



The relationship between religiosity and entrepreneurship interest. mediation roles of belief in upper power and fear of entrepreneurship

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ABSTRACT

The purpose of this study was to investigate the mechanism of the relationship between the level of religiosity of youth and the interest in entrepreneurship in Kupang City. Students at one of the universities in Kupang City were chosen as respondents for this research because they are a demographic group that is hoped to be capable of creating employment by becoming entrepreneurs after graduating from college. To gain the intended research purposes, in the present paper we use literature from religiosity, entrepreneurship and psychology in order to build hypotheses. The data were analyzed with Structural Equation Modeling (SEM) techniques using SmartPLS software. The present study found that religiosity has a positive influence on interest in entrepreneurship as mediated by belief in upper power and fear of entrepreneurship. Theoretical and practical implications of the study are discussed.

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INTRODUCTION

As one of the developing countries, Indonesia experiences quite complex economic problems such as high unemployment, low-income equality and high poverty rates. One way to overcome the economic problems above is to create more and more entrepreneurs who are expected to be able to create jobs and create economic value from existing commodities. Indonesia has 95% of small businesses, 3% of medium-sized enterprises, and 2% of large enterprises with employment by small and medium-sized enterprises reaching 50%. This shows that small and medium-sized enterprises thrive and contribute very significantly to people's income and employment (Mopangga, 2014). However, the growth of Indonesian entrepreneurs is still very small, Indonesia only has 1.5% of entrepreneurs from around 252 million people. Indonesia still needs around 1.7 million entrepreneurs to reach 2%, while in ASEAN countries such as Singapore it is recorded at 7%, Malaysia at 5%, Thailand at 4.5%, and Vietnam at 3.3% of the number of entrepreneurs (Mahanani & Sari, 2018).

One of the efforts to increase the interest of community entrepreneurship is to increase the interest in entrepreneurship among youth, especially students by giving entrepreneurship courses

by universities. It is hoped that after graduating armed with existing knowledge, young people can set up businesses so that they contribute to the country's economy. Although recently there has been an increase in interest in entrepreneurship among students, the number still needs to be increased again (Indriani, 2021). Previously, in 2007 it was reported that entrepreneurial interest among students was still very low. This is shown by data that 83.1% of college graduates who are absorbed by the world of work work work as employees while only 5.8% of entrepreneurs ((Prilovia & Iskandar, 2018). Thus, knowledge about the factors that influence the interest in entrepreneurship among students is still considered important and relevant.

Research on the interest in entrepreneurship among students has been widely found in literature where the level of religiosity is one of the antecedents (Abdullahi & Suleiman, 2015; Dali et al., 2014; Youcef et al., 2015) However, the explanation of the mechanism of the relationship between religiosity and entrepreneurial interests has not been done by many previous researchers. The purpose of this study is to find out how the nature of the relationship between religiosity and entrepreneurial interests. This mechanism is important so that it can be a practical recommendation for universities in producing new entrepreneurs as well as theoretical contributions to existing literature. To gain the purposes of the present study, a literature study will be carried out that is useful for building research hypotheses. Furthermore, representative data collection will be carried out so that data analysis can be carried out with quantitative research principles.

Religiosity is defined as a specific level of belief in religious values and ideals organized and practiced by an individual (Muhamad & Mizerski, 2010). Allport and Ross (1967) identified two basic dimensions of religiosity namely extrinsic and intrinsic. They interpret extrinsic religion as a way of self-serving religion, and the purpose of religion is to provide personal comfort. These people are more likely to practice religion for their personal interest, such as status, reputation, and to degrade others, and often tactically form beliefs that suit their own goals. In contrast, people with intrinsic religiosity are internalized by the total beliefs of their faith. These people found their primary motives for living in religion, and their other needs were aligned with their religious beliefs. Externally motivated people use their religion, while intrinsically motivated people practice their religion. This is the main difference between extrinsic and intrinsic dimensions.

Interest in entrepreneurship is considered as the first step of initiating a long-term business (Lee & Wong, 2004). According to Krueger and Carsrud (1993), intention to be an entrepreneur refers to an individual's willingness to start a new venture where also an important matter that needs to be comprehended in before actually starting a new business entity. In the literature has been found a relationship between religiosity and entrepreneurial interests (Abdullahi & Suleiman, 2015; Dali et al., 2014; David & Lawal, 2018; Paiva et al., 2020). Anwar et al. (2019) in their research stated that religiosity has a significant effect on entrepreneurial motivation, this is because the values in Islamic teachings provide a lot of calls for economic independence.

RESEARCH METHOD

Respondents and data collection

The respondents in this study were final year students of an undergraduate programs at one of the universities in a major city in Indonesia. It is found that the average age of respondents is around 20-22 years so that they are considered adults and able to answer questionnaires with full awareness. They must be willing without coercion to fill out questionnaires and not know the hypothesis of the study. This requirement must be met so that the answers from the respondents are not biased. The respondents were not paid for filling out the questionnaire and they were allowed to stop filling out if they were uncomfortable with the questions in the questionnaire. There were 223 final year students who participated in this study.

Respondents received an invitation letter to participate online where a URL link appear that linked them to the survey page. Respondents are informed initially that they are totally free to agree or refuse to participate. They were informed that their decision to accept or refuse to participate will

have no effect on their relationship with the college. The goal of the research was to investigate the respondents' views on entrepreneurial decisions. We used convenience sampling principle in selecting the respondents. After that, we asked the respondents to answer questions relating to present research variables. At the end of survey session, they are asked to answer demographic data (i.e., age and gender). The respondent's name and mobile number are not requested to guarantee the principle of anonymity so as to motivate the respondent to give honest answers.

Measurement items

The questions in the questionnaire are adapted from previous studies that have passed validity and reliability tests. For religiosity variables, the measurement scale was adapted from a previous study conducted by Gorsuch and McPherson (1989) consisting of 6 items. As for the belief in strength from above, we developed our own scale consisting of 3 question items, namely: "I believe my life is all governed by a greater force." "I alone cannot rule over my life." "The fun and misfortune in my life is set". For the variable fear of entrepreneurship adapted from research conducted by Cacciotti (2015). As for the variable of entrepreneurial interest, it was adapted from a study conducted by Wang et al. (2016) which consisted of 6 question items. All variables are measured using a 5-point Likert scale (1 = Strongly Disagree; 5 = Strongly Agree).

Data Analysis

Because this research is a quantitative study, the main objective of the research was to investigate the existence and nature of the relationship between two or more variables. Thus, the appropriate analytical tool is Structural Equation Modeling (SEM). SmartPLS software was used to tackle the complicated the SEM calculations. The stages of analysis itself will be divided into early and advanced stages of analysis. Initial analysis is carried out to ensure that all measurement scales are valid and reliable, as well as perform data cleaning. Meanwhile, further analysis is basically to test the hypotheses that have been built.

In Christianity it is described that many biblical figures including Jesus Christ himself were entrepreneurs and thus became examples of Christians. In addition, many Bible verses direct people not to be lazy, creative and independent, which is the hallmark of an entrepreneur (David & Lawal, 2018). Thus, we hypothesize as follows.

Hypothesis 1: Religiosity has a positive effect on entrepreneurial interests.

The mediating role of the power from above and the fear of entrepreneurship

Previous research has found that the level of religiosity affects the belief in the existence of power from above. For example, Holland (2016) his research in the United States found that religious students revealed that their success was not due to their strength alone but to the power from above or from God. Indeed, the biggest difference between religious people and nonreligious people lies in the belief that there is a great invisible force that governs everything in the universe including the death and life of man (Allport & Ross, 1967). The religious teachings found in the scriptures of almost all religions also teach that man must rely on Almighty God who governs all things. Our next hypothesis is:

Hypothesis 2: Religiosity positively affects the belief in the existence of power from above.

The fear of entrepreneurship is a condition that an aspiring entrepreneur feels when he is about to start a business (Cacciotti & Hayton, 2014). This is understandable because failure in entrepreneurship can be bad for a person, be it in terms of finances, reputation and self-confidence. This is a critical condition in which aspiring entrepreneurs decide whether to start a business or not. This fear of failure can be experienced by someone both before and while running their business (Tha, 2017) However, in this study, it will be focused on the moment before running a business only so that more focused results can be obtained. The fear of something can be minimized if the person concerned believes that there are other great forces that will help him in times of trouble. If the person concerned is convinced that his pleasures and difficulties have been governed by a great force that

protects him, then fear of anything, including the fear of entrepreneurship can be reduced. Logically, if the fear of entrepreneurship is low, then the desire to establish a business of your own is increasing. Therefore, we hypothesize:

Hypothesis 3: The belief in the existence of power from above negatively affects the fear of entrepreneurship.

Hypothesis 4: The fear of entrepreneurship negatively affects the interest in entrepreneurship

Hypothesis 5: The belief in the existence of the power of the upper and fear of entrepreneurship mediates the relationship between religiosity and entrepreneurial interests.

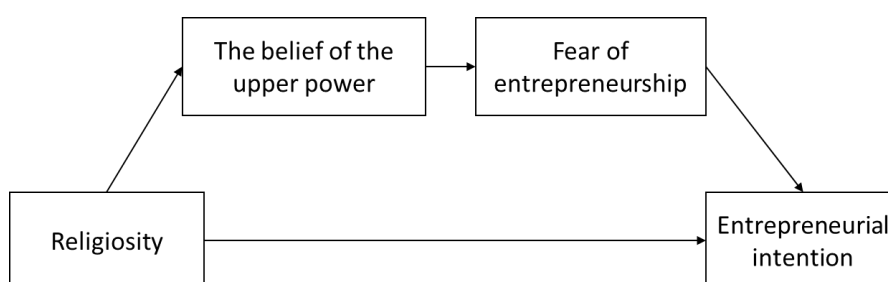


Figure 1. Research Model

RESULTS AND DISCUSSIONS

Items were first tested for validity and reliability. We measure the internal consistency of reliability of measurement models by testing Cronbach Alpha and Composite Reliability. This is shown in Table 1. The Cronbach Alpha (α) and Composite Reliability (CR) values are above the recommended lower limit of 0.70. Therefore, the structures used in this study are considered reliable. The effectiveness of convergence is tested by examining the load factor values and the average variance index (AVE). All items had an item reading score greater than 0.7 and an AVE score greater than 0.50 for each variable. Item load values and AVE values are shown in Table 2. Discriminant validity was then tested by examining the square root of his AVE for each construct. This should go beyond the correlation between the construct in question and the other constructs. These requirements were met in this study.

Table 1. Measurement Model

Variable	VIF	Loading	α	CR	AVE
Religiosity (RL)			0.73	0.81	0.53
RL1	1.63	0.72			
RL2	1.47	0.76			
RL3	1.53	0.83			
RL4	1.43	0.72			
RL5	1.32	0.71			
RL6	1.41	0.79			
Belief of Upper Power (BU)			0.78	0.83	0.71
BU1	2.22	0.83			
BU2	1.75	0.76			
BU3	2.31	0.84			
Fear of Entrepreneurship (FE)					
FE1	2.21	0.77			
FE2	1.85	0.69			
FE3	2.01	0.82			
FE4	2.30	0.75			

Entrepreneurial Interest (EI)			0.87	0.74	0.59
EI1	1.33	0.72			
EI2	1.76	0.85			
EI3	2.32	0.84			
EI4	2.30	0.83			
EI5	1.81	0.77			
EI6	1.33	0.68			

Double mediation analysis has yielded several results. First, we investigate the relationship between religiosity and entrepreneurial interests. We found that religiosity increases entrepreneurial interests of the final year undergraduate students ($b = 0.23$, $p < 0.01$). That is, the higher religiosity, the higher his/her intention to become entrepreneurs after graduation. This confirms the first hypothesis of our study. Second, we found that religiosity also has a positive influence on the belief of upper power. The results show that religiosity boosts the belief of upper power ($b = 0.35$, $p < 0.01$). This confirms the second hypothesis. Third, the belief in upper power managed to decrease the fear of entrepreneurship ($b = 0.12$, $p < 0.01$). This indicates that the belief in upper power has a negative impact on the fear of entrepreneurship, also at the same time confirms the third hypothesis. Next, we found that the fear of entrepreneurship negatively affects the interest in entrepreneurship as seen in the results ($b = 0.18$, $p < 0.05$). This supports our fourth hypothesis. Finally, the results show that the relationship between religiosity and entrepreneurial interest is mediated both by the belief in upper power and fear of entrepreneurship ($b = -0.14$, $p < 0.05$). This indicates that our last hypothesis is supported.

The present study aims to investigate the relationship between religiosity and entrepreneurial interest among last year university students in a major city in Indonesia. We found that religiosity manages to increase entrepreneurial interest, while the link is mediated by belief in upper power and fear of entrepreneurship. These results are consistent with a prior study by Abdullahi and Suleiman (2015) who collected data in a university in Nigeria. Our study enriches the previous finding by adding the mediation roles of belief in upper power and fear of entrepreneurship.

Practical implications can be directed to university management who are interested in increasing the number of prospective entrepreneurs. Considering the importance of religiosity, it is recommended for universities to include religious content in their curriculum, especially in entrepreneurship subjects. University students can also benefit from a practical contribution of the present study. It is noticeable that high religiosity can diminish the fear of failing in entrepreneurship. Therefore, university students who are interested in being entrepreneurs need to increase their level of religiosity (Cacciotti & Hayton, 2014).

The present study comes with limitations. First, data were collected in a university that may only describe a limit scope of subject. Future study can collect data from various of university that may diminish such issue. Second, this study focuses on university students as sampling frame. While university students are aimed to be entrepreneurs, other demographic groups such as high school graduates or housewives are also potential to become entrepreneurs. It is interesting to see whether there are differences among the demographic groups that may extend the theoretical and practical implications of the study. Future studies may include other demographic groups as well as sampling frames.

CONCLUSION

The results of the study support our hypothesis that mediation roles of belief in upper power and fear of entrepreneurship exist in between the relationship between religiosity and entrepreneurship interest. Both theoretical and practical contributions of this study have been made. Being an interest topic recently, entrepreneurship always invite important contributions to the literature and business in practice.

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