

**INFLUENCE OF CULTURE ON ATTITUDE TOWARDS
ENTREPRENEURSHIP AND ENTREPRENEURIAL
INTENTION: EVIDENCE FROM INDONESIA**

NUR AIN ZAKIAH BINTI MOHD YUSOF

UNIVERSITI SAINS MALAYSIA

2015

ACKNOWLEDGEMENT

Praise is to Allah, The Most Gracious, and The Most Merciful for the blessings and health throughout the entire master program.

The completion of this thesis would not have been a success without the efforts, guidance, and assistance, prayers of all the individuals and groups who had directly or indirectly been since the very beginning.

My greatest gratitude to both my parents, Mohd Yusof bin Muda and Hasanah binti Yacob for the inspirations, encouragement and understanding. Without both of your support, I would never be able to be here today completing the project.

I would like to express my special thanks, deepest respect and appreciation to my supervisor Dr Rajendran Muthuveloo for the patience and encouragement. The consistent support and guidance throughout my time at Universiti Sains Malaysia is very critical to the successful development and completion of this thesis.

My heartfelt gratitude also goes to all lecturers, staffs, friends and colleagues from Graduate School of Business and School of Management, Universiti Sains Malaysia and Master of Management Universitas Gadjah Mada, Yogyakarta for their great support, assistance, kind friendship and insight that particularly help me to complete this thesis. Also, I would like to express infinity of thanks to my dearest family members and my best friends altogether for the encouragement that had given me the strength and endurance throughout this study and thank you so much Mara for providing me the possible opportunity for this good education.

Thank you very much for making one of my dreams comes true.

TABLE OF CONTENTS

DECLARATION	i
ACKNOWLEDGEMENT	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	vii
LIST OF FIGURES	viii
LIST OF ABBREVIATIONS	ix
ABSTRAK	x
ABSTRACT	xi

CHAPTER 1 INTRODUCTION

1.1	Introduction	1
1.2	Background of Study	1
1.3	Problem Statement	7
1.4	Research Objectives	10
1.5	Research Questions	11
1.6	Significance of the Study	11
1.7	Definitions of Key Terms	13
1.8	Organization of the Remaining Chapters	16

CHAPTER 2 LITERATURE REVIEW

2.1	Introduction	17
2.2	Entrepreneurship and Entrepreneurs	18
2.2.1	Entrepreneurship as a Field of Research	18
2.2.2	Definition of Entrepreneurship and Entrepreneur	19
2.2.3	Entrepreneurship Roles and Types of Entrepreneur	21
2.3	Studies on Entrepreneurial Intention	24
2.3.1	Entrepreneurial Intentions Models	26
2.3.1.1	New Venture Creation (NVC)	26
2.3.1.2	Model of Entrepreneurial Event Shapero (1982)	28
2.3.1.3	Theory of Planned Behaviour Azjen's (1991)	29
2.3.1.4	Modified Intention Model by Krueger et al. (2000)	30

2.4	Attitude towards Entrepreneurship	31
2.4.1	Attitude towards Independence	33
2.4.2	Attitude towards Risks/Security	35
2.4.3	Attitude towards Work Effort	36
2.4.4	Attitude towards Income/Salary	37
2.5	Culture	38
2.6	Theoretical Framework	44
2.7	Hypotheses Development	46
2.8	Summary	49

CHAPTER 3 RESEARCH METHODOLOGY

3.1	Introduction	50
3.2	General Research Design	50
3.3	Data Collection Method	51
3.3.1	Data Source and Data Collection	51
3.3.2	Unit of Analysis	52
3.3.3	Population and Sampling	52
3.3.4	Pre-Testing	54
3.3.5	Final Data Collection	54
3.4	Questionnaire Design	55
3.5	Measurement of Variables	57
3.5.1	Endogenous Variable (Dependent Variable)	57
3.5.2	Exogenous Variables (Independent Variables)	58
3.5.3	Mediating Variables	61
3.6	Data Analysis Method	62
3.6.1	Descriptive Statistics	62
3.6.2	Structural Equation Modeling	63
3.6.3	Partial Least Square Structural Equation Modeling (SEM)	63
3.6.4	Path Model Analysis	64
3.6.5	Assessment of Measurement Model	67
3.6.6	Assessment of the Structural Model	70
3.6.7	Assessment of Mediator Effect	73
3.6.9	Assessment of Multi Group Analysis	74

3.7	Chapter Summary	74
-----	-----------------	----

CHAPTER 4 DATA ANALYSIS AND FINDINGS

4.1	Introduction	75
4.2	Response Rate	75
4.3	Profile of Respondents	77
4.3.1	Gender	78
4.3.2	Age	79
4.3.3	Religion	79
4.3.4	Education Level	80
4.3.5	Occupation	81
4.3.6	Marital Status	82
4.4	Descriptive Statistics of Variables	82
4.4.1	Attitude towards Entrepreneurship (ATT)	83
4.4.2	Perceived Desirability (PD)	84
4.4.3	Perceived Feasibility	85
4.4.4	Entrepreneurial Intention (EI)	85
4.5	Research Model Analysis and Results	86
4.5.1	Assessment of Measurement Model	87
4.5.1.1	Indicator Reliability	88
4.5.1.2	Internal Consistency Reliability	90
4.5.1.3	Convergent Validity	90
4.5.1.4	Discriminant Validity	91
4.5.2	Assessment of Structural Model	94
4.5.2.1	Path Coefficients	95
4.5.2.2	Determination Coefficient (R^2)	96
4.5.2.3	Effect Size	97
4.5.2.4	Predictive Relevance of Research Model	98
4.6	Multi Group Analysis	99
4.7	Values Survey Module Analysis	100
4.8	Summary of Results	101
4.9	Chapter Summary	103

CHAPTER 5 DISCUSSIONS AND CONCLUSIONS

5.1	Introduction	104
5.2	Recapitulation of Study Findings	104
5.3	Discussion	106
5.3.1	What is the level of entrepreneurial intention between male and female Indonesians and factors that influencing it?	106
5.3.2	Is there any difference in culture (i.e. Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation, Indulgence and Monumentalism) between Indonesians male and female?	108
5.3.3	Does culture have significance influence on entrepreneurial intention?	112
5.4	Implications of the Study	114
5.4.1	Theoretical Implications	114
5.4.2	Practical Implications	115
5.5	Research Limitations	115
5.6	Future Research Recommendations	116
5.7	Conclusions	117
	REFERENCES	118
	APPENDICES	123

LIST OF TABLES

No.	Title	Page
Table 1.1	<i>Indonesian Poverty and Inequality Statistics</i>	5
Table 3.1	<i>Descriptions of All Study Variables</i>	56
Table 3.2	<i>Measurement Items for Entrepreneurial Intention</i>	57
Table 3.3	<i>Formulas for Culture Index Calculation</i>	59
Table 3.4	<i>Measurement Items for Exogenous Constructs</i>	61
Table 3.5	<i>Assessment Process of Partial Least Square Structural Equation Modeling</i>	66
Table 3.6	<i>Summary of Reflective Measurement Model</i>	69
Table 3.7	<i>Critical t-value and Significance Level</i>	71
Table 4.1	<i>Rate of Response</i>	76
Table 4.2	<i>Profile of Respondents</i>	77
Table 4.3	<i>Mean and Standard Deviation of Each Variable Pre-Validity and Reliability Test</i>	83
Table 4.4	<i>Descriptive Analysis for Each of Attitude towards Entrepreneurship Statements</i>	84
Table 4.5	<i>Descriptive Analysis for Each Perceived Desirability Statements</i>	84
Table 4.6	<i>Descriptive Analysis for Each Perceived Feasibility Statements</i>	85
Table 4.7	<i>Descriptive Analysis for Each Entrepreneurial Intention Statements</i>	85
Table 4.8	<i>Loadings of Items on Each Construct Pre-Removal</i>	88
Table 4.9	<i>Loadings of Items on Each Construct Post-Removal</i>	89
Table 4.10	<i>Discriminant Validity of Each Construct</i>	92
Table 4.11	<i>Final Results of the Measurement Model for All Constructs</i>	93
Table 4.12	<i>HTMT Ratios for Final Results of Measurement Model Analysis</i>	94
Table 4.13	<i>Result of Path Diagrams Analysis</i>	96
Table 4.14	<i>Determination Coefficient of the Research Model</i>	97
Table 4.15	<i>Effect Size of Each Exogenous Variable</i>	97
Table 4.16	<i>Predictive Relevance of the Research Model</i>	98
Table 4.17	<i>Relative Impact of Each Exogenous Variable</i>	98
Table 4.18	<i>Multi Group Analysis (Male versus Female)</i>	99
Table 4.19	<i>Culture Dimension Index</i>	100
Table 4.20	<i>Summary of the Hypotheses Testing</i>	102

LIST OF FIGURES

No.	Title	Page
<i>Figure 1.1</i>	Indonesians Population (1980 - 2014)	3
<i>Figure 2.1</i>	Model of Entrepreneurial Event (Shapero, 1982)	28
<i>Figure 2.2</i>	Theory of Planned Behaviour (Ajzen, 1991)	30
<i>Figure 2.3</i>	Research Theoretical Framework.	45
<i>Figure 3.1</i>	A Path Model	65
<i>Figure 4.1</i>	Post-hoc Sample Size Power Calculation	76
<i>Figure 4.2</i>	Respondents by Gender	78
<i>Figure 4.3</i>	Respondents by Age	79
<i>Figure 4.4</i>	Respondents by Religion	80
<i>Figure 4.5</i>	Respondents by Education Level	80
<i>Figure 4.6</i>	Respondents by Occupation	81
<i>Figure 4.7</i>	Respondents by Marital Status	82
<i>Figure 4.8</i>	The Research Model A	86
<i>Figure 4.9</i>	Composite Reliability of Each Construct	90
<i>Figure 4.10</i>	Convergent Validity of Each Construct	91
<i>Figure 4.11</i>	A New Proposed Latent Variable	92
<i>Figure 4.12</i>	Index of Culture Differences	101

LIST OF ABBREVIATIONS

ATT	Attitude towards Entrepreneurship
AVE	Average Variance Extracted
CB-SEM	Covariance Based Structural Modeling
DV	Dependent Variable
EI	Entrepreneurial Intention
IDV	Individualism Index
IV	Independent Variable
IVR	Indulgence Index
LTO	Long Term Orientation Index
LV	Latent Variable
MAS	Masculinity Index
MON	Monumentalism Index
PD	Perceived Desirability
PDI	Power Distance Index
PF	Perceived Feasibility
PLS	Partial Least Square
PLS-SEM	Partial Least Square Structural Equation Modeling
SEM	Structural Equation Modeling
SPSS	Statistical Product and Service Solution
UAI	Uncertainty Avoidance Index

KESAN PENGARUH PERBEZAAN BUDAYA KEPADA SIKAP TERHADAP KEUSAHAWANAN DAN NIAT MENJADI SEORANG USAHAWAN

Abstrak

Masalah pengangguran dan ketidakadilan social dalam kalangan penduduk Indonesia bukan berita yang mengejutkan dewasa ini, namun demikian, isu tersebut masih berlarutan dan hangat diperbahar dalam kalangan penggubal undang-undang serta ahli social. Adalah dipercayai bahawa keusahawanan dapat menjadi penyelesaian terhadap masalah sosial dan persekitaran. Oleh itu, kajian ini dilakukan untuk meneliti kesan pengaruh budaya terhadap pemilihan menjadi seorang usahawan dalam kalangan lelaki dan wanita warga Indonesia. Tiga faktor telah dikaji iaitu sikap terhadap keusahawanan, persepsi kemahuan dan persepsi kemampuan. Pelbagai kajian telah dijalankan untuk mengkaji ketiga-tiga faktor tersebut, berlainan dengan pengaruh perbezaan budaya yang mengaplikasikan kajian lepas Hofstede (2008). Melalui teknik soalan kaji selidik, sebanyak 137 respon lelaki dan 111 respon dari wanita telah diterima. Kajian ini mendapati bahawa sikap terhadap keusahawanan dan persepsi kemahuan-keyakinan member impak terhadap niat menjadi seorang usahawan. Hal ini telah mengukuhkan lagi konteks kajian terhadap niat dan tindakan. Sebaliknya pula, kajian terhadap pengaruh perbezaan budaya adalah tidak dapat dibuktikan secara statistic. Sehubungan dengan itu, kajian ini bakal menjadi pendorong kepada para pengkaji agar kajian penuh dan berkesan terhadap pengaruh budaya ke atas pembentukan keusahawanan dapat dilakukan.

INFLUENCE OF CULTURE ON ATTITUDE TOWARDS ENTREPRENEURSHIP AND ENTREPRENEURIAL INTENTION

Abstract

Issue of unemployment and social inequality among Indonesians are not news shocking, yet, it is still heavily debated among policy makers and socialist. It is believed that entrepreneurship will be the panacea for solving these socio-environmental issues. Thus, the objective of this study is to explore the significant influences of culture differences among Indonesians male and female on their entrepreneurial intention by three antecedents; attitude towards entrepreneurship, perceived desirability and perceived feasibility. Various similarities are identified in the literature regarding these three factors, but limited resources are acquired for cultural differences using Hofstede (2008) seven dimensions. Adopting the Values Survey Module (VSM) by Hofstede, the culture differences between male and female are able to be obtain by means of questionnaires with a total respondents of 137 and 111 respectively. Major cultural differences between both groups are observed upon analysis. Also, this study shows a positive significant relationship between attitude towards entrepreneurship and perceived desirability-confidence. However, it is not successfully proving the effect of culture has on the relationship. Nonetheless, these research findings have enriched previous intent-behaviour related study pertaining Asian countries. Captivatingly, this study may trigger the future research to be conducted excessively pertaining to the culture diversities and its influence on perception especially in behavioural approach of entrepreneurship.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter commences with the background of the study and the problem statement follows by research questions and research objectives. Key terms definition of major variables are included to assist in understanding. It ends with the significance of the study and a brief overview of the remaining chapters.

1.2 Background of Study

Indonesia is one of the richest nations on Earth due to its diversity of biological. The country comprises of more than 17,000 islands i.e. it is an archipelago, located along the equator between Southeast Asia and Australia. Indonesia has vast ecosystem diversity because of its complex and unique biogeographic position. 11, 000 of the islands are inhabited by human population. The country ranks as the fourth most populous country in the world (after China, India and the United States) with more than 255 million inhabitants by 2015 and it is the third largest democratic nation. Indonesia is also the largest Islamic nation in the world. Nevertheless, it is a legitimate freedom for other religions practice includes Christians, Buddhists, Hindus and other faiths. There are an approximate 336 distinctive recognized cultures, sharing more than 250 spoken languages. Since 77 years ago, Bahasa Indonesia has been adopted as the lingua franca to be used throughout the whole gigantic land serving as the communication means and the unifying factor (Ozdemir, 2009).

Indonesia has abundant marine, mineral and natural resources. It is apparently ranks as one of the major forces of economy in the Asia region especially after the big economic and financial crisis hit the country in 1997. Affected by the economic crisis, increasing unemployment level caused the state to shift the attention into the development of entrepreneurship and self-employment (Ozdemir, 2009). As cited in Chew (2014), researches done by Luber (2000) and Milanovic (2001) had recorded that the same situation was actually happening worldwide. They found that self-employment was an obvious career option when the worldwide unemployment rate was high due to the economy turndown since mid 1980s. Correspondingly, governments and academicians were pressured to study and explore various facets of this “new job option” potential for their labour markets (Chew, 2014).

In Indonesia, particularly, more than 40 million people are in search of job post-recession crisis in 1997. During the subsequent years, Indonesian governments had carried out legal reformation intended to transform Indonesia nation as a competitive destination for the foreign direct investment as well as local entrepreneurship. From the view point of Indonesia socioeconomic, the entrepreneurship development is very critical since the market economy is still in the growth process. The Encouragement Plan approved in 1995 by the former Indonesia president Soeharto for Development of Entrepreneurship is of great importance (Ozdemir, 2009). This is because entrepreneurship has been recognized as a major determinant of economic growth in most developed countries. It has also been acknowledged as a main conduit for sustainable products and processes. New ventures are being held up as a panacea for many environmental and social concerns (Hall et al., 2010).

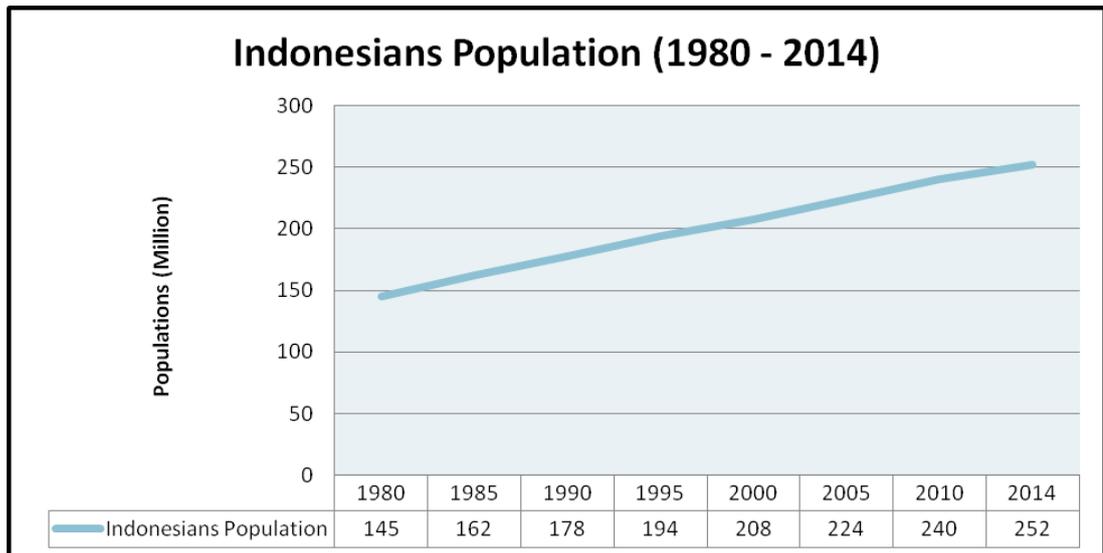


Figure 1.1. Indonesians Population (1980 - 2014).

Source: <http://www.worldometers.info/world-population/indonesia-population/>

Driven by the fact that the Indonesians population was growing nearly 200% from 145,494,452 populations in 1980 to 252,812,245 populations in 2014 as shown in Figure 1.1, Indonesian government becomes more concerned to intensify the effort of encouraging entrepreneurial activities. This is because entrepreneurship practices among Indonesians were still very lacking as stated by Deputy Governor of Indonesia Bank, Halim Alamsyah in the Entrepreneurship Strategic Policy Forum on 19 November 2014. He mentioned that the new population growth of Indonesians entrepreneurs only accounted for 1.65% from total populations as compared to neighbouring countries such as Malaysia, Thailand and Singapore which had increased more than 4% (Jannah, 2014). This low growth of entrepreneurial activities value was also reported by former Minister for State Owned Enterprises (SOEs), Dahlan Iskan. According to Dahlan, the number of Indonesians' Small Medium Enterprises in 2012 was only accounted for 1.5% of the total population (Wage, 2012).

The report indicates the low level of entrepreneurial development among local Indonesians which is contrary to the survey findings by BBC World Service. According to this survey conducted across 24 countries with 24, 000 respondents, Indonesia came out as the most encouraging place for entrepreneurs (Walker, 2011). Then again, according to Global Entrepreneurship & Development Index (2014), Indonesia only ranks 68th from total of 121 countries worldwide with respect to healthy entrepreneurial ecosystem. Prior to that, Indonesia was classified in fourth quartile i.e. lowest group among G20 countries based on The EY G20 Entrepreneurship Barometer (2013).

Given all these scenarios, nurturing entrepreneurship among the local Indonesians has been one of the highlights agenda in Indonesia public policy. Moreover, the Indonesian government has realized that entrepreneurial activities increase economy efficiency. Small and medium enterprises (SME), as mentioned earlier, play a dynamic role in Indonesian economy. The number of Indonesian SMEs was 42.4 millions and they have contributed to 56.7% of Indonesia Gross Domestic Product (GDP), account for 19.4% of total export and employ more than 79 millions of work force (International Entrepreneurship, 2015).

Furthermore, entrepreneurship has been acknowledged as a significant vehicle for increasing overall well-being of the society in addition to the positive impact on economic growth. As cited in Valliere (2014), prior research findings recognized that entrepreneurship also contributes the positive impact on creation of jobs, efficient resources utilization, regional development, innovation commercialization as well as stipulation of new products and services (Birch, 1989; Schumpeter, 1942; Stel et al., 2005; Valliere & Peterson, 2009; Wennekers & Thurik, 1999).

As a matter of fact, Indonesia has a complex national issue arises from various socio-economic problems such as poverty, crime and unemployment. Despite a steady decline in national poverty as shown in Table 4.1, the reality is just a shared illusion. This is because the Indonesian government employs relatively easy terms and conditions regarding the poverty line definition, thus, results a more positive picture than reality. In 2012, the Indonesian poverty line is defined at a monthly per capita income of 312,328 Indonesian rupiah; an equivalent to USD \$25 approximately. This denotes a very low standard of living. Given that the percentage of the Indonesian population that lives on less than USD \$2 per day, the figure for 2009 rises up to 50.6% of the population according to the World Bank. This reveals that a large Indonesian population is in fact near poor (Indonesia Investment, 2015)

Table 1.1

Indonesian Poverty and Inequality Statistics

	2009	2010	2011	2012	2013	2014
Relative Poverty (% of population)	14.2	13.3	12.5	11.7	11.5	11.0
Absolute Poverty (in millions)	33	31	30	29	29	28
Gini Coefficient/Gini Ratio	0.37	0.38	0.41	0.41	0.41	-

Sources: World Bank and Statistics Indonesia

Poverty is one of major socio-economic issues facing Indonesia. It entails more than just lack of income. The manifestations of poverty include hunger and malnutrition, limited access to education and other basic services, social discrimination and exclusion as well as the lack of participation in decision-making (United Nation, 2015). Several other socio-economic issues facing Indonesia includes overpopulation, unemployment and corruption.

Unemployment issue for instance, is another major socio-economic issue that has to be addressed properly by the Indonesian policy makers. This is because unemployment rate in Indonesia has rise to 5.94% in the first quarter of 2015 from 5.70% in the previous third quarter of 2014 as documented by the Indonesia's Statistics (2015). Formulation of such a quite large number of unemployed people might create threats for the country such as increasing crime rates and decreasing social welfare. Through the encouragement of entrepreneurship by the Indonesian government, the growth of the country may prosper.

Influential practitioner journals such as the Harvard Business Review and the MIT Sloan Management Review have advanced the thought that entrepreneurship may be a panacea for many social and environmental concerns (Brugmann & Prahalad, 2007; Handy, 2003; Senge et al., 2007; Hart & Milstein, 1999; Wheeler et al., 2005 as cited in Hair et al., 2010).

Given all these issues and facts, it indicates the important of exploring the possibility of making entrepreneurship as a career choice or alternative job option among Indonesians. Consequently, it leads to the focus topic of this research that is Entrepreneurial Intention with the assumption of intention give rise to new venture creations.

1.3 Problem Statement

There are three main areas of problem that have driven this research. First, there is the threat of the increasing number of unemployed Indonesians which consequently led to other socio-economic problems facing the country. Second, there is issue pertaining social inequality especially gender bias issue. The third issue is concerning the literature gaps on the topic of entrepreneurship, particularly on the subject of understanding the impact from Asian perspective.

Indonesia is the fourth most populous land in the world. Besides, the country has a large proportion of young population below the age of 30 years i.e. around half of the total population. These two items entail that Indonesia holds a huge labour force; projected to grow even larger in the future. The macroeconomic growth in Indonesia since a decade ago has thrived in shoving the unemployment rate into a steady downward trend. Nevertheless, it is a great challenge for the Indonesian government to stimulate job creation as around more than two million Indonesians penetrate the labour force yearly.

In fact, Statistics Indonesia indicates an increase value of unemployment rate from 5.70 percent in the third quarter of 2014 to 5.94 percent in the first quarter of 2015. The Indonesian government and its state public have to face the foreseeable reality that the number of jobless Indonesians would keep on rising if the issue of unemployment is left unaddressed. Youth unemployment, above all, is a cause for concern and quick action. Current state of Indonesian labour market might face difficulties in absorbing this large group of annual newcomers who notably lack of skills and experiences.

Although it might appear that the Indonesian government should be given some credit for their efforts in trying to create more job opportunities, it seemed they did not manage to reap the intended results. As in most countries, gender inequality is one of the major social issues face by Indonesia. Most women (twice as much as the men amount) were likely to be found working in the informal sector, in poorly remunerated employment and were paid less than men for similar work. Married women who own a business or involved in independent work could not file their income tax return as individuals. Since a taxpayer number is required for all loans, financial independence of Indonesian businesswomen is under constrained due to limit access of credit (Katjasungkana, 2008 as cited in Lindsey, 2008, p. 487). This situation seems to lower their morale in pursuing entrepreneurship or self-employment, thus, resulting higher percentage of women unemployment rate.

Apparently, the situations discussed above shows sufficient valid reasons to pursue this research objective which is to study the entrepreneurial intentions among Indonesians. It is highly hoped that this study findings would be able to assist the Indonesian policy makers in development of more specific policies to encourage more Indonesians to attempt self-employment regardless the gender.

The third issue that has prompted this study is the existence of gaps in the field of entrepreneurial literatures especially from Asian perspectives. Although extensive amount of researches had been conducted since the last two decades (e.g. Bradley & Roberts, 2004; Cole, 1989; Davidsson, 1995; as cited in Chew, 2014), to date, there is very limited systematic researches has been done to test the entrepreneurship models in the context of South East Asia nations including Indonesia.

The various literatures were found to be using different study objects or applying different measurement tools. For example, researches conducted by Lee et al. (2004), Luthje and Franke (2003) and Scholten et al. (2004) were focused to understand the factors that drive entrepreneurial intentions. Yet, each one differs from the other e.g. different population, different time horizon and different constructs of measurement. In addition, it is remarkably that similar studies seem to yield different results when conducted on population with different cultures. There is still lack of in-depth studies done to Asia region on the topic of entrepreneurial intention (Chew, 2014) especially in heterogeneous nation with multi races, religions and cultures exist. Therefore, this research attempts to study the influence of culture on attitude towards entrepreneurship and entrepreneurial intention among Indonesians.

1.4 Research Objectives

The aim of this research is to study the level of entrepreneurial intention among Indonesians and the factors that influence it. This research also attempts to study the difference of culture (i.e. Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation, Indulgence and Monumentalism) between Indonesians male and female as well as to explore the influence of these culture dimensions on attitudes towards entrepreneurship and entrepreneurial intention. These research objectives are stated as follows:

- 1) To study the level of entrepreneurial intention among Indonesians and factors that influencing it.
- 2) To study the culture difference (i.e. Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation, Indulgence and Monumentalism) between Indonesians male and female.
- 4) To explore the influence of culture differences on entrepreneurial intention.

1.5 Research Questions

It is significant to study the entrepreneurial intention with the assumption that intention invents new venture creation. Specifically, this study seeks to address the following research questions:

- 1) What is the level of entrepreneurial intention among Indonesians and factors that influencing it?
- 2) Is there any difference in culture (i.e. Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation, Indulgence and Monumentalism) between Indonesians male and female?
- 3) Does culture have significance influence on entrepreneurial intention?

1.6 Significance of the Study

Despite numerous researches have been accomplished on entrepreneurship and antecedents of entrepreneurial intention, it is still inconclusive and evolving. Theoretically, this present research can fill some of the gaps in academics literature of entrepreneurial intention from Asian perspectives by studying the influence of attitude towards entrepreneurship, perceived desirability and perceived feasibility on entrepreneurial intention among Indonesians.

According to Ajzen's (1991) Theory of Planned Behaviour, the act of new venture creation or any behaviour that involves some extent of planning can be predicted by the intention to adopt that respective behaviour. In addition, the results of a meta-analyses study by Kim and Hunter (1993) showed that intentions successfully predict behaviour and attitudes successfully predict intentions.

This result has also been supported by various other researchers. Bagozzi et al. (1989) mentioned that intention is unbiased predictor of action, even where time lags exist. Entrepreneurial activity is intentionally planned behaviour (Krueger et al., 2000). Thus, studying entrepreneurial intention is one of the important predictors for new venture creation.

Based on the assumptions above, the other sight of study significance could be valued from the benefits of the actual entrepreneurial activity could bring. Economically, entrepreneurial activity will prosper the growth of country and wealth creation. Consequently, it will reduce the overall poverty rate of Indonesia since more resources could be allocated to cater the needs and social welfare of the people. Moreover, entrepreneurship has been acknowledged to be the panacea for social and environmental problems (Hair et al., 2010). Thus, new venture creation might be one powerful solution for reducing the rate of unemployment by proving great opportunities for Indonesians youth to start their career as entrepreneur or being self-employed.

According to Messenger and Stettner (1998), self-employment is a career that can create jobs. They state that small enterprises started by these early self-employers could unintentionally generate additional jobs for other would-be entrepreneur. Furthermore, indirect benefits of increased self-employment and job opportunities offered by these new venture creations, would then be viewed in the form of solving the other socio-economic issues such as eliminating the beggars problem, improving life style as well as reducing the crime rates.

The practical implication of this study is that it could assist Indonesian policy makers (i.e. the Indonesian government and other related bodies such as university) in designing effective policies, thus, promoting self-employment among Indonesians and ensuring these potential entrepreneurs venture into real businesses.

1.7 Definitions of Key Terms

In order to share common understanding of the concepts used in this research, the following key terms' definition were referred distinctively.

- 1) Entrepreneur – An entrepreneur is someone who seeks the opportunity, organizes, manages and assumes the risk of starting a business or enterprise. Bolton and Thompson (2000) remarked an entrepreneur as a person who habitually creates and innovates to build something of recognized value around perceived opportunities.
- 2) Entrepreneurship – Entrepreneurship refers to a way of thinking, reasoning, and acting that is an opportunity obsessed, holistic in approach, and leadership balanced for the purpose of value creation and capture (Spinelli & Adams, 2012, pg. 87). For this research purpose, this term is used interchangeably with the term of self-employment which generally refers to the activities connected with owning and managing a business firm.
- 3) Entrepreneurial Intention – individual's intention or plan to become an entrepreneur or to become self-employed. It is assumed to be reasonably reliable predictor of an individual's later actual action based on the theory of planned behaviour by Ajzen (1991).
- 4) Attitude towards Entrepreneurship –Attitude towards entrepreneurship is an individual's frame of mind i.e. positive or negative views towards being an

entrepreneur or self-employed. Fishbein and Azjen (1975) described attitude represents an individual's general feeling of favourableness or unfavourableness with respect to a given subject.

- 5) Perceived Desirability – According to Shapero and Sokol (1982) as cited by Grundsten (2004), perceived desirability is a factor that affects the environmental event through individual value systems and is dependent on the social system that the individual is a part of.
- 6) Perceived Feasibility – Perceived feasibility is essentially a reflection of the person's perceived controllability and competence in the self-employment or entrepreneurship (Krueger, 1997; Grundsten, 2004). It is closely related to the concept of perceived behavioural control by Ajzen (1991).
- 7) Culture - According to Tayeb (1988) as cited by Morrison (2000), culture refers to a set of historically evolved learned values, attitudes and meanings shared by the members of a community that influence their way of life.
- 8) Power Distance – Power distance is defined as the extent to which the less powerful members of institutions and organizations within a society expect and accept that power is distributed unequally (Hofstede et al., 2008).
- 9) Individualism – Individualism is the opposite of collectivism. Individualism stands for a society in which the ties between individuals are loose: a person is expected to look after himself or herself and his or her immediate family only. Collectivism stands for a society in which people from birth onwards are integrated into strong, cohesive in-groups, which continue to protect them throughout their lifetime in exchange for unquestioning loyalty (Hofstede et al., 2008).

- 10) Masculinity – Masculinity is the opposite of femininity. Masculinity stands for a society in which social gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success; women are supposed to be more modest, tender, and concerned with the quality of life. Femininity stands for a society in which social gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life (Hofstede et al., 2008).
- 11) Uncertainty Avoidance - Uncertainty avoidance is defined as the extent to which the members of institutions and organizations within a society feel threatened by uncertain, unknown, ambiguous, or unstructured situations (Hofstede et al., 2008).
- 12) Long Term Orientation – Long term orientation is the opposite of Short Term Orientation. Long term orientation stands for a society which fosters virtues oriented towards future rewards, in particular adaptation, perseverance and thrift. Short Term orientation stands for a society which fosters virtues related to the past and present, in particular respect for tradition, preservation of “face”, and fulfilling social obligations (Hofstede et al., 2008).
- 13) Indulgence - Indulgence stands for a society which allows relatively free gratification of some desires and feelings, especially those that have to do with leisure, merrymaking with friends, spending, consumption and sex. Its opposite pole, Restraint, stands for a society which controls such gratification, and where people feel less able to enjoy their lives (Hofstede et al., 2008).

- 14) Monumentalism – Monumentalism stands for a society which rewards people who are, metaphorically speaking, like monuments: proud and unchangeable. Its opposite pole, Self-Effacement, stands for a society which rewards humility and flexibility (Hofstede et al., 2008).

1.8 Organization of the Remaining Chapters

This study is structured into five chapters. The first chapter provides a background of this study. The second chapter presents the literature review that outlines previous studies done in relation to research variables as well as the theoretical framework and the hypotheses development. Chapter three will discuss the research design, the sample collection, the measurement of variables, the method of data analysis and the expected outcome. Chapter four will illustrate the data analysis and research findings. Lastly, chapter five will conclude the overall results, research implications, limitation of the study as well as suggestion for future research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This section discusses the prior research literatures that have been conducted with respect to this study field. It starts with a brief overview of entrepreneurship and entrepreneur. Then, it follows by the substantial reviews on the focus subject of this present study, specifically, the entrepreneurial intention. In line with that, a few distinguished entrepreneurship and entrepreneurial intention models are elaborated. These models are included New Venture Creation Theory by Gartner (1985), Planned Behaviour Theory by Ajzen (1991), Entrepreneurial Event Model by Shapero (1982) and Modified Intention Model by Krueger et al., (2000).

Consecutively, the determinants of entrepreneurial intention that relate to the entrepreneurial intention models discussed such as attitude towards entrepreneurship, perceived desirability and perceived feasibility are reviewed. The following subsection presents a brief literature on the culture influences on entrepreneurial intention. Demographic variables that indirectly influence entrepreneurial intention such as gender, age and education are also being reviewed. Based on the literatures, the theoretical framework and hypotheses for this study are then developed and included in the last portion of the chapter.

2.2 Entrepreneurship and Entrepreneurs

This subsection generally provides a brief overview of entrepreneurship as a field of research. It briefly discusses previous and current issues facing the field, definition of entrepreneurship and entrepreneur, the essential roles of entrepreneurship as well as some literature review on various types of entrepreneur.

2.2.1 Entrepreneurship as a Field of Research

Ages ago, academic research on entrepreneurship field was lacking and almost absent. Until recently, entrepreneurship transpires to be one of the most dynamic, promising and interesting field of research. It has triggered many researchers from various discipline especially management and business studies as well as economic, social science and psychology studies to conduct their investigation and experimentation; resulting in a complex and heterogeneous academic division. Since the field is so vast, thus, many underlying secrets are not being fully discovered yet.

Until today, there is no such a robust model in entrepreneurship research. Even the definition of entrepreneurship and entrepreneur are always being debated rigorously by the academicians and practitioners. Nevertheless, entrepreneurship and the overall entrepreneurial activities are regarded as the panacea or remedy for the social and environmental problem, besides contributing for the economy aspect. Therefore, it is attracting the researchers to dig deeper in searching the valuable discovery related to entrepreneurship field. The field has developed into a more theory-driven (Audretsch, 2012).

2.2.2 Definition of Entrepreneurship and Entrepreneur

Capturing the real meaning of entrepreneurship and entrepreneurs in just a single, proper and omnipresent definition proves to be a tough predicament for academic researchers (Hair et al., 2010; Low et al., 2003). Since the very first time that the word of “entrepreneur” existed in the field of economy mentioned by Richard Cantillon (Sobel, 2008), there is always great debates and arguments on the real definition of entrepreneur.

Some scholars developed the entrepreneur meaning by describing the specific characteristics that a person has while some define entrepreneur according to the specific activities that a person does. Yet, there is no right or wrong answer and thus, in many entrepreneurship researches, the definition varies among the researchers. Nevertheless, as cited in Bruyat (2000), the rationale given by Bygrave and Hofer (1991, p. 15) certainly speak out the right and essential reason of having good definitions for research subject that is; “Good sciences commence with good definitions.”

According to Venkataraman (1997), the greatest challenge in developing the entrepreneurship conceptual framework is finding the definition itself. He argued that instead of defining entrepreneurship with what he or she does, the definition should actually appoint these two occurrences; the existence of rewarding opportunities and the existence of enterprising persons. Rather than describing the entrepreneurship in terms of individual alone, the entrepreneurship field is defined by how, by whom and with what effects opportunity to produce future goods and services are revealed, assessed, and exploited (Venkataraman, 1997).

The word “entrepreneur” itself traces back to Latin origins with “entre” means enter, “per” means before and “neur” means nerve center. In other words, it describes about a person who creates new venture to transform that business or decision center (Shefsky, 1994). In fact, the French translation for entrepreneur which is “entreprendre” purports to undertake, provide opportunities, fulfill the needs and wants through innovation and starting business (Burch, 1986). On the other hand, Saidun (2007) summarized that entrepreneurs are also very commonly defined using several distinctive personality traits such as being innovative, risk-takers, visionary, independent and achievement-oriented (Hornaday & About, 1971; McClelland, 1961, 1967; Sexton & Bowman, 1983, 1986).

All in all, entrepreneurship refers to the process related to have possession of and managing a venture (Brockhaus, 1976). Generally, there are varieties of venture creation types which include new or well-established organization of micro, small, medium or large sizes, as a self-employed or a part of whole membership, visually or virtually (Matlay & Westhead, 2005). In the earlier research, Westhead and Wright (2000) also cautioned that entrepreneurship is not a single action or event and entrepreneurs are not to be perceived as a non-heterogeneous entity.

As cited in Saidun, 2007, researchers have also considered the relative importance of making distinctions among those so-called entrepreneurs with the owner of small business (Carland et al, 1984; Deakins, 1996; Glueck & Jauch, 1984; Shailer, 1994; Thurik & Wennekers, 2004; Vesper, 1980). This is because entrepreneurs are more interested with increasing profits, expansion and innovative behaviour by concentrating on opportunities despite the resources (Stevenson & Gumpert, 1991).

On the contrary, owners of small business aim to pursuit individual targets, chipping in businesses that dwell their massive time and resources, may have a firm associated with family needs and wants (Carland et al., 1984 as cited in Saidun, 2007). In short, small business owners' motivation is simply to own and manage their business for a source of revenue. Spinelli and Adams, (2012, pg. 87) describes entrepreneurship as a thinking, interpreting and performing processes that is an opportunity fixated, holistic in approach and balanced of leadership for the aim of value creation.

2.2.3 Entrepreneurship Roles and Types of Entrepreneur

In their paper, Gupta and Srinivisan (1992) stated that a country is poor not because of the lack of resources. Nonetheless, it lacks sufficient number of good entrepreneurs.

Many scholars described entrepreneur as contributor for economic growth of country (Indeed, entrepreneurs are called forth factor of production (Glancey and McQuaid, 2000), engine of economic growth (Schumpeter, 1934; Azim, 2011) and catalytic agent of change (Young, 1987), because; economic development of a country is accelerated by the activities of 44 qualified entrepreneurs (Schumpeter, 1934; Matlay, 2005). Entrepreneurs are regarded as innovators (Schumpeter, 1934), organizers (Say, 1924), gap-fillers (Leibenstein, 1978) and decision makers (Knight, 1921) in the course of industrialization. They are the only active agents who harness the technology, organize resources and initiatives ventures in order to exploit business opportunities (Azim, 2011).

Effective, welfare-minded and self-less entrepreneurs are the crying needs of a nation (Chowdhury, 2008). According to Sadri (2010), entrepreneurship is both cause and consequence of economic growth as well as technological advancement and conceptual innovation. They are interknitted, interconnected and interwoven with one another. The concern to distinguish between entrepreneurs and non-entrepreneurs date back as early as the 1930s when Murray (1938) attempted to explain the difference between entrepreneurs and other individuals based on attitudes and behaviour (Saidun, 2007).

As a measure of distinction, Harper (1996) has successfully identified the following roles of an entrepreneurs that set them apart from other business-venturing individuals which are (a) An innovator who endeavor to initiate a viable new products, new techniques or even new forms of business organization, (b) Risks taker who endure risks of time, energy and company prominence as well as personal or the acquaintances and stockholders invested financial resources (c) A specific input to the economy where they take the inventiveness to coalesce the factors of production to create a profitable venture of goods or services. (d) A manager who formulates essential business strategic decisions that lead the path of the business venture.

Westhead and Wright (1998) posited that entrepreneurs can be classified into three broad categories consist of (a) Novice entrepreneurs who refer to as inexpert persons with no previous business possession interests, yet, presently own an equity stake in reasonably active firm (b) Serial entrepreneurs who are at current time owning a share in a solitary economically active company and had traded off or closed down an equal business firm beforehand (c) Portfolio entrepreneurs who concurrently possess equity stakes in more than one profitably active firms.

A decade later, which is currently ongoing debates, a new concept of entrepreneur type arises which is sustainable entrepreneur. Many academic researchers and scholars study on these distinctions of new entrepreneur type concept. There are four difference types of entrepreneurs that being studied which are traditional or profit-oriented entrepreneur, social-oriented entrepreneur, environmental-oriented entrepreneur and the utmost sustainable entrepreneur who incorporated all these three distinct types of entrepreneur.

Young and Tilly (2006) had suggested the model of sustainable entrepreneurship that consists of twelve measurements' element in order to differentiate the so-called sustainable entrepreneur with other types of entrepreneur. Even so, social entrepreneur and environmental or eco-preneuer concepts that have arisen decades earlier are still being studied rigorously. This is because all these types of entrepreneurship, in addition with the traditional profit-oriented entrepreneurs, are perceived to be the panacea for the issues facing every industries and countries, locally and globally.

Brock and Steiner (2010) indicated that social entrepreneurs form the social impact through the development and implementation of sustainable business model. Thus, they provide innovative solutions benefitting the society as a whole. Accordingly, social entrepreneurship functions to shape and create social value by addressing the humanity issues such as reduction of the poverty line, improvements on health care and other welfares as well as encountering climate changes. Hall et al., (2010) summarized the findings from numerous scholars saying that entrepreneurship is a mean of extricating market failures and rectifying negative externalities.

2.3 Studies on Entrepreneurial Intention

Most people are accustomed with the ancient debate on the question of, “Are entrepreneurs born or built?” Thus, scholars attempt to answer this question as well as other questions such as “What triggers the entrepreneurship? What motivates the people to pursue entrepreneurship as their career choice? Or what are the factors that influence entrepreneurial activity? Thus, studies on entrepreneurial intention have become a key research area in entrepreneurship field.

Numerous established researches academically argued that individuals have intentions towards a specific behaviour (Ajzen, 1991; Bird, 1988; Krueger, 1993). It has been said any planned behaviour are best predicted through observation of intentions toward that specific behaviour, rather than being explained by other variables such as personal thoughts, characters or demographics (Krueger, Reilly & Carsrud, 2000). Moreover, Bagozzi, Baumgartner & Yi (1989) have proclaimed intentions as the single best predictor of planned behaviour. Simply said, intention predicts behaviour and certain attitude predict intention (Ajzen 1987, 1991). In other research, Kim & Hunter (1993) have also supported these statements by their results and findings in empirical meta-analyses study related to attitude-intention-behaviour.

Comparing a lot of studies pertaining to diverse behaviour types and intentions to adopt them, attitudes have been found to describe more than 50 percent of the variance in intentions. Subsequently, intentions elucidate over 30 percent of the behaviour variance. Comparatively, this 30 percent values explained by intentions are much more favourable than 10 percent direct explanation by a typical measures of trait or attitudes (Ajzen, 1987).