected intention. Recommendations for educators and future study are discussed.

Keywords

Muslim students, vocational school, entrepreneurial motivation, entrepreneurial intention, structural equation modelling

JEL Classification

C30, L26

INTRODUCTION

The number of Indonesian entrepreneurs reached 3.1% of the population. This ratio is still lower compared to other countries, such as Malaysia (5%), China (10%), Singapore (7%), Japan (11%) and the United States (12%) (Budiman, 2017). However, by 2016, the number of entrepreneurs in Indonesia has increased by four million in ten years (Fauzi, 2016). In the future, it is expected that the number of entrepreneurs increases significantly for the next five years (Praditya, 2017). Further, to increase the numbers, the government continues to look for ways to grow new young entrepreneurs. One way is through the Ministry of Education and Culture by inserting entrepreneurial education in the curriculum system in primary and secondary education (Mulyani, 2011). One of the goals of entrepreneurship education in schools is to create student interest in becoming an entrepreneur (Mulyani, 2011). From just an interest, hopefully someday it will become an intention.

In general, entrepreneurial intention has been stimulated by several factors including entrepreneurship education, perceived barrier, perceived support, motivation, attitude, subjective norm, social norm, perceived behavioral control, and self-efficacy (Fayolle & Gailly, 2015; Hanage, Davies, & Scott, 2014; Ilyas, Zahid, & Rafiq, 2015; Saptono...
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& Purwana, 2016; Yulianti, 2013). In Indonesian setting, scholars have studied factors having an influence on entrepreneurial intention, for instance, entrepreneurial personality, entrepreneurship education, entrepreneurial knowledge, and the environment involving students as participants (Aprilianty, 2012; Lutfiadi & Rahmanto, 2012). In this current study, entrepreneurial motivation is linked to entrepreneurial intention.

This study aims to measure the impact of entrepreneurial motivation on entrepreneurial intention. There are three different approaches to explore this path. Firstly, all dimensions of motivation are linked directly to intention. Secondly, motivation as an independent variable is linked to intention. Thirdly, dimensions of motivation are grouped into two different variables: taking/receiving motivation and giving motivation.

This study offers innovations. Firstly, there is a paucity of study employing these three approaches as mentioned above. Secondly, even though it is not intentionally addressing Muslim students, in fact, predominant participants in this study were Muslims. Therefore, it was a good decision when the authors adopt indicators taken from Purwana, Suhud, and Arafat (2015). In their study, there are unique indicators relating to Islam, such as "to go to the pilgrimage of hajj using my own money" and "to take my parent to go to the pilgrimage of hajj". However, scholars have discussed how religion had an influence in the concept and practice of entrepreneurship (Dana, 2010) and particularly in Islamic context (Ramadani, Dana, Gërguri-Rashiti, & Ratten, 2017).

1. LITERATURE REVIEW

Entrepreneurial motivation has been gleaned by prior researchers with different approaches, for example, push and pull motivation (Neneh, 2014; Ranimuthal, 2010), employed and self-employed (Berthold & Neumann, 2008; Beynon, Jones, Packham, & Pickernell, 2014), achievement motivation (Seemaprakalpa & Arora, 2016; Ullah, 2011), general and task-specific motivation (Shane, Locke, & Collins, 2003), and extrinsic and intrinsic motivation (Şeşen & Pruett, 2014; Vardhan & Biju, 2012; Worch, 2007).

Table 1. Approaches to motivation

<table>
<thead>
<tr>
<th>Approach</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed and self-employed</td>
<td>Berthold and Neumann (2008), Beynon et al. (2014)</td>
</tr>
<tr>
<td>Achievement</td>
<td>Seemaprakalpa and Arora (2016), Worch (2007), Ullah (2011)</td>
</tr>
<tr>
<td>General and task-specific</td>
<td>Shane et al. (2003)</td>
</tr>
<tr>
<td>Taking/receiving and giving</td>
<td>Purwana et al. (2015)</td>
</tr>
</tbody>
</table>

Another study taken by Purwana et al. (2015) examined two different groups of samples. The first sample consisted university students with the entrepreneurial education background and another group without the entrepreneurial education background. According to these scholars, motivation can be treated as two different variables. The motivation of students with entrepreneurial education background contained two dimensions: extrinsic and intrinsic motivation. On the other hand, the motivation of students with entrepreneurial education background contained two dimensions: taking/receiving and giving motivation. Taking/receiving motivation represents egoism, whereas giving motivation represents altruism.

Regarding dimensions, typical terms are stated, such as intention and spirituality, orientation and marketability, social obligation (Yusof, Jaffar, Harun, & Tahir, 2014); employment, autonomy, creativity, macro-economy, and capital (Fatoki, 2010); finance, recognition, freedom, family tradition, economic conditions, marketing opportunity, and governance (Aziz, Friedman, & Sayfullin, 2012).

Scholars have investigated the impact of entrepreneurial motivation on entrepreneurial orientation, decision to create a venture, venture performance,
entrepreneurial process, and entrepreneurial intention (Barba-Sánchez & Atienza-Sahuquillo, 2012; Berthelot, 2008; Fischer & Mauer, 2015; Marques, Ferreira, Ferreira, & Lages, 2013; Şeşen & Pruett, 2014). In this current study, motivation is linked to entrepreneurial intention.

Seşen and Pruett (2014) compared entrepreneurial intention of the USA and Turkey university students by employing motivation and barriers. These scholars used extrinsic and intrinsic approaches in measuring motivation variable. The study showed a significant effect of motivation on intention. However, there was a different composition of motivation dimensions influencing the intention. For American students, “creation” and “personal development” were significant, whereas for Turkish students, “pursuit of profit and social status”, “desire for independence” and “creation” were significant.

2. RESEARCH METHODS

2.1. Participants

In total, 628 students participated in this quantitative study, where 327 were males (52.1%) and 301 were females (47.9%). Predominantly, the students’ age were 18 years old (236). The rests were 17 years old (196 students), 16 years old (107 students), 19 years old (73 students), and 20 years old (12 students).

Interestingly, 287 students (45.7%) indicated that their parent had a business to run. One hundred forty-eight (23.6%) from those who ran a business mentioned that the business their parent owned was a service/trade type. The remaining students said garment (85 students – 13.5%), farming (32 students – 5.1%), and others.

When those who came from a family who owned a business were asked whether they helped their parent in running the business, 170 students (27.1%) claimed that they helped their parent. On the other hand, 120 of them (19.1%) said they did not help. Furthermore, up to 138 students (22%) had an intention to continue their parent’s business, whereas 148 of them (23.6%) were otherwise.

2.2. Measures

To measure entrepreneurial motivation, 32 indicators from Purwana et al. (2015) were adapted. Further, six indicators of entrepreneurial intention were adapted from Liñán and Chen (2006). A seven-point Likert scale was applied for each variable starting from 1 for extremely disagree to 7 for extremely agree.

2.3. Data analysis

There were two stages of data analyses conducted in this study. The first stage was exploratory factor analysis (EFA) using SPSS version 22. This analysis is a way to validate the data, as well as to explore dimensions and retain firmed indicators (Allen & Bennett, 2010) and followed by a reliability test. A construct should be reliable if it has a Cronbach’s alpha score of 0.7 and higher (Hair Jr., Black, Babin, Anderson, & Tatham, 2006).

The second stage was structural equation modelling (SEM) using AMOS version 22. To achieve a fitted model, the tested model should have some criteria and cut-off values, namely p (probability) of > 0.5 (Schermelleh-Engel, Moosbrugger, & Müller, 2003), CMIN/DF < 2 (Tabachnick & Fidell, 2007), CFI of >0.95 (Hu & Bentler, 1995), and RMSEA of ≤0.06 (Hu & Bentler, 1999).
3. RESULTS

3.1. Exploratory factor analysis

Exploratory factor analysis (EFA) calculation resulted in eight dimensions including six dimensions of entrepreneurial motivation and two dimensions of entrepreneurial intention. The dimensions of motivation including “entrepreneurial is cool”, “independent”, “religious”, “parent role”, “financial freedom”, and “public service” with Cronbach’s alpha scores of 0.786, 0.792, 0.821, 0.792, 0.599, and 0.766, respectively. Additionally, the dimensions of intention consisted of “optimistic” and “pessimistic” with Cronbach’s alpha scores of 0.632 and 0.834 respectively. All the scores are considered reliable, as suggested by Hair Jr. et al. (2006).

3.2. The proposed model testing

3.2.1. The first model testing

Using structural equation modelling, the first proposed research model was examined. The figure below is the fitted model with a probability score of 0.204, CMIN/CF score of 1.126, CFI score of 0.996, and RMSEA score of 0.014. All dimensions

Table 3. EFA result

<table>
<thead>
<tr>
<th>Dimensions and indicators</th>
<th>Factor loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Entrepreneur is cool</td>
<td>α = 0.786</td>
</tr>
<tr>
<td>M25 To be a business motivator</td>
<td>0.822</td>
</tr>
<tr>
<td>M26 Get inspired by my parent</td>
<td>0.804</td>
</tr>
<tr>
<td>M27 Being an entrepreneur is cool</td>
<td>0.658</td>
</tr>
<tr>
<td>M28 To build a business to pass on</td>
<td>0.644</td>
</tr>
<tr>
<td>M24 To develop myself further</td>
<td>0.525</td>
</tr>
<tr>
<td>2. Independent</td>
<td>α = 0.792</td>
</tr>
<tr>
<td>M2 Don’t want to be managed by other people</td>
<td>0.865</td>
</tr>
<tr>
<td>M1 Can’t work for other people</td>
<td>0.825</td>
</tr>
<tr>
<td>M3 Don’t have to work for other people</td>
<td>0.817</td>
</tr>
<tr>
<td>3. Religious</td>
<td>α = 0.821</td>
</tr>
<tr>
<td>M15 To go to the pilgrimage of hajj using my own money</td>
<td>-0.870</td>
</tr>
<tr>
<td>M14 To take my parent to go to the pilgrimage of hajj</td>
<td>-0.864</td>
</tr>
<tr>
<td>M16 To be like Muhammad the prophet having own business</td>
<td>-0.784</td>
</tr>
<tr>
<td>M17 The Prophet’s Sunnah</td>
<td>-0.676</td>
</tr>
<tr>
<td>4. Parent role</td>
<td>α = 0.792</td>
</tr>
<tr>
<td>M9 To make my parent proud</td>
<td>-0.775</td>
</tr>
<tr>
<td>M11 To buy my parent a house</td>
<td>-0.730</td>
</tr>
<tr>
<td>M10 To support my family</td>
<td>-0.717</td>
</tr>
<tr>
<td>M12 To be successful more than my parent</td>
<td>-0.704</td>
</tr>
<tr>
<td>5. Financial freedom</td>
<td>α = 0.599</td>
</tr>
<tr>
<td>M6 To maintain the stability of my personal finance</td>
<td>0.866</td>
</tr>
<tr>
<td>M7 To make my life be more stable</td>
<td>0.740</td>
</tr>
<tr>
<td>6. Public service</td>
<td>α = 0.766</td>
</tr>
<tr>
<td>M22 To be useful for others</td>
<td>-0.786</td>
</tr>
<tr>
<td>M19 To reduce poverty</td>
<td>-0.762</td>
</tr>
<tr>
<td>M20 To support my country</td>
<td>-0.727</td>
</tr>
<tr>
<td>M18 To ease other people’s lives</td>
<td>-0.654</td>
</tr>
<tr>
<td>7. Optimistic</td>
<td>α = 0.632</td>
</tr>
<tr>
<td>IE2 I will make every effort to start and run my own business</td>
<td>0.753</td>
</tr>
<tr>
<td>IE1 I am ready to do anything to be an entrepreneur</td>
<td>0.733</td>
</tr>
<tr>
<td>IE5 My professional goal is to be an entrepreneur</td>
<td>0.704</td>
</tr>
<tr>
<td>IE4 I am determined to create a business venture in the future</td>
<td>0.566</td>
</tr>
<tr>
<td>8. Pessimistic</td>
<td>α = 0.834</td>
</tr>
<tr>
<td>IE3 I have serious doubts about ever starting my own business</td>
<td>0.928</td>
</tr>
<tr>
<td>IE6 I have a very low intention of ever starting a business</td>
<td>0.896</td>
</tr>
</tbody>
</table>
from EFA survived including “business motivator”, “family”, “hajj”, “independent”, “stability”, and “public service” motivation.

Although achieving fitness, the model only produced a path that showed a significance. “Entrepreneur is cool” dimension successfully predicted entrepreneurial intention with C.R. score of 3.348. In contrast, other dimensions failed to predict entrepreneurial intention, as they had a C.R. score less than expected.

3.2.2. The second model testing

The second model was tested with a result of the significant impact of entrepreneurial motivation on the entrepreneurial intention with C.R. score of 4.292. In this model, all dimensions were under the motivation variable. However, only three dimensions retained including “hajj”, “stability”, and “public service” motivation. The model achieved fitness with a probability score of 0.102, CMIN/DF score of 1.382, CFI score of 0.992, and RMSEA score of 0.025.

3.2.3. The third model testing

The third model linked taking motivation to giving motivation and giving motivation to entrepreneurial intention. This model achieved fitness with a probability score of 0.079, CMIN/DF score of 1.439, CFI score of 0.994, and RMSEA score of 0.026. The first path tested the impact of taking motivation on giving motivation. It had a C.R. score of 4.934. The second path tested the impact of giving motivation on the entrepreneurial intention with a C.R. score of 3.650. Both paths were considered significant.

Table 4. Structural equation model of the theoretical framework

<table>
<thead>
<tr>
<th>Path</th>
<th>Intention</th>
<th>C.R.</th>
<th>P</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneur is cool</td>
<td>Intention</td>
<td>4.231</td>
<td>***</td>
<td>Significant</td>
</tr>
<tr>
<td>Independent</td>
<td>Intention</td>
<td>.685</td>
<td>.493</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Religious</td>
<td>Intention</td>
<td>-.136</td>
<td>.891</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Parents</td>
<td>Intention</td>
<td>.163</td>
<td>.871</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Financial freedom</td>
<td>Intention</td>
<td>1.727</td>
<td>.084</td>
<td>Insignificant</td>
</tr>
<tr>
<td>Public service</td>
<td>Intention</td>
<td>-.328</td>
<td>.743</td>
<td>Insignificant</td>
</tr>
</tbody>
</table>
4. DISCUSSION

As mentioned earlier, this study tested three different approaches to measure the impact of entrepreneurial motivation on entrepreneurial intention. In the first model, all dimensions were linked directly to intention. The dimensions included “entrepreneur is cool”, “independent”, “religious”, “parent role”, “financial freedom”, and “public service”. Unfortunately, based on structural model testing, the only dimension of “entrepreneur is cool” that significantly affected entrepreneurial intention. The path had a C.R. score of 4.231 and, therefore, it was significant.

In scholarly papers, there is a paucity of study labelling a dimension with entrepreneur or entrepreneurship is cool. However, in blogs and vlogs, the label is common. As participants of this current study were those who were born between 1996 and 2000 and considered millennials. Millennials are digital natives (DaCosta, Kinsell, & Nasah, 2012) who are exposed to digital materials including probable things related to entrepreneurship. It might be a clue for the educator on how to treat millennials with different approach, while feeding entrepreneurship education. According to Satyalakshmi (2017), millennials would potentially adopt and adapt entrepreneurship as their career path.
In the second model, motivation was treated as a single variable with six dimensions. The structural model result showed a significant impact of motivation on the entrepreneurial intention with a C.R. score of 4.292. Three dimensions retained including entrepreneur is cool, financial freedom, and public service. In general, this finding supports prior studies (Owoseni, 2014; Şeşen & Pruett, 2014). We can see a balance motivation of the participants. On the one hand, they considered self-interest (entrepreneur is cool and financial freedom) and, on the other hand, they also considered altruism (public service).

In regard to the result of the second model, the third model was developed and assessed. The third model tested the impact of taking motivation on giving motivation and giving motivation on behavioral intention. These two paths had C.R. scores of 4.934 and 3.650, respectively, and were considered significant. These findings were in line with prior studies (Purwana et al., 2015; Suhud, 2014; Suhud & Willson, 2016a, 2016b). The participants thought themselves in the first place rather than others. However, giving motivation the one that had a direct impact on entrepreneurial intention.

Further, in various studies of motivation in entrepreneurship, taking/receiving and giving (TRG) has never been explored massively. This study found a significant impact of taking/receiving motivation on giving motivation, and a significant impact of giving motivation on entrepreneurial intention. This finding supports prior studies mentioning that entrepreneurial motivation can be differentiated into TRG (Purwana et al., 2015), and this TRG can have a significant impact on behavioral intention (Suhud, 2014; Suhud & Willson, 2016a, 2016b).

CONCLUSION

This study aimed to measure the impact of entrepreneurial motivation on entrepreneurial intention using three different approaches. The first approach shows that all dimensions of motivations were linked to entrepreneurial intention. Only a variable (entrepreneur is cool) had a significant influence on intention. The second approach shows that motivation was linked to entrepreneurial intention. In this model, three dimensions included entrepreneur is cool, financial freedom, and public service representing motivation variable were to have a significant impact on intention. The third approach shows that dimensions of motivation were grouped into two different variables: taking/receiving and giving. Taking/receiving motivation significantly affected giving motivation and giving motivation significantly affected behavioral intention.

Observing the EFA result, there was a typical religious dimension relating to Muslims. Although in the first two models tested, there was no indicators or dimensions showing a Muslim identity, however, this study can be duplicated addressing Muslim students in a different setting of education levels. The third approach, as religious dimension survived, is suitable for investigating the Muslim students’ entrepreneurial intention.

The findings of this study can lead educators who are in charge of entrepreneurship education to be aware of factors that can influence students to be involved in entrepreneurship, particularly, the students’ motivation. This study advises them to stimulate Muslim students’ motivation as a way to pull them into an entrepreneurial intention. They also should pay attention to millennials as digital natives.

REFERENCES


